

RIGA MUNICIPALITY

ANNUAL

REPORT

2016





Riga, 2017

CONTENT

Report of Riga City Council Chairman	4
Report of Riga City Council Finance Department Director	5
Riga Municipality state	6
Riga City population.....	6
Riga Municipality economic state.....	7
Riga Municipality administration structure, functions, personnel.....	9
Riga Municipality property state	11
Value of Riga Municipal equity capital and its anticipated changes.....	11
Riga Municipality real estate property state.....	11
Execution of territory development plan	12
Riga Municipality investment projects	13
Riga Municipality financial and budget policy	14
Riga Municipality budget execution performance	15
Riga Municipality budget revenue.....	15
Riga Municipality budget expense.....	16
Riga Municipality budget resource utilization for municipality operations	18
Education and sports.....	18
Social security.....	19
Health care.....	20
Municipality territory and housing management.....	21
Environmental protection.....	22
Culture.....	23
Economic activity.....	24
Public order and security.....	25
Riga Municipality management and operation improvement in order to provide effective operation, internal audit, corruption prevention, etc	26
Riga Municipality participation in international cooperation projects	27
Promotion of inhabitants' awareness and education and cooperation with private sector	28
Promotion of inhabitants' awareness and education.....	28
Cooperation with private sector.....	28
Activities planned for the next year	29
Launched projects that will be continued.....	29
Main tasks of the next year and planned cooperation projects.....	29
Riga Municipality summary consolidated financial statements 2016	30
Auditor's Report	35

REPORT OF RIGA CITY COUNCIL CHAIRMAN



During the reporting year, economical and financial situation improved and, according to data of The Office of Citizenship and Migration Affairs, number of inhabitants increased by 6 thousand in Riga City. Growth of compensation and employment rate positively affected Municipality's financial situation.

During the reporting year, by implementing strong control over budget execution Riga City Municipality achieved budget surplus in the amount of 33,8 million euro (4,1% from budget revenue) for the first time during the last six years, while the operative budget surplus (total revenues against operative expenses) increased from 15% in 2015 to 21% in 2016. In 2016, Municipality's budget cash and cash equivalents increased by 39,3 million euro, reaching 92,4 million euro at the end of the year and provided sufficient short term liquidity and the amount of financial resources for municipal debt discharge.

Riga City Municipality's basic budget revenues reached 822,7million euro, according to cash flow principle. Municipality's budget tax revenues reached 626,7 million euro, forming 76,2% from the total municipal tax revenues.

Municipal non-tax budget revenue was 21,2 million euro, more by 4,2 million than planned for this period and more by 0,6 million euro than in 2015. Execution of this income item plan was provided by successful execution of municipal property privatization and sale during the reporting year. During the reporting year, municipal budget paid services revenue were executed at the amount of 31,3 million euro, by 3,4 million euro more than in 2015.

In 2016, Riga City Municipality's State budget transfers revenue were received at the amount of 136,9 million euro, by 5,6 million euro less than planned for this period.

Like in the previous years the biggest amount of financial resources from Municipality's budget expenses was allocated to education sector - 284,7 million euro (36,1% from all the budget expenses), by 11,7% more than in the previous year. Budget expenses for the sector of economical activities reached 207,9 million euro (26,4%

from all the budget expenses). During the reporting year, municipal managerial office received 7,5% from all the budget expenses (except deposits to municipal financial cohesion fund, where Riga City Municipality paid in 87,5 million euro in 2016).

Riga City Municipality continued to provide public transportation discounts for city inhabitants also in 2016 - approximately 174 thousand runs with 100% transportation fee discount and 73 thousand runs with partial transportation fee daily, increasing city inhabitants' mobility and involvement in city's economical and social life.

In 2016, several significant city traffic infrastructure development and improvement projects were implemented. Carriageway surfacing of Island Bridge and bridge over the Small Daugava River was completely renovated, railing and lane markings were replaced, illumination and video surveillance cameras were set-up for pedestrians safety until the November of 2016. Street surfacing replacement works were performed on Lacplesa, Lielvardes, Juglas, Kr. Barona, Brivibas Streets and Brivibas Avenue, by laying new carriageway and/or pavement surfacing and replacing or improving carriageway borders.

During the reporting year, large scale investment projects were launched and continued also in other areas - agreement concluded on development of reconstruction detail design project of Grand stage of Mezaparks, by means of Emissions Trading System co-financing construction of VEF Culture Palace was launched in 2016, reconstruction and renovation of building of Riga Municipality Ltd. "Riga 1st hospital" was continued, renovation of building of Riga Municipality Ltd "Riga Maternity hospital" and Ltd "Riga health center" branch office "Ilguciems" was launched.

In 2016, Riga City Municipality continued implementation of medium-term municipal budget planning. Riga City Municipality three year 2017 - 2019 budget framework was prepared and accepted.

Riga City Municipality continued implementation of loans, guaranties and other long-term debt management strategy by successfully fulfilling and observing liability portfolio stability management criteria defined by strategy thereby averting possible financial risks. At the end of 2016, the total principal amount of long-term municipal liabilities reduced compared with the previous year, proportion of liabilities was 73,8% from budget revenue, not exceeding 100% level defined by the strategy.

During the reporting year, credit rating agencies continued cooperation and provided competent and objective appraisal of Riga City Municipality's budget and financial situation.

In 2016, Riga City Municipality continued realization of long sighted financial policy, providing necessary financing for execution of municipal basic functions and sufficient financial resources for municipal debt discharge during the following years.

N. Usakovs
Riga City Council Chairman

A handwritten signature in blue ink, appearing to be 'N. Usakovs', written over a faint grid background.

REPORT OF RIGA CITY COUNCIL FINANCE DEPARTMENT DIRECTOR



In 2016, Riga City Municipality's basic budget revenues increased by 60,5 million euro (by 7,9%) compared with the previous year, reaching 822,7 million euro. It is the biggest municipal budget revenue growth in last eight years however it still is less by 4,7% (by 40,6 million euro) than in the pre-crisis period level in 2008.

In 2016, total Municipality's budget tax revenues reached 626,7 million euro, which is more by 64,7 million euro (by 11,5%) than in 2015, 74% from this increase is personal income tax (PIT), but 26% - real estate tax (RET).

In 2016, municipal budget PIT revenue reached 510,5 million euro, which is by 47,6 million euro (by 10,3%) more than in the previous year. In 2016, Riga City Municipality received from State Treasury appropriation account PIT revenue according to coefficient set in 2016 for Riga - 41,4% from PIT revenue of municipal share. PIT 100% guaranteed by State and regular money transfer order provided smooth municipal revenue cash flow, compensating PIT revenue non-execution by State during October and November.

In 2016, municipal budget RET revenue increased by 16,9 million euro (by 17,9%) compared with the previous year, forming 111,1 million euro. During the reporting year, RET revenue were affected by changes in municipal binding regulations which defines RET discounts and rate. Municipality canceled reduced tax rate for land and defined RET discounts for families with children, as well as in order to arrange use of estate and tenants' rights, set single tax rate for apartments which are not declared as a place of residence for any person and which are not subject of rental agreements. Proportion of RET revenue of the running year in overall tax revenue structure in increased to 94,4% in 2016 (it was 92,6% in 2015), but 5,6% from the entire revenue of this tax was payment of tax debt of previous years.

In 2016, gambling tax revenue in municipal budget was 4,4 million euro, more by 0,3 million euro than in the previous year, but natural resources tax revenue - 0,8 million euro, less by 9,3% than in the previous year.

During the reporting year, by means of strong control over budget execution, as well as due to non-execution

of several expense items (for example, Europe Union fund projects program because development of normative legislation necessary for project introduction was delayed, caused delay and projects' implementation was postponed to the further years), income surplus over expense was achieved in municipal basic budget at an amount of 33,8 million euro (4,1% from revenue). The operative municipal budget surplus (total revenues against operative expenses) increased from 15% in 2015 to 21% during the reporting year.

During the reporting year, in order to provide sustainable municipal financial policy Riga City Council Finance Department continued medium-term municipal budget planning, preparing report on Riga City Municipality three year budget 2017 - 2019 framework, comprising plan of municipal revenue, expense and financing parts.

During the reporting year, Department 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 2016, the total principal amount of long-term municipal liabilities reduced compared with the previous year, proportion of liabilities was 73,8% from revenue, not exceeding 100% level defined by the strategy.

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

During the reporting year, transition of municipal departments to *Bank module* was performed under the guidance of Riga City Council Finance Department - payment processing system managed by Municipality, which directly (without middleware) supply data to the credit institutions' payment systems. Transition to *Bank module* enables to improve municipal cash flow management and enables more effective accounting.

Improvement of Riga City Municipality's e-service "Issue of an invoice" was continued and the proportion of electronically issued invoices in Riga City Municipality reached 70% during the reporting year.

Riga City Council Finance Department continued successful cooperation with international credit rating agencies. In November of 2016, credit rating agency "Standard & Poor's" renewed credit rating assigned to Riga City at previous level of (BBB+/Stable). Evaluating municipal budget execution and financial situation, in December of 2015, credit rating agency "Moody's Investors Service", renewed City's credit rating at level of Baa1/Stable.

A handwritten signature in blue ink, appearing to read 'I. Tiknuse', written over a light blue horizontal line.

I. Tiknuse
Riga City Council Finance Department Director

RIGA MUNICIPALITY STATE

RIGA CITY POPULATION

POPULATION

In 2016, according to data of The Office of Citizenship and Migration Affairs the number of registered inhabitants increased by 6 thousand people in Riga. This is major increase of population since the beginning of 90s, when the number of Riga population started to decrease as a result of demography and migration.

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 2015, the average decrease of number of inhabitants in State was 3,3 per 1000 population, but 1,9 in Riga per 1000 population.

There were 393,3 thousand working age inhabitants in Riga City at the beginning of the reporting year, what was 61,5% from all inhabitants, reducing the number by 35 thousand during five recent years. The number of inhabitants below working age increased by 10 thousand in the respective period, increasing the proportion to 14,9% from the total number of City's inhabitants. During the reporting year, the number of inhabitants of above working age group was 151,1 thousand (23,6%). The number of inhabitants of this age group has also increased by 5,2 thousand during four recent years.

ETHNICAL COMPOSITIONS

In the national structure of Riga City inhabitants tendency of previous years was observed - slight growth in number of Latvians (by 1 thousand) and its proportion from all the City's inhabitants grew from 45,9% to 46,2%.

EMPLOYMENT

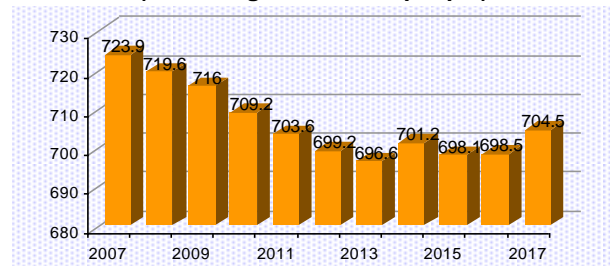
Slight decrease of number of employed inhabitants was observed in Riga during the reporting year - from 312,7 thousand in 2015 to 310,5 thousand in 2016 (by 0,7%). During the period from 2010 to 2016, number of the employed City's inhabitants increased by 28,1 thousand, yet it still is less by 52,5 thousand than in the pre-crisis period level in 2008.

During the reporting year, the number of the employed increased in State administration sphere in Riga City (by 3,1 thousand), in trade (by 1,4 thousand), as well as in education sphere (by 0,4 thousand). The major decrease of the number of the employed was observed in transportation, storage, information and communication sphere, where the number of the employed decreased by 5 thousand (by 9,8%) within a year, it decreased also in finances, other service and real estate sphere - by 2,6 thousand, as well as in health and social care - by 1,7 thousand.

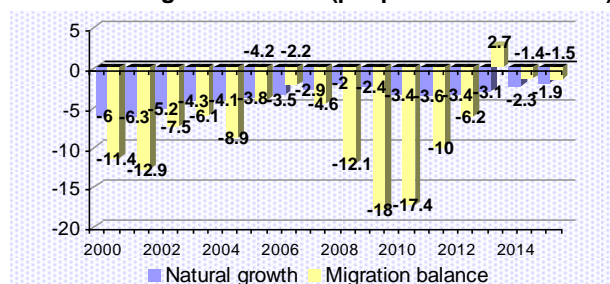
UNEMPLOYMENT

There were 15,6 thousand unemployed in Riga City by the end of 2016, what was 5% from economically active inhabitants. Number of the unemployed increased by 25 persons within the year. Unemployment rate in Riga City during the report year still was the lowest in State.

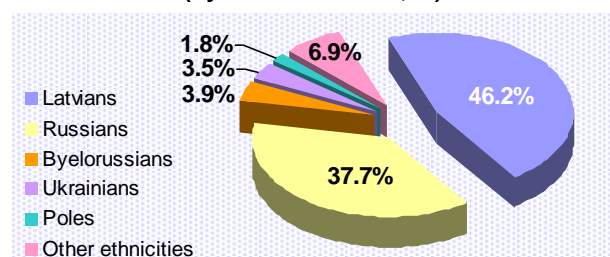
The number of Riga inhabitants (according to OCMA, k people)



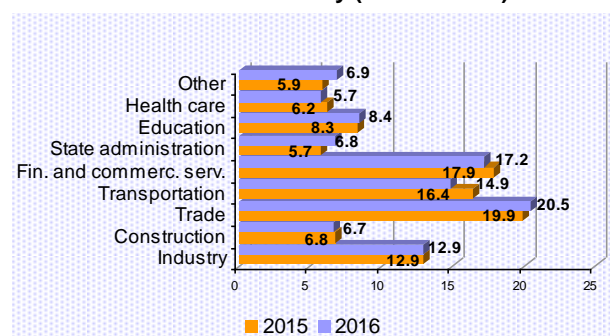
Effect of natural growth and migration on the number of Riga inhabitants (people on k inhabitants)



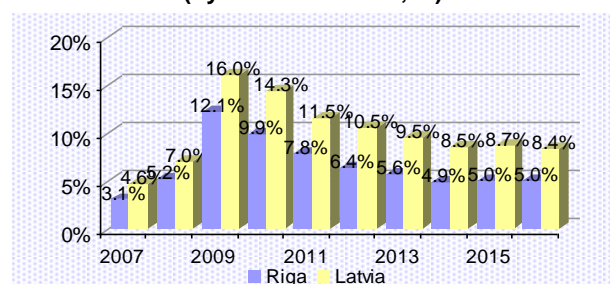
Ethnical composition of Riga inhabitants (by the end of 2016, %)



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



Unemployment rate* in Riga and Latvia (by the end of 2016, %)



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

COMPENSATION

During the reporting year, compensation continued to grow and average monthly gross compensation reached 971 euro, increasing by 5% compared to the previous year. The most rapid growth of compensation was observed in private sector, increasing by 6%, compensation public sector increased by 3,4%, within year, yet it still remained higher than for employees in private sector by 8,6%. Compared with the pre-crisis level (2008) compensation in private sector in 2016 was higher by 35%, but in public sector it exceeded the pre-crisis level by 9%.

In 2016, compensation in all the sectors in Riga was higher than 2008 level. The fastest growth of compensation in Riga City during 2016 was for employees in lodgment and public catering service (7,8%), State administration (7%), processing industry (6,1%) and construction (5,6%) sectors. The highest average compensation in Riga City was for employees in air service subsector - 2 146 euro, in financial sector - 1 971 euro and also for employees in power industry sector - 1 551 euro.

RIGA MUNICIPALITY ECONOMIC STATE

Riga City economy produces about 54% from the entire value added produced by State. Growth of economic activity in Latvia and Riga is observed already sixth year in turn. In 2016, gross domestic product increased by 2% (comparable prices of 2010) compared to the previous year. Speed of the economic growth has become a bit slower, what is partially explained with lower economic activity in construction sector, which added value in State reduced by 18% compared to the previous year.

The biggest proportion in Riga City economic structure by value added is trade sector - 15,9%, which proportion is decreasing over recent years. The second biggest economic sector is real estate sector - 12,5%. Proportion of financial and insurance service sector have grown significant in Riga economy compared to 2009, reaching 9,1% and overtook proportion of processing industry (7,7%). Financial and insurance service sector of Riga produces 88% from the entire value added produced by State in this sector.

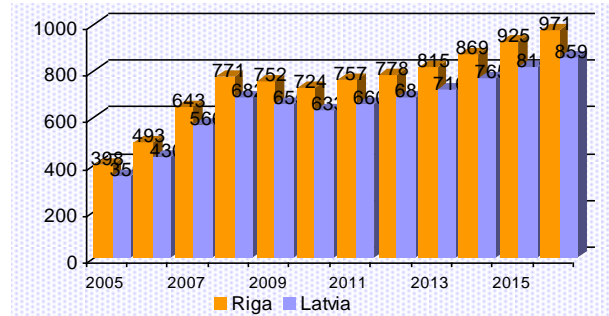
Riga economy's labour productivity (added value per 1 employed, according to 2014 data) 2,2 times exceeds the rest of territory of Latvia. In 2016, highest labour productivity in Riga was in financial, scientific services and real estate operations' sector, the lowest – in processing industry.

TRANSPORTATION AND COMMUNICATIONS

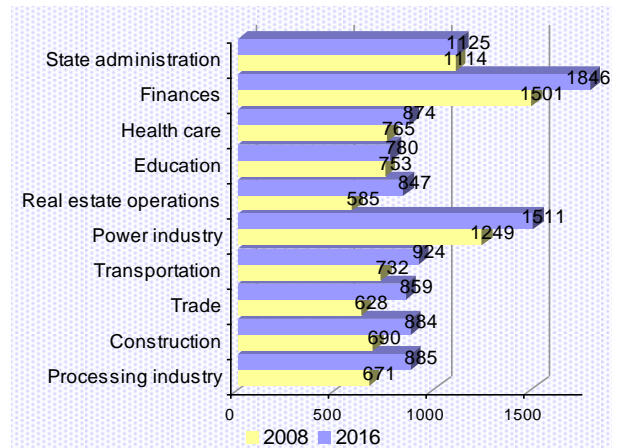
RIGA PORT

In 2016, the amount of total cargo turnover in Riga port decreased by 7,3% compared to the previous year. Although the amount of shipped cargo was higher than in the previous year by 1,8%, the amount of received cargo in Riga port decreased by 8,5%, what determined decrease of total cargo turnover.

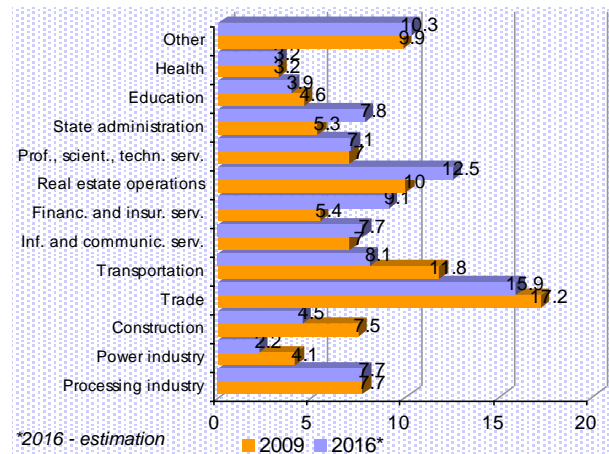
Monthly average gross compensation in Riga 2005 - 2016 (in euro)



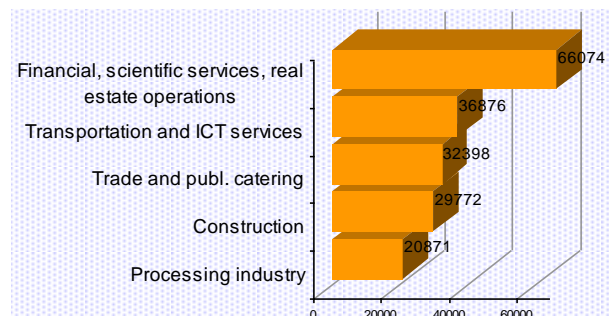
Monthly average gross compensation in Riga in 2008 and 2016 (by sectors, in euro)



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



Labour productivity per sector in Riga (euro per 1 employed, 2014)



Since the amount of total cargo turnover in Latvia ports decreased more rapidly than in Riga port, the share of Riga port in the total Latvia port turnover increased to 58,7%. In 2016, 36% from the reloaded cargo in Riga port was coal, 22% - petroleum products, 10% - cargo containers.

The number of serviced passengers in Riga port slightly increased in 2016. There were 243,3 thousand arrived and 266,9 thousand leaving passengers serviced during the reporting year, by 8,5% and 14,7% more than in the previous year. The number of serviced cruise ships' passengers continued to increase during the reporting year - from 69,2 thousand in 2015 to 71,4 thousand in 2016.

AIRPORT

In 2016, the number of serviced passengers in Riga Airport increased by 4,6%, reaching 5,4 million passengers per year.

In 2016, according to the Riga International Airport data the number of serviced flights didn't changed significantly compared to the previous year. Riga International Airport serviced 68 061 flights last year. During the reporting year, the amount of shipped and received cargo increased from 18,8 t thousand in 2015 to 19,8 thousand in 2016 (by 4,8%).

PUBLIC TRANSPORTATION

In 2016, 143,4 million passengers were transported in Riga public transportation (bus, tram, trolleybus), by 3,4 million (by 2,3%) less than in the previous year. 44,2%, from the total number of transported passengers used 100% discounts and 18,6% used partial transportation fee exemption granted by Riga City Municipality. 4,2% from the total number of transported passengers used discounts defined by State.

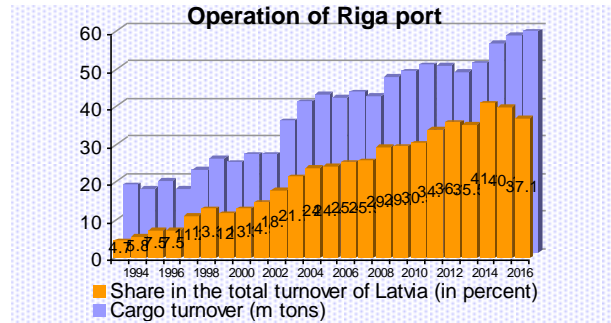
During the reporting year, Riga Municipal Ltd. "Rigas satiksme" provided passengers' transportation services on 9 tram, 19 trolleybus and 55 city bus and 21 improved service bus routes. In 2016, the total length of the City's transportation network was 1 559,3 kilometers.

TOURISM

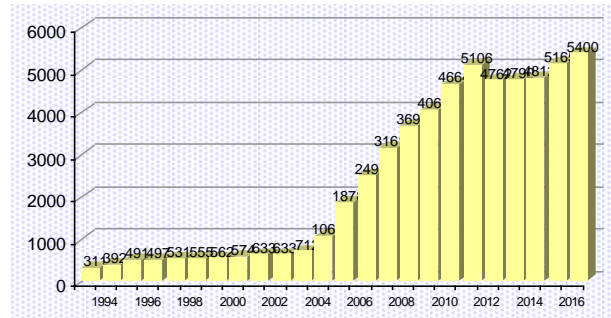
During the reporting year, tourism sector continued to grow in Riga City. In 2016, 1 428,6 thousand tourists were served in Riga City hotels and tourists' lodgings, of which 87% were foreign guests. In 2016, number of tourists served in Riga increased by 7,1%, int.al. number of foreign guests - by 7%. The number of overnight stays in tourists' lodgings increased by 8,1%. In 2016, around 79,3% from the total number of foreign guests in Latvia were served in Riga.

CONSTRUCTION

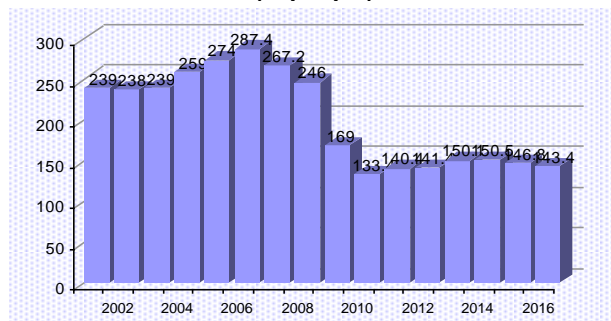
The space of commissioned dwelling houses in Riga City in 2016 was 69 thousand square meters, decreasing by 37% compared to the previous year. The proportion of built dwelling houses in Riga decreased to 18% of the state overall result.



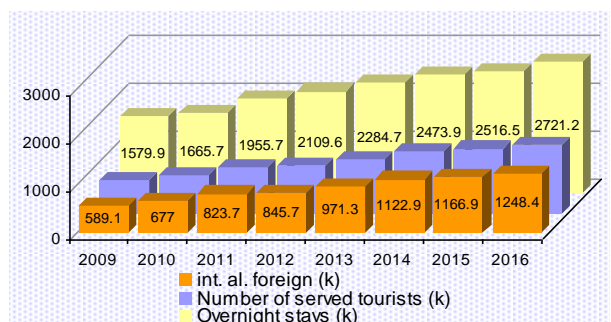
Riga International Airport: passenger turnover (k people)



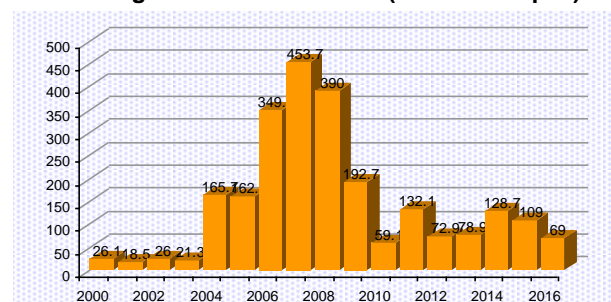
Passenger carriage in Riga public transportation (m people)



Characteristics of development of Riga City tourism sector in 2009 - 2016



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".

Riga City inhabitants elect Riga City Council that 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;

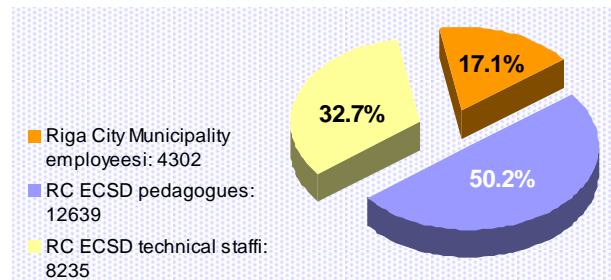
✎ Manages, coordinates and defines the order of utilization of and building on land, protection of cultural monuments and requirements to environmental visual quality, as well as ensures the legacy of construction works within the administrative territory;

✎ 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.

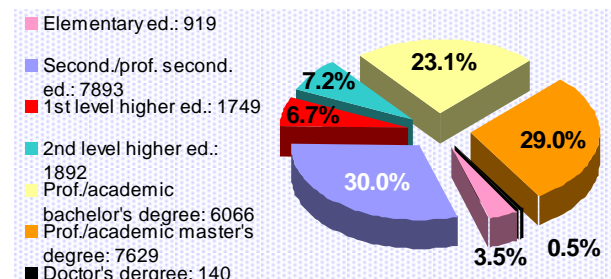
In 2016 actual availability of employees in Riga Municipality was 25 176, int. al. 12 639 pedagogues and 8 235 technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department.

In 2016, (except pedagogues and technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department) there were 853 employees recruited and labour relations were terminated with 868 employees. During the reporting year 1 990 pedagogues and 2 254 technical staff were recruited and labour relations were terminated with 1 902 pedagogues and 2 228 technical staff.

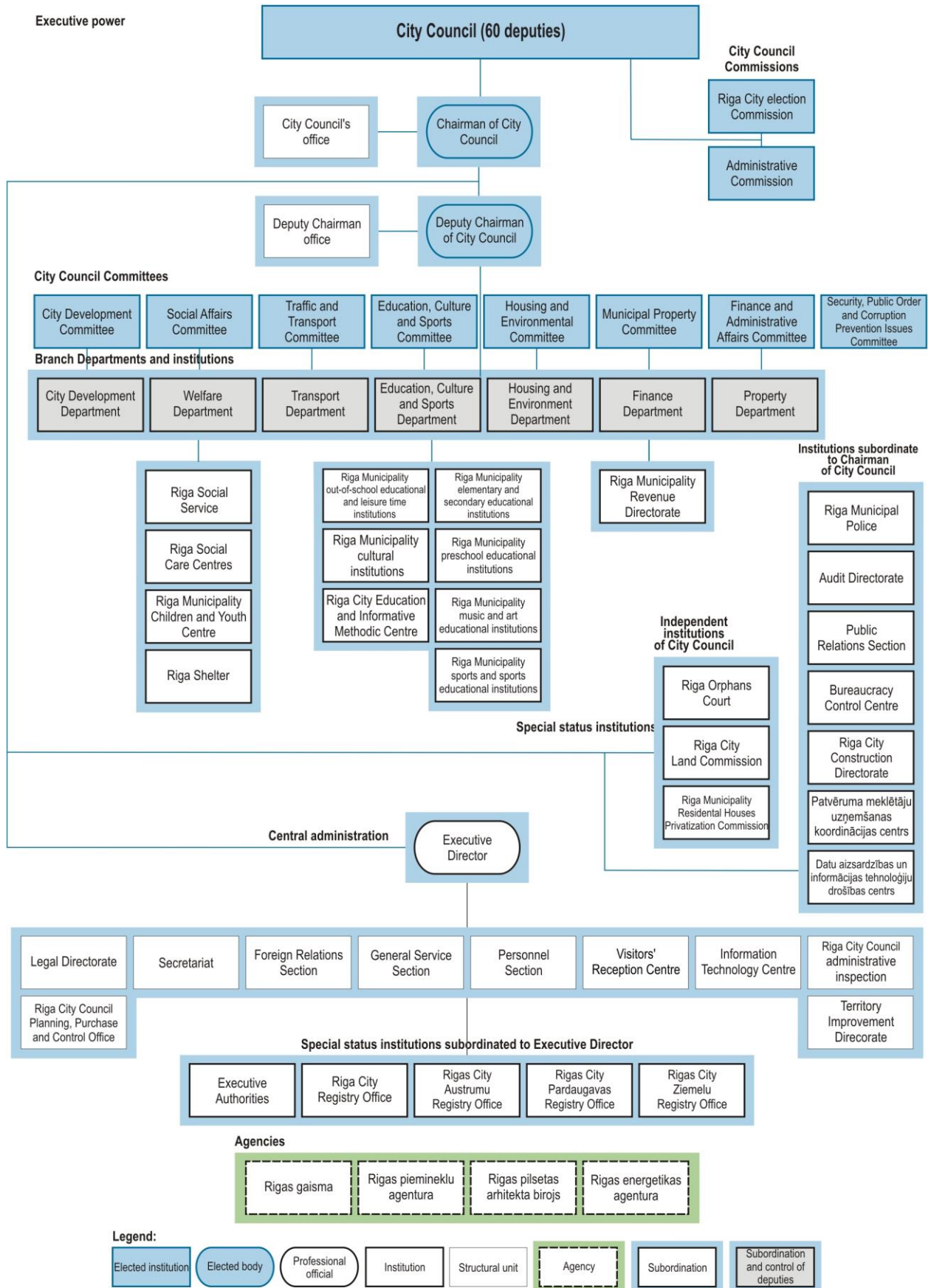
Distribution of Riga City Municipality personnel



Education of Riga City Municipality personnel



ADMINISTRATION STRUCTURE OF RIGA CITY MUNICIPALITY



RIGA MUNICIPALITY PROPERTY STATE

VALUE OF RIGA MUNICIPAL EQUITY AND ITS ANTICIPATED CHANGES

RIGA CITY MUNICIPALITY INVESTMENTS IN ENTERPRISE EQUITY

In 2016, Riga City Council Property Department continued to provide management of capital shares and shares of 15 enterprises. In 2016, in the equity of enterprises, which shares are owned by Riga Municipality, investments at a sum of 10 196 470 euro was done, int. al.:

- ✎ Real estate property at a value of 231 590 euro owned by Riga Municipality invested in the equity of Ltd. "Rigas pilsetbuvnieks";
- ✎ Real estate property at a value of 7 577 000 euro owned by Riga Municipality invested in the equity of Ltd. "Rigas nami";
- ✎ Riga Municipality's funds at a sum of 1 250 000 euro invested in the equity of Ltd. "Riga 1st hospital";
- ✎ Real estate property at a value of 267 000 euro owned by Riga Municipality invested in the equity of JSC "Rigas Centraltirgus".

SHARE IN RIGA CITY MUNICIPAL ENTERPRISE EQUITY

In the end of the reporting year 2016, long-term share of Riga Municipality in equity of related and associated enterprises was 666,11 million euro. By the end of 2016, the share of Riga Municipality in equity of related enterprises was 608,25 million euro, increasing by 14,55 million euro, within a year, but long-term share in equity of associated enterprises was 57,86 million euro.

In 2016, Riga City Municipality reduced its share in Ltd. "Rigas pilsetbuvnieks" by 2 857 835 euro.

PLANNED CHANGES

In 2017, following changes are planned in the equity of related enterprises:

- ✎ Perform changes in the equity of Ltd. "Riga health center", investing funds at a sum of 800 000 euro;
- ✎ Perform changes in the equity of Ltd. "Rigas pilsetbuvnieks", reducing share in equity capital by 565 579 euro.

RIGA MUNICIPALITY REAL ESTATE PROPERTY STATE

In 2016, 232 contracts of Riga Municipality's real estate property sale were signed.

40 uninhabitable housing resource real estate properties or its shares were possessed by Riga City Municipality. Municipality took possession of 6 real estate properties from other public entities, 1 real estate property was transferred to other public entities, but beneficial interests of 4 real estate properties were transferred to foundations with a status of social benefit organization.

In 2016, 42 apartment properties were transferred under management of apartment owners' societies' or apartment owners, municipality took possession of 20 apartment properties. In the end of the reporting year, there were 2 604 valid lease agreements on real estate property rent.

EXECUTION OF TERRITORY DEVELOPMENT PLAN

In 2016, work on planning of city's environment was actively continued and following work was done within framework of Riga new territory plan:

- ✎ 10 enlarged working party work sessions on thematic plans' solutions were held;
- ✎ Outsourcing contract with Ltd. "Grupa 93" was concluded on development of Riga new territory plan;
- ✎ Research on methodology of traffic flow analysis; on development of thematic plan of greenery structure and external public space and on development of integrated water drainage system solution plan for the needs of Riga territory plan were realized within development of thematic plans.

In 2016, work on development of 11 thematic plans was continued, int. al.:

- ✎ Thematic plan of housing development;
- ✎ Thematic plan of transport development;
- ✎ Thematic plan of territory for provision of State and municipal functions;
- ✎ Thematic plan of territory for provision of business activities;
- ✎ Thematic plan of Freeport of Riga;
- ✎ Thematic plan of water territories and embankments;
- ✎ Thematic plan of greenery structure and external public space;
- ✎ Thematic plan of territories of cultural heritage in Riga;
- ✎ Thematic plan of landscapes;
- ✎ Thematic plan of land amelioration development;
- ✎ Thematic plan of protective zones and limitations.

Thematic plans were prepared taking into account performed researches, suggestions from working parties' as well as from members of the public, expressed in various events of social participation, opinion surveys of neighborhoods' inhabitants, meetings, discussions, etc. For example, suggestions from institutions, associations, professional organizations and individuals were summarized to improve 11 thematic plan editions.

In 2016, Riga Development program of Action plan and Investment plan 2014 - 2020 was approved, as well as implementation of Action plan and Investment plan 2016 - 2018 was launched. In the development process of Action and Investment plan conditions of the new EU fund planning period 2014 - 2020 was taken into account.

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, selection of submitted ITI projects, preparation of corresponding documentation as well as communication with involved institutions was provided in Riga City Municipality. Regulations for valuation commission of EU fund ITI projects' applications were approved, which determines responsibility for applications selection valuation commission of ITI projects' of action program "Development and employment" of EU fund planning period and order of activities, calling of meeting, decision-making and record.

Report 2015 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 eighth report prepared within SSS (available on: www.sus.lv, www.rdpad.lv).

The report contains description of 4 long term strategic goals and 19 areas of activities which are based on information provided by Riga City Council institutions and structural units, results of opinion surveys of Riga inhabitants, opinion of branch experts and statistic data, as well as on results of research on quality and accessibility of services that are characterizing development of city environment in 58 Riga neighborhoods.

During execution of Riga territory development plan in 2016:

- ✎ 13 resolutions on launching development of local plans within territory boundaries and approval of work tasks were approved by Riga Council;
- ✎ 8 resolutions on passing local plans for public discussion and receiving conclusion and 7 resolutions on local plan approval and issue of binding regulations were prepared and approved by Riga Council;
- ✎ 448 projects of use of land and delimitation of the border were revised and 547 plans of land borders' encumbrance plans, as well as 2 876 certificates on authorized use of land were issued;
- ✎ Work on development of territory local plan of Skanstes Street location was continued - development of update was performed - proceeding to development of local plan in Territory Development Plan Information system, meetings of working parties on improvement solutions of local plan were organized, project "Hanza - Skanste - Zirnu Street and drainage system of open surface waters, creating greenery and environment design concept (guidelines)" was developed.
- ✎ Development of local plan of territory of "Rail Baltica" route on Balasta Dambis 7 and Trijadibas Street 1 and Trijadibas Street 3.

In order to promote children's sense of membership of neighborhood, to involve them into city planning process, Riga City Council organized drawing and essay competition "My neighborhood." among 5 - 9 grade Riga schools' students. Competition's "My neighborhood. Story of my neighborhood." exhibition gained status of traveling exhibition and visited Spikeri quarter, Cultural palace "Ziemeļblazma", children and youth centre "Zolitude", children and youth centre "Bolderaja" and House of Nongovernmental organizations.

Experts from Riga City Council City Development Department participated in competition and program preparation and competition judgment jury of international sketch competition "Rail Baltica project of construction of Riga railway bridge and multimodal transport hub" organized by State enterprises "Europe Rails".

RIGA MUNICIPALITY INVESTMENT PROJECTS

NON-FINANCIAL INVESTMENTS

In 2016, total amount of investment (private, municipal, state and foreign) in Riga was around 2,6 billion euro, reducing by 8% compared to the previous year (total reduction by 6% on State level), however it exceeded minimum after crisis investment amount in 2010 by 66%. In 2016, the amount of investment in Riga City comprises around 58% (59% 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 2016 increased to 58% (55% in the previous year).

CAPITAL INVESTMENTS FROM MUNICIPAL BUDGET

During the reporting year 110,4 million euro were allocated for Riga City Municipality budget capital expenditure, That is less by 10,2 million euro or 8,5% than in 2015. Justification of the reduction is significant reduction of capital expenditures co-financed by EU during the reporting year, due to delay of development of normative legislation necessary for project introduction, caused delay of introduction of planned EU projects. As the result of it capital expenditure of EU projects reduced from 40,3 million in 2015 to 1,6 million in 2016. In 2016, reduction of capital expenditure of EU projects was partially compensated by increase of other municipal capital expenditures by 28,4 million or 35%.

In 2016, the major proportion of municipal budget capital investment still was in economic activity sector - 41,2% (41,6% in the previous year). The second biggest total capital investment proportion was in education, increasing by 82% compared to the previous year - 31,7 million euro or 28,7% from the total, the third - social help - 15,8 million with 14,3% proportion.

FOREIGN INVESTMENT IN RIGA

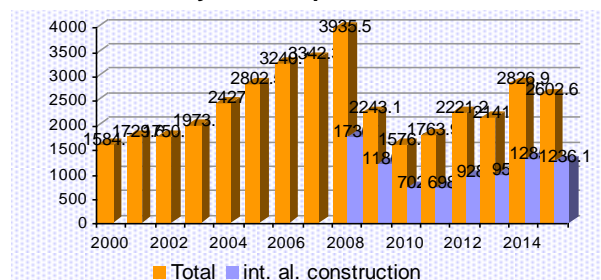
In April, 2016, according to Lursoft data, foreign direct investments into the registered equity capital of enterprises in Riga were around 5,9 billion euro, increasing by 1,4% within a year. Foreign investments in Riga were 80% from the total foreign investments in country.

EU AND OTHER EXTERNAL FINANCIAL SOURCES' CO-FINANCED PROJECTS

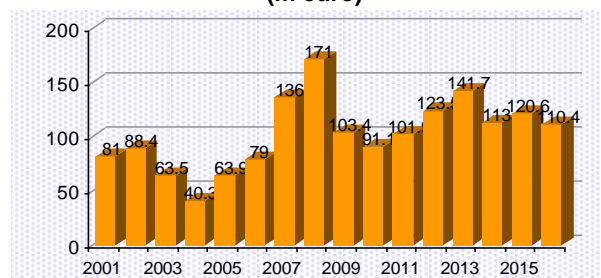
In 2015, Riga City Municipality continued execution of projects financed by European Union (EU) Funds. Since State institutions delayed development of normative legislation necessary for project execution during the

new financial period (2014 - 2020), the amount of EU projects executed by municipality reduced significantly during the reporting year. 4 million euro were allocated from the municipality's budget million euro for execution of projects financed by EU Funds and other projects, by 39 million euro less than in the previous year. This reduction especially affected projects' capital expenditure, because expenditure on project maintenance reduced just for 0,3 million euro or 11% in 2016.

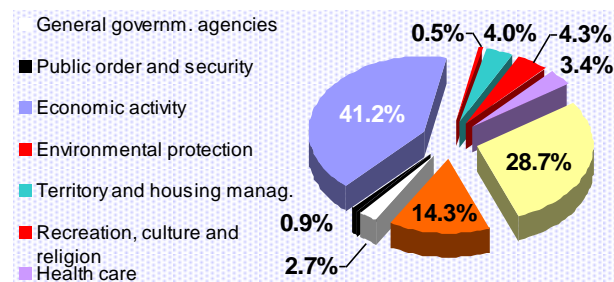
Non-financial investments in Riga (m euro), year 2014 price index



Capital expenditures from Riga Municipality budget (m euro)



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



The largest projects co-financed by EU and other funds in Riga City Municipality and total expenses in 2016

No	Project name	Foreign fund / program	Expenses, EUR
1.	Revitalization of Grizinkalna and alongside Miera darzs territories	ERDF	164 309
2.	Reduction of emission of greenhouse effect gases in national protected architectural monument VEF Culture Palace on Ropazu Street 2 in Riga	Emissions Trading System (EU ETS)	1 192 056

RIGA MUNICIPALITY FINANCIAL AND BUDGET POLICY

REVENUE

In 2016, total Riga City Municipality basic budget revenue was 822,7 million euro, by 4,5 million euro (by 6,9%) more than in the previous year.

Municipal basic budget tax revenues in 2016 were 626,7 million euro, more by 64,7 million euro (by 11,5%) than in 2015. Due to personal income tax (PIT) and real estate tax (RET) revenues total tax revenue exceeded budget plan. PIT revenue in 2016 reached 510,5 million euro, by 47,6 million euro (by 10,3%) more than in the previous year. The reason of PIT 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. PIT guaranteed by State and money transfer order provided stable PIT revenue cash flow and successful execution. In 2016, Riga Municipality's PIT revenue exceeded the planned revenue by 3,4 million euro or 0,7%. In 2016, RET revenue was 111,1, gambling tax - 4,4, but natural resources tax - 0,8 million euro, remaining on the same level as in previous years. In 2016, RET revenue was affected by changes in municipal binding regulations, which defines RET discounts and rate. Municipality removed reduced tax rate for land and defined RET discounts for families with children, as well as in order to arrange use of estate and tenants' rights, set single tax rate for apartments which are not declared as a place of residence for any person and which are not subject of rental agreements. In 2016, non-tax revenues were collected at an amount of 21,2 million euro, by 0,6 million euro more than in 2015. Paid services revenue in budget was received at an amount of 31,3 million euro. State budget transfers at the amount of 136,9 million euro were transferred to municipal basic budget, by 8,6 million euro (by 5,9%) less than in the previous year.

EXPENSE

In 2016, total Riga City Municipality basic budget expense were 788,9 million euro, what is more by 22,9 million euro than in the previous year. Capital expenditures decreased by 10,2 million euro to 110,4 million euro compared to 2015. Maintenance expenses increased by 33,1 million euro (by 5,1%) and reached 678,5 million euro compared to 2015. In 2016, expenses from the municipal budget on compensation increased by 10,5 million euro (by 4,2%) compared to 2015. During the reporting year, expenses on subsidies and grants increased by 7,8 million euro, on social security reduced by 2,3 million euro, what is concerned with decrease of the number of social benefits recipients and improvement of population's economic, however total expenses on social help services increased by 4,5 million euro. Transfers of maintenance expenses increased by 14,8 million euro. Operative municipal budget surplus (total revenues against operative expenses) increased from 15% in 2015 to 21% in 2016.

MUNICIPALITY'S DEBT DYNAMICS

In 2016, the total amount of Riga Municipality's financial commitments reduced by 38,3 million euro and by the end of the year it was 891 million euro.

Rapid growth of municipal liabilities in 2007 is related with growth of undertaken liabilities due to construction of the South Bridge. Gradual repayment of these liabilities has reduced their proportion in the total amount of financial commitments from 76% in 2009 to 64% by the end of the reporting year. In 2016, 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 73,8% from municipal revenues, by end of 2016, not exceeding 100% limit defined by the Strategy.

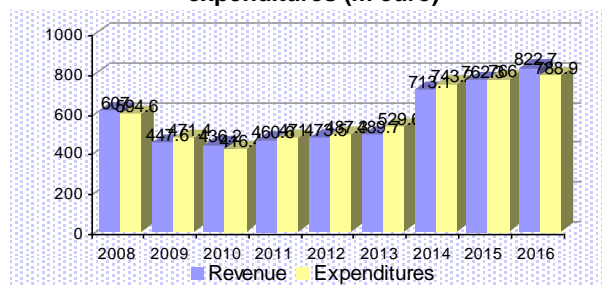
CREDIT-RATING

In 2016, Riga City Municipality continued cooperation with credit rating agencies - "Standard & Poors" and "Moody's Investors Service". In November of 2016, credit rating agency "Standard & Poors" renewed credit rating assigned to Riga City at the previous level (BBB+/Stable). In December of 2016, credit rating agency "Moody's Investors Service" evaluated Municipality's budget execution and financial state and renewed credit rating at a level of Baa1/Stable.

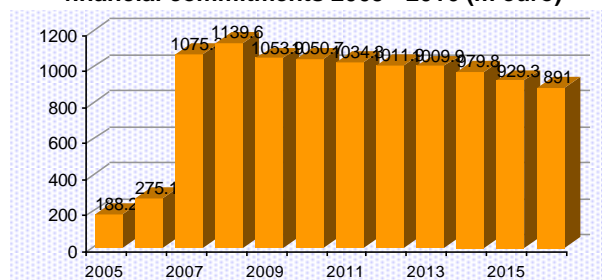
History of Riga City credit-rating

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

Riga City consolidated budget revenue and expenditures (m euro)



Dynamics of total amount of Riga City Municipality's financial commitments 2005 - 2016 (m euro)



RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE

The results of Riga economical development and Riga City Municipality's fiscal policy in 2016 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. In 2016 revenues from donations and endowments to Riga City Municipality were 139,6 thousand euro.

SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET REVENUE

Cash flow basis (k EUR)	2015 actual	2016 budget	2016 actual
Total revenues	762 250.1	818 217.3	822 740.8
Total tax revenues	562 028.7	619 368.2	626 712.0
Personal income tax	462 886.5	507 059.3	510 492.1
Real estate taxes	94 249.9	107 400.0	111 108.1
int.al. real estate tax on land	35 295.1	47 107.7	48 131.0
int.al. real estate tax on buildings	45 917.8	42 341.7	44 073.0
int.al. real estate tax on housing	13 037.0	17 950.6	18 904.1
Other tax revenue	4 892.3	4 908.9	5 111.8
Total non-tax revenues	20 672.6	17 074.2	21 228.5
Government (municipality) fees	3 900.8	3 407.5	4 426.3
Other non-tax revenues	16 771.8	13 666.7	16 802.2
State institutions' revenues	29 063.6	33 149.3	32 266.0
Total transfers	150 485.2	148 625.6	142 534.3
Transfers of public entities partially financed by State budget and institutions not financed by budget	-	-	0.5
State budget transfers, int.al.	145 544.5	142 497.8	136 935.9
state budget transfers allocated for specific purpose	128 394.9	133 285.4	133 198.0
transfers received from state institutions for projects coo-financed by EU policies' instruments and other foreign financial aid	17 003.7	9 001.0	3 600.8
other State budget transfers	145.9	211.4	137.1
Municipal budget transfers	4 940.7	6 127.8	5 597.9

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

Cash flow basis (k EUR)	2015 actual	2016 budget	2016 actual
Total revenues	140.6	264.2	139.6
Donations and endowments from legal entities and individuals	140.6	264.2	139.6
Donations and endowments for education	68.0	147.5	55.1
Donations and endowments for social care	2.1	5.8	4.7
Other donations from legal entities and individuals	70.5	110.9	79.8

RIGA MUNICIPALITY BUDGET EXPENSE

Riga Municipality budget expense of 2016 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 is the basis for financial operation and management. 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. Based on this regulation preparation of annual methodological guidelines for particular budgeting process steps are prepared.

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.

In 2016, the expenses from donations and endowments to Riga Municipality were 171,2 thousand euro.

RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE

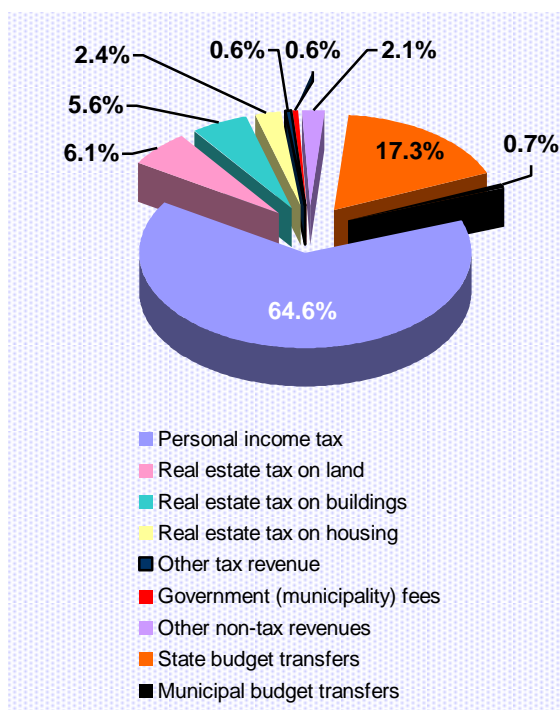
SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET EXPENSES

Expenses by government function Cash flow basis (k EUR)	2015 actual	2016 budget	2016 actual
Total expenses	765 998.5	847 776.0	788 926.1
General governmental agencies	133 194.3	154 702.2	146 266.8
int.al. deposits to municipal financial cohesion fund	74 890.0	86 937.1	87 480.4
Public order and security	16 265.4	17 201.7	17 036.5
Economic activity	205 751.3	225 171.5	207 923.5
Environment protection	8 481.1	3 367.6	2 554.8
Municipal territory and housing management	29 520.7	26 838.2	24 521.3
Health care	2 632.0	6 805.8	5 036.3
Recreation, culture, and religion	40 087.6	28 876.7	25 673.4
Education	254 871.1	303 192.1	284 653.2
Social security	75 195.0	81 620.2	75 260.3

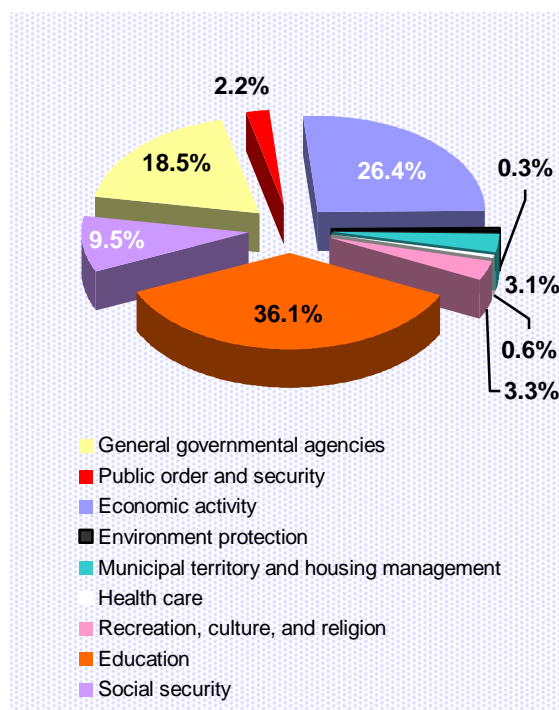
SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY SPECIAL BUDGET EXPENSES FROM DONATIONS AND ENDOWMENTS

Expenses by government function Cash flow basis (k EUR)	2015 actual	2016 budget	2016 actual
Total expenses	183.5	607.8	171.2
General governmental agencies	113.5	243.6	104.8
Public order and security	0.0	1.6	0.0
Environment protection	0.0	35.0	0.0
Municipal territory and housing management	1.7	8.1	8.1
Recreation, culture, and religion	6.8	8.0	0.1
Education	58.0	301.7	53.5
Social security	3.5	9.8	4.7

Composition of Riga Municipality basic budget revenue in 2016



Composition of Riga Municipality basic budget expenses in 2016



RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

EDUCATION AND SPORTS

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

PRESCHOOL EDUCATIONAL INSTITUTIONS

At the beginning of 2016 preschool education programs were provided at 150 licensed Riga City Municipality preschool educational institutions, 17 comprehensive schools and 1 interest educational institution. Preschool education program in municipal preschool educational institutions was provided for 25 713 children in total. In 2016, the number of places for acquiring preschool education programs was not increased in preschool educational institutions.

To compensate unavailable places in preschool educational institutions Riga City Municipality signed cooperation agreements with 138 private educational institutions, providing preschool education on average for 5 400 children monthly. In 2016, about 1 246 preschool age children received Municipality's co-financed baby-sitting service for children from age of one and half a year to the moment when child receives an offer from municipal educational institution.

COMPREHENSIVE SCHOOLS

115 Riga City Municipality elementary and secondary comprehensive schools started 2016/2017 school year, int. al. 88 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 68 120 students at the beginning of the school year, 81,2%, of these students master elementary education programs, but secondary education programs are mastered by 18,8%. 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 primary school grades of Riga Centre Humanitarian Secondary school was moved to the building on Kr. Barona Street 116.

OUT-OF-SCHOOL EDUCATION AND SPORTS

Out-of-school and vocational education diversity and accessibility in Riga Municipality is provided by 13 Riga Municipality's out-of-school education institutions, 115 comprehensive school, 9 music and art schools, 6 Riga Municipality's vocational education institutions majoring in culture and 11 vocational education institutions majoring in sports and 92 328 students (number shows participators of the programs, because one student can participate in several programs) participated in programs realized by these schools in 2016. Leisure time centers are created in 16 comprehensive secondary schools.

During the reporting year, Riga City Student Scientific conference was organized, where 383 scientific research works developed by 10 - 12 grade students from 54 Riga

schools were received for valuation. 279 students' presentations were successful. 124 students' scientific works were nominated for state scientific conference. 54 prizes were won in competition with other city and rural schools of Latvia.

In order to promote sporting possibilities for Rigans and activities of nongovernmental sports organizations, ECSD organized several open tenders, consequently financing for organization of sports competitions and participation of Riga sportsmen in sporting contests of various levels was allocated. 157 sports competitions with about 95 000 participants in total were organized with municipal financial support in Riga with a year. ECSD organized Riga City Municipality's sports team participations in Latvia IV Olympics, where Riga was represented in 28 sporting contests by 500 sportsmen. Rigans won 71 gold, 51 silver and 65 bronze medals.

Riga music and art school students regularly and successfully participated in various international festivals, competitions and exhibitions, performed concerts in kindergartens, schools, boarding-schools, children hospitals, social residential buildings and old people's homes. Students of school musical collectives and Fine arts programs participated in Riga festivities, festival "White Night", Pardaugava festivity, IV Kokle music festival "Path of Light" and in other events.

Riga City Municipality provided support for organization of youth's leisure time, informal education and employment, providing co-financing for 340 children and youth camps, involving 11 846 participants. 64 camps organized by nongovernmental and religious organizations with more than 2 400 participants were supported, 17 leisure time projects, which offered free of charge activities for around 2 200 children and youth during summer holidays were supported, 24 educational activities for more than 1 050 students' self-government activist was organized and provided financing for three Students' self-government cooperation projects. Besides, 18 youth initiative projects, 12 youth organizations and nongovernmental organizations were financially supported, material and technical basis was renewed and methodic support rendered to 22 leisure time centers, which were attended about 119 000 times.

Within program, implemented by State Employment Agency, there were 338 short term working places created in Municipal institutions and enterprises for youth during summer holidays. In Riga youth centre "Kanieris" there were 333 events and activities organized for youth, as well as centre's technical equipment was provided for youth organizations on 100 events outside centre's premises.

LIFELONG AND INFORMAL EDUCATION

Education and Information Center of Riga City (EICRC) provided professional qualification improvement by organizing courses, seminars, master classes and conferences which were attended by 12 942 pedagogues. EICRC organized 508 lifelong educational events within a year. Huge work was done to educate pedagogues in sphere of protection of children rights by educating 5 590 educational institution pedagogues.

In school year 2015/2016, ECSD provided evaluation of pedagogues' quality of professional activities in 58

educational institutions situated in Municipality's administrative territory. Checkup of documents submitted by 88 pedagogues and submission to Ministry of Education and Science was done in-process, as a result of what 75 pedagogues received higher quality degree.

ECSD provided courses and seminars of informal education for Riga City inhabitants, which were attended by 412 Rigans. Informal education for adults was offered in various areas, among them manual training, foreign languages, beauty care, psychology issues, housekeeping, interior design, gardening, etc.

In 2016, Latvian language training courses for social integration purposes were organized, which were achieved by 1 226 students, 1 189 of them raised Latvian language skills at least by one level.

The most significant investment projects and programs:

- ✎ Finished 2nd stage of simplified renovations: building of Riga Centre Humanitarian Secondary school on Kr. Barona Street 116, building of Rigas Natalijas Draudzinās Secondary school on Bruninieku Street

- 24A, building of Frīca Brīvzemnieka Elementary school on Zellu Street 4 and building of Riga Austrumu Secondary school on Vilanu Street 13;
- ✎ Various renovation works in buildings of 15 educational institutions;
- ✎ Energy efficiency activities in buildings of 20 educational institutions;
- ✎ Replacement of water-supply and sewerage in 3 educational institutions;
- ✎ Renovation of kitchens in 8 educational institutions;
- ✎ Renovation of gym in 4 educational institutions;
- ✎ Construction of fire detection system in 13 educational institutions;
- ✎ Construction of 3 sports grounds, construction of playgrounds and areas for active sports near 24 educational institutions, as well as improvement of territory and infrastructure of 28 educational institutions;
- ✎ Construction of sheds, fences, areas for active recreation, as well as renovation of footpaths of 45 educational institutions.

Budget expense allocated to education (k EUR)	2014 actual	2015 actual	2016 budget	2016 actual
Preschool education	74 559.3	81 075.3	90 773.7	86 980.1
Elementary, comprehensive and professional education	131 838.9	138 129.1	172 365.3	160 732.3
Higher education	10.3	34.9	0.4	0.4
Education undefined by educational levels	27 902.0	31 936.7	36 323.1	33 293.9
Other education, not classified above	3 358.0	3 695.1	3 729.6	3 646.5
Total basic budget expense	237 668.5	254 871.1	303 192.1	284 653.2
int.al. investment	19 399.2	13 853.5	27 663.0	25 910.2

SOCIAL SECURITY

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

There are 16 Riga City Municipality basic budget programs administrated by Riga City Council Welfare Department for provision of specified functions. In 2016, basic budget expense were 60 037 822 euro by the end of the year which proportion in Riga City Municipality's basic budget is 7,08%. 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 2016, Riga City Municipality's inhabitants received social benefits based on either evaluation of the financial state of the benefit claimant or based on the specific life situation, irrespective of the financial state of the benefit claimant in accordance with requirements of laws and regulations.

In Riga in 2016, social benefits received 31 671 persons, i.e. 4,5% from total population of Riga. In 2016, 12 538 325 euro were spent for social benefits. 8 757 359 euro (70%) from the total amount of budget resources used for social benefits were utilized for benefits to provide guaranteed minimum income and for apartment benefits.

In 2016, reduction of number of low-income persons and social benefits receivers continued in Riga City Municipality (by 22%, compared with 2015). The number of social benefits receivers reduced by 25% or 10 806 persons (from 42 477 in 2015 to 31 671 in 2016) in 2016 and financing utilized for provision of social benefits reduced from 14 890 316 euro in 2015 to 12 538 325 euro in 2016.

In 2016, 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. Similarly request for family assistant service grew rapidly.

In 2016, request for short-term social care service in health care institutions has grown significantly. In 2016, new service was introduced - individual social rehabilitation program for family, as well as social rehabilitation programs for youth with behavioral disorders.

In 2016, implementation of grant program "Employment facilitation for social groups at risks of social exclusion in

Riga” was launched. As a result of tender 4 applicants’ project applications were supported for total sum of 25 290 euro.

EMPLOYMENT FACILITATION ACTIVITIES

In 2016, a tendency of previous years continued - reduction of number of unemployed and level of unemployment in State, which varied from 5,3% to 4,8% in Riga by the end of the year. During the last years the smallest number of the unemployed persons - 15 279 was registered by Riga branch office of State Employment Agency in 2016. As well as the proportion of long-term unemployed clients of Riga Social Service reduced from 23,92% to 22,2% by the end of the year.

In 2016, Riga City Municipality in cooperation with State Employment Agency continued participation in active employment program for long-term unemployed persons “Paid temporary community work” financed by State.

264 temporary work places were created within a year, where working skills were improved by 710 unemployed persons. In 2016 used financing was 366 550 euro, including 76 550 euro Riga City Municipality co-financing.

PROTECTION OF CHILD RIGHTS

In 2016, school psychologists consulted 8 107 parents, 6 766 educational institution pedagogues, 20 058 students, gave 1 128 psychological opinions concerning support activities in learning process. While special pedagogues worked with 1 184 students leading individual or group classes, consulted 1 086 pedagogues and 1 415 parents. 19 538 students, 9 875 parents and 5 016 pedagogues received consultations of social pedagogues on various issues. Social pedagogues performed 572 home visits as well.

The most significant investment projects and programs:

- ✎ Finished construction of social residential building with social apartments on Aglonas Street 35 k-1.

Budget expense allocated to social security (k EUR)	2014 actual	2015 actual	2016 budget	2016 actual
Social security in case of inability to work	3 442.3	6 489.7	6 732.0	5 961.0
Assistance to elderly people	6 901.3	7 016.8	7 985.3	7 930.8
Assistance to families with children	8 304.0	8 693.8	10 093.7	9 417.9
Assistance in unemployment case	1 239.1	340.4	1 925.4	387.1
Housing allowance	13 927.6	13 818.1	12 664.5	12 546.8
Other support to socially repudiated persons not classified above	43 518.2	37 400.8	40 656.7	37 519.6
Other social care not classified above	1 376.6	1 435.4	1 562.6	1 497.1
Total basic budget expense	78 709.1	75 195.0	81 620.2	75 260.3
int.al. investment	5 970.7	1 000.0	2 875.0	2 578.0

HEALTH CARE

Riga City Municipality’s responsibility for society’s health is regulated by functions defined by the law “On Municipalities”, i.e. provision of health care accessibility and promotion of healthy lifestyle.

In 2016, Riga City Council Welfare Department concluded management delegation agreement for a term of next five years with following Riga Municipality’s health care enterprises:

- ✎ RMLtd “Riga 1st hospital”;
- ✎ RMLtd “Riga 2nd hospital”;
- ✎ RMLtd “Riga Maternity hospital”;
- ✎ RMLtd “Riga health center”.

According to the concluded delegation agreements management task has been delegated to these 4 enterprises to provide medical technologies and equipment of premises used in health care, medical personnel with adequate qualification, health care services, as well as information on health facilitation and disease prevention issues.

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

Actual and information supplied by experts in a simple and easy to understand form on society’s health issues, as well as on available health facilitation activities and events for Rigans is available on Riga City Municipality’s homepage www.veseligrsidzinieks.lv.

In 2016, several activities were implemented according to the document “Riga City Municipality’s program and action plan on implementation of strategy of society’s health 2012 - 2016”, int.al. to 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.

In 2016, project “INHERIT - Intersectoral Health and Environment Research for Innovation” implementation was launched. 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. The project will be realized in cooperation between various Riga City Municipality’s institutions. Total planned financing is 5 952 898 euro whereof 93 628 euro is Riga City Municipality’s co-financing.

In 2016, 6th stage of research “Influence of risk and protective factors on level of use of addictive substances among youth”, what took place in Riga comprehensive

RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

educational institutions was performed, where participated 146 15-16 year old students. Research results show that the distribution of use of addictive substances among 15-16 year old youth currently is significantly lower, than it was during the time period from 2006 to 2012.

Project "Let's be active!" was completed at the end of 2016. The project was implemented in cooperation of association of healthy cities of the Baltic region and three healthy cities - Riga, Parnu and Turku. Goal of the project "Let's be active!" is to facilitate active way of life for Parnu, Riga and Turku seniors by involving them into volunteer work. Elderly persons can make a significant contribution to society by sharing their life experience, skills and knowledge. In spite of that, seniors are often lonely and socially isolated, what negatively affects their health and overall wellbeing. Total financing of the

projects is 264 006 euro, EU co-financing is 208 053 euro. Project is co-financed by project partners and Central Baltic Sea region program 2014 - 2020.

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;
- ✎ Construction of lift in Riga Municipality Ltd. "Riga Health Center" branch office "Bolderaja" on Kapteinu Street 7;
- ✎ Renovation of Riga Municipality Ltd. "Riga Health Center" branch office "Ilguciems" on Selpils Street 15 was started.

Budget expenses allocated to health care (k EUR)	2014 actual	2015 actual	2016 budget	2016 actual
Operation and services of ambulatory medical institutions, and public health-care agency services	-	34.2	1 200.7	225.0
Hospital services. Health-care services for mother and child	5 088.5	1 337.7	4 032.5	3 537.7
Other health-care services not classified above	831.6	1 260.1	1 572.6	1 273.6
Total basic budget expense	5 920.1	2 632.0	6 805.8	5 036.3
int.al. investment	5 160.2	1 259.1	5 222.5	3 751.9

MUNICIPAL TERRITORY AND HOUSING MANAGEMENT

In 2016, financing of 1 302 487 euro were utilized within Riga City Municipality budget program "Social apartment houses and separate social apartments", int.al. compensated management expenses of social apartment houses' and apartment houses' with separate social apartments, which do not exceed the established rent for lodgers, 50% compensation of water and sewerage expenses and 25% compensation of heating expenses.

During the reporting year, project of infrastructure fund of Riga was launched on joining three residential buildings to central water supply network and reconstruction of water supply system on Brivibas Avenue.

In 2016, significant repair works were done in Riga City Municipality's social residential buildings: renovation of household and external network of rain water drainage on Aglonas Street 35 k-3 for a sum of 69 035 euro, renovation of firefighting alarm system on Biesu Street 6 for a sum of 18 752 euro, renovation of two loggias of staircases on Reznas Street 10 k-2 for a sum of 15 557 euro.

In 2016, renovation and preparation for rent of 64 municipal apartments was finished. Total expense was 973 027 euro.

In 2016, 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 393 491 euro.

During the reporting year, work on transferring administration rights of the privatized residential buildings to the apartment owners by means of methodic support was continued. Management personnel took part in 140 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.

27 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 2016 to evaluate payment of arrears of rent of lodgers of municipal housing. Committee examined necessity of payment of 64 lodgers of Riga City Municipality's housing and repayment of debt for 45 Riga City Municipality's apartments was done for a total sum of 42 205 euro.

RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

Budget expenses allocated to municipality territory management and housing facilities (k EUR)	2014 actual	2015 actual	2016 budget	2016 actual
Street illumination	6 908.4	7 230.3	7 838.3	7 734.2
Other activities concerning municipality territory management and housing facilities not classified above	25 112.9	22 290.4	18 999.9	16 787.1
Total basic budget expense	32 021.3	29 520.7	26 838.2	24 521.3
int.al. investment	1 249.9	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 2016, following projects were implemented:

- ✎ Cleaning Riga City channel from sunken concrete blocks endangering sailing vessels;
- ✎ Cleaning places for swimming from sunken objects endangering swimmers in Bolderaja quarry;
- ✎ Recovery of polluted areas.

Riga City Council Housing and Environment Department in Riga territory performs exploitation and maintenance of water objects. In 2016, maintenance works included securing, renovation and repair works of quayside for sailing vessels and Jugla channel embankment, cleaning of 2 ponds, cleaning of draining-ditches at a length of 300 m at Darzini, cleaning of Strazdupite river at a length of 800 m, cleaning of draining-ditches at a length of 3 000 m from bushes in Zolitude and Imanta, management and maintenance of pumping station to provide flood protection in Spilva's polder system.

To maintain and renew Riga City Municipality's greenery management of City's greenery was performed - upkeep of 2 300 young trees of street greeneries, in order to protect tree boles during grass mowing, bole protection was applied to 1 607 trees, liquidation of defective, damaged and dead trees - 390 trees and 551 square meters of bushes, sawing of poplars - 108 trees and other works. Total municipal budget financing was 165 680 euro.

In 2016, mowing of biologically valuable meadows and reed in specially protected natural territories, improvement of territories, scavenging and tending of protected trees was performed within Riga City basic budget program "Monitoring and management of specially protected natural territories".

In 2016, within program control of runabout animals' population program implemented by Riga Municipality, catching of 702 runabout dogs was performed, 1 115 ownerless dogs and cats were housed at City's paid animal shelter. 1 354 ownerless cats were caught and sterilized, 1 602 animals were brought to veterinary hospitals from City streets, whereof 1000 animals received medical help, support was provided for 680 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 2016, for reduction of pollution, improvement of water and air quality and reduction of noise level in Riga, Riga City Council Housing and Environment Department provided operation of 3 air monitoring stations, allocating 53 336 euro for this reason; purchased a new uninterrupted operation air monitoring station; completed action program of improvement of air quality in Riga City 2016 - 2020; continued work on action plan activities of reduction of environmental noise in Rīgas agglomeration for time period from 2014 to 2019.

The most significant investment projects and programs:

- ✎ Improvement of embankment of Marupite river from Robezu Street to Spirgus Street;
- ✎ Maintenance works of green bikeway.

Budget expenses allocated to environmental protection (k EUR)	2014 actual	2015 actual	2016 budget	2016 actual
Waste management	56.4	61.8	61.8	61.8
Waste-water management	287.6	73.9	82.2	82.2
Prevention and reduction of environmental pollution	154.8	142.2	112.6	111.7
Protection of biodiversity and landscape	121.8	104.6	107.0	106.3
Other expenditures related to environmental protection	3 865.1	8 098.6	3 004.0	2 192.8
Total basic budget expense	4 485.7	8 481.1	3 367.6	2 554.8

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. More than 750 cultural events financed and co-financed by municipality took place in the city in total, which were attended by more than 1 500 000 Rigans and City guests.

In 2016, important priority was preparation and process management of the event program project dedicated to centennial anniversary of the Republic of Latvia. Suggestions for centennial anniversary of the Republic of Latvia program in Riga were submitted by 34 Riga City Council institutions as well as several public organizations and Rigans. More than 90 projects and events were included in the centennial anniversary of the Republic of Latvia program, which will be implemented within five years period. Program 2017 - 2021 will be revised twice a year, including in it projects supported in Riga City Council financing competitions and realized by Riga City Council institutions.

In 2016, 177 amateur collectives and 102 other amateur collectives co-financed by Riga Municipality operated in Riga cultural institutions.

ECSD provided participation of Riga amateur collectives in a number of various State and local level events, for example in final Creative Dance competition, in amateur theatre play show of Riga region "Performance of the year 2016", VIII in Latvia brass band competition, in preservation of Latvian nonmaterial cultural heritage event "Meet your master craftsman" and in other events. In addition, participation of amateur collectives in international events and commonwealth cities' events Hansa Days in Norway, in folkloriada in Mexico, in International Folk Festival "Baltica" in Estonia and in Christmas and New Year fair culture program in Moscow.

Continuing provision of the process of Song and Dance Festival, such events for amateur art collectives were organized as Month of the Chorus Riga, where 95 choruses participated, process of international festival of folk dance "Sudmalinas" in Riga and participation of Riga Folk Dance ensemble in festival concerts, Folk Dance ensembles' shows at Kipsala International Exhibition Centre, where participated 43 collectives and concert "Ornaments of our land" dedicated to 98th Anniversary of Proclamation of the Latvia Republic at Riga Congress Centre, international Riga amateur theatre festival "Riga spele teatri 2016", where participated 14 Riga amateur theatres with 16 plays and seven foreign amateur theatres, minority amateur collectives' concerts "Dziesmu tilti" took place within program of Riga festival.

In 2016, support program project for creative quarters, neighborhoods and territories was implemented for the first time and financing was found to launch the program. Goal of the program is to support financially cultural projects, which are implemented in creative quarters or in 58 Riga neighborhoods. 22 competitors participated in competition, but support received 14 projects.

In 2016, ECSD organized five cultural and event project financing competitions in total, where 906 project applications were submitted and examined, 479 of them received support.

In 2016, ECSD participated in various international cooperation networks' and international organizations' events, int. al. in work of Social forum and Cultural forum of EUROCITIES, 36th International Hansa Days in Bergen, in work in councils of international folk festival and folk art organizations, organized representation in network of European Cultural Centre in order to promote international cooperation of cultural centers and organization of joint events.

In 2016, following important events were realized:

- ✎ Events dedicated to Declaration on the Restoration of Independence of the Republic of Latvia on 4th of May;
- ✎ Program of events dedicated to Lacplesa Day on November 11 and 98th 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", where 42 objects were available;
- ✎ "Riga festival 2016", where 100 various events were offered to festival visitors. Gathering around 250 000 people within three days;
- ✎ Contemporary art festival "White Night 2016", where 56 objects of various art genres were offered;
- ✎ 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 project: reconstruction of Grand stage of Mezaparks was launched.

Budget expense allocated to recreation, culture and religion (k EUR)	2014 actual	2015 actual	2016 budget	2016 actual
Recreational and sports events	3 518.0	3 395.5	4 018.5	3 992.4
Culture	27 549.0	35 780.3	24 682.3	21 600.5
Services of religious organizations and other associations and foundations	-	73.2	-	-
Other recreational, cultural, and religion-related services not classified above	4 839.6	838.6	175.9	80.5
Total basic budget expense	35 906.6	40 087.6	28 876.7	25 673.4
int.al. investment	269.4	380.3	813.5	617.5

ECONOMIC ACTIVITY

Also in 2016 Riga City Municipality in cooperation with "Swedbank" JSC continued grant program "Take-off". By means of attracted co-financing at a sum of more than 65 000 euro two tenders were organized in 2016, where from 157 received applications 13 were supported allocating financing at a sum of 152 662 euro. 2 seminars were organized within framework of the program - "Planning cash flows", 2 seminars "How to apply for grant program "Take-off", as well as 2 mentor program's seminars on business issues, which were attended by more than 300 visitors in total.

In 2016, support for initiative "Small business day" was provided, organized representation in the most significant exhibition in the field of engineering industry and metal processing of the Baltic Region "Tech Industry 2016", realized representation of the representatives of real estate sector of Riga in the most significant real estate and investment fair - forum in Europe "MIPIM 2016". Developed and published issues "Economic profile of Riga" and "Riga in numbers" in Latvia, English and Russian languages.

Riga City Municipality public transport network provides good coverage of City's territory and Municipality's public transport system serves either for Riga inhabitants or for inhabitants of neighboring municipalities. In 2016 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;
- ✎ 21 improved service bus routes with total length of 343,0 km, provided by 154 buses in the daytime;
- ✎ 9 tram routes with total length of 101,1 km, provided by 72 trams in the daytime;
- ✎ 19 trolleybus routes with total length of 163,7 km, provided by 186 trolleybuses in the daytime.

In 2016, 10,9 million passengers were transported in 963 902 bus runs in 21 improved service bus routes, int.al. 39,5 thousands passengers were transported in 9 night minibus routes. Transportation fee discounts defined by State were used by 15% from the total amount of transported passengers in improved service bus routes. Total length of run in transportation network was 53 136,97 km.

In 2016, there were 2 779 763 public transport runs performed with 143,4 million transported passengers, 44,2% of them used 100% transportation fee discount allowed by Riga Council, but 18,6% 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 possibilities for accessible public transport.

In 2016, following improvement of public transportation network were performed:

- ✎ Two new bus routes were opened - No. 60 Kengarags - Ziepniekkalns and No. 58 Purvciems - Vecmilgravis;
- ✎ Improved service bus route No. 241 provides connection Imanta - Lielirbes Street;
- ✎ New improved service bus route was opened - No. 217 Plavnieki - Purvciems - Brivibas Street - Centre;
- ✎ New improved service bus route No. 238 Imanta - Plavnieki was created by integrating two routes No. 208 and No. 238;
- ✎ Improved service bus route No. 246 was elongated to Pļavniekiem during working days and bus route No. 246a Centre - Daugavgriva was created;
- ✎ Improved service bus route No. 271 was elongated from hospital "Linezers" to hospital "Gailezers".

In 2016, 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 Brivibas Street and Vaidavas Street, erection of 1 residential area, traffic organization was improved on 22 Riga streets and crossings.

During the reporting year, following projects were finished:

- ✎ Reconstruction works of 2 bridges for sum of 619 402 euro;
- ✎ Reconstruction works of 2 streets for total sum of 370 215 euro;
- ✎ Reconstruction of 3 public transport stops for total sum of 136 535 euro;
- ✎ Construction and reconstruction of 3 traffic light objects;
- ✎ Erection of additional traffic lane on Lubanas Street for total sum of 187 842 euro;
- ✎ Emergency repair works of main rainwater drainage collector on Karla Ulmana Avenue, 1 327 135 euro;
- ✎ Construction of pavement on Kisezera Street, 192 486 euro.

In 2016, periodical renewal of street and traffic crossing paving in 8 objects was performed for sum of 9 683 749 euro.

Other traffic organization system works done in 2016, total sum 831 499 euro: established 5 new unregulated pedestrian crossings; 1 traffic light objects equipped with special acoustic signals for the visually impaired; established 11 new pedestrian safety barriers at total length of 580 meters, established 59 new speed humps; established bikeway at a length of 0,7 km.

The most significant investment projects:

- ✎ Complex renovation and 1st stage of reconstruction of Island Bridge was completed;
- ✎ Street paving was renewed in several sections on Brivibas Street un Lacplesa Street, where bikeway was also established;
- ✎ 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)	2014 actual	2015 actual	2016 budget	2016 actual
Agriculture, forestry, fishery and hunting	12.7	11.8	13.5	13.5
Mining, industry and construction	6 322.4	14 458.7	5 754.9	4 507.7
Transportation	188 003.4	187 242.0	213 731.4	197 840.3
Other sectors	3 283.8	2 982.6	4 317.7	4 317.7
Other economic activity not classified above	1 029.1	1 056.2	1 354.0	1 244.3
Total basic budget expense	198 651.4	205 751.3	225 171.5	207 923.5
int.al. investment	2 638.0	8 798.0	14 993.4	10 560.1

PUBLIC ORDER AND SECURITY

In 2016, Riga Municipality Police (RMP) officials secured public order during 1 205 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 2016, Riga Municipality Police officials secured public order near 115 Riga City educational institutions' complexes of buildings, 12 out-of-school educational institutions, 7 sport schools, 9 music and art schools and their branch institutions.

During the reporting year, 82 902 calls were maintained and 10 637 applications were received. In 2016, 15 114 persons were taken up by RMP for various violations, 8 385 of them committed administrative violations or crimes, but 737 of them were wanted persons, 29 of them were juvenile persons.

By means of RMP video surveillance center 1 663 cases of law violation were recorded, 210 video records were submitted to law enforcement institutions. In 2016, RMP recorded 19 878 various administrative violations, int. al. 9 761 violations of Riga Municipality binding regulations penalty tickets were issued to 500 persons on the spot, 47 920 administrative violations protocols on violating stopping and parking regulations were issued.

2 507 administrative violations of Riga City public order regulations were recorded and 2 911 administrative violations of Riga City territory and building upkeep regulations were recorded. In cooperation with Ltd. "Rigas satiksme" Control service 1 996 raids in Riga City public transport were performed, during which 11 wanted persons were taken up. In 2016, RMP performed control and inspection of 1 915 taxis and issued 1 425 administrative violations protocols.

In 2016, 98 administrative violations of water traffic rules were recorded, several inspections were performed, when 219 illegal fishing tools were confiscated, including poaching nets at a total lengths of 8,6 km, 106 administrative violations were recorded and 20 poachers were detained.

In 2016, 13 swimmers were rescued and medical aid was rendered to 13 persons. In 2016, RMP civil defense specialists in emergency cases rendered help to 138 in total, performed 129 inspections in enterprises which activities are related with utilization of dangerous chemicals and provided 20 consultations on civil defense measures in order to prevent risks of technogenic catastrophes.

In 2016, twenty-four hours phone service of Tourism Information Center served 228 phone calls and police rendered help to 825 foreign tourists.

RMP Youtube account was visited more than 5 million times and the number of registered readers reached 3 400 persons, while followers of RMP Twitter account reached 10 000.

Budget expenses allocated to public order and security (k EUR)	2014 actual	2015 actual	2016 budget	2016 actual
The police	16 555.0	16 095.8	16 885.8	16 793.6
Fire safety, firefighting, rescue and civil defense services	-	120.3	259.0	202.6
Other public order and security services not classified above	45.7	49.3	56.9	40.3
Total basic budget expense	16 600.7	16 265.4	17 201.7	17 036.5
int.al. investment	563.7	59.6	-	-

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

CORRUPTION PREVENTION

In 2016, Riga City Council Bureaucracy Combating Centre (Centre) continued provision of Riga City Municipality's single corruption risks prevention management, methodological management and performed control of Riga City Municipality's anticorruption strategy 2014 - 2017 implementation plan. According to the corruption risks minimizing and corruption prevention goals and tasks defined by Riga City Municipality's anticorruption strategy 2014 - 2017, Centre evaluated performance of the Riga City Municipality's central administration structural units, institutions and municipal enterprises and prepared conclusion for Riga Council Security, Public Order and Corruption Prevention Issues Committee.

In 2016, Centre ordered 10 Riga City Municipality's institutions and enterprises to eliminate shortages found by Centre and to introduce given suggestions on reduction of corruption risks.

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

- ✎ Organized work meetings in each Riga City Municipality institution;
- ✎ Organized and conducted classes of training of clerks on issue "Training of further educators on anticorruption issues in public institutions". 101 office-workers participated in training from 56 Riga City Municipality's institutions;
- ✎ Prepared corruption prevention event plan and its execution and evaluation schedule for municipal institutions and enterprises and submitted for approval in Riga Council Security, Public Order and Corruption Prevention Issues Committee;
- ✎ Organized applied scientific conference "Municipalities of Latvia - 25. From executive committees to own management", where participated leaders and clerks of various municipal institutions.

In 2016, under management of Centre improvement of services rendered by Riga City Municipality's Visitors' Reception Centre was performed and suggestions on elimination of the found flaws were given.

Continuing already started practice, one of the Centre's work directions in 2016 was Riga City Councils improvement of public services provided by Riga Municipality institutions' and 10 services were evaluated in the process of this work. Functional relationship of these services were evaluated within this process, created new and particularized the existing names and descriptions of services, separate service rendering processes were optimize, similar services were merged, administrative burden was reduced, service rendering processes scheme were created, as well as possibilities of process simplification, optimization, terms shortening and further development were created.

In 2016, in order to provide easy accessible and complete information about education, culture and sports services and procedure of their receipt for Riga inhabitants, new descriptions of services were developed for services what actually were delivered, but were not described. For reduction of administrative obstacles, terms of service receipt was shortened significantly. To ease detection of necessary service,

several services which were described in groups, were divided into separate services. Number of suggestions was developed to reduce administrative burden either for clients or for municipal institutions.

During last 6 years Riga City Municipality evaluated and improved 221 public services Municipality is rendering, that is 74% from 301 currently rendered services in total.

INTERNAL AUDIT

According to the Riga City Council Audit Directorate 2016 plan of internal audit realization approved by Riga City Council Chairman, in 2016, Riga City Council Audit Directorate performed 11 internal audits, int. al. 10 audits as internal control system evaluation audits of specific Riga Municipality institutions (2 - 4 system audits performed within each audit, 29 in total) and 1 separate system audit, which involves two 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 91 suggestions were included in total.

In 2016, 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 8 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 22 suggestions on elimination of the found offences and flaws were suggested. In 2016, Riga City Council Audit Directorate has also performed 6 inspections of financial and economic activities in Riga Municipality's enterprises 33 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 2016, improvements of following services were made:

- ✎ Accounting of free meals - record of free meal portions in educational institutions;
- ✎ Transportation fee discounts - acquisition of data about Riga Municipality's employees who meets conditions for transportation fee discounts;
- ✎ Orphans Court information system (BARIS) - rebuilding of application software was done, what makes possible optimization daily work of Riga Orphans Court's clerks, document management, planning of Orphans Court's hearings;
- ✎ Bank data module - single financial data processing system in several bank mode;
- ✎ Application software LIGUMI - improved with apartment allowance management option;
- ✎ Application software DZIMTS un SOPA - an option to generate send electronically decision on assigning or refusal to assign allowance to family due to birth of child;
- ✎ Application software SOPA - APSIS linkage - reduced possibility to change the existing clients' evaluation on receipt of social help or to add new evaluation without reason.

As well as new updates of software APUS were introduced, improvement of e-service "Issue of an invoice" were done and geospatial information module was improved with two e-services.

RIGA MUNICIPALITY PARTICIPATION IN INTERNATIONAL COOPERATION PROJECTS

In 2016, cooperation started in previous years with international institutions and cooperation networks, as well as cities of various countries, int.al. 29 Riga commonwealth cities was continued. Within the cooperation framework, Riga City participated in a number of seminars and conferences, as well as in other international level events in areas of culture, education, sports, city planning and development, transportation and traffic infrastructure planning and development, public utilities, environment protection, tourism, as well as other areas.

The most significant international projects and events Riga City Municipality's participated during 2016 in association with execution of Riga territory plan:

↳ Northern Transportation Corridor.

Goal of this project is to connect Riga port and Riga City with motor highway VIA Baltica (I corridor). It crosses entire Riga from VIA Baltica, what is placed in the eastern part of the city, and continues to the western part of the city, where it is connected to TEN-T motor highway - Riga by-pass road, providing Riga port first connection with TEN-T motor highway network. Northern Corridor is a part of Northern axis, enabling connection with EU neighboring regions, as well as transport opportunities of Ventspils and Liepaja ports. 1st stage construction project is defined as long term projects, wherewith possibilities to attract financing from either EU or private investors will be evaluated;

↳ 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 launched in 2016;

↳ Project "Revitalization of Grizinkalns and alongside Miera darzs territories";

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

↳ Development project of Skanste territory - in 2016, an open competition was announced for 1st stage construction plan development and author's supervision;

↳ Establishment of multimodal public transportation junction in Tornakalns neighborhood;

↳ Development and coordination of Palace Square reconstruction project.

Following projects were also launched and continued:

Riga Zoo construction project "Savanna of Africa"; sketch competition of reconstruction project of Aldara Park, and negotiated procedure with authors of sketches that got best evaluation on signing an agreement for development of construction plan; sketch competition of reconstruction of promenade of Mukusalas Street; integrated planning and cooperation model for revitalization of degraded territories (Baltic Urban Lab); Integrated rainwater management (iWater) and other projects.

Riga City Council City Development Department implemented various Riga and its commonwealth cities' cooperation events, among them also were: Riga days in Minsk and St. Petersburg, Riga participation in annual Tallin flower festival, visit of students of Riga Nordic Countries Grammar school in Norrkoping, Riga Austrumu Executive authorities and Switzer Highland Community of San Diego partnership project - exhibition "San Diego through the Eyes of a Rigan: Photography Travel Notes.", events program dedicated to 15th

anniversary of Riga and Moscow cooperation in Riga and Moscow.

The most important events to promote international cooperation and Riga City international recognizability performed by Foreign Relations Section in 2016: Riga City participation in official events and cultural program in 36th international Hansa Days in Bergen; conference of Baltic state cities "Municipality's possibilities to reduce and prevent harm created by alcohol"; Riga participations in Association of world gastronomy cities "Délice" project "BrusselsTramExperience"; 9th International Tourism film festival "Tourfilm Riga 2016"; realization of "Provision of Riga City presentation in Brussels festival"; organization of International crisis management conference.

Riga City Council Education, Culture and Sports Department (ECSD) implemented 14 projects financed by EU and other financial instruments, receiving financing from various EU programs. In the past year, 12 new project applications were prepared and submitted in total, 7 of which were approved, but successfully finished were 8 projects. Institutions, subordinate to ECSD, actively involved in implementation of various projects financed by EU, realizing 63 EU financed projects with a total financing of 2 151 032 euro.

In 2016, ECSD supported students' participation in 104 various international sports and cultural events, allocating financing at sum of 103 291 euro for this purpose.

In 2016, Riga City Council Foreign Relations Section provided Riga City Municipality's cooperation with 18 international organizations and cooperation networks, where Riga is participating as member, int. al.:

↳ Union of Baltic Cities UBC;

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

↳ Modern times Union of Hanseatic Cities Städtebund DIE HANSE;

↳ Network of major European cities EURO CITIES;

↳ The Network of European Metropolitan Regions and Areas METREX;

↳ Organization of World Cultural Heritage Cities OWHC;

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

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

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

↳ Festival of European folk culture and art Europeade;

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

↳ League of Historical Cities;

↳ European social network ESN etc. organizations.

In 2016, Riga City Council Foreign Relations Section coordinated and organized 250 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

In order to provide feedback between municipality and society, 4 opinion surveys were performed in 2016. Survey results as well as Rigan opinion expressed in public discussions are used in further activities; they affect Riga Municipality decisions, as well as development and their progress.

Special role in communication with society plays 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.

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, possibilities 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 2016, Riga City Municipality continued active cooperation with mass media. Press conferences were regularly held and interviews and comments were provided in mass media, as well as journalists were provided with various informative materials on municipal issues.

All the most important information about City and Municipality is available on Riga City Municipality's home page www.riga.lv, int. al. normative acts, 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.

Since 2016 there is has a new section of topical information developed for portal 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, etc.

Riga City Council Education, Culture and Sports Department organized project competition within society integration program, where 80 applications were submitted. 27 of them received financial support, int.al. in sphere of civic engagement and development of mutual cooperation, in sphere of facilitation of social integration, as well as in sphere of facilitation of tolerance and prevention of any discrimination.

Wide variety of information on Municipality's operation is possible to find in various internets social networks. For example, topical and important information for inhabitants can be found in Riga Council Facebook and Twitter accounts.

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

Active cooperation with nongovernmental organizations was carried out in order to enable closer society's participation in development and adoption of Riga Municipality's decisions and evaluation of its performance, including organization of disable people with disabilities and their friends "Apeirons", organization "The Latvian Red Cross", Latvian Samaritan association, Latvian Foster Family Association, Latvian Association of Victims of Political Repression, Students council of Riga schools, Latvian Olympic Committee and various other cultural, sports, national and religious organizations.

COOPERATION WITH PRIVATE SECTOR

In order to promote inhabitants' involvement in to municipal activities, there were following civic engagement project contests organized in 2016:

✎ Project contest "Neighborhoods' forums" - for organization of city inhabitants' forums in city neighborhoods. 7 project applications were submitted for contest and 6 received support. Within projects' framework inhabitants' forums were organized in Bierini, Kundzinsala, Bolderaja, Vecmilgravis, Pardaugava, Kengarags and Maskava suburb neighborhoods.

✎ Project contest "Neighborhood initiative of promotion of engagement and sense of membership" - 19 projects received financial support in project contest finals. Within projects' framework neighborhood festivities and events to strengthen neighborhood inhabitants' solidity and sense of identity were organized - street festivities, photo orienteering events, sporting competition, excursions in neighborhoods, as well as putting into order environment and improvement works were performed, public discussions, informative stands were erected.

ACTIVITIES PLANNED FOR THE NEXT YEAR

LAUNCHED PROJECTS THAT WILL BE CONTINUED

In 2017, work on following projects is planned to be continued:

- ✎ Riga City infrastructure fund program project "Joining municipal residential buildings to central water supply network and reconstruction of water supply system on Brivibas Avenue 443, 445 and 451 in Riga";
- ✎ Development of reconstruction project of Grand stage of Mezaparks;
- ✎ Renovation of VEF Culture Palace;
- ✎ Reconstruction and renovation of building of Ltd. "Riga 1st hospital" on Bruninieku Street 5;
- ✎ Simplified renovation of building of Riga Municipality Ltd "Riga Maternity hospital" on Miera Street 45;
- ✎ Renovation of buildings of several educational institutions - Riga Natalija Draudzina Secondary school on Bruninieku Street 24A, Riga 6th Secondary school on A. Caka Street 102, Fricis Brivzemnieks Elementary school on Zellu Street 4.
- ✎ Renovation of Ltd. "Riga Health Center" branch office "Ilguciems" on Selpils Street 15;
- ✎ Construction of stadium and territory improvement works near Riga Centre Humanitarian Secondary school on Krisjana Barona Street 116A, Riga Plavnieki Elementary school on J. Greste Street 14 and Riga 25th Secondary school on Rusonu Street 6;
- ✎ Continue energy efficiency activities in municipal educational institutions, as well as territory improvement works near;
- ✎ Continue putting in order buildings owned by or attributable to Riga City Municipality, which are included into list of objects that degrade environment, ruined or endanger peoples' safety and liquidation of wrecks (int. al. property of private persons) which jeopardize public safety;
- ✎ Continue cleaning of territories from hazardous waste in Bolderaja launched on 2015 and 2016. In 2017, financing was allocated to perform collection and utilization of the remaining waste (approximately 200 t).

MAIN TASKS OF THE NEXT YEAR AND PLANNED COOPERATION PROJECTS

- ✎ In January of 2017, it is planned to launch Riga City Council Welfare Department project "We are for healthy Riga! - various and accessible health promotion and illness prevention activities", attracting ESF financing at a sum of 3 500 000 euro. The main target group of this project is the people under the risk of territorial, poverty and social exclusion, int. al. children, persons at age above 54, disabled persons and the unemployed. The range of planned activities of the project combine various sports activities with educational events, forming a base which could help to provide change of bad habits, as well as to increase involvement of people in various events. The process of planned activities of the project will be held close to the places of residence. Thereby indirect mutual communication between neighborhood inhabitants will be promoted during the process of project realization period. The project will be implemented till December of 2019.
- ✎ Renovation of building of Riga Estonian Elementary school on Atgazeses Street 26;
- ✎ Renovation of building and territory improvement of educational building on Burtnieku Street 34 to site elementary grades of Riga 64th Secondary school;
- ✎ Renovation of building on Sampetera Street 98 to site Riga Music Boarding-school;
- ✎ Renovation of building on Terbatas Street 69 to site Riga Orphans Court;
- ✎ Renovation works of Riga Social Care Centre "Gailezers" on Hipokrata Street 6;
- ✎ Attraction of financing of European Regional Development Fund is planned for implementation of following projects: restoration of VEF Culture Palace, improvement of energy efficiency in 31 preschool educational institutions, improvement of educational environment, introduction of innovative ICT solutions in educational process and provision of ergonomic educational environment arrangement in Riga French Lycee and Riga English Grammar school.

RIGA MUNICIPALITY SUMMARY CONSOLIDATED FINANCIAL STATEMENTS 2016

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	31.12.2015. (k EUR)	31.12.2016. (k EUR)
ASSETS	3 392 721.2	3 411 035.3
Non-current assets	3 290 027.2	3 285 184.2
Intangible assets	5 897.5	5 871.3
Development activities and programs	255.8	147.8
Licenses, concessions and patents, trademarks and similar rights	5 262.7	5 376.7
Other intangible assets	298.3	314.6
Unfinished intangible assets	47.9	21.7
Advance payments on intangible assets	32.8	10.5
Fixed assets	2 627 678.1	2 607 062.4
Land, buildings and construction	2 383 098.5	2 338 438.8
Technological equipment and machinery	934.2	946.3
Other fixed assets	44 568.7	45 473.0
Construction in progress, unfinished fixed assets	28 617.5	41 473.9
State and municipal real estate property assigned for actual possession	160 293.0	169 015.8
Biological and underground assets	10 045.6	11 195.1
Long-term investments in leased assets	30.0	27.0
Advances for fixed assets	90.6	492.5
Long-term financial investments	651 564.1	666 828.9
Investments in equity capital of related enterprises	593 705.4	608 250.1
Investments in equity capital of associated enterprises	57 858.7	58 578.8
Long-term receivables and allowances for doubtful long-term receivables	4 887.5	5 421.6
Other long-term receivables	4 887.5	5 421.6
Current assets	102 694.0	125 851.1
Inventory	30 461.6	18 777.6
Debtors	15 568.3	11 684.6
Deferred expenses and advances for services and projects	2 627.5	2 654.6
Current financial investments	541.4	-
Cash	53 495.2	92 734.3
LIABILITIES	3 392 721.2	3 411 035.3
Equity	2 461 920.5	2 499 543.7
Reserves	103 524.2	103 520.7
Results of the budget execution	2 358 396.3	2 396 023.0
Retained results of the budget execution	2 375 268.4	2 358 396.3
Results of the budget execution in current period	-16 872.1	37 626.7
Provisions	1 297.5	1 029.5
Liabilities	929 503.2	910 462.1
Non-current liabilities	812 522.4	786 435.1
Long-term borrowings	207 939.9	225 256.1
Long-term liabilities to suppliers and contractors	321 901.1	296 755.7
Long-term accrued liabilities	233 065.3	219 231.7
Other long-term liabilities	49 616.1	45 191.6
Current liabilities	116 980.8	124 027.0
Current borrowings and current portion of long-term debt	11 478.7	12 659.0
Current liabilities to suppliers and contractors	43 466.4	43 523.8
Current accrued liabilities	19 972.9	22 321.4
Salaries and deduction payments (excluding taxes)	7 970.7	8 587.0
Taxes and social security contributions	8 300.3	8 867.7
Other current liabilities	5 434.2	5 021.9
Deferred income and received advances	20 357.6	23 046.2
Deferred income and received advances	3 073.3	2 598.3
Received prepaid transfers	17 284.3	20 447.9

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	31.12.2015. (k EUR)	31.12.2016. (k EUR)
OFF-BALANCE SHEET		
Leased assets	1 500.9	1 495.2
Off-balance sheet assets	5 043.2	3 757.5
Demurrages and fines receivable	55.0	48.2
Actions of detinue	74.2	59.8
Other off-balance sheet assets	4 914.0	3 649.5
Off-balance sheet liabilities	274 499.0	240 022.1
Future payments according to agreements concluded on projects financed by foreign financial aid and EU policies' instruments	508.9	5 592.4
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	101 073.9	87 596.0
Future liabilities and payments according to agreements and government decisions on purchase of widgets, except those concluded on projects financed by foreign financial aid and EU policies' instruments	0.2	-
Received and not paid invoices for advance payments	65.0	16.0
Future rent payments	74.2	52.2
Warranties issued	7 139.0	6 306.5
Other off-balance sheet liabilities	165 637.8	140 459.0

RIGA MUNICIPALITY SUMMARY CONSOLIDATED FINANCIAL STATEMENTS 2016

BASIC BUDGET INCOME STATEMENT	2015 actual	2016 actual
Accrual basis	(k EUR)	(k EUR)
Total revenues	842 970.7	944 797.6
Total tax revenues	567 749.6	623 243.9
Personal income tax	466 909.8	507 059.3
Real estate taxes, int.al:	95 947.5	111 072.8
real estate tax on land	36 584.4	48 433.3
real estate tax on buildings	46 259.1	43 753.9
real estate tax on housing	13 104.0	18 885.6
Other tax revenue	4 892.3	5 111.8
Total non-tax revenues	64 878.2	70 725.1
Government (municipality) fees	4 054.5	4 433.5
Other non-tax revenues	60 823.7	66 291.6
State institutions' revenues	58 263.1	108 162.7
Total transfers	152 079.8	142 665.9
Transfers of public entities partially financed by State budget and institutions not financed by budget	-	0.5
State budget transfers, int.al:	147 120.6	137 052.7
state budget transfers received by municipality allocated for specific purpose	126 624.1	126 648.2
transfers received by municipality from state institutions for projects (arrangements) coo-financed by EU policies' instruments and other foreign financial aid	18 182.1	6 273.6
other state budget transfers	2 314.4	4 130.9
Municipal budget transfers	4 959.2	5 612.7
Expenses by government functions		
Total expenses	859 803.6	907 294.8
General governmental agencies	250 778.8	269 019.4
int.al. contributions to municipal cohesion fund	73 887.4	86 937.1
Public order and security	16 323.8	16 618.8
Economic activity	238 454.3	252 671.0
Environmental protection	1 661.8	1 940.2
Territory and housing management	26 977.6	24 392.1
Health care	1 092.6	1 184.2
Recreation, culture, and religion	20 442.1	21 110.8
Education	243 320.8	259 473.5
Social security	60 751.8	60 884.8
Budget surplus or deficit	-16 832.9	37 502.8
INCOME STATEMENT ON DONATIONS AND ENDOWMENTS	2015 actual	2016 actual
Accrual basis	(k EUR)	(k EUR)
Total revenues	323.4	690.3
Donations and endowments from legal entities and individuals	323.4	690.3
Donations and endowments for education	224.9	460.6
Donations and endowments for social care	24.4	36.1
Other donations from legal entities and individuals	74.1	193.6
Expenses by government function		
Total expenses	361.3	569.4
General governmental agencies	117.4	138.9
Territory and housing management	1.8	8.5
Recreation, culture, and religion	9.0	78.4
Education	196.3	304.3
Social security	36.8	39.3
Budget surplus or deficit	-37.9	120.9

RIGA MUNICIPALITY SUMMARY CONSOLIDATED FINANCIAL STATEMENTS 2016

BASIC BUDGET INCOME STATEMENT	2015 actual	2016 budget	2016 actual
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
Total revenues	762 250.1	818 217.3	822 740.8
Total tax revenues	562 028.7	619 368.2	626 712.0
Personal income tax	462 886.5	507 059.3	510 492.1
Real estate taxes	94 249.9	107 400.0	111 108.1
int.al. real estate tax on land	35 295.1	47 107.7	48 131.0
int.al. real estate tax on buildings	45 917.8	42 341.7	44 073.0
int.al. real estate tax on housing	13 037.0	17 950.6	18 904.1
Other tax revenue	4 892.3	4 908.9	5 111.8
Total non-tax revenues	20 672.6	17 074.2	21 228.5
Government (municipality) fees	3 900.8	3 407.5	4 426.3
Other non-tax revenues	16 771.8	13 666.7	16 802.2
State institutions' revenues	29 063.6	33 149.3	32 266.0
Total transfers	150 485.2	148 625.6	142 534.3
Transfers of public entities partially financed by State budget and institutions not financed by budget	-	-	0.5
State budget transfers, int.al:	145 544.5	142 497.8	136 935.9
state budget transfers received by municipality allocated for specific purpose	128 394.9	133 285.4	133 198.0
transfers received by municipality from state institutions for projects (arrangements) coo-financed by EU policies' instruments and other foreign financial aid	17 003.7	9 001.0	3600.8
other state budget transfers	145.9	211.4	137.1
Municipal budget transfers	4 940.7	6 127.8	5597.9
Total expenses by government functions			
Total expenses	765 998.5	847 776.0	788 926.1
General governmental agencies	133 194.3	154 702.2	146 266.8
int.al. contributions to municipal cohesion fund	74 890.0	86 937.1	87 480.4
Public order and security	16 265.4	17 201.7	17 036.5
Economic activity	205 751.3	225 171.5	207 923.5
Environmental protection	8 481.1	3 367.6	2 554.8
Territory and housing management	29 520.7	26 838.2	24 521.3
Health care	2 632.0	6 805.8	5 036.3
Recreation, culture, and religion	40 087.6	28 876.7	25 673.4
Education	254 871.1	303 192.1	284 653.2
Social security	75 195.0	81 620.2	75 260.3
Budget remaining amount at the beginning of the year	37 987.1	53 120.3	53 120.3
Budget remaining amount at the end of the year	53 120.3	31 720.9	92 391.7
INCOME STATEMENT ON DONATIONS AND ENDOWMENTS			
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
Total revenues	140.6	264.2	139.6
Donations and endowments from legal entities and individuals	140.6	264.2	139.6
Donations and endowments for education	68.0	147.5	55.1
Donations and endowments for social care	2.1	5.8	4.7
Other donations from legal entities and individuals	70.5	110.9	79.8
Total expenses by government functions			
Total expenses	183.5	607.8	171.2
General governmental agencies	113.5	243.6	104.8
Public order and security	-	1.6	-
Environmental protection	-	35.0	-
Territory and housing management	1.7	8.1	8.1
Recreation, culture, and religion	6.8	8.0	0.1
Education	58.0	301.7	53.5
Social security	3.5	9.8	4.7
Budget remaining amount at the beginning of the year	414.0	371.1	371.1
Budget remaining amount at the end of the year	371.1	27.5	339.5

EXPLANATION OF BASIS OF PREPARATION OF SUMMARY CONSOLIDATED FINANCIAL STATEMENTS 2016

These summary consolidated financial statements summary including Riga City Municipality's summary balance sheet as of 31 December 2016, basic budget income statement for 2016 (accrual basis and cash flow basis) and income statement of donations and endowments (accrual basis and cash flow basis) for 2016 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 2016 (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 2016 (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 2016 (Form No 2) "Statement on budget execution" (donations and endowments). Income is classified in groups characterizing the type of the income of economic activities, in compliance with LR CM Regulations No 1032 "Regulations on classification of budget income";

✎ The result of budget execution of the reporting year declared in the Riga City Municipality's balance summary balance sheet is calculated by adding up surplus or deficit indices of the Basic budget income statement (according to accrual basis) and income statement of donations and endowments (according to accrual basis).

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

AUDITOR'S REPORT

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 30 to 34, which comprise the summary balance sheet as of 31 December 2016, 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 explanation for consolidated financial statement preparation guidelines, are derived from the audited consolidated financial statements of Riga Municipality for the year ended 31 December 2016. Our audit report on those consolidated financial statements, dated 25 April 2017, 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 2016 are consistent, in all material respects, with the audited consolidated financial statements of the Municipality for the year ended 31 December 2016, 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 2016.

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 25 April 2017. Our qualified audit opinion is based on the following:

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. Based on the State Real Estate Cadastral Information System data as of 31 December 2016 the Municipality has included in its balance sheet the land in with the value of 131.2 million EUR which according to system data is attributable to the municipality, however, no ownership rights are registered in the Land book. The Municipality also continues to identify buildings and constructions, which have not been previously recognized in the Municipality's records. The land and buildings are gradually registered in the Land Book and during this process ownership of the properties with previously unclear ownership is clarified. Because of this process, numerous adjustments to previously recognised property values and land plot areas are being made. It is expected that the value of the properties during subsequent periods will be adjusted, as previously not registered buildings and constructions will be registered and the values and area of land attributable to the Municipality will be clarified. As this process is ongoing, the management has not been able to determine the amount of adjustments in relation to the book value of the properties as of 31 December 2016 and 31 December 2015. 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 2016 and 31 December 2015.

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".

Deloitte Audits Latvia SIA
License No. 43



Inguna Staša
Board Member
Certified Auditor
Certificate no. 145

2 June 2017