

RIGA MUNICIPALITY ANNUAL REPORT 2009





Riga, 2010



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The report of Riga City Council Chairman



In 2009, Riga Municipality continued the realization of its long-term financial policy, ensuring the financial stability and budget integrity of Municipality.

In 2009, economical and financial crisis intensified in Latvia, sharply decreased economical activities, salaries reduce and increased unemployment resulted in significant decline of Riga Municipality budget revenue. In 2009, Riga Municipality drop down of the consolidated budget revenue was 159,4 million lats (26,3%) compared with previous year.

In 2009, Riga Municipality consolidated budget plan for revenue was fulfilled for 102,6% and expense plan for 95,7%.

Even in such economical conditions when expense reduction and significant structural reforms in Riga Municipality were performed, fulfillment of municipality's functions and the necessary financing were ensured, allowing to maintain stability of the budget. Compared with the previous year, in 2009, Riga Municipality consolidated budget expenses were reduced by 123,2 million lats (20,7%).

Education still is the first priority in terms of the Municipal budget expenditures. There were 183,9 million lats in total allocated from the budget for education development, that formed approximately 39% of all Riga Municipal budget expenditures in 2009. In order to ensure the education accessibility all over the Riga city territory and effective usage of education infrastructure objects at the same time Riga city school reorganization plan was developed in 2009.

In 2009, Riga Municipality continued improvement of city's education infrastructure, repair works were performed in one third of educational institution buildings – finished reconstruction and renovation of Riga 2. Secondary school, finished construction of a new Municipality's building of preschool educational institution in Riga, Valdeku Street 58a. Performed repair

works in more than two thirds of Municipality's preschool educational institution buildings, started renovation and improvement works in several Riga school buildings, performed installation of playground equipment, renovation of fences, sheds, roofs, water-supply and sewerage systems in Riga preschool educational institutions, installation of fire detection system in Riga educational institutions.

While the economical situation was worsening, resulting in decrease in inhabitants' income and increasing the unemployment, growing the number and changing the structure of social aid recipients, municipality social services flexibly adapted to the situation, ensuring the necessary social aid for population of moderate means. Additional actions were implemented and increased the volume of services rendered for homeless persons - the total number of places in shelters and night shelters was increased, also feeding services were provided. Total social security budget expenses in 2009 reached 42 million lats, that is 8,9% from the total budget expenses.

During the financial year Riga Municipality continued to realize the housing policy, improving living conditions of city inhabitants, especially the low-income population. A new apartment house on Jurkalne Street 7a (100 apartments) and the third building of apartment house complex on Lubana Street 129 (150 apartments) were put into operation, celebrated ridgepole celebrations of Municipality's first building of apartment house complex on Ilukste Street (96 apartments) as well as the first special project social apartment house on Lomonosova Street 1, block 19 (106 apartments).

In 2009, Riga Municipality increased activities performed towards public order and security. As of September 1 Riga Municipality Policy patrols near all secondary schools subordinate to Riga Municipality. Municipality Policy pays more attention to the places of entertainment and night clubs in Old Town. In order to improve security of the city guests and reduce tourist fraudulent practices a special Tourism Policy department was created.

Tourism area development as well as improvement of general business and investment situation in the city is Riga Municipality answer to the challenges of crisis, to achieve the maximum from city's cultural, economical and human potential.

During the financial year Riga Municipality performed active structural reforms, improving municipal administrative and remuneration structure. The number of Riga City Council Deputy Chairmen and regular committees was reduced, optimized performance of Central administration and reduced number of employees, the number of Executive Boards was reduced from six to three. Liquidation of Municipal agencies was performed, as a result of reorganization of Communal and Environment Departments and Municipal agency "Rigas majoklis" a new department - Housing and Environment Department was established, Education, Youth and Sports Department was merged with Culture Department, Municipal bookkeeping functions were centralized in Finance Department. In



order to improve the communication between municipality and inhabitants, Bureaucracy Control Centre was created. As a result of structural reforms performed Municipal budget expenses decreased and improvement in effectiveness and transparency of municipality activities was ensured.

Budget and financial policy adopted by Riga City Municipality allowed to have sufficient financing for municipal functions realization. By implementing Riga Municipality loans, guaranties and other long-term debt management strategy for 2008-2012, the Riga Municipality has succeeded in providing advantageous and stable conditions for municipality's liability portfolio service. During the financial year in order to ensure the realization of city development projects, Riga Municipality continued an active utilization of EU funding for financing development projects in the City.

Also in future activities of Riga Municipality will be focused on delivering of municipal basic functions, ensuring the financial stability of the Riga Municipality, expanding the economical, social and cultural potential for inhabitants and improving the cooperation between inhabitants and municipality.

N. Usakovs

Riga City Council Chairman

The report of Riga City Council Finance Department Director



In 2009, the Riga City Council Finance Department continued the realization of long-term financial policy, ensuring financial stability and balanced budget.

Although as a result of economical crisis, a significant reduction of budget revenue was observed, due to performed budget expense limitation, the required financing for realization of municipal functions was provided. In 2009, Riga Municipality budget plan of revenue was fulfilled.

Over the financial year regular control of the budget executors estimated expenses was accomplished, in case of need determining monthly expense limits and balancing budget revenue and expenses. By successful financial resource management, Riga City Council Finance Department has secured sufficient cash liquidity in 2009.

During the financial year municipal budget for 2010 was prepared and confirmed. While drawing up the 2010 budget, consolidation of municipal basic and special purpose budgets was performed, thus enabling more successful planning and application of municipal budget resources and providing better budget execution control.

Riga City Municipality budget of 2010 foresees further reduction of budget spending part, especially maintenance expenses, at the same time ensuring increase of capital expenditures for financing municipal

investment programs, capital investments and EU projects.

In 2009, a successful debt management in accordance with "Riga Municipality loans, guaranties and other long-term debt management strategy for 2008-2012" was realized which was updated by adding appendix "The risk of cooperation (business) partners concerning placement of financial funds", where the risk evaluation criteria of cooperation partners were defined.

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

In 2009, Riga City Council Finance Department continued successful cooperation with international credit-rating agencies "Standard & Poor's" and "Moody's Investors service" with aim to guarantee the transparency of the Riga Municipality financial policy and strengthen the reputation of Riga Municipality as a reliable financial partner. While considering Riga City Municipality financial situation, credit-rating agencies positively assessed Riga Municipality prudent budget management policy, flexible response on changes of economical and financial conditions and stability of financial policy adopted by municipality.

During the financial year Finance Department implemented structural reform activities in improving municipality organizational structure and remuneration system. Municipal bookkeeping functions were centralized in Finance Department, ensuring cost reduction and effectiveness increase.

As a result of the financial management and budgetary policy executed by Finance Department in 2009, provision of necessary financial resources for municipal functions was ensured, as well as improved the municipal budget and finance system and ensured stable operation of Riga City Council in budget and finance operations.

A handwritten signature in black ink, appearing to read "I. Tiknuse". The signature is fluid and cursive.

I. Tiknuse

Riga City Council Finance Department Director

Riga City population

According to the data of Office of Citizenship and Migration Affairs, as of beginning of 2010, there were 709 145 inhabitants living in Riga - 6833 (0,95%) less than a year ago.

There are no significant changes in age structure of the City's inhabitants indicated during 2009. The proportion of inhabitants of able-bodied age within the City population increased from 66,1% in 2008 to 66,4% in 2009. In 2009, the proportion of those inhabitants over the able-bodied age formed 21,1% (0,5 percentiles less than in previous year), but proportion of children and youth slightly increased in the financial year, reaching 12,5%.

In comparison with the Latvian average ratio, the age structure of Riga inhabitants is characterized by relatively smaller (by 1,3 percentiles) proportion of children and youth. The proportion of able-bodied inhabitants is by 0,5 percentiles higher than the country average, and the proportion of inhabitants over the able-bodied age exceeds the country average by 0,8 percentile.

Over the past years, there are no significant changes in the gender structure of Riga inhabitants, too. In 2009, 55,6% out of all city inhabitants were women, and 44,4 – men. In comparison with the average ratio for Latvia (53,9% women and 46,1% men), there is relatively higher proportion of women in the gender structure of Riga population.

During the financial year, the number of inhabitants decreased in all districts of the City. Similar to the previous year the most significant drop in population was indicated in the Downtown district, revealing on the decrease by 4,5%. Over the past five years the population of the Downtown district has shrunk by 4 thousand people (by 4%). In districts placed on the right side of the Daugava count 2/3 and those on the left side (Pardaugava) – 1/3 of the total population of the city.

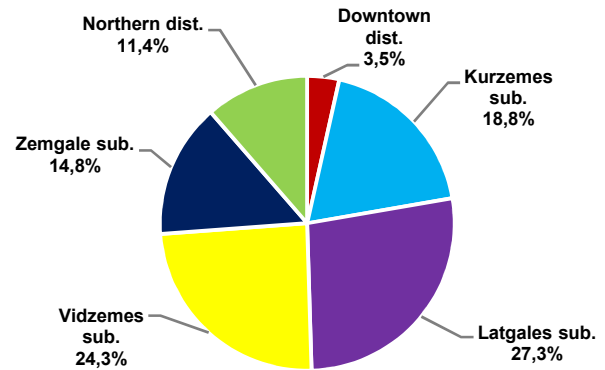
Ethnic Composition

National structure of the Riga City inhabitants hasn't significantly changed over the past five years. The proportion of Latvians, what has increased from 37% in 1989 to 42,3% in 2005, during the following years has remained at the same level. The proportion of Russians in Riga has decreased over the last five years from 42,6% to 41,3%. As for other nationalities with the biggest proportion are Byelorussians - 4,3%, Ukrainians - 3,9%, Poles - 2% and Lithuanians - 0,9%, other nationalities (and persons not declared nationality) - 5,3% of the total population of the city. At the end of 2009 71% of inhabitants of Riga had Latvian citizenship.

Employment

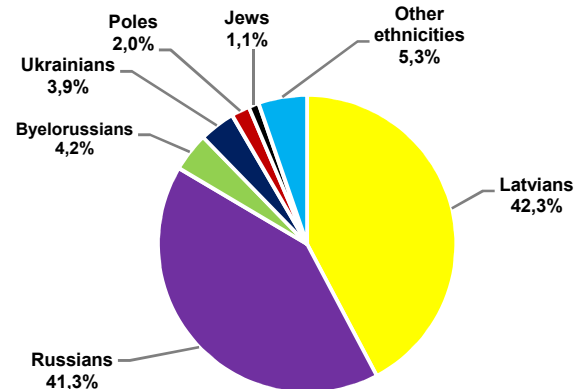
In the financial year the number of employees rapidly reduced due to economical recession. In 2009, average number of employees (counting full labor time units) in the city decreased by 110,7 thousands, by 22% compared with the previous years, even to 383,1 thousands.

Riga population breakdown by district* (as of end of 2009, in percent)

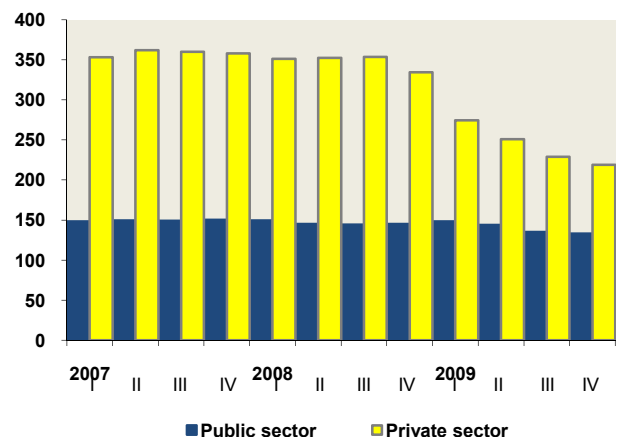


*Data of Office of Citizenship and Migration Affairs

Ethnic composition of Riga inhabitants (as of end of 2009, in percent)



Average number of employees in Riga 2007- 2009 (full labour time unit, as of quarter end, k people)





In 2009, number of employees in private sector decreased by 104,7 thousands (by 30%) and in public sector by 5,7 thousands (by 4%). This means that private sector in order to manage crisis and improve effectiveness, has chosen employees number reduction activities, but public sector, within the program of stabilization, prefer work payment reduction activities.

Unemployment

As a result of rapid economic development until 2007 the unemployment rate in Riga continued to decrease to 5,8% of the economically active population (or 23,7 thousand), the average unemployment rate in state reached 6,1% of the economically active population.

As a result of economical and financial crisis in Riga as well as in state in general, the unemployment rate rapidly increased in 2009, reaching 68,5 thousand, what makes 17% of the city's economically active population. During the two previous years the number of search for employment rose 2,9 times. Such a growth of number of search for employment in a situation of decreasing number of vacancies means rise of unemployment, followed by reduction of population income, what creates an additional load for city's social security system.

Compensation

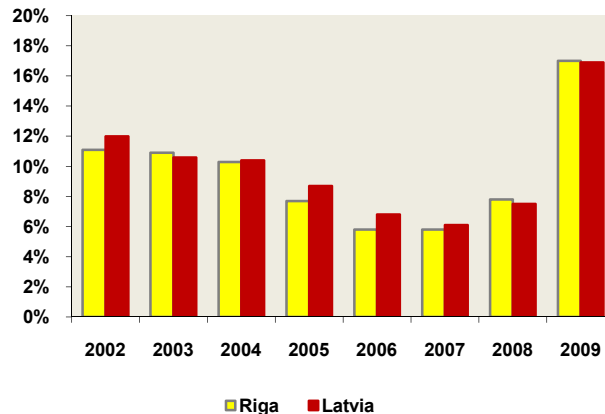
Situation in compensation sphere in previous year was determined by government implemented compensation reduction activities in public sector and expense cutting, int. al. payment reduction policy.

Average monthly gross compensation (not counting private sector business with number of employees under 50) in Riga in 4th quarter of 2009 was 96 lats (15%) less than in corresponding period in previous year, average reduction over the state in this period was 100 lats (17%).

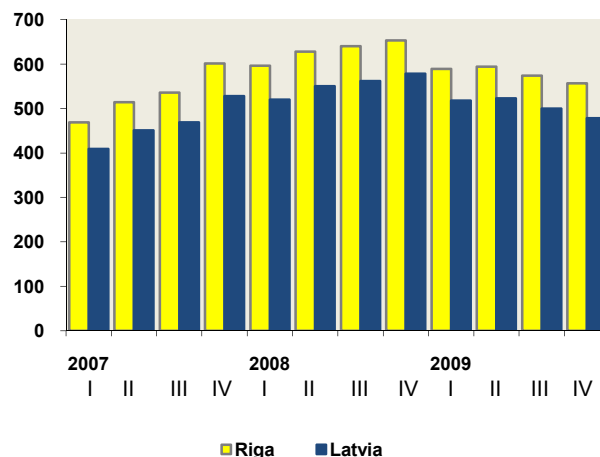
If the average monthly compensation in private sector (with number of employees over 50) in Riga in 2009 reduced by 53 lats (by 8%), then in public sector it was reduced by 150 lats (by 21%). Especially significant compensation reduction over the financial year was observed in state administration (state institution) sector, where the average monthly gross compensation reduced by 182 lats (by 27%) within year.

Through the finance year the compensation dynamics differed depending on sector. If the compensation in education sector reduced by 28% and by 27% in state administration, then in processing sector it was down only by 3%, in transportation – 5% and in trade – 8%. Compensation in professional, scientific and technical service sector in 4th quarter of 2009 remained the same compared with the previous year and in construction sector it was even increased by 3%.

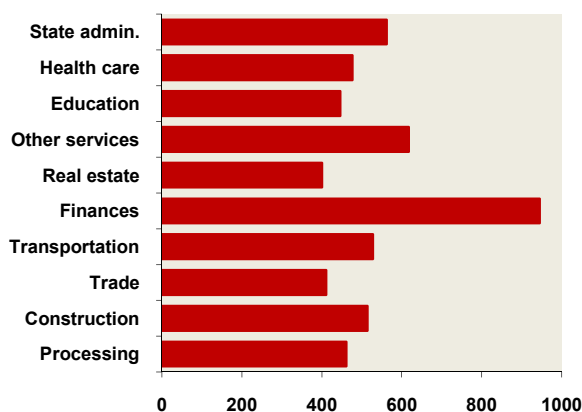
Unemployment rate in Riga and Latvia, as of year end (in percent)



Monthly average gross compensation in Riga and Latvia 2007–2009 (quarterly, in lats)



Monthly average gross compensation in Riga 4th quarter of 2009 (by sectors, in lats)



Riga City economic state

Riga City economic site

Over the financial year, the economics of Latvia and Riga are characterized by rapid economic decrease and drop of GDP by 18% compared with the previous year. Value added in Riga city in this period (according to previous evaluation) dropped down by 17%. Though construction, hotel and restaurant sectors faced greater reduction of economical activities than overall Riga economics, Riga's most important branches – commerce, lease and real estate operations – retained at the same level as in previous year.

Economical growth in Latvia over the last 15 years largely was based on growth of economical activities in the Capital, as a result of this the GDP proportion of Riga has increased from 47% to 55% in 2009 (estimated). If in 1995 the GDP per inhabitant in Riga was 41% higher than average in Latvia, then in 2009 it exceeded average result in Latvia by 53%.

Branch industry structure

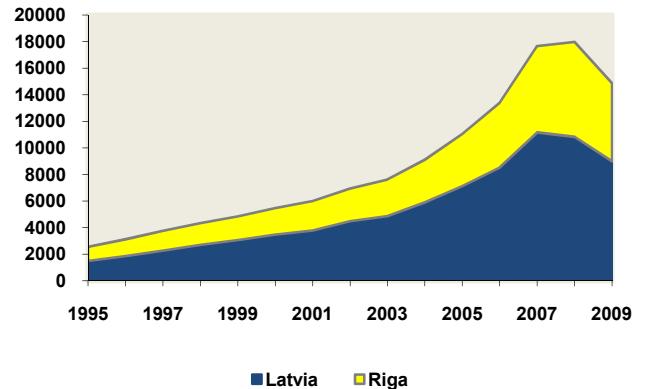
The dynamics of Riga economical branches over the last decade was diverse. Fifteen years ago industry was the largest sector in the Capital and created 23% of the total value added. During the next years, in the country in general, industry sector development was slower than in other sectors and it's proportion decreased to 8,7% in 2007. From 2004 to 2007 especially rapid growth of Riga economics was observed in domestic market sectors – trade, construction and commercial services, reaching 52% from the City total value added in 2007.

Economical recession has brought corrections in the Capital branch structure. Significant downturn of domestic market activities, especially in trade and construction, has reduced both the sectors' value added proportion by 6,5% in City overall economical structure. Though the proportion of industry still show no signs of growth, the orientation of Latvia economics towards production of goods for export in further years could increase the role of this branch also in Riga economical sector structure. Transportation proportion also has increased in City economical sector structure during the recent two years.

Industry

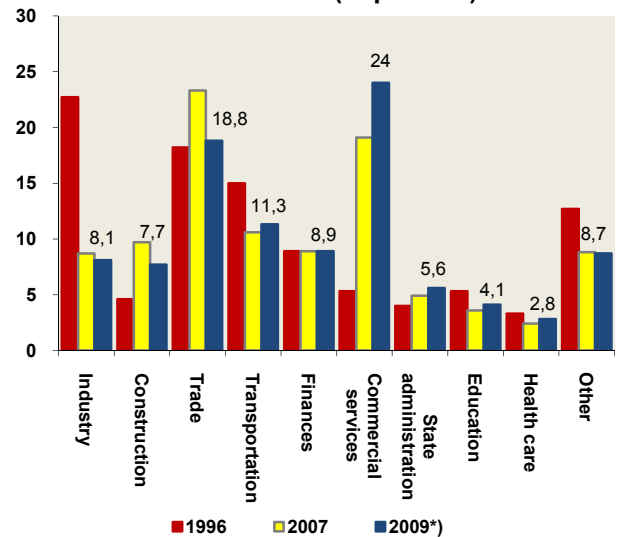
During the financial year in industry sector a significant output reduction was observed. The total value of industrial output produced in Riga was 1,1 billion lats, which, in actual prices, was by 30% less than in 2008. With respect to the falling prices by 4,7% in industry sector, the amount of industrial output in Riga significantly decreased by more than 25% over the year. Riga output proportion of State industry has reduced from 43% in 2008 to 41% in 2009. Around 50% out of processing industry output created in Riga was exported to other countries.

GDP per inhabitant 1995– 2009* (actual prices, in lats)

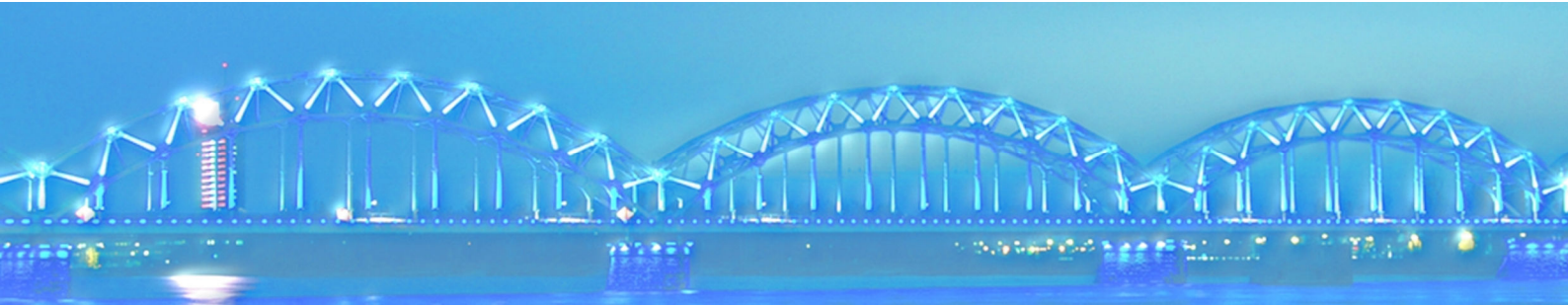


*Data about Riga 2008–2009 - estimated

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



*2008 - estimated



Trade

Trade proportion in city's branch structure within two previous years has shrunk by 4,5%. Yet it (wholesale trade, retail sales and maintenance of home equipment) still is the second biggest city's economical sector with 19% output of the total value added in Riga and 88 thousand employees (22% from the total employees' number).

Commercial services

Economical activity in city's largest economical sector – "real estate deals, lease and commercial services" hasn't decreased during the financial year, as a result of it, this sector has significantly increased its proportion in comparison with overall recession, reaching 24% output of the total value added in Riga. Largest proportion of this sector value added – around 60%, is generated by real estate operations. Regardless of significant drop in price and reduction of activities in this sector, the sub-sector's value added output hasn't reduced during the recent years. Additional to real estate operations, this sector includes wide variety of commercial services – vehicle, car and equipment lease, computer services, scientific research and other services.

Transportation and communications

Riga Port

In 2009, the amount of shipped cargo from Riga port, compared with the previous year, increased by 3,4% (897 thousand tons), but the amount of received cargo reduced by 24% (by 739 thousand tons).

In 2009, the total cargo turnover in Riga port slightly grew – by 0,5% (by 158 thousand tons). The share of Riga port in the total reloaded cargo amount in Latvia reached 48% and Riga now is the biggest port in terms of shipped and received cargo turnover in Latvia.

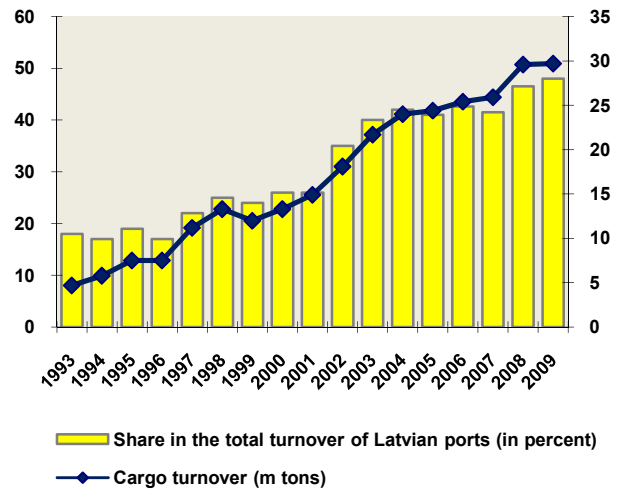
Regarding the structure of reloaded cargo, in 2009 coal had the largest proportion – 47%. During the financial year increased oil products proportion among the reloaded cargo from 18,1% to 21,9% and form the second largest reloaded cargo group. Mineral fertilizers are 6,5% from reloaded cargo, timber – 6%, container freight – 6%, other cargo – 12,6%.

The number of arriving and leaving Riga port passengers continues to grow already the fourth year in turn, reaching 691 thousand turnover during the financial year, what is 37% increase compared with the previous year.

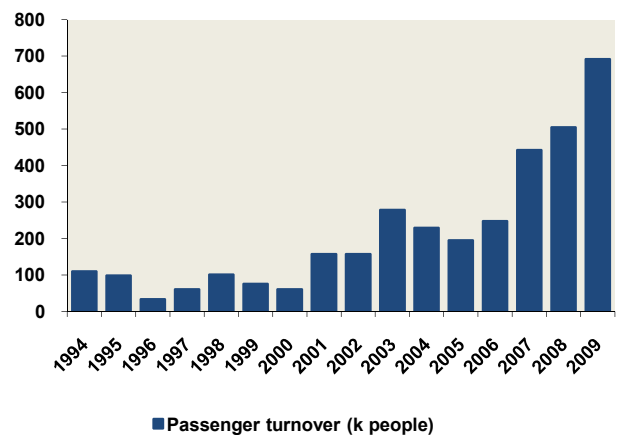
Airport

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

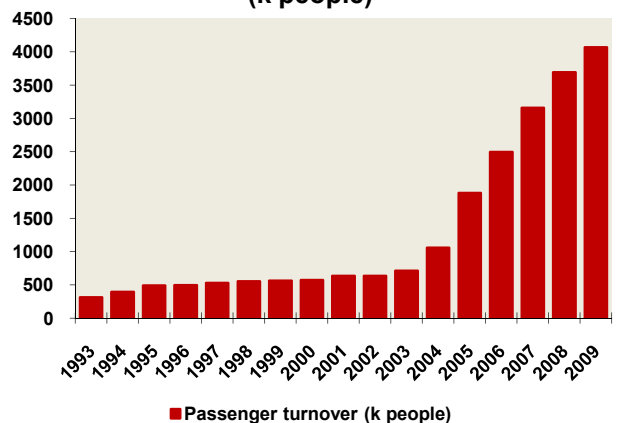
Operation of Riga port

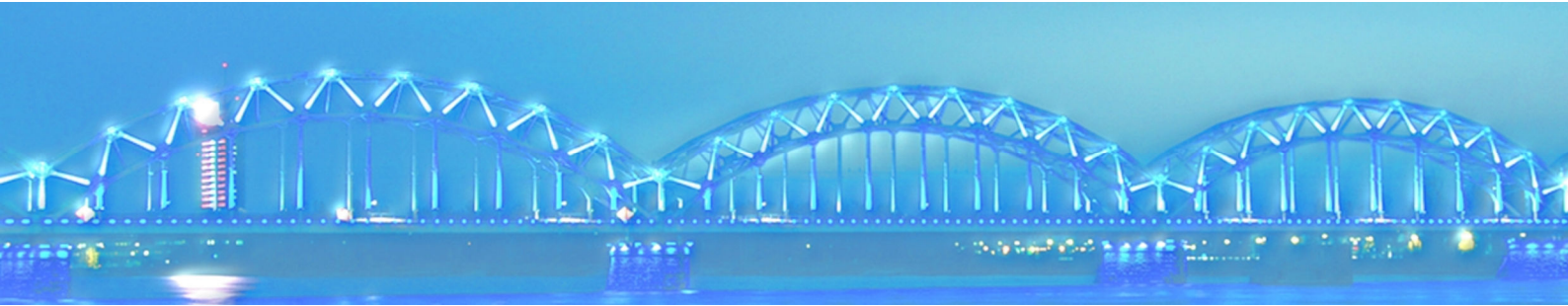


Riga port: passenger turnover (k people)



Riga International Airport passenger turnover (k people)





Regardless of economical crisis that significantly affected not only Latvia's, but also other countries' development during the financial year, in 2009 the number of Riga Airport passengers continued to grow. During the financial year it increased by 10%, reaching 4,1 million people.

In 2009, Riga Airport served 60 087 flights, in average 165 flights per day, and the total number of flights increased by 5% within the year.

Public transportation

There were 169 million passengers transported in Riga public transportation (bus, tram, trolleybus) in 2009. During the financial year significantly decreased the number of transported passengers – by 31,3% (by 77 million passengers) compared with the previous year.

Riga Municipal LCC "Rigas satiksme" provided passengers' transportation services on 9 tram, 20 trolleybus and 53 city bus routes. The total length of the City's transportation network was 1 151 kilometers, by 819 kilometers (by 42%) less than in the previous year.

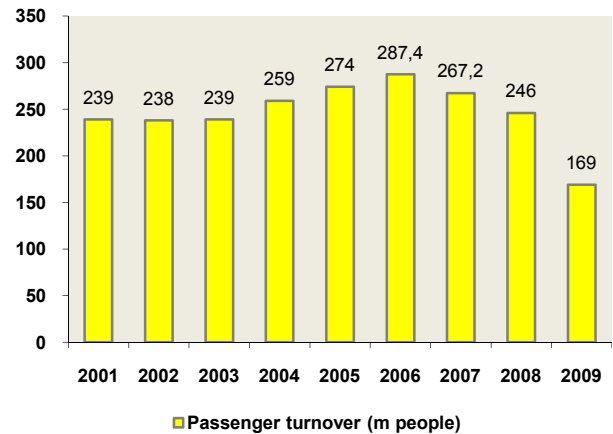
Construction

During the financial year construction of several significant infrastructure objects was continued in Riga City, int. al., the South Bridge right bank access (the South Bridge 2nd stage) and the South Bridge 3rd stage construction. The reconstruction and renovation of M. Chehov's Riga Russian Theatre building complex was continued.

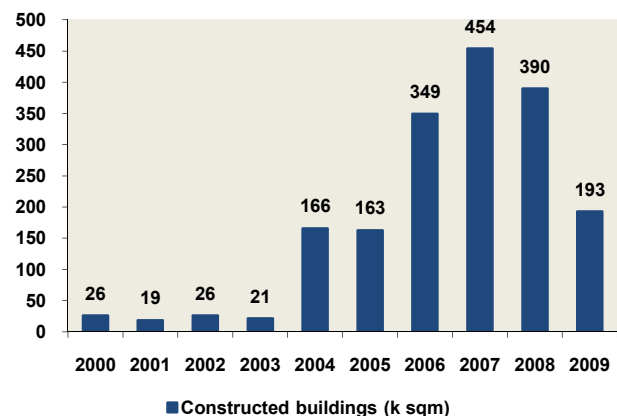
Over the financial year in Riga as well as in country in general, under the influence of economical crisis, construction of residential buildings significantly decreased. In 2009, residential buildings with total space as of 192 700 square meters were put into operation, what was by 50% less than in the previous year.

The share of the State total residual area built in Riga has reduced from 34% in the previous year to 29%.

Passenger carriage in Riga public transportation (m people)



Dwelling houses constructed (thousand sqm, per annum)



Riga City investment review in two previous and in financial year

Non-financial investments

During the rapid economic development until 2008, the amount of non-financial investments (private, municipal, state and foreign investments) in Riga City has increased 2,9 times during the last ten years. It continued to grow also in 2008 (by 10%), in a time when signs of economical regression appeared in Latvia. However the amount of construction, what has increased over the last five years, in this year reduced by 130 million lats (by 13%), compared with the previous year.

In 2008 investments in the economy of Riga comprise around 54% of the all non-financial investments in the country, construction in the Capital - 47%. In 2009, influenced by economical crisis, the amount of investments in the economy of the State and Riga significantly decreased – by 40% in the whole country.

Capital investments from municipal budget

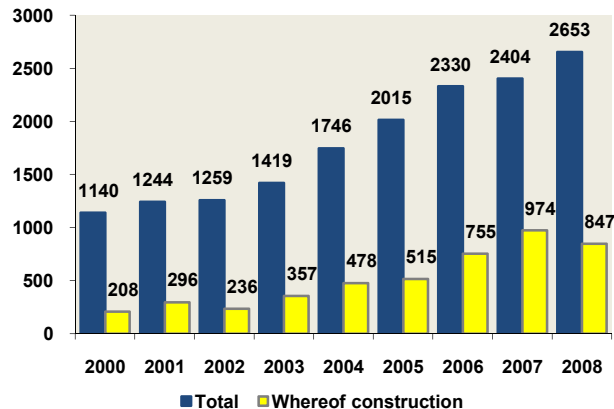
During the financial year the capital expenditures financed from the consolidated budget were 72,8 million lats, by 47,5 million lats (by 39,5%) less than in the previous year.

However, regardless of economical activity downturn, the necessity for adequate level of city infrastructure remained, especially in transportation sector. By significant reduction of administration expenditures in city budget of 2010, it is planned to increase the Riga City Municipality capital expenditures by 88,5 millions lats (by 22%), compared with 2009.

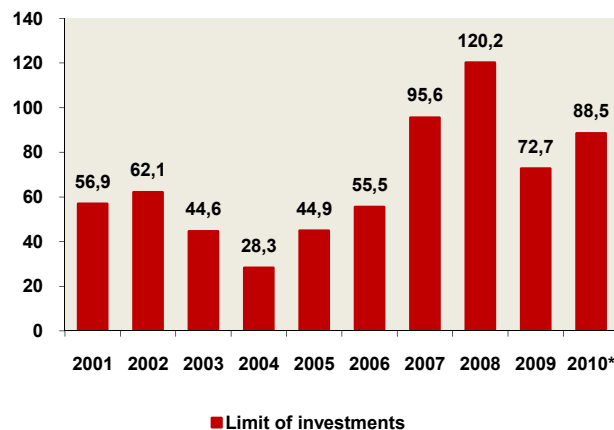
Under conditions of economical and financial recession, rapid decrease of municipal budget revenue as well as considering the amount of Municipality's liabilities and liability restrictions defined by the State, it will be problematical to attract external investment sources. Wherewith a wider application of EU Structural Funds for municipal infrastructure development, as well as potentialities of State and private partnership in development of municipal infrastructure should be considered.

In 2009, the greatest share of capital expenditures from the Municipality budget was allocated to the area of economic activity – 31,2 million lats in total, whereof 17,2 million lats were invested in development and renovation of transportation infrastructure. The second largest capital expenditure item in Municipality budget in 2009 was development of educational infrastructure where 26,3 million lats were invested, third – recreation, culture and religion with investments of 7,4 million lats.

Non-financial investments in Riga (m LVL), year 2008 price index

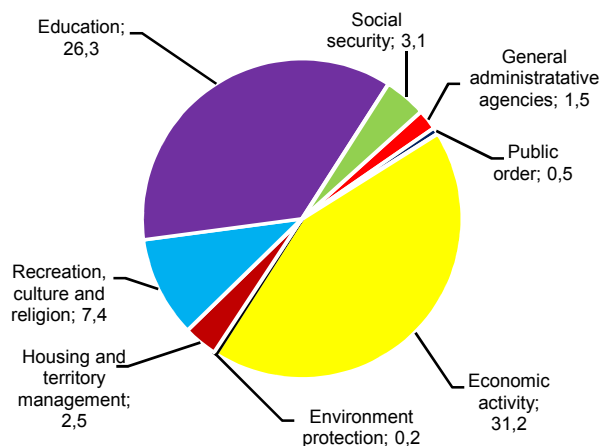


Capital expenditures from Riga Municipality consolidated budget (m LVL)



*) budget plan

Capital expenditures from Riga Municipality consolidated budget structure by sector, 2009 (m LVL)





EU projects

In 2009, Riga City Municipality continued active cooperation either with international institutions, organizations and partners, implementing various international cooperation projects or EU Structural Funds and Cohesion Fund, as well as with other EU Funds organizations in Latvia in order to attract possibly largest financing for various investment and social projects.

In 2009, there were 20 EU co-financed projects with a total budget of 44 080 241 lats completed in Riga City Municipality. In 2009, there were 35 EU co-financed projects of various programs in process in Riga City Municipality with a total budget of 53 789 003 lats, within them several significant infrastructure, social care, education, environment and culture investment projects were implemented.

Besides these projects Riga Municipality continues activities in topical international and cooperation network projects, mainly concerning with strategic planning, culture, education, social issues, innovations, city marketing and power industry.

Biggest projects in process of implementation in Riga City Municipality in 2009:

- ▶ "Development of water-supply services in Riga, stage 3";
- ▶ "Integration of Riga City and Riga Port into TEN-T road network: "Completion of Riga Northern Transport Corridor research" and " Integration of Riga City and Riga Port into TEN-T road network (VIA Baltica Northern Corridor in Riga)";"
- ▶ "Provision of appropriate resource base for qualitative study of natural science in 63 Riga schools";
- ▶ "Enabling pedagogues' competitiveness within conditions of educational system optimization";
- ▶ "Improving energy consumption effectiveness in Riga City educational institution buildings";
- ▶ "Preschool educational institution building on Valdeku Street 58".

In 2009, Riga City Municipality budget expenses in financing EU funds were 7 001,6 thousand lats, revenues of pre-financing refund of implemented EU projects – 9 744,8 thousand lats.

In 2009, Riga City Municipality has already reserved financing for 20 EU co-financed projects with a total sum of 24 777 828,49 lats, provided mainly for development of transport infrastructure, revitalization of degraded soil and for projects concerning education sphere.

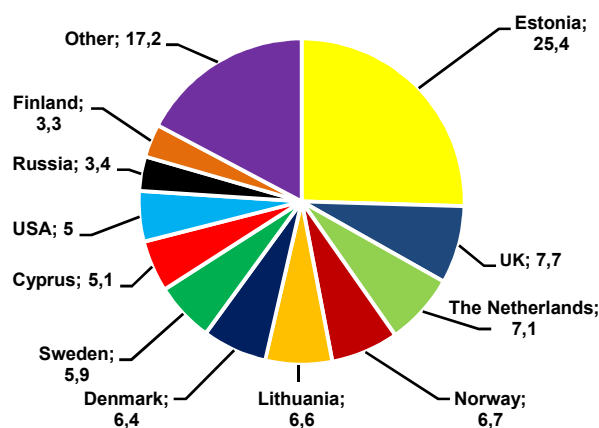
Foreign investment in Riga

As of beginning of 2010, foreign direct investments into the registered equity capital of enterprises in Riga reached 2,6 billion lats in total, featuring increase of 21% during of the accounting year. Such a trend reveals on foreign investors' interest in Riga City as an advantageous and perspective location for their investment despite the economical and financial crisis.

The greatest share of foreign investment belongs to Estonian investors – 25,4%, then followed by the investors from UK and the Netherlands – with 7,7% and 7,1%. Altogether, the investment coming from Baltic neighbor countries, as well as Finland and Sweden, comprises about half of all foreign investment in Riga.

In foreign investments structure (according to Lursoft data) the greatest proportion has monetary brokerage (31% of investments), investments concerning holding activities and maintaining central offices makes 7,8%, real estate management – 7,2%, drafting of construction projects – 4,6%, wireless telecommunications – 3,2%.

Foreign investment in Riga (in percent)*



*Source: Lursoft

Riga Municipality operation and results

Structure and functions of Riga City Council

The decision-making institution of Riga Municipality - Riga City Council consists of 60 councilors. The operation of the Riga City Council is ensured by Riga City Council Chairman, Riga City Council Deputy Chairmen, Executive Director of Riga City, as well as employees of the Municipality administration. The municipal functions are executed by City Council departments, institutions, central administration, agencies, special status institutions and capital companies.

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

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

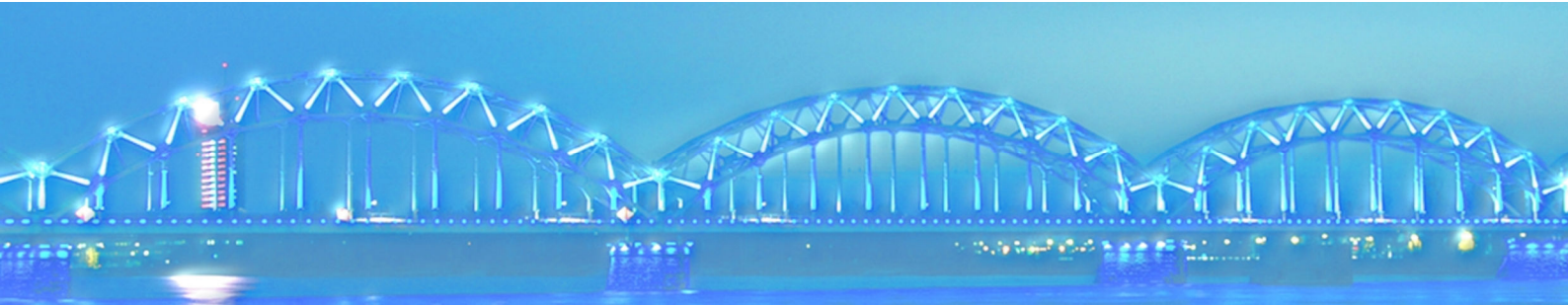
Each regular committee of the City Council realizes councilors control over the Riga Municipality institutions of respective area and has rights to evaluate, intermit or abolish the decisions of Municipal administration institutions or employees.

Functioning of Riga Municipality is organized according to sectors by forming departments of the respective sector's administrative institutions. Departments operate in accordance with regulations adopted by Riga City Council and are subordinated to the Riga City Council Chairman. The following committees are part of Riga City Council:

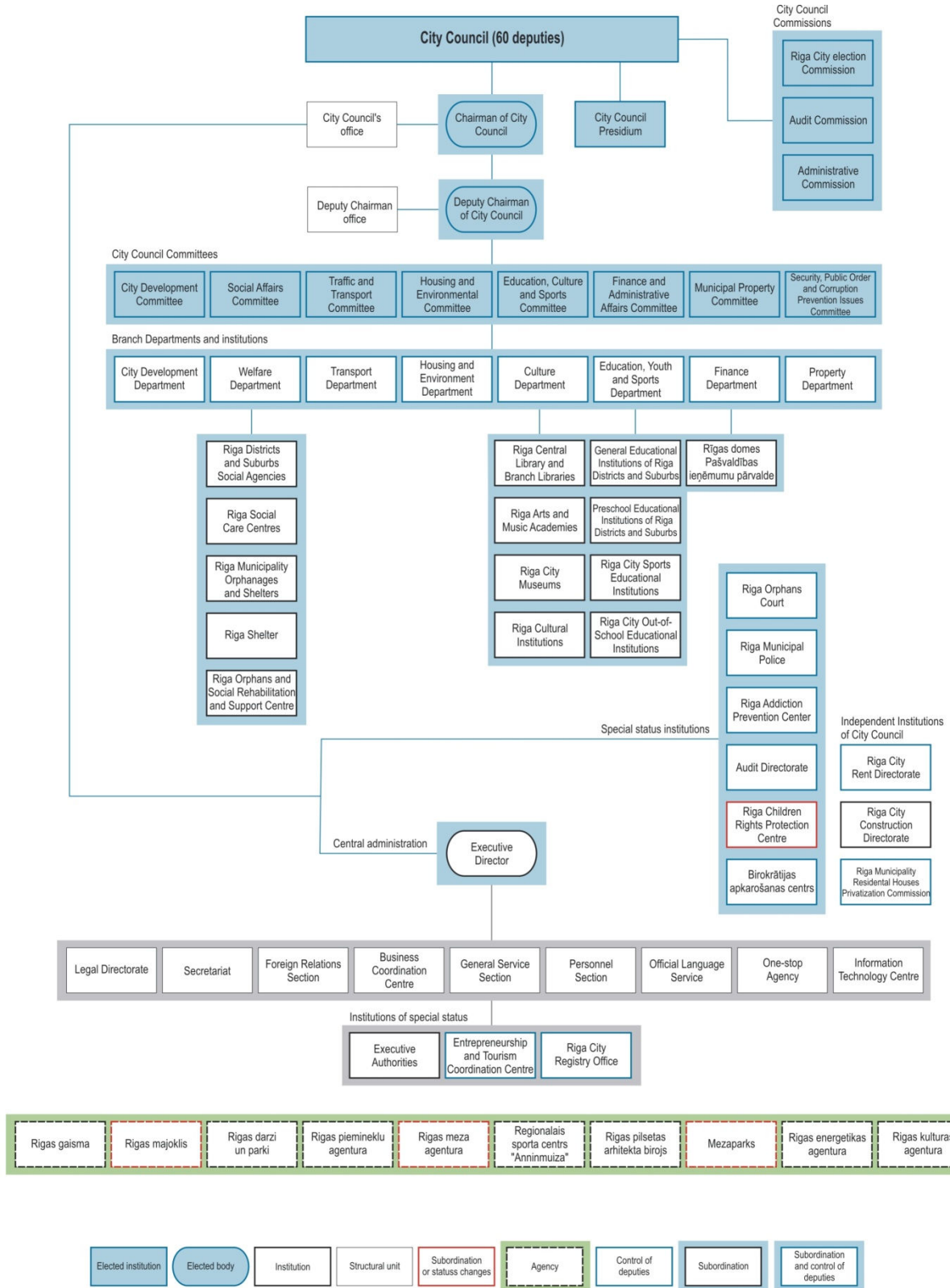
- 1) Riga City Council Finance Department;
- 2) Riga City Council City Development Department;
- 3) Riga City Council Property Department;
- 4) Riga City Council Education, Youth and Sports Department;
- 5) Riga City Council Welfare Department;
- 6) Riga City Council Transport Department;
- 7) Riga City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

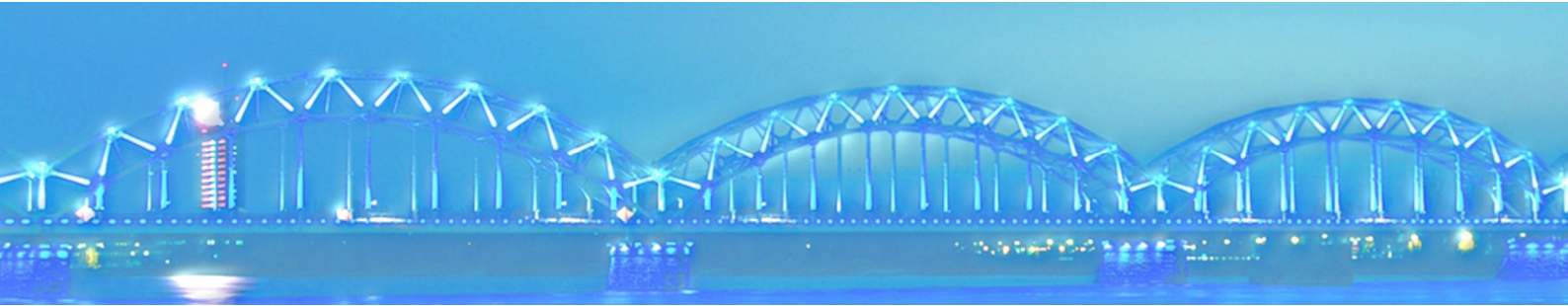
In accordance to the Law of the Republic of Latvia „On Local Governments”, Riga Municipality performs all autonomous municipality functions, in particular:

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



Administration structure of Riga City Municipality



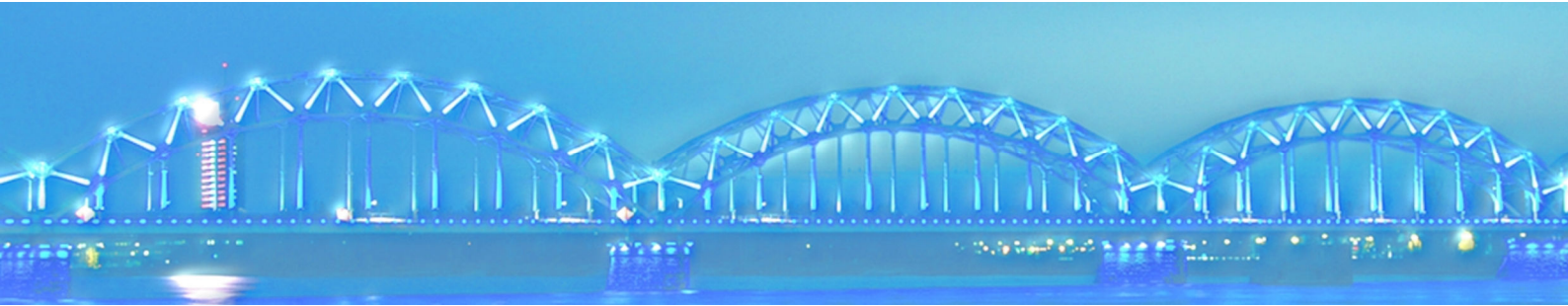


Activities concerning the execution of territory development plan

2009 was the second year when Long-term Development Strategy of Riga until 2025 and Development Program of Riga 2006-2012 supervisory system was implemented. The second strategic supervisory system report of 2008 is prepared, summarizing the performance of Riga Council departments' in achieving strategic goals within the financial year. Report reveals city's achievements of set strategic goals and tasks and opinion of the branch experts. As well as it reveals actual statistical data, results of various social surveys, analysis of result dynamics of goals for determining what goals with sufficient or insufficient progress. Report contains general conclusions and suggestions, what are put to use in working out changes in Long-term Development Strategy of Riga until 2025 and Development Program of Riga 2006-2012.

The most significant activities performed during 2009 in association with execution of Riga territory plan were as following:

- ▶ In 2009, there was continued work on one of the largest development project in North-Eastern Europe, Riga Northern Transportation Corridor, what will significantly reduce the traffic load in the historical center of Riga. 1st stage sketch project and impact on environment appraisal was completed within this project, 2nd stage sketch project and impact on environment appraisal was continued and development of 3rd and 4th stage sketch project and impact on environment appraisal was started.
- ▶ In 2009, Riga Municipality approved 7 detail plans and passed 7 Riga Council binding regulations for: Andrejosta territory; a land lot on Kokneses prospect 1A; territory alongside the crossing of Piejuras trunk-road and the Northern Crossing; land lots on Janogu Street and Maskavas Street; territory in Rumbula; land lots along Maza Jugla Street and a land lot on Ropazu Street 8.
- ▶ Riga Council passed 13 resolutions to start work out of detail plan of territories and task approval.
- ▶ In 2009, were worked out and widely discussed significant amendments in Riga territorial detail planning for 2006-2018 and new construction regulations and passed as Riga Council binding regulations.
- ▶ In 2009, there was completed development of guidelines for Riga City further development of engineering communications infrastructure. The goal was to detect the existing engineering communications infrastructure, objects and capacity placement, planned engineering communications infrastructure, objects and capacity placement and the order of the most inexpensive realization.
- ▶ To fulfill the Europe landscape convention requirements, in 2009 there were performed research "Selecting out territories of Riga City, analysis and evaluation" with a goal to enable preservation, managing and sustainable development of typical and unique city landscapes, in order to increase landscape ethical, cultural, historical and ecological value and to increase recognition of the city.
- ▶ The development of left bank silhouette of the river Daugava was continued in 2009. The working model of the composition of buildings on the left bank of the river Daugava was prepared, what was improved according to the advices of UNESCO experts. Materials of Historic Centre of Riga preservation, according to the decision passed by 32nd session of UNESCO World Heritage Centre were prepared for report for UNESCO World Heritage Centre. As well as three-dimensional digital model, corresponding to the developed three-dimensional composition model on the left bank of the river Daugava, was prepared. Also a research of social and economical situation was performed with a goal to reveal the changes of territory as an environment of living space and business, including quantitative data about the predictable number of inhabitants and working population. The possible effect upon city infrastructure, implementing concept of left bank silhouette of the river Daugava corresponding to the included construction amount and functional zoning and layout.
- ▶ In 2009, there was started project "Research, analysis and suggestions project of provision of traffic flow and infrastructure in Riga City territory including Hanza crossing route". The goal of the project is to evaluate current organization of traffic, to forecast affect of new construction objects upon the traffic flow (transport, bicycles, pedestrians) capacity, to evaluate versions of Hanza crossing and crossing connections with the street network within the project, to work out recommendations for traffic organization improvement, changes in city street classification, changes in street red lines and construction or renovation of traffic infrastructure.
- ▶ In 2009, there was developed 1st stage of project "Dimensional analysis of public space of Historic Centre of Riga, its protection area and alongside territories of left bank of the river Daugava", with a goal to improve quality and accessibility of public space, as well as to deliver objective the existing and planned evaluation of dimensional structure of territory and pedestrians' traffic.
- ▶ In 2009, there was organized sketch competition "Planning and improvement of dimensional structure of the Palace Square", that resulted in a sketch, what offers the most successful construction and improvement solution for the Palace Square territory. With the winner of the competition SIA „Future Living" was signed the Palace Square sketch and technical project development contract.
- ▶ In 2009, there was performed work on preparation of changes of Historic Centre of Riga and its protection area territory plan.
- ▶ In 2009, an interactive website www.apkaimes.lv, was created, containing information about Riga districts. Website is a part of neighborhood project,

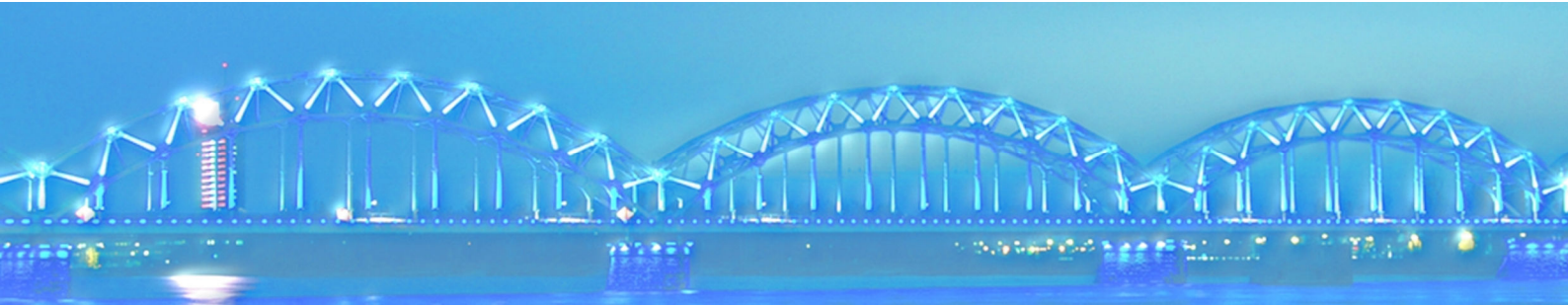


with a goal to improve the link between city development planning and quality of living conditions. On the moment detailed information aggregation is taking place about each city neighborhood – Bolderaja, Bierini, Mezaparks, Purvciems – 58 neighborhoods in total.

- ▶ The 1st stage of reconstruction of Mezaparks Grand Open-Air Stage took place in 2007-2008 and its goal was to improve the stage to provide XXIV Latvian National Song Festival and XIV Dance Festival and World Choruses Olympiad of 2014 events, assembling thousands of participants and tens of thousands visitors from more than 100 countries. At the end of 2008, the 2nd stage projection of Mezaparks Grand Open-Air Stage reconstruction started and in the summer of 2009 was finished 2nd stage of reconstruction, i.e. development of sketch project. However the planned development of technical project was not started due to lack of financing. As a result the project is stopped and Riga City has settled the liabilities of discharge of contract. Since the autumn of 2009 all the Mezaparks management affairs as well as partially renovated Mezaparks Grand Open-Air Stage are brought under control of Ltd “Rigas meži”.

Activities planned during 2010 on execution of Riga City territory development plan

- ▶ In 2010 it is planned to continue and complete 1st editing of modifications of Long-term Development Strategy of Riga until 2025 and Development Program of Riga 2006-2012 programs and present it for public discussion and approve it in Riga Council.
- ▶ Within the neighborhood project, in 2010 it is planned to organize public discussion around development possibilities of Riga City neighborhoods or housing estates, stimulation of Rigans sense of belonging to a particular part of city, around participation and involvement of city inhabitant into planning processes on a neighborhood level, as well as the role of municipal and nongovernmental organizations into neighborhood strengthen process. Summarized information in the next years will serve as precondition in developing Riga City investment policy in accordance with interests of balanced development.
- ▶ In 2010 it is planned to develop and approve Riga City hydrological modeling concept, in order to evaluate conditions of the existing drainage system, its adequacy to the development of city territory, detect the necessary development of drainage constructions, work our conceptual suggestions for flood risk prevention and decrease in existing built-up areas, as well as in areas, where is no necessity for protection against flood, but overflow is necessity to ensure the existence of these territories, e.g., specially protected natural areas.
- ▶ It is planned to develop and approve Riga City hydrological modeling program of action to ensure the implementation of Hydrological modeling concept.
- ▶ Riga City greenery development concept worked out by Agenda 21 will be updated and prepared as Riga binding regulations, what will determine development policy of city greenery and natural areas, ensuring effective management of city greenery territories and full value function.
- ▶ In 2010 will be finished concept of left bank silhouette of the river Daugava, which will be included into amends of Historic Centre of Riga and its protected area territory planning.
- ▶ Development of 1st editing of Historic Centre of Riga and its protected area territory planning amends will be finished and passed for public discussion.
- ▶ The research “Research, analysis and suggestions project of provision of traffic flow and infrastructure in Riga City territory including Hanza crossing route” is going to be completed in order to provide clear territory application and construction regulations along Hanza crossing route in 2011.
- ▶ In 2010 work on 40 detail plans will be continued, 8 of what could be directed for approval in Riga Council.
- ▶ In 2010 it is planned to continue providing accessibility of information within department's competence, by simplifying the receiving process. It is planned to continue work together with representatives of the State and nongovernmental organizations, as well as to adopt good practices of public administration. In order to provide informing and involvement of community in various projects of territorial planning process, as well as in public discussions, it is planned to use not only traditional discussion and opinion receiving methods, but also toll free information exchange social networks and platforms, for example, www.twitter.com, www.youtube.com, www.flickr.com.
- ▶ In 2010 work on Riga Northern Corridor project preparation, planning, administration and technical supervision will be continued. 2nd stage sketch project and impact on environment appraisal of Riga Northern Corridor route is planned to be completed and will be continued development of 3rd and 4th stage sketch projects and impact on environment appraisal.
- ▶ In 2010 Riga Northern Corridor project's 3rd and 4th stage impact on environment appraisal report public discussion will take place and Riga, Babite and Jurmala municipalities will pass resolutions on 3rd and 4th stage final version. Also independent expertise of 2nd, 3rd and 4th stage sketch projects and impact on environment appraisal will be performed according to regulations of Latvia and requirements of international financing institutions.



Involvement of legal persons and inhabitants

In 2009, the involvement of legal persons and inhabitants in discussing issues related to Riga Municipality territory development program and territorial planning was facilitated:

- ▶ A successful cooperation was launched with Riga Central library and its branch libraries in order to place materials and information of social and public discussions in libraries to enable accessibility of information on social and public discussions. Libraries are also used as places of organized social and public discussion meetings.
- ▶ From April of 2009 each inhabitant has an opportunity to fill social and public discussion form electronically in Riga City Municipality website www.riga.lv. Also an innovation is introduced – an opportunity to create a survey form of special questions on the most important city's objects on discussion panel; it can be filled electronically, too.
- ▶ Since 2009 all the public discussion meetings, taking place at town hall, are live broadcasted in Riga City Municipality website www.riga.lv. Live broadcast records are available for all the interested in Riga City Council City Development Department website www.rdpad.lv.
- ▶ Riga Municipality is continuing successfully initiated cooperation with non-governmental organizations in informing on social and public discussions.
- ▶ Riga Municipality is continuing successfully initiated practice of social and public discussions timing in suitable for inhabitants time, i.e., after 17:00 o'clock.
- ▶ There were 2 public discussions on developing amends in Riga territorial planning for 2006-2018 in 2009:
- ▶ In a period from January 7 to February 17 of 2009 there was 2nd stage of public discussion organized. During the discussion 824 inhabitants and legal persons expressed their opinion and 175 written suggestions were submitted.
- ▶ In a period from April 1 to April 24 of 2009 there was 3rd stage of public discussion organized. During the discussion more than 500 inhabitants and legal persons expressed their opinion and 64 written suggestions were submitted.
- ▶ 7 detail plans were put on public discussion panel, during which 171 written suggestions were submitted by inhabitants and legal persons:
 - Detail planning of territory of Latvian Riflemen Square;
 - Detail planning of territory of administrative centre in Tornakalns;
 - Detail planning of territory of land lots on Janogu Street and Maskavas Street;
 - Detail planning of territory between Rupniecibas Street, Petersalas Street and Katrinas Street;
 - Detail planning of territory of land lot on Krasta Street 66 and alongside territory;

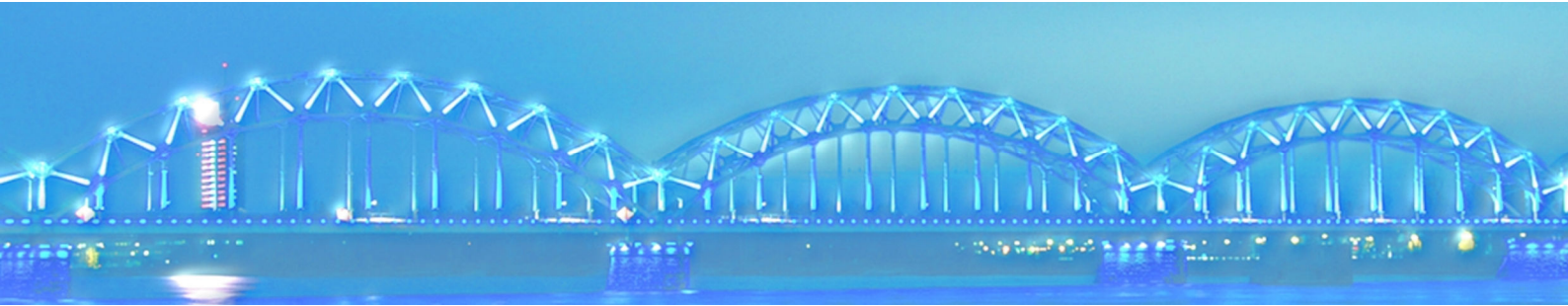
- Detail planning of land lot on Ropazu street 8;
- Detail planning of land lot on Vecaku Boulevard (cadastre No. 01001201317).
- ▶ 11 construction project public discussions were performed, during which 4 324 written suggestions were submitted by inhabitants and legal persons.

Participation of Riga Municipality in international cooperation projects

In 2009, Riga Municipality continued the cooperation performed in previous years with international institutions and organizations, as well as its commonwealth cities and cities not signed cooperation agreement. Within the cooperation framework, Riga City organized or participated in a number of international and national events in the areas of culture, education, sports, city planning and development, transportation and traffic infrastructure planning and development, public utilities, environment protection, tourism, as well as other areas important for the Municipality.

In order to represent the interests of Riga City and participate actively in projects and events of the respective area on international level, Riga Municipality is a cooperation partner in the following international organizations and institutions:

- ▶ The Union of EU Capitals, which unites all municipalities of the EU Capitals. Riga Municipality participates in work of the Union's regular committees;
- ▶ Union of Baltic Cities, uniting 106 cities in 10 countries of the Baltic Sea region. Riga participates actively in city planning, cultural, transportation, and environment committees;
- ▶ European Cities Against Drugs, uniting 266 cities in 30 countries in the fight against legalization of drugs and increase of the influence of organized drug dealership;
- ▶ Modern times Union of Hanseatic Cities, facilitating economic and cultural cooperation between the Cities of the region;
- ▶ Local Governments for Sustainability (ICLEI), which supports sustainable and environment friendly development solutions;
- ▶ Based on the resolution of UNESCO World Cultural Heritage Center as of 06.12.1997, Riga Historical Center has been included in the cultural heritage list of the abovementioned institution. Riga Municipality participates in UNESCO World Cultural Heritage commissions in order to solve issues concerning preservation of Historic Centre of Riga;
- ▶ Organization of World's Heritage Cities (OWHC) unites countries included in the UNESCO World Cultural Heritage List and is aimed at preserving historical heritage of cities;
- ▶ EU Regional Committee, whose aim is to facilitate the participation of municipal and regional execution authorities in discussion about EU initiatives and information exchange;



- ▶ The network of European Metropolises' regions and districts are represented by 50 municipalities. The aim of this organization is exchange of experience among municipalities in the field of city planning;
- ▶ International European cities association, which is the cooperation network of the more than 130 European Cities in 30 countries. The organization supports cooperation among cities in the areas of economics, social security, environment, transportation, culture, education, information, and other, as well as helps promoting the interests of the cities within EU and creating a vision about the sustainable future;
- ▶ Cooperation network of Baltic Metropolises, where 11 metropolises of the Baltic Sea region are united with an aim to facilitate the competitiveness and balanced development of the region. From beginning of 2006 until end of 2008 Riga was the residing city of the cooperation network.

In 2009, Riga Municipality supported a number of other international cooperation projects and events:

- ▶ Participation in network of Baltic Metropolises organized meeting of mayors and in Interreg IVC project "Creative metropolises. Policy and tools for creative metropolises support" initiated by BaltMet. Participation in implementation of "BaltMet Promo" project;
- ▶ During the annual international Hanseatic Days, which took place in Velikijnovgorod (Russia) in 2009, also Riga City was represented;
- ▶ Participation in the Copenhagen mayors' summit on climate issues, organized by Copenhagen City in cooperation with Climate Leadership Group "C40 Cities" and "International Council for Local Environmental Initiatives" (ICLEI);
- ▶ Visit to EU Regional Committee in cooperation with the European Commission's Regional Policy Directorate-General organized forum of European regions and cities „Open Days 2009" in Brussels with more than 6 000 participants from 40 countries, int. al. all the EU member states, EU candidate states, Brazil, China, Island, Japan, Russia, Ukraine and USA;
- ▶ Meeting of leaders of Riga City Council and senior officials of Russian Federation and Moscow City, as well as signing cooperation program of 2009-2011;
- ▶ In August of 2009 there was provided reception of a high-level tourism industry delegation visit from Japan in Riga Council. Delegation was represented by senior representatives from leading Japanese tourism companies and organizations;
- ▶ In November of 2009 there were Days of St. Petersburg taking place in Riga, including official meeting of leaders of Riga City Council and representatives of St. Petersburg Municipality and various cultural events.

Promotion of inhabitants' awareness

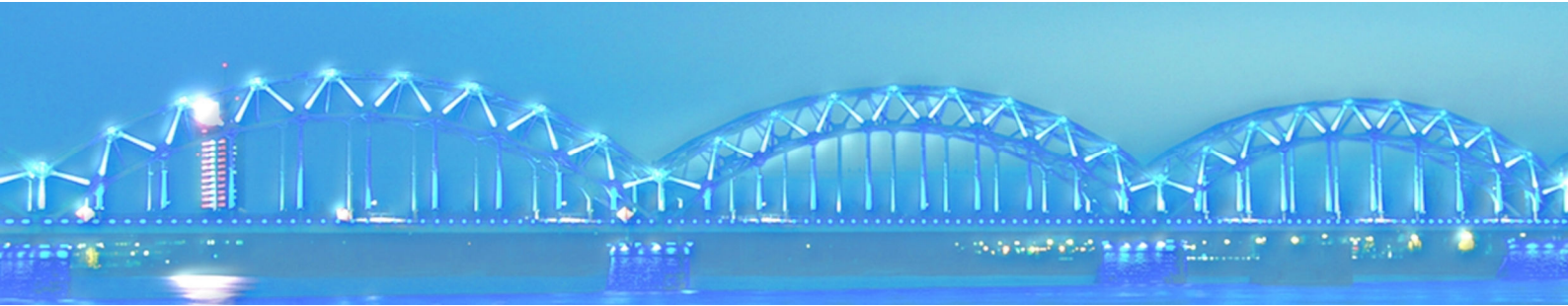
More and more attention in Riga City Municipality activities is paid to develop direct link between municipality and society. In order to investigate position of city inhabitants on the most import city life issues, Riga City Municipality has performed social surveys or public discussions and the results were utilized in the work of the City Council, either in decision making or in projects' development and implementation. Cooperation of Riga City Council and non-governmental sector within common memorandum was continued.

In 2009, the information on planning and execution of the Municipality budget, social support obtaining opportunities, adjustment of the City's environment, new development projects and construction plans, as well as important investment and cultural projects was provided to inhabitants on regular basis. Press conferences of Riga City Council officials were organized, where the information about the decisions made and current events in Riga Municipality was provided to mass media. In 2009, active cooperation with mass media was continued, in order to promote awareness of the City's processes. The actual municipality information and important topics were regularly reflected in broadcasts "Galva.Pils.Seta" (LTV1), as well as on radio SWH, SWH+, Star FM, Skonto and Latvian Radio 2. Publications of information stipulated by the regulations and other important topics were ensured in newspapers "Latvijas Vestnesis", "5 min", "Diena", "Neatkariga Rita Avize", "Dienas Bizness", "Kulturas Forums", "Vesti Segodna", "Cas", "Telegraf", as well as in Riga Municipality portal www.riga.lv.

Riga City Municipality website is constantly updated and renewed and it contains the latest important City and Municipality information: laws and regulations, agenda, documents under review, resolutions passed and prepared resolution projects of Riga City Council, Executive Council and committees, information about planned and actual events in City and Municipality, Municipality structure, competences of municipal structures and officials.

To involve Rigans into active participation in the City's events, there were "The Good Star", "Shadow Days in Riga Municipality", "Riga Prize" and "Rigan of the Year", campaigns organized; also opening events of kindergartens, recreation grounds, residential buildings and other object were organized.

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



Undertakings of Riga Municipality management improvement

In order to improve the effectiveness of Riga Municipality Internal audit function and following recommendations of the State Control, in 2009 substantial changes were implemented in the function, which included the following:

- ▶ Internal audit function partial centralization, started in 2008, was finished.
- ▶ In order to improve the effectiveness of the internal audit, there were improvements performed in internal audit order of procedures and new internal audit planning order was developed in 20.11.2009. (Instructions of Chairman of City Council No. 13 "Order of working out performance of strategic plan and annual plan of Riga Audit Directorate internal audit"), where the significant amends of internal audit planning within Riga Municipality institutions and overall system were performed. It is possible to exude two or more Riga City Municipality institutions involved into a process as separate systems for audit, or systems similar to two or more Riga City Municipality institutions.
- ▶ Additional to internal audit system improvement measures, there were evaluation audits of internal control system performed in Riga City Municipality institutions and agencies and suggestions on improvement of internal control system and Riga City Municipality institution operation effectiveness were offered.

For improving the exchange of electronic information and administrative processes in municipal institutions and strengthen the collaboration with inhabitants, Riga City Council Information Technology Centre has started a number of development projects in 2008, in particular:

- ▶ In 2009, Riga City Municipality has implemented operational flows of internal letters for electronic preparation and operational flows of employees' vacation applications for electronic designing and processing. As the result both the processes are completely electronic with minimum paper work. Total expenses of the project, including document repository replenishing and integration into project management system, were 68 thousand lats.
- ▶ There were significant improvements implemented in the development of structure of electronic services of Riga City Municipality in 2009. In 2009, there were introduced electronic services developed in 2008, what enables electronically performed public discussions, (total project expenses 9 thousand lats) and electronic management of infrastructure payments (project expenses 19 thousand lats). Electronic service of coordination of adverts and signboards is improved according to the new regulations (total expenses 26 thousand lats).
- ▶ Operational flows of record keeping and administration of lawless constructions (project expenses 10 thousand lats) and payment and administration of construction permit duties (project expenses 26 thousand lats) were implemented in Riga City Council City Development Department.
- ▶ According to the existing agreements, Riga Municipality Information Technology Centre has installed and implemented the newest SMS (Systems Management Server) version – SCCM (Systems Center Configuration Manager), for more effective computer hardware supervision, distribution of various innovations, remote installation of standard software and updates, as well as of various IS and audit of users' activities.
- ▶ More than 150 network connections were arranged by request in 2009.

Riga Municipality financial and budget policy

The goal of the Municipal budget policy is to provide financial resources needed for municipality functions, coordinate their allocation and maintain budget stability through retaining balance between revenues and expenses.

Since 2003, there is a long-term financial management policy implemented effectively in Riga Municipality. Despite of the economic regression and financial situation, radical reduction of municipal budget revenue as a result of crisis, Riga City Municipality ensured balanced budget policy in the financial year without uncontrolled rise of budget deficit.

Drawing up the budget of 2010, consolidation of municipal basic and special purposes budgets was performed, enabling more successful planning and application of municipal budget resources and provides better execution control.

In 2009, Riga Municipality drop down of the consolidated budget revenue was 159,4 million lats (26,3%) than in the previous year. In 2009, Riga Municipality consolidated budget plan of receipts was fulfilled for 102,6% and expense plan for 95,7%.

Revenues from the individual income tax, what are the main source of basic budget revenue, in the financial year was 259 million lats, by 93 million lats (by 26,4%) less than in the previous year. Revenues from the real estate tax during the financial year increased to 38,6 million lats, by 0,3 million (by 0,7%) more than in the previous year.

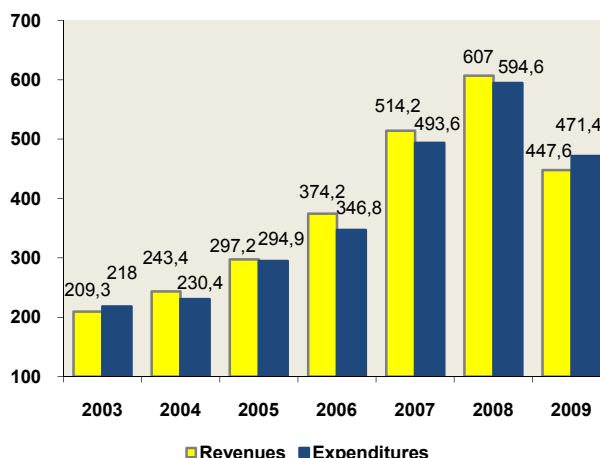
In 2009, non-tax revenues decreased to 38,2 million lats. Compared with the previous year, excluding transfers from the special purposes budget as a result of consolidation, it decreased by 28,4 million lats (by 42,6%).

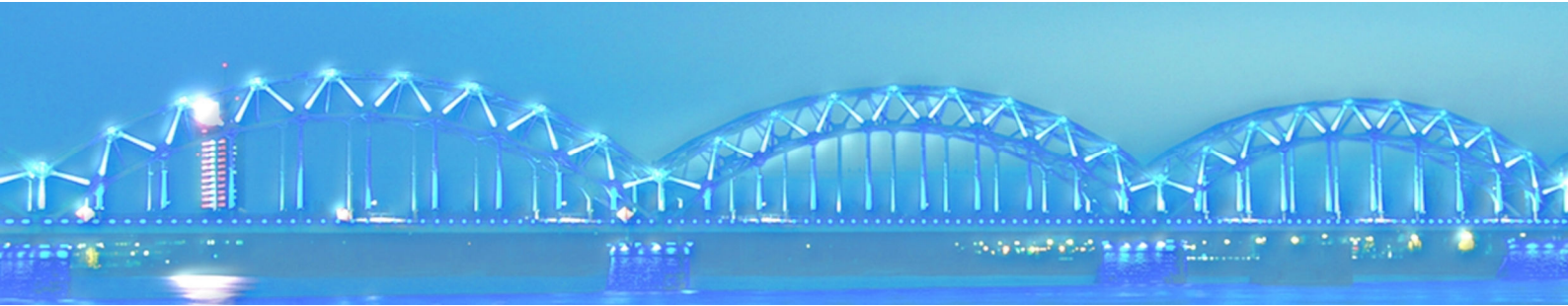
Transfers from the State budget in Riga Municipality consolidated budget, over the financial year have dropped to 104,6 million lats, by 35,5 million lats (by 25,3%) less than in the previous year.

Performing expense reduction and significant structural reforms in Riga Municipality, delivery of municipality's functions and the necessary financing were ensured. Compared with the previous year, in 2009 Riga Municipality consolidated budget expenses were reduced by 123,2 million lats (20,7%).

Although in 2009 the basic budget operating balance and operating surplus (prevalence of revenues over expenses) was reduced compared with 2008, the revenues of the municipal consolidated budget exceeded the expenses by 49 million lats.

Riga City consolidated budget revenue and expenditures (m LVL)





Municipality`s debt dynamics

As a result of successful implementation of financial policy, avoiding budget deficit in a period from 2004 to 2008 and decreasing costs of attracted financial resources, Riga Municipality has managed to stabilize growth of the Municipality direct debt and decrease its relative amount.

City's direct debt (loans from commercial banks and State treasury) relative ratio against the budget revenue within a period from 2002 to 2008 has decreased from 45% to 18%. Though the municipality nominal amount of direct debt has decreased, due to significant revenues reduction of the municipality's consolidated budget, the debt ratio against the budget revenue has slightly increased – to 21%.

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

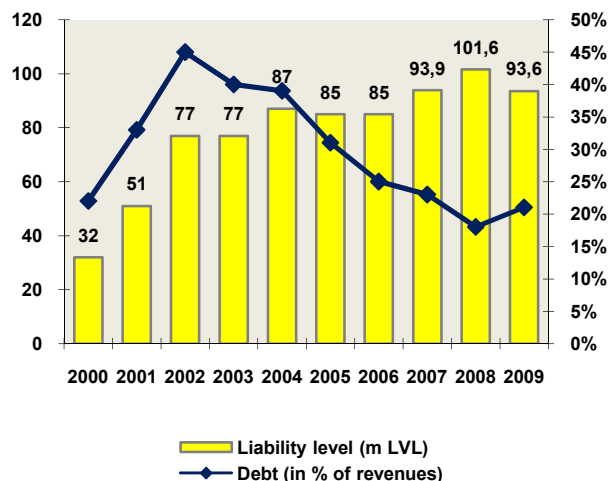
To ensure successful and reliable cooperation with commercial banks, in the financial year the strategy was supplemented with a section concerning cooperation (business) partners' risk evaluation and risk management.

Credit-rating

In 2009, Riga Municipality continued its long-term and productive cooperation with the world's leading credit-rating agencies "Standard & Poor's" and "Moody's Investors Service".

Credit-rating agency "Standard & Poor's" evaluates Riga City already since 1997. Though, as a result of successful financial management policy in previous years Riga Municipality achieved the similar credit-rating as the one awarded to the State, due to the impairing of the State's macroeconomic and financial situation, according to the methodology of credit-rating agencies, the credit-ratings of Riga City were reduced respectively to the level "BB" with negative development perspective.

Riga Municipality debt dynamics



In 2009, Riga Municipality continued its cooperation with credit-rating agency "Moody's Investors Service", cooperation since 2006. Credit-rating agency, taking into account strong points of Riga City Municipality financial policy, evaluating economical and financial situation of Riga under conditions of deteriorating State's macroeconomic and financial situation, granted a credit-rating at level Baa3 with negative development perspective.

Irrespective of significant reduce of credit-rating, the granted credit-rating still remains above the level, what, according to investors' evaluation, allows the City to attract financial resources from internal and external markets.

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

Riga City Municipality property state

Property book value

As of the end of 2009, the book value of Riga City fixed assets was 1 880,1 million lats in total, and the equity of associated and related enterprises - 390,1 million lats. The total value of City assets, including other long-term investment categories comprised 2 281,1 million lats as of the end of 2009.

Land

According to the data from the State Land Service, as of the 01.01.2010, there were 19 372 ha of land owned by various owners within the Riga City area. Riga Municipality had ownership over 3 497 land lots with the area of 7 627,7 ha in total, forming 39% of the total land property area in the City.

As per application type, the largest share in the structure of Riga City Municipality land property is comprised by land of natural base and recreational importance - 2 515,7 ha (33% of the total), forest space and especially protected natural territories - 2 043,8 ha (27%), and land of public importance - 1 658,9 ha (22%). In 2009, the area of the rest types of land altogether comprised around 28% of the total Municipality land within Riga City.

In the financial year Riga City Council Property Department has included into balance sheet Riga Municipality's land property at sum of 303,8 million lats, according to the law "Regarding State and municipal land real estate ownership rights and registration in the Land Register" and reposing on information and stated values of State Real Estate Cadastre, what was not included till now.

Value of Riga Municipal equity capital in 2009 and its anticipated changes

As of the end of 2009, the share of Riga Municipality in equity capital of related and associated enterprises formed 390,11 million lats, revealing on growth as of 45,25 million lats during the financial year. As of the end of 2009, the share of Riga Municipality in equity capital of related enterprises formed 357,87 million lats, revealing on growth as of 44,09 million lats during the year.

As of the end of 2009, investments into the equity capital of associated enterprises were 357,87 million lats, including the value of real estate owned by Riga Municipality and investments in property objects, which were accounted for the shareholders equity of Ltd "Rigas nami" at value of 18 128 704 lats as of the end of financial year.

In 2009, Riga Municipality has invested the total amount of 37 125 830 lats in the equity capital of related enterprises with 100% share capital owned by Riga Municipality as follows:

- Municipality's real estate (greenwood) property invested in Ltd "Rigas mezi" at value of 15 062 900 lats;

- Real estate property invested in Ltd "Rigas udens" at value of 10 257 370 lats;
- Real estate property invested in Ltd "Rigas nami" at value of 7 534 394 lats;

As of the end of 2009, investments into the equity capital of associated enterprises were 32,24 million lats.

Share in municipal enterprise equity capital

As of the end of the financial year, Riga Municipality balance sheet reflected 43 investments into the equity capital of related enterprises with 100% ownership by Riga Municipality, 2 investments into the equity capital of enterprises with more than 50% ownership by Riga Municipality (Ltd "Getlini EKO" - 97,92%; Ltd "Rigas luksofors" - 52%), 1 investment into the statutory capital of Riga Municipality enterprise undergoing liquidation and 1 investment into the equity capital of municipality limited company undergoing liquidation.

As a result of revaluation the investments into the equity capital of related enterprises have increased by 6 967 982 lats over the financial year, sold (excluded) invested capital at value of 1 498 lats. Investments into the equity share capital of related enterprises reflected in Riga Municipality balance sheet as of the end of 2009 as follows:

- into the equity capital of 41 enterprises with 100% (shares) ownership by Riga Municipality;
- into the equity capital of 2 enterprises with more than 50% ownership by Riga Municipality;
- into the statutory capital of 1 of Riga Municipality enterprise undergoing liquidation;
- into the equity capital of 1 of Riga Municipality limited company undergoing liquidation.

There were investments at value of 32 238 278 lats into the equity share capital of 3 associated enterprises reflected in Riga Municipality balance sheet as of the end of 2009. 99,7% of this amount is formed by investment into joint-stock company "Rigas siltums". As a result of revaluation the long-term investments into the equity capital of associated enterprises have increased by 2 039 212 lats over the financial year, hereof the increase of share value of JSC "Rigas siltums" was 2 448 811 lats and decrease of value in other enterprises was 409 599 lats.

Two enterprises were reorganized during the financial year: Ltd "Lucavs alas attistiba" was incorporated into Ltd "Rigas pilsetbu vnieks" and Ltd "Transporta infrastrukturas attistiba" was incorporated into Riga Municipality Ltd "Rigas satiksme".

The shares at value of 848 131 lats owned by Riga Municipality of associated enterprise "Reho" were excluded from the accounting of participation capital in accordance with terms of sales agreement.



According to the resolution No. 4195 "On Approval of Shares Privatization Project of Riga Municipality Real Estate Property Object JSC "Celu parvalde"" of Riga City Council, investment of Riga Municipality in equity capital of JSC "Celu parvalde" accounted for as short-term investment in related enterprise was approved for privatization as of the end of 2009. The privatization hasn't been completed in 2009 due to prosecution on repealing the mentioned Riga Municipality resolution No. 4195. After completion of legal proceedings, the privatization process of shares of JSC "Celu parvalde" will be continued.

Privatization process in 2009

In 2009, there were 1 839 privatization proposals evaluated by Riga Municipality, and Riga City Council adopted the following resolutions on privatization of Riga Municipality real estate property objects:

- 27 resolutions on privatization of Riga Municipality real estate property objects – vacant land lots,
- 26 resolutions on privatization of Riga Municipality real estate property objects – separate occupied land lots,
- 19 resolutions on privatization of Riga Municipality real estate property objects,

- 100 resolutions on privatization denials of Riga Municipality real estate property objects,
- 9 resolutions on declining of a private person's privatization suggestion,
- 2 resolutions on not handing over privatization of Riga Municipality real estate property,
- 16 resolutions on stopping privatization of occupied land lots,
- 39 resolutions on privatization of real estate property objects project approval,
- 54 resolutions on completion of privatization.

Due to establishing unavoidable legal obstacles for resolutions on handing over privatization or on privatization denials in Riga Council, in 2009 Riga City Council Property Department has reviewed and passed 974 resolutions on stopping consideration of privatization suggestion, int. al.:

- 248 occupied land lots;
- 627 vacant land lots;
- 99 property objects.

In 2009, 153 sales agreements of Riga City Municipality real estate property objects privatization were signed of 3 922 089 lats in total.

Riga City Municipality land property as per usage (hectares) in 01.01.2010.

	Area (ha)
Land formed by land of natural base and recreational importance	2 515.7
Forest space and especially protected natural territories	2 043.8
Land of public importance	1 658.9
Land under industrial objects	335.2
Land under commercial buildings	335.1
Land under traffic infrastructure objects	299.0
Land under apartment buildings	165.5
Land under single and double family residential houses	125.1
Land used for engineering communications	86.1
Water handling facilities	63.3
Total	7 627.7

Riga Municipality budget execution performance

The results of Riga economical development and Riga City Municipality financial policy in 2009 are characterized by achievements in ensuring the budget revenue and purposeful use for providing autonomous municipal operations within the framework of the budget authorized by Riga City Council.

Riga Municipality budget comprises basic budget and special purposes budget. Riga Municipality basic budget is the main part of the budget, which includes Municipality revenues intended for coverage of expenditures and are not intended for special purposes. Riga Municipality special purposes budget includes revenue sources marked for special purposes. Riga Municipality budget is prepared based on the cash flow principle, simultaneously ensuring accounting based on accrual principle.

Riga Municipality budget revenue

Riga Municipality budget revenue consists of the primary budget revenue and the special purposes budget revenue, including revenues from donations and endowments to Riga Municipality.

Riga Municipality basic budget revenue

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

Basic budget revenue comprises:

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

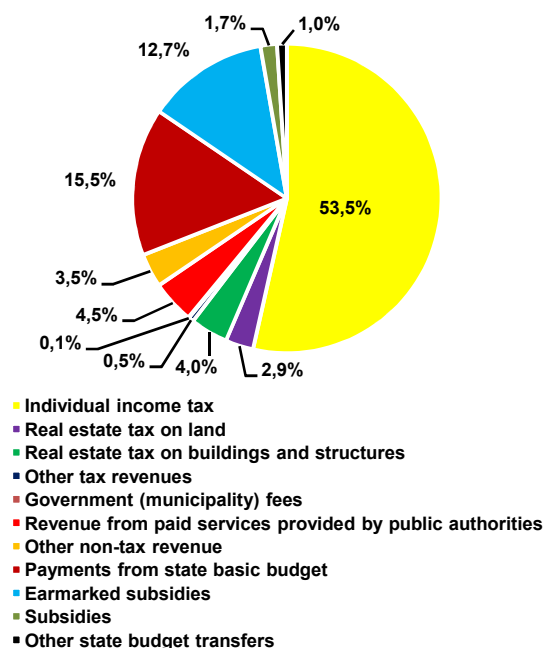
Riga City Municipality performs regular improvements of tax administration. In 2009, Riga Municipality basic budget revenue were 433 070,8 thousand lats.

The primary revenue source of Riga Municipality basic budget is personal income tax and in 2009 it brought in 258 985,8 thousand lats into municipal budget. The second largest revenue source of Riga Municipality basic budget is real estate tax payments and it was 38 630,9 thousand lats out of the total amount of basic budget revenue, int. al., real estate tax on land was 16 385,6 thousand lats and real estate tax on buildings and structures was 22 245,3 thousand lats.

In 2009, 25 224,7 thousand lats out of the total amount of Riga Municipality basic budget were collected from the charges for services provided by the public authorities and other own revenues.

Earmarked subsidies from the state budget are resources intended for municipalities to finance special purpose projects. In 2009, Riga Municipality received earmarked subsidies as of 71 569,3 thousand lats from the state budget.

Composition of Riga Municipality basic budget revenue in 2009





Composition of Riga Municipality basic budget revenue Cash flow basis	2008 actual (k LVL)	2009 budget (k LVL)	2009 actual (k LVL)
Total revenues	554 698.4	407 518.9	433 070.8
Total tax revenues	394 682.8	285 830.0	300 635.0
Personal income tax	351 948.1	245 959.6	258 985.8
Property taxes	38 376.4	36 870.4	38 630.9
int.al. real estate tax on land	14 210.2	15 483.8	16 385.6
int.al. real estate tax on buildings and structures	24 166.2	21 386.6	22 245.3
Other tax revenue	4 358.3	3 000.0	3 018.3
Total non-tax revenues	45 890.0	34 240.6	45 459.1
Government and municipality fees, transferred to municipal budget	353.3	310.0	388.8
Revenue from paid services provided by public institutions	36 229.7	28 221.5	25 224.7
Other non-tax revenues	9 307.0	5 709.1	19 845.6
Total tax and non-tax revenues	440 572.8	320 070.6	346 094.1
Payments from the state basic budget	114 125.6	87 448.3	86 976.7
Earmarked subsidies for municipal budgets	93 171.6	72 509.7	71 569.3
int.al. revenues in municipal budget from public institutions on capital expenditures	170.0		
Subsidies for municipal budgets	20 954.0	14 938.6	9 701.6
Other state budget transfers			5705.8

Riga Municipality special purpose budget revenue

Riga Municipality special purpose budget revenue are formed of marked income not associated with the basic budget, which, in accordance with the laws and Cabinet of Ministers Regulations, is transferred to municipalities and is intended solely for covering special costs.

Riga Municipality special purpose budget revenue comprises the revenues from:

- revenues from business activities and property (revenues from privatization);
- natural resources tax;
- earmarked subsidies for regular traffic;
- other revenues.

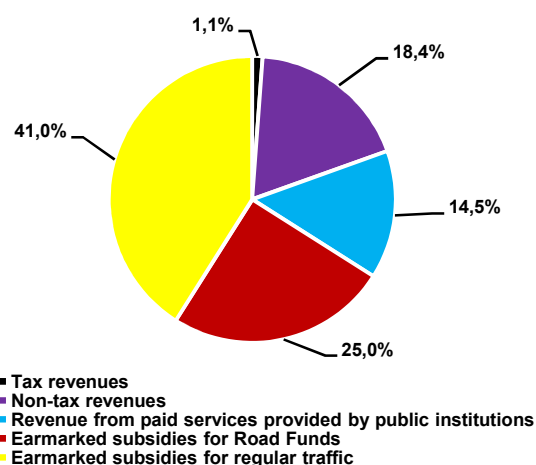
In 2009, Riga Municipality special purpose budget revenue formed 25 831,9 thousand lats.

Financial resources received from privatization of state owned and municipal property located in Riga administrative area are collected in Riga Municipality Property Privatization Fund. In 2009, these resources were utilized for the following purposes:

- support for entrepreneurship;
- establishment, operation, and development of infrastructure supporting private business;

- administrative and legal services for municipal property privatization process, as well as expenses related to Property Privatization Fund resource administration.

Riga Municipality special purpose budget revenue in 2009



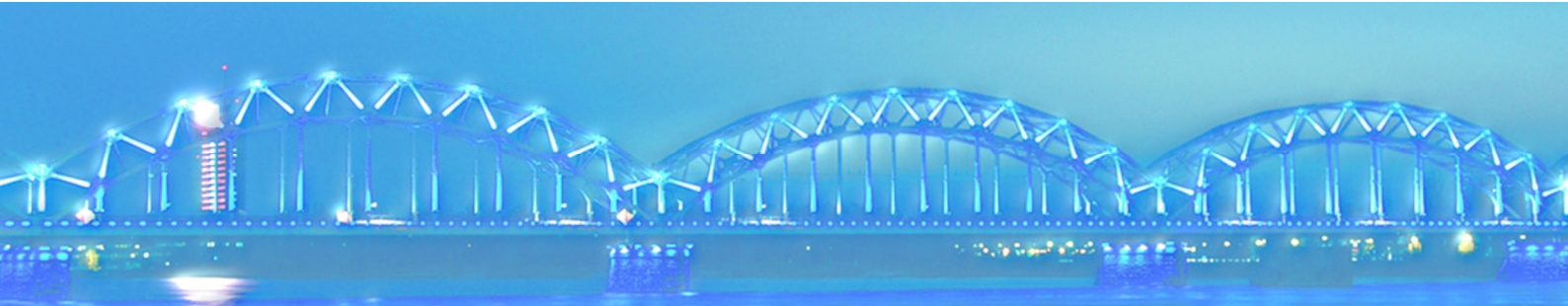


Composition of Riga Municipality special purpose budget revenue Cash flow basis	2008 actual (k LVL)	2009 budget (k LVL)	2009 actual (k LVL)
Total revenues	52 069.5	25 597.9	25 831.9
Tax revenues	375.8	370.0	277.9
Non-tax revenues	20 751.1	6 325.4	4 460.0
Paid services and other own revenues	5 037.9	3 826.7	3 514.2
State budget transfers	25 904.7	15 075.8	17 579.8
int.al. earmarked subsidies for Road (street) Funds	15 269.1	6 061.4	6 061.4
int.al. earmarked subsidies for regular traffic	7 501.1	7 453.2	9 957.3

Structure of revenues from donations and endowments received by Riga Municipality

In 2009, the revenues from donations and endowments to Riga Municipality were 415,7 thousand lats.

Composition of Riga Municipality revenues from donations and endowments Cash flow basis	2008 actual (k LVL)	2009 budget (k LVL)	2009 actual (k LVL)
Total revenues	269.1	2 279.7	415.7
Donations and endowments from legal entities and individuals	269.1	2 279.7	415.7
Donations and endowments for education	195.0	593.3	318.6
Donations and endowments for social care	2.6	10.3	17.9
Other donations from legal entities and individuals	71.5	1 676.1	79.2



Riga Municipality budget expenses

Revenues of Riga Municipality basic budget and special purpose budget 2008, as well as the surplus of prior year budgets have been utilized to support autonomous municipal operations, which are defined in the Law „On Local Governments”, and finance special purpose activities. In this report budget expenses are reflected according to the functional categories, which correspond to the structure of expenses by government function or sector – education, economic activity, environmental protection, social security, management of Municipality territories and housing facilities, health care, recreation, culture and religion, public order and security, etc..

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

Based on the above mentioned approach and following the necessity to perform fiscal discipline and monitoring provision measures, including consolidation of budget expenses, the Riga City Municipality budget of 2009 was prepared.

In order to increase the efficiency of Municipality budget resources utilization, Riga Municipality budgeting process is focused on achieving certain goals – there are specific goals set for budgetary programs with respective results and key performance indicators defined. Performing consolidation of budget spending part of 2009, an accent was made on municipality's capabilities to deliver the necessary services for the society.

Riga Municipality basic budget expenses

Riga Municipality total basic budget expenses (including financing of investment projects) have decreased from 539 445,3 thousand lats in 2008 to 427 273,8 thousand lats in 2009.

Payments in the amount of 47 171,6 thousand lats were transferred to Municipalities cohesion fund. Other resources have been utilized for financing operations of executive authority institutions, municipal procurement and investments, and subsidies to economic operators, associations and establishments financed from the Municipality budget to ensure the provision of municipal duties in the areas of public transportation, urban traffic infrastructure (illumination), improvement of territory, etc..

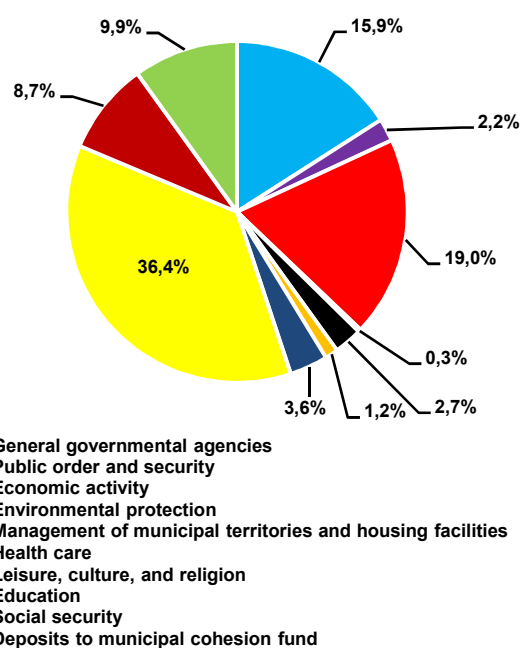
The aim of Riga Municipality basic budget is to ensure sufficient financial resources for ensuring the provision of autonomous functions of municipality. Taking into account the development trends of Riga as the capital City, the provision of autonomous operations in Riga Municipality has a special importance that is related to hosting of national holiday celebrations and traditional cultural events, as well as state and official visits foreign representatives. Thereby, Riga makes a substantial contribution to the image of the State.

After reviewing and consolidating basic programs, education and economic activity (mainly concerning the transportation sector) were set as the main priorities within the total expense structure of Riga Municipality basic budget 2009, whereof:

- 172 818,9 thousand lats were allocated to education;
- 90 324,1 thousand lats were allocated to economic activity.

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

Composition of Riga Municipality basic budget expenses in 2009





Composition of Riga Municipality basic budget expenses Cash flow basis	2008 actual (k LVL)	2009 budget (k LVL)	2009 actual (k LVL)
Total expenses	539 445.3	446 402.7	427 273.8
Total expenses by government function*			
General governmental agencies	95 773.4	77 748.9	75 603.6
Public order and security	11 477.9	10 262.1	10 216.7
Economic activity	108 303.0	95 598.1	90 324.1
Environment protection	3 605.7	1 348.8	1 203.2
Municipal territory and housing management	26 267.5	15 188.2	12 596.1
Health care	12 422.6	5 918.4	5 904.6
Recreation, culture, and religion	33 547.8	18 186.0	17 190.9
Education	189 215.1	178 702.0	172 818.9
Social security	58 832.3	43 450.2	41 415.7
Deposits to municipal cohesion fund	52 583.2	47 260.8	47 171.6

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

Riga Municipality special purpose budget expenses

Riga Municipality special purpose budget expenses are directly linked to revenues, which are allocated for financing special programs during the financial year. In 2008, specially marked expenses as of 55 288,3 thousand lats in total were allocated from the Riga Municipality special purpose budget.

Special purpose budget is a part of Riga Municipality budget and aimed to ensure execution of particular operations, vital for the Municipality, by utilizing certain source of funds - revenue marked for special purposes, which is defined in rules and regulations. Apart from that, special purpose budget also comprises revenue from paid services and other own revenue, foreign financial aid, as well as donations and endowments with an explicitly stated purpose or without it.

In 2009, there were two priorities set for Riga Municipality special purpose budget expenses classified according to government functions:

- economic activity (mainly with respect to the traffic sector) – 23 640,4 thousand lats;
- education – 10 729,2 thousand lats.

In the financial year, Riga Municipality special purpose budget comprises mainly of the following:

- ▶ Resources of Riga City Development Fund formed of revenues from non-recurring payments for city infrastructure development and these resources are utilized for city development projects, for example, for building decorative illumination in park Riga's central part park zone of channel waterside, etc.;
- ▶ Tunnel maintenance and operating program – revenue consists of rent of trade areas located in tunnels and these revenues are utilized to tunnels maintenance and development;

- ▶ Road (street) Fund resources comprise revenues from the State Road Fund earmarked subsidies, which are utilized for upkeeping and reconstruction of road surfaces, as well as overhaul of illumination objects;
- ▶ Riga Municipality Property Privatization Fund resources are formed of revenues from privatization of municipal property and these resources are allocated Riga Social Crisis Center (1% annually), as well as these resources are allocated for financing other projects having vital importance for Rigans and development of the City environment, for example, working out project of Kr. Valdemara street and Daugavgrivas Street traffic hub (LVL 500 000), reconstruction and renovation of the M. Chehov's Riga Russian Theatre complex (LVL 3 266 510), reconstruction of building complex on Uzvaras Boulevard 10, Ojara Vaciesa Street 2 (LVL 404 422), reconstruction of Music school on Kronvalda Boulevard 8 (LVL 662 326,5), reconstruction of building of the Riga 13. Secondary school on Pulkveza Brieza Street 25 (LVL 774 739,97), reconstruction of Riga Rehabilitation school on Brivibas alley 384A (LVL 1 781 466,66), increasing energoefficiency (replacement of windows and external doors) in Riga educational institutions (LVL 1 735 711,79), etc.;
- ▶ Riga Environmental Protection Fund resources comprise revenues from the natural resource tax. They are allocated to financing projects, programs, and activities related to efficient utilization, research, and regeneration of natural resources.



Composition of Riga Municipality special purpose budget expenses Cash flow basis	2008 actual (k LVL)	2009 budget (k LVL)	2009 actual (k LVL)
Total expenses	54 780.1	43 719.0	55 288.3
Expenses by government function*			
General governmental agencies	9 814.0	7 061.0	10 995.6
Public order and security	26.0	196.2	158.3
Economic activity	24 778.6	17 887.3	23 640.4
Environment protection	929.9	538.0	716.4
Municipal territory and housing management	4 110.0	1 651.9	4 130.5
Health care	57.6		1.5
Recreation, culture, and religion	2 790.8	4 472.3	4 366.1
Education	11 356.2	11 127.7	10 729.2
Social security	917.0	784.6	550.3

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

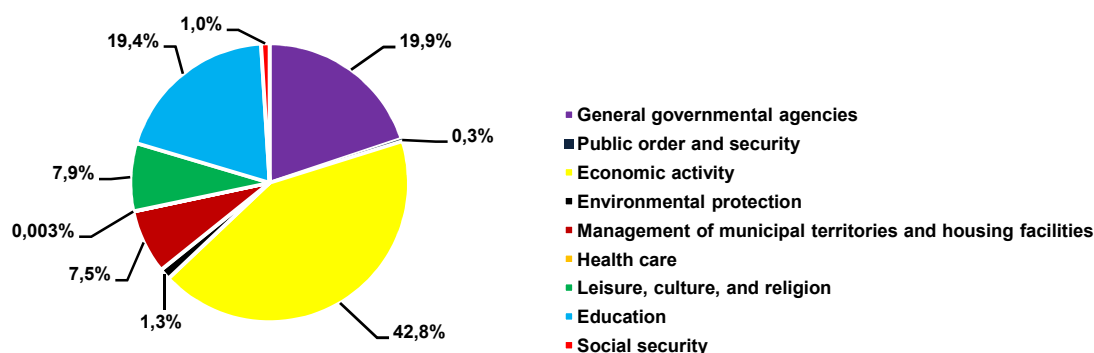
Structure of expenditure of donations and endowments received by Riga Municipality

In 2009, the expenses from revenues from donations and endowments to Riga Municipality were 479,9 thousand lats.

Composition of Riga Municipality donations and endowments expenses Cash flow basis	2008 actual (k LVL)	2009 budget (k LVL)	2009 actual (k LVL)
Total expenses	416.9	2 525.0	479.9
Expenses by government function*			
General governmental agencies	27.9	48.0	23.7
Public order and security	-	3.0	-
Economic activity	101.8	1 405.6	-
Municipal territory and housing management	23.0	20.5	15.6
Recreation, culture, and religion	0.9	237.1	44.0
Education	260.5	787.1	377.9
Social security	2.8	23.7	18.7

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

Composition of Riga Municipality special purpose budget expenses in 2009



Riga Municipality budget resource utilization for municipality operations

Education

In 2009, financing for educational sector from the Riga Municipality basic, special purpose budget and investment expenditure, according to functional categories was 183 548,1 thousand lats.

As in the previous year renovation of educational premises was carried on in Riga. Riga Municipality performed systematic renovation of educational institution buildings all over the city taking into account the technical condition, degree of depreciation of communications, as well as necessity to optimize the structure of educational institutions. In 2009, reorganization of Riga City Council Education, Youth and Sports Department (EYSD) and Riga City Council Culture Department (CD) was carried out in accordance with Riga Council resolution No. 512 and as of 01.01.2010. Riga City Council Education, Culture and Sports Department (ECSD) came into operation in Riga Municipality – each of them having a separate budget. At the end of 2009, basic budget of Education, Youth and Sports Department was 162,5 million lats, by 15,5 million lats less than in 2008. The largest part of basic budget was municipality's subsidies, what were 47,1% from total (45,1% - in 2008), but earmarked subsidies from the State budget were 45,3% from total (49% - in 2008) and 7,6% from total (5,9% - in 2008) were budget revenue of municipal institutions. Culture Department basic budget, for its part, was 11,7 million lats, by 5,2 million lats less compared with 2008. The largest part of Culture Department basic budget 74,4% (72,5% - in 2008) was municipality's subsidies, but earmarked subsidies from the State budget were only 15,8% (17,1% - in 2008) and 9,8% (10,4% - in 2008) were budget revenue of municipal institutions.

Preschool educational institutions

In 2009, there were 154 preschool educational institutions founded by the Municipality in Riga (by 1 less than in 2008), which were attended by more than 24 thousand children. Preschool educational programs were offered also at 15 general education schools and 3 interest educational institutions, as well as 25 private educational institutions, that have concluded an agreement with Riga Municipality (1 220 preschool educational groups in total) and received co-financing from the municipal budget at total sum of 280 630 lats. There were 3 015 preschool educational, 171 medical and 2 843 technical personnel working in preschool educational institutions during 2009.

In 2009, the number of requested places in preschool educational institutions yet exceeded the provision capabilities by 7 000 places and as of September 1 of 2009 more than 7 000 children were not provided with a place in municipal preschool educational institutions, therefore parents (trustees), whose children were not provided with a place in Riga preschool educational institutions, still had a chance to receive municipal monetary compensations (50 lats per month).

In 2009 there were 6 320 resolutions passed on granting compensation, with a total sum of 3,1 million lats.

The payment of compensation was defined by Riga Council binding regulations of 2006 No. 61 "On municipal monetary compensations for parents (trustees), whose children are not provided with a place in Riga preschool educational institutions for acquiring preschool educational program", what were invalidated by Riga Council resolution of 01.12.2009. and prescribes to stop the municipal compensation payment as of January 1 of 2010.

Comprehensive schools

In 2009, 129 comprehensive schools (by 11 less than in 2008) were functioning in Riga, whereof 102 comprehensive schools, 22 elementary schools and 5 primary schools. 12 of them were special schools, 6 were evening schools, and 11 were boarding schools. More than 70 thousand pupils (by 1 551 less than in the previous school year) attended educational programs in these educational institutions. Apart from that, there were also 22 private schools operating in Riga. Within Riga City Municipality school network improvement arrangements, educational programs, implemented by 10 liquidated schools, were incorporated into other educational institutions, but Riga Mezaparks Secondary school was incorporated into Riga 18. Evening Secondary school.

After the performed payment cut and optimization of school network the number of educational staff in schools decreased rapidly. The number of educational staff at beginning of the year was 7 105 (8 176 – in 2008/2009 school year). Number of medical personnel – 211 (224 – in 2008/2009 school year) and technical staff – 3 474 (3 692 – in 2008/2009 school year) has also reduced.

Proceeding with improvement of education quality, in 2009 were performed accreditation of 10 educational institutions and educational programs, as well as agreements were signed with 21 private comprehensive schools implementing accredited educational programs, which were co-financed from Riga Municipality budget resources with a total sum of 132 thousand lats.

In 2009, within the program of training in swimming for children (total sum of 61 thousand lats) there were training courses in swimming organized for 2nd grade children in Ziemeļu and Kurzemes districts.

Within the program of inventory supply (total sum of 50 thousand lats) there were photocopiers for 18 schools and inventory of natural science rooms for 14 schools purchased and text-books and computer hardware stock was renewed.



Development of educational staff and participation in international projects

In 2009, there were organized pedagogues' education and in total 153 further education programs, what were graduated by 3 563 pedagogues. In May of 2009 Riga Council resolution No. 5235 (rec. No. 129,13.§) „On Riga City action plan of lifelong education development for 2009–2013”.

In 2009, Riga City Council Education, Youth and Sports Department started implementation of four EU co-financed projects, what will offer significant input in development of educational institution and human resources:

- ▶ European Regional Development Fund (ERAF) project “Provision of appropriate resource base for qualitative study of natural science in 63 Riga schools”. Project will be into effect until December 31 of 2011 and the available financing is 8,8 million lats, int. al. 5,3 million lats financed by ERAF, 930 thousand lats of related financing from the Riga Municipality budget and 2,6 million lats Riga Municipality non-related co-financing for additional repair works.
- ▶ European Social Fund (ESF) project “Enabling pedagogues' competitiveness within conditions of educational system optimization”. Project will be into effect until December 31 of 2011 and the available financing is 5 million lats, int. al. 4,2 million lats financed by ESF and 75 thousand lats related financing from the State budget.
- ▶ EU Structural Funds 3. goal “European territorial cooperation” city environment development program “URBACT II for 2007–2013” project “Establishment of effective strategies, to stimulate youth involvement into social processes”. Project will be into effect until December 31 of 2011 and the available financing is 32 thousand lats, int. al. 25 thousand lats financed by ERAF and 6 thousand lats related financing from Riga Municipality budget.
- ▶ EU Structural Funds 3. goal “European territorial cooperation” project “Stimulation of business skills in education in Sweden, Estonia, Latvia and Finland”. Project will be into effect until December 31 of 2011 and the available financing is 210 thousand lats, int. al. 179 thousand lats financed by ERAF and 32 thousand lats related financing from Riga Municipality budget.

Out-of-school educational institutions and leisure time activity centers

In 2009, 13 out-of-school educational institutions were operating in Riga (by 1 institution less than in 2008). 24 233 students attended educational programs offered by these institutions. In 2009, 8 019 students attended 16 Riga City Municipality professional educational institutions majoring in sports. Professional educational institutions majoring in sports offer professional sports educational programs for students as well as out-of-school sports educational programs. Leisure time

activity centers are functioning in 16 comprehensive schools in Riga and in 5 out-of-school educational institutions. There were 607 educational, 17 medical and 297 technical personnel working in out-of-school educational institutions.

In order to provide leisure time activities for city's children and youth during the holidays, Education, Youth and Sports Department coordinated and co-financed 322 round-the-clock camps, attended by more than 10 thousand children and youth.

In 2009, annual events “The Golden Scholarship” and “The Golden Pen” were organized, where The Golden Scholarship prize of 800 lats was conferred to 18 Riga 12. grade graduates and 15 best schoolteacher were awarded with prize The Golden Pen. During this year 228 district Olympiads, 5 City and 1 region Olympiads were organized. In 2009, Riga students scientific and research conference was organized, with 1 500 participants in school, district and City stages. To stimulate students' scientific and research activities 8 thousand lats were spent.

In 2009, 207 City scale out-of-school educational events were organized in Riga, attended by more than 88 thousand children and youth (total financing 86 thousand lats).

In 2009, for the fourth time was organized a “Youth Month”, when 11 various educational and cultural events for children and youth as well as 5 informative and entertaining public events were organized.

In 2009, 44 championships and united championships in 37 sport disciplines took place in Riga with 4 431 total number of participants. 12 various traditional sport competitions were organized over the year, attended by 2 346 sportsmen.

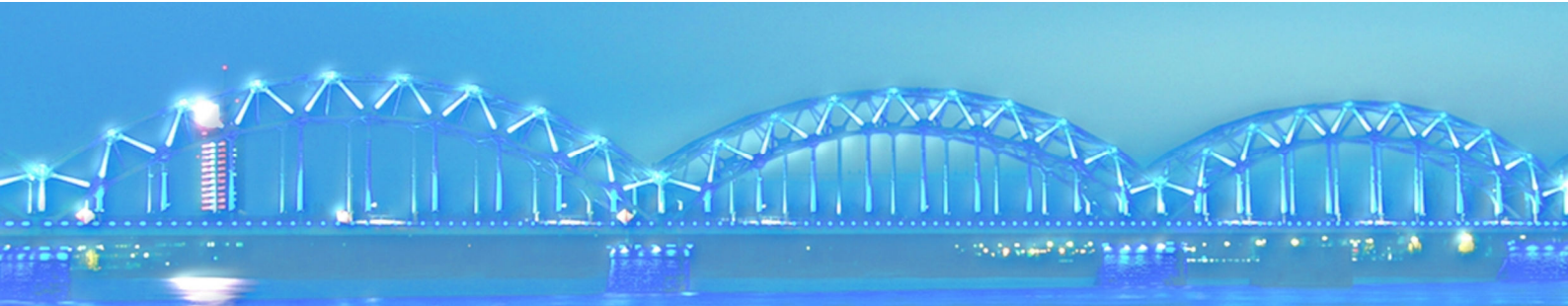
During the summer and autumn holidays work experience was provided for 741 adolescents in any of 62 City's educational institutions, by taking part into improvement of internal and external environment.

Construction and renovation of educational institutions buildings

To provide an adequate and comfortable environment for educational process performance the planned construction, reconstruction and repair of educational buildings and infrastructure was continued within financial limits in Riga in 2009.

The most significant construction and reconstruction projects:

- Reconstruction and renovation of artistic creative activity centre “Milgravja school for arts and craft” on Baltasbaznicas Street 14;
- Reconstruction of Riga 2. Secondary school building on Krisjana Valdemara Street 1;
- Reconstruction of Music school building on Kronvalda Boulevard 8;
- Construction of Riga 19. Secondary school stadium;



- Reconstruction of Riga Lihuanian Secondary school 4th block building;
- Renovation of preschool educational institution “Blazmina” building on Skuju Street 14;
- Renovation of Riga 40. Secondary school building on Terbatas Street 15/17;
- Reconstruction of Riga 13. Secondary school building on Pulkveza Brieza Street 25;
- Renovation of Riga 15. Secondary school building on Visvalza Street 9;
- Riga City educational institution building facades heat insulation improvement program and panel joints sealing program;
- Riga City educational institution building kitchens renovation program;
- Riga City educational institution improvement program;
- Completed water-supply and sewerage renovation program in Riga preschool educational institutions;
- Completed wiring system reconstruction, fire detection construction and renovation of electricity supply system, as well as power improvement of consumption efficiency in Riga City educational institutions.

Basic budget expense allocated to education (k LVL)	2007 actual	2008 actual	2009 budget	2009 actual
Preschool education	36 594.9	49 060.2	52 142.9	49 446.5
Comprehensive education: elementary education	93 405.7	114 393.3	104 446.9	102 434.8
Out-of-school and professional education	20 575.5	21 862.5	18 372.8	17 349.8
Other education, not classified above	2 971.3	3 899.1	3 739.4	3 587.8
Basic budget expense, int. al.	153 547.4	189 215.1	178 702.0	172 818.9
Investment	10 823.3	11 731.4	12 738.9	11 670.3
Special purpose budget expense	4 871.0	11 356.2	11 127.7	10 729.2
Total	158 418.4	200 571.3	189 829.7	183 548.1

Riga Municipality budget program 2009 goals, results, and financial performance*
Financial performance in 2009

Program goals / results	Actual
Education: provision of rights for inhabitants to obtain basic and general education; provision of places in educational and upbringing institutions available to pre-school and school age children; organizational and financial assistance to out-of-school educational and upbringing institutions and education support institutions, etc.	
Basic budget	
<i>Goal:</i>	
Provide places in pre-school educational institutions available to pre-school age children, ensure the mandatory preparation of children aged 5 and 6 for initiation of basic education program, and promote child's intellectual, physical, and esthetic development	
<i>Results:</i>	
Number of pre-school children's institutions	144
Number of children, int. al.:	22 956
number of children aged 5 and 6 taught according to the program "Mandatory preparation of children aged 5 and 6 for studies at school"	10 174
Alimentation cost per child per month (LVL)	151
Number of pedagogical FTEs (full time equivalents)	3 306
<i>Goal:</i>	
Provide places in special pre-school educational institutions available to pre-school age children, ensure preparation of children aged 5 and 6 for initiation of basic education program, ensure obtaining of necessary knowledge and skills in the individual and social life, strengthen health by taking into account disabilities, and promote all-around development	
<i>Results:</i>	
Number of specialized pre-school children's institutions	11
Number of children, int. al.:	909
number of children aged 5 and 6 taught according to the program "Mandatory preparation of children aged 5 and 6 for studies at school"	543
Alimentation cost per child per month (LVL)	384
Number of pedagogical FTEs (full time equivalents)	291
<i>Goal:</i>	
Ensure provision of basic education and general secondary education programs in pre-schools, elementary schools, and high-schools, thus ensuring the possibility to obtain knowledge, skills, and abilities which would allow to participate in the life of society	
<i>Results:</i>	
Number of primary schools, elementary schools, and high-schools	118
Number of children, int. al.:	69 594
number of children aged 5 and 6 taught according to the program "Mandatory preparation of children aged 5 and 6 for studies at school"	461
Alimentation cost per child per month (LVL)	99
Number of pedagogical FTEs (full time equivalents)	9 111
<i>Goal:</i>	
Ensure provision of basic education and general secondary education programs in boarding schools and sanatorium schools, thus ensuring the possibility to obtain knowledge, skills, and abilities which would allow to participate in the life of society	
<i>Results:</i>	
Number of boarding schools and sanatorium schools	4
Number of children	835
Alimentation cost per child per month (LVL)	215
Number of pedagogical FTEs (full time equivalents)	233
<i>Goal:</i>	
Ensure provision of basic and general secondary education to children with special needs, promoting students' integration into society, thus ensuring the possibility to obtain knowledge, abilities, and work skills according to the state of health and abilities, and organizing the treatment and correctional work	
<i>Results:</i>	
Number of special boarding schools	7
Number of children	1 157
Alimentation cost per child per month (LVL)	491

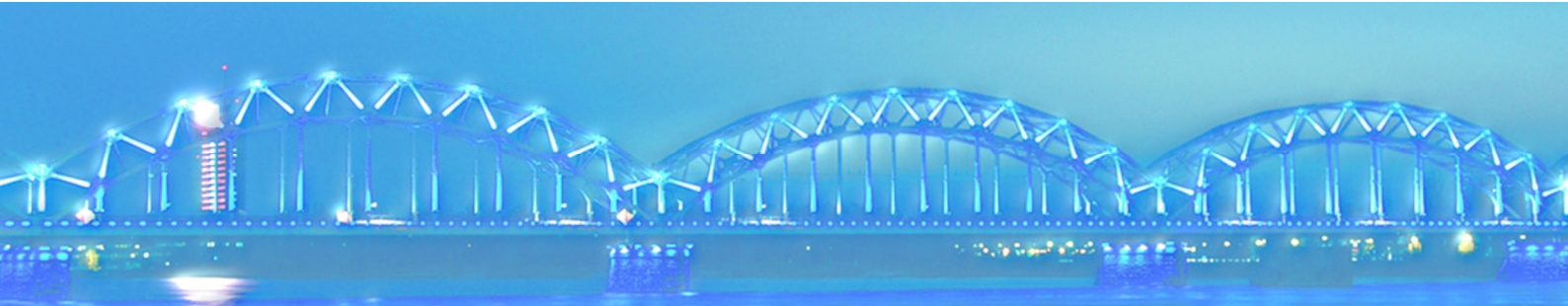


Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

Program goals / results	Actual
Number of pedagogical FTEs (full time equivalents)	645
<i>Goal:</i>	
Provision of out-of-school and professional sports programs, ensuring rapid leisure time for children and youth	
<i>Results:</i>	
Number of other out-of-school educational institutions (including, sports schools)	30
Number of children and youth, int. al.:	32 370
in sports schools	7 506
Alimentation cost per child per month (LVL)	23
Number of pedagogical FTEs (full time equivalents)	983
Training in swimming for children of grade 2 in children and youth sports center "Daugavas Sporta Nams"	589
<i>Goal:</i>	
Monetary compensation to parents (trustee), if a child is not provided with education at Municipality preschool institution, implementing preschool education program in Riga administrative territory	
<i>Results:</i>	
Number of monetary compensations to parents (trustee), if a child is not provided with education at Municipality preschool institution	5 166
Monetary compensation per parent per month (LVL)	50
<i>Goal:</i>	
Form educational environment, organize and implement education, ensuring attainment of objective defined in professional education programs with music specialization, developing children and youth abilities, abilities and skills in music and arts; develop school as neighborhood's musical and cultural centre; acquire basic musical skills for children with special needs	
<i>Results:</i>	
Number of art and music schools	9
Number of students in schools	3 360
Alimentation cost per child per month (LVL)	24.4
Number of pedagogical FTEs (full time equivalents), int. al.:	451.2
music subjects	417.6
art subjects	33.6
Average number of children per one pedagogical FTEs (full time equivalents)	7
Number of graduates	245
Number of competitions, concerts, and exhibitions	58
Number of visitors of concerts and exhibitions	524
Number of students participating in projects organized by Riga City Council Cultural Department	36 900
Participation in program „Musical education for children with special needs” (number of children)	206
Number of art and music schools	45
Number of pedagogues in continuing education, whose expenses are covered by municipality	58

*summary financial performance report



Social security

In 2009, Riga City Municipality spent 41 966.00 thousand lats from the basic budget, special purposes budget and investments for social security.

In 2009, Riga Municipality continued to perform activities related to solving problems of population of moderate means by increasing benefits and diversifying their types to fit the needs of each individual situation, concerning fall in living standards under conditions of economical crisis.

Social security and providing social services is one of Riga City Municipality self-governing functions. Provision of functions defined by 23 budget programs and administrated by Welfare Department are included in the basic budget. In 2009, initially approved basic budget expenses from of 43,6 million lats were reduced to 36,5 million lats. Expense reduction was applied to compensations, services and subsidies, as well as reorganization and transfer of Riga Medical Emergency systems and institutions under the State authority (expense reduction by 8,3 million lats), reorganization of Riga Drug Addiction Prevention Center and liquidation of Riga Children Rights Protection Center (included in annual report). Welfare Department's basic budget proportion of the Riga City Municipality's basic budget is 8,2%.

In order to optimize the social security system in Riga City, by means of improving efficiency of its performance and reduction of expenses, several organizing activities were performed during the financial year. As a result of reorganization five social agencies of Riga districts/suburbs and Riga Centre of Social Issues Center were integrated into one institution – Riga Social Service, which took over also a part of Welfare Department functions (day-care centers, purchase and supervision of day-care centers' services, addiction consultations, etc.). Integration of six Riga City Municipality children long-term social care and social rehabilitation institutions resulted in establishing one Riga City Municipality institution - Riga City Municipality Children and Youth Center.

Social benefits are divided into two groups: tested (are allocated by evaluating the financial state of the benefit claimant) and untested (are allocated based on the specific life situation, irrespective of the financial state) social benefits in accordance with the Republic of Latvia rules, rules and regulations of the Cabinet of Ministers and the binding regulations of Riga City Council.

In 2009, , the total amount of social benefits paid by Riga City Municipality 12,5 million lats, whereof 44% were utilized for apartment benefits, 18% for benefits to provide guaranteed minimum income and 16% for health care benefits. Compared with the previous year, when tested benefits received more and more retired/disabled people families, in 2009 increased the number of tested benefits recipients from families with children and families with able-bodied persons only.

In 2009, from all the 709 145 inhabitants registered in Riga, 60 187 persons received social benefits, i.e. 8% from the total Riga population.

According to the information of administration informative system (SOPA) of Municipality's social benefits, 11 114 able-bodied persons had recourse to Riga Social Service for social aid and/or social services during the 2009. 7 295 or 66% of them have received Municipality's tested benefits, i.e. 14% from the total number of tested benefit recipients in Riga Social Service.

In September 14 of 2009 Riga City Municipality concluded an agreement with State Employment agency on participation in ESF project "Provision of labor practice activities in municipalities for achieving and maintaining working skills", which implementation is Welfare Department responsible for. This agreement prescribes involvement of eight municipal institutions, departments and agencies in implementation of the project. Within the project labor practice places, with a grant of 100 lats, were created in Municipality for those unemployed registered by State Employment agency, who don't receive unemployment benefit. Municipality prescribes to create 2 397 labor practice places for the unemployed within a period from September 14 of 2009 to December 31 of 2010. Total number of the unemployed involved in the project was 1 569 during the financial year.

Riga Municipality ensured long-term social care and social rehabilitation services for 690 orphans and parentless children, utilizing for this purpose 3 567 509 lats, and services of the crisis center were provided to 347 persons, i.e. 280 children and 67 women, utilizing for this purpose 495 738 lats.

During the financial year Riga Municipality ensured social care and social rehabilitation services in institutions to 1 664 retired and disabled persons (3 municipal institutions and 12 contract organizations).

In 2009, 767 children received services in five Riga Social Service day-care and support centers, 233 children received services in five contract organizations' day-care and support centers. In four day-care centers 76 disabled children received services, 65 children received palliative services.

247 persons have received crisis center services, directly or by telephone. In 2009, Municipality provided home-care services for 3 941 persons, int. al. home-care services for 2 792 persons, benefit in kind for family members, who provide personas home-care services for 1 149 persons, service "hot meat delivery to the client's address" for 849 persons, service "security button" for 204 persons and escort-assistant service for 237 persons. In total 2 484 657 lats from Riga Municipality budget were utilized for the entire mentioned above home services in 2009.



In 2009, employees of Riga Municipality social agencies have performed active social work with families, providing assistance to 2 642 families. During the financial year day care center services was attended by more than one thousand children and 2 348 elderly and disabled people. Financing from Riga City Municipality budget for day-care centers was 117 373 lats.

Riga Municipality also financially supported operation of 9 day-care centers for persons with mental disorder. In 2009, Riga Municipality financed 2 social rehabilitation centers for homeless in order to enable them regaining social status and become a part of labor market. 86 individuals used this service. In 2009, Riga Municipality financed soup-kitchen services rendered by two organizations, providing up to 500 portions a day, 5 times a week. In 2009, were distributed 103 825 portions in total. The hot meal was provided both to the homeless and the population of moderate means. To provide the service, 45 581 lats were spent.

Day Center of Riga shelter came into operation in May of 2009 for the homeless and socially unprotected Riga inhabitants, providing social rehabilitation services, development of social skills and leisure time activities, as well as primary hygiene and health care. 427 persons (70-155 persons per day on average) received Day Center services in 2009.

To tackle social problems of clients placed in medical treatment institutions, concerning the treatment process and daily issues, there were 15 social community workers being employed by Riga Municipality for work in 9 Riga medical treatment institutions, who delivered social services to 7 015 persons in 2009.

In order to enable social integration of people with motor disorder, Riga City Municipality compensates transport services for people who are not able to use public transport. Clients can use specially equipped minibuses, which are adjusted for persons with motor disorder, as well as taxi services. In total 2 712 persons received transport services and 502 759 lats from the Riga Municipality budget were utilized for this purpose in 2009.

Since 2003 Riga Municipality allocates financing for installation of electromechanical lifts in buildings, where live persons with motor disorder. In 2009, electromechanical lifts were installed in 29 persons' homes for a total sum of 70 322 lats.

During the financial year, night shelter was used by 2 597 persons. In 2009, Riga Municipality financed 2 social rehabilitation centers for homeless in order to enable them regaining social status and become a part of labor market. 86 individuals used this service. In 2009, Riga Municipality financed soup-kitchen services rendered by two organizations, providing up to 500 portions a day, 5 times a week. In 2009, were distributed 103 825 portions in total. The hot meal was provided both to the homeless and the population of moderate means. To provide the service, 45 581 lats were spent.

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The major investment projects:

- Establishment of day-care center for 300 homeless persons in Riga Latgales Suburb;
- Construction of social residential buildings on Lomonosova Street;
- Reconstruction of Riga Kurzemes Suburb Social service centre building on Baldones Street 2;
- Installment of 29 electromechanical lifts for disabled persons;
- Adjusting 76 apartments for persons with motor disorder.



Budget expense allocated to social security (k LVL)	2007 actual	2008 actual	2009 budget	2009 actual
Social security in case of inability to work	1 389.5	2 271.2	1 629.6	1 581.4
Assistance to elderly people	5 490.2	5 621.0	4 984.3	4 969.9
Assistance to families with children	5 494.0	7 748.3	8 224.5	7 911.7
Assistance in unemployment case			133.5	138.6
Housing allowance	13 795.9	19 520.2	3 296.1	3 289.2
Other support to socially repudiated persons not classified above	15 109.9	21 886.0	23 877.0	22 230.0
Other social care not classified above	1 329.5	1 785.6	1 305.2	1 294.9
<i>Custody courts and parish courts*</i>				
Basic budget expenses, int. al.				
Investments	42 609.0	58 832.3	43 450.2	41 415.7
Special purpose budget expenses	1 561.4	504.5	3 273.0	2 709.7
Total	1 544.6	917.0	784.6	550.3
Social security in case of inability to work	44 153.6	59 749.3	44 234.8	41 966.0

*In 2007, Custody courts and parish courts have been reflected under the function of public order and security

Riga Municipality budget program 2009 goals, results, and financial performance* Financial performance in 2009

Program goals / results	Actual
Social insurance and social security (social aid to low-income families and socially unprotected persons; provision of placements for old people in old people's homes; provision of placements in educational and upbringing institutions for orphans and children left without parental care; provision of shelter for the homeless, etc.)	
Basic budget	
<i>Goal:</i>	
Provision of social aid and social services for inhabitants of Riga City Municipality	
<i>Results:</i>	
Number of centers in boroughs	10
Number of day-care / support centers	10
Number of people provided with social aid and social services	57 246
Average amount of material assistance per person per year (LVL)	257.5
<i>Goal:</i>	
Promote birthrate in Riga	
<i>Results:</i>	
Number of persons having received child birth support	7 225
Amount of benefit (LVL)	100
<i>Goal:</i>	
Encouragement of guardianship and trusteeship process	
<i>Results:</i>	
Number of guardians having two or more children in guardianship	159
Number of trustees	707
<i>Goal:</i>	
Promote foster families in Riga	
<i>Results:</i>	
Number of foster families in Riga	10
Amount of remuneration for one family per month (LVL)	150
<i>Goal:</i>	
Provide lodging, social care and social rehabilitation to orphans and children left without parental care	
<i>Results:</i>	
Number of children's homes	6
Number of places in these institutions	354
int. al. in crisis center	48
Number of persons having used the institution during the year	507
int. al. in crisis center	106
Average alimentation cost per place per month in the institution (LVL)	556



Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

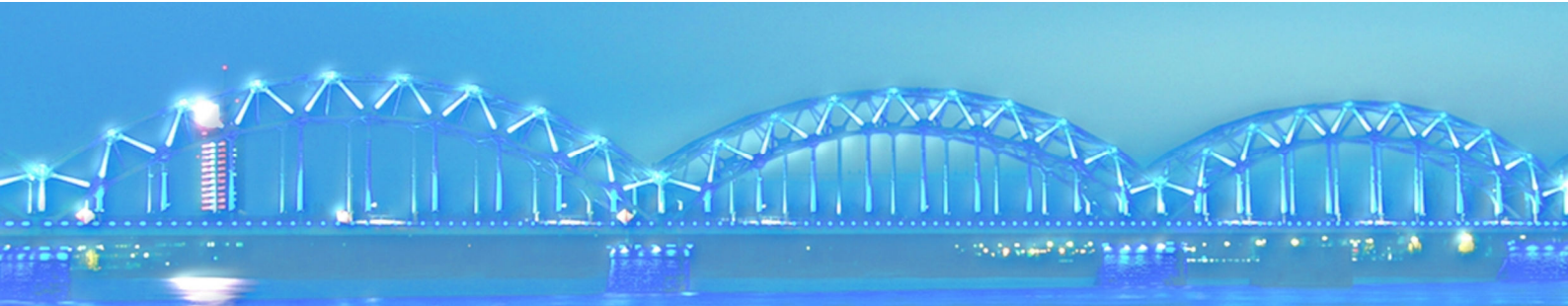
Program goals / results	Actual
Number of organizations subcontracted by the Municipality	14
Number of places in subcontracted institutions	298
Number of persons having used a subcontracted institution during the year	289
Average alimentation cost in a subcontracted institution per place per month (LVL)	312
<i>Goal:</i>	
Provide lodging, social care, and social rehabilitation in long-term social care and social rehabilitation institutions to retired persons and disabled persons (group I, II) who cannot take care of themselves due to the age or state of health	
<i>Results:</i>	
Number of old people's homes	3
Number of places in these institutions	577
Number of persons having used the institution during the year	776
Average alimentation cost per place per month in the institution (LVL)	194
Number of organizations subcontracted by the Municipality	12
Number of places in subcontracted institutions	693
Number of persons having used a subcontracted institution during the year	888
Average Municipality co-payment per person per month (LVL)	206
<i>Goal:</i>	
Provide services of shelter and night shelter to persons of no fixed abode and persons having come to a crisis situation	
<i>Results:</i>	
Riga Shelter, number of places	190
Number of persons having used the institution during the year	925
Average alimentation cost per place per month in the institution (LVL)	180
Number of persons having used service of Municipality Institution „Special team of street social work“	3 293
Number of persons having used service of day-care centre (created in cooperation with Executive Board of Eastern Suburb)	427
Number of organizations subcontracted by the Municipality	8
Number of places in two subcontracted institutions:	
in winter period	450
in summer period	140
Number of persons having used a subcontracted institution during the year	1 672
Average Municipality co-payment per person (LVL)	111
Feeding service (number of rations)	93 300
Number of places where feeding service is provided	3
Number of places in Center of Social Rehabilitation for homeless persons (the expected period of stay for 1 person is 3 months)	38
Number of persons having used Center of Social Rehabilitation, per year	77
<i>Goal:</i>	
Provide social guarantees and relief to persons and families of low income residing in Riga	
<i>Results:</i>	
Social residential buildings:	
number of houses	13
number of apartments	1 070
living space (sq. m)	50 174.4
Average number of persons receiving the service per year	1 130
Costs per square meter per month (LVL)	0.98
Number of social apartments	320
Number of persons receiving the service per year	600
<i>Goal:</i>	
Provide social services to mentally handicapped and mentally ill persons: mastering of social skills and abilities with the help of social work expert at home/in apartments	
<i>Results:</i>	
Number of social services apartments	87
Average alimentation costs per apartment per month (LVL)	129
Average number of persons receiving the service per year	90
Number of workshops	2



Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

Program goals / results	Actual
Number of places per workshop	20
Number of clients per workshop	21
Average alimentation costs per place per month (LVL)	245
<i>Goal:</i>	
Provide social rehabilitation services to mentally handicapped and mentally ill persons: mastering of social skills, education, and leisure time opportunities	
<i>Results:</i>	
Number of institutions	5
Number of day-care centers	10
Number of places	250
Number of customers per year	338
Average alimentation costs per place per month (LVL)	207
<i>Goal:</i>	
Provide social rehabilitation services to demented persons: mastering of social skills, education, and leisure time opportunities	
<i>Results:</i>	
Number of institutions	2
Number of day-care centers	2
Number of places	40
Number of customers per year	73
Average alimentation costs per place per month (LVL)	244.5
<i>Goal:</i>	
Provide development and improvement of daily skills to mentally handicapped persons, as well as employment, under supervision of a professional expert, in order to encourage their integration into the society	
<i>Results:</i>	
Number of centers	2
Number of customers	15
Average alimentation costs per place per month (LVL)	157
<i>Goal:</i>	
Provide employment, social functioning, prevent drop of life quality and specialist support to mentally handicapped persons	
<i>Results:</i>	
Number of workshops	1
Number of clients per workshop per month	8
Average alimentation costs per place per month (LVL)	297
<i>Goal:</i>	
Provide social service for persons in crisis situation (children/women with children / pregnant women and their families)	
<i>Results:</i>	
Number of institutions	6
<i>I sub-goal:</i>	
Social rehabilitation for persons in crisis situation	
Number of places	49
Number of persons per year	241
Average alimentation costs per place per month (LVL)	453
<i>II sub-goal:</i>	
Provide 24 hour psychological advisory services for persons in crisis situation in Riga	
Number of advice in person	3 012
Number of advice by telephone	2 235
Number of informative calls	743
<i>III sub-goal:</i>	
Provide alternative social service for children in families what do not provide social care and support of full value and provide support for children and family	
Number of places	50
Average number of persons receiving the service per year	112
Average alimentation costs per place per month (LVL)	156



Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

Program goals / results	Actual
<i>Goal:</i>	
Provide care and rehabilitation in short-term social care beds to chronic patients whose treatment for various social reasons is not possible at their homes	
<i>Results:</i>	
Number of organizations subcontracted by the Municipality	1
Number of short-term social care beds	60
Number of persons having received treatment during the year	1 132
<i>Goal:</i>	
Provide social care and social rehabilitation services for of disabled children	
<i>Results:</i>	
Number of organizations subcontracted by the Municipality	4
Number of places	73
Number of children having used this service during the year	76
Average alimentation costs per place per month (LVL)	101
<i>Goal:</i>	
Registration and certification of politically repressed persons and participants of national resistance movement	
<i>Results:</i>	
Examination of applications from politically repressed persons and participants of national resistance movement and preparation of Riga Municipality resolve projects (number of resolve projects)	18
Issue of certificates and renew of the lost ones (number)	50
<i>Goal:</i>	
Registration of civil registration record	
<i>Results:</i>	
Registration of marriage (number)	2 345
Registration of birth (number)	3 398
Change of name, last name and other services related to registration of civil registration record (number)	744

*summary financial performance report



Health care

Riga Municipality continues to allocate budget resources to the improvement of Riga health care system. In 2009, the total amount of health care program financing allocated from the basic budget, the special purposes budget, as well as investment resources amounted to 5 906,1 thousand lats. Riga Municipality allocates resources into financing of Riga health care system in order to ensure the accessibility of health care services to the population of Riga in accordance with the autonomous functions defined by the law "On Municipalities".

The major investment projects:

- Reconstruction of Family doctor office on Slimnīcas Street 2.

Budget expenses allocated to health care (k LVL)	2007 actual	2008 actual	2009 budget	2009 actual
Operation and services of ambulatory medical institutions, and public health-care agency services	12 399.3	12 043.7	5 918.4	5 904.6
Hospital services. Health-care services for mother and child	834.2	375.7		
Other health-care services not classified above		3.2		
Basic budget expenses, int. al.	13 233.5	12 422.6	5 918.4	5 904.6
Investments	840.0	395.8	17.9	17.9
Special purpose budget expenses	172.5	57.6		1.5
Total	13 406.0	12 480.2	5 918.4	5 906.1

Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

Program goals / results	Actual
Provision of access to health care	
Basic budget	
<i>Goal:</i>	
Perform activities for addiction prevention in Riga	
<i>Results:</i>	
Number of discussions with youth at schools	727
Number of lectures of addiction prevention educational programs for secondary schools youth "New leaders "	24
Psychological and social correction group trainings for youth	504
Seminaries of addiction prevention educational programs (18 hours) for specialists (policemen, social teachers, doctors, etc.)	37
Number of lectures on addiction prevention for specialists	14
Educational program for parents (lectures, programs – set of studies)	19
Support group for co-addicted	4
Number of hotline calls and e-mail advisory	3 725

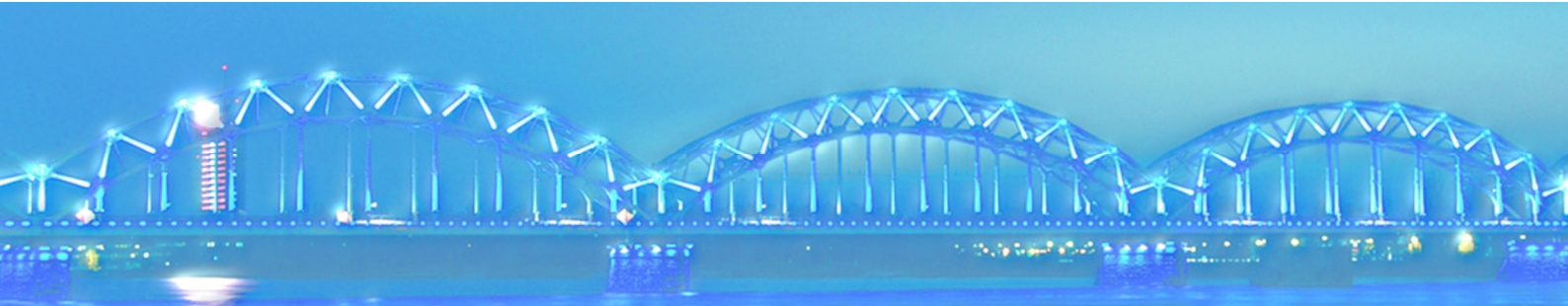


Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

<i>Program goals / results</i>	Actual
<i>Goal:</i>	
Reduction of HIV/AIDS spread among drug users, and improvement of life quality of population groups having the highest exposure to the risk	
<i>Results:</i>	
Number of consultations rendered by HIV consultants	638
Number of community workers at advisory services	1 304
Number of psychologist's consultations	669
<i>Goal:</i>	
Provide high quality services for youth in order to enable the improvement of sexual and reproductive health, and rise the responsibility and motivate the youth to look after health in time	
<i>Results:</i>	
Number of psychologist services (by e-mail, by telephone)	658
Number of psychologist services in presence	65
Lectures for fulfilling sexual education program for youth under social outcast risk (number of lectures)	42
Midwife's lectures for 5. and 6. grade students	38
<i>Goal:</i>	
To cure tuberculosis patients, thereby protect society from infection risk and prevent the spreading of tuberculosis, to protect the patients from developing the multiresistant form of tuberculosis	
<i>Results:</i>	
Number of patients that have received help	310
<i>Goal:</i>	
To consult vulnerable inhabitants of Riga on physical and psychical health, as well as on health care	
<i>Results:</i>	
Number of advisory "Health room"	3

*summary financial performance report



Municipal territory and housing management

In October of 2009, after reorganization in accordance with regulations No. 18 "Regulations of Riga City Council Communal Department" approved on 29.09.2009., Riga City Council Communal Department was liquidated and Riga City Council Housing and Environment Department came into operation. As a result of reorganization Riga City Council Housing and Environment Department took over a part of Riga City Council Environment Department functions and the entire functions of liquidated Riga City Municipality agency "Rigas majoklis".

The main functions of the department:

- management of municipal housing fund, by realizing efficient and useful application and administration;
- organize development and planning of water supply and sewerage services;
- rendering help in dealing with apartment issues;
- rendering consultations and organizing training in residential building management;
- establishment and upkeep of cemeteries, organizing cemeteries services;
- control of environmental protection and efficient application of natural resources, organizing development of environmental protection plans, programs and projects.

In 2009, the amount of financing allocated from the Riga Municipality basic budget, the special purposes budget, as well as investment resources for Municipal territory and housing management amounted to 16 726,6 thousand lats.

Under management of Riga City Municipality there were 4,2 residential buildings with the total area of 8 million square meters as at 01.01.2010. The administration, management of these building and organizing public services, as well as improvement and provision of sanitary cleanness of proximal territories was performed by 15 Riga Municipality enterprises.

In 2009, Housing and Environment Department organized 264 meetings on transferring administration rights of the privatized residential buildings to the apartment owners, as a result 160 apartment houses were excluded from the Riga Municipality balance sheet.

During the financial year there was a significant input done in Riga City Municipality housing program. In 2009, 1 022 families were provided with dwelling space, what is by 7% more than in 2008. Renovation of 6 unoccupied apartments was performed in 2009 with a

total sum of 39 thousand lats and renovation projecting and performing of apartment houses of various social groups' was made.

Riga Municipality also provides support to inhabitants not being able to ensure themselves a living space, as well as to the tenants of denationalized houses. During the financial year living space vacation benefits were given to 964 Rigan families as of the total value of 2,9 million lats, as well as benefits for 6 apartments suffered in natural disaster or accident with a total sum of 12 thousand lats were assigned.

The major investment projects of City housing fund development:

- Technical projects and performing construction of joining 13 Riga City Municipality residential buildings to water supply and sewerage;
- Reconstruction of external power supply network of 3 residential building complexes;
- Reconstruction of water supply and installing pumps for increasing water pressure for municipal residential buildings;

The major investment management and environmental protection projects of municipal territories:

- Development of construction project and construction of Columbarium on Varonu Street;
- Reconstruction of many-storey residential buildings' water supply system and installing pumps for increasing water pressure;
- Joining residential buildings to central water supply and sewerage network and reconstruction of water supply and installing pumps for increasing water pressure for residential buildings;
- Broadening of Riga crematorium;
- Commissioning of Dzeguzkalns park 2nd stage reconstruction;
- Erection of Kobe garden 1st financing stage completion;
- Completion of 3rd stage project of Maras pond greenery reconstruction and start of 2nd stage construction works of Maras pond greenery;
- Putting into operation reconstruction of Liepajas Street, Ozolnieku Street, Jaunpils Street and Jaunmoku Street amelioration system;
- Development of technical project for animal shelter on Sila Street;
- Liquidation of dangerous trees and bushes in extreme cases;
- Maintenance and renovation of greenery;
- Liquidation of dangerous (especially female clone) poplars in Riga.



Budget expenses allocated to municipality territory management and housing facilities (k LVL)	2007 actual	2008 actual	2009 budget	2009 actual
Street illumination	5 438.0	5 819.4	3 992.4	3 988.6
Other activities concerning municipality territory management and housing facilities not classified above	32 103.1	20 448.1	11 195.8	8 607.5
Basic budget expenses, int. al.	37 541.1	26 267.5	15 188.2	12 596.1
Investments	14 241.4	4 787.6	399.1	339.4
Special purpose budget expenses	2 269.4	4 110.0	1 651.9	4 130.5
Total	39 810.5	30 377.5	16 840.1	16 726.6

Riga Municipality budget program 2009 goals, results, and financial performance* **Financial performance in 2009**

Program goals / results	Actual
Organization of municipal services for the inhabitants (water-supply and sewerage; heating-supply; municipal waste management, collection, drainage, and treatment of waste water) irrespective of who owns the housing fund; assistance to inhabitants in tackling housing issues	
<i>Basic budget</i>	
<i>Goal:</i>	
Coordinate the complex development and improvement of housing fund, as well as assist Rigans in solving housing issues	
<i>Results:</i>	
Modernization of water supply and sewerage systems outside of houses: planning, organizing tenders, technical inspection (number of systems)	6
Modernization of water supply and sewerage systems in houses: planning, organizing tenders, technical inspection (number of systems)	52
Registration for receiving help from municipality in solving housing problems (number of applications)	1 388
Evaluation of apartment swaps (number of apartments)	37
Technical valuation of housing fund (number of prepared statement projects)	111
<i>Goal:</i>	
Perform capital repairs and public utilities payment for provided for lease municipality's living apartments what are not occupied for a prolonged period	
<i>Results:</i>	
Apartments prepared for lease	6
Apartments what are not occupied for a prolonged period	330
<i>Goal:</i>	
Financial support for repairs of living apartments damaged or partly crashed as a result of natural disaster or accident	
<i>Results:</i>	
Repaired living apartments	6
<i>Goal:</i>	
Upkeep of territories not used for business activities in accordance with sanitary requirements, as well as provision of fixing natural base	
<i>Results:</i>	
Improvement of municipal territories of public use and mow of lawn three times per year (ha), int. al.:	495.7
area of natural base (ha)	170.4
average costs of fixing natural base (LVL per ha)	690.5
collecting of waste (thousand cu. m)	13.7
<i>Goal:</i>	
Ensure declaration of residence of Riga inhabitants and processing and preservation of received information	
<i>Results:</i>	
Number of residences declared (thousand)	32.9
Issued certificate of declaration of residence (thousand)	61.4



Riga Municipality budget program 2009 goals, results, and financial performance*	Financial performance in 2009
Program goals / results	Actual
Registration of residence under initiative of municipality and annul of declared information according to individual or legal entity request (number of cases of registration and annul)	3 902
<i>Goal:</i>	
Improvement and management of municipal territories and objects of public use	
<i>Results:</i>	
Renovation of children's playgrounds and sports grounds (quantity)	89
<i>Goal:</i>	
Enable administration and management of Riga City apartment houses, education of apartment owners, informing and consulting about questions of administration and management of joint estate	
<i>Results:</i>	
<i>I sub-goal:</i>	
Enable establishment of administration structures of joint estate apartment houses and exclude houses from municipality's balance	
<i>Results:</i>	
Number of general meetings of apartment owners (for each house)	264
Number of houses where informative meetings are planned to perform	77
<i>II sub-goal:</i>	
Increase the apartment owners' knowledge and competence in questions of administration and management of houses	
<i>Results:</i>	
Number of organized informative seminars and conferences	2
Number of participants in informative seminars and conferences	200
Number of participants in groups of adult informal educational program „House expert”	53
<i>III sub-goal:</i>	
Consult apartment owners about organization of administration and management of joint estate	
<i>Results:</i>	
Consultations for apartment owners	10 500
<i>Goal:</i>	
Organize privatization and disposal of municipal living houses, apartments, artist studios, uninhabited apartments and one-apartment houses in Riga City territory, disposal functionally necessary land lot of municipality's property for living houses, administrate process of privatization and disposal in Riga City territory, summarize information about process of privatization and alienation	
<i>Results:</i>	
Information of inhabitants on privatization procedure in accordance with amends in laws and regulations, alienation of residential building, concluding contracts of land lease: informative brochures (number copies)	10 700
signed sales contracts:	
apartments under speeded up privatization	1 202
apartments under privatization	1 591
Legal reregistering of real estate in Riga City Land Register:	
house under privatization	79
land lots under privatization	53
Resolutions passed by commission	620
Preparing Riga City Municipality resolution projects on Riga City Municipality apartment property ownership rights registration in Land Register	382
Evaluation of estate fund (number of objects)	214
Auction of apartments and uninhabitable housing resources (number of objects)	256
Apartments and land under living houses under privatization	1 478
Invitation for privatization of land lots sent to apartment owners	2 276
Signing agreements for land lease	482
Number of disposal objects	123
<i>Goal:</i>	
Maintaining of territories not used for economic activities according to sanitary regulations and provide upkeep of cemeteries	
<i>Results:</i>	
Upkeep of municipal territories and objects of public use and mow of lawn three times per year (ha)	11



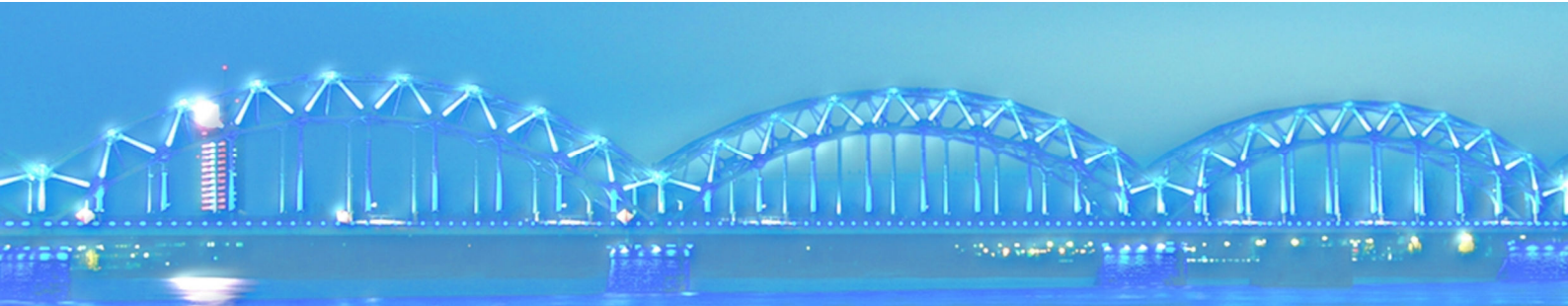
Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

Program goals / results	Actual
Collection of waste (thousand cu. m)	47
Cemeteries, int. al.:	19
closed	3
open	2
partly open	14
<i>Goal:</i>	
Provide burial and cremation of dead persons without relatives in Riga City	
<i>Results:</i>	
Riga City dead persons without:	
burial	97
cremation	81
<i>Goal:</i>	
Perform transportation of dead persons (from public areas) to state Ltd "Patologijas centrs" for making examination in cases defined by laws and regulations	
<i>Results:</i>	
Transportation of dead persons	362
Illumination of streets, squares and other territories of public use	
<i>Goal:</i>	
Quality illumination of Riga City streets, upkeep and extension of the illumination system	
<i>Results:</i>	
Provision of illumination in Riga City parks, squares, and housing estates (length in km):	
underground cable lines (total length in km)	1 259
overhead wires and cable lines (total length in km)	566
luminaries (number)	44 437
poles (number)	34 822
switchboards and supply substations of the illumination network (number)	4 249
Determination of land utilization and order of construction in accordance with Municipality territory planning	
<i>Goal:</i>	
Provide registration and supervision of street trade and business object placed in administrative territory	
<i>Results:</i>	
Issue licenses for street trade and business activities (thousand of licenses)	5,1
Issue of street trade licenses (thousand of licenses)	1,8
Coordination of trade objects placement plan (number of cases)	173
<i>Goal:</i>	
Conclusion of agreements on lease with individuals and legal entity (source of municipal revenues)	
<i>Results:</i>	
Number of conclusion of agreements on land lease	385
Number of conclusion of agreements on premise lease	412
Conclusion of interim agreement on land (gardens, garages, etc.) lease of premises with individuals and legal entities, (number of agreements), conclusion of corresponding land lease agreement after leasing property of educational objects, etc.	272
<i>Goal:</i>	
Conclusion of agreements on land and building lease of premises with owners to provide the functions of municipal educational and welfare institutions	
<i>Results:</i>	
Number of conclusion of agreements on land lease	168
Number of conclusion of agreements on buildings lease	7
<i>Goal:</i>	
Ensure rational use and lease of non-residential fund in accordance with regulations set by Riga City Council, thus creating favorable environment for development of business, culture, and arts, as well as provision of operation of municipal institutions	
<i>Results:</i>	
Conclusion of agreements on lease of premises (number of agreements)	56
Extension of agreements on lease of premises (number of agreements)	220
Inspection of lease objects (number)	469



Riga Municipality budget program 2009 goals, results, and financial performance*	Financial performance in 2009
Program goals / results	Actual
Inspection of landscape spoiling and poor technical condition buildings	192
<i>Goal:</i>	
Conclusion of interim agreement on land lease of premises with individuals and legal entities	
<i>Results:</i>	
Conclusion of interim agreement on land (gardens, garages, etc.) lease of premises with individuals and legal entities (number of agreements)	1 366
special purpose budget	
<i>Goal:</i>	
Improve administration of Riga City Municipality property un further use, stimulate investments in these objects thereby create advantageous environment for development of business activities and establish new working places in Riga	
<i>Results:</i>	
Number of Riga City Municipality property objects under privatization	153
<i>Goal:</i>	
Limit the business activities of Riga City Municipality by disposal of property what is not necessary for providing municipal functions, and allocate earned means for arranging Riga Municipality property	
<i>Results:</i>	
Number of Riga City Municipality estate objects under disposal	27
Reconstructed and restored estate properties of Riga City Municipality	202
Number of demolished wrecks	1
<i>Goal:</i>	
Provide investment of Municipality real estate into equity capital of Municipality's enterprises with a goal to provide delivery of municipal functions	
<i>Results:</i>	
Investment of Riga City Municipality real estate into equity capital of Riga City Municipality's enterprises	236
Organization of administration process of capital shares owned by Municipality, organization of Municipality 's representation in associations and foundations	
<i>Results:</i>	
Organization of meetings of enterprise share holders:	194
in enterprises with 100% ownership	177
in enterprises with share ownership	17
organization of meetings in associations and foundations	5
<i>Goal:</i>	
Stabilize and provide continuous and qualitative exploration, registration and administration of estate properties	
<i>Results:</i>	
Number of objects included in fund of land lot exchange per year	25
Number of land lots, which are/should be Riga Municipality resolutions passed on land ownership and usage to complete land reform, int. al.:	382
on Riga City historical land;	7
on land included in fund of equal compensation	126
on intermediate land lots;	111
on land lots for provision of municipal functions	129
due to termination of rights to use	9
Number of land lots already registered/to be registered in the Land Register	253
Number of land lots already registered/to be registered in State Cadastre Register in accordance with Law of Cadastre	364
Number of inspected Riga City Municipality estate properties	607
Provision of management and administration of unused and reserved properties owned by Riga Municipality for delivery of autonomous municipality functions (number of properties)	58
Coordination of documents (construction plans, etc.) in cases when owner approval is necessary	1 125
Number of easement agreements	5
Transfer of residential building administration rights	203
Registration of Municipality's ownership rights, update and cancellation of records	682
Transfer of ownership rights to the State possession	2



Riga Municipality budget program 2009 goals, results, and financial performance*	Financial performance in 2009
Program goals / results	Actual
<i>Goal:</i>	
Provide obtaining of the necessary real estate for delivering autonomous municipality functions in accordance with Riga Municipality interests and rules and regulations	
<i>Results:</i>	
Number of purchased properties (constructions, buildings, land lots and apartments) for provision of delivery of autonomous municipality functions	61
<i>Goal:</i>	
Provide reconstruction of residential and nonresidential buildings in conformity with general construction regulations	
<i>Results:</i>	
Inspection of objects (land lots)	154

*summary financial performance report



Environmental protection

In 2009, the total financing to environmental protection allocated from the basic budget, the special purposes budget, as well as investment resources amounted to 1 919,6 thousand lats. The resources allocated to this area were mainly utilized on activities aimed at ensuring environmental protection, int. al. improvement of environmental quality.

The major investment projects:

- Reconstruction of Liepajas Street, Ozolnieku Street, Jaunpils Street and Jaunmoku Street amelioration system;

Budget expenses allocated to environmental protection (k LVL)	2007 actual	2008 actual	2009 budget	2009 actual
Waste-water management	234.8	284.4	60.1	56.5
Other expenditures related to environmental protection	1 903.9	3 321.3	1 288.7	1 146.7
Basic budget expenses, int. al.	2 138.7	3 605.7	1 348.8	1 203.2
Investments	552.2	714.9	332.6	187.2
Special purpose budget expenses	1 044.9	929.9	538.0	716.4
Total	3 183.6	4 535.6	1 886.8	1 919.6

Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

Program goals / results	Actual
Improvement of the administrative territory and sanitary cleanness in the area of environmental protection (arrange and keep parks, square and green belt; etc.)	
Basic budget	
<i>Goal:</i>	
Cleaning and improvement of Riga City public parks, gardens, squares, and other greenery, upkeep of public fountains	
<i>Results:</i>	
Upkeep of Riga City public greenery (ha), int. al.:	260.7
Category I greenery (high-level upkeep intensity)	64.5
Category II greenery (medium-level upkeep intensity)	138.6
Category III greenery (low-level upkeep intensity)	49.7
Upkeep of adjacent territories (ha)	7.9
Upkeep of public gardens and parks (number of objects)	28
Upkeep of squares and greenery (quantity)	63
Upkeep of public fountains with canal sprinkle system (number of fountains)	11
Average upkeeping costs of one public fountain (LVL)	2 091
Upkeep of public toilets in public gardens and parks (number)	9
Average upkeeping costs of one public toilet (LVL)	10 110
Upkeep of lawns (ha)	170.9
Upkeep of asphalted, cobblestone, and gravel roads and squares (sq. m)	411 760
Upkeep of children's playgrounds (quantity)	56
Upkeep of children's playgrounds (sq. m)	17 127
Upkeep of deciduous trees (quantity)	24 690
Upkeep of coniferous trees (quantity)	2 962
Upkeep of annual flowerbeds (sq. m)	1 410
Upkeep of perennial flowerbeds (sq. m)	11 586
Upkeep of flower vases (quantity)	67
Cleaning of waste bins (quantity)	724
Cleaning of water bodies and ponds (sq. m)	107 321
Cleaning of canals (sq. m)	41 115

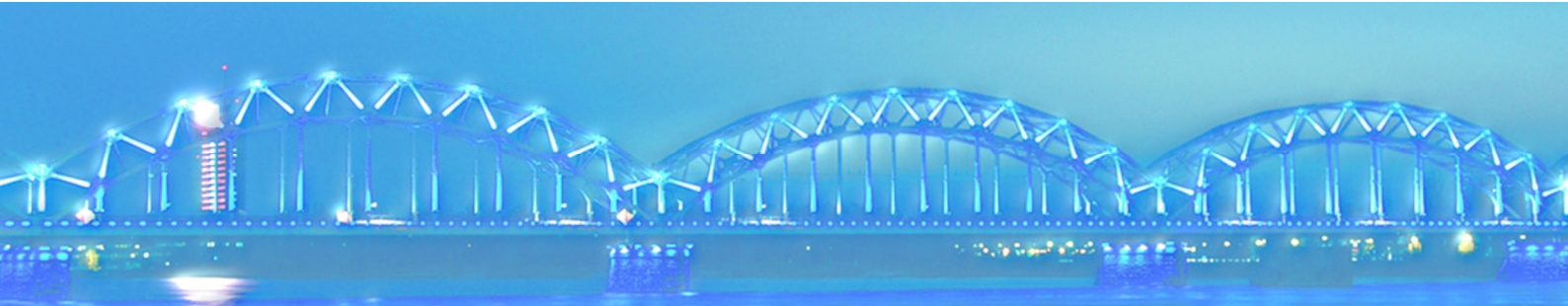


Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

Program goals / results	Actual
<i>Goal:</i>	
According to dendrologists inventory data performed by scientists of LU Institute of Biology carry out liquidation of damaged, dangerous and female clone poplars	
<i>Results:</i>	
Liquidation of damaged, dangerous poplars	63
Average cost of liquidating a poplar (LVL)	106
<i>Goal:</i>	
Manage and improve the existing hydrographical network and collector network of rain sewage spillways, as well as build new devices in case of necessity	
<i>Results:</i>	
Mow of ditch slopes (m)	1 120
Cutting bushes (m)	780
Cleaning of ditches (cu. m)	960
Cleaning of channels (m)	62
Repair and construction of channels (number)	15
Repair of wells (number)	5
Collecting and removal of municipal waste (cu. m)	42
<i>Goal:</i>	
Erect and upkeep public toilets in center of Riga	
<i>Results:</i>	
Number of erected and upheld public toilets	4
<i>Goal:</i>	
Upkeep and renovation of the City greenery is to increase the esthetical value and diversity of the City landscape, clean the air from chemicals and microorganisms, even up the moisture and temperature, decrease the noise and wind breezes	
<i>Results:</i>	
Upkeep of prior year plantations (number of trees)	1 822
Shaping the crowns of trees growing along streets (number of trees)	210
Upkeep of trees growing along streets and planting beds (number)	201
Liquidation of dead trees (number)	269
Cutting bole and root offshoots of trees growing along streets (number)	708
Liquidation of defective trees (number)	97
Liquidation of bushes (sq. m)	29
<i>Goal:</i>	
Perform count of dogs in Riga, provide veterinary service clinics, dispensaries and private practice veterinarians with badges for dogs, perform sterilization and euthanasia of pets owned by persons of low-incomes, euthanasia of pets suffered in traffic accidents and sick pets and birds, as well as provide Riga City with containers for dogs excrements	
<i>Results:</i>	
Production and issue of registration badges for dogs (number of badges)	4 012
Production and issue of keeping due badges for dogs (number of badges)	1 429
Sterilization of pets owned by persons of low-incomes (number of pets)	206
Euthanasia of pets owned by persons of low-incomes (number of pets)	24
Euthanasia of pets suffered in traffic accidents and sick pets (number of pets)	104
<i>Goal:</i>	
Perform exploration and control of runabout animals program realization, care of helpless wild animals and picking up and utilization of corpses of homeless pets	
<i>Results:</i>	
Number of caught cats and dogs	688
Number of sterilized cats	397
Euthanasia cats and dogs (number)	1 718
Number of wild animals	44

*summary financial performance report



Recreation, culture, and religion

In 2009 Riga City Municipality allocated 21 557 thousand lats from basic budget, special purpose budget and investment finances for financing recreation, culture and religion events. The financing was utilized to provide annual city cultural, recreation and religion events in accordance with Riga culture policy and for financing culture institutions – to provide operation of Riga library, support of culture centers and recreation centers, children musical and art education schools, payment for leaders of folk art and amateur groups and support for sport events.

Current events in development of Riga City culture and organized cultural events in 2009

Riga City Council Culture Department in 2009 worked in accordance with development strategy “Riga City cultural strategy 2008 – 2025” and defined priorities by it – culture accessibility for all Rigans, support and investments in institutions (organizations, institutions, infrastructure), providing cultural and art processes, absorbs and increase Riga creative potential.

In accordance with “Riga Central library and branch libraries network optimization concept 2007–2010” strategy approved by Riga Municipality, in 2009 14 Riga Central library branch libraries were optimized in order to create balanced network of Riga Central library branch libraries and easy accessible, modern multifunctional public libraries.

In 2009, there were 20 municipal cultural and recreation centers operating in Riga accounting 131 amateur groups (int. al. 26 children groups) with 4 617 participants, int. al. 93 children collectives with 4 185 participants. In 2009 there were 2 485 events organized in municipal culture centers which were visited by 424 thousand people. In September 1 of 2009, studies in 9 Riga musical and art schools started which were attended by 3 374 students. But out-of-school interest groups organized by Riga musical and art schools were attended by 797 students.

Within the Riga culture strategy Culture Department has administrated 18 Riga Municipality budget programs. Management and development of subordinate institutions was provided, realized project tenders, as well as various culture services were provided, what are necessary for various and diverse Riga inhabitants' cultural interests.

In order to promote the diversity of culture and accessibility and popularity of culture programs, as well as people participation in forming culture events, Riga Municipality financial support for realization of cultural projects was allocated on competition basis. In 2009, in competitions for the financing of cultural projects 71 projects with a total sum of 70 thousand lats were supported. Within the competition of Traditional culture projects, 71 projects with a total sum of 356 thousand

lats were supported in 2009, 10 of them were events organized by institutions subordinate to Culture Department, 12 were organized by Culture Department cooperation institutions and 49 were organized by other institutions. But within the competition of organization and co-financing cultural events 235 projects with a total sum of 89 thousand lats were supported.

In 2009, within special purpose program of Riga festivals for 2007-2009 from the 44 submitted and examined projects and the total requested sum of 946 thousand lats, 32 projects with a total sum of 170 thousand lats were supported. The most outstanding festivals, gathering great number of City inhabitants and visitors in 2009 were - International Music Festival “Rhythms of Riga”, International Folklore Festival “Baltica 2009”, International Contemporary Theater Festival “Homo Novus”, International Antique Car Gathering “Riga Retro”, International Baltic Ballet Festival, International Contemporary dance festival “Laiks dejot”, Untamed Music and Experimental Film Festival “Skanu mezs” etc.

Culture Department in cooperation with groups and even organizers in 2009 has organized 1 297 events in total, which were attended by 429 thousand people.

From July 9 to July 12 of 2009 XXII International Folklore Festival “Baltica 2009” took place in Riga – the most extensive and worldwide known traditional cultural event in the Baltic States, taking care about maintaining and development of nonmaterial cultural heritage. From August 5 to August 9 of 2009 VII International Folkdances festival “Sudmalinas” took place in Latvia. Festival events were located in Riga, Jurmala, Sigulda and Carnikava gathering participants from the South Korea, Russia, Moldova, Poland and Spain. The goal of International Folkdances festival “Sudmalinas” is to assemble dancers from Latvia and various other worldwide countries, who investigate and put into practice folkdance traditions in a free and creative manner.

“Festivity of Riga City” in 2009 was organized by Culture Department in cooperation with 48 event organizers. Riga City Municipality co-financing for this event was 90 thousand lats, but the greatest part of event budget was formed by sponsors, event supporters and cooperation partners financing. Celebration was attended by more than 100 thousand Rigans and City guests.

In 2009, Riga City for the 4th time took part in Europe's Cities forum White Nights, attracting 45 000 Riga guests and inhabitants.

In 2009 during festival “Shine Riga” 56 objects were illuminated attracting more than 200 thousand visitors.

In 2009, Culture Department continued successful Riga's representation in cooperation network of largest Europe Cities - EUROCITIES Culture forum. Among the most important international cooperation projects in 2009 should be mentioned Days of St. Petersburg in Riga in November of 2009, XXIX International



Hanseatic Days, which took place in Velikijnovgorod (Russia) in June, children and youth art school pedagogues' and students' creative workshops and exhibitions "Ice Age and Us" in Riga commonwealth city Pori (Finland) in September and October, as well as other events in Riga and other cities.

In 2009, there was application prepared to put forward Riga as candidate for status of Cultural Capital of Europe of 2014 and it was successfully presented in front of jury nominated by European Commission.

Development of largest cultural infrastructure objects in 2009

Due to finance shortage in Culture Department's program "Repair works" was closed in 2009. For this reason repair works were not performed in Culture Department's subordinate institutions – music and art schools, culture centers and libraries.

In cooperation with Finance Department, renovation was completed of a local importance architecture monument – building on Kronvalda Boulevard 8 and it was put into operation, where as of September 1 home for Professional Brass Band "Riga" was found and where J. Medina Riga 1. Music school students started their studies. In accordance with Riga Council resolution of 18.08.2009., two Riga's centre music schools – Riga 1. Music school and Jazepa Medina Music school united as Jazepa Medina Riga 1. Music school and moved to the new premises on Kronvalda Boulevard 8.

Additional premises were renovated and allocate to Juglas Music school in 2009, what gives an opportunity to increase the offered programs and to develop the educational process. In 2009, there was completed renovation project of Culture recreation centre complex and brought for coordination in Riga Municipality institutions, as well as development and coordination of project documents of Latgale Suburb multifunctional centre of culture and arts.

Activities in developing sports area

In 2009, Riga City Municipality supported different kind and level sports events and games. Riga Professional sports schools students have successfully participated in state importance and international contests and sports events.

The major municipal investment projects in recreation, culture and religion area:

- Reconstruction of building complex on Uzvaras Boulevard 10, Ojara Vaciesa Street 2;
- Reconstruction and renovation of buildings of M. Chehov Riga Russian theatre at Kalku Street 14, Kalku Street 16 and Kaleju Street 4.

Basic budget expense allocated to recreation, culture, and religion (k LVL)	2007 actual	2008 actual	2009 budget	2009 actual
Recreational and sports institutions and events	8 076.1	9 080.2	4 437.5	4 148.9
Culture	11 643.2	15 816.1	8 799.6	8 675.6
Other recreational, cultural, and religion-related services not classified above	2 301.5	8 651.5	4 948.9	4 366.4
Basic budget expense, int. al.	22 020.8	33 547.8	18 186.0	17 190.9
Investment	323.1	4 383.3	3 280.9	2 974.9
Special purpose budget expenses	4 816.0	2 790.8	4 472.3	4 366.1
Total	26 836.8	36 338.6	22 658.3	21 557.0



Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

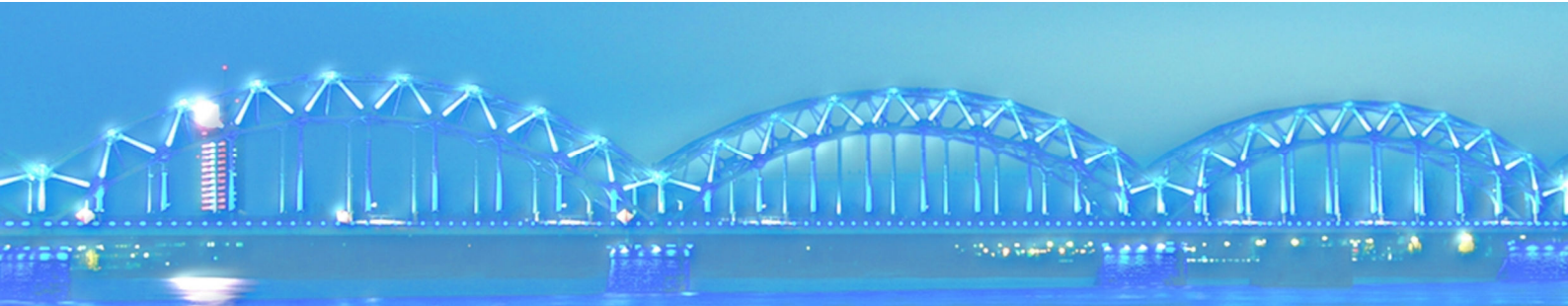
Program goals / results	Actual
Culture, encouragement for preservation of traditional cultural values, and development of national creative work (organizational and financial support to cultural institutions and events, support to preservation of cultural monuments, etc.)	
Basic budget	
<i>Goal:</i>	
Rendering of quality and modern library services to Riga City inhabitants, participation in international level library cooperation, as well as improvement of qualification of Riga Central library and branch libraries' personnel for work with visitors of different ages and persons with special needs	
<i>Results:</i>	
Number of libraries (united into common network and provided with free of charge internet)	28
Average cost of library operation (LVL)	79 906
Number of members (borrowers) (thousand)	67.4
Number of visits (thousand)	1 144.9
Average number of visits per member	17
Number of issues (thousands)	2 540.9
Average number of issues per one person a year	38
<i>I sub-goal:</i>	
Involvement of City inhabitants in processes of cultural events and creative leisure time activities, providing implementation of Riga Municipality's cultural policies function, thereby enable to retain the cultural heritage and national traditions, purposeful use and ensure the consecutiveness, as well development of cultural environment in each Riga district/suburb	
<i>Results:</i>	
Cultural centers / union of Riga City Municipality institutions	
Number of events organized by the cultural centers, int. al.:	2 596
events with free admission	1 148
number of events organized at cultural centers during state and traditional holidays	191
informative and educational events (lectures, seminars, conferences, etc.)	729
amateur concerts, performances, exhibitions	844
concerts, performances, exhibitions with participation of professionals	155
entertainment events	137
number of motion-picture shows	40
Total number of visits of events organized at cultural centers	5 291 123
Number of amateur groups, int. al.:	131
children's groups	26
Total number of participants, int. al.:	4 617
number of participants in children's groups	1 573
Number of visits per year	803 069
<i>II sub-goal:</i>	
Improve the cultural life of Riga with Professional and high level performance, participate in developing Riga as one of the musical centers in Europe – brass band "Riga"	
<i>Results:</i>	
Total number of concerts and performances	36
Concerts with free admission	21
Concerts with revenues	15
Number of visits per year	21 100
<i>Goal:</i>	
Provide inhabitants with a possibility of improving skills and talents in leisure time by participating in amateur art groups: choir, dance ensembles and folklore groups, amateur theaters, national applied arts studios, vocal ensembles, photo and motion picture studios for various age groups	
<i>Results:</i>	
Number of amateur performance groups per 1000 Rigans	19
Number of amateur concerts, performances and exhibitions	3 700
Total number of amateur groups in Riga, int. al.:	279
number of participants	13 150



Riga Municipality budget program 2009 goals, results, and financial performance*	Financial performance in 2009
Program goals / results	Actual
Number of amateur group leaders and specialists	565
<i>Goal:</i>	
Provide Riga City inhabitants and guests with a possibility of having a pleasant free time, enjoying arts, and mastering traditions and history of Latvian nation	
<i>Results:</i>	
Number of days of the biggest events (events with more than 10 000 participants) during state and traditional holidays, competitions, and festivals	35
<i>Goal:</i>	
Rendering of museum services to inhabitants, and preservation of museum displays of Latvian history of culture: Museum of Aleksandrs Caks, and Riga Porcelain Museum and Art Nouveau Centre	
<i>Results:</i>	
Number of visitors	23 615
Number of museum exhibits	10 564
Number of events and exhibitions exhibits	14
Number of excursions (guide services)	421
<i>Goal:</i>	
Provision of comprehensive cultural process in Riga City by executing Riga Cultural Policy conception program, int.al. promotion of arts and creative work of all type, preservation of cultural heritage and traditional culture, as well as provision of choice and accessibility of cultural values for wider society	
<i>Results:</i>	
Number of cultural project competitions announced by Riga City Council	1
Number of evaluated projects	609
Number of events supported in accordance with a resolution of Riga City Council Directorate of Culture commission for financing of events	294
<i>Goal:</i>	
Provide variety of festivals according to regulations of cultural policies issued by Riga City Council	
<i>Results:</i>	
Number of competition projects supported by Riga Festival program	32
<i>Goal:</i>	
Introduce the visitors of churches with the historical development of Riga construction, history of 13th century architectural monument of national importance St. Peter church, it's restoration, interior, int. al. use the tower for panoramic sightseeing of city, as well organize events of historical research and development of city, int. al. use rooms of buildings for cultural events	
<i>Results:</i>	
Number of organized events	92
Free of charge events	84
Events during State and traditional celebrations	10
Amateur concerts and exhibitions	11
Professionals' concerts and exhibitions	73
Number of visitors of organized events	32 987
Number of visitors per year	164 483
<i>Goal:</i>	
Involvement of City inhabitants in processes of cultural events and creative leisure time activities	
<i>Results:</i>	
Number of cultural and entertainment events organized by executive authorities	30
<i>Goal:</i>	
Preservation of Riga public monuments	
<i>Results:</i>	
Take possession of Riga public monuments (number of monuments)	3
Identification and registration of monuments: creation of monument passport (number of monuments)	35
Examination and projection of public monuments located in Riga for reconstruction (number of monuments)	2


Riga Municipality budget program 2009 goals, results, and financial performance*
Financial performance in 2009

Program goals / results	Actual
<i>Goal:</i>	
Maintenance of the Monument of Freedom and provision of coordinated events	
<i>Results:</i>	
Cleaning of the territory surrounding the Monument of Freedom (sq. m)	1 000
Upkeep of flower vases (number)	8
Care program for the Monument of Freedom, which involves cleaning of pedestrian walks and repair of joints (times per year)	1
Number of coordinated events at the Monument of Freedom	42
<i>Goal:</i>	
Upkeep of Riga warrior's cemetery and provision of coordinated events	
<i>Results:</i>	
Average upkeep costs of Riga warrior's cemetery ensemble, incl. upkeep of the Sacred fire, per day (LVL)	154
Upkeep of the lawn (sq. m)	39 205
Upkeep of hedge grows (m)	2 510
Upkeep of flowerbeds (sq. m)	1 900
Upkeep and cleaning of pedestrian walks (sq. m)	18 600
Number of coordinated events in Riga warrior's cemetery	7
Promotion of a healthy life-style	
Basic budget	
<i>Goal:</i>	
Provide Rigans with an opportunity to strengthen health, rationally utilize their leisure time, achieve results in sports according to their own capabilities and fitness, as well as promote the image of Riga as a sportive city	
<i>Results:</i>	
Number of events organized within the framework of national sports subprogram (city championships, youth championships, tournaments, cup games, veteran competitions, and other city-level national sports events)	80
Number of participants in these events	12 150
Sports activity subprogram for the disabled:	
Number of events (championships and other sports activities)	15
Number of participants in these events	550
Number of participants in international and state-level competitions (the president of Latvia cup games in track-and-field, international competitions in calisthenics "The Baltic Circle", international Riga City Council cup games in ball-room dancing)	4 890
Number of international events supported	13
Number of mass sports events	9
Number of participants in mass sports events	6 800
Number of participants in Riga teams of Latvia Winter and Summer Olympiads	840
Riga City mass sports events for students and Riga district/suburb inter-school event programs:	
Number of events	138
Number of participants in these events	16 100
Support program for Sport-school sports events:	
Number of events	20
Number of participants in these events	5 796
Support for children and youth long-term development programs in sports:	
Types of sports	9
Number of sports groups	14
Number of sportsmen	205
Number of coaches	11



Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

Utilization of forests and waters of public use

Goal:

Establishment and improvement of place for swimming and areas for leisure activities, cleaning and upkeep of territories

Results:

Established places for swimming and areas for leisure activities	6
Vecaki	
Beach area (km)	2,8
Cost of upkeep per 1km (k LVL)	30
Vakarbulli	
Beach area (km)	8
Cost of upkeep per 1km (k LVL)	6,2
Place for swimming within Riga Vidzeme Suburb area (Babelisa Lake, Velnezers, Dambjapurva Lake, Juglas Lake)	
Total length of lakeshores to be maintained (m)	4 802

*summary financial performance report



Economic activity

In 2009, 133 964,5 thousand lats from Riga Municipality basic budget, special purpose budget and investments were assigned for economical activities. Financing allocated for this sector were mainly utilized to provide effective and suitable for modern requirements public transport services for Rigans and City guests, as well as to other important measures for City environment.

The public traffic system of Riga City Municipality is providing services inhabitants of Riga City as well as for inhabitants of Riga and near Riga region. Riga municipal public transport network is well developed, and it provides traffic all around the city territory. At the end of 2009 Riga City Municipality public transport network was formed by:

- 53 bus routes with total length of 883 km, provided by 476 traffic buses;
- 9 tram routes with total length of 99,53 km, provided by 252 traffic trams;
- 20 trolleybus routes with total length of 168,1 km, provided by 303 traffic trolleybuses.

In 2009, a number of improvements in public transport route network were made: created bus route No. 32 and 34; bus route No. 10 elongated to Jaunmarupe, bus route No. 13 elongated to Babite station; bus route No. 12 shifted to the South Bridge, Krasta Street, offering an opportunity to close unprofitable bus route No. 17; closed unprofitable bus route No. 27.

Public transportation services in Riga City are provided by the Riga City Municipality LLC "Rigas satiksme". During the financial year Riga City Municipality transport system performed 3,5 millions of runs with a total amount of 169 millions of transported passengers.

During the financial year performed 3 500 651 runs with a total amount of 169 millions of transported passengers, 29,1% of them used discounts defined by State and Municipality and 14,8% passengers were transported free of charge. Compared with the previous year, the number of transported passengers reduced significantly – by 77 million passengers (by 31,3%). This reduction is a result of either economical factors or reduced number of employed inhabitants.

In 2009, Riga Municipality enlarged number of those inhabitant categories who have rights to use discounts in public transport of Riga City – transport discounts are applied to all the unemployed retired persons up to age of 75, pedagogues of Riga City Municipality comprehensive school, interests school, preschool, professional sports school and music and arts school institutions, who have main work in the institutions mentioned above.

During the financial year the services of public transport in Riga Municipality were provided by 476 traffic buses, 252 traffic trams and 303 traffic trolleybuses. 81% of buses and 70 % of trolleybuses were equipped with low floor and lifts for wheelchairs, providing accessibility of these vehicles for passengers with limited motor possibilities.

In 2009, there was continuous work implemented on improvement of public transport traffic schedule, based on current situation in city's traffic, as well as on suggestions of service recipients. In order to reduce transport expenses, which are covered by subsidies from the Riga Municipality budget, during the financial year "Rigas satiksme" performed audit of expense items, increasing the efficiency of the provided services.

In 2009, Riga City Council ordered reconstruction, renovation and construction of traffic buildings for total sum of 26,4 million lats, whereof the most important are:

- Finished reconstruction of bridge over the Jugla channel on Brivibas avenue, started in 2008 (object total expenses - 1 222 283 lats, construction area 2 252 sq. m). Finished reconstruction guarantees further maintenance of load carrying capacity of the bridge, durability, safe operation and traffic safety;
- Continued construction of Eastern main road crossing with Gaujas Street (extension of the existing Vairogu Street crossover), started in 2008. Construction of Eastern main road is gradual, stage by stage;
- Finished construction of pedestrian crossover on Karla Ulmana avenue at Beberkeu Street (total object construction expenses - 641 005 lats), started in 2008;
- Finished reconstruction tram railway track on 11. Novembra Krastmala Street (total amount of work performed during 2008-2009 was 1 493 012 lats, area - 3 599 sq. m), started on 2008.

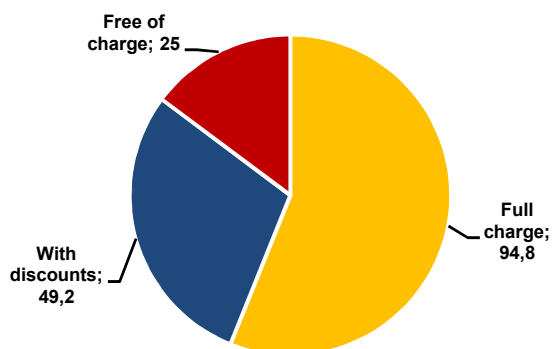
In 2009, reconstruction was started of Juglas Street from Bikernieku Street towards Lubanas Street, including the new direction access to Bikernieku Street from Kaivas Street with the existing locking-up with Bikernieku Street towards the City boundary (in 2009 there were 1 500 000 lats allocated from the Riga Municipality budget for this project), it is planned to complete the object in 2010.

In 2009, was continued construction of approaching roads to the South Bridge on the right bank side (South Bridge 2nd stage), what is planned to be completed in summer of 2011. The amount of construction works of the South Bridge 3rd stage from Bauskas Street to Ziepniekkalna Street in 2009 was for a total sum of 9 173 003 lats.

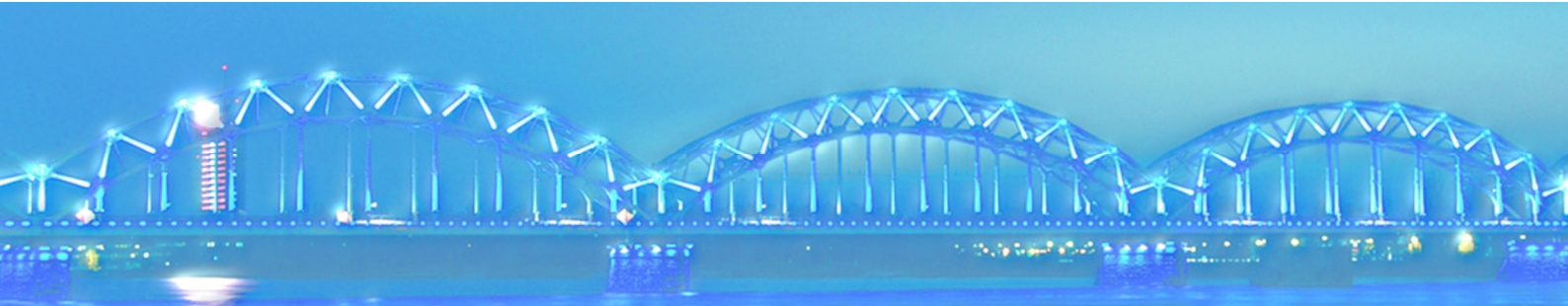
According to Riga City Municipality order, in 2009 there were construction of traffic lights as well as other traffic improvement projects and street paving reconstruction works performed for a total sum of 3 595 066 lats.



Passengers transported in Riga public transport in 2008 (MIL passengers)



Budget expense allocated to economic activity (k LVL)	2007 actual	2008 actual	2009 budget	2009 actual
Agriculture, forestry, fishery, and hunting	500.0	-	-	-
Mining, industry, and construction	638.8	1 574.8	5 090.3	3 496.2
Transportation	78 916.7	96 665.9	85 766.1	82 113.3
Other sectors	471.5	499.8	1 242.8	1 236.3
Other economic activity not classified above	3 539.1	9 562.5	3 498.9	3 478.3
Basic budget expenses, int. al.	84 066.1	108 303.0	95 598.1	90 324.1
Investments	3 738.8	7 687.6	19 761.3	16 847.3
Special purpose budget expenses	17 749.0	24 778.6	17 887.3	23 640.4
Total	101 815.1	133 081.6	113 485.4	113 964.5



Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

Program goals / results	Actual
Improvement of the administrative territory, and sanitary cleanness (construction, reconstruction and maintenance of streets, roads, and squares)	
Basic budget	
<i>Goal:</i>	
Ensure uninterrupted, comfortable, and safe traffic	
<i>Results:</i>	
Maintenance of street surfacing: repair of bumps (thousand sq m)	65.6
Prevention of street slipperiness in winter-time by use of anti-slipperiness materials, snow removal, swiping, dust removal, and swiping during summer-time (mil. sq. m)	9.8
Cleaning of public transportation stops (number)	1 315
Cleaning of greenery (thousand sq. m)	295.3
<i>Goal:</i>	
Ensure uninterrupted and safe traffic over bridges, crossovers, pedestrian tunnels, and fixated embankments, as well as ensure preservation of the above-mentioned buildings and structures	
<i>Results:</i>	
Regular inspection and maintenance of bridges, crossovers, and pedestrian tunnels (number of objects)	110
Regular inspection and daily upkeep of embankments (km)	38
Daily upkeep of metal barriers (km)	78
<i>Goal:</i>	
Ensure traffic organization in Riga City streets, controllable intersections, and pedestrian crossings	
<i>Results:</i>	
Maintenance of traffic lights systems (number)	313
Upkeep of controllable pedestrian crossings (number)	66
Upkeep of the traffic's "green wave" on streets (length in km)	18
Upkeep of road signs (number)	31 299
<i>Goal:</i>	
Ensure traffic organization in Riga City controllable intersections, pedestrian crossings and streets	
<i>Results:</i>	
Maintained horizontal road markings (sq m)	66 713
Ensure the visibility of road signs for pedestrian crossings, "zebra", int. al.: controllable intersections (number)	200
uncontrollable pedestrian crossings (number)	323
Ensured split of lanes on main streets and streets with considerable public transport traffic, int. al.:	4 900
<i>Goal:</i>	
Perform reconstruction works on streets with damaged surfacing and structures improving the quality of surfacing on pedestrian roads and carriageways	
<i>Results:</i>	
Reconstructed surfacing on carriageways (sq. m)	1 000
<i>Goal:</i>	
Ensure maintenance of internal driveways of residential areas, roads of public use, and maintenance of territories	
<i>Results:</i>	
Total area of road surfacing reconstruction and bump repair works (k sq. m)	34.4
<i>Goal:</i>	
Determine technical condition of artificial structures, by performing inspection in accordance with laws and regulations	
<i>Results:</i>	
Special inspections of traffic structures (bridges, crossovers, and pedestrian tunnels)	12
Street surfacing repairs (sq. m)	1 301.4
Prevention of street slipperiness by use of anti-slipperiness materials, collection and removal of snow during wintertime, and cleaning during summertime (sq. m)	90 583



Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

Program goals / results	Actual
Waste removal (cu. m)	580.5
Maintenance of Grečinieku Street tunnel	1
<i>Goal:</i>	
Provide pedestrians with uninterrupted and safe traffic in pedestrian tunnels, and preservation of tunnel structures by performing daily upkeep works	
<i>Results:</i>	
Cleaning of tunnel flooring and stairs surfacing, and strewing with anti-slipperiness material, removal of snow during wintertime, and cleaning during summertime (number of tunnels)	4
<i>Goal:</i>	
Perform reconstruction works of streets with damaged surfacing and structures by improving the quality of surfacing on pedestrian roads and carriageways	
<i>Results:</i>	
Reconstructed street surfacing (sq. m)	164 807
Reconstructed surfacing of pedestrian walks (sq. m)	32 932
Construction and city development	
Basic budget	
<i>Goal:</i>	
Provide development and implementation of territory planning, detail-plan and their modifications, supervise accordance of construction processes with law, preparation and administration of projects	
<i>Results:</i>	
Administration of detail-planning	37
Development of territory planning	1
Preparation and issue of certificates on utilization of a land-lot (number)	2 687
Preparation of application for international projects	7
Representation of the City in international events	4
<i>Goal:</i>	
Form a good quality city environment and provide construction control and competence, int. al. provide accordance of construction processes with law in Riga in line with territory planning, construction regulations and other legislations	
<i>Results:</i>	
Clients served	76 675
Planning and architectural tasks for construction projects and tasks for development of land-utilization projects	1 753
Number of examined construction and land-utilization projects	4 011
Construction permits	4 226
buildings put into operation	976
Inspected objects	5 044
<i>Goal:</i>	
Increasing of Riga City architectural quality and development of society awareness of architectural matters	
<i>Results:</i>	
Number of plenary sessions and conferences organized	16
Number of city development projects/proposals created	4
Number of events aimed at informing the society on architectural processes in Riga	14
Utilization of forests and waters of public use	
Special purpose budget	
<i>Goal:</i>	
Management of fish resources in water bodies of administrative territories of Riga City (according to agreement protocol between National board of fisheries of Ministry of Agriculture and Riga City Municipality) – conclude a lease agreement with fishing artels, enterprises for commercial fishing rights and fishermen, who are dealing with fishing for own use, issue of special permissions (licenses) to enterprises registered in Latvia as well as sole traders, fishing artels and farms and co-op companies for commercial fishing in water reservoirs within administrative territory of Riga	
<i>Results:</i>	
Average number of lease agreement s for commercial fishing rights concluded with individuals and legal entities per year	42
Issued special permissions (licenses) for commercial fishing rights	3



Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

Program goals / results	Actual
Tourism	
Basic budget	
<i>Goal:</i>	
Development of tourism sector in Riga	
<i>Results:</i>	
Service at Riga Tourism Coordination and Information Centre (number of tourists)	158 398
Participation in international projects	1
Participation in international fairs	22
Signing cooperation agreements	88
Cooperation with mass media	17
Prepared for publishing sorts of printing materials	6
<i>Goal:</i>	
Enable cooperation in tourism between Riga and Warsaw, provide distribution of information in Warsaw about tourism and recreation opportunities in Riga and Latvia	
<i>Results:</i>	
Service at Warsaw Tourism Coordination and Information Centre (number of tourists)	6 281
Participation in international fairs	5
Signing cooperation agreements	2

*summary financial performance report



Public order and security

In 2009 from the Riga Municipality basic budget and special purpose budget there were 10 375,00 th lats in total allocated to public policy and security purposes.

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

In 2009, the Riga Municipality Policy officials secured public order in 113 mass gathering events, including State Holidays of the Republic of Latvia, visits of foreign delegations, events, pickets, gatherings and meetings, street processions, sports games and recreation events, organized by Riga Municipality. Apart of fulfilling the direct duties related to ensuring public order and offence prevention, informative and educational activities were performed. In order to provide security for City guests, in cooperation with foreign embassies and Riga Tourism Coordination and Information Center Tourism Department was established in 2009. To inform City inhabitants, a new Riga Municipality Policy internet site was created and created and maintained Twitter and Youtube accounts in 2009.

Budget expenses allocated to public order and security (k LVL)	2007 actual	2008 actual	2009 budget	2009 actual
The police	9 452.6	10 138.9	9 268.9	9 231.6
The court and prosecutor's offices	1 109.9	1 339.0	993.2	985.1
Basic budget expenses, int. al.	10 562.5	11 477.9	10 262.1	10 216.7
Investments	44.2	5.9	-	-
Special purpose budget expenses	206.8	26.0	196.2	158.3
Total	10 769.3	11 503.9	10 458.3	10 375.0

* In 2007, custody courts and parish courts were shown under function "Social Security"



Riga Municipality budget program 2009 goals, results, and financial performance*

Financial performance in 2009

Program goals / results	Actual
Provision of public security	
Basic budget	
<i>Goal:</i>	
Provide public order, security of inhabitants and City guests, protection of their legal interests, create safe environment for children	
<i>Results:</i>	
Number of persons having used police services (incl. City guests)	717 371
Number of Police rendered services (mass events serviced, administrative practice, arrests, raids, underwater operations, rescue operations, intervention upon the request of inhabitants, etc.)	202 737
Police response time: arrival of patrol at the scene (min)	25
Number of police officers at service each day (on streets etc. public space)	251
Cases of guardianship, trusteeship, and adoption, as well as issues related to foster families	
Basic budget	
<i>Goal:</i>	
Ensure in accordance with the competence of Riga Orphans' Court children's rights protection in cases, when parents are not able to or cannot ensure it, and facilitate children's right to grow up and develop in a safe environment: family	
<i>Results:</i>	
Total decisions made:	3 397
Care matters	2 656
Adoption matters	248
Disagreement matters	229
Property matters	411
Claims initiated:	1 883
Care matters	1 196
Adoption matters	108
Disagreement matters	290
Property matters	289
Participation in courts:	1 775
Care matters	858
Adoption matters	95
Disagreement matters	729
Property matters	93
Total inspections:	5 037
Care matters	4 271
Adoption matters	517
Disagreement matters	352
Property matters	85
Preparation and issue of guardianship and social guarantee certificates	1 531
Number of advice of a psychologist and mediator	2 352

*summary financial performance report

Independent Auditor's Report

Riga City Council:

Report on the financial Statements

1. We have audited 2009 consolidated financial statements of the Riga City Council that are prepared in accordance with Regulation No.1193 issued by the Cabinet of Ministers of the Republic of Latvia "Regulation on preparation of annual reports" and accounting policies of Riga City Council described in these financial statements. Financial statements of municipal enterprises and Riga Free Port Authority are not consolidated in these consolidated financial statements. Management is responsible for the preparation and fair presentation of these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit. In our auditors' report dated 8 April 2010, we expressed a qualified opinion as described in paragraphs 1b1 to 1b4 below.

a) Except as described in *Basis for qualified opinion* paragraphs, we conducted our audit in accordance with the International Standards on Auditing.

b) Basis for qualified opinion:

1) During 2009 the Riga City Council has recognized previously unrecognized land, which is owned and attributable to the municipality, based on information from State Real Estate Cadastral Information System, as required by the Regulations No.867 issued by the Cabinet of Ministers of the Republic of Latvia "On accounting of budgetary institutions". The Riga City Council continues to register this land, as well as buildings in the Land Register. As a result of this process, the Riga City Council makes adjustments in property value and determines ownership of the properties with previously unclear ownership. Therefore, it is expected that the value of the property during subsequent periods will be adjusted as previously not recognised buildings will be recorded and the values of land attributable to the municipality will be clarified. We were not able to determine the amount of adjustments which might be necessary as of 31 December 2009.

2) Fixed assets reported in the balance sheet of the Riga City Council as of 31 December 2009 include residential buildings involved in privatization process with net book value of LVL 19,5 million. According to Regulations No.867 issued by the Cabinet of Ministers of the Republic of Latvia "On accounting of budgetary institutions", if the value of non-current asset on the reporting date is lower than its book value, the book value of this asset should be decreased to the lower value. As part of the value of the above mentioned properties will be recovered by receiving privatisation certificates, which will not provide any cash inflows for the municipality, there is a possibility that the fair value of future

cash flows from privatisation will be lower than the book value as of 31 December 2009. As currently the Riga City Council is unable to determine the recoverable amount of these properties, we were not able to determine the amount of potential impairment loss.

3) Fixed assets reported in the balance sheet of the Riga City Council include forests in the amount of LVL 11 million. According to Regulations No.867 issued by the Cabinet of Ministers of the Republic of Latvia "On accounting of budgetary institutions", when stocktaking of forests is performed according to Forest Law, the book value of forests should be updated according to State Forest Register data. We were not able to determine whether the value of forests in the balance sheet of the Riga City Council is updated based on State Forest Register data.

4) In 2009 and also in previous years structural units of Riga City Council have used foreign grants for financing of construction and acquisition of non-current assets and recognised grants as revenue in the period when the grant was received. According to the Regulations no.867 issued by the Cabinet of Ministers "On accounting of budgetary institutions", foreign grants which have been received for the purpose of purchase or construction and acquisition of non-current assets should be initially recorded as deferred income and recognized in the statements of revenues and expenses over the useful life of the respective assets. Had the foreign financial assistance been accounted for in compliance with the above Regulations, the budget execution result of the Riga City Council for the current year and the previous years would have been smaller, while the deferred income presented in the balance sheet would have been larger.

Considering that the foreign financial assistance was not reported correctly in 2009 and in the prior years, we were not able to determine the amount of potential adjustments and estimate the effect of such adjustments on the balance sheet caption Deferred income, Equity, and the Result for the current year.



c) Qualified opinion

In our opinion, except for the possible effect on the financial statements of the matters referred to in the *Basis for qualified opinion* paragraphs, the financial statements referred to above give a true and fair view of the financial position of the Riga City Council as of 31 December 2009 and its financial performance and its cash flows for the year then ended in accordance with the Regulations No.1193 issued by the Cabinet of Ministers of the Republic of Latvia "Regulation on preparation of annual reports" and accounting policies described in these financial statements.

d) Emphasis of matter

Without qualifying our opinion, we draw attention that during 2009 the Riga City Council recognized previously unrecognized land owned and attributable to the municipality according to State Real Estate Cadastral Information System data, by recognizing assets and revenue for the year in the amount of LVL 304 million LVL.

Without qualifying our opinion we draw attention to the Northern Crossing project realisation. As of 31 December 2009 the project costs in the amount of LVL 5,8 million are capitalised as "Unfinished construction". These costs mainly relate to impact

on environment assessment, economical and technical feasibility studies and sketch design. Considering the current economic conditions in Latvia there is a significant uncertainty related to timing and/or realisation of the project. There were no adjustments in financial statements related to this uncertainty.

2. Riga City Management is responsible for the preparation and fair presentation of these condensed consolidated financial statements set out on pages 67 through 82. Our responsibility is to express an opinion on these condensed consolidated financial statements based on our audit. In our opinion, the above mentioned condensed consolidated financial statements in all material aspects correspond to 2009 complete consolidated financial statements of the Riga City Council, on the basis of which 2009 condensed consolidated financial statements of the Riga City Council were prepared. To obtain more complete view of the financial position of the Riga City Council as at 31 December 2009, and of the results of its operations for the year then ended, the above mentioned condensed consolidated financial statements should be considered together with 2009 complete consolidated financial statements of the Riga City Council, on the basis of which 2009 condensed consolidated financial statements of the Riga City Council were prepared, and the respective auditors' report.

Deloitte Audits Latvia SIA
License No. 43

Hendrik Kramer
Authorized Representative

Riga, Latvia
4 June 2010

Inguna Stasa
Sworn auditor
Certificate no. 145

Riga Municipality Financial Statements (summary)

Riga Municipality Summary Balance Sheet	31.12.2008. (k LVL)	31.12.2009. (k LVL)
Assets:	1 953 618.1	2 364 899.7
Long-term assets	1 836 018.0	2 281 103.1
Intangible assets	7 003.1	5 352.1
Tangible fixed assets	1 477 792.5	1 880 064.6
Financial investments	351 222.3	395 686.4
Current assets	117 600.1	83 796.6
Inventory	7 179.0	4 593.6
Accounts receivable	13 584.1	14 727.1
Prepaid expenses	4 913.3	2 842.2
Securities and short-term investment in equity capital	4 962.6	5 676.6
Cash and cash equivalents	86 961.1	55 957.1
Liabilities:	1 953 618.1	2 364 899.7
Equity	1 604 365.4	1 915 553.0
Reserves	135 840.9	130 080.2
Retained budget surplus for the prior financial year	1 297 540.6	1 468 524.5
Budget surplus for the financial year	170 983.9	316 948.3
Provisions	330.3	1 826.6
Liabilities	348 922.4	447 520.1
Long-term liabilities	296 191.6	400 754.0
Long-term borrowings	99 788.2	91 431.8
Long-term liabilities to suppliers and contractors	163 450.6	228 807.9
Long-term accrued liabilities	12.3	32 485.9
Long-term deferred income	863.4	0.7
Other long-term liabilities	32 077.1	48 027.7
Current liabilities	52 730.8	46 766.1
Current liabilities and current part of long-term liabilities	1 797.7	9 618.9
Current liabilities to suppliers and contractors	15 651.3	12 962.2
Current liabilities for prepayments received	269.1	303.9
Current accrued liabilities	18 194.7	15 186.2
Wages and deduction payments (excluding taxes)	6 515.0	2 607.1
Taxes and social security payment	4 914.2	2 122.4
Other Current liabilities	3 713.1	2 912.0
Deferred income	1 675.7	1 053.4
Off-balance assets and liabilities:		
Off-balance assets	32 673.3	35 710.5
Off-balance receivables	1 671.3	1 566.8
Off-balance liabilities	644 443.9	535 564.4
Future liabilities	621 410.6	510 097.3
Warrants issued	15 523.6	13 721.3
Other off-balance sheet liabilities	7 509.7	11 745.8

Income Statement (Basic budget)	2008	2009
Accrual basis	(k LVL)	(k LVL)
Total revenues	665 048.7	782 720.1
Total tax revenues	395 326.0	303 736.7
Personal income tax	351 311.8	259 357.7
Property taxes	39 655.9	41 360.7
int.al. real estate tax on land	14 881.5	41 062.0
int.al. real estate tax on buildings and structures	24 782.5	298.7
Other tax revenues	4 358.3	3 018.3
Total non-tax revenues	144 470.8	380 527.6
Government and municipality fees, transferred to municipal budget	406.1	388.8
Revenues from paid services provided by public institutions	59 228.0	26 493.7
Other non-tax revenues	84 836.7	353 645.1
Total tax and non-tax revenues	539 796.8	684 264.3
Payments from state basic budget	113 481.3	98 455.8
Earmarked subsidies for municipal budgets	92 673.9	82 955.1
int.al. revenues in municipal budget from public institutions on capital expenditures	170.0	11 385.8
Subsidies for municipal budgets	20 807.4	10 172.6
Other state budget transfers	-	5 328.1
Municipal budget transfers	11 770.6	-
Total expenses	575 895.2	496 098.5
Expenses by government function*		
General governmental agencies	134 533.7	141 874.2
int.al. deposits to municipal cohesion fund	52 583.2	48 791.1
Public order and security	11 423.6	9 327.9
Economic activity	108 162.7	108 719.5
Environment protection	3 058.3	1 310.6
Municipal territory and housing management	27 457.0	15 529.6
Health care	12 757.5	2 133.5
Recreation, culture, and religion	28 783.7	18 647.6
Education	192 827.7	158 357.0
Social security	56 891.0	40 198.6
Budget surplus or deficit	89 153.5	286 621.6

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



Income Statement (Special purpose budget)	2008	2009
Accrual basis	(k LVL)	(k LVL)
Total revenues	147 959.2	83 284.8
Tax revenues	375.8	277.9
Non-tax revenues	115 333.6	62 227.6
Paid services and other own revenues	6 345.1	3 199.5
State budget transfers	25 904.7	17 579.8
int.al. earmarked subsidies for Road (street) Funds	15 269.1	6 061.4
int.al. earmarked subsidies for regular traffic	7 501.1	9 957.3
Total expenses	66 615.6	53 071.2
Expenses by government function*		
General governmental agencies	29 850.4	23 735.1
Public order and security	11.7	66.4
Economic activity	31 897.3	21 762.2
Environment protection	970.3	713.7
Municipal territory and housing management	2 933.6	6 352.5
Health care	64.2	-
Recreation, culture, and religion	508.7	286.6
Education	147.9	18.5
Social security	231.5	136.8
Budget surplus or deficit	81 343.7	30 212.9

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

Income Statement (Basic budget)	2008	2009	2009
Cash flow basis	actual	budget	actual
	(k LVL)	(k LVL)	(k LVL)
Total revenue	554 698.5	407 518.9	433 070.8
Total tax revenue	394 682.8	285 830.0	300 635.0
Personal income tax	351 948.1	245 959.6	258 985.8
Property taxes	38 376.4	36 870.4	38 630.9
int.al. real estate tax on land	14 210.2	-	16 385.0
int.al. real estate tax on buildings and structures	24 166.2	-	22 245.3
Other tax revenue	4 358.3	3 000.0	3 018.3
Total non-tax revenue	45 890.0	34 240.6	45 459.1
Government and municipality fees, transferred to municipal budget	353.3	310.0	388.8
Revenue from paid services provided by public institutions	36 229.7	28 221.5	25 224.7
Other non-tax revenue	9 307.0	5 709.1	19 845.6
Total tax and non-tax revenue	440 572.8	320 070.6	346 094.1
Payments from the state basic budget	114 125.6	87 448.3	86 976.7
Earmarked subsidies for municipal budgets	93 171.6	72 509.7	71 569.3
int.al. revenues in municipal budget from public institutions on capital expenditures	170.0	-	-
Subsidies for municipal budgets	20 954.0	14 938.6	9 701.6
Other state budget transfers			5 705.8
Total expenses	539 445.3	446 402.7	427 273.8
Expenses by government function*			
General governmental agencies	95 773.4	77 748.9	75 603.6
int.al. deposits to municipal cohesion fund	52 583.2	-	47 171.6
Public order and security	11 477.9	10 262.1	10 216.7
Economic activity	108 303.0	95 598.1	90 324.1
Environment protection	3 605.7	1 348.8	1 203.2
Municipal territory and housing management	26 267.5	15 188.2	12 596.1
Health care	12 422.6	5 918.4	5 904.6
Recreation, culture, and religion	33 547.8	18 186.0	17 190.9
Education	189 215.1	178 702.0	172 818.9
Social security	58 832.3	43 450.2	41 415.7
Cash and cash equivalents at the beginning of the year	39 503.7		57 221.2
Cash and cash equivalents at the end of the year	57 221.2		55 737.2

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



Income Statement (Special purpose budget)	2008	2009	2009
Cash flow basis	actual	budget	actual
	(k LVL)	(k LVL)	(k LVL)
Total revenues	52 069.6	25 597.9	25 831.9
Tax revenues	375.8	370.0	277.9
Non-tax revenues	20 751.1	6 325.5	4 460.0
Paid services and other own revenues	5 037.8	3 826.7	3 514.2
State budget transfers	25 904.7	15 075.8	17 579.8
int.al. earmarked subsidies for Road (street) Funds	15 269.1	-	6 061.4
int.al. earmarked subsidies for regular traffic	7 501.1	-	9 957.3
Total expenses	54 780.1	43 719.0	55 288.3
Expenses by government function*			
General governmental agencies	9 814.0	7 061.0	10 995.6
Public order and security	26.0	196.2	158.3
Economic activity	24 778.6	17 887.3	23 640.4
Environment protection	929.9	538.0	716.4
Municipal territory and housing management	4 110.1	1 651.9	4 130.5
Health care	57.6	-	1.5
Recreation, culture, and religion	2 790.8	4 472.3	4 366.1
Education	11 356.2	11 127.7	10 729.2
Social security	917.0	784.6	550.3
Cash and cash equivalents at the beginning of the year	32 167.0		29 456.4
Cash and cash equivalents at the end of the year	29 456.4		0.0

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



Income Statement on donations and endowments	2008	2009	2009
Cash flow basis	actual	budget	actual
	(k LVL)	(k LVL)	(k LVL)
Total revenues	269.1	2 279.7	415.7
Donations and endowments by legal entities and individuals	269.1	2 279.7	415.7
Donations and endowments to education	195.0	593.3	318.6
Donations and endowments to social aid	2.6	10.3	17.9
Other donations by legal entities and individuals	71.5	1 676.1	79.2
Total expenses	416.9	2 525.0	479.9
Expenses by government function*			
General governmental agencies	27.9	48.0	23.7
Public order and security	-	3.0	-
Economic activity	101.8	1 405.6	
Municipal territory and housing management	23.0	20.5	15.6
Recreation, culture, and religion	0.9	237.1	44.0
Education	260.5	787.1	377.9
Social security	2.8	23.7	18.7
Cash and cash equivalents at the beginning of the year	431.3		283.5
Cash and cash equivalents at the end of the year	283.5		219.3

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

Terms of Riga Municipality Consolidated Financial Statements preparation

General terms of financial statement preparation and accounting

Riga Municipality (hereinafter, referred to also as Municipality or City Council) summary (consolidated) financial statements for 2009 have been prepared in accordance with the Cabinet of Ministers Regulations No.1193 issued on 20.10.2009 "Regulations on Preparation of Annual Reports". The reporting period is 12 calendar months, starting from 01.01.2009 till 31.12.2009.

The summary (consolidated) financial statements for 2009 are prepared in accordance with accruals and the going concern principles and are prepared according to the requirements specified in the accounting policies of the Riga City Council and the laws and regulations of the Republic of Latvia. The financial statements provide information on the financial activities of Riga Municipality in 2009 and recording of liabilities and expenses, and can be used for development of financial policy and in decision-making during the planning and execution of the basic and special purpose budgets revenues (classified by their type) and expenditures (in line with the budget programs administered by the Riga City Council executive authorities) according to the cash flow basis and the accrual basis.

Estimate

Accounting estimates are assumptions made by Riga City Council that are based on available information. Estimates are related to provisions, account receivables, useful life of assets, provisions, estimated costs of legal proceedings and other assumptions used in preparation of financial statements. Items in assets and liabilities are evaluated separately. All items that have a significant impact on the annual report users' assumptions and decision-making are reflected in the annual report separately. All anticipated risk amounts and losses originated during the financial year or previous years have been taken into account, even if they have been discovered during the period after the balance sheet date and before approval of this annual report. Estimates are revised, if the conditions they have been based upon have changed, new information acquired, knowledge accumulated or future development activities performed.

The change of accounting estimates is recorded in the reporting period, if the change is related to that particular period, or in the reporting period and the following periods, if the change is related to the following periods. Changes are recognized in the same income and expense accounts, where estimates were initially recorded.

Principles of consolidation

The consolidated annual report of Riga Municipality is prepared by consolidation of annual reports of Municipal institutions and including annual reports of public persons that are partially financed from the Municipal budget.

The annual reports of institutions that are included in consolidation are prepared on the same reporting date and by using one and the same accounting principles and the same evaluation guidelines.

Budget execution reports presented by each budget institution are used as basis for the consolidated budget execution report. The budget execution report is consolidated by budget types by combining respective revenue and expense items, excluding all transfers and mutual payments, which one institution has paid to another institution being involved in consolidation of a respective budget type.

The principles of Riga Municipality consolidated annual report's preparation are not applied on consolidation of financial investments in limited liability companies.

Revaluation of foreign currency

All transactions performed in foreign currencies have been converted into lats based on the Bank of Latvia official currency exchange rate on the respective day of the transaction. Balances in foreign currencies (if other than lats) are revaluated according to the Bank of Latvia official currency exchange rate effective on the last day of the financial year and recognized by Riga municipality as financial revenue or expense from currency exchange rate fluctuations.

Revenues

Riga Municipality's revenues from personal income tax, natural resources tax, gambling tax, fixed statutory or municipality fees and subsidies assigned by the state (earmarked subsidies) are recognized on cash flow basis at the day of their receipt. At the end of taxation period the Municipality adjusts initially recognized operating revenues by the unused amount of the assigned state budget (closed budget assignments).

Revenues from real estate tax are recognized on cash flow basis. At the end of year information about real estate tax administration is reflected in balance sheet based on accrual basis.

Revenues from paid municipal services that are received at the places where these services are provided by using cash registers, acknowledgement of transaction receipts or POS terminals are recognized on cash flow basis.

All other revenues are recorded by Riga Municipality on accruals basis and recognized in period of their occurrence, regardless of cash receipt or payment. Revenue adjustments are made by Riga Municipality only within the reporting period. The accounting errors and inaccuracies related to the previous periods and effects of changing the accounting policies are recorded as reporting period's revenue adjustments.



Revenues of Riga Municipality are accounted according to the requirements of regulative acts specifying budget classifications.

Revenues in foreign currencies are recognized in lats on the day of their recognition. Revenues arising on currency exchange rate fluctuation on the day of their recognition and payment receipt are recorded as financial revenue or expenses from exchange rate difference.

Revenues from providing services are recorded excluding value added tax and discounts that are directly attributable to provision of these services.

Riga Municipality recognizes operating revenues and receivables at the day of issuing the non-tax revenue invoice. Neither asset, nor liabilities are recognized by the Municipality, if a non-tax revenue prepayment invoice is issued.

Riga City Council accounts donations, endowments and legacies in the respective asset group by recognizing revenues and (or) deferred income from donations and endowments at value that is either specified in documents related to receiving the donation or endowment, or the respective donations, endowments and legacies are evaluated.

Riga Municipality records receivable fines (overdue fees) in off-balance, starting from the day when the Municipality has legitimate rights to surcharge, and recognizes in the balance sheet – on the day, when the surcharge is truly feasible. Consequently, the received fine is accounted as revenue on the day, when it is transferred into bank account of the Municipality.

Interest revenues and commitment fee revenues for unused loan amount according to the concluded loan contracts are accounted in loan currency on accrual basis, with operating revenues recognized at the period of gain, apart from the period of receipt (accrued commitment fees and interest revenues). At the day of receiving the payment they are attributed to previously accrued interest and commitment fee revenues.

Expenses

Riga Municipality recognizes the payments of state duties and social benefits on cash flow basis as expenses, while all other expenses are accounted on an accrual basis and recognized at period, when they have incurred, regardless from money transfer or receipt.

Expense adjustments are made by Riga Municipality only within the reporting period. The accounting mistakes and inaccuracies found from the previous periods and effects of changing the accounting policies are recorded as reporting period's expense adjustments

Expenses of Riga Municipality are accounted according to the requirements of regulative acts specifying budget classifications by grouping expenses according to their economic substance.

Long-term assets

Riga Municipality recognizes a fixed asset on the day, when all risks and economical benefits from that asset are transferred to the Municipality, and its initial cost exceeds LVL 150.00 per unit. Fixed assets are initially recognized at their acquisition or completion (production) cost that includes cash (or cash equivalent) paid for acquisition or completion of the fixed asset and all expenses that are directly attributable to the acquired asset until the day it is put into operation. Riga Municipality recognizes fixed assets, when it is believed that they will be used for supporting operations, administrative purposes, providing services, goods manufacturing (delivery) or renting, and their utilization period exceeds 12 months from putting into use (operation) and their costs could be reliably measured.

Investments

Several Municipal institutions could be involved in realization of Riga Municipality investment projects. The co-ordination of such projects accounting in separate Municipal accounting units is defined in Riga City Council internal regulative acts. The expense types (capitalization or maintenance costs) are evaluated during the realization of an investment project and the investment object itself is recognized in accordance with long-term investments accounting policy.

Intangible assets

Riga Municipality recognizes an intangible asset on the day, when all risks and economic gains from asset are transferred to the Municipality. Intangible assets are initially recognized at their acquisition or completion (production) cost that includes cash (or cash equivalent) paid for acquisition or completion of the intangible asset and all expenses that are directly attributable to the acquired asset until the day it is put into operation. Riga Municipality recognizes intangible assets, when it is certain that they will be used for supporting operations, providing services or renting, and their expected utilization period exceeds 12 month from putting into use (operation) and their costs can be reliably measured.

The cost of development and investment projects documentation preparation are included in income statement, if during the following two years after the documents preparation the realization of development and investment project has not started.

In the financial statements of Riga Municipality (hereinafter, balance sheet) intangible assets are recorded at their book (residual) value by deducting the accumulated depreciation and impairment loss, if applicable, from the acquisition (initial) value of the intangible asset.

Costs that improves the condition of an intangible asset (the improvement or renewal) during its useful utilization period or significantly changes the characteristics of the intangible asset in comparison with the previous value indices, Riga Municipality records in the book value of the intangible asset (i.e. cost capitalization).



Riga Municipality includes the capitalized costs in book value of an intangible asset thus increasing the book value of that intangible asset. Effective next month, depreciation (amortization) is calculated based on the asset's new book value.

Intangible assets depreciation (value write-off) is calculated according their expected useful utilization period, their initial value systematically divided over the periods, recorded as accumulated depreciation and recognized in operating expenses of the reporting period. In Riga Municipality the expected useful utilization period is set by a commission that is organized by Head of respective Municipal institution.

For intangible assets that are acquired by Riga Municipality under conditions of financial leasing, amortization is calculated according to rules that are applied to the similar assets of the same group owned by the Municipality.

Intangible assets that are acquired on the basis of operative leasing, Riga Municipality records in off-balance assets.

Fixed assets

In the balance sheet of Riga Municipality fixed assets are recorded at their book (residual) value by deducting the accumulated depreciation and decrease in value, if applicable, from the acquisition (initial) value.

Costs that improve the condition of a fixed asset (the fixed asset's reconstruction, improvement or renewal) during its useful utilization period or significantly changes the characteristics of the fixed asset in comparison with the previous value indicators, are included in the book value of fixed asset (capitalized). The capitalized costs of the Municipality are evaluated based on their economical substance instead of economical category of budget expenses classification for cash flow preparation purpose.

Riga Municipality includes the capitalized costs in book value of a fixed asset thus increasing the book value of that fixed asset. Effective next month, depreciation (amortization) is calculated on basis of the asset's new book value.

By making capital investments in real estate that is owned by state or municipality and given in charge of state or municipal limited liability companies, Riga Municipality increases their initial value by the amount of state or municipality capital investment share. Capital investments made by limited liability companies in real estate that are given in charge of them are not registered in the balance sheet of Riga Municipality.

Periodic or regular change of completing parts of fixed asset Riga Municipality recognizes in operating expenses. Similarly, the costs related to sustaining or maintaining the current condition of fixed assets, or repairing and maintaining fixed assets are recognized as operating expenses of the period, when they have arisen.

Land

The land plots owned by Riga City are reflected in the balance sheet at their cadastral value, which is specified by the State Land Service. Purchased (acquired) land plots are booked in the balance sheet at their cost of acquisition formed by the cash paid, its equivalent or other form of compensation, including all the costs incurred in association with the acquisition.

When splitting or joining land plots or changing the purpose of their use, cadastral values of the plots are reconsidered, and changes are recognized in the bookkeeping.

Buildings and structures

Riga Municipality fixed assets also comprise dwelling and non-dwelling houses, buildings and other structures, such as streets, bridges, crossovers etc. (hereinafter – buildings and structures). Buildings and structures that are functionally united and which cannot be used separately are recognized as one single asset.

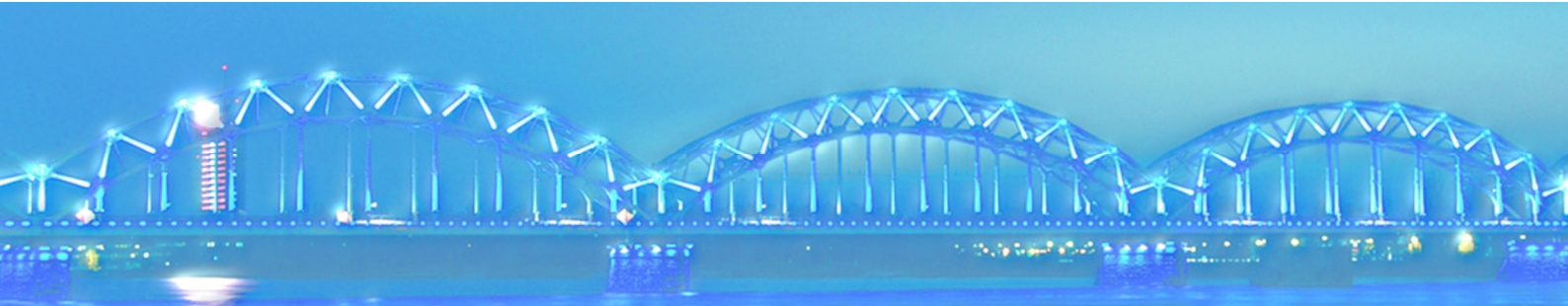
When performing registration of real estate in the Land Register on the name of the Riga City, new building cadastral surveys are ordered and prepared. Thus, changes in real estate book values are made in accordance with the new inventory or cadastral value simultaneously arranging the property structure. Real estate valuation is performed by the State Land Service specialists, which approve the value of real estate reflected in the stocktaking acts.

On the basis of Riga inhabitants' and legal entities' applications, real estate objects located in the administrative territory of Riga are regularly inspected. For a part of such inspected property legal ownership status and building legitimacy cannot be clearly identified. Objects, identified during such inspections and possibly owned by Riga City, are included in the balance sheet. The inspection process will be completed, once legal ownership of completely all real estate objects located in Riga administrative territory will be identified and respective records registered in the Land Register.

Significant part of the municipal dwelling houses is undergoing the speeded-up privatization process. Currently all the buildings, for which the privatization process is yet not completed, are registered in the balance sheet of Riga Municipality.

Accounting for streets, bridges, and crossovers

The accounting for streets, bridges, and crossovers is performed by on object basis by Riga City Council Transport Department, recording investment resources allocated to reconstruction and renovation on each respective infrastructure object (street, bridge, or crossover). Gradually, in order to arrange the accounting for traffic infrastructure objects, the actual value of objects is identified within the framework of the existing financing. In 2008 revaluation of all streets, bridges, and crossovers was performed, thus identifying their fair value in accordance with values identified by an independent valuator at the moment of the valuation.



There was no revaluation of streets, bridges, and crossovers performed in 2009, except for the reconstructed 57 streets and 3 bridges, resulting in prolongation of their useful life. In December, 2009 the 1st stage of the South Bridge and its access roads were transferred from the Riga City Council Development Department to the fixed assets in balance sheet of Riga City Council Transport Department.

Accounting for external illumination systems and equipment

External illumination systems and equipment are recognized in Riga Municipal agency "Rīgas gaisma" balance sheet according to the value specified to each element of the illumination system (piles of lighting lines, air network cables, air lines wires, network brackets, switch boxes and loop boxes, lightning objects and dug cables) by an independent evaluator. A remaining utilization period for each recorded fixed asset has been identified in accordance with its specification.

Other fixed assets

The funds of Municipal libraries, entertainment, literary and art original items, gemstones and precious metals, antiquities and other cultural and art items, other valuables and museum collections items, as well as quickly depreciated items of mobile equipment (mobile phones and palm-pilots) are included in other fixed assets, apart from of the recognition value of one single asset.

The library funds are recorded by their monetary value in the Municipal accounting, while libraries are ensuring recording by book titles by opening cards for text-books and issuing inventory numbers to other books.

Formation of fixed assets, and costs of construction in progress

The formation of fixed assets comprises costs that are related to the completion of the particular fixed asset until its putting into use (operation) and the value of received, but not yet installed fixed assets until their putting into use, incl. the initial research for the intended construction projects (assessing impact on environment, territory development), developing sketch projects (detail planning for particular project's development), producing technical project (e.g., building driveway, construction of power supply lines, pulling down or fence mounting etc.). The accumulated fixed assets formation costs related to particular construction project are written off as costs, if the realization of construction project is not started in two years period after the completion of technical project.

Unfinished construction costs until the fixed asset is put into utilization (operation) are accounted as construction in progress. Riga Municipality does not calculate depreciation for such assets. The accumulated fixed asset's formation costs are classified as construction in progress, if the realization of construction project is started in two years period after the completion of technical project.

Depreciation

Depreciation (value write-off) for fixed assets of Riga Municipality is calculated according to their expected useful life by dividing their initial value systematically (equally) over the periods, recording as accrued depreciation (amortization) and recognizing in the operating expenses of the reporting period. The depreciation of fixed assets is calculated according to the norms of fixed assets depreciation and their application conditions specified for the budget institutions by respective regulative acts. Depreciation of fixed assets is calculated starting with the first day of following month after the asset is put into operation and finished at the first day of following month after asset has been taken out from operation, accounting or it is fully depreciated. If the fixed asset is being used after it had been fully depreciated, the calculation of depreciation is ceased, but the fixed asset is kept in accounts.

Depreciation is not calculated for buildings and structures that have been recognized as cultural (architectural) monuments, land, library funds, cultural and art items, gemstones, precious metals and their articles, valuables, and other cultural and historical heritage.

Riga Municipality records fixed assets intended for alienation (excluding transfer to other budget institutions without charge) in current assets until the moment of their alienation and stop the calculation of depreciation, if there is no intention to use these fixed assets for performing Municipal functions in future and their value could be regained through the alienation deal.

Long-term assets intended for alienation that are accounted in current assets by Riga Municipality, are reinstated as long-term assets, if due to unforeseen (or beforehand unanticipated) reasons the alienation process is not completed, and there is a decision of Riga City Council on continuous usage of the asset for performing Municipal functions. The asset intended for alienation is then reinstated at its residual value in long-term assets and depreciated (amortized) during the remaining useful utilization period according to the previously specified useful utilization period, starting at next month following the reinstating the asset as long-term asset.

For fixed assets that are acquired by Riga Municipality under finance lease terms, amortization is calculated according to rules that are applied to the similar assets of the same fixed assets group owned by the Municipality.

Fixed assets that are acquired on the basis of operating lease are recorded as off-balance sheet assets.



Long-term investments in leased assets

Riga Municipality recognizes long-term investments in rented assets as capital expenditures in buildings and other fixed assets (building reconstruction, up-keep, renovation) that are not owned by the Municipality, if such investments are allowed in renting, hiring or property management agreements or foreseen in investment projects for creating economic benefit for a Municipal institution during a period longer than one year. The respective investments are accounted as improvements of a rented property by Riga Municipality. The investment value is depreciated by using a linear method during the expected period of useful utilization or remaining renting period (according to the renting agreement) depending of, which period is shorter.

Long-term financial investments

Long-term financial investments are investments that are planned to be kept by the Municipality for a period longer than one year from the balance date.

Performing property investment and obtaining equity shares of an enterprise, the respective assets are excluded from long-term investments and are recognized at their residual value in current assets. Invested assets are excluded from municipality's current assets and recognized as other expenses in accordance with transfer-acceptance certificate. The obtained shares of an enterprise are recognized as financial investments and revenues at fair value. .

Riga Municipality equity shares in related and associated enterprises are evaluated and recorded in the balance sheet by using equity method.

Riga municipality net book changes of investments in enterprises are recorded as current Equity shares in related and associated enterprises are increased or reduced proportionally to ownership ratio changes in share values of own capital within financial year on enterprise annual report basis at the end of every financial year. Management and administration reserve value and liabilities, defined by rules and regulations, included in enterprise equity are excluded from calculations. Value changes are calculated by multiplying result of enterprise annual report with share percentage owned by municipality.

Increase or decrease in value of enterprise equity shares during financial year are recorded as financial revenues or expenses and as changes in long term financial investments. If the value of enterprise equity is negative, municipality's investments in this enterprise are reduced to zero and further investment in enterprise losses are not recognized.

Any excess of the cost of acquisition over the Riga Municipality's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognized as goodwill.

The goodwill is included within the carrying amount of the investment and is assessed for impairment as part

of that investment. If the retrievable value is lower than the exceed value, then decrease of intangible value is calculated and it is recognized as other expenses of the period. Negative value is excluded from investment account value and it is recognized as revenues of the period the negative exceed have occurred.

If changes in enterprise equity have occurred, and were not reflected in profit-loss statement (revaluation of assets recognized in enterprise equity), then such value changes are included in municipality's equity as other reserves, as well as recorded as changes in long-term financial assets.

Payments on current financial investment use (dividends) are recognized as respective revenues. Payments on long-term financial investment use are recorded as investment value reduction.

Investments in capital of companies and enterprises, that are registered in Republic of Latvia Register of Enterprises but are not running for a prolonged period, are not included into Riga City Municipality financial reports. Investments in companies, what are not running for a prolonged period, are included in off-balance sheet.

Taking into account that the municipality's annual report is prepared earlier than enterprises annual reports, evaluation of recorded value of long-term investments as at reporting date is based on:

- the latest available audited report data on enterprise equity. If the report on financial year isn't prepared yet, audit report data on previous taxation period is used;
- use of prudence principle in evaluation of assets. Value of long-term investments is reduced, if the enterprise is expecting losses in the financial year, according to their submitted draft annual reporting data on equity at the end of report period.

Lending to related enterprises

Lending to related enterprises comprises loans issued and amounts that have been invested into Municipality enterprises, as well as the liabilities of these enterprises against Riga Municipality.

Interest revenues and commitment fee revenues for unused loan amount according to the concluded loan contracts are accounted in loan currency on accrual basis, with operating revenues recognized during the respective reporting period disregard of their receipt (accrued commitment fees and interest revenues). At the day of receiving the payment they are attributed to previously accrued interest and commitment fee revenues.

Riga City Municipality account receivables are classified as current and long-term account receivables at the date of origination. Amounts that will be paid within municipality's regular operation period or whose payment terms will not exceed one year from balance sheet date are recorded as current accounts receivable, but accounts receivable whose payment terms will



exceed one year from balance sheet date are recorded as long-term accounts receivable. Municipality calculates and records short-term part of long-term account receivables at the end of financial period (year).

Investments subject of fast realization at any time and that are not planned to be kept longer than a year as well as those long term financial investments that are planned to be sold are reclassified to short-term investments.

Leasing

Riga Municipality classifies leasing according to the ownership rights of the leased property that define diversification of risks and claims between the lessor and leaseholder. The classification is made according to the transaction substance over form principle not merely the legal form. The leasing is classified at its initial date.

Finance leasing

is classified in situation, when, at least, one of the following conditions applies:

- the ownership rights of leased asset will be passed to the Municipality until the end of leasing period;
- the Municipality has an opportunity to acquire an asset at a cost that will be significantly lower than the actual cost of the asset at the date, when such an opportunity realizes, and on the leasing starting date there is a mutual resolution that the Municipality will take that opportunity;
- the leasing period is not less than 75 percent of an assets useful utilization period that is specified according regulative acts on useful utilization periods set for depreciation norms in budget institutions; even, if the ownership rights are not transferred or if the current cost of leasing payments minimum amount is, at least, 90 percents of the leased asset's actual value at the leasing starting date;
- the leased assets are so specific that without significant transformation they could be utilized only by the Municipality;
- the Municipality is eligible to cancel the leasing by covering all costs related to that cancellation incurring to the lessor;
- gains or losses arising from the changes of asset's actual value are attributable to the Municipality;
- the Municipality can continue leasing during the following period and pay a fee that is significantly lower than the market rate.

Financial leasing interest payments are recorded in the Municipality's financial expenses according to accrual principle by recognizing interested expenses in the period when they arise, irrespective of payment date. On the payment day they are attributed to liabilities of accrual of interest in balance sheet.

Operating leases

Leasing is classified as operating if, in addition to the classification conditions, there is other evidence indicating that not all risks and claims specific to ownership rights of assets are transferred.

If leasing conditions are changed and if such conditions would have been in force at the starting time of leasing and changed conditions result in different classification, then the revised agreement is treated as new agreement during its operation period.

Assets held under finance leases are initially recognized as assets of the Municipality at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Operating lease payments are recognized as an expense on a straight-line basis in accordance with accrual principle over the lease term, irrespectively from payment date.

Inventory

Riga City Municipality inventory comprises current assets with purchase cost not exceeding LVL 150.00 that are anticipated to be used in Municipality's operations, alienation, and are in the form of materials or raw-materials that are utilized for supporting the Municipality's operations or economic activity. The inventory is accounted by using "First in First Out" (FIFO) method.

Riga Municipality reduces the value of inventory, if inventory is faulty, partially or fully obsolete or its net realizable value is below their acquisition cost.

Inventory is recorded at replacement value by writing off as expenses the difference between purchase value (expense) and replacement value in cases, when inventory are provided for implementation of municipal functions, distribution free of charge or for minimum charge or if replacement expenses for production of such inventory are lower than purchase value (expense).

Municipality recognizes inventory as basic activity expenses in the period when they are used, dispossessed or transferred to another group of assets. Municipality ensures inventory accounting (quantity units) also after recognizing them as expenses until actual write off. Fuel, gas and lubricants are recognized as basic activity expenses in the period when they are actually used.

Long-term investments intended for disposal are included in current assets and are recognized at lower of cost or fair value (less disposal costs) in accordance with conditions defined by rules and regulations.



Accounts receivable

Receivables are stated in the balance sheet of Riga Municipality at the net realizable value, which is calculated as their book value less allowance for doubtful debts. Allowances are made, if there is a risk that debtor will not repay full amount.

The accounts receivable of Riga Municipality, whose receipt is delayed, according to their recovery probability are subdivided into doubtful (questionable) or irredeemable (lost) debts. Doubtful (questionable) debts are debt amounts, whose redeeming probability is questioned.

Receivables are classified as doubtful (questionable) debts in the following situations:

- institution possesses reliable information about the debtor's weak financial situation;
- debtor's liquidation process has been started;
- there are no available documents justifying the debt calculation;
- the calculation of debt is illegal (there is no legal background for the calculation);
- legal proceeding on the debt recovery is taking place;
- institution possesses an act on impossibility of debt recovery issued by a sworn bailiff;
- the term of debt payment has been delayed for more than 3 months (not applicable to real estate debts).

The criteria of doubtful (questionable) account receivables are not applied to parents' payments that are collected for feeding children in preschool educational institutions and feeding pupils in Municipal educational institutions. This exception is effective until a child is excluded from the respective educational institution. Tax debts administrated by Riga City Municipality, for evaluation of doubtful (questionable) debts 3 month payment delay term is not applied.

Riga Municipality recognizes allowances at the amount of doubtful (questionable) debts.

Claims where debt recovery is impossible according to legislation, because of debtors' death or term of possibility to recover debt has expired, Riga Municipality recognizes as hopeless (lost) debts and excludes from balance sheet, excluding from doubtful (questionable) allowance debts or including in other expenses, in case if the amount of allowances is not sufficient or allowance is not created.

Prepaid expenses

Payments recognized in the prepaid expenses account are included in expenses on accrual basis, by recognizing expenses in the respective accounting period. Consequently, expenses are recognized when the Municipality has actually received the service. The write-off of the prepaid expenses is done once during the reporting period.

If services that have been prepaid are received in parts or during several months, the payments for such

services are reported in the respective expense account in parts. The part of prepaid expenses that is proportionally attributable to the respective period is recognized as expense.

Wages that are calculated according to the procedure specified in the regulative acts and paid out to Municipality's employees for the next periods, as well as social insurance payments for the these wages, are reported as prepaid expenses by the Municipality.

Cash and cash equivalents

Riga City Municipality accounts cash in cash register and current accounts separately distributed over budget types, as well as cash that is not municipality's property, but is transferred to Municipality's cash register or current bank accounts for a fixed time period (for example, tender/ security deposits, election cash and pensions for persons living in old people homes or in homes for disabled).

Municipality's term deposits, cash deposits placed for a fixed time period or on other conditions are accounted separately distributed over budget types.

Riga City Municipality accounts as cash also cash in transfer (en route) based on budget types. Cash en route is recognized, if municipality receives cash transfer to the bank account shortly after the closing financial period and acknowledgement of the receipt in the previous period is received. In this case municipality considers that the transaction has been performed in the previous period and recognizes the respective amount as cash en route at the end of period. Cash en route is accounted, if agreement prescribes that liabilities are to be considered as extinguished only when the recipient has received cash transfer to his bank account.

Advance payments

Paid advance payments are classified as respective group of assets it is paid for. Advance payment asset is booked in the same balance sheet position, where related asset will be recognized after the transaction. Advance payments for intangible assets, fixed assets, financial investments and inventory are recognized separately. Other advance payments are classified as short-term assets.

Equity

Equity contains long-term assets revaluation reserve, reserves, retained budget surplus of the prior year and budget surplus for the current year.

Riga City Municipality recognizes other reserves if evaluation of investments is performed in accordance with equity method and there are changes in the equity of the commercial enterprise, which are not included in the profit and loss statement of that enterprise. Municipality records as other reserves also initial recognized value of forest stand according to data of State Forest Register.



Loans

In accordance with the Riga City Municipality debt management strategy, the municipal debt portfolio management is precautionary, oriented on minimization and avoidance of financial risks, and allowing the use of financial derivatives determined by the strategy strictly for safeguarding against financial risks.

As a source of financing for investment projects, including these co-financed by EU Structural Funds, there are long-term loans from commercial banks, loans from international financial institutions, as well as loans from the State Treasury used by Riga City Municipality. According to Riga City Municipality debt management strategy, one of the most important goals of the strategy is to provide the financial resources necessary to Riga Municipality at the possibly lowest cost, including cost reduction for the current loans and optimization of the Municipal debt structure.

The loan interest and liabilities for available but not used loans, Riga City Municipality accounts according to accrual principle by recognizing financial expenses in the period when they arise, irrespectively of payment moment.

Loans are recognized as operating expenses according to accrual principle by recognizing interest expenses on the day when invoice for received services is received or according with agreement conditions.

Liabilities

In 2005 based on open tender results, financing for construction of the South Bridge over the river Daugava in Riga was attracted.

The financing model, unless terminated before its term, does not create immediate loan liabilities for the Riga City Council except for long-term payables to the construction company A/S "Transport systems" and other suppliers as classified in the annual report. In case of early termination of the financing model the non-current liabilities against the supplier would be classified as non-current liabilities against Deutsche Bank or other financial institutions, to which its rights of action have been transferred or assigned with the respective cession announcements, are sent to Riga Municipality.

Municipality recognizes liabilities for the construction performed, as well as recognizes the cost of financing (interest) for each period during the whole duration of the financing model in its statement of revenues and expenses. The financing model offers a fixed interest rate during the whole period of the model; however, given the fact, that Riga City Council pays interest for the loan starting from the moment when financing is transferred to the account of A/S "Transport systems", the actual interest rate of Riga City Council is higher. The fair value of the chain of forward deals arising from the swap agreements is zero as the financing model offers both fixed currency exchange rate and fixed interest rate in the amount of 6.31% over the whole period of duration of the model.

By concluding contracts on the construction of the South Bridge, the Municipality has performed a purchase of construction services by purchasing (constructing) a specific asset - the bridge, where the contracting authority is the Riga City Council City, whereas the contractor is A/S "Transport systems". All construction costs until the object's putting into operation, Riga Municipality accrues within the group of balance sheet items "*Construction in progress*" and simultaneously accounts for liabilities to the respective company within the group of balance sheet items "*long-term liabilities to suppliers and contractors*". Future liabilities for the South Bridge construction are accounted as off-balance sheet liabilities. The 1st stage of the South Bridge was put into operation in November, 2008.

Accruals and provisions

Riga City Municipality recognizes accruals in order to recognize liabilities of the financial year or previous financial year that are expected or known at time of report preparation, but the value or the date of the exact liabilities originating or payment is not precisely known.

Provisions are recognized when the Municipality has a present obligation (legal or constructive) as a result of a past event, it is probable that the Municipality will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation

Municipality recognizes provisions also in cases when possibility of expenses for each individual liability case has little possibility but the total possibility for occurrence of expenses is high. Provisions for doubtful debts (claims, advance payments) are recognized as adjustment of assets value according to rules.

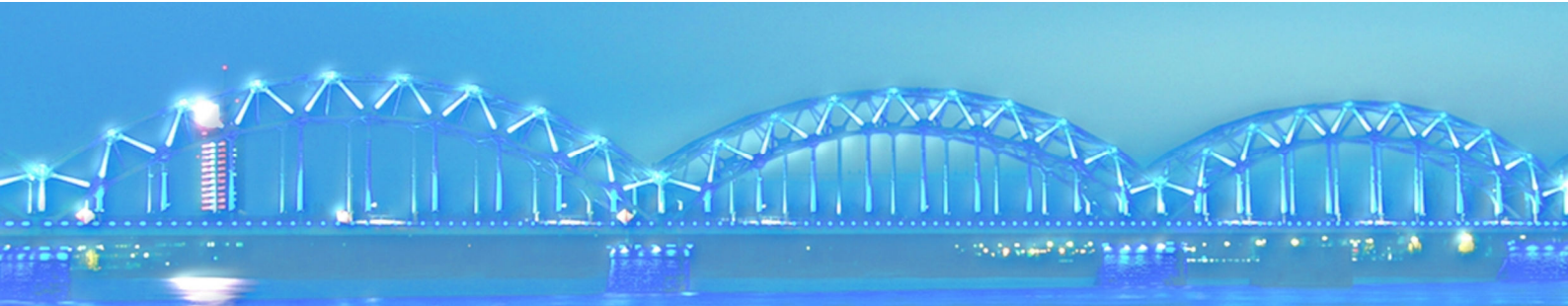
Accrued income

Revenues, that are related to previous reporting periods according to agreements, but the term of payment is not effective yet or no accounting supporting document (invoice) on account receivables hasn't been issued yet, are recognized as accrued income (accounts receivables).

Accrued liabilities

Liabilities to suppliers and contractors for received services and goods during reporting year and for what supporting document (invoice) isn't received yet, are recognized as accrued liabilities at the end of reporting year.

Municipality recognizes accrued liabilities, if the value and payment terms of liabilities can be precisely calculated and the level of uncertainty is much lower than for provisions. Sum of accrued liabilities is calculated according to concluded agreements,



estimates, received invoices or based on previous experience on expense amount.

Calculated sum is recorded as operational or financial expenses and accrued liabilities. If there is a necessity to reduce previously calculated accrued liabilities in the following periods, then municipality reduces expenses and accrued liabilities created in advance.

Municipality accumulates and calculates loan interest and commitment fees in accordance with concluded loan agreements. Loan interest is recognized as financial expenses in the reporting period and is recorded as accrued liabilities.

Penalties (delay fees) Riga City Municipality records as expenses of budget institution on the day, when the other party of a deal has legal rights to payment. Municipality recognizes operational expenses and increases accrued liabilities. Accrued liabilities of penalties payable (delay fees) municipality accounts till the day they are paid or the other party of a deal has no more legal rights to exact respective payment. In this case municipality reverses created accrued liabilities, by reducing accrued penalties and recognizing as operational revenues.

Accrued liabilities for unused vacation days of employees are calculated once per year based on assumption that during the financial year each employee is working eleven months and is taking vacation on the twelve month. Accrued liabilities for unused vacation days are calculated as 1/12 from remuneration expenses (labour payment fund) of the financial year, subtracting employer's social allowances and compensations, and applying coefficient of 0,7 to the calculated result. The part of the social tax paid by the employer is added to the unused vacation accruals.

Deferred income

Revenues of Riga Municipality received before the closure of the financial year (balance sheet date) for specific services that will be provided in the next period (following the reporting period) are recognized as deferred income.

The received foreign financial aid, donations and endowments for acquiring, formation or construction of long-term assets or what will be used only for covering expenses or supporting Municipal functions during the next reporting year, or, if the received financing shall be repaid in the following years upon failing to fulfill its receipt conditions, are recognized as deferred income.

The value of received financial aid initially recognized as deferred income is included in revenues of the respective reporting periods:

- according to long-term assets current year's depreciation and write-off proportion that is related to the received financial aid, if the received aid covers the value of particular asset;
- according to long-term assets current year's depreciation and write-off proportion that is related

to the received financial aid, if the received aid covers only part of the asset's value;

- if the financial aid received during on previous reporting year is used for covering expenses and supporting the operations of budget institution during the current reporting year;
- if the conditions, whose non-performance would lead to repayment of the received financing, are fulfilled;
- gradually during the conditions fulfillment period.

The payments recognized as deferred income are included in income statement according to the accruals principle, by recognizing income in the period where they are attributed to. Respectively, income is recognized on the day, when budget institution has provided the service or delivered the asset as specified in the agreement, or according to the amount of service provided, at least, once during the reporting period.

Interest rate risk

Interest rate risk arises for those Municipality loans having fluctuating interest rate as there is risk that loan interest payments might significantly increase in situations when the fluctuating interest rate increases. In order to decrease the interest rate risk, Riga Municipality signs interest rate swap agreements. The concluded interest rate swap agreement specifies the fixed interest rates in range from 3.23% to 3.56%. The risk management for the interest rate of Municipality loans is performed according to the provision that for not less than 60% of municipal loans, guaranties and other long-term debts there are agreements on fixed interest rates concluded for a period of at least one year.

Currency exchange rate risk

The financial resources of Riga Municipality are subject to the currency exchange rate risk, mainly due to the payments for loans and investments executed in foreign currencies, and Riga Municipality having loans in foreign currencies.

During the reporting period Riga Municipality had no significant payments in other foreign currencies except for Euro. At the end of 2009, Riga Municipality loans in LVL and related currencies (LVL and EUR) having a fixed exchange rate in LVL comprise 99% of the total Municipality debt portfolio. Nevertheless, Riga Municipality continues monitoring the situation in currency markets and prepares respective cash flow forecasts in order to predict any possible exchange rate risk in advance.



Financial derivatives

The financial derivatives that can be used by Riga Municipality for the purpose of the financial risks minimization are currency exchange and interest rate future contracts, as well as currency and exchange rate swap contracts.

The financial derivatives are initially recognized at their fair value at the moment of concluding the contract of financial derivatives and further revaluated at their fair value. The fair value is determined based on the quoted market prices or the discounted cash flow models, using available corresponding market interest rates for evaluation at the end of evaluation period. All financial derivatives are reflected as assets, if their fair value is positive, and as liabilities, if their fair value is negative. Alterations in the fair value of any financial derivative are immediately recognized as increase or decrease in the budget surplus.

Calculation of the fair value of financial derivatives

The costs attributed to the sales of the financial derivative are not taken into account, when determining its fair value. The commission for purchase or sale of financial derivative is booked separately as a commission on the day when the respective deal of purchase or sale of financial derivative is concluded.

Registration of financial derivatives

Financial derivatives are registered in the accounting system on the day when the respective deal has been concluded based on the approval from the partner in the deal. Financial derivatives are booked into the assets and liabilities sides of a balance sheet on the day of concluding the deal. An amount is recorded into the assets side of a balance sheet in that currency, in which it will be conditionally received by the Finance Department in accordance with the execution of conditions, set by the financial derivative on the day it is executed. An amount is recorded into the liabilities side of a balance sheet in that currency, in which the Finance Department will conditionally pay for the execution of conditions, set by the financial derivative on the day it is executed.

Revaluation of financial derivatives

The revaluation of financial derivatives for the prior month is performed until the 10th day of each following month. When revaluating financial derivatives, the market value as of the final day of the period is taken into account. Gains or losses that have arisen from the revaluation of financial derivatives are booked as current assets or liabilities. After the deal has been concluded, the difference between the amounts that Riga Municipality has to pay for the execution of the conditions of the financial derivative or has to receive as a result of the execution of the conditions of the financial derivative, is transferred.

Accounting of privatization certificates

In accordance with the law "On privatization state or municipal property objects" payments made for privatization of municipal property objects could be made in lats and in privatization certificates. Privatization certificates could be used as payment for any Municipal property object being under privatization. The amount of privatization certificates to be used is defined by Riga City Council. In the annual report privatization certificates are recorded as surplus in off-balance assets account "Privatization certificates" for number of certificates applying nominal unit value of LVL 28.00 at the end of the year.

Contingent liabilities and contingent assets

Riga City Municipality balance sheet does not include contingent liabilities and contingent assets, those recognition could create revenues, that will never materialize. Information on contingent liabilities and contingent assets is recorded in Municipality off-balance sheet. Only if revenues are certain, assets are recorded in balance sheet and they are no more considered as contingent assets.

If after evaluation the available evidences and events after the balance sheet date, Riga Municipality states that on the balance sheet date there is no significant credibility of the current obligation (legal or constructive), which has arisen by the past event, then the Municipality discloses information on contingent liabilities in off-balance.

Riga Municipality recognizes contingent liabilities that have arisen as a result of past events and whose existence is dependent on incurrence or non incurrence of one or several future events that are not under Municipality's control, as well as current obligation that has arisen as a result of past events, and it is unlikely that fulfillment of that obligation will require outflow of the Municipality resources, or there is no sufficient evidences for credible evaluation of liabilities value. The guarantees issued by the Municipality are also recognized as off-balance liabilities.

Expected payments after reporting period that are based on the non-current contracts are recognized as contingent liabilities. Amount of contingent liabilities is calculated as total amount of payments to be made after the balance sheet date according to agreements terms.

Riga City Municipality's contingent asset can arise as a result of past event that existence will be confirmed depending on incurrence or non incurrence of one or several future events that are not under Municipality's control.