

# RIGA MUNICIPALITY ANNUAL REPORT 2018





Riga, 2019

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## REPORT OF RIGA CITY COUNCIL CHAIRMAN



During the reporting year, economical and social situation of Riga City continued to improve. In 2018, Riga City Municipality's basic budget revenues reached 924,7 million euro, according the cash flow principle, and was more by 18,7 million euro (by 2,1%) compared with the previous year.

During the reporting year, Municipality's budget revenues were significantly affected by State tax reform, especially affecting the main Municipality's revenue source - personal income tax. Despite average gross compensation growth by 8,1% in city during the reporting year, the growth of personal income tax was just 2,4% compared with the previous year.

During the reporting year, Riga City Municipality's total budget tax revenues reached 691,1 million euro increasing by 7,4 million euro (by 1,1%) compared with the previous year.

In 2018, like in the previous years the biggest amount of financial resources from Municipality's budget expenses was allocated to education sector - 345,1 million euro (36% from all the budget expenses), by 4,8% more than in the previous year. The second biggest sector of municipal expenses was economical activities, which reached 249,1 million euro (26% from all the budget expenses). During the reporting year, municipal managerial office received 7% from all the budget expenses, but in deposits to municipal financial cohesion fund Riga City Municipality paid in 92 million euro.

In 2018, municipal capital expenditure was 152,6 million euro, whereof 18,2 million euro were capital expenditure of projects financed by EU funds. During the reporting year, reconstruction of Grand stage of Mezaparks 1<sup>st</sup> stage was finished by means of municipality's budget resources.

Due to significant decrease in speed of budget revenue growth and necessity to finance execution of municipal functions at an appropriate level, in 2018, Municipality closed the year with a budget deficit. As a result of the budget execution the actual deficit of 35,2 million euro and was significantly lower than the expected 99,4 million euro. In 2018, Riga City Municipality's budget deficit was 3,8% against municipal revenues.

In 2017, Municipality's budget cash and cash equivalents decreased by 19,1 million euro forming 92,0 million euro at the end of the year, providing sufficient liquidity and the amount of financial resources for municipal debt discharge.

During the reporting year, Riga City Municipality implemented "Municipal loans, guaranties and other long-term debt management strategy for 2018 - 2022" by fulfilling all the criteria defined by liabilities portfolio management. By the end of 2018, the total principal amount of long-term municipal liabilities reduced compared with the previous year, forming 64,1% from budget revenue and not exceeding 100% level defined by strategy.

During the reporting year, Riga City Municipality continued cooperation with international credit rating agencies. Evaluating municipal budget execution, financial situation and budget stability, in October of the reporting year, credit rating agency "Standard & Poor's" renewed credit rating assigned to Riga City at previous level and raised development perspective prognosis from stable to positive. Credit rating agency "Moody's Investors Service" evaluated Municipality's achievements in budget execution, management of liability portfolio and in November of 2018 renewed City's credit rating at previous level.

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

A handwritten signature in blue ink, appearing to read 'D. Turlais', with a stylized flourish at the end.

**D.Turlais**  
Riga City Council Chairman

## REPORT OF RIGA CITY COUNCIL FINANCE DEPARTMENT DIRECTOR



During the reporting year, Riga City Municipality's total basic budget revenues were 924,7 million euro increasing by 18,7 million euro (or 2,1%) compared with 2017. However, such revenue growth was significantly lower than in the previous year, when from the municipal general budget revenues increased by 83,3 million euro (or 10,1%).

In 2018, execution of municipal budget personal income tax (PIT) revenue reached 575 million euro, more by 13,3 million euro (or 2,4%) than in the previous year. Due to State tax reform growth of the main Municipality's revenue source - PIT was significantly slower than in the previous years when PIT revenue increased by 47,6 (or 10,3%) million euro in 2016 and by 51,3 million euro (or 10%) in 2017.

In order to recompense for the negative impact of the tax reform on municipal budget revenues, for municipal budgets law "On medium-term budgetary framework for 2018, 2019 and 2020" determined a specific earmarked subsidy from the State budget. In 2018, this specific earmarked subsidy was distributed among municipalities according to the share of PIT of the current year, forming of around 9,1 million euro Riga City Municipality's budget revenue.

During the reporting year, the share of Riga City Municipality's PIT revenue among municipalities of Latvia reduced from 41,54% in 2017 to 41,45% in 2018, reducing potential PIT revenue by 0,5 million euro. Compared with budget plan the actual PIT revenue in 2018 were more by 1,8 million euro (or 0,3%).

In 2018, Riga City Municipality's real estate tax (RET) revenue was 110,1 million euro decreasing by 6,4 million euro (or 5,5%) compared with 2017 un forming 97,7% from the budget plan.

One of the reasons of this decrease is RET discounts applied by Riga City Municipality for taxpayers. These discounts have increased in five recent years – from 2% against RET revenue in 2012, to 10% from RET revenue in 2018, also number of recipients of these discounts have increased significantly.

In 2018, gambling tax revenue in municipal budget was 5 million euro, more by 0,4 million euro than in the previous year, but natural resources tax revenue - 0,9 million euro, more by 3% than in the previous year.

Due to significant decrease in speed of budget revenue growth compared with the previous years, what resulted in a decrease in growth of Riga City Municipality's budget finance resources was less by 64,6 million euro than in 2017, Municipality closed the year with a budget deficit in 2018. However, as a result of the budget execution the actual deficit of 35,2 million euro was significantly lower than the expected 99,4 million euro. In 2018, Riga City Municipality's budget deficit was 3,8% against municipal revenues. Comparatively the average budget deficit of all the other municipalities in Latvia was 3,8%.

In 2018, Riga City Municipality continued to fulfill municipal budget operative surplus criteria, municipal revenue exceeding operative expenses by 117,5 million euro (or 13,5%).

During the reporting year, Riga City Municipality started implementation of "Municipal loans, guaranties and other long-term debt management strategy for 2018 - 2022" by fulfilling all the criteria defined by liabilities portfolio management. By the end of 2018, the total principal amount of long-term municipal liabilities reduced and was 64,1% from budget revenue improving 100% level defined by strategy.

In 2018, successful realization of registration of one common name and identification number of Riga City Municipality, by performing transfer of balances of RDVIS "Horizon" from several ledgers to one ledger, as well as ensuring arrangement of documentation in credit institutions and State Treasury.

During the reporting year, Riga City Municipality continued cooperation with international credit rating agencies. Evaluating municipal budget execution, financial situation and budget stability, in October 26 2018, credit rating agency "Standard & Poor's" renewed credit rating assigned to Riga City at previous level and raised development perspective prognosis from stable to positive.

Credit rating agency "Moody's Investors Service" evaluated Municipality's achievements in budget execution, management of liability portfolio and in November 14 of 2018 renewed City's credit rating at previous level.

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

A handwritten signature in black ink, appearing to read 'I. Tiknuse'.

**I. Tiknuse**  
Riga City Council Finance Department Director

# RIGA MUNICIPALITY STATE

## RIGA CITY POPULATION

### POPULATION

At the beginning of 2019, according to data of The Office of Citizenship and Migration Affairs 697 thousand inhabitants lived in Riga. During the period from 2007 to 2019 the number of city inhabitants decreased by 3,7% but the decrease in State was greater – 8,3%, as a result of it the proportion of Riga inhabitants from the total number of State inhabitants has increased from 31,7% to 33,3% during this period of time.

Constant decrease of population was observed in Riga City until 2013, but the city's population has stabilized over the past seven years. Although indices of natural growth of population are negative in Riga City, they are significantly better than the State's average over the past years. In 2017, the average decrease of number of inhabitants in State was 4,1 per 1000 population, but 3,1 in Riga per 1000 population. Yet the migration balance has been very variable over the last few years in Riga City.

There were 394,9 thousand working age inhabitants in Riga City at the beginning of the reporting year, by 5,1 thousand less than in the previous year. Proportion of this group from all inhabitants decreased from 62,3% to 61,9%. The tendency of previous years continued – growth of the number of children and youth (inhabitants below working age). It has increased by 12,8 thousands since 2011 and reached 98,1 thousands in 2018. At the beginning of reporting year, the number of inhabitants of above working age was 145 thousand (22,7% from all the inhabitants) in Riga City increasing by 0,8 thousand within a year.

### ETHNICAL COMPOSITIONS

In 2018, ethnic composition of Riga City inhabitants hasn't changed significantly. Proportion of Latvians from the total population continued to increase reaching 47%.

### EMPLOYMENT

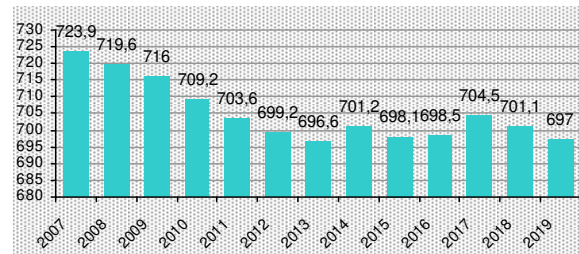
Despite the decrease of population in the reporting year, increase of number of employed inhabitants was observed in Riga during the reporting year - from 310,8 thousand in 2017 to 319,3 thousand in 2018. During the period from 2010 to 2018, number of the employed City's inhabitants increased by 36,9 thousand, forming around 63% of the total number of workers in the country.

The number of the employed increased in the trade, accommodation and catering services sector (by 5,8 thousand), as well as in the construction sector (by 4,6 thousand), but decreased in education (by 0,8 thousand) and social care sphere (by 0,4 thousand).

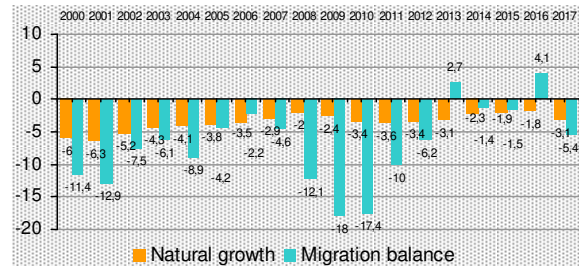
### UNEMPLOYMENT

There were 12,5 thousand unemployed in Riga City by the end of 2018, what was 4% from economically active inhabitants. Decrease of the number of the unemployed within the year was negligible, yet the unemployment rate of 3,9% from economically active population was the lowest since 2008. Unemployment rate in Riga City during the report year was the lowest in State compared with the other regions of Latvia, in total the unemployment rate was 6,4% in State by the end of 2018.

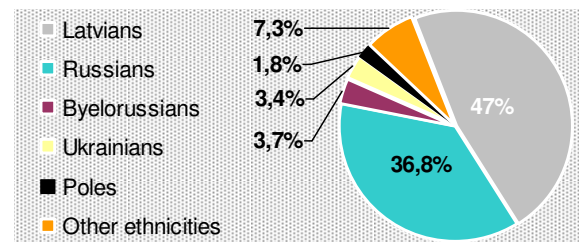
The number of Riga inhabitants (according to OCMA, k people)



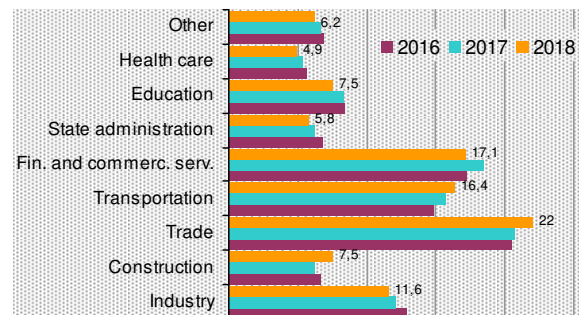
Effect of natural growth and migration on the number of Riga inhabitants (people on k inhabitants)



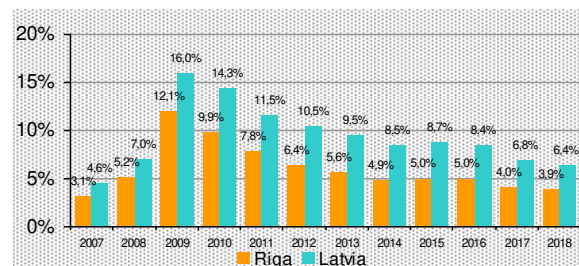
Ethnic composition of Riga inhabitants (by the end of 2018, %)



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



Unemployment rate\* in Riga and Latvia (by the end of 2018, %)



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

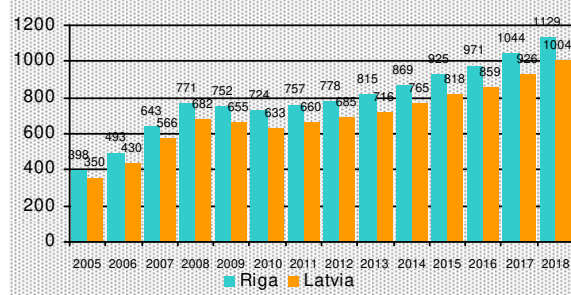
**COMPENSATION**

During the reporting year, average monthly gross compensation reached 1 129 euro, increasing by 8,1% compared with the previous year. In 2018, growth of compensation in public sector increased by 9,2%, in private sector growth was slower - by 7,6%. Average compensation in public sector was still higher by 8,8% than in private sector in Riga City.

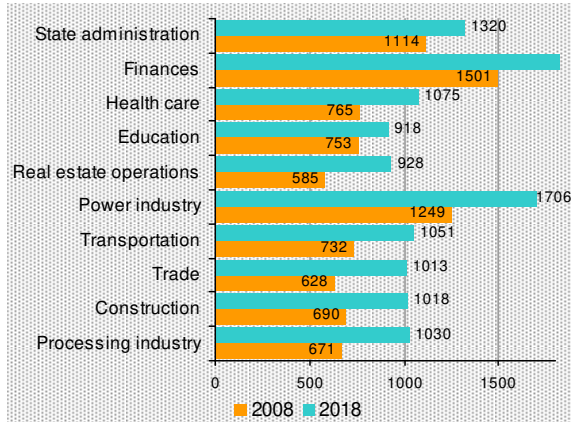
Relations of compensation in Riga City and on average in the country have not changed significantly since 2008. If in 2008 compensation in the capital was higher by 13% than in the country on average, then in 2018 it was higher by 12,5%. In 2018, the most rapid growth of compensation in Riga City was in health and social care (by 17,4%). During the reporting year, compensation increased in all sectors, but the most slow growth was in real estate sector (by 1,8%). In common with the previous years the highest gross compensation for employees in City was in financial sphere (2 030 euro monthly) and in information and communication service sphere (1 677 euro monthly).

During the reporting year, compensation has increased in all the sectors in Riga compared with 2008 level, the fastest growth was for employees - in trade (by 61%) and real estate (by 59%), compensation in State administration (by 18%) and education (by 22%) sectors increased slower during this period.

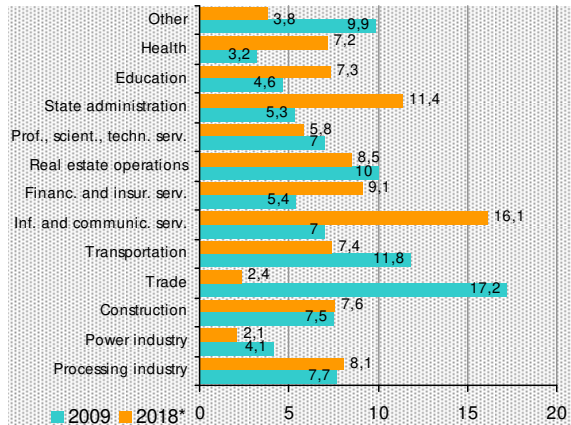
**Monthly average gross compensation in Riga 2005 - 2018 (in euro)**



**Monthly average gross compensation in Riga in 2008 and 2018 (by sectors, in euro)**



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



\*2018 - estimation

**RIGA MUNICIPALITY ECONOMIC STATE**

Growth of economic activity in Latvia and Riga City is observed already eighth year in turn. In 2018, gross domestic product increased by 4,8% (comparable prices of 2010) compared with the previous year. Especially rapid growth was continued in construction, where value added increased by 21,9% within a year but total increase during the last two years was by 45%. Rapid growth of value added was observed also in information and communication service sector - by 13%.

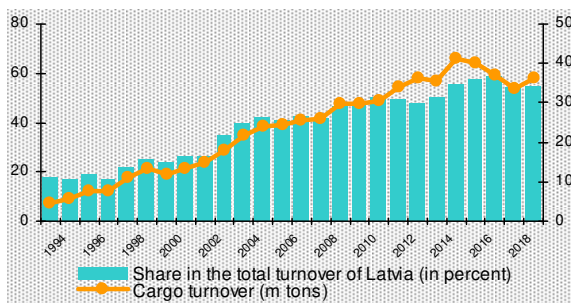
The biggest proportion in Riga City economic structure by value added has trade and service sector - 16,1%. The second biggest economic sector is real estate sector - 11,4%. Proportion of value added created in Riga city comprises around 54% from the total value added in the State however the proportion in particular sectors is even more higher, for example in financial and insurance service sector - 86%, information and communication service - 84%, in professional, scientific and technical service - 78%.

**TRANSPORTATION AND COMMUNICATIONS**

**RIGA PORT**

During the reporting year, the amount of received cargo in Riga port increased by 8% compared with 2017. The growth was both in the amount of shipped cargo – by 7,4%, as well as in the amount of received cargo – by 12,8%. The amount of shipped cargo accounted 86% of the total cargo turnover at Riga port during the reporting year.

**Operation of Riga port**



Since the growth of total cargo turnover in other ports of Latvia in 2018 was slightly slower, the share of Riga port in the total Latvia port turnover increased, reaching 55,1%. In 2018, 39% from the reloaded cargo in Riga port was coal, 11% - petroleum products, 14% - cargo containers. The turnover of timber cargo increased rapidly - by 68%, reaching 7% from the port's total cargo turnover.

In 2018, the number of serviced passengers in Riga port continued to increase. There were 393,3 thousand arrived and 402,7 thousand leaving passengers serviced during the reporting year, by 7,9% and 6,4% more than in the previous year. The number of serviced cruise ships' passengers decreased during the reporting year - from 87,4 thousand in 2017 to 74,8 thousand in 2018.

**AIRPORT**

In 2018, the number of serviced passengers in Riga Airport continued to grow rapidly, reaching almost by one million passengers and reaching 7,1 million which is the highest result in the airport's history. Riga Airport remains the largest airport in the Baltic States in terms of passenger turnover.

In 2018, according to the Riga International Airport data the number of serviced flights increased by 11,5% compared with the previous year, reaching 83 468 flights, but amount of shipped and received cargo increased by 11%.

**PUBLIC TRANSPORTATION**

In 2018, 138,8 million passengers were transported in Riga public transportation (bus, tram, trolleybus), by 3,9 million (or 2,7%) less than in the previous year. 43,3%, from the total number of transported passengers used 100% discounts and 27,1% used partial transportation fee exemption granted by Riga City Municipality. 4,3% from the total number of transported passengers used discounts defined by State.

During the reporting year, Riga Municipality Ltd. "Rigas satiksme" provided passengers' transportation services on 8 tram, 17 trolleybus and 56 city bus and 20 improved service bus routes. In 2018, the total length of the City's transportation network was 1 635,8 kilometers.

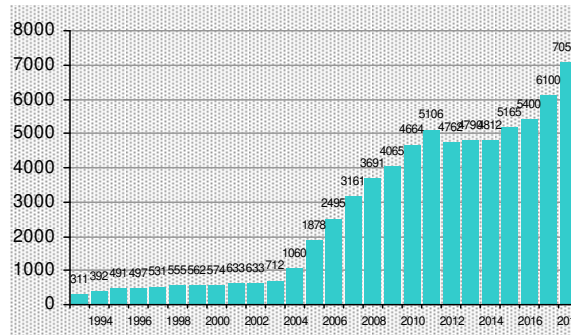
**TOURISM**

In 2018, 1 716,8 thousand tourists were served in Riga City hotels and tourists' lodgings, by 133,7 thousand or 8,5% more than in 2017. Proportion of foreign guests from all the served tourists was 87%, number of them increased by 6,6% compared with the previous year. In 2018, the number of overnight stays in tourists' lodgings increased by 10,7% compared with the previous year. In 2018, around 77,1% from the total number of foreign guests in Latvia were served in Riga.

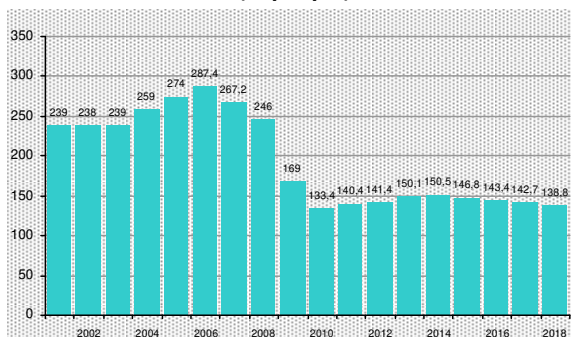
**CONSTRUCTION**

The space of commissioned dwelling houses in Riga City in 2018 was 136,6 thousand square meters, increasing by 38% compared with the previous year. The proportion of built dwelling houses in Riga reached 30% of the state overall result.

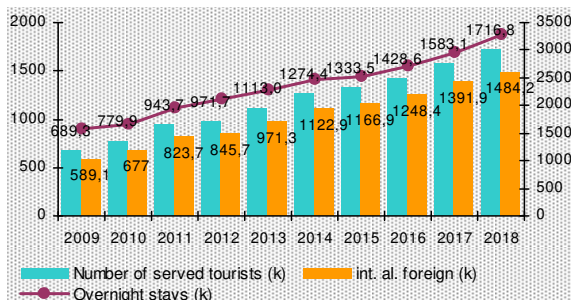
**Riga International Airport: passenger turnover (k people)**



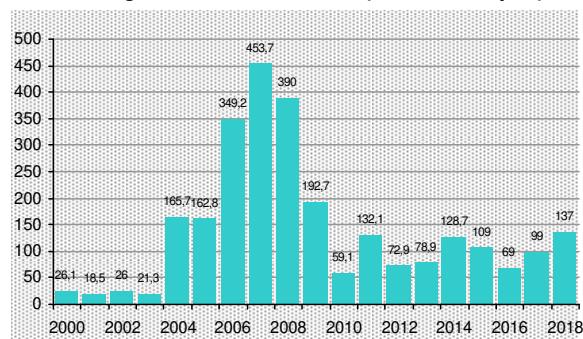
**Passenger carriage in Riga public transportation (m people)**



**Characteristics of development of Riga City tourism sector in 2009 - 2018**



**Dwelling houses constructed (thousand sq. m)**





## RIGA MUNICIPALITY ADMINISTRATION STRUCTURE, FUNCTIONS, PERSONNEL

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

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

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

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

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

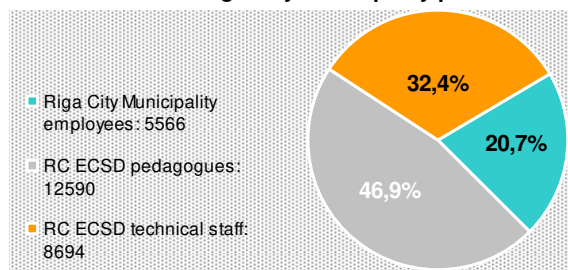
- Organizes municipal services for inhabitants, realizes municipal housing management and maintenance of cemeteries and provides support on housing issues for inhabitants;
- Provides environmental protection and management, territory improvement and sanitation within the administrative territory of Riga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

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

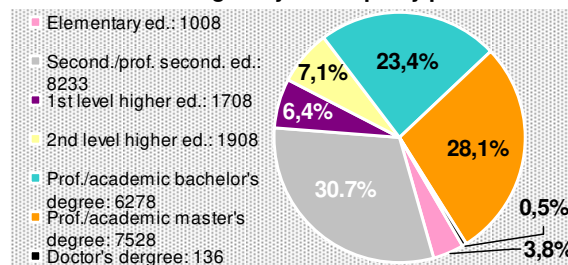
In 2018, actual availability of employees in Riga Municipality was 26 850, int. al. 12 590 pedagogues and 8 694 technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department.

In 2018, (except pedagogues and technical staff of institutions subordinate to Riga City Council Education, Culture and Sports Department) there were 832 employees recruited and labour relations were terminated with 915 employees. During the reporting year 2 031 pedagogues and 2 402 technical staff were recruited and labour relations were terminated with 2 069 pedagogues and 2 330 technical staff.

### Distribution of Riga City Municipality personnel

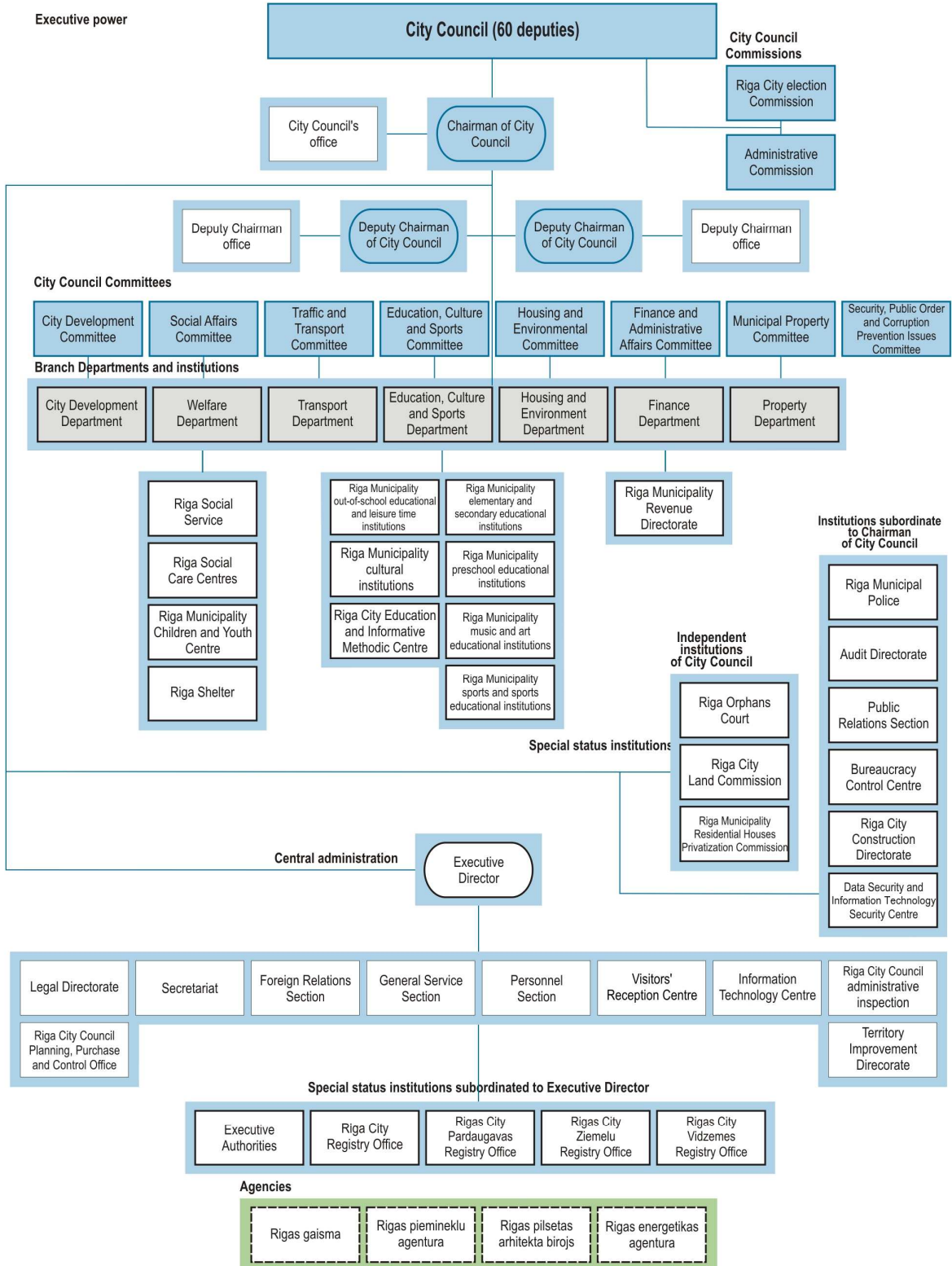


### Education of Riga City Municipality personnel

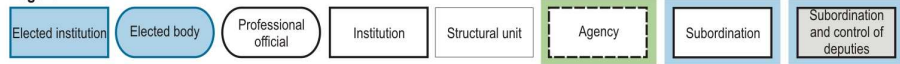


# RIGA MUNICIPALITY STATE

## ADMINISTRATION STRUCTURE OF RIGA CITY MUNICIPALITY



**Legend:**



# RIGA MUNICIPALITY PROPERTY STATE

## VALUE OF RIGA MUNICIPAL EQUITY CAPITAL AND ITS ANTICIPATED CHANGES

### PROPERTY BOOK VALUE

By the end of 2018, the book value of Riga City fixed assets was 2 539,8 million euro, decreasing by 59,9 million euro within the year. The total value of Municipality assets, including other long-term investment categories comprised 3 388,1 million euro by the end of 2018.

### RIGA CITY MUNICIPALITY INVESTMENTS IN ENTERPRISE EQUITY CAPITAL

In 2018, Riga City Council Property Department continued to provide management of equity capital shares and shares of 14 enterprises. In 2018, Riga Municipality has invested the total amount of 5,17 million euro in the equity capital of related enterprises with 100% share capital owned by Riga Municipality, int. al. investments of:

- Ltd. "Rigas Centraltirgus" and Ltd. "Rigas pilsetbuvnieks" investing Riga City Municipality's real estate property - land and buildings (5,12 million euro);
- Ltd. "Rigas mezi" investing Riga City Municipality's property - external engineering network of gravity household sewage 48,5 thousand euro).

In 2018, Riga City Municipality reduced its share in the equity capital of related enterprises with 100% share capital owned by Riga Municipality by 0,58 million euro.

### SHARE IN MUNICIPAL ENTERPRISE EQUITY CAPITAL

By the end of the reporting year 2018, long-term share of Riga Municipality in equity capital of related and associated enterprises was 707,18 million euro. By the end of 2018, the share of Riga Municipality in equity capital of related enterprises was 645,51 million euro, increasing by 31,86 million euro, within a year, but long-term share in equity capital of associated enterprises was 61,68 million euro.

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

By end of 2018, equity share capital of one associated enterprise reflected in Riga Municipality balance sheet - JSC "Rigas siltums" (49%).

### PLANNED CHANGES

In 2019, following changes are planned in the equity capital of related enterprises:

- To increase share in Ltd. "Rigas Nacionalais zoologiskais darzs" and Ltd. "Riga 1<sup>st</sup> hospital" by investing money;
- To increase share in Ltd. "Rigas pilsetbuvnieks" and Ltd. "Rigas mezi" by investing real estate property;
- To reduce share in Ltd. "Rigas pilsetbuvnieks".

## RIGA MUNICIPALITY REAL ESTATE PROPERTY STATE

To ensure execution of Riga Municipality's autonomous functions, in 2018 Riga Municipality bought 38 real estate properties or their parts. 264 agreements on sale of Riga City Municipality's real estate property were concluded. By the end of 2018, there were 2 750 valid lease agreements on real estate property rent.

## EXECUTION OF TERRITORY DEVELOPMENT PLAN

Work performed in 2018 on planning of city's environment and development of Riga territory plan to 2030 (RTP 2030):

- Public discussions of editions of RTP 2030 together with public discussions of project of strategic impact on environment assessment;
- Assessment of the opinions and proposals received from institutions during the public discussions;
- Meeting was organized on proposals and opinions received and summarized during the public discussions on RTP 2030 edition;
- Think tank was organized on solutions of RTP 2030 territory use and construction rules.

In 2018, work was launched on 8 local plans on:

- Land on Stokholmas Street 26A;
- Land on Juglas Street 11;
- Land on Kr. Valdemara Street without number Daugavgrivas Street 8, Daugavgrivas Street 10 and Kalnciema Street 3;
- Land on Baldones Street 7;
- Land on Ciekurkalna 4<sup>th</sup> Crossline 4 un Ciekurkalna 4<sup>th</sup> Crossline 2A;
- Land on E. Valtera Street 44;
- Territory between Kaivas, A. Deglava, E. Valtera and Dzelzavas Streets;
- Territory between A. Dombrovska, Baltasbaznīcas, Ziemeļblāzmas and Sniega Streets;

Decisions prepared and made in 2018 on approval of local plans on:

- Territory between Kisezera Street, Rusova Street, Ungura Street and Talejas Street;
- Land on Gulbju Street 17A and Bauskas Street 159A;
- Krievu sala;
- Territory in Podrags;
- Territory between Kalnciema Street, Grenču Street, Mukupurva Street and Jurkalnes Street;
- Kundzinsala and territory between the river branch Sarkandaugava, Degvielas Street, Tvaika Street and Uriekstes Street;
- Eksportosta and its alongside territory;
- Territory between Kiburgas Street and Lazdu Street.

In 2018, 3 local plans of Historic Centre of Riga were launched and 1 City Council decision on approval of local plan and issue of binding regulations was made.

Within the framework of project "Rail Baltica", decision was made on amendments of territory local plan of "Rail Baltica" railway line "Rail Baltica" as a part of the Riga territory plan 2006 - 2018 and territory plan of Historic Centre of Riga and its protection area was developed, extending the borders of territory local plan of "Rail Baltica" route, Municipality's co-financing was provided and development of territory local plan of "Rail Baltica" route was launched.

In 2018, update of Riga Development program of Action plan and Investment plan 2014 - 2020 (Program) and Action plan and Investment plan 2017 - 2019 was provided and development of Development program 2021 - 2027 was launched.

In accordance with delegation agreement of provision of selection of Integrated Territorial Investment (ITI) projects' applications concluded between Riga City Municipality and Ministry of Finance of the Republic of Latvia, in 2018, in Riga City Municipality selection of submitted ITI projects was provided for following supporting goals:

- "Improvement of education environment of all-round education institutions";
- "Revitalization of territories, recovery of degraded territories in accordance with municipal development programs, 2 project applications";
- "Preservation, protection and development of significant cultural and natural heritage as well as development of related services".

Report 2017 on introduction of Riga Sustainable Development strategy to 2030 (Strategy) and Riga Development program was prepared within Strategy Supervisory system (SSS), what is the fourth report on introduction of Strategy and Program in accordance with the new development plan documents.

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

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

- Presentation of edition "Historic Centre of Riga – place of UNESCO world heritage" and public information on launching new planning process of Historic Centre of Riga;
- Public awareness and involvement event on launching new planning process of Historic Centre of Riga;
- Society involvement event "Neighborhood Guide" and discussions on the preservation and territory development of cultural and historical heritage of "Lielie kapi" as well as construction of a new tram infrastructure its alongside territory;
- Discussion on development of more comfortable and enjoyable environment and life in center of the city.

# RIGA MUNICIPALITY INVESTMENT PROJECTS

## NON-FINANCIAL INVESTMENTS

In 2018, total amount of investment (private, municipal, state and foreign) in Riga was around 2,55 billion euro, increasing by 10% compared with the previous year (total increase by 16% on State level). In 2018, the amount of investment in Riga City was around 57% (60% in the previous year) of all investment in the country, but the proportion of construction works in Riga from those performed in the entire state in 2018 decreased to 61% (65% in the previous year).

## CAPITAL INVESTMENTS FROM MUNICIPAL BUDGET

During the reporting year, 152,7 million euro were allocated for Riga City Municipality budget capital expenditure, That is less by 5,1 million euro or 3,2% than in 2017. During the reporting year, capital expenditures of projects co-financed by European Union (EU) decreased by 5,6 million euro because the major part of expenditure for this period of financing of EU funds is planned between 2019 and 2021.

During the reporting year, largest share in the structure of sectors of municipal capital expenditures has economic activity (33,5% from all the capital investment) education sector is in the second place (27,5% from all the capital investment). Share of culture and recreation of municipal capital expenditures was 16,6%, due to unfinished one of the biggest projects in culture sphere – 1<sup>st</sup> stage of reconstruction project of Grand stage of Mezaparks.

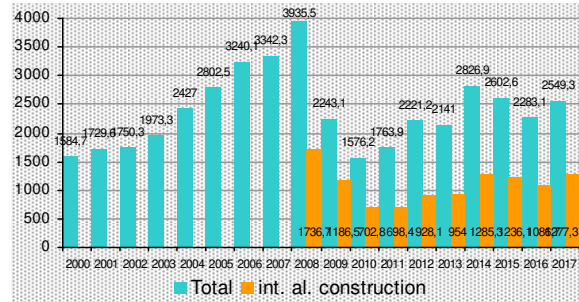
## FOREIGN INVESTMENT IN RIGA

By May 2018, according to Lursoft data, direct investments of foreign investors into the registered equity capital of enterprises in Riga were around 5,2 billion euro, reducing by 6% within a year. Since tendency in all the rest of municipalities was the same during the reporting year the foreign investments in capital from the total foreign investments in country remained unchanged - 77%.

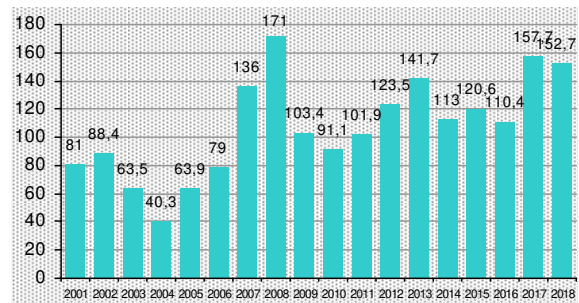
## EU AND OTHER EXTERNAL FINANCIAL SOURCES' CO-FINANCED PROJECTS

24,8 million euro were allocated from the municipality's budget for execution of projects financed by EU Funds, by 2,4 million euro less than in the previous year. Capital expenditure formed 18,2 million euro (74% from the total co-financing and pre-financing amount).

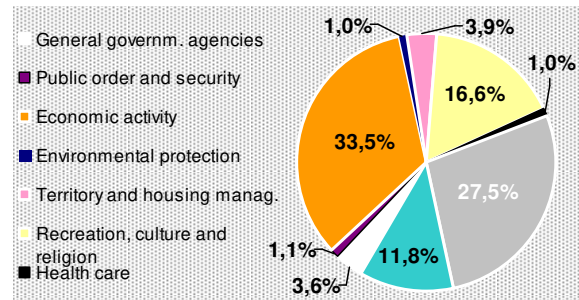
Non-financial investments in Riga (m euro), year 2017 price index



Capital expenditures from Riga Municipality budget (m euro)



Capital expenditures from Riga Municipality consolidated budget structure by sector, 2018 (%)



# RIGA MUNICIPALITY FINANCIAL AND BUDGET POLICY

## REVENUE

In 2018, total Riga City Municipality basic budget revenue was 924,7 million euro, by 18,7 million euro (or 2,1%) more than in 2017. During the reporting year, growth of total municipal budget revenue was significantly slower compared with the previous year, because in 2017 growth of revenue was 10,1% (83,3 million euro).

Municipal basic budget tax revenues in 2018 were 691,1 million euro, less by 0,4 million euro (or 0,1%) than planned. In 2018, Riga City Municipality budget revenue from PIT was 575 million euro, by 13,3 million euro (or 2,4%) more than in the previous year. Growth was significantly lower than in two previous years and the reason of it was performed state tax reform what resulted in reduced PIT rate and increase of non-taxable minimum for largest part of tax payers. Riga City Municipality's proportion in distribution of this tax among Latvia's municipalities reduced from 41,54% in 2017 to 41,45% in 2018. During the reporting year, RET revenue was 110,1, gambling tax - 5, but natural resources tax - 0,9 million euro. In 2018, non-tax revenues were collected at an amount of 24 million euro, by 4,8 million euro less than in the previous year. Paid services revenue in municipal budget was executed at an amount of 32 million euro. State budget transfers at the amount of 170 million euro were transferred to municipal basic budget, by 10,7 million euro (or 6,7%) more than in 2017.

## EXPENSE

In 2018, total Riga City Municipality basic budget expense was 960 million euro, what is more by 69,1 million euro (or 7,8%) than in the previous year. In 2018, capital expenditures decrease from 157,7 million euro, to 152,6 million euro compared with 2017. In 2018, maintenance expenses increased by 74,1 million euro compared with 2017 and reached 807,3 million euro. In 2018, expenses on compensation increased by 21,7 million euro. Expenses on public transportation increased by 35,7 million euro, total expenses on social security increased by 4,2 million euro compared with 2017. In 2018, Riga City Municipality's budget deficit was 3,8% from municipal revenues or 35,2 million euro.

## MUNICIPALITY'S DEBT DYNAMICS

In 2018, the total amount of Riga Municipality's financial commitments was 878,1 million euro decreasing by 18,3 million euro within a year.

Rapid growth of municipal liabilities in 2007 is related with growth of undertaken liabilities due to construction of the South Bridge. Gradual repayment of these liabilities has reduced their proportion in the total amount of financial commitments from 76% in 2009 to 53% by the end of the reporting year. In 2018, Riga City Municipality continued implementation of municipal loans, guarantees and other long-term debt management strategy for 2018 - 2022, by fulfilling all the criteria defined by liabilities portfolio management. The total amount of overall Riga City Municipality liabilities (evaluating by principal amount of liabilities) was around 64,1% from municipal revenues, by end of 2018, not exceeding 100% limit defined by the Strategy.

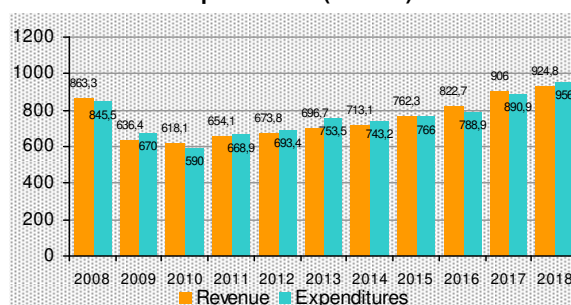
## CREDIT-RATING

In 2018, Riga City Municipality continued cooperation with credit rating agencies - "Standard & Poors" and "Moody's Investors Service". In October of 2018, credit rating agency "Standard & Poors" evaluated Riga City Municipality's budget and financial situation and renewed credit rating assigned to Riga City at the previous level and raised development perspective prognosis from stable to positive. Credit rating agency "Moody's Investors Service" evaluated Municipality's budget execution, management of liability portfolio and financial state and renewed credit rating at a previous level.

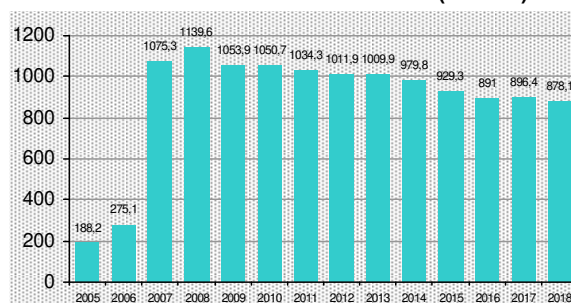
### History of Riga City credit-rating

Year of granting the rating	Standard & Poor's rating for liabilities in local and foreign currencies	Moody's Investors Service rating for liabilities in local and foreign currencies
1997	BBB-/Positive/A-3	-
1999	BBB/Stable/A-3	-
2001	BBB/Positive/A-3	-
2003	BBB-/Stable/A-3	-
2004	BBB-/Stable/A-3	-
2005	BBB/Stable/A-3	-
2006	BBB/Stable/A-3	A2 Stable
2007	BBB/Stable/A-3	A2 Stable
2008	BBB-/Negative/A-3	A3 Negative
2009	BB/Negative/B	Baa3 Negative
2010	BB/Stable/B	Baa3 Stable
2011	BB+/Stable/B	Baa3 Stable
2012	BBB/Positive/A-2	Baa3 Stable
2013	BBB/Positive/A-2	Baa3 Positive
2014	BBB+/Stable/A-2	Baa2 Stable
2015	BBB+/Stable/A-2	Baa1 Stable
2016	BBB+/Stable/A-2	Baa1 Stable
2017	BBB+/Stable/A-2	Baa1 Stable
2018	BBB+/Positive/A-2	Baa1 Stable

### Riga City consolidated budget revenue and expenditures (m euro)



### Dynamics of total amount of Riga City Municipality's financial commitments 2005 - 2018 (m euro)



## RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE

The results of Riga economical development and Riga City Municipality's fiscal policy in 2018 are characterized by achievements in ensuring budget revenues and purposeful use in provision of municipal operations according to the budget approved by Riga City Municipality. Budget is a tool for realization of Riga Municipality economic policy by means of financial methods. Riga Municipality budget includes Municipality's revenue and expenditure. Riga Municipality budget is prepared based on the cash flow principle, simultaneously in compliance with State Treasury instructions, ensuring accounting based on accrual principle.

Riga City Municipality has three year budget plan for main revenue and expense items. Such approach what anticipates balanced and stable budget development enables to work out distribution of budget program of annual municipal budget more precisely. The planned minimum cash surplus amount at the beginning of each year is at least 20 million euro.

### RIGA MUNICIPALITY BUDGET REVENUE

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

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

Basic budget revenue mostly comprises:

#### Tax revenues:

- personal income tax;
- real estate tax.

#### Non-tax revenues:

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

### RIGA CITY MUNICIPALITY SPECIAL BUDGET REVENUES

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

### SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET REVENUE

Cash flow basis (k EUR)	2017 actual	2018 budget	2018 actual
<b>Total revenues</b>	<b>906 030.5</b>	<b>923 437.1</b>	<b>924 749.2</b>
<b>Total tax revenues</b>	<b>683 726.5</b>	<b>691 515.0</b>	<b>691 088.1</b>
Personal income tax	561 766.8	573 253.3	575 028.0
Real estate taxes	116 453.0	112 652.8	110 103.1
int.al. real estate tax on land	50 186.9	48 786.6	46 980.7
int.al. real estate tax on buildings	44 135.6	41 735.7	39 857.5
int.al. real estate tax on housing	22 130.5	22 130.5	23 264.9
Other tax revenue	5 506.7	5 608.9	5 957.0
<b>Total non-tax revenues</b>	<b>28 841.0</b>	<b>23 535.4</b>	<b>24 021.8</b>
Government (municipality) fees	5 784.7	4 091.3	5 557.5
Other non-tax revenues	23 056.3	19 444.1	18 464.3
<b>State institutions' revenues</b>	<b>28 316.8</b>	<b>31 832.5</b>	<b>33 040.8</b>
<b>Total transfers</b>	<b>165 146.2</b>	<b>176 554.2</b>	<b>176 598.5</b>
Transfers of public entities partially financed by State budget and institutions not financed by budget	-	-	2.4
State budget transfers, int.al.	159 301.0	170 319.4	169 975.7
state budget transfers allocated for specific purpose	137 259.7	144 418.4	145 297.5
transfers received from state institutions for projects coo-financed by EU policies' instruments and other foreign financial aid	21 916.6	16 722.6	15 533.0
other State budget transfers	124.7	9 178.4	9 145.2
Municipal budget transfers	5 845.2	6 234.8	6 620.4

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

Cash flow basis (k EUR)	2017 actual	2018 budget	2018 actual
<b>Total revenues</b>	<b>146.2</b>	<b>257.6</b>	<b>172.3</b>
<b>Donations and endowments from legal entities and individuals</b>	<b>146.2</b>	<b>257.6</b>	<b>172.3</b>
Donations and endowments for education	77.8	126.1	44.5
Donations and endowments for social care	1.6	5.9	1.7
Other donations from legal entities and individuals	66.8	125.6	126.1

**RIGA MUNICIPALITY BUDGET EXPENSE**

Riga Municipality budget expense of 2018 in this report is reflected according to the functional categories, which correspond to the structure of expenses by government function or sector - education, economic activity, environmental protection, social security, management of Municipality territories and housing facilities, health care, recreation, culture and religion, public order and security, etc.

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

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

In the same way economical and efficient utilization of municipal funds is already provided for ten last years by performance indicators' system realized by Municipality defined by law "On municipalities".

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

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

In 2018, the main priorities within the total expense structure of Riga Municipality basic budget did not change compared with the previous year - there were education, public order and security, social security, investments in infrastructure.

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



**RIGA MUNICIPALITY BUDGET EXECUTION PERFORMANCE**

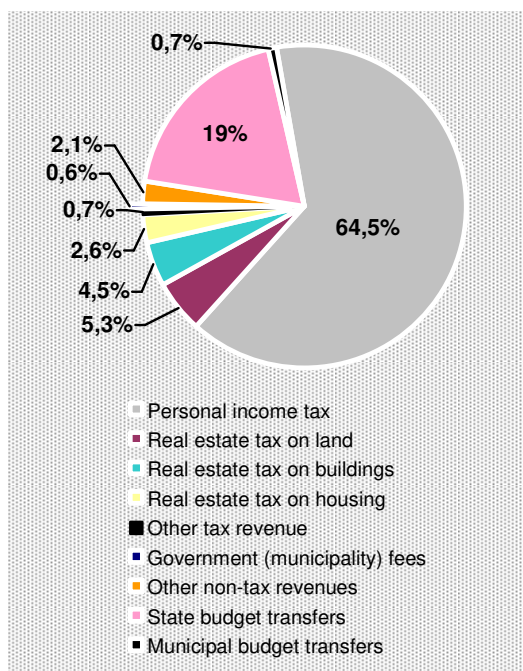
**SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY BASIC BUDGET EXPENSES**

Expenses by government function Cash flow basis (k EUR)	2017 actual	2018 budget	2018 actual
<b>Total expenses</b>	<b>890 876.8</b>	<b>1 022 881.3</b>	<b>959 990.1</b>
General governmental agencies int.al.	156 367.0	166 455.6	160 128.7
deposits to municipal financial cohesion fund	94 583.8	91 629.8	91 950.3
Public order and security	18 095.6	19 313.0	19 224.6
Economic activity	207 961.3	272 784.3	249 061.7
Environment protection	3 848.9	4 593.0	4 015.8
Municipal territory and housing management	29 383.3	39 199.9	33 489.3
Health care	4 978.8	4 811.7	4 383.7
Recreation, culture, and religion	61 878.4	58 039.0	54 670.9
Education	329 211.3	364 249.6	345 081.0
Social security	79 152.2	93 435.2	89 934.4

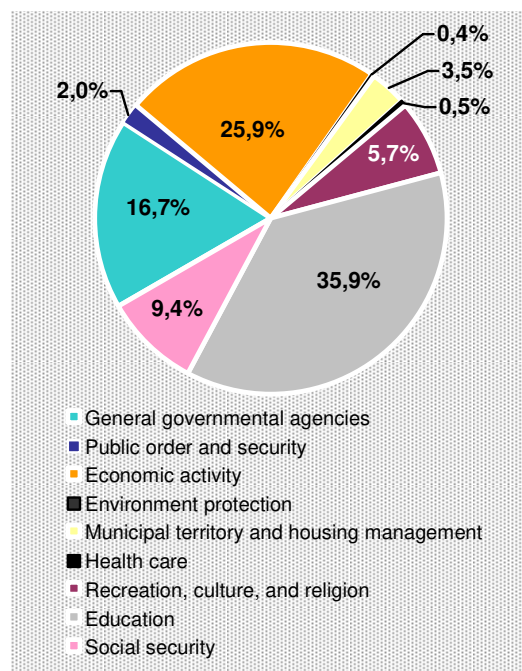
**SUMMARY OF COMPOSITION OF RIGA MUNICIPALITY SPECIAL BUDGET EXPENSES FROM DONATIONS AND ENDOWMENTS**

Expenses by government function Cash flow basis (k EUR)	2017 actual	2018 budget	2018 actual
<b>Total expenses</b>	<b>174.0</b>	<b>515.6</b>	<b>191.4</b>
General governmental agencies	105.6	36.0	14.0
Environment protection	-	35.0	-
Municipal territory and housing management	1.5	4.9	3.6
Recreation, culture, and religion	5.8	133.3	103.7
Education	59.5	296.4	69.3
Social security	1.6	10.0	0.8

**Composition of Riga Municipality basic budget revenue in 2018**



**Composition of Riga Municipality basic budget expenses in 2018**



# RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

## EDUCATION AND SPORTS

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

### PRESCHOOL EDUCATIONAL INSTITUTIONS

In 2018, preschool education programs were provided at 150 licensed Riga City Municipality preschool educational institutions, 16 comprehensive schools and 1 Riga interest educational institution. Preschool education program in municipal preschool educational institutions was provided for 26 315 children in total. In 2018, one for children with somatic symptom disorders and one comprehensive minority preschool education programs groups were additionally created.

Riga City Municipality is not capable of providing all the children with places in municipal preschool education institutions, therefore in 2018, 6 268 students of private preschool educational institutions receive municipal co-financing and 900 children were provided with baby-sitting service.

### COMPREHENSIVE SCHOOLS

At the beginning of the school year 2016/2017, 114 Riga City Municipality elementary and secondary comprehensive schools started work, int. al. 87 secondary schools, 23 elementary schools and 4 primary schools, 4 of them are training-schools and 10 are boarding-schools, where educational programs were mastered by 69 024 students at the beginning of the school year, 81,3%, of these students master elementary education programs, but secondary education programs are mastered by 18,7%.

As a result of optimization of educational institutions' network, the education process of 7 – 12 grade students of Riga French Lycée was provided in renewed building on Kr. Valdemara Street 48. As a result of it the second shift was liquidated in Riga Municipality schools.

In order to promote adaptation of children from families who have arrived from abroad and reemigrants' children, Riga City Municipality allocated financing for additional Latvian language training courses. In the first half of 2018, 195 students from 58, but during second half – 168 students from 45 Riga schools received it.

### OUT-OF-SCHOOL EDUCATION AND SPORTS

In order to provide diversity and accessibility of out-of-school and vocational education there were 13 Riga Municipality's out-of-school education institutions, 114 comprehensive school, 9 music and art schools and 11 vocational education institutions majoring in sports working in Riga Municipality in 2018 and 92 721

students (number shows participators of the programs, because one student can participate in several programs) participated in programs realized by these schools. In 2018, 99 out-of-school events were organized in various out-of-school fields, int. al. festivals, concerts, sports games and competitions, Day of Studies event for children and youth "Come and participate" etc.

In 2018, ECSD provided financial support for students' participation in international sports games, competitions, championships and festivals. for 1 687 sport schools' students received support for participation in 37 international competitions and tournaments. Various sports competitions were organized in Riga which was attended by 94 300 participants. ECSD organized Riga 21<sup>st</sup> Students' Games with 1 350 participants and Olympic Day, which was attended by 48 900 students

In 2018, Riga music and art school students participated in various special events, int. al. participation of united symphonic orchestra of Riga music schools in concert dedicated to defenders of 1991 Barricade, in the summer solstice concert, in concert in Boldeņģu beach and in solemn concerts on 18<sup>th</sup> and 19<sup>th</sup> of November at Riga Congress Hall, in international symphonic orchestra youth camp and concerts in Bremen. Boys choir of J. Medin's Riga 1<sup>st</sup> Music School participated in the Riga Days in Bordo (France).

ECSD provided support for organization of youth's leisure time, informal education and employment, providing co-financing for 244 children and youth camps organized by the Riga City Municipal educational institutions and 77 camps. 15 leisure time projects providing free of charge activities for around 1 800 children and youth during summer holidays were supported, 26 educational activities for around 1 200 students' self-government activist was organized and provided financing for 10 Students' self-government cooperation projects. Besides, 20 youth initiative projects were financially supported and support rendered to 23 leisure time centers, which were attended about 125 000 times.

There were 311 short term working places created by State Employment Agency, Municipal institutions and enterprises for youth during summer holidays. 412 educational activities were organized In Riga youth centre "Kanieris".

### LIFELONG AND INFORMAL EDUCATION

In 2018, more than 12 000 participants attended and received certification on participation in various professional development and self-education courses, seminars, master classes and conferences organized by Education and Information Center of Riga City (EICRC). Opportunities of informal education offered by EICRC were used by 1 452 Rigans.

Due to the introduction of competency-based learning in preschools, a 30 hour introductory program to develop teachers' professional qualifications was organized. 95 events took place in total with 1 987 participants.

In 2018, Latvian language training courses for social integration purposes were organized, which were achieved by 1 217 students.

## RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

The most significant investment projects and programs:

- design contests of construction plan for preschool educational institution building on Grostonas Street 6A and Mezaparks school on Sudrabu Edzus without number;
- Random renovation works in buildings of 24 educational institutions;
- Energy efficiency activities in buildings of 8 educational institutions;
- Renovation of historical facades and construction of illumination in 3 educational institutions;
- Renovation of kitchens in 7 educational institutions;
- Renovation of gyms and assembly halls in 6 educational institutions;
- Construction of fire detection system in 21 educational institutions;
- Territory improvement near 10 educational institutions;
- Renovation of locker room and basement premises in 4 educational institutions;
- Construction of playgrounds, sheds, fences, as well as renovation of footpaths of 29 educational institutions;
- Change of water-supply and sewerage network in 5 educational institutions.

Budget expense allocated to education (k EUR)	2016 actual	2017 actual	2018 budget	2018 actual
Preschool education	86 980.1	103 879.3	109 101.6	105 305.1
Elementary, comprehensive and professional education	160 732.3	183 133.3	206 613.0	193 282.8
Higher education	0.4	2.7	11.4	11.4
Education undefined by educational levels	33 293.9	38 243.1	44 342.5	42 329.2
Other education, not classified above	3 646.5	3 952.9	4 181.1	4 152.5
<b>Total basic budget expense</b>	<b>284 653.2</b>	<b>329 211.3</b>	<b>364 249.6</b>	<b>345 081.0</b>
int.al. investment	25 910.2	33 130.3	27 389.8	26 111.0

### SOCIAL SECURITY

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

#### SOCIAL PROTECTION IN RIGA

In 2018, following services received additional financing:

- 718 679 euro financing of 150 additional places for adults in long-term social and social rehabilitation institutions (SCC);
- For two daycare centers (DCC) for adults with severe mental disorder;
- Financing of 9 additional places for adults with mental disorder;
- For 11 additional careers and 2 social careers positions in Riga social care centers.

Due to social and economic processes the number of recipients of health care and education allowances has decreased. The number of recipients of family allowances due to birth of a child also decreased since the number of new babies has decreased in 2018. The number of recipients of funeral allowance has also decreased.

In 2018, number of low-income persons and social benefits recipients continued to decrease - compared with 2017 the number of low-income persons reduced by 15%. In 2018, recipients of social benefits reduced by 11%, recipients of apartment benefits reduced by 15% (by 1 891 persons), recipients of GMI reduced by 13%. In 2018, social benefits received 25 123 persons in total for a sum of 11 473 869 euro.

In 2018, tendency of previous years continued to remain concerning growth of number of home-care service recipients, as well as, growth of number of recipients of transport compensation for disabled persons. Financing

of home-care service and care service was increased by 2,42 million euro, while transport compensation for disabled persons was increased by 0,78 million euro.

In 2018, amendments of Riga City Council binding regulation No. 202 "On admitting a family or individual to be deprived or low-income or disadvantaged and social benefits in Riga City Municipality" came into force. They provide rise of income criteria for those persons who may claim benefits, for example health care benefits. As a result of it, basic budget program "Social benefits for Riga residents" was reduced by 1,78 million euro and shifted to finance social services.

In 2018, number of recipients of long-term social care and social rehabilitation for children not receiving parental care and number of recipients of crisis centre services continued to reduce. During the financial year, rendering of new services developed in the previous year was continued, for example, social rehabilitation programs for children and youth with behavioral disorder and safe environment service with a goal to provided care in family-oriented environment for children who came into out-of-home care and who are declared as residents of Riga at the age from 0 to 3 years, shortening the time when a child is placed in long-term social care and social rehabilitation institution.

In 2018, research on autism spectrum disorders and services in Riga City Municipality, on family assistance service in Riga City Municipality, evaluation of orphans' capabilities of social functioning and its influence factors, as well as evaluation of programs "Do it" and "Jump" for youth with behavioral disorder.

#### EMPLOYMENT FACILITATION ACTIVITIES

In 2018, tendency of the previous years' remained, i.e. situation in sphere of employment in State continued to improve and number of unemployed reduced to 3,9%. The smallest number of the unemployed persons - 12 472 was recorder by Riga branch office of State

## RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

Employment Agency during the latest years. Number of long-term unemployed clients of Riga Social Service reduced as well within the year.

In 2018, Riga City Municipality continued implementation of four national projects "Paid temporary community work" for long-term unemployed persons, project "KNOW and DO!" for not studying and unemployed youth, "Provision of flexible children baby-sitting service for employees who work nonstandard working time" and "Introduction of SOS Resources and Competency Centre practice of a child-oriented approach in Latvia". In 2018, 332 unemployed persons were involved in paid temporary community works and its total expenses were 193 048 euro, in. al. 60 703 euro Riga City Municipality co-financing.

### PROTECTION OF CHILD RIGHTS

In 2018, school psychologists consulted 18 818 students, 7 672 parents and 6 465 pedagogues, provided 23 consultations in preschool educational

institutions, performed 34 observations in groups and 18 conversations with children parents. While special pedagogues worked with 2 181 students leading individual or group classes, consulted 1 334 pedagogues and 1 837 parents. 18 075 students, 8 725 parents and 4 834 pedagogues received consultations of social pedagogues on various issues. Social pedagogues performed 306 home visits as well.

The most significant investment projects and programs:

- Construction of three social residential building with premises for Riga Social Service territorial centre, day-care centre and health care centre on Mezrozisu Street 41 and Sturmanu Street 31 k-2 was continued;
- Renovation of building on Terbatas Street 69 for Riga Orphans Court was finished;
- Improvement works of Riga City Municipality's Children and youth centre structural unit "Ziemeļi" territory on Sudrabu Edzus Street 11A was finished.

Budget expense allocated to social security (k EUR)	2016 actual	2017 actual	2018 budget	2018 actual
Social security in case of inability to work	5 961.0	5 864.2	6 767.1	6 335.0
Assistance to elderly people	7 930.8	8 582.8	10 607.4	10 292.5
Assistance in case of losing breadwinner	-	-	201.5	201.5
Assistance to families with children	9 417.9	11 032.0	11 688.3	11 066.3
Assistance in unemployment case	387.1	457.5	698.8	573.5
Housing allowance	12 546.8	13 353.4	11 573.9	11 561.3
Other support to socially repudiated persons not classified above	37 519.6	38 291.7	49 791.8	47 918.2
Other social care not classified above	1 497.1	1 570.6	2 106.4	1 986.1
<b>Total basic budget expense</b>	<b>75 260.3</b>	<b>79 152.2</b>	<b>93 435.2</b>	<b>89 934.4</b>
int.al. investment	2 578.0	1 487.8	6 162.7	5 522.7

### HEALTH CARE

In 2018, in order to implement opportunities to live in a healthy environment and to improve Rigans' health condition, Riga City Municipality's Social health strategy "Healthy Rigan - in healthy Riga" for 2012 - 2021, which was approved in May 15 of 2012, was put into effect in Riga.

In 2018, realization of agreement concluded between Central Finance and Contracting Agency and Welfare Department on implementation of project "We are for healthy Riga! - various and accessible health promotion and illness prevention activities" was continued. Project will take place till March 20 of 2020 and the main area of activities is cardiovascular diseases, oncologic diseases, children health and mental health. The main target group of this project is the people under the risk of poverty and social exclusion, int. al. children, persons at age above 54, disabled persons and the unemployed. Total accessible target group is 29 039. In 2018, 1 005 903 euro of European Social Fund (ESF) financing, 177 512 euro of State budget and 25 570 euro of Riga City Municipality's co-financing was utilized.

There are on average around 800 to 900 activities in total taking place in the entire territory of Riga Municipality monthly, providing opportunity for inhabitants to attend free of charge health promotion activities near their places of residence. An average number of visitors per project reaches 3 000 - 4 000 persons. As from beginning of 2018, more than 50 000

Riga City Municipality's inhabitants attended various project events.

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

During the reporting year, Riga City Municipality continued implementation of international project "INHERIT - Intersectoral Health and Environment Research for Innovation". Goal of this project is to determine effective intersectoral policy and intervention activities, which facilitate health and well being, solving the most important environmental risk and inequality factors - consumption, movement and housing. In 2018, the best practice pilot project "The place standard tool" was tested. Poll of Grizinkaln's inhabitants was carried out on transport available in the neighborhood, greened area, social life and on similar health and wellbeing aspects. Total contract price was 9 389 euro.

In 2018, Riga City Municipality in cooperation with international partners finished project "For better health!" launched in 2017, which was financed with support of

## RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS

EU grant program. The main conclusion: according to World Health Organization's positions, "Health in All Policies" approach is an effective tool to tackle health issues by means of various sectors and on various political levels. However, it requires specific model, increase understanding about benefits of cooperation, higher awareness about public health issues and health-related strategies.

In 2018, Riga City Municipality continued cooperation with municipalities of Nordic countries and organizations in implementation of three international projects - "More opportunities!", "Health in all policies in the municipalities for better health for all in the Baltic Sea Region" and "Welfare technologies! - information technology resources for long-term care service recipients with permanent place of residence in Nordic countries". Goal

of project "More opportunities!" is to improve life quality for 30 - 60 year old men with alcohol addiction in the past, by educating and developing lost skills to reduce inequality and facilitate social integration. Total planned financing is 52 198 euro.

The most significant investment projects and programs:

- Reconstruction of building of Riga Municipality Ltd. "Riga 1<sup>st</sup> hospital" on Bruninieku Street 5 was continued;
- Improvement works of Riga Municipality Ltd "Riga Maternity hospital" on Miera Street 45 territory were finished;
- Renovation of Riga Municipality Ltd. "Riga Health Center" branch office "Tornakalns" on Kokles Street 12 was finished.

Budget expenses allocated to health care (k EUR)	2016 actual	2017 actual	2018 budget	2018 actual
Operation and services of ambulatory medical institutions, and public health-care agency services	225.0	1 181.9	121.3	115.2
Hospital services. Health-care services for mother and child	3 537.7	1 672.7	1 475.6	1 473.4
Other health-care services not classified above	1 273.6	2 124.2	3 214.8	2 795.1
<b>Total basic budget expense</b>	<b>5 036.3</b>	<b>4 978.8</b>	<b>4 811.7</b>	<b>4 383.7</b>
int.al. investment	3 751.9	2 852.2	1 562.4	1 560.2

### MUNICIPAL TERRITORY AND HOUSING MANAGEMENT

In 2018, financing of 205 436 euro were utilized within Riga City Municipality budget program "Management of residential and nonresidential accommodations owned by Riga City Municipality", int.al. compensated management expenses of social apartment houses' and apartment houses' with separate social apartments, which do not exceed the established rent for lodgers, 50% compensation of water and sewerage expenses and 25% compensation of heating expenses.

In 2018, 457 owners' applications on allocation of financing for connecting private property to centralized sewerage and water supply system were examined and financing at a sum of 155 773 euro was allocated for connection of 254 private properties to centralized sewerage and water supply system.

In 2018, 907 applications from legal and physical entities were reviewed in Riga City heat supply issues committee on establishing alternative heating system:

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

In 2018, Riga City Council City Development Department compensated house managers' losses which occurred because of free and not being rented out premises for a prolonged period of time owned by Riga City Municipality. Amount of compensation was 704 406 euro.

In 2018, work of gathering information and arrangement of buildings that are not used for commercial activity, that are endangering public safety and spoils City's landscape was continued. In 2018, 207 objects were put in order or dismantled.

During the reporting year, methodic support to the apartment owners was continued on transferring administration rights of the privatized residential buildings. Personnel of management administration took part in 299 apartment owners' meetings on transferring administration rights of residential buildings to the apartment owners, creating joint ownership administration structures and other matters concerning administration of residential buildings. Apartment owner companies with Municipality's support were created and 82 apartment houses were transferred to apartment owners. 20 contracts of authorization of management were concluded on management of unprivatized parts of residential buildings.

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

Since many lodgers of Riga City Municipality housing, which administration rights are transferred to apartment owners, are not fulfilling rental agreement obligations, resulting in accumulation of arrears of rent and paid services, in 2018, committee for evaluation of lodgers' arrears examined necessity of payment of 40 lodgers of Riga City Municipality's housing and repayment of debt for 47 Riga City Municipality's apartments was done for a total sum of 25 197 euro.

**RIGA MUNICIPALITY BUDGET RESOURCE UTILIZATION FOR MUNICIPALITY OPERATIONS**

<b>Budget expenses allocated to municipality territory management and housing facilities</b> (k EUR)	<b>2016 actual</b>	<b>2017 actual</b>	<b>2018 budget</b>	<b>2018 actual</b>
Street illumination	7 734.2	7 777.4	8 598.2	8 489.8
Other activities concerning municipality territory management and housing facilities not classified above	16 787.1	21 605.9	30 601.7	24 999.5
<b>Total basic budget expense</b>	<b>24 521.3</b>	<b>29 383.3</b>	<b>39 199.9</b>	<b>33 489.3</b>
int.al. investment	-	-	596.6	-

**ENVIRONMENTAL PROTECTION**

Riga City can be proud of great number of various overground water objects, among them there are either artificial or natural reservoirs among them. To provide efficient exploitation of reservoirs both for recreation and commercial purposes, management principles were worked out, coordination of introduction and realization of which was provided by Riga City Council Housing and Environment Department. In 2018, following projects were implemented:

- Lifting out of underwater objects were performed in aquatorium of the Kisezers lake (utilized 5 430 euro);
- Construction of foundation of quayside for sailing vessels near the Kisezers lake (utilized 3 836 euro);
- Recovery of polluted areas.

In 2018, during the exploitation and maintenance works of water objects in Riga territory were performed partial cleaning of amelioration ditch in Beberbeki and on crossing of Brivibas Avenue and Jaunciema Avenue, cleaning of amelioration ditch and liquidation of bushes in section between Spare Street and Jaunpils Street, liquidation of bushes, clogs and waste, land amelioration works and scavenging in Riga hydrographic network, cleaning of draining-ditches at a length of 2 000 m from bushes in Zolitude, Imanta and Kengarags, maintenance of pumping station in Spilva's polder system.

In 2018, purification of polluted territories in Bolderaja from dangerous waste containing petroleum products was continued. 300 tons of waste is brought out from the polluted place every year. In 2017, financing for collecting and utilization of the remaining waste (around 200 tons) was allocated.

To maintain and renew Riga City Municipality's greenery management of City's greenery was performed - upkeep of 2 347 young trees of street greeneries, planted 74 trees, upkeep of crowns of 670 growing trees, liquidation of damaged, dangerous and dead trees - 447 trees, sawing of dangerous branches of 69 trees, sawing of poplars - 133 trees and other works. Total municipal budget financing was 237 113 euro.

In 2018, mowing of biologically valuable meadows and reed in specially protected natural territories was performed in area of 85 ha, improvement of territories, scavenging, localization of invasive species and tending of protected trees was performed within Riga City basic budget program "Maintenance of biological diversity".

Riga City Municipality provides control of animals' population in Riga City according to laws and regulations of Republic of Latvia, within it catching of 723 runabout dogs was performed, 1 217 ownerless dogs and cats were housed at City's paid animal shelter. 1 350 ownerless cats were caught and sterilized, 1 641 cats and dogs suffered an accident were brought to veterinary hospitals from City streets, support was provided for 885 wild animals. Riga City Municipality also provided services of picking up and utilization of animal corpses, euthanasia and sterilization of low-income inhabitants' pets and maintenance of walking grounds for dogs.

Municipality organizes exploitation of fishing rights in the waters of the Gulf of Riga and inland waters of Republic of Latvia owned by state in accordance with fishing laws and regulations. Greatest part of the collected revenues from exploitation of industrial fishing rights Riga City Council Housing and Environment Department used for replenishing and protection of fish resources. In 2018, 1 900 000 lamprey caterpillars and 15 000 whitefish fries were let into the river Daugava and 100 000 lamprey caterpillars were let into the river Marupite.

In 2018, for reduction of pollution, improvement of water and air quality and reduction of noise level in Riga City operation of 3 air monitoring stations was provided, allocating 53 336 euro for this reason; activities of action program of improvement of air quality in Riga City 2016 - 2020 were implemented; work on update of pollution zoning maps was completed; project "Research on Riga's air quality in locations without data by means of online wireless sensor network" was realized; realization of action plan of reduction of environmental noise in Riga agglomeration for time period from 2017 to 2022 was started, int. al. update of interactive strategic map of noise pollution in Riga agglomeration.

<b>Budget expenses allocated to environmental protection</b> (k EUR)	<b>2016 actual</b>	<b>2017 actual</b>	<b>2018 budget</b>	<b>2018 actual</b>
Waste management	61.8	61.8	61.8	61.8
Waste-water management	82.2	90.5	168.2	167.5
Prevention and reduction of environmental pollution	111.7	746.2	141.3	141.3
Protection of biodiversity and landscape	106.3	112.0	113.6	111.7
Other expenditures related to environmental protection	2 192.8	2 838.4	4 108.1	3 533.5
<b>Total basic budget expense</b>	<b>2 554.8</b>	<b>3 848.9</b>	<b>4 593.0</b>	<b>4 015.8</b>

## CULTURE

Municipality's priorities in cultural sphere are provision of balanced and diverse cultural services for citizens, organization of local, national and international cultural events, promotion of amateur art and preservation of cultural values. In 2018, 150 urban projects were implemented within program of Riga City culture events, int. al. coordination of all local and national events with the responsible state and local authorities was provided.

In 2018, Riga City program 2017 - 2021 dedicated to Latvia's 100<sup>th</sup> Anniversary launched in 2017 was continued. Following projects were realized within this program:

- Celebration 100<sup>th</sup> Anniversary of Proclamation of Baltic states. Common project of Riga, Vilnius and Tallinn;
- "Stories of Brivibas Street" with events in 9 places, which were visited by 50 000 people;
- Photo exhibition "Freedom Monument – dedication to Latvia" was visited by more than 11 590 people;
- "Ligo, Riga! Ligo, Latvia!" with around 100 000 visitors;
- Program of events dedicated to 150<sup>th</sup> Anniversary of Riga Latvian Association in Vermanes garden;
- Festival "Three Stars";
- XI festival of light "Shine Riga 2018";
- Gala event at Freedom Monument, celebration event on 11. Novembra Krastmala, a light and music show "Saules muzs" and many other events.

Riga City Program 2017 - 2021 dedicated to Latvia's 100<sup>th</sup> Anniversary also includes realization of city celebratory decoration projects.

ECSD provided participation of Riga amateur collectives in a number of various State and local level events, for example, in show of Riga dance collectives, where participated 89 folk-dance collectives, show of Riga choruses, where participated 97 choruses, show of kokle players' ensembles, where participated 22 kokle players' ensembles, show of brass bands, where participated 9 brass bands from Riga, participation of 29 folk decorative arts workshops in Latvian National Song and Dance Festival folk decorative arts exhibition and other events.

XXVI Latvian National Song Festival and XVI Dance Festival were celebrated within framework of celebration of Latvia's 100<sup>th</sup> Anniversary. 322 amateur collectives from Riga took part in them: 112 choruses, 89 folk-dance collectives, 9 brass bands, 22 kokle players' ensembles, 28 folk-groups, 29 folk decorative arts workshops, 8 vocal ensembles, 2 amateur theatres and 23, minority collectives. Total number of participants was 11 000. Participation in regional and international events was

supported, for example: dance grand concert "Maras zeme", international amateur theatre festival "Riga spele teatri 20187", where participated 5 Riga amateur theatres and six guest amateur theatres, minority amateur collectives' concerts "Dziesmu tilti" took place within program of Riga festival and other events.

In 2018, ECSD organized 6 cultural and event project financing competitions in total, where 801 project applications were submitted and examined, 437 of them received support.

In 2018, ECSD participated in various international cooperation networks' and international organizations' events, int. al. in folklore festival "Baltica 2018", in Hansa Days in Rostock, in events of "Riga festival", in Riga Days in Brussels, in international photo exhibition in Cairns (Australia).

In 2018, following important events were realized:

- Events dedicated to Declaration on the Restoration of Independence of the Republic of Latvia on 4<sup>th</sup> of May, where the base of the Latvia's 100<sup>th</sup> Anniversary;
- Program of events dedicated to Lacplesa Day on November 11 and 100<sup>th</sup> Anniversary of Proclamation of the Latvia Republic;
- Concert dedicated to defenders of 1991 Barricade and events dedicated to in remembrance of Communist genocide victims on 25<sup>th</sup> March and 14<sup>th</sup> June;
- Festival of light "Shine Riga 2018" what was organized within program of events dedicated to Latvia's 100<sup>th</sup> Anniversary;
- "Riga festival", gathering around 300 000 people within three days;
- Contemporary art festival "White Night 2018", where 53 various cultural events were offered and which were visited by around 45 000 guests;
- Traditional annual celebrations - Easter, Midsummer Day, Advent, Christmas and New Year and other celebration event programs and celebrations.

The most significant investment projects and programs:

- Rebuilding of Grand stage of Mezaparks 1<sup>st</sup> stage was finished and 2<sup>nd</sup> stage was started;
- Construction of Ltd. "Riga National Zoological Garden" exposition complex of endangered species "Savanna of Africa" was finished;
- Renovation of facade and territory improvement of The Latvian National Theatre on Kronvalda boulevard 2 was finished;
- Renovation of Culture and recreation centre "Imanta" on Anninmuizas Avenue 29 1<sup>st</sup> stage was launched.

Budget expense allocated to recreation, culture and religion (k EUR)	2016 actual	2017 actual	2018 budget	2018 actual
Recreational and sports events	3 992.4	4 433.1	4 752.1	4 693.2
Culture	21 600.5	57 129.0	50 212.4	49 007.9
Services of religious organizations and other associations and foundations	-	300.0	533.0	532.1
Other recreational, cultural, and religion-related services not classified above	80.5	16.3	2 541.5	437.7
<b>Total basic budget expense</b>	<b>25 673.4</b>	<b>61 878.4</b>	<b>58 039.0</b>	<b>54 670.9</b>
int.al. investment	617.5	21 365.7	23 596.6	23 285.7

## ECONOMIC ACTIVITY

Riga City Municipality's public transport systems serve either for Riga inhabitants or for inhabitants of neighboring municipalities. In 2018 Riga City Municipality public transport network was formed by:

- 56 bus routes with total length of 949,1 km, provided by 320 buses in the daytime;
- 20 improved service bus routes with total length of 431,6 km, provided by 146 buses in the daytime;
- 8 tram routes with total length of 104,4 km, provided by 74 trams in the daytime;
- 17 trolleybus routes with total length of 150,7 km, provided by 180 trolleybuses in the daytime.

In 2018, 11,8 million passengers were transported in 792 097 bus runs in 20 improved service bus routes, int.al. 38,8 thousands passengers were transported in 8 night minibuses routes. Transportation fee discounts defined by State were used by 14,1% from the total amount of transported passengers in improved service bus routes. Total length of run in transportation network was 51 374,6 km.

In 2018, there were 2 677 767 public transport runs performed with 138,8 million transported passengers, 43,3% of them used 100% transportation fee discount allowed by Riga Council, but 27,1% from the total amount of transported passengers used partial transportation fee discounts. Transportation fee discounts defined by State were used by 4,3% from the total amount of transported passengers.

In 2018, 97% of traffic buses, 100% of traffic trolleybuses and 28% of traffic trams from all the public transportation vehicle, which were used to provide public transportation service, were equipped with low floor. All the public transportation vehicle with low floor are equipped with wheelchair lifts, thereby meeting needs of passengers with limited motor opportunities for accessible public transport.

In 2018, following improvement of public transportation network were performed:

- As from 03.03.2018. tram route No. 1 runs through Central market in both directions;
- As from 09.06.2018. tram route No. 1 runs along Radio Street;
- Bus stop "Lacupes kapi" was erected on bus route No. 30 and No. 56;
- During weekends, when exhibitions take place in Kipsala, intervals between runs on bus route No. 57 were reduced from 60 to 30 minutes;
- Special runs of trolleybus route No. 19 are elongated to Ziepniekkalns cemetery.

In 2018, a number of improvements of public transport traffic were performed, including changes in division of traffic lanes, improvement of pedestrians' safety, reduction of maximum traffic speed, etc. activities, int. al. narrowing of carriageway was performed in 3 locations, erection of 4 residential area, traffic organization was improved near 8 educational institutions, traffic organization was improved on more than 48 Riga streets and crossings.

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

- Reconstruction of Island Bridge 2<sup>nd</sup> stage was launched for total sum of 19 692 701 euro;
- Reconstruction of cross-over on A. Deglava Street was launched for total sum of 5 490 582 euro;
- Reconstruction works of 4 streets for total sum of 5 247 031 euro;
- Construction works of 3 parking places for total sum of 520 050 euro;
- Construction of 7 traffic light objects for total sum of 1 572 447 euro;
- Construction of street from Lubanas Street to Riga City border. Total expenses 432 841 euro;
- Construction of pavement on one street. Total expenses 54 828 euro.

In 2018, periodical renewal of street paving in 4 objects was performed for sum of 12 027 510 euro.

Other traffic organization system works done in 2018: established 2 new unregulated pedestrian crossings; 1 existing pedestrian crossings equipped with additional illumination; repair works of 13 existing speed humps; established new pedestrian safety barriers at total length of 535 meters, established 52 new speed humps.

The most significant investment projects:

- Renewal of street paving was continued in several sections on Brivibas Street, Kalpaka Avenue and other Riga streets;
- Renovation of driveways of internal quarters and public roads was continued.

Budget expense allocated to economic activity (k EUR)	2016 actual	2017 actual	2018 budget	2018 actual
Agriculture, forestry, fishery and hunting	13.5	11.5	17.3	13.5
Mining, industry and construction	4 507.7	5 008.1	5 848.0	5 654.2
Transportation	197 840.3	193 698.6	257 592.0	234 324.9
Other sectors	4 317.7	6 701.5	5 994.7	5 994.7
Other economic activity not classified above	1 244.3	2 541.6	3 332.3	3 074.4
<b>Total basic budget expense</b>	<b>207 923.5</b>	<b>207 961.3</b>	<b>272 784.3</b>	<b>249 061.7</b>
int.al. investment	10 560.1	7 710.3	11 597.9	7 405.7



**PUBLIC ORDER AND SECURITY**

In 2018, Riga Municipality Police (RMP) officials secured public order during 800 important mass gathering events, rendering support for the state security institutions together with their direct responsibilities int. al. during State Holidays of the Republic of Latvia, visits of foreign delegations, events organized by Riga City Municipality, meetings, street processions, sports games and recreation events and during other important mass events.

In 2018, Riga Municipality Police officials secured public order near 186 Riga City educational institutions' complexes of buildings.

In 2018, 114 779 calls were maintained and 7 932 applications were received. In 2018, RMP recorded 13 870 persons who committed administrative violations or crimes, 721 of them were wanted persons, 43 of them were juvenile persons.

By means of RMP video surveillance center 2 374 cases of law violation were recorded, 471 video records were submitted to law enforcement institutions. In 2018, RMP recorded 14 467 various administrative violations, int. al. 5 246 violations of Riga Municipality binding regulations, 49 534 administrative violations protocols on violating stopping and parking regulations were issued.

2 119 administrative violations of Riga City public order regulations were recorded and 2 361 administrative violations of Riga City territory and building upkeep regulations were recorded. In 2018, RMP performed control and inspection of 1 910 taxis and issued 566 administrative violations protocols.

In 2018, 56 administrative violations of water traffic rules were recorded, during raids 183 illegal fishing tools were confiscated, including poaching nets at total lengths of 3 km, 154 administrative violations were recorded and 8 poachers were detained.

In 2018, 9 swimmers were rescued, medical aid was rendered to 62 persons and 27 lost children were found. In 2018, during fire accidents RMP civil defense specialists rendered help to 129 persons in total, performed evaluation of Industrial accident elimination programs and Safety reports of 13 objects of high dangerousness. Reviewed civil defense plans of 4 objects of high dangerousness.

In 2018, phone service of Tourism Information Center served 614 phone calls and police rendered help to 771 foreign tourists.

The number of registered RMP Youtube account readers reached 5 203 persons, followers of RMP Facebook account - 9 257, but followers of RMP Twitter account exceeded 10 000.

<b>Budget expenses allocated to public order and security (k EUR)</b>	<b>2016 actual</b>	<b>2017 actual</b>	<b>2018 budget</b>	<b>2018 actual</b>
The police	16 793.6	18 060.8	19 272.9	19 187.9
Fire safety, firefighting, rescue and civil defense services	202.6	2.6	-	-
Other public order and security services not classified above	40.3	32.2	40.1	36.7
<b>Total basic budget expense</b>	<b>17 036.5</b>	<b>18 095.6</b>	<b>19 313.0</b>	<b>19 224.6</b>

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

## CORRUPTION PREVENTION

In 2018, Riga City Council Bureaucracy Combating Centre (Centre) continued provision of Riga City Municipality's single corruption risks prevention management, methodological management and summarized evaluated and prepared report on execution of Riga City Municipality's anticorruption strategy 2016 - 2017 implementation plan. Centre prepared project and execution plan of Riga City Municipality's anticorruption strategy 2018 – 2021.

Taking into account new normative regulations of Cabinet of Ministers regulations regulating corruption combating sphere, Centre prepared and issued project of a new internal rules, which are specifying and widening current regulations.

In 2018, in accordance with corruption prevention plan of Riga City Municipality's institutions, structural units, and municipal enterprises and schedule of its execution evaluation for 2017 and 2018, which is approved by Security, Public Order and Corruption Prevention Issues Committee, conclusion on 10 Municipality's institutions, structural units, and municipal enterprises were prepared and revised.

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

In 2018, Centre prepared plan of corruption prevention measures and schedule evaluation of its execution for municipal institutions and enterprises.

Centre organized training "Basic requirements for internal control system for preventing the risk of corruption and conflict of interests in a public institution", conducted by a representative of the Corruption Prevention and Combating Bureau. More than 140 employees of Riga City municipality institutions participated in the training.

Continuing already started practice, one of the Centre's work directions in 2018 was improvement of public services provided by Riga City Councils and in the process of this work services provided by Riga Municipality Residential Houses Privatization Commission of Riga City Council Property Department were evaluated. Functional relationship of these services were evaluated within this process, created new and particularized the existing names and descriptions of services, service rendering processes were optimized. An opinion survey by phone on services rendered by Riga City Council Property Department was made during the activities of the working group, clarifying satisfaction about the received services (accessibility, terms of receipt, attitude and professionalism of department's employees), paying special attention to flaws indicated by clients and offered suggestions towards improvement of service rendering process.

257 Riga City Municipality rendered public services were evaluated and improved in total within 8 years, what is 86% from 300 currently rendered services.

## INTERNAL AUDIT

According to the Riga City Council Audit Directorate 2018 plan of internal audit realization approved by Riga City Council Chairman, in 2018, Riga City Council Audit Directorate performed 12 internal audits, int. al. 11 audits as internal control system evaluation audits of specific Riga Municipality institutions (1 - 3 system audits performed within each audit, 23 in total) and 1 separate system audit, which involves 3 Riga Municipality institutions. Audit reports gave evaluation of the audited systems and suggestions on improvement of operation and control mechanisms of these systems. As a result of audits introduction schedule of suggestions was developed, where 58 suggestions were included in total.

In 2018, Riga City Council Audit Directorate, with a goal to verify the legality and effectiveness of utilization of Riga Municipality's financial resources, performed inspections of financial and economic activities of 13 Riga City Councils Riga City Municipality's central administration structural units, institutions and agencies. As a result of performed audit 39 suggestions on elimination of the found offences and flaws were suggested. In 2018, Riga City Council Audit Directorate has also performed 3 inspections of financial and economic activities in Riga Municipality's enterprises and 21 suggestions on elimination of the found offences and flaws were prepared. Riga City Council Audit Directorate performs supervision of implementation of the suggested measures.

## OPERATION IMPROVEMENT

In 2018, improvements of following services were made:

- Riga City Council's Joint Information System (RDVIS) transition to status of Riga City municipality as a single taxpayer was provided;
- Functionality additions of Riga Orphans Court's Electronic Document Registration System (BARIS) were performed with Riga City Municipality Large Family Register, Social Assistance Administration System, State Revenue Service, State Social Insurance Agency;
- Addition of Riga Municipality Residential Houses Privatization Commission modules Administration of Private Schools and Pre-School Co-financing, Customer Relations Management Information System (KAVIS), Geospatial Information System and THE KAVIS- BUVNIECIBA was performed;
- Additions of interconnection between National Construction Information System (BIS) and the Riga City Council Joint Information System (RDVIS) were performed;
- Out-of-school and vocational education module was developed which summarizes information on benefits for large families granted by Riga City Municipality;
- Protection of Transport Constructions module was developed in order to ensure control and supervision of protection over transport structures under possession of the Riga City Municipality;
- Purchase of computers for institutions subordinate to Riga City Municipality Education, Culture and Sports Department. 1 607 new computer kits were purchased for comprehensive schools and other educational and cultural institutions.

## RIGA MUNICIPALITY PARTICIPATION IN INTERNATIONAL COOPERATION PROJECTS

In 2018, cooperation with international institutions and cooperation networks, as well as cities of various countries, int. al. 30 Riga commonwealth cities was continued. Within the cooperation framework, Riga City participated in a number of seminars and conferences, as well as in other international level events in areas of culture, education, sports, city planning and development, transportation and traffic infrastructure planning and development, public utilities, environment protection, tourism, as well as other areas.

The most significant international projects and events Riga City Municipality's participated during 2018 in association with execution of Riga territory plan:

- Revitalization project of degraded territories of Riga Central market, what foresees construction of underground city of Central market and canal bank. In 2018, development of construction project 1<sup>st</sup> stage was done, tender on construction works was announced, as well as project application was prepared and submitted to receive EU co-financing;
- Reconstruction project of Aldara Park - construction plan and technical solution of cycling park was developed;
- Revitalization of Skanste territory what goal is construction of new streets creating a neighborhood that is well connected with other parts of the city, with infrastructure objects of regional/national. In 2018, 1<sup>st</sup> stage construction project was developed and launched development of the 2<sup>nd</sup> stage;
- Establishment of multimodal public transportation junction in Tornakalns neighborhood;
- Measures for flood protection project in Bolderaja – stage of construction plan development;
- Development and coordination of Palace Square reconstruction Project and other projects.

In 2018, following international cooperation projects were successfully finished:

- Integrated rainwater management (iWater);
- Integrated planning and cooperation model for revitalization of degraded territories (Baltic Urban Lab);
- Riga Zoo construction project exposition "Savanna of Africa";
- Protection of seashore biotopes in natural park "Piejura" (Natura 2000);
- Construction and reconstruction of infrastructure objects that reduce anthropogenic load in natural park "Piejura" (Natura 2000).

In 2018, following international cooperation projects were launched:

- "Platform for integrated coordination in water resource management (BSR Water)" (INTERREG);
- "Cultural planning as a method for social innovations in cities – UrbCulturalPlanning" (INTERREG);
- "North Star Film Alliance" (INTERREG).

Riga City Council Foreign Relations Section implemented various Riga and its commonwealth cities' cooperation events, among them also were: delegations from Tallinn, Vilnius, Warsaw, Suzhou, Ljubljana and Vienna were received as part of events dedicated to Latvia's 100<sup>th</sup> Anniversary; delegations from Cairns, Pars, Kobe, Tartu, Tallinn, Warsaw, Bremen, San Diego, Reykjavik, Vienna and Stockholm were received as part of XXVI Latvian National Song Festival and XVI Dance Festival delegations from Kiev, Rostock, Tartu, Pori,

Norrköping, Budapest, Taipei, Tallinn, Minsk, Moscow, St. Petersburg un Almaty as part of events.

The most important events to promote international cooperation and Riga City international recognizability performed by Foreign Relations Section in 2018: Riga City participation in official events and cultural program in 38<sup>th</sup> international Hansa Days in Rostock; representation of Riga City in "Feel Riga. Taste Riga" in Brussels; in cooperation with Riga Municipality Police provision of international Europe Cities security forum seminary in Riga; submission of Riga City application for membership in Partnership in provision of security of public space, where coordinators are Nice and The European Forum for Urban Security (EFUS).

In 2018, project "MEANING" co-financed by EU program "Europe for Citizens" was completed, which goal was to create and facilitate development of network of commonwealth city municipalities, exchange of experience and develop thematic and long-term cooperation. In 2018, Foreign Relations Section participated in 3 international conferences.

In 2018, ECSD continued launched projects relate with transition to implementation of competency-based learning process in schools. Support was provided to team of pedagogues of six schools for participation in ESF project "Competency approach to learning content" in order to develop and appropriate new learning content.

ECSD subordinate institutions are participating in development and implementation of various projects financed by EU. In 2018, implementation of 58 projects was continued in "Erasmus+", "NordPlus", "NordPlus Junior" and other programs for a total sum of 1 684 276 euro. In 2018, ECSD supported students' participation in 104 various international sports and cultural events, allocating for this purpose financing of 107 912 euro.

In 2018, Riga City Council Foreign Relations Section provided Riga City Municipality's cooperation with 19 international organizations and cooperation networks, where Riga is participating as member, int. al.:

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

In 2018, Riga City Council Foreign Relations Section coordinated and organized 240 delegations of Riga Council management, Riga Council officials and Riga City Municipality office-workers abroad and provided reception of 60 foreign official delegations in Riga.

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

## PROMOTION OF INHABITANTS' AWARENESS AND EDUCATION

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

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

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

In 2018, all the most important information about City and Municipality is available on Riga City Municipality's home page [www.pasvaldiba.riga.lv](http://www.pasvaldiba.riga.lv), int. al. normative acts, Riga City Council's and its committees' meeting schedule, documents to be revised, resolutions and resolution projects, information about planned and actual events in City and Municipality. Information is updated several times a day. Portal supplies information on Municipality structure, competences of municipal structures, officials and contacts, as well as other important information either for businessmen and inhabitants or nongovernmental organizations (NGO).

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

In order to provide feedback between municipality and society, 4 opinion surveys were performed in 2018. Survey results as well as Rigan opinion expressed in public discussions are used in further activities; they affect Riga Municipality decisions, as well as development and their progress.

In 2018, organization of project competitions was continued either for NGO or ECSD subordinate institutions to support society integration, volunteer work as well as neighborhood initiatives. Implementation of 78 projects was supported in total. 63 applications were submitted and 24 were supported within competition "Social integration project competition for NGO."

Information of inhabitants on Municipality's topical issues is performed also by means of social media. For example, topical and important information for inhabitants as well as answers on various inhabitants' questions was published in Riga Council Facebook and Twitter accounts.

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

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

## COOPERATION WITH PRIVATE SECTOR

In 2018, 3 small inhabitants' forums were organized in order to promote inhabitants' involvement in their neighborhood and city activities.

In 2018, project contest "Neighborhood initiative of promotion of engagement and sense of membership" within 3 stages received 38 applications and financial support was rendered to 21 projects for a total sum of 43 673 euro. Goals of projects of promotion of neighborhood initiatives and sense of membership are to activate and stimulate civic involvement of Riga inhabitants as well as to educate and inform inhabitants on this issue, including promotion of volunteer work and sense of membership to their neighborhood, city and state.

## ACTIVITIES PLANNED FOR THE NEXT YEAR

### LAUNCHED PROJECTS THAT WILL BE CONTINUED

In 2019, work on following projects is planned to be continued:

- Renovation of building of Culture and recreation centre "Imanta" 1<sup>st</sup> stage (will be finished) and rebuilding of Grand stage of Mezaparks 2<sup>nd</sup> stage;
- Energy efficiency activities in municipal educational institutions, as well as territory improvement works;
- Allocation of municipal financing for energy efficiency measures in residential buildings and reconstruction of residential buildings;
- Revitalization of degraded territories of Riga Central market;
- Revitalization degraded territories of Skanste;
- Flood prevention measures in Bolderaja;
- Reconstruction of Aldara Park in Sarkandaugava;
- Reconstruction of Palace Square;
- Working out scenarios of Tornakalns territory development in cooperation with other territory developers (University of Latvia and project RB Rail) and project of multimodal public transportation junction in Tornakalns;
- Project "Introduction of SOS Resources and Competency Centre practice of a child-oriented approach in Latvia" which goal is to promote interinstitutional cooperation between professionals of education, health care and social spheres.

### MAIN TASKS OF THE NEXT YEAR AND PLANNED COOPERATION PROJECTS

- Renovation and rebuilding of several buildings and territories, improvement works in Riga Imantas Secondary school and Fricis Brivzemnieks elementary school territories, rebuilding of building of Riga English Grammar School, development and construction of outbuilding of Riga Classical Gynasium and Riga Zolitude Gynasium;
- Reconstruction works of "Riga 1<sup>st</sup> hospital";
- Project "Platform for integrated coordination in water resource management (BSR Water)" providing improvement of water management practice in cities of the Baltic sea region by strengthening capacities of all the involved sides and by providing sharing of good practice by means of modern technologies;
- Project "North Star Film Alliance" which goal is to significantly increase export of movies, TV series and commercials in central part of the Baltic sea region;
- Work on introduction of electronic administration (records) system of several social services launched in 2017, as well as introduction of electronic system of social service queues for all the social services, which are provided on queue basis.

## RIGA MUNICIPALITY FINANCIAL STATEMENTS 2018 (SUMMARY)

RIGA MUNICIPALITY SUMMARY BALANCE SHEET	31.12.2017. (k EUR)	31.12.2018. (k EUR)
<b>ASSETS</b>	<b>3 431 146.6</b>	<b>3 388 130.9</b>
<b>Non-current assets</b>	<b>3 285 548.6</b>	<b>3 259 361.8</b>
<b>Intangible assets</b>	<b>6 491.7</b>	<b>9 678.3</b>
Development activities and programs	39.8	0.0
Licenses, concessions and patents, trademarks and similar rights	6 072.3	7 103.5
Other intangible assets	367.9	276.0
Unfinished intangible assets	4.4	22.1
Advance payments on intangible assets	7.3	2 276.7
<b>Fixed assets</b>	<b>2 599 724.9</b>	<b>2 539 791.7</b>
Land, buildings and construction	2 303 219.5	2 227 367.9
Technological equipment and machinery	1 067.0	1 219.4
Other fixed assets	53 613.8	59 922.1
Construction in progress, unfinished fixed assets	58 367.6	41 794.8
State and municipal real estate property assigned for actual possession	170 478.3	196 892.7
Biological and underground assets	12 226.1	11 751.5
Long-term investments in leased assets	24.0	25.6
Advances for fixed assets	728.6	817.7
<b>Long-term financial investments</b>	<b>675 673.6</b>	<b>707 181.8</b>
Investments in equity capital of related enterprises	613 653.5	645 506.3
Investments in equity capital of associated enterprises	62 020.1	61 675.5
<b>Long-term receivables and allowances for doubtful long-term receivables</b>	<b>3 658.4</b>	<b>2 710.0</b>
Other long-term receivables	3 658.4	2 710.0
<b>Current assets</b>	<b>145 598.0</b>	<b>128 769.1</b>
<b>Inventory</b>	<b>15 354.7</b>	<b>15 935.3</b>
<b>Debtors</b>	<b>16 154.1</b>	<b>16 574.0</b>
<b>Deferred expenses and advances for services and projects</b>	<b>2 634.4</b>	<b>3 925.5</b>
<b>Cash</b>	<b>111 454.8</b>	<b>92 334.3</b>
<b>LIABILITIES</b>	<b>3 431 146.6</b>	<b>3 388 130.9</b>
<b>Equity</b>	<b>2 517 940.9</b>	<b>2 492 250.7</b>
<b>Reserves</b>	<b>103 520.6</b>	<b>103 519.9</b>
<b>Results of the budget execution</b>	<b>2 414 420.3</b>	<b>2 388 730.8</b>
Retained results of the budget execution	2 396 023.0	2 414 420.3
Results of the budget execution in current period	18 397.3	-25 689.5
<b>Provisions</b>	<b>1 119.5</b>	<b>743.9</b>
<b>Liabilities</b>	<b>912 086.2</b>	<b>895 136.3</b>
<b>Non-current liabilities</b>	<b>760 112.5</b>	<b>731 667.0</b>
Long-term borrowings	246 175.7	262 683.2
Long-term liabilities to suppliers and contractors	269 956.3	241 393.9
Long-term accrued liabilities	202 446.2	185 380.2
Long-term deferred income and received advances	543.6	5 647.3
Other long-term liabilities	40 990.7	36 562.4
<b>Current liabilities</b>	<b>151 973.7</b>	<b>163 469.3</b>
Current borrowings and current portion of long-term debt	16 897.2	18 860.3
Current liabilities to suppliers and contractors	47 900.8	49 227.7
Current accrued liabilities	27 714.8	29 299.0
Salaries and deduction payments (excluding taxes)	9 395.0	10 349.0
Taxes and social security contributions	10 824.5	10 781.2
Other current liabilities	5 720.4	5 117.9
Deferred income and received advances	33 521.0	39 834.2
Deferred income and received advances	1 958.2	5 318.3
Received prepaid transfers	31 562.8	34 515.9

**RIGA MUNICIPALITY FINANCIAL STATEMENTS 2018 (SUMMARY)**

<b>RIGA MUNICIPALITY SUMMARY BALANCE SHEET</b>	<b>31.12.2017.</b> (k EUR)	<b>31.12.2018.</b> (k EUR)
<b>OFF-BALANCE SHEET</b>		
<b>Leased assets</b>	<b>845.9</b>	<b>954.6</b>
<b>Off-balance sheet assets</b>	<b>3 378.9</b>	<b>3 052.7</b>
Demurrages and fines receivable	6.8	6.5
Actions of detinue	59.5	58.1
Other off-balance sheet assets	3 312.6	2 988.1
<b>Off-balance sheet liabilities</b>	<b>219 024.2</b>	<b>298 144.8</b>
Future payments according to agreements concluded on projects financed by foreign financial aid and EU policies' instruments	15 332.2	25 277.1
Future liabilities and payments according to agreements and government decisions on purchase of goods and services, except those concluded on projects financed by foreign financial aid and EU policies' instruments	82 606.7	172 701.2
Received and not paid invoices for advance payments	23.6	5.4
Warranties issued	5 473.3	4 931.2
Other off-balance sheet liabilities	115 588.4	95 229.9

**RIGA MUNICIPALITY FINANCIAL STATEMENTS 2018 (SUMMARY)**

<b>BASIC BUDGET INCOME STATEMENT</b>	<b>2017 actual</b>	<b>2018 actual</b>
Accrual basis	(k EUR)	(k EUR)
<b>Total revenues</b>	<b>1 005 595.4</b>	<b>998 107.1</b>
<b>Total tax revenues</b>	<b>685 848.0</b>	<b>688 604.0</b>
Personal income tax	566 084.4	573 253.3
Real estate taxes, int.al:	114 256.9	109 393.6
real estate tax on land	48 554.0	46 332.6
real estate tax on buildings	43 631.6	39 438.3
real estate tax on housing	22 071.3	23 622.7
Other tax revenue	5 506.7	5 957.1
<b>Total non-tax revenues</b>	<b>64 500.8</b>	<b>86 898.4</b>
Government (municipality) fees	5 921.8	6 318.0
Other non-tax revenues	58 579.0	80 580.4
<b>State institutions' revenues</b>	<b>100 813.4</b>	<b>54 459.9</b>
<b>Total transfers</b>	<b>154 433.2</b>	<b>168 144.8</b>
Transfers of public entities partially financed by State budget and institutions not financed by budget	-	1.2
State budget transfers, int.al:	148 485.4	161 537.5
state budget transfers received by municipality allocated for specific purpose	135 321.4	139 591.3
transfers received by municipality from state institutions for projects (arrangements) coo-financed by EU policies' instruments and other foreign financial aid	10 602.1	12 614.5
other state budget transfers	2 561.9	9 331.7
Municipal budget transfers	5 947.8	6 606.1
<b>Expenses by government functions</b>		
<b>Total expenses</b>	<b>987 214.7</b>	<b>1 023 938.2</b>
General governmental agencies, int.al:	311 070.6	285 650.2
contributions to municipal cohesion fund	95 310.8	91 629.8
Public order and security	17 480.9	17 953.8
Economic activity	245 848.3	272 741.4
Environmental protection	3 169.1	2 543.2
Territory and housing management	28 564.5	31 129.4
Health care	1 852.4	2 751.1
Recreation, culture, and religion	24 307.0	29 177.8
Education	288 897.4	308 976.8
Social security	66 024.5	73 014.5
<b>Budget surplus or deficit</b>	<b>18 380.7</b>	<b>-25 831.1</b>
<b>INCOME STATEMENT ON DONATIONS AND ENDOWMENTS</b>		
Accrual basis	<b>2017 actual</b>	<b>2018 actual</b>
	(k EUR)	(k EUR)
<b>Total revenues</b>	<b>508.1</b>	<b>383.9</b>
Non-tax revenue	50.6	1.8
<b>Donations and endowments from legal entities and individuals</b>	<b>457.5</b>	<b>382.1</b>
Donations and endowments for education	234.5	143.8
Donations and endowments for social care	26.4	8.9
Other donations from legal entities and individuals	196.6	229.4
<b>Expenses by government function</b>		
<b>Total expenses</b>	<b>490.1</b>	<b>242.8</b>
General governmental agencies	155.4	73.6
Territory and housing management	4.1	3.7
Recreation, culture, and religion	6.7	26.1
Education	266.9	114.0
Social security	57.0	25.4
<b>Budget surplus or deficit</b>	<b>18.0</b>	<b>141.1</b>



**RIGA MUNICIPALITY FINANCIAL STATEMENTS 2018 (SUMMARY)**

<b>BASIC BUDGET INCOME STATEMENT</b>	<b>2017 actual</b>	<b>2018 budget</b>	<b>2018 actual</b>
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
<b>Total revenues</b>	<b>906 030.5</b>	<b>923 437.1</b>	<b>924 749.2</b>
<b>Total tax revenues</b>	<b>683 726.5</b>	<b>691 515.0</b>	<b>691 088.1</b>
Personal income tax	561 766.8	573 253.3	575 028.0
Real estate taxes	116 453.0	112 652.8	110 103.1
int.al. real estate tax on land	50 186.9	48 786.6	46 980.7
int.al. real estate tax on buildings	44 135.6	41 735.7	39 857.5
int.al. real estate tax on housing	22 130.5	22 130.5	23 264.9
Other tax revenue	5 506.7	5 608.9	5 957.0
<b>Total non-tax revenues</b>	<b>28 841.0</b>	<b>23 535.4</b>	<b>24 021.8</b>
Government (municipality) fees	5 784.7	4 091.3	5 557.5
Other non-tax revenues	23 056.3	19 444.1	18 464.3
<b>State institutions' revenues</b>	<b>28 316.8</b>	<b>31 832.5</b>	<b>33 040.8</b>
<b>Total transfers</b>	<b>165 146.2</b>	<b>176 554.2</b>	<b>176 598.5</b>
Received transfers of public entities partially financed by State budget and institutions not financed by budget	0.0	0.0	2.4
State budget transfers, int.al:	159 301.0	170 319.4	169 975.7
state budget transfers received by municipality allocated for specific purpose	137 259.7	144 418.4	145 297.5
transfers received by municipality from state institutions for projects coo-financed by EU policies' instruments and other foreign financial aid	21 916.6	16 722.6	15 533.0
other state budget transfers	124.7	9 178.4	9 145.2
Municipal budget transfers	5 845.2	6 234.8	6 620.4
<b>Total expenses by government functions</b>			
<b>Total expenses</b>	<b>890 876.8</b>	<b>1 022 881.3</b>	<b>959 990.1</b>
General governmental agencies, int.al.:	156 367.0	166 455.6	160 128.7
contributions to municipal cohesion fund	94 583.8	91 629.8	91 950.3
Public order and security	18 095.6	19 313.0	19 224.6
Economic activity	207 961.3	272 784.3	249 061.7
Environmental protection	3 848.9	4 593.0	4 015.8
Territory and housing management	29 383.3	39 199.9	33 489.3
Health care	4 978.8	4 811.7	4 383.7
Recreation, culture, and religion	61 878.4	58 039.0	54 670.9
Education	329 211.3	364 249.6	345 081.0
Social security	79 152.2	93 435.2	89 934.4
<b>Budget remaining amount at the beginning of the year</b>	<b>92 391.7</b>	<b>111 140.1</b>	<b>111 140.1</b>
<b>Budget remaining amount at the end of the year</b>	<b>111 140.1</b>	<b>92 038.6</b>	<b>92 038.6</b>
<b>INCOME STATEMENT ON DONATIONS AND ENDOWMENTS</b>			
Cash flow basis	(k EUR)	(k EUR)	(k EUR)
<b>Total revenues</b>	<b>146.2</b>	<b>257.6</b>	<b>172.3</b>
<b>Donations and endowments from legal entities and individuals</b>	<b>146.2</b>	<b>257.6</b>	<b>172.3</b>
Donations and endowments for education	77.8	126.1	44.5
Donations and endowments for social care	1.6	5.9	1.7
Other donations from legal entities and individuals	66.8	125.6	126.1
<b>Total expenses by government functions</b>			
<b>Total expenses</b>	<b>174.0</b>	<b>515.6</b>	<b>191.4</b>
General governmental agencies	105.6	36.0	14.0
Environmental protection	-	35.0	-
Territory and housing management	1.5	4.9	3.6
Recreation, culture, and religion	5.8	133.3	103.7
Education	59.5	296.4	69.3
Social security	1.6	10.0	0.8
<b>Budget remaining amount at the beginning of the year</b>	<b>339.5</b>	<b>311.7</b>	<b>311.7</b>
<b>Budget remaining amount at the end of the year</b>	<b>311.7</b>	<b>53.8</b>	<b>292.7</b>

**EXPLANATION OF BASIS OF PREPARATION OF SUMMARY FINANCIAL STATEMENTS 2018**

This financial statements summary including Riga City Municipality's summary balance sheet as of 31 December 2018, basic budget income statement for 2018 (accrual basis and cash flow basis) and income statement of donations and endowments (accrual basis and cash flow basis) for 2018 are prepared on the basis of audited Riga City Municipality financial statement, based on following principles:

- Balance sheet is presented identical to the included in audited statements of Riga City Municipality 2018 (k EUR) (Form No 1);
- Basic budget income statements (accrual basis and cash flow basis) are prepared based on information included in audited Riga City Municipality statement 2018 (Form No 2) "Statement on budget execution" (basic budget). Income is classified in groups characterizing the type of the income in terms of economic activities, in compliance with Regulations of Cabinet of Ministers of LR No 1032 dated 27.12.2005. "Regulations on classification of budget income";
- Income statement of donations and endowments is prepared based on information included in audited Riga City Municipality statement 2018 (Form No 2) "Statement on budget execution" (donations and endowments). Income is classified in groups characterizing the type of the income of economic activities, in compliance with LR CM Regulations No 1032 dated 27.12.2005. "Regulations on classification of budget income";
- The result of budget execution of the reporting year declared in the Riga City Municipality's balance summary balance sheet is calculated by adding up surplus or deficit indices of the Basic budget income statement (according to accrual basis) and income statement of donations and endowments (according to accrual basis).

According to paragraph 38 of Cabinet of Ministers regulations No 344 dated 19.06.2018. "Procedure for the preparation of an annual report", information on Riga City Municipality's financial statements 2018 is available at the State treasury's home page from 1 July 2019.

**Events after the reporting year**

In March of 2019, second position of Deputy Chairman of City Council was created and Vadims Baranniks was elected for this post. In April 4 of 2019, Nils Usakovs was dismissed from duties of Chairman of Riga City Council by order of Minister of Environmental Protection and Regional Development and Olegs Burovs became acting Chairman of City Council. In 30.05.2019, in Riga City Council extraordinary meeting Dainis Turlais was elected as Chairman of City Council.

At the end of 2018 and early in the 2019, several investigations were initiated on potential breaches in Riga City Municipality's enterprises and foundations, int. al. in November of 2018, Corruption Prevention and Combating Bureau (CPCB) initiated criminal procedure related with Riga City Municipality's L.t.d. "Rigas satiksme" public procurement of delivery of trams, trolleybuses and buses and in April of 2019 criminal procedure was initiated against officials of foundation "Riga Tourism Development Bureau" on devastation of budgetary funds, forging documents and use of forged documents and fraud. Investigation processes are not finished yet, wherewith an uncertainty exists about how these processes potentially would affect balance sheet of Riga City Municipality's annual report and values declared in off-balance sheet assets and liabilities. According to evaluation performed by Riga City Municipality, what is done on basis of currently available information, the effect of events mentioned above on financial statement is inessential. Riga City Municipality plans to cooperate with investigation services and render all the necessary information, as well as continue work on improvement of supervision processes and enhancement of control of municipal enterprises and foundations.

During the time period from the last day of the reporting year until approval of this financial statement, there were no other events which could significantly affect content of annual report or should be reflected in it.

# AUDITOR'S REPORT

## INDEPENDENT AUDITORS' REPORT ON THE SUMMARY FINANCIAL STATEMENTS

To the Riga City Council:

### **Opinion**

The accompanying summary financial statements of Riga Municipality (further –“the Municipality”) set out on pages 30 to 34, which comprise the summary balance sheet as of 31 December 2018, the summary statements of main budget income and expenditure and donations and gifts income and expenditure presented on accruals basis and cash flow basis, and notes on basis of preparation of the consolidated financial statements, are derived from the audited consolidated financial statements of Riga Municipality for the year ended 31 December 2018. Our audit report on those consolidated financial statements, dated 31 May 2019, was qualified. Those consolidated financial statements and the summary financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

In our opinion, the accompanying summary financial statements for year 2018 are consistent, in all material respects, with the audited consolidated financial statements of the Municipality for the year ended 31 December 2018, on the basis described in the financial statements notes on preparation of summary financial statements. However, the summary financial statements are possibly misstated to the equivalent extent as the audited consolidated financial statements of the Municipality for the year ended 31 December 2018.

### **Summary financial statements**

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

### **Audited financial statements and our opinion**

The possible misstatements of the audited consolidated financial statements are described in our qualified audit opinion in our report dated 31 May 2019. Our qualified audit opinion is based on the following:

#### *(1) Completeness and accuracy of measurement of the carrying amount of the properties*

Based on the requirements of Cabinet of minister rules No. 1486 Municipality includes in its balance sheet land which is owned by or attributable to the Municipality. Land value attributable to the Municipality but not registered in Land register as of 31 December 2018 amounts to 105.3 million EUR based on information from State Real Estate Cadastral Information System and amounts included in this system. The Municipality also continues to identify buildings and structures, which have not been previously recognized in the

Municipality's records. The land and buildings are gradually registered in the Land Book and during this process ownership of the properties with previously unclear ownership is clarified. Because of this process, numerous adjustments to previously recognised property values and land plot areas have been made. It is expected that the value of the properties during subsequent periods will be adjusted, as previously not registered buildings will be registered and the values and area of land attributable to the Municipality will be clarified. Although the Municipality actively continues to work on the identification of unrecorded properties and the registration of the land plots in the Land Book, it is ongoing long-term process, as a result of which it is not possible to determine adjustments in the real estate value as of 31 December 2018 and 31 December 2017. Therefore, we were unable to obtain sufficient and appropriate evidence regarding the completeness of the properties and accuracy of the carrying amounts and rights in respect of properties recorded in the Municipality's balance sheet but not registered in the Land Book as of 31 December 2018 and 31 December 2017.

#### *(2) Recognition of replacement cost for transport structures*

In 2018 the Municipality capitalized in it's balance sheet reconstruction costs of transport structures in amount of EUR 24.7 million EUR. Based on the requirements of Cabinet of Minister rules No. 1486 and Municipality's Internal rules No. 22, if a long-term component of asset is replaced with new component that cannot be used separately, the new component value should be capitalized as a part of the asset value, and the cost and accumulated depreciation of the replaced part should be excluded from the balance sheet. The Municipality attracts independent certified specialists for valuation of replacement cost of the transport structures, and writes off the replaced part after obtaining the valuation, accordingly calculating and recording depreciation charge correction for the period from the capitalization of the reconstruction costs and replacement cost disposal. As of 31 December 2018 valuations of replaced parts were not received in relation to capitalized reconstruction costs in amount of EUR 11.4 million EUR, therefore no related corrections are made to the value of respective assets. Therefore, we were not able to obtain sufficient and appropriate audit evidence to determine the amount of replacement cost attributable to reconstruction costs capitalized in 2018 and it's impact on Statement of income and expenses for 2018 and balance sheet as of 31.12.2018.

### **Management's responsibility for the summary financial statements**

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

***Auditors' responsibility***

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

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Inguna Staša  
Board Member  
Certified Auditor  
Certificate no. 145

10 June 2019