

# **ISSUER'S ANNUAL REPORT 2010**



**The Capital City of Warsaw**

**The Mayor of the Capital City of Warsaw**

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**Hanna Gronkiewicz - Waltz**

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## INTRODUCTION

The Capital City of Warsaw, as the issuer of bonds admitted for trading on the regulated domestic market and the market regulated in Luxembourg, is obliged to fulfil its disclosure obligations in the manner specified by:

- the Act of 29 July 2005 on Trading in Financial Instruments (as amended) and the Act of 29 July 2005 on public offers and the conditions for introducing financial instruments to the organised trading system and on public companies (as amended).
- the Regulation of the Minister of Finance from 19 February 2009 on current and periodic information disclosed by issuers of securities and the recognition of information required by the law of a non-member State (as amended).
- the Luxembourg Stock Exchange (LSE) regulations and the regulations applicable to the parallel stock exchange operated by Warsaw Stock Exchange (WSE) in Warsaw and the over-the-counter market operated by BondSpot S.A.

### **I.1. Statements by the Mayor of the Capital City of Warsaw**

The Capital City Warsaw ("the Issuer") ensures that to the best of its knowledge (after making an effort to verify this assurance) the annual financial statements and comparative figures have been prepared in accordance with current accounting principles and reflect in a true and fair manner the financial position of the Issuer and its financial performance. The report on the Issuer's activities provides a true picture of the development, achievements and situation of the Issuer, including a description of the main threats and risks.

In addition, the Issuer ensures that the entity authorised to inspect financial statements, which audited the annual financial statements, was chosen in accordance with the law, and the entity and the auditors who inspected the financial statements fulfilled the conditions for expressing an objective and independent opinion on the audited annual financial statements, in accordance with current regulations and professional standards.

All references herein to "PLN" stand for the currency of the Polish Republic. Any reference in the Annual Report to the law should be interpreted as a reference to the content of that regulation with every single amendment, or, if it had been repealed or had expired, to the regulation which it repealed, or that it regulates essentially the same matter as the repealed law.

This Annual Report for the year 2010 should be read along with: (i) the separate report on the implementation of the budget of the Capital City of Warsaw for the years 2009, 2010 (ii) periodic reports (if they were written and made accessible), (iii) information and documents published on the Capital City of Warsaw's website [www.bip.warszawa.pl](http://www.bip.warszawa.pl) or presented in another way to the public.

## **II. MAJOR ACHIEVEMENTS / FAILURES OF THE ISSUER IN 2010 AND PROSPECTS FOR DEVELOPMENT**

The total revenue for the Capital City of Warsaw in 2010 amounted PLN 10,446.9 million and accounted for 102.2% of the plan. The total expenditure amounted to PLN 12,100.7 million and in relation to the plan accounted for 93.4%. For current tasks PLN 9,509.2 million was spent, and the rate of plan realisation was 95.5%. The amount of capital expenditure was PLN 2,591.5 million, and the level of plan realisation was 86.5%. In comparison with 2009, capital expenditure was higher by as much as 23%, i.e. in the amount of PLN 489.9 million. Debt in 2010 amounted to PLN 5,289.1 million that constituted 99.4% of the plan. Debt as at 31 December 2010 represented 50.6% of total revenue and was lower than the statutory limit of 60% of revenue and the internally-imposed limit of 55% of revenue written in the long-term debt policy of the Capital City of Warsaw.

In 2010, Warsaw maintained a high level of investment, whose aggregated amount was PLN 2,591.5 million. For the third year in a row, the limit was exceeded by PLN 2 billion earmarked for investment. The biggest tasks for 2010 included:

- the construction of the Copernicus Science Centre: the plan PLN 170.7 million, PLN 161 million implemented,
- the construction of the Trasa Mostu Północnego route: the plan PLN 500.8 million, PLN 500.7 million implemented,
- development of recreation sports land at Łazienkowska Street: the plan PLN 207.3 million, PLN 185 million implemented,
- the design and construction of the second underground line: the plan PLN 120.4 million, PLN 120 million implemented,
- the modernisation of Jerozolimskie Avenue on the section from Rondo Zesłańców Syberyjskich – Łopuszańska, the construction of Łopuszańska - Kleszczowa interchange: the plan PLN 100 million, PLN 99 million implemented,
- the construction of the streets: 17-go Stycznia - Cybernetyki: the plan PLN 67.9 million, PLN 64.3 million implemented,
- the redevelopment of Andersa Street: the plan PLN 61.5 million, PLN 61.5 million implemented,
- the construction and modernization of the multifunctional centre for people with Alzheimer's disease : the plan PLN 25 million, PLN 12.5 million implemented.

In the past year, substantial funding was also paid to the following investments in order to meet the needs of residents, improve their standard of living and the functioning of the City:

- in the field of transport and communication: the construction of a second carriageway on Wilanowska Avenue on the section of Sobieskiego Street and Dolina Służewiecka Street, the construction of Rzeczpospolita Avenue from Wilanowska Avenue to Płaskowicka Street, the reconstruction of Francuska and Paryska Streets, the construction of a roundabout at the intersection of Patriotów and Izbińska Streets, the modernisation of the bridge over the PKP railway along Powązkowska Street, and the reconstruction of Deotymy Street on the section of Obozowa and Górczewska Streets, as well as other investments discussed in detail in the subsequent sections of this report.
- in the field of culture and the protection of cultural heritage: the reconstruction and adaptation of Fort Sokołnicki to the needs of cultural institutions, the reconstruction of the Teatr Powszechny building, the renovation and adaptation of Warsaw's old town cellars for cultural purposes due to entry onto the UNESCO World Heritage List and the construction of the Museum of the History of Polish Jews.
- in the field of sport and recreation: the expansion of the football stadium on Łazienkowska Street, the modernisation of tennis courts on Myśliwiecka Street, the construction of a swimming pool and a sports hall on Wiertnicza Street, the construction of a sports and recreation centre "Okęcie" on Gładka Street, the construction of a swimming pool in Wawer, the construction of

security systems in the stadium on Konwiktorska Street and the construction of a multipurpose sports and recreation centre on Namysłowska Street.

- in the field of healthcare and social assistance: the expansion and modernisation of the Holy Family Hospital, the reconstruction and expansion the Praski Hospital, the expansion and modernisation of the Warsaw SPZLO Ursynow Clinic, the modernisation and expansion of the "Inflancka" Hospital and Warsaw Children's Hospital, and the construction of the Welfare and Education Centre Gocław.
- in the field of education (the development of an educational base): the modernisation of the following facilities: the Primary School No. 206 and the Special School on Barłuczna Street, Secondary School No. 39 on 20 Linde Street, the Primary School No. 112 on Berensona Street, the complex of school-educational-revalidation facilities No. 1 on Bełska Street, the construction of a kindergarten and nursery complex on Muszłowa/Powstańców Śląskich Streets, the construction of a sports hall in Lower Secondary School No. 119 on Klimatyczna Street, and the construction of gymnasiums, sports fields, indoor swimming pools and dining halls in selected facilities.

Last year, international rating agencies Moody's Investors Service and Fitch Ratings confirmed the assessment of the creditworthiness of the Capital City of Warsaw as A2 level and AAA (pol), both with a stable outlook. These ratings confirm good financial city management in the times of economic downturn, and provide credible financing plans for future development.

The City development strategy in a 15 years perspective as described by the Capital City of Warsaw Development Strategy to 2020 was passed on 24 November 2005 by City Council Resolution No. LXII/1789/2005. At the end of 2010, the enforcement of the Strategy provisions were ranked at a level slightly lower than the desired value. Tasks are not completed at one pace. In the scope of the strategic goal - a modern economy based on knowledge – established achievements progress much faster than the assumed pace. The same applies to the improvement in the environment, the increase in Warsaw's attractiveness for residents and visitors and to organising public spaces facilitating the integration of residents. The priority of the capital city remains the improvement of the quality of the infrastructure, the strengthening of tradition based on cultural and natural heritage, the strengthening of Warsaw's role as an European economic, financial, scientific and political centre, and the spatial integration of the left bank and right bank Warsaw. The prospects for city development in the near period define the basic assumptions of the budget for 2011.

The budget of the Capital City of Warsaw for 2011 assumes that, in comparison to 2010, nominal revenue will rise by 8,7%, while expenditure will be higher by 13,7%. It is expected that the total revenue will amount to PLN 11,358.5 million, of which PLN 9,841.4 million will be current and PLN 1,517.1 will be capital. Expenditure was planned to be PLN 13,755.6 million. 73.6% of spending will be allocated to current activities in 2011, while investments will consume 26.4% of resources. This means growth in capital expenditure in total in relation to the years 2009-2010 by 7.9 percentage points and by 5 percentage points respectively. Capital expenditure planned for 2011 totalling PLN 3.628 million include the financing of investment projects totalling PLN 3,569.8 million and other capital expenditure amounting to PLN 58.3 million.

The major investments included in the investment plan for 2011 include: the construction of the Trasa Mostu Północnego route, the modernisation of Jerozolimskie Avenue - the construction of the Kleszczowa and Łopuszańska Streets' interchange, the construction of the Siekierkowska and Świętokrzyska routes, the modernisation of Marsa-Żołnierska streets, the reconstruction of Andersa Street, the extension of Łodygowa Street, and the construction of Nowolazurowa Street. It is planned to continue the work on the second underground line's central section, the construction of the tram line to Tarchomin and a road system to Światowida and Projektowana Streets, and the construction of strategic car parks "Park & Drive" (second stage).

In the budget for 2011 resources were also secured to increase the quality of services provided through, among other things, the financing of investment projects carried out by Grochowski

Hospital, Praski Hospital, Świętej Zofii Hospital, Warsaw Children's Hospital, the providing funds for the construction of Southern Hospital and the expansion and the reconstruction of the school building in a branch of the Nursing Home "Na Przedwiośniu", the construction of the Museum of the History of Polish Jews, the Museum of Warsaw Praga and for beginning work on the construction of the Modern Art Centre. In other areas, resources were secured for, among other things, the financing of the management of the Vistula River banks, the construction of an integrated Workstation for Coordination and Response for the Capital City of Warsaw, the construction of more houses in several districts of Warsaw, including Bemowo, Mokotów, Praga Północ, Targówek, Ursynów, Włochy, and Żoliborz, the revitalisation of the Praga Północ and Wola districts, and the expansion and construction of a school complex, primary schools and kindergartens.



### III. THE FINANCIAL SITUATION OF THE ISSUER

#### III.1. Selected financial data

Below is the performance for the year 2010 in accordance with the report on the implementation of the budget of the Capital City of Warsaw for 2010, submitted for the opinion of the Regional Chamber of Audit.

##### III.1.1. General data (million PLN/EUR<sup>1</sup>)

	2009		2010	
	PLN	EUR	PLN	EUR
Current revenue	9 649.0	2 348.7	9 843.1	2 485.5
Capital revenue	467.7	113.8	603.8	152.5
<b>Total revenue</b>	<b>10 116.7</b>	<b>2 462.5</b>	<b>10 446.9</b>	<b>2 638.0</b>
Current expenditure	9 246.6	2 250.8	9 509.2	2 401.1
including:				
The cost of debt servicing	120.1	29.2	208.7	52.7
Capital expenditure	2 101.6	511.6	2 591.5	654.4
<b>Total expenditure</b>	<b>11 348.2</b>	<b>2 762.4</b>	<b>12 100.7</b>	<b>3 055.5</b>
<b>Current result</b>	<b>402.4</b>	<b>98.0</b>	<b>333.9</b>	<b>84.3</b>
(Current revenue – current expenditure)				
<b>Capital result</b>	<b>-1 633.9</b>	<b>-397.7</b>	<b>-1 987.7</b>	<b>-501.9</b>
(Capital revenue – capital expenditure)				
<b>Surplus / Deficit</b>	<b>-1 231.5</b>	<b>-299.9</b>	<b>-1 653.8</b>	<b>-417.5</b>
Total income	3 178.3	773.6	3 209.9	810.5
Total expenses	708.7	172.5	203.8	51.5
<b>The budget outturn</b>	<b>1 238.1</b>	<b>301.2</b>	<b>1 352.3</b>	<b>341.5</b>

##### III.1.2. Current revenue (million PLN/EUR<sup>1</sup>)

	2009		2010	
	PLN	EUR	PLN	EUR
Taxes and fees total	1 553.4	378.1	1 695.5	428.1
Shares in taxes that constitute State budget revenue	4 169.2	1 014.8	3 900.7	984.9
Revenue from property	979.5	238.4	1 047.2	264.4
Receipts from services	938.3	228.4	942.0	237.9
Other	402.6	98.0	574.9	145.2
<b>Own revenue</b>	<b>8 043.0</b>	<b>1 957.7</b>	<b>8 160.3</b>	<b>2 060.5</b>
Subsidy total	1 214.0	295.5	1 262.0	318.7
Ear-marked subsidy from the State budget	364.3	88.7	377.2	95.2
Other, including EU funds	27.6	6.7	43.7	11.0
<b>Transfers</b>	<b>1 605.9</b>	<b>390.9</b>	<b>1 682.9</b>	<b>424.9</b>
<b>Total current revenue</b>	<b>9 649.0</b>	<b>2 348.7</b>	<b>9 843.1</b>	<b>2 485.5</b>

### III.1.3. Current expenditure by type (million PLN/EUR<sup>1</sup>)

	2009		2010	
	PLN	EUR	PLN	EUR
Wages and salaries	2 850.4	693.8	3 017.7	762.0
Expenses related to the implementation of tasks resulting from the status	4 104.9	999.2	4 109.0	1 037.5
Grants	1 810.2	440.6	1 785.2	450.8
Including: the payment of the part which balances general subsidies	1 018.0	247.8	965.9	243.9
Benefits for individuals	319.6	77.8	334.7	84.5
Expenses on programmes financed by the EU	29.1	7.1	42.5	10.7
Debt servicing	120.1	29.2	208.7	52.7
Guarantees	12.3	3.0	11.4	2.9
<b>Total current expenditure</b>	<b>9 246.6</b>	<b>2 250.8</b>	<b>9 509.2</b>	<b>2 401.1</b>

As at 31 December 2010, the total value of the Capital City of Warsaw's **guarantees amounted to PLN 103.3 million** and consisted mainly of guarantees issued between 2008 and 2009 to Healthcare Institutions and Social Housing Associations. In 2010, the city did not provide new guarantees but made payments in the amount of PLN 11.4 million in this regard..

### III.1.4. Capital revenue (million PLN/EUR<sup>1</sup>)

	2009		2010	
	PLN	EUR	PLN	EUR
Revenue from the sale of premises and real property	174.5	42.5	175.1	44.2
Disposal of property rights – sale of shares in companies	0.5	0.1	0.5	0.1
Revenue from the conversion of perpetual usufruct into ownership	6.4	1.6	8.9	2.2
Other	0.8	0.2	0.8	0.2
<b>Own revenue</b>	<b>182.2</b>	<b>44.4</b>	<b>185.3</b>	<b>46.7</b>
Funds for financing projects under EU programmes	233.6	56.9	372.2	94.0
Ear-marked grants from the State budget received on investments	4.9	1.2	4.7	1.2
Other	47.0	11.4	41.7	10.5
<b>Transfers</b>	<b>285.5</b>	<b>69.5</b>	<b>418.6</b>	<b>105.7</b>
<b>Total capital revenue</b>	<b>467.7</b>	<b>113.8</b>	<b>603.8</b>	<b>152.5</b>

For the calculation of values given in euro the exchange rates were adopted from 31.12.2009 (1 euro = 4.1082 PLN) and 31.12.2010 (1 EUR = 3.9603 PLN)

### III.2. Debt

#### III.2.1. Summary table (million PLN/EUR<sup>1</sup>)

	2009		2010	
	PLN	EUR	PLN	EUR
<b>Balance at the beginning of year</b>	<b>2 260.7</b>	<b>550.3</b>	<b>4 023.7</b>	<b>1 016.0</b>
Credits and loans	550.0	133.9	500.0	126.3
Issue of bonds	1 456.9	354.6	971.4	245.3
<b>Income from financing</b>	<b>2 006.9</b>	<b>488.5</b>	<b>1 471.4</b>	<b>371.6</b>
Payment of principal instalments from credits and loans	202.2	49.2	197.3	49.8
Redemption of bonds	6.0	1.5	6.5	1.6
<b>Payment of obligations</b>	<b>208.2</b>	<b>50.7</b>	<b>203.8</b>	<b>51.5</b>
Exchange differences	-35.7	-8.7	-2.2	-0.6
<b>Balance at the end of year</b>	<b>4 023.7</b>	<b>979.4</b>	<b>5 289.1</b>	<b>1 335.5</b>

The issuer's **income from new debt** in 2010 totalled **PLN 1,471.4 million** and consisted of PLN 500 million from credits and PLN 971.4 million from issuing bonds.

The issuer's **expenses due to the debt amortisation** in 2010 totalled **PLN 203.8 million** and consisted of PLN 197.3 million from payments of principal instalments of credits and loans and the amount of PLN 6.5 million due to the bonds redemption for the Białoleka district, D Series (the date of redemption was 18 October 2010).

As at 31 December 2010 the Capital City of Warsaw's **debt** amounted to **PLN 5,289.1 million**, of which corresponds to **loans and credits** equalled **PLN 2,897.6 million**, and **bonds PLN 2,391.5 million**.

In 2010, the Capital City of Warsaw subscribed two new credit agreements with international financial institutions such as the European Investment Bank and the Council of Europe Development Bank. The credit agreement with the European Investment Bank was concluded for a period of 20 years and was for PLN 500 million, in order to finance municipal infrastructure. The loan bears interest at a variable rate. On 22 November 2010, the first loan tranche was taken out in the amount of PLN 400 million. Using the remaining amount is scheduled for 2011.

A credit agreement with the Council of Europe Development Bank has been subscribed for a period of 20 years and is for PLN 200 million, in order to finance projects connected with the improvement of living conditions in urban and rural areas, health, education and professional training, the construction of infrastructure and public services in the field of administration and law. The loan bears interest at a variable rate. On 15 October 2010, the first loan tranche was taken out in the amount of PLN 100 million. Using the remaining amount is scheduled for 2011.

Together with the credits mentioned above, the Capital City of Warsaw had signed nineteen loan agreements up to 31 December 2010, of which 6 were subscribed with national institutions (*inter alia*, Pekao S.A., PKO BP S.A., NFOS) and 13 with international financial institutions (CEB, EIB).

In 2010, four series of bonds were issued on the domestic market, whose total value was PLN 999,411 million. On 17 February 2010 the Capital City of Warsaw issued twelve-year bonds of II series WAW0922 with a nominal value of PLN 300 million and a fixed coupon of 6.45% per annum. In April (15 April 2010) another issue of twelve-year bonds of III series WAA0922 took place, with the same nominal value and coupon as those issued in February. These bonds were assimilated with WAW0922 bonds and are registered under the same ISIN code. In May (6 May

2010) the IV series of seven-year bonds WAW1017 was issued with a nominal value of PLN 300 million and a fixed coupon of 5.35% per annum. The issues were public and were directed at institutional investors. The bonds were issued on the regulated Catalyst market. On 12 October 2010, the Capital City of Warsaw issued fifteen-year bonds WAA1025 of V series, with a nominal value of PLN 99.411 million and a fixed coupon of 6.40% per annum. The issue was non-public. All series of bonds were issued under the Bond Issue Programme established by agreement with the organisers on 10 July 2009 for the amount of PLN 4 billion. Both the Programme and all the issues within the Programme were AAA (pol.) rated by Fitch Ratings agency.

The purpose of the bond issue mentioned above was to raise funds to finance the planned budget deficit.

Together with the above bonds, the Capital City of Warsaw, as of 31 December 2010, had issued five series of bonds on the domestic market, and one series on the foreign market (Eurobonds).

### III.2.2. Debt ratio (%)

	2007	2008	2009	2010
		implemented		
Increase in liabilities in total (r/r)	-10.8	-0.7	78.0	31.4
Proportion of debt in foreign currencies	1.0	1.0	20.9	15.3
Total Liabilities / Total revenue	23.3	22.0	39.8	50.6
Total Liabilities / Current revenue	24.8	23.6	41.7	53.7
Total Liabilities / Operating surplus	126.0	194.8	999.9	1 583.9
Debt servicing / Total revenue	3.9	5.7	3.4	4.1
Debt servicing / Current revenue	4.2	6.1	3.5	4.3
Interest / Current revenue	1.2	1.3	1.2	2.1

### III.2.3. Debt forecast for 2011-2014 (million PLN)

Data in accordance with Resolution of the City Council No. VI/100/2011 of 13 January 2011 on the Multi-year Financial Forecast of the Capital City of Warsaw for 2011 – 2033.

	2010	2011	2012	2013	2014
	implemented	plan		forecast	
<b>Total revenue</b>	<b>10 446.9</b>	<b>11 358.5</b>	<b>11 738.6</b>	<b>12 173.1</b>	<b>12 309.1</b>
<b>Total expenditure</b>	<b>12 100.7</b>	<b>13 755.6</b>	<b>12 336.8</b>	<b>12 439.8</b>	<b>11 892.7</b>
Including the cost of debt servicing	208.7	426.5	465.4	528.0	493.8
<b>Deficit / Surplus</b>	<b>-1 653.8</b>	<b>-2 397.1</b>	<b>-598.2</b>	<b>-266.6</b>	<b>416.4</b>
New debt income	1 471.4	800.0	470.0	950.0	0.0
Payment of principal instalments	203.8	229.4	209.4	974.8	171.3
<b>Total obligations</b>	<b>5 289.1</b>	<b>5 894.0</b>	<b>6 154.6</b>	<b>6 129.8</b>	<b>5 958.5</b>
<b>Debt servicing ratio</b>					
(calculated acc. with article 169 of the Public Finance Act)	<b>4.06%</b>	<b>6.04%</b>	<b>5.95%</b>	<b>12.53%</b>	<b>5.58%</b>
<b>Debt ratio</b>					
(calculated acc. article 170 of the Public Finance Act)	<b>50.63%</b>	<b>51.89%</b>	<b>52.43%</b>	<b>50.36%</b>	<b>48.41%</b>

The Multi-year Financial Forecast is a new instrument of financial management for the Capital City of Warsaw and is part of the three-year financial plans of the City implemented in 2008. The forecast also includes information contained in the document named "Debt policy of the Capital City of Warsaw (selected items) and the prognosis of debt of the Capital City of Warsaw for the years 2010-2033".

The obligation to provide a Multi-year Financial Forecast by Local Governments units was imposed by the Act of 27 August 2009 on public finance (Journal of Laws No. 157, item 1240, as amended). The full version of the document, together with descriptions, is available on the website of the Public Information Bulletin ([www.bip.warszawa.pl](http://www.bip.warszawa.pl)) in the section Budget and Financial Policy of the City of Warsaw.

### III.3. International rating

On 16 December 2010, the international rating agency Moody's Investors Service updated the international rating of Warsaw issued on 20 December 2007. Moody's Investors Service upheld the city's ranking at the same level.

Rating: **A2 with a stable outlook.**

The key reasons for Moody's rating are:

- positive economic and social indicators,
- good indicators of current activity in recent years,
- low debt and debt servicing ratios.

The rating takes into account the city's fulfilment of formal requirements, the ability to generate stable revenue from taxes and the ability to control expenditure growth. The rating also takes into account changes in the financial position of the City, and increases in debt resulting from a very ambitious programme of investment in infrastructure.

The full analysis of Warsaw's credit potential is available by logging onto the rating agency website [www.moodys.com](http://www.moodys.com).

### III.4. National scale rating

On 13 April 2011 the international rating agency Fitch Ratings affirmed the national scale long-term rating of Warsaw issued on 18 May 2009.

Rating: **AAA (pol) with stable outlook.**

The rating takes into account the well-developed and diversified local economy, the strong tax base, high liquidity and safe debt ratios.

The Stable Outlook rating reflects Fitch's expectations that, despite the reduction in personal income thresholds and the economic downturn, the city's operating performance will remain at a satisfactory level, due to the close control of operating expenses, which will help to maintain safe debt ratios, despite the planned increase in debt.

On 13 April 2011, Fitch Ratings confirmed the long-term national scale rating issued on 16 July 2009 for the Bond Issue Programme of the Capital City of Warsaw established on 10 July 2009 in the amount of PLN 4 billion. The rating applies to bonds which will be offered on the domestic market.

Rating: **AAA (pol) with a stable outlook.**

The rating takes into account the well-developed and diversified local economy, the strong tax base, high liquidity and safe debt ratios. The rating also reflects the reduction in personal income thresholds from 2009 and the economic downturn, which may affect city's operating results over the next two years.

The rating also takes into account the planned increase in debt and Warsaw's indirect obligations that come from high investment outlays and city companies and the risk from the health-care sector.

The full analysis of Warsaw's credit potential is available by logging onto <http://www.fitchpolska.com.pl> rating agency.

## IV. ANNUAL FINANCIAL STATEMENT

### IV.1. Balance sheet on the implementation of the City's budget (*million PLN*)

	2010	
	As at the beginning of the year	As at year end
<b>ASSETS</b>		
CASH	1 367,5	1 465,8
Funds	1 367,5	1 465,8
- <i>budget funds</i>	1 364,6	1 465,8
- <i>aid funds</i>	2,9	0,0
- <i>other funds</i>	0,0	0,0
RECEIVABLES AND SETTLEMENTS	628,7	169,4
Financial receivables	500,6	0,0
- <i>short-term (up to 12 months)</i>	500,6	0,0
- <i>long-term (over 12 months)</i>	0,0	0,0
Budget receivables	125,4	161,6
Other receivables and settlements	2,7	7,8
OTHER ASSETS	0,0	0,0
Prepayments and accruals	0,0	0,0
<b>TOTAL ASSETS</b>	<b>1 996,2</b>	<b>1 635,2</b>
<b>LIABILITIES</b>		
CREDITORS	3 999,6	5 241,9
Financial liabilities:	3 991,0	5 228,5
- <i>short-term (up to 12 months)</i>	203,9	214,8
- <i>long-term (over 12 months)</i>	3 787,1	5 013,7
Budget liabilities	5,0	1,8
Other liabilities	3,6	11,6
BUDGET NET ASSETS	-2 090,4	-3 702,1
Budget implementation surplus (+) or shortage (-)	-1 231,5	-1 653,8
- <i>budget surplus (+)</i>	0,0	0,0
- <i>budget shortage (-)</i>	-1 162,3	-1 479,7
- <i>non-executed expenditures (-)</i>	-162,0	-174,1
- <i>gains/losses of aid funds (+,-)</i>	92,8	0,0
Gains/losses on non-cash operations (+,-)	68,3	30,0
Provision for permanent appropriations	162,0	174,1
Aid funds	210,5	0,0
Privatisation funds	0,1	0,0
Accumulated surplus or shortage of budget resources (+,-)	-1 299,8	-2 252,4
OTHER LIABILITIES	87,0	95,4
Accruals	87,0	95,4
<b>TOTAL LIABILITIES</b>	<b>1 996,2</b>	<b>1 635,2</b>

## IV.2. The combined balance of local government budget entities (PLN)

Nazwa i adres jednostki sprawozdawczej: Miasto Stołeczne Warszawa Pl. Bankowy 3/5 00 - 950 Warszawa	BILANS łączny jednostek budżetowych sporządzony na dzień 31 grudnia 2010 roku	Adresat: 1. Regionalna Izba Obrachunkowa 2. a/a
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Numer identyfikacyjny  
REGON: 015259640

				w groszach	
A K T Y W A	stan na początek roku	stan na koniec roku	P A S Y W A	stan na początek roku	stan na koniec roku
<b>A. AKTYWA TRWAŁE</b>	<b>104 575 072 411,81</b>	<b>72 883 721 656,05</b>	<b>A. FUNDUSZ</b>	<b>104 945 663 389,82</b>	<b>73 113 610 100,92</b>
I. Wartości niematerialne i prawne	12 495 807,77	9 894 743,20	I. Fundusz jednostki	102 050 937 912,40	70 813 717 248,77
II. Rzeczowy majątek trwały	100 030 210 280,50	68 833 166 335,92	II. Wynik finansowy netto	2 894 725 477,42	2 299 625 507,44
1. Środki trwałe	97 096 544 527,06	64 739 640 102,94	1.1 Zysk netto ( wielkość dodatnia )	7 170 111 675,93	6 811 258 062,72
1.1. Grunty	87 845 403 625,90	55 078 327 769,25	1.2 Strata netto ( wielkość ujemna )	-4 275 386 198,51	-4 511 632 555,28
1.2. Budynki, lokale i obiekty inżynierii lądowej i wodnej	8 762 182 230,94	9 371 346 852,70	III. Nadwyżka środków obrotowych (-)		
1.3. Urządzenia techniczne i maszyny	300 635 380,56	216 515 074,24	IV. Odpisy z wyniku finansowego (-)	0,00	0,00
1.4. Środki transportu	35 430 494,86	29 128 163,62	V. Fundusz mienia zlikwidowanych jednostek		267 344,71
1.5. Inne środki trwałe	52 892 894,70	43 321 243,04	VI. Inne		
2. Inwestycje rozpoczęte (środki trwałe w budowie)	2 932 751 442,34	4 093 510 968,08	<b>B. FUNDUSZE CELOWE</b>	<b>74 041 372,15</b>	<b>2 404 176,18</b>
3. Środki przekazane na poczet inwestycji	914 311,10	15 263,93	Fundusz Ochrony Środowiska	50 353 738,23	
III. Należności długoterminowe	154 791 409,06	181 689 887,91	PFOŚ	7 098 383,45	
IV. Długoterminowe aktywa finansowe	4 377 574 915,08	3 858 693 344,31	FGZGIK	22 074 279,73	-205 489,54
1.1. Akcje i udziały	4 377 574 915,08	3 858 693 344,31	Fundusz Pracy	-5 485 629,26	2 609 665,72
1.2. Papiery wartościowe długoterminowe			<b>C. ZOBOWIĄZANIA DŁUGOTERMINOWE</b>	<b>32 963 148,52</b>	<b>60 744 796,29</b>
1.3. Inne długoterminowe aktywa finansowe			<b>D. ZOBOWIĄZANIA KRÓTKOTERMINOWE</b>	<b>717 251 774,70</b>	<b>1 739 159 371,18</b>
V. Wartości mienia zlikwidowanych jednostek		267 344,71	I. Zobowiązania krótkoterminowe	620 703 946,43	1 637 886 465,04
<b>B. AKTYWA OBROTOWE</b>	<b>1 268 903 527,35</b>	<b>2 117 639 759,81</b>	1.1. Zobowiązania z tytułu dostaw i usług	76 781 809,56	130 487 066,40
I. Zapasy	20 187 147,04	22 819 525,20	1.2. Zobowiązania wobec budżetów	32 248 855,84	44 807 649,40
1.1. Materiały	20 132 854,20	22 699 476,95	1.3. Zobowiązania z tytułu ubezpieczeń społecznych	86 127 675,91	100 667 705,92
1.2. Półprodukty i produkty w toku		5,25	1.4. Zobowiązania z tytułu wynagrodzeń	149 858 665,05	141 912 835,66
1.3. Produkty gotowe		71 493,16	1.5. Pozostałe zobowiązania	127 759 256,48	173 883 290,31
1.4. Towary	54 292,64	48 549,84	1.6. Sumy obce ( depozyty, zabezpieczenie wykonania umów )	145 448 721,45	157 968 323,70
II. Należności krótkoterminowe	919 660 597,04	1 164 817 943,33	1.7. Rozliczenia z tytułu środków na wydatki budżetowe i z tytułu dochodów budżetowych	2 531 734,51	7 704 988,85
1.1. Należności z tytułu dostaw i usług	185 042 401,40	180 431 845,18	1.8. Rezerwy na zobowiązania	2 947 227,53	680 334 813,80
1.2. Należności od budżetów	35 675 498,20	56 569 551,24	II. Fundusze specjalne	96 547 828,27	101 272 866,12
1.3. Należności z tytułu ubezpieczeń społecznych	350 051,09	317 877,51	1.1. Zakładowy Fundusz Świadczeń Socjalnych	92 515 297,92	97 001 886,92
1.4. Pozostałe należności	698 396 734,52	927 275 699,26	1.2. Inne fundusze specjalne	4 032 530,35	4 270 999,20
1.5. Rozliczenia z tytułu środków na wydatki budżetowe i z tytułu dochodów budżetowych	185 911,83	302 870,14	<b>E. ROZLICZENIA MIĘDZYOKRESOWE</b>	<b>93 988 515,69</b>	<b>85 353 379,80</b>
III. Środki pieniężne	317 238 591,90	258 996 693,87	I. Rozliczenia międzyokresowe przychodów	92 653 614,05	85 160 311,36
1.1. Środki pieniężne w kasie	204 584,01	251 237,29	II. Inne rozliczenia międzyokresowe	1 334 901,54	193 068,44
1.2. Środki pieniężne na rachunkach bankowych	214 585 782,52	195 518 793,12	<b>F. INNE PASYWA</b>	<b>115 559 87</b>	<b>115 559 87</b>
1.3. Inne środki pieniężne	102 448 225,37	63 226 663,46	wyrok sądowy	115 559 87	115 559 87
IV. Krótkoterminowe papiery wartościowe		615 144 235,00			
V. Rozliczenie międzyokresowe (czynne)	31 817 191,37	55 761 382,41			
<b>G. INNE AKTYWA</b>	<b>47 821,49</b>	<b>25 968,36</b>			
<b>SUMA AKTYWÓW</b>	<b>105 864 023 760,65</b>	<b>75 001 387 384,22</b>	<b>SUMA PASYWÓW</b>	<b>105 864 023 760,65</b>	<b>75 001 387 384,22</b>

A. Objasnienie-wykazane w bilansie wartości trwałych i obrotowych są pomniejszone odpowiednio o umorzenie i odpisy aktualizujące.

B. Informacje uzupełniające istotne dla rzetelności i przejrzystości sytuacji finansowej i majątkowej.

1. Umorzenia wartości niematerialnych i prawnych 90.099.986,84

2. Odpisy aktualizujące należności 626.228.540,28

3. Umorzenie środków trwałych 4.583.913.945,91

4. Umorzenie pozostałych środków trwałych 403.957.665,97

5. Umorzenie zbiorów bibliotecznych 4.824.356,50

6. Odsetki naliczone od należności i niezapl. 293.842.056,59

7. Odpisy aktualizujące długoterminowe aktywa finansowe 115.721.820,48

Regionalna Izba Obrachunkowa  
w Warszawie  
Wpłynęło dnia 16.05.2011  
Podpis.....

### IV.3. Combined profit and loss account of local government budget entities (PLN)

Nazwa i adres jednostki sprawozdawczej: Miasto Stołeczne Warszawa Pl. Bankowy 3/5 00 - 950 Warszawa Numer identyfikacyjny REGON: 015259640	Łączny Rachunek zysków i strat (wariant porównawczy) jednostek budżetowych sporządzony na dzień 31.12.2010r.	Adresat: Regionalna Izba Obrachunkowa Regionalna Izba Obrachunkowa w Warszawie Wpłynęło dnia: 16.05.2011 wysłać bez podpisu przewodniczącego
	Stan na koniec roku poprzedniego	Stan na koniec roku bieżącego
<b>A. Przychody netto ze sprzedaży i zrównanie z nimi w tym:</b>	<b>10 334 872 842,24</b>	<b>10 654 412 671,89</b>
I. Przychody netto ze sprzedaży produktów	2 049 073 656,68	2 124 866 121,21
I. w tym: dotacje zaliczane do przychodów (podmiotowe, przedmiotowe, na pierwsze wyposażenie w środki obrotowe)		
II. Zmiana stanu produktów (zwiększenie - wartość dodatnia, zmniejszenia - wartość ujemna)	84 151,52	637 662,80
III. Koszt wytworzenia produktów na własne potrzeby jednostki	-1 994,00	496,00
IV. Przychody netto ze sprzedaży towarów i materiałów	1 280 212,35	1 456 897,59
V. Pozostałe dochody budżetowe	8 284 436 815,69	8 527 451 494,29
<b>B. Koszty działalności operacyjnej</b>	<b>7 801 119 406,16</b>	<b>8 090 701 952,85</b>
I. Amortyzacja	492 596 206,47	528 532 561,54
II. Zużycie materiałów i energii	664 265 140,43	653 030 206,12
III. Usługi obce	3 044 561 891,52	3 110 046 824,45
IV. Podatki i opłaty	141 659 996,26	155 881 776,83
V. Wynagrodzenia	2 488 846 748,81	2 623 689 570,81
VI. Ubezpieczenia społeczne i inne świadczenia dla pracowników	544 723 727,45	575 424 862,88
VII. Pozostałe koszty rodzajowe	124 696 219,29	105 629 947,46
VIII. Wartość sprzedanych towarów i materiałów	1 114 968,84	1 351 339,21
IX. Udzielone dotacje		
X. Inne świadczenia finansowane z budżetu	285 733 228,04	334 290 708,36
XI. Pozostałe obciążenia	12 921 279,05	2 824 155,19
<b>C. Zysk (strata) ze sprzedaży (A-B)</b>	<b>2 533 753 436,08</b>	<b>2 563 710 719,04</b>
<b>D. Pozostałe przychody operacyjne</b>	<b>691 623 307,19</b>	<b>1 044 186 283,81</b>
I. Zysk ze zbycia niefinansowych aktywów trwałych	39 981 059,52	66 566 104,79
II. Dotacje	28 963 182,88	36 901 364,85
III. Pokrycie amortyzacji	492 596 206,47	528 532 561,54
IV. Inne przychody operacyjne	130 082 858,32	412 186 252,63
<b>E. Pozostałe koszty operacyjne</b>	<b>240 649 999,24</b>	<b>1 212 739 516,88</b>
I. Koszty inwestycji finansowanych ze środków własnych zakładów budżetowych i dochodów własnych jednostek budżetowych	511 010,08	1 454 859,19
II. Pozostałe koszty operacyjne	240 138 989,16	1 211 284 657,69
<b>F. Zysk (strata) z działalności operacyjnej (C+D-E)</b>	<b>2 984 726 744,03</b>	<b>2 395 157 485,97</b>
<b>G. Przychody finansowe</b>	<b>236 763 420,19</b>	<b>267 551 531,41</b>
I. Dywidendy i udziały w zyskach	19 136 200,24	36 414 771,36
II. Odsetki	135 604 459,37	134 303 450,57
III. Inne	82 022 760,58	96 833 309,48
<b>H. Koszty finansowe</b>	<b>326 890 358,80</b>	<b>363 276 804,45</b>
I. Odsetki	226 558 561,01	253 830 865,22
II. Inne	100 331 797,79	109 445 939,23
<b>I. Zysk (strata) z działalności gospodarczej (F+G-H)</b>	<b>2 894 599 805,42</b>	<b>2 299 432 212,93</b>
<b>J. Wynik zdarzeń nadzwyczajnych (J.I. - J.II.)</b>	<b>125 672,00</b>	<b>193 294,51</b>
I. Zyski nadzwyczajne	125 672,00	259 436,93
II. Straty nadzwyczajne		66 142,42
<b>K. Zysk (strata) brutto (I+/-J)</b>	<b>2 894 725 477,42</b>	<b>2 299 625 507,44</b>
<b>L. Podatek dochodowy</b>		
<b>M. Pozostałe obowiązkowe zmniejszenia zysku (zwiększenia straty)     oraz nadwyżki środków obrotowych</b>		
<b>N. Zysk (strata) netto (K-L-M)</b>	<b>2 894 725 477,42</b>	<b>2 299 625 507,44</b>



**IV.4. A combined statement of changes in fund balances of local government budgetary entities (PLN)**

Nazwa i adres <b>Miasto Stołeczne Warszawa</b> <b>Pl. Bankowy 3/5</b> <b>00 - 950 Warszawa</b>		Łączne zestawienie zmian w funduszu jednostki jednostek budżetowych  sporządzone na dzień 31.12.2010r.	Adresat: <b>Regionalna Izba</b> <b>Obrachunkowa</b>	
Numer identyfikacyjny <b>REGON: 015259640</b>			wysłać bez pisma przewodniego	
			Stan na koniec roku poprzedniego	Stan na koniec roku bieżącego
<b>I. Fundusz jednostki na początek okresu (BO)</b>			100 136 410 758,34	102 050 937 912,40
<b>II. Zwiększenia funduszu (z tytułu)</b>			26 651 110 923,81	24 099 745 774,69
II.1. Zysk bilansowy za rok ubiegły			7 542 985 916,67	7 275 037 513,04
II.2. Zrealizowane wydatki budżetowe			11 304 091 496,42	12 046 485 880,49
II.3. Dotacje, środki na inwestycje, odpisy z wyniku finansowego na inwestycje			1 595 755 326,30	2 128 534 212,02
II.4. Aktualizacja środków trwałych				
II.5. Nieodpłatnie otrzymane środki trwałe i inwestycje			1 219 383 267,07	827 482 303,59
II.6. Aktywa przejęte od zlikwidowanych jednostek			561 609,28	44 436 467,08
II.7. Środki obrotowe otrzymane w ramach centralnego zaopatrzenia				
II.8. Pozostałe odpisy z wyniku finansowego za rok bieżący				
II.9. Inne zwiększenia			4 988 333 308,07	1 777 769 398,47
<b>III. Zmniejszenia funduszu jednostki</b>			24 736 583 769,75	55 336 966 438,32
III.1. Strata za rok ubiegły			4 114 774 585,89	4 380 828 092,73
III.2. Zrealizowane dochody budżetowe			10 100 827 177,28	10 446 926 749,84
III.3. Rozliczenie wyniku finansowego i środków obrotowych za rok ubiegły				54 576,11
III.4. Dotacje i środki na inwestycje			3 865 935 360,63	4 313 189 445,55
III.5. Pokrycie amortyzacji			492 596 206,47	528 532 799,40
III.6. Aktualizacja środków trwałych				
III.7. Wartość sprzedanych i nieodpłatnie przekazanych środków trwałych i inwestycji			483 549 325,04	666 470 373,18
III.8. Pasywa przejęte od zlikwidowanych jednostek			2 491 022,69	250 178,38
III.9. Środki obrotowe przekazane w ramach centralnego zaopatrzenia				
III.1. Inne zmniejszenia			5 676 410 091,75	35 000 714 223,13
w tym wartość gruntów obciążonych prawem wieczystego użytkowania				33 907 849 957,56
<b>IV. Fundusz jednostki na koniec okresu (BZ) (I+II-III)</b>			102 050 937 912,40	70 813 717 248,77
<b>V. Wynik finansowy netto za rok bieżący</b>			2 894 725 477,42	2 299 625 507,44
V.1. zysk netto			7 275 037 513,04	6 811 258 062,72
V.2. strata netto			4 380 312 035,62	4 511 632 555,28
Nadwyżka dochodów własnych jednostek budżetowych, nadwyżka środków obrotowych zakładów budżetowych, odpisy z wyniku finansowego gospodarstw pomocniczych jednostek budżetowych				
<b>VII. Fundusz (IV+, -V-VI)</b>			104 945 663 389,82	73 113 342 756,21

Regionalna Izba Obrachunkowa  
w Warszawie

Wpłynęło dnia 16.05.2011

Podpis: [Podpis]

WARSZAWA, 05.05.2011

## IV.5. A combined balance sheet of local government budgetary enterprises (PLN)

Nazwa i adres jednostki sprawozdawczej <b>Miasto Stołeczne Warszawa</b> <b>Pl. Bankowy 3/5</b> <b>00-950 Warszawa</b>		<b>BILANS łączny</b>  <b>zakładów budżetowych</b> sporządzony na dzień 31 grudnia 2010 roku		Adresat:  <b>Regionalna Izba</b> <b>Obrachunkowa</b>  Wysłać bez pisma przewodniego	
Numer identyfikacyjny REGON <b>015259640</b>					
<b>AKTYWA</b>		stan na początek roku	stan na koniec roku	<b>PASYWA</b>	
				stan na początek roku	stan na koniec roku
					w złotych i groszach
<b>A. AKTYWA TRWAŁE</b>	<b>740 002 042,04</b>	<b>869 657 459,92</b>	<b>A. FUNDUSZ</b>	<b>751 340 805,83</b>	<b>877 388 043,09</b>
<b>I. Wartości niematerialne i prawne</b>	<b>95 283,89</b>	<b>77 712,59</b>	<b>I. Fundusz jednostki</b>	<b>748 221 199,03</b>	<b>880 395 461,14</b>
<b>II. Rzeczowy majątek trwały</b>	<b>739 906 758,15</b>	<b>869 579 747,33</b>	<b>II. Wynik finansowy netto</b>	<b>7 209 356,40</b>	<b>3 192 841,59</b>
<b>1. Środki trwałe</b>	<b>528 453 881,96</b>	<b>742 471 031,86</b>	<b>1.1 Zysk netto (wielkość dodatnia)</b>	<b>7 928 016,86</b>	<b>6 514 562,96</b>
1.1. Grunty	7 887 934,16	7 887 934,16	<b>1.2 Strata netto (wielkość ujemna)</b>	<b>-718 660,46</b>	<b>-3 321 721,37</b>
1.2. Budynki, lokale i obiekty inżynierii lądowej i wodnej	477 164 369,54	697 415 873,24	<b>III. Nadwyżka środków obrotowych (-)</b>	<b>-4 089 749,60</b>	<b>-6 200 259,64</b>
1.3. Urządzenia techniczne i maszyny	23 008 675,22	19 484 456,02	<b>IV. Odpisy z wyniku finansowego (-)</b>		
1.4. Środki transportu	12 923 588,40	9 300 954,98	<b>V. Fundusz mienia zlikwidowanych jednostek</b>		
1.5. Inne środki trwałe	7 469 314,64	8 381 813,46	<b>VI. Inne</b>		
<b>2. Inwestycje rozpoczęte (środki trwałe w budowie)</b>	<b>211 452 876,19</b>	<b>127 108 715,47</b>	<b>B. FUNDUSZE CELOWE</b>		
<b>3. Środki przekazane na poczet inwestycji</b>			<b>C. ZOBOWIĄZANIA DŁUGOTERMINOWE</b>		
<b>III. Należności długoterminowe</b>			<b>D. ZOBOWIĄZANIA KRÓTKOTERMINOWE</b>	<b>67 302 487,56</b>	<b>62 829 389,36</b>
<b>IV. Długoterminowe aktywa finansowe</b>			<b>I. Zobowiązania krótkoterminowe</b>	<b>64 432 265,19</b>	<b>59 870 520,98</b>
1.1. Akcje i udziały			1.1. Zobowiązania z tytułu dostaw i usług	8 028 149,93	7 816 203,19
1.2. Papiery wartościowe długoterminowe			1.2. Zobowiązania wobec budżetów	9 795 313,12	9 426 715,43
1.3. Inne długoterminowe aktywa finansowe			1.3. Zobowiązania z tytułu ubezpieczeń społecznych	10 193 232,40	7 179 651,15
<b>V. Wartości mienia zlikwidowanych jednostek</b>			1.4. Zobowiązania z tytułu wynagrodzeń	8 729 973,84	8 354 956,83
<b>B. AKTYWA OBROTOWE</b>	<b>79 085 152,09</b>	<b>70 727 062,29</b>	1.5. Pozostałe zobowiązania	19 444 088,02	16 185 184,88
<b>I. Zapasy</b>	<b>1 257 010,19</b>	<b>1 763 694,13</b>	1.6. Sumy obce (depozyty, zabezpieczenie wykonania umów)	8 027 969,51	10 747 682,83
1.1. Materiały	995 362,14	1 507 681,44	1.7. Rozliczenia z tytułu środków na wydatki budżetowe i z tytułu dochodów budżetowych		
1.2. Półprodukty i produkty w toku			1.8. Rezerwy na zobowiązania	213 538,37	160 126,67
1.3. Produkty gotowe			<b>II. Fundusze specjalne</b>	<b>2 870 222,37</b>	<b>2 958 868,38</b>
1.4. Towary	261 648,05	256 012,69	1.1. Zakładowy Fundusz Świadczeń Socjalnych	2 870 222,37	2 958 868,38
<b>II. Należności krótkoterminowe</b>	<b>28 223 438,48</b>	<b>24 776 770,62</b>	1.2. Inne fundusze specjalne		
1.1. Należności z tytułu dostaw i usług	4 864 846,79	5 001 387,47	<b>E. ROZLICZENIA MIĘDZYOKRESOWE</b>	<b>443 900,74</b>	<b>167 089,76</b>
1.2. Należności od budżetów	21 025 503,58	16 879 902,25	<b>I. Rozliczenia międzyokresowe przychodów</b>	<b>443 900,74</b>	<b>37 570,09</b>
1.3. Należności z tytułu ubezpieczeń społecznych	1 920,32	0,00	<b>II. Inne rozliczenia międzyokresowe</b>		<b>129 519,67</b>
1.4. Pozostałe należności	2 331 167,79	2 895 480,90	<b>F. INNE PASYWA</b>		
1.5. Rozliczenia z tytułu środków na wydatki budżetowe i z tytułu dochodów budżetowych					
<b>III. Środki pieniężne</b>	<b>49 173 646,21</b>	<b>43 911 313,75</b>			
1.1. Środki pieniężne w kasie	254 305,73	160 317,04			
1.2. Środki pieniężne na rachunkach bankowych	45 859 358,07	42 759 064,54			
1.3. Inne środki pieniężne	3 059 982,41	991 932,17			
<b>IV. Krótkoterminowe papiery wartościowe</b>					
<b>V. Rozliczenie międzyokresowe (czynne)</b>	<b>431 057,21</b>	<b>275 283,79</b>			
<b>C. INNE AKTYWA</b>					
<b>I. Nieobowiązkowe odpisy z wyniku finansowego</b>					
<b>II. Inne aktywa</b>					
<b>SUMA AKTYWÓW</b>	<b>819 087 194,13</b>	<b>940 384 522,21</b>	<b>SUMA PASYWÓW</b>	<b>819 087 194,13</b>	<b>940 384 522,21</b>

A. Objaśnienie-wykazane w bilansie wartości trwałych i obrotowych są pomniejszone odpowiednio o umorzenie i odpisy aktualizujące.

B. Informacje uzupełniające istotne dla rzetelności i przejrzystości sytuacji finansowej i majątkowej.

1. Umorzenie wartości niematerialnych i prawnych	1 116 135,90
2. Umorzenie środków trwałych	220 750 627,05
3. Umorzenie pozostałych środków trwałych	19 026 494,57
4. Odpisy aktualizujące należności	913 732,12
5. Odsetki naliczone od należności i niezapłacone	6 517 001,21

#### IV.6. A combined profit and loss account of local government budgetary enterprises (PLN)

Nazwa i adres jednostki sprawozdawczej		Łączny Rachunek zysków i strat (wariant porównawczy)		Regiona Izba Obrachunkowa Adresat: w Warszawie Wpłynęło dnia: 29.06.2011 Regionalna Izba Obrachunkowa	
Miasto Stołeczne Warszawa Pl. Bankowy 3/5 00-950 Warszawa		Zakładów budżetowych		sporządzony na dzień 31.12.2010	
Numer identyfikacyjny REGON 015259640		wysłać bez pisma przewodniego			
		Stan na koniec roku poprzedniego		Stan na koniec roku bieżącego	
A. Przychody netto ze sprzedaży i zrównanie z nimi w tym:		286 722 191,28		268 279 965,48	
I. Przychody netto ze sprzedaży produktów		280 089 990,69		261 277 221,58	
I. w tym: dotacje zaliczane do przychodów (podmiotowe, przedmiotowe, na pierwsze wyposażenie w środki obrotowe)		80 692 068,11		79 139 295,49	
II. Zmiana stanu produktów (zwiększenie - wartość dodatnia, zmniejszenie - wartość ujemna)		4 810,70		-3 418,63	
III. Koszt wytworzenia produktów na własne potrzeby jednostki					
IV. Przychody netto ze sprzedaży towarów i materiałów		6 351 781,12		6 966 162,53	
V. Pozostałe dochody budżetowe		275 608,77		40 000,00	
B. Koszty działalności operacyjnej		306 551 130,74		294 207 346,91	
I. Amortyzacja		29 203 606,67		30 904 064,46	
II. Zużycie materiałów i energii		55 665 058,54		62 627 178,75	
III. Usługi obce		51 795 246,95		39 526 809,88	
IV. Podatki i opłaty		8 130 061,30		7 419 564,43	
V. Wynagrodzenia		122 762 945,55		126 090 616,90	
VI. Ubezpieczenia społeczne i inne świadczenia dla pracowników		26 626 417,32		26 276 666,94	
VII. Pozostałe koszty rodzajowe		12 335 471,73		1 340 004,56	
VIII. Wartości sprzedanych towarów i materiałów		32 322,68		22 440,99	
IX. Udzielone dotacje					
X. Inne świadczenia finansowane z budżetu					
XI. Pozostałe obciążenia					
C. Zysk (strata) ze sprzedaży (A-B)		-19 828 939,46		25 927 381,43	
D. Pozostałe przychody operacyjne		30 884 424,04		31 591 376,89	
I. Zysk ze zbycia niefinansowych aktywów trwałych		9 017,79		6 983,00	
II. Dotacje					
III. Pokrycie amortyzacji		29 203 606,67		30 904 064,46	
IV. Inne przychody operacyjne		1 671 799,58		680 329,43	
E. Pozostałe koszty operacyjne		-5 336 166,27		-2 081 738,87	
I. Koszty inwestycji finansowanych ze środków własnych zakładów budżetowych i dochodów własnych jednostek budżetowych		2 923 242,18		1 298 124,34	
II. Pozostałe koszty operacyjne		412 924,09		783 614,53	
F. Zysk (strata) z działalności operacyjnej (C+D-E)		7 719 318,31		3 582 256,59	
G. Przychody finansowe		1 054 438,33		657 310,86	
I. Dywidendy i udziały w zyskach					
II. Odsetki		1 023 541,28		657 235,68	
III. Inne		30 897,05		75,18	
H. Koszty finansowe		-26 803,14		-19 866,84	
I. Odsetki		7 105,68		10 238,27	
II. Inne		19 697,46		9 628,57	
I. Zysk (strata) z działalności gospodarczej (F+G-H)		8 746 953,50		4 219 700,61	
J. Wynik zdarzeń nadzwyczajnych (J.I. - J.II.)		24 517,90		16 923,98	
I. Zyski nadzwyczajne		28 508,14		96 613,25	
II. Straty nadzwyczajne		3 990,24		79 689,27	
K. Zysk (strata) brutto (I+/-J)		8 771 471,40		4 236 624,59	
L. Podatek dochodowy		1 562 115,00		1 043 783,00	
M. Pozostałe obowiązkowe zmniejszenia zysku (zwiększenia straty) oraz nadwyżki środków obrotowych				0,00	
N. Zysk (strata) netto (K-L-M)		7 209 356,40		3 192 841,59	

**IV.7. A combined statement of changes in fund balances of local government budgetary enterprises (PLN)**

Nazwa i adres jednostki sprawozdawczej	Łączne Zestawienie zmian w funduszu (wariant porównawczy)  Zakładów budżetowych sporządzony na dzień 31.12.2010	Adresat:	
Miasto Stołeczne Warszawa Pl. Bankowy 3/5 00-950 Warszawa		Regionalna Izba Obrachunkowa	
Numer identyfikacyjny REGON 015259640		wysłać bez pisma przewodniego	
		Stan na koniec roku poprzedniego	Stan na koniec roku bieżącego
I. Fundusz jednostki na początek okresu (BO)		574 823 981,71	713 343 010,10
II. Zwiększenia funduszu (z tytułu)		274 714 222,37	252 884 029,13
II.1. Zysk bilansowy za rok ubiegły		4 772 970,66	7 265 132,26
II.2. Zrealizowane wydatki budżetowe			
II.3. Dotacje i środki na inwestycje, odpisy z wyniku finansowego na inwestycje		246 456 557,23	236 629 043,12
II.4. Aktualizacja środków trwałych			
II.5. Nieodpłatnie otrzymane środki trwałe i inwestycje		10 437 132,15	8 314 080,30
II.6. Aktywa przejęte do zlikwidowanych (połączonych) jednostek			
II.7. Środki obrotowe otrzymane w ramach centralnego zaopatrzenia			
II.8. Pozostałe odpisy z wyniku finansowego za rok bieżący			
II.9. Inne zwiększenia		13 047 562,33	675 773,45
III. Zmniejszenia funduszu jednostki (z tytułu)		101 317 005,05	85 831 578,09
III.1. Strata za rok ubiegły		143 290,08	718 660,46
III.2. Zrealizowane dochody budżetowe			
III.3. Rozliczenie wyniku finansowego i środków obrotowych za rok ubiegły		2 010 533,21	3 544 570,69
III.4. Dotacje i środki na inwestycje			
III.5. Pokrycie amortyzacji		29 203 606,67	30 904 679,25
III.6. Aktualizacja środków trwałych			
III.7. Wartość sprzedanych i nieodpłatnie przekazanych środków trwałych i inwestycji		23 833 691,61	6 231 643,44
III.8. Pasywa przyjęte od zlikwidowanych (połączonych) jednostek			
III.9. Środki obrotowe przekazane w ramach centralnego zaopatrzenia			
III.10. Inne zmniejszenia		46 124 510,48	44 432 024,25
III.11. Podatek naliczony VAT od odliczenia w 2007 roku		1 373,00	
III.12. Zwrot VAT odliczonego z dotacji celowej			
III.13. Nadpłata składek ZUS z lat ubiegłych			
IV. Fundusz jednostki na koniec okresu (BZ) (poz. I + II - III)		748 221 199,03	880 395 461,14
V. Wynik finansowy netto za rok bieżący ( +, -)		7 209 356,40	3 192 841,59
V.1. zysk netto		7 928 016,86	6 514 562,96
V.2. strata netto (-)		-718 660,46	-3 321 721,37
VI. Nadwyżka dochodów własnych jednostek budżetowych, nadwyżka środków obrotowych zakładów budżetowych, odpisy z wyniku finansowego gospodarstw pomocniczych jednostek budżetowych		-4 089 749,60	-6 200 259,64
VII. Fundusz (poz. IV +, -V - VI)		751 340 805,83	877 388 043,09

#### IV.8. A combined balance sheet of auxiliary units of local government (PLN)

Nazwa i adres jednostki sprawozdawczej		<b>BILANS łączny</b>		Adresat:	
<b>Miasto Stołeczne Warszawa</b>		<b>gospodarstw pomocniczych</b>		<b>Regionalna Izba</b>	
<b>Pl. Bankowy 3/5</b>		sporządzony		<b>Obrachunkowa</b>	
<b>00-950 Warszawa</b>		na dzień 31 grudnia 2010 roku			
Numer identyfikacyjny REGON <b>015259640</b>				Wysłać bez pisma przewodniego	
				w złotych i groszach	
<b>A K T Y W A</b>	stan na początek roku	stan na koniec roku	<b>P A S Y W A</b>	stan na początek roku	stan na koniec roku
<b>A. AKTYWA TRWAŁE</b>	<b>2 866 179,59</b>	<b>912 574,29</b>	<b>A. FUNDUSZ</b>	<b>3 147 679,12</b>	<b>791 781,40</b>
<b>I. Wartości niematerialne i prawne</b>	<b>22 301,46</b>	<b>8 216,30</b>	<b>I. Fundusz jednostki</b>	<b>3 211 592,43</b>	<b>882 318,07</b>
<b>II. Rzeczowy majątek trwały</b>	<b>2 843 878,13</b>	<b>904 357,99</b>	<b>II. Wynik finansowy netto</b>	<b>-41 572,16</b>	<b>-90 536,67</b>
<b>1. Środki trwałe</b>	<b>2 843 878,13</b>	<b>904 357,99</b>	<b>1.1 Zysk netto (wielkość dodatnia )</b>	<b>20 361,90</b>	<b>0,00</b>
<b>1.1. Grunty</b>			<b>1.2. Strata netto (wielkość ujemna )</b>	<b>-61 934,06</b>	<b>-90 536,67</b>
<b>1.2. Budynki, lokale i obiekty inżynierii lądowej i wodnej</b>	<b>630,76</b>	<b>525,68</b>	<b>III. Nadwyżka środków obrotowych (-)</b>		
<b>1.3. Urządzenia techniczne i maszyny</b>	<b>1 413 436,90</b>	<b>903 832,31</b>	<b>IV. Odpisy z wyniku finansowego (-)</b>	<b>-22 341,15</b>	<b>0,00</b>
<b>1.4. Środki transportu</b>	<b>1 429 810,47</b>	<b>0,00</b>	<b>V. Fundusz mienia zlikwidowanych jednostek</b>		
<b>1.5. Inne środki trwałe</b>			<b>VI. Inne</b>		
<b>2. Inwestycje rozpoczęte (środki trwałe w budowie)</b>			<b>B. FUNDUSZE CELOWE</b>		
<b>3. Środki przekazane na poczet inwestycji</b>			<b>C. ZOBOWIĄZANIA DŁUGOTERMINOWE</b>		
<b>III. Należności długoterminowe</b>			<b>D. ZOBOWIĄZANIA KRÓTKOTERMINOWE</b>	<b>2 230 130,29</b>	<b>145 709,62</b>
<b>IV. Długoterminowe aktywa finansowe</b>			<b>I. Zobowiązania krótkoterminowe</b>	<b>2 139 864,32</b>	<b>145 085,15</b>
<b>1.1. Akcje i udziały</b>			<b>1.1. Zobowiązania z tytułu dostaw i usług</b>	<b>409 426,63</b>	<b>2 740,27</b>
<b>1.2. Papiery wartościowe długoterminowe</b>			<b>1.2. Zobowiązania wobec budżetów</b>	<b>126 930,17</b>	<b>73 938,12</b>
<b>1.3. Inne długoterminowe aktywa finansowe</b>			<b>1.3. Zobowiązania z tytułu ubezpieczeń społecznych</b>	<b>440 402,17</b>	<b>62 849,82</b>
<b>V. Wartości mienia zlikwidowanych jednostek</b>			<b>1.4. Zobowiązania z tytułu wynagrodzeń</b>	<b>723 682,42</b>	<b>5 556,94</b>
<b>B. AKTYWA OBROTOWE</b>	<b>2 511 629,82</b>	<b>24 916,73</b>	<b>1.5. Pozostałe zobowiązania</b>	<b>439 422,93</b>	<b>0,00</b>
<b>I. Zapasy</b>	<b>168 263,86</b>	<b>6 727,67</b>	<b>1.6. Sumy obce (depozyty, zabezpieczenie wykonania umów)</b>		
<b>1.1. Materiały</b>	<b>95 033,79</b>	<b>6 727,67</b>	<b>1.7. Rozliczenia z tytułu środków na wydatki budżetowe i z tytułu dochodów budżetowych</b>		
<b>1.2. Półprodukty i produkty w toku</b>	<b>15,34</b>	<b>0,00</b>	<b>1.8. Rezerwy na zobowiązania</b>		
<b>1.3. Produkty gotowe</b>	<b>73 214,73</b>	<b>0,00</b>	<b>II. Fundusze specjalne</b>	<b>90 265,97</b>	<b>624,47</b>
<b>1.4. Towary</b>			<b>1.1. Zakładowy Fundusz Świadczeń Socjalnych</b>	<b>90 265,97</b>	<b>624,47</b>
<b>II. Należności krótkoterminowe</b>	<b>143 324,89</b>	<b>8 446,97</b>	<b>1.2. Inne fundusze specjalne</b>		
<b>1.1. Należności z tytułu dostaw i usług</b>	<b>90 447,28</b>	<b>3 810,47</b>	<b>E. ROZLICZENIA MIĘDZYOKRESOWE</b>		
<b>1.2. Należności od budżetów</b>	<b>10 217,66</b>	<b>3 305,00</b>	<b>I. Rozliczenia międzyokresowe przychodów</b>		
<b>1.3. Należności z tytułu ubezpieczeń społecznych</b>		<b>0,00</b>	<b>II. Inne rozliczenia międzyokresowe</b>		
<b>1.4. Pozostałe należności</b>	<b>42 659,95</b>	<b>1 331,50</b>	<b>F. INNE PASYWA</b>		
<b>1.5. Rozliczenia z tytułu środków na wydatki budżetowe i z tytułu dochodów budżetowych</b>					
<b>III. Środki pieniężne</b>	<b>2 141 042,65</b>	<b>9 742,09</b>			
<b>1.1. Środki pieniężne w kasie</b>	<b>4 020,78</b>	<b>0,00</b>			
<b>1.2. Środki pieniężne na rachunkach bankowych</b>	<b>2 137 021,87</b>	<b>9 742,09</b>			
<b>1.3. Inne środki pieniężne</b>					
<b>IV. Krótkoterminowe papiery wartościowe</b>					
<b>V. Rozliczenie międzyokresowe (czynne)</b>	<b>58 998,42</b>	<b>0,00</b>			
<b>C. INNE AKTYWA</b>					
<b>I. Nieobowiązkowe odpisy z wyniku finansowego</b>					
<b>II. Inne aktywa</b>					
<b>SUMA AKTYWÓW</b>	<b>5 377 809,41</b>	<b>937 491,02</b>	<b>SUMA PASYWÓW</b>	<b>5 377 809,41</b>	<b>937 491,02</b>

A. Objasnienie-wykazane w bilansie wartości trwałych i obrotowych są pomniejszone odpowiednio o umorzenie i odpisy aktualizujące.

B. Informacje uzupełniające istotne dla rzetelności i przejrzystości sytuacji finansowej i majątkowej.

1. Umorzenie wartości niematerialnych i prawnych	38 734,18
2. Umorzenie środków trwałych	2 207 315,63
3. Umorzenie pozostałych środków trwałych	121 390,22
4. Odpisy aktualizujące należności	
5. Odsetki naliczone od należności i niezapłacone	

# IV.9. A combined profit and loss account of auxiliary units of local government (PLN)

Nazwa i adres jednostki sprawozdawczej		Łączny Rachunek zysków i strat (wariant porównawczy)		Regionalna Izba Obrachunkowa w Warszawie	
Miasto Stołeczne Warszawa Pl. Bankowy 3/5 00-950 Warszawa		Gospodarstw pomocniczych sporządzony na dzień 31.12.2010		Regionalna Izba Obrachunkowa w Warszawie 2010 14/21	
Numer identyfikacyjny REGON 015259640		wysłać bez pisma przewodniego			
		Stan na koniec roku poprzedniego		Stan na koniec roku bieżącego	
A. Przychody netto ze sprzedaży i zrównanie z nimi w tym:		17 294 073,81		2 880 399,68	
I. Przychody netto ze sprzedaży produktów		13 267 663,00		728 079,40	
I. w tym: dotacje zaliczane do przychodów (podmiotowe, przedmiotowe, na pierwsze wyposażenie w środki obrótowe)		136 437,00		114 009,19	
II. Zmiana stanu produktów (zwiększenie - wartość dodania, zmniejszenia - wartość ujemna)		-1 051,38		-1 731,66	
III. Koszt wytworzenia produktów na własne potrzeby jednostki		19 466,85		7 499,63	
IV. Przychody netto ze sprzedaży towarów i materiałów		0,00		0,00	
V. Pozostałe dochody budżetowe		2 007 995,34		2 146 552,31	
B. Koszty działalności operacyjnej		18 421 562,11		3 121 941,55	
I. Amortyzacja		1 078 167,31		185 369,30	
II. Zużycie materiałów i energii		1 864 791,76		509 878,77	
III. Usługi obce		2 293 745,33		194 681,50	
IV. Podatki i opłaty		238 876,84		11 566,88	
V. Wynagrodzenia		10 346 535,98		1 752 265,02	
VI. Ubezpieczenia społeczne i inne świadczenia dla pracowników		2 007 769,04		345 160,12	
VII. Pozostałe koszty rodzajowe		381 571,66		123 019,96	
VIII. Wartość sprzedanych towarów i materiałów		210 104,19		0,00	
IX. Udzielone dotacje					
X. Inne świadczenia finansowane z budżetu					
XI. Pozostałe obciążenia					
C. Zysk (strata) ze sprzedaży (A-B)		-1 127 488,30		-241 541,87	
D. Pozostałe przychody operacyjne		1 096 110,22		185 506,76	
I. Zysk ze zbycia niefinansowych aktywów trwałych					
II. Dotacje					
III. Pokrycie amortyzacji		1 078 167,31		185 369,30	
IV. Inne przychody operacyjne		17 942,91		137,46	
E. Pozostałe koszty operacyjne		11 704,00		16 926,97	
I. Koszty inwestycji finansowanych ze środków własnych zakładów budżetowych i dochodów własnych jednostek budżetowych					
II. Pozostałe koszty operacyjne		11 704,00		16 926,97	
F. Zysk (strata) z działalności operacyjnej (C+D-E)		-43 082,08		-72 962,08	
G. Przychody finansowe		26 152,63		3 221,63	
I. Dywidendy i udziały w zyskach					
II. Odsetki		26 152,63		3 221,63	
III. Inne					
H. Koszty finansowe		4 541,31		80,10	
I. Odsetki		4 529,41		0,54	
II. Inne		11,90		79,56	
I. Zysk (strata) z działalności gospodarczej (F+G-H)		-21 470,76		-69 820,55	
J. Wynik zdarzeń nadzwyczajnych (J.I. - J.II.)					
I. Zyski nadzwyczajne					
II. Straty nadzwyczajne					
K. Zysk (strata) brutto (I+J)		-21 470,76		-69 820,55	
L. Podatek dochodowy		492,00		3 936,00	
M. Pozostałe obowiązkowe zmniejszenia zysku (zwiększenia straty) oraz nadwyżki środków obrotowych		19 609,40		16 780,12	
N. Zysk (strata) netto (K-L-M)		-41 572,16		-90 536,67	

**IV.10. A combined statement of changes in fund balances of auxiliary units of local government (PLN)**

Nazwa i adres jednostki sprawozdawczej  <b>Miasto Stołeczne Warszawa</b> <b>Pl. Bankowy 3/5</b> <b>00-950 Warszawa</b>  Numer identyfikacyjny <b>REGON 015259640</b>	<p align="center">Łączne</p> <p align="center">Zestawienie zmian w funduszu (wariant porównawczy)</p> <p align="center"><b>Gospodarstw pomocniczych</b> sporządzony na dzień 31.12.2010</p>	<p align="right">Adresat:</p> <p align="center"><b>Regionalna Izba Obrachunkowa</b></p> <p align="right">wysyłać bez pisma przewodniego</p>																																																																																							
		<table border="1"> <thead> <tr> <th></th><th>Stan na koniec roku poprzedniego</th><th>Stan na koniec roku bieżącego</th></tr> </thead> <tbody> <tr> <td><b>I. Fundusz jednostki na początek okresu (BO)</b></td><td align="right"><b>3 935 886,83</b></td><td align="right"><b>7 60 383,52</b></td></tr> <tr> <td><b>II. Zwiększenia funduszu (z tytułu)</b></td><td align="right"><b>457 310,40</b></td><td align="right"><b>780 473,97</b></td></tr> <tr> <td>II.1. Zysk bilansowy za rok ubiegły</td><td align="right">51 849,04</td><td align="right">1 047,68</td></tr> <tr> <td>II.2. Zrealizowane wydatki budżetowe</td><td></td><td></td></tr> <tr> <td>II.3. Dotacje i środki na inwestycje, odpisy z wyniku finansowego na inwestycje</td><td></td><td></td></tr> <tr> <td>II.4. Aktualizacja środków trwałych</td><td></td><td></td></tr> <tr> <td>II.5. Nieodpłatnie otrzymane środki trwałe w inwestycje</td><td align="right">385 851,83</td><td align="right">540 582,24</td></tr> <tr> <td>II.6. Aktywa przejęte do zlikwidowanych (połączonych) jednostek</td><td></td><td align="right">238 844,05</td></tr> <tr> <td>II.7. Środki obrotowe otrzymane w ramach centralnego zaopatrzenia</td><td align="right">1 047,68</td><td align="right">0,00</td></tr> <tr> <td>II.8. Pozostałe odpisy z wyniku finansowego za rok bieżący</td><td align="right">0,00</td><td align="right">0,00</td></tr> <tr> <td>II.9. Inne zwiększenia</td><td align="right">18 561,85</td><td align="right">0,00</td></tr> <tr> <td><b>III. Zmniejszenia funduszu jednostki (z tytułu)</b></td><td align="right"><b>1 181 604,80</b></td><td align="right"><b>658 539,42</b></td></tr> <tr> <td>III.1. Strata za rok ubiegły</td><td align="right">18 809,71</td><td align="right">61 934,06</td></tr> <tr> <td>III.2. Zrealizowane dochody budżetowe</td><td></td><td></td></tr> <tr> <td>III.3. Rozliczenie wyniku finansowego i środków obrotowych za rok ubiegły</td><td align="right">36 145,83</td><td align="right">3 474,68</td></tr> <tr> <td>III.4. Dotacje i środki na inwestycje</td><td></td><td></td></tr> <tr> <td>III.5. Pokrycie amortyzacji</td><td align="right">1 078 167,31</td><td align="right">185 369,30</td></tr> <tr> <td>III.6. Aktualizacja środków trwałych</td><td></td><td></td></tr> <tr> <td>III.7. Wartość sprzedanych i nieodpłatnie przekazanych środków w trwałych i inwestycji</td><td align="right">17 650,97</td><td align="right">0,00</td></tr> <tr> <td>III.8. Pasywa przyjęte od zlikwidowanych (połączonych) jednostek</td><td></td><td align="right">203 943,68</td></tr> <tr> <td>III.9. Środki obrotowe przekazane w ramach centralnego zaopatrzenia</td><td></td><td></td></tr> <tr> <td>III.10. Inne zmniejszenia</td><td align="right">30 830,98</td><td align="right">203 817,70</td></tr> <tr> <td><b>IV. Fundusz jednostki na koniec okresu (BZ) (poz. I + II - III)</b></td><td align="right"><b>3 211 592,43</b></td><td align="right"><b>882 318,07</b></td></tr> <tr> <td><b>V. Wynik finansowy netto za rok bieżący ( +, -)</b></td><td align="right"><b>-41 572,16</b></td><td align="right"><b>-90 536,67</b></td></tr> <tr> <td>V.1. zysk netto</td><td align="right">20 361,90</td><td align="right">0,00</td></tr> <tr> <td>V.2. strata netto (-)</td><td align="right">-61 934,06</td><td align="right">-90 536,67</td></tr> <tr> <td><b>VI. Nadwyżka dochodów własnych jednostek budżetowych, nadwyżka środków obrotowych zakładów budżetowych, odpisy z wyniku finansowego gospodarstw pomocniczych jednostek budżetowych</b></td><td align="right"><b>-22 341,15</b></td><td align="right"><b>0,00</b></td></tr> <tr> <td><b>VII. Fundusz (poz. IV +, -V - VI)</b></td><td align="right"><b>3 147 679,12</b></td><td align="right"><b>791 781,40</b></td></tr> </tbody> </table>		Stan na koniec roku poprzedniego	Stan na koniec roku bieżącego	<b>I. Fundusz jednostki na początek okresu (BO)</b>	<b>3 935 886,83</b>	<b>7 60 383,52</b>	<b>II. Zwiększenia funduszu (z tytułu)</b>	<b>457 310,40</b>	<b>780 473,97</b>	II.1. Zysk bilansowy za rok ubiegły	51 849,04	1 047,68	II.2. Zrealizowane wydatki budżetowe			II.3. Dotacje i środki na inwestycje, odpisy z wyniku finansowego na inwestycje			II.4. Aktualizacja środków trwałych			II.5. Nieodpłatnie otrzymane środki trwałe w inwestycje	385 851,83	540 582,24	II.6. Aktywa przejęte do zlikwidowanych (połączonych) jednostek		238 844,05	II.7. Środki obrotowe otrzymane w ramach centralnego zaopatrzenia	1 047,68	0,00	II.8. Pozostałe odpisy z wyniku finansowego za rok bieżący	0,00	0,00	II.9. Inne zwiększenia	18 561,85	0,00	<b>III. Zmniejszenia funduszu jednostki (z tytułu)</b>	<b>1 181 604,80</b>	<b>658 539,42</b>	III.1. Strata za rok ubiegły	18 809,71	61 934,06	III.2. Zrealizowane dochody budżetowe			III.3. Rozliczenie wyniku finansowego i środków obrotowych za rok ubiegły	36 145,83	3 474,68	III.4. Dotacje i środki na inwestycje			III.5. Pokrycie amortyzacji	1 078 167,31	185 369,30	III.6. Aktualizacja środków trwałych			III.7. Wartość sprzedanych i nieodpłatnie przekazanych środków w trwałych i inwestycji	17 650,97	0,00	III.8. Pasywa przyjęte od zlikwidowanych (połączonych) jednostek		203 943,68	III.9. Środki obrotowe przekazane w ramach centralnego zaopatrzenia			III.10. Inne zmniejszenia	30 830,98	203 817,70	<b>IV. Fundusz jednostki na koniec okresu (BZ) (poz. I + II - III)</b>	<b>3 211 592,43</b>	<b>882 318,07</b>	<b>V. Wynik finansowy netto za rok bieżący ( +, -)</b>	<b>-41 572,16</b>	<b>-90 536,67</b>	V.1. zysk netto	20 361,90	0,00	V.2. strata netto (-)	-61 934,06	-90 536,67	<b>VI. Nadwyżka dochodów własnych jednostek budżetowych, nadwyżka środków obrotowych zakładów budżetowych, odpisy z wyniku finansowego gospodarstw pomocniczych jednostek budżetowych</b>	<b>-22 341,15</b>	<b>0,00</b>	<b>VII. Fundusz (poz. IV +, -V - VI)</b>	<b>3 147 679,12</b>	<b>791 781,40</b>
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**IV.11. Combined balance sheet, including data from the balance sheets of the City's budgetary entities and budgetary enterprises (million PLN)**

	<b>2010</b>	
	As at the beginning of the year	As at year end
<b>ASSETS</b>		
<b>FIXED ASSETS</b>	<b>105 317,9</b>	<b>73 754,3</b>
INTANGIBLE ASSETS	12,6	10,0
TANGIBLE ASSETS	100 773,0	69 703,7
Fixed assets	97 627,8	65 483,0
- land	87 953,3	55 087,2
- buildings, premises and civil engineering structures	9 239,3	10 068,8
- plant and machinery	325,1	236,9
- means of transportation	49,8	38,4
- other fixed assets	60,4	51,7
Launched investments (fixed assets under construction)	3 144,2	4 220,6
Advances for investments	0,9	0,0
LONG-TERM RECEIVABLES	154,8	181,7
LONG-TERM FINANCIAL ASSETS	4 377,6	3 858,7
- shares	4 377,6	3 858,7
- long-term securities	0,0	0,0
- other long-term financial assets	0,0	0,0
PROPERTY OF LIQUIDATED COMPANIES	0,0	0,3
<b>CURRENT ASSETS</b>	<b>1 370,5</b>	<b>2 184,6</b>
STOCKS	21,6	24,6
- materials	21,2	24,2
- semi-finished products and work in progress	0,0	0,0
- finished products	0,1	0,1
- goods	0,3	0,3
SHORT-TERM RECEIVABLES	948,0	1 185,9
- trade receivables	190,0	182,2
- budget receivables	56,7	73,4
- receivables relative to social insurance	0,4	0,3
- employee accounts	0,0	0,0
- other receivables	700,8	929,7
- settlements due relative to funds for budget expenditure and relative to budget income	0,2	0,3
CASH	368,6	302,9
- cash in hand	0,5	0,4
- cash at bank	262,6	238,3
- other cash and cash equivalents	105,5	64,2
SHORT-TERM SECURITIES	0,0	615,1
PREPAYMENTS AND ACCRUALS (ACTIVE)	32,3	56,0
<b>OTHER ASSETS</b>	<b>0,0</b>	<b>0,0</b>
<b>TOTAL ASSETS</b>	<b>106 688,5</b>	<b>75 939,0</b>



		2010	
		As at the beginning of the year	As at year end
<b>LIABILITIES</b>			
<b>FUNDS</b>		<b>105 700,2</b>	<b>73 991,8</b>
OWN FUNDS		102 802,4	71 695,0
NET FINANCIAL PROFIT/LOSS		2 901,9	2 302,7
- <i>net profit</i>		7 178,1	6 698,5
- <i>net loss</i>		-4 276,2	-4 395,8
SURPLUS OF WORKING CAPITAL (-)		0,0	-6,2
WRITE-OFFS FROM NET PROFIT/LOSS (-)		-4,1	0,0
FUND FROM THE PROPERTY OF LIQUIDATED COMPANIES		0,0	0,3
OTHER		0,0	0,0
<b>EARMARKED FUNDS</b>		<b>74,0</b>	<b>2,4</b>
NATIONAL FUND FOR ENVIRONMENTAL PROTECTION		50,4	0,0
PEFRON		7,1	0,0
PFOŚ - District Fund For Environmental Protection		22,1	0,0
FGZGIK - Geodesy and Cartography Resources Management Fund		0,0	-0,2
LABOUR FUND		-5,5	2,6
<b>LONG-TERM LIABILITIES</b>		<b>33,0</b>	<b>60,7</b>
<b>SHORT-TERM LIABILITIES</b>		<b>786,8</b>	<b>1 798,4</b>
SHORT-TERM CREDITORS		687,3	1 694,1
- <i>trade liabilities</i>		85,2	135,1
- <i>budget liabilities</i>		42,2	53,8
- <i>liabilities relative to social insurance</i>		96,8	107,9
- <i>liabilities relative to employee accounts</i>		156,3	150,3
- <i>other liabilities</i>		147,6	190,1
- <i>third party deposits and guarantees</i>		153,5	168,7
- <i>settlements due relative to funds for budget expenditure and relative to budget income</i>		2,5	7,7
- <i>provision for liabilities</i>		3,2	880,5
SPECIAL FUNDS		99,5	104,2
- <i>Employee Benefit Fund</i>		95,5	100,0
- <i>other</i>		4,0	4,3
<b>ACCRUALS</b>		<b>94,4</b>	<b>85,5</b>
ACCRUALS OF REVENUE		93,1	85,2
OTHER		1,3	0,3
<b>OTHER LIABILITIES</b>		<b>0,1</b>	<b>0,1</b>
- <i>court judgements</i>		0,1	0,1
<b>TOTAL LIABILITIES</b>		<b>106 688,5</b>	<b>75 939,0</b>

**IV.12. Combined profit and loss account, including data from the profit and loss accounts of the City's budgetary entities and budgetary enterprises (million PLN)**

	2010	
	As at the end of the previous year	As at the end of this year
<b>I. NET REVENUE ON SALES AND REVENUE EQUIVALENTS, OF WHICH:</b>	<b>10 638,9</b>	<b>10 925,6</b>
Net revenue from product sales, including:	2 344,4	2 386,9
- <i>subsidies classified as revenue (specified-user subsidies, specific subsidies, subsidies providing first current assets)</i>	80,8	79,3
Change in the stocks of products	0,1	0,6
Cost of manufacturing products for the entity's own requirements	0,0	0,0
Net revenue from product and material sales	7,6	8,4
Other budget revenue	8 286,7	8 529,6
<b>II. OPERATING COSTS</b>	<b>8 126,1</b>	<b>8 388,0</b>
Depreciation	522,9	559,6
Materials and energy	721,8	716,2
External services	3 098,7	3 149,8
Taxes and charges	150,0	163,3
Payroll	2 622,0	2 751,5
Social insurance and other employee benefits	573,4	602,0
Other cost by category	137,4	107,1
Cost of merchandise and materials	1,4	1,4
Subsidies granted	0,0	0,0
Other benefits financed from the budget	285,7	334,3
Other liabilities	12,9	2,8
<b>III. PROFIT / LOSS ON SALES (I-II)</b>	<b>2 512,8</b>	<b>2 537,5</b>
<b>IV. OTHER OPERATING REVENUE</b>	<b>723,6</b>	<b>1 076,0</b>
Profit on sales of non-financial fixed assets	40,0	66,6
Subsidies	29,0	36,9
Amortisation and depreciation coverage	522,9	559,6
Other operating revenue	131,8	412,9
<b>V. OTHER OPERATING COSTS</b>	<b>244,0</b>	<b>1 214,8</b>
Costs of investments financed from budgetary entities' own funds and own income of budget entities	3,4	2,8
Other operating costs	240,6	1 212,1
<b>VI. OPERATING PROFIT / LOSS (III+IV-V)</b>	<b>2 992,4</b>	<b>2 398,7</b>
<b>VII. FINANCIAL REVENUE</b>	<b>237,8</b>	<b>268,2</b>
Dividends and share in profits	19,1	36,4
Interest	136,7	135,0
Other	82,1	96,8
<b>VIII. FINANCIAL COSTS</b>	<b>326,9</b>	<b>363,3</b>
Interest	226,6	253,8
Other	100,4	109,5
<b>IX. PROFIT / LOSS ON ORDINARY ACTIVITIES (VI+VII-VIII)</b>	<b>2 903,3</b>	<b>2 303,6</b>
<b>X. EXTRAORDINARY PROFITS / LOSSES</b>	<b>0,2</b>	<b>0,2</b>
Extraordinary profits	0,2	0,4
Extraordinary losses	0,0	0,1
<b>XI. PROFIT / LOSS BEFORE TAXATION (IX+/-X)</b>	<b>2 903,5</b>	<b>2 303,8</b>
<b>XII. INCOME TAX</b>	<b>1,6</b>	<b>1,0</b>
<b>XIII. OTHER OBLIGATORY REDUCTIONS OF PROFIT (INCREASE OF LOSS) AND SURPLUS OF CURRENT ASSETS</b>	<b>0,0</b>	<b>0,0</b>
<b>XIV. PROFIT / LOSS AFTER TAXATION (XI-XII-XIII)</b>	<b>2 901,9</b>	<b>2 302,7</b>

**IV.13. Combined statement of changes in fund balance, including data from the statements of changes in fund balance of the City's budgetary entities and budgetary enterprises**  
(million PLN)

	2010	
	As at the end of the previous year	As at the end of this year
<b>I. OWN FUNDS AS AT THE BEGINNING OF THE PERIOD</b>	<b>100 715,2</b>	<b>102 765,0</b>
<b>II. INCREASES IN OWN FUNDS (AS A RESULT OF)</b>	<b>26 926,3</b>	<b>23 851,1</b>
Balance sheet profit brought forward	7 547,8	7 282,3
Performed budgetary expenditure	11 304,1	12 046,5
Subsidies, funds for investments, investment financial profit or loss write-offs	1 842,2	2 365,2
Revaluation of fixed assets	0,0	0,0
Fixed assets and investments received free of charge	1 230,2	334,4
Assets acquired from liquidated entities	0,6	44,7
Current assets received within a central procurement	0,0	0,0
Other profit/loss write-offs for the current year.	0,0	0,0
Other increases	5 001,4	1 778,1
<b>III. DECREASE IN OWN FUNDS</b>	<b>24 839,1</b>	<b>54 921,1</b>
Loss for the previous year	4 114,9	4 381,6
Performed budgetary income	10 100,8	10 446,9
Settlement of financial result and current assets brought forward	2,0	3,6
Subsidies and funds for investments	3 865,9	4 313,2
Amortisation and depreciation coverage	522,9	559,6
Revaluation of fixed assets	0,0	0,0
Value of fixed assets and investments sold and transferred free of charge	507,4	170,5
Liabilities acquired from liquidated entities	2,5	0,5
Current assets received within a central procurement	0,0	0,0
Other decreases, including:	5 722,6	35 045,2
- the value of land under perpetual usufruct	0,0	33 907,8
<b>IV. OWN FUNDS AT THE END OF THE PERIOD (I+II-III)</b>	<b>102 802,4</b>	<b>71 695,0</b>
<b>V. NET PROFIT/LOSS FOR THE CURRENT YEAR</b>	<b>2 901,9</b>	<b>2 303,7</b>
Net profit	7 283,0	6 817,8
Net loss	4 381,1	4 515,0
<b>VI. SURPLUS OF OWN INCOME OF BUDGETARY ENTITIES, SURPLUS OF CURRENT ASSETS OF BUDGETARY ENTERPRISES, WRITE-OFFS FROM FINANCIAL RESULTS OF AUXILIARY HOLDINGS OF BUDGETARY ENTITIES</b>	<b>4,1</b>	<b>6,2</b>
<b>VII. FUNDS (IV+, -V-VI)</b>	<b>105 700,2</b>	<b>73 991,5</b>

## V. REPORT ON THE ACTIVITIES OF THE ISSUER

### V.1. Basic economic and financial values declared in the annual financial statement, including factors and events having significant impact on the budget result in 2010

The budget implementation of the Capital City of Warsaw in 2010 closed with a **deficit** amounting to **PLN 1,653.8 million**. The generated budget deficit was lower than the one planned by PLN 1,076.2 million. Revenue in the amount of PLN 224.9 million exceeding the planned level and expenditures lower than the assumed levels by PLN 851.3 million contributed to the above deficit.

The generation of **revenue** in **2010 corresponded to 102.2%** of the plan. In relation to the years 2008-2009 revenue in 2010 **increased** in nominal terms by **1.9%** and **3.3% respectively**.

The implementation of the **current revenue** plan accounted for **103.9%**, which points to additional receipts from current activities in the amount of **PLN 368.1 million**. In relation to the previous two years, current revenue grew by **2.7%** and **2.0% respectively**. Additional current revenue was generated by: *taxes collected by tax offices (mainly tax on civil law transactions)* in the amount of PLN 150.8 million, *local taxes and charges* (mainly real estate tax and stamp duty) in the amount of PLN 65.1 million, *receipts from the share in corporate income tax* in the amount of PLN 85.1 million, *revenue from property* (mainly receipts from property leases, real property management, usufruct and perpetual usufruct fees, interest on funds on bank accounts) in the amount of PLN 71.1 million, and *proceeds from other current revenue* (including receipts from the sale of city transport tickets) in the amount of PLN 92 million. Within current revenue, the unimplemented plan of revenue concerned: *receipts from the share in personal income tax* in the amount of PLN 74.7 million, *receipts from the European Union budget* in the amount of PLN 17.4 million, *receipts from subsidies and grants from the State budget* in the amount of PLN 3.9 million. Comparison of the results of revenue implementation in 2010 with the years 2008-2009 indicates a drop in income from the share in personal and corporate income tax by 4.2% and 3.1% and by 34% and 23%, respectively. Within the remaining current revenue categories, an increase in relation to the preceding years was recorded, except for a drop of 11.8% in *taxes collected by tax offices* in comparison to 2008.

The **capital revenue** plan was implemented in **80.8%**, i.e. an amount lower than the assumed level by **PLN 143.2 million**. Receipts *from the European Union budget* were implemented in an amount lower by 131.7 million; whereas an amount of PLN 11.1 million was the shortfall in the implementation of the plan of *revenue from the sale of property and property rights*.

The **total expenditure** plan for the year **2010 was implemented in 93.4%**. In comparison to the years 2008-2009 nominal expenditure was higher by **15.0%** and **6.6% respectively**.

The **implementation of the current expenditure plan in 2010 amounted to 95.5%**, which indicates an implementation lower than the planned level by **PLN 445.4 million**. In relation to the years 2008-2009 current expenditure in 2010 increased by **12.9%** and **2.8% respectively**.

The **implementation of capital expenditure in 2010 equalled 86.5%**, i.e. was lower than the assumed one by **PLN 405.8 million**. In comparison to the years 2008-2009 the level of capital expenditure was higher by **23.6%** and **23.3% respectively**.

Due to the **amortisation of debt liabilities** resulting from bonds issued and credits and loans contracted in the previous years for financing investments, the budget for 2010 was encumbered with the amount of **PLN 203.8 million**.

**The budget deficit amounting to PLN 1,857.6 million**, was financed by new debt in the amount of PLN 1,471.4 million in total, which included funds from the bonds issued and loans contracted and free funds from financial surpluses generated in the previous years in the amount of PLN 1,738.6 million.

Finally, having included all the economic transactions (income, expenditure, revenue, expenses) surpluses at the end of 2010 amounted to **PLN 1,352.4 million**.

Basic macroeconomic indices in Poland improved in 2010 in comparison to 2009. The Gross Domestic Product in real terms rose by 3.8% against a 1.7% increase recorded in 2009. Average employment in the national economy in the 4<sup>th</sup> quarter of 2010 in relation to the corresponding period of the previous year grew by 1.2%. The unemployment rate in the 4<sup>th</sup> quarter of 2010 amounted to 12.3%, which means an increase of 0.2% percentage points in comparison to the corresponding period in 2009, when there were 12.1% of economically-active people without employment. Average monthly wages and salaries in 2010 were higher in relation to 2009 by 3.9%.

Positive trends observed in the economy translated into an increase in basic revenue of the Capital City of Warsaw due to the share in income tax. The plan of revenue generated by the share in corporate income tax, which initially amounted to PLN 790 million in the budget, was reduced by PLN 340 million to the amount of PLN 450 million by virtue of City Council Resolution No. LXXXV/2473/2010 of 24 June 2010. Finally, receipts from CIT amounted to PLN 535.1 million, which denotes a drop in revenue in relation to 2009 by the amount of PLN 159.6 million, i.e. by 23%, and accounts for 118.9% of the amended implementation plan. As regards revenue from the share in personal income tax, the plan of PLN 3,440.3 million was implemented in 97.8%, i.e. in an amount lower by PLN 74.7 million. Receipts from PIT for 2010 amounted to PLN 3,365.6 million and were lower by 3.1.% in comparison to revenue from PIT generated in 2009.

The year 2010 was characterised by record capital expenditure in nominal terms – PLN 2.6 million – as well as in relative terms in comparison to total expenditure – 21.4%. The degree of capital expenditure plan implementation depends on the pace of investment project completion, which means that the failure to implement the plan in any given year results in delaying expenditure.

Another factor influencing the budget implementation in 2010 connected with the pace of investment completion involves correlating receipts from the European Union budget with progress in implementing projects co-financed with the use of EU funds.

## **V.2. Significant risk factors and threats**

Managing the budget and the City Multiyear Financial Forecast involves a number of risks defined as a negative course of events regarding specified events or undertaken actions, which may result in the achieved objectives being different from the previously-planned values. Major threats to the preparation and implementation of the City's financial plans include:

- a risk of the macroeconomic situation being worse than expected, which may result in a reduction in revenue, mainly that directly connected with economic conditions, i.e. from –share in personal and corporate income tax, in tax on civil law transactions, accounting for as much as 40% of the City's revenue,
- a risk of an increase in the costs of acquiring capital on domestic and foreign financial markets, which may cause the budget to be increasingly encumbered with debt-servicing expenditure,
- a risk of a long-term fall in the PLN exchange rate, which may result in consequences described in the previous point and in a possible increase in the costs of investments made both in a short- and long-term perspective.
- a risk of changes in legal regulations, which may result in reducing the revenue of Local-Government units or imposing additional tasks on Local-Government units without increasing revenue accordingly.

– a risk of natural catastrophes, which may result in increasing expenditure regarding extraordinary tasks needed to be undertaken and the direct effects of catastrophic events.

It should be noted that risks may at the same time indicate opportunities; for example, the worsening of the economic situation may mean growing competition and thereby a drop in the costs of investment implementation.

At a strategic level, conducting the City's budget policy within long-term budget forecasts, prepared for central, pessimistic and optimistic scenarios, is conducive to reducing the possible negative consequences of the risks mentioned. Limiting these consequences on a current basis takes place through the constant monitoring of processes within the organisation itself and in the external environment. The current implementation of the budget, events taking place in the economy, changes in legal regulations affecting the City's revenue and expenditure, are in particular subject to supervision. Should the budget implementation be likely to be threatened, the budget adjustment plans are initiated accordingly to the changed situation, matching the variants in the long-term development of the City's financial situation prepared for such circumstances. The risk of exceeding the debt precaution standards is limited to an acceptable level by selecting appropriate debt instruments, which assume debt portfolio diversification.

### **V.3. Contracts significant for the issuer's activities, including contracts concluded between shareholders (partners), insurance, partnership and cooperation contracts**

In 2010 the Capital City of Warsaw issued four series of bonds on the domestic market as part of the Bond Issue Programme established by virtue of the contract with the Organisers concluded on 10 July 2009 in the amount of PLN 4 billion. A detailed description of the issue is provided in point III.2 of this report.

The organiser of public transport in Warsaw is Zarząd Transportu Miejskiego (the Public Transport Authority). The Public Transport Authority concludes contracts on the provision of a specified portion of transport with carriers possessing rolling Stock. Such contracts are binding within settlements with such carriers as Miejskie Zakłady Autobusowe Sp. z o.o., Tramwaje Warszawskie Sp. z o.o., Metro Warszawskie Sp. z o.o., Szybka Kolej Miejska Sp. z o.o. Contracts concluded in the previous years were still binding in 2010.

### **V.4. The assessment of financial resources management and the specification of possible threats and actions that the issuer has undertaken or intends to undertake to counteract such threats**

A good financial management, debt management, and high liquidity provide the highest possible credit rating given to Warsaw by international rating agencies. Active debt management and implemented by the City the liquidity management system allow to monitor and predict its inflows and outflows while reducing the risks associated with debt.

Warsaw rating also reflects a well developed and diversified economy and a strong city tax base.

A credit rating expresses the general ability of an entity to meet financial obligations and is specified by independent, specialist institutions such as rating agencies. The main task of such a rating is to inform current and future investors, both domestic and foreign, of the City's credibility and solvency. The rating awarded reflects the results of the City's budget management, financial flexibility, local economic situation and development prospects.

Detailed information on the ratings of the Capital City of Warsaw awarded by international rating agencies: Moody's Investors Service and Fitch Ratings are included in points III.3 and III.4 of this report.

**V.5. The assessment of abilities to achieve investment targets, including capital investments, in comparison to the funds held, taking into account possible changes in the financial structure of this activity**

Despite the limitations of the City's budget capabilities due to changes in legal regulations and the worsening economic growth rate, a strategic challenge for the City in 2011 and in subsequent years still involves generating appropriate funds for investments to ensure financial conditions for continuing the implementation of the Multiyear Investment Programme for the years 2010-2014. In 2011 it is planned to preserve a high level of investments, despite the City's reduced revenue abilities. It is forecast that the share of investment expenditure in the total expenditure of the City in 2011 will be comparable with that planned in 2010, reaching the level of 26%, which means that every fourth PLN from the budget will be allocated to development. The aggregated value of investment expenditure in the years 2011-2015 will amount to PLN 10.6 billion. The investment programme will be supported by the funds obtained from the sale of property and privatisation (PLN 2.3 billion in the years 2011-2015).

While forecasting a long-term level of investment expenditure, expected funds from the European Union received as part of the next financial perspective starting in 2014 were not included in calculations.

Investment projects of the Issuer are presented in the Multiyear Financial Forecast of the Capital City of Warsaw for 2011-2033, adopted by way of the Warsaw City Council Regulation No. VI/100/2011, on 13 January 2011.

A full version of the document is available on the website of the Public Information Bulletin ([www.bip.warszawa.pl](http://www.bip.warszawa.pl)) in the section Budget and Financial Policy of the City of Warsaw.

**V.6. The assessment of factors and atypical events having an impact on the budget result for 2010, with the degree of the influence of these factors and atypical events on the achieved results specified**

Detailed factors having an impact on the level of revenue and expenditure implementation are discussed in point V.1 of this report.

**V.7. Information on the date of a contract for the audit and review of the financial statement and consolidated financial statements concluded by the issuer with an entity authorised to audit financial statements, as well as on the period for which the contract is concluded**

On the basis of the City Council's Resolution No. XXXVI/1075/2008 of 26 June 2008, as a result of the public procurement procedure in the mode of open tendering, on 5 November 2008 the Capital City of Warsaw concluded a contract on annual audits of the financial statement of the Capital City of Warsaw for the years 2008-2010 with the company Grupa Gumułka - Audyt Sp. z o.o., ul. Jana Matejki 4, 40-077 Katowice, Regon (Number for Statistical Purposes) 278350180, NIP (Tax Identification Number) 6342545467 operating on the basis of the entry in the National Court Register No. KRS 0000216070. The contract is effective in the period from 5 November 2008 to 15 April 2011.

On 29 November 2010, the Capital City of Warsaw concluded an additional contract with Grupa Gumułka - Audyt Sp. z o.o. on the review of the combined financial statement of budgetary entities and Local-Government budgetary enterprises for the year 2010. The contract was concluded pursuant to Art. 4 point 8 of the Act of 29 January 2004 Public Procurement Law (Dz. U. (Journal of Laws of 2006 No. 164 item 1163 as amended).

## V.8. Information on remunerating an entity responsible for auditing financial statements, paid or due for the financial year

The amount of remuneration for the entity authorised to audit financial statements pursuant to the contract concluded on 5 November 2008 amounts to:

- for 2008 - PLN 100,833.33
- for 2009 - PLN 100,833.33
- for 2010 - PLN 100,833.33

The contract of 29 November 2010 was concluded for the amount of PLN 63,440.00.

## V.9. Changes in the rules and scope of managing the Issuer's entity

The activities of the City include all public matters of local significance not restricted by Acts on other entities. The City performs public tasks on its own behalf and account, through its bodies and district' bodies. The division of tasks into those carried out by the City's bodies and those conducted by the district bodies, and relations between those bodies, are regulated by the Acts, Statutes and other Resolutions of the City Council. These documents are available on the website of the Public Information Bulletin, *inter alia*, at:

[http://bip.warszawa.pl/Menu\\_podmiotowe/Warszawa/statut.htm](http://bip.warszawa.pl/Menu_podmiotowe/Warszawa/statut.htm)

[http://bip.warszawa.pl/Menu\\_podmiotowe/Rada\\_Warszawy/Uchwaly\\_Rady/default.htm](http://bip.warszawa.pl/Menu_podmiotowe/Rada_Warszawy/Uchwaly_Rady/default.htm)

To perform public tasks, the City can establish organisational units and conclude contracts with other entities, including non-Governmental organisations. Public tasks may also be carried out as part of cooperation between the City and other Local-Government units.

Executive power	
The responsible entity	Tasks
<b>The Mayor of the Capital City of Warsaw</b>  Hanna Gronkiewicz-Waltz	The Mayor of the Capital City of Warsaw is <b>an executive body</b> of the city, performing own commune and district tasks, falling within his/her authority, commissioned tasks in the field of Governmental administration, including tasks resulting from the capital status of the City of Warsaw, and tasks ensuing from agreements concluded with Local-Government units.  The Mayor fulfils functions that are restricted to district heads and district management boards on the basis of legal regulations, due to the fact that Warsaw is a commune with the status of a city with district rights.  The Mayor's tasks include the implementation of resolutions passed by the Council of the Capital City of Warsaw and tasks specified by legal regulations, in particular: <ul style="list-style-type: none"> <li>– preparing draft resolution of the Council of the Capital City of Warsaw,</li> <li>– administrating the City's property,</li> <li>– implementing the City's budget,</li> <li>– representing the City externally,</li> <li>– running the City's current affairs.</li> </ul>
<b>Deputy Mayors of the Capital City of Warsaw</b>  Jacek Wojciechowicz Andrzej Jakubiak Jarosław Kochaniak Włodzimierz Paszyński	
<b>Treasurer of the Capital City of Warsaw</b> Miroslaw Czekaj	
<b>Secretary of the Capital City of Warsaw</b> Jarosław Maćkowiak	



Decision-making and control body	
The responsible entity	Tasks
<b>The Council of the Capital City of Warsaw</b>	<p>The Council of the Capital City of Warsaw includes sixty councillors.</p> <p>The tasks of the Council of the Capital City of Warsaw are specified in Art. 18 of the Act on Commune Local-Government and in Art. 12 of the Act on District Local-Government and in the Act on the organisational structure of the Capital City of Warsaw.</p> <p>Those tasks include in particular:</p> <ul style="list-style-type: none"> <li>– adopting a draft of the City Statute, and following negotiations with the Prime Minister, adopting the City Statute,</li> <li>– appointing and dismissing the City Treasurer (chief budget accountant) at the request of the Mayor,</li> <li>– adopting the City budget, examining a report on its implementation and granting (or not) the Mayor the vote of approval in this regard,</li> <li>– adopting local spatial development plans,</li> <li>– passing resolutions on property matters falling outside the scope of ordinary management,</li> <li>– passing resolutions regarding: a coat of arms, names of streets, public squares and erecting monuments,</li> <li>– granting the honorary citizenship of the City.</li> </ul>
<b>Organisation</b>	
A responsible entity	Tasks
<b>The Office of the Capital City of Warsaw</b>	<p>The Office of the Capital City of Warsaw received its form on 27 October 2002. Pursuant to Art. 18 section 1 of the Act of 15 March 2002 on the organisational structure of the Capital City of Warsaw, it comprises the following previously operating units: the Management Department of the Capital City of Warsaw, the Office of the Warsaw District, the Offices of Warsaw Communes and the Offices of city districts of Warszawa-Centrum Commune and the Office of Wesoła Commune.</p> <p>The Office operates pursuant to the legal regulations, including local law, the Mayor's ordinances but also pursuant to the appropriately applied regulations specifying the organisation of the previous Warsaw Communes, of city districts in the Warszawa-Centrum Commune and of the Wesoła Commune within the scope consistent with the Act on the organisational structure of the Capital City of Warsaw.</p> <p>A section of the Office responsible for a city district is the City District Office.</p> <p>The Office is an organisational unit with the use of which:</p> <ul style="list-style-type: none"> <li>– the Mayor performs own commune and district tasks, falling within his/her authority, commissioned tasks in the field of Governmental administration, including tasks resulting from a capital character of the City of Warsaw as well as tasks ensuing from agreements concluded with Local-Government units,</li> <li>– the Management Boards of Districts perform tasks in the field of local matters specified in Art. 11 section 2 of the Act and tasks assigned to city districts on the basis of the statutes of city districts and other resolutions of the Council of the Capital City of Warsaw (tasks are performed with the use of City District Offices),</li> <li>– the Members of the Management Boards of City Districts and other employees of City District Offices perform on the behalf of the Mayor his/her tasks assigned to them on the basis of powers of attorneys.</li> </ul>
<b>Auxiliary units</b>	<p>Pursuant to the Act of organisation structure of the Capital City of Warsaw, eighteen auxiliary units, i.e. the following districts of the Capital City of Warsaw were established: Bemowo, Białołęka, Bielany, Mokotów, Ochota, Praga Południe, Praga Północ, Rembertów, Śródmieście, Targówek, Ursus, Ursynów, Wawer, Wesoła, Wilanów, Włochy, Wola, Żoliborz.</p> <p>The districts are auxiliary units of the Capital City of Warsaw. Executive bodies in districts are the Management Boards of Districts, whereas the decision-making and control bodies - the Councils of Districts.</p>

On 21 November 2010, Local-Government elections were held, as result of which Mrs. Hanna Gronkiewicz-Waltz was re-elected Mayor of the Capital City of Warsaw. For the first time to the position of Mayor Warsaw she was chosen 26 November 2006. Madam President assumed her responsibilities in the term of office 2010-2014 on 1 December 2010, upon taking the oath to the Council of the Capital City of Warsaw.

The Deputy Mayors of the Capital City of Warsaw were appointed by virtue of Ordinance No. 13/2010 of the Mayor of the Capital City of Warsaw of 3 December 2010 on specifying the number and appointing the Deputy Mayors of the Capital City of Warsaw. No personnel changes on these positions were introduced in relation to the term of office 2006-2010.

## **V.10. Significant changes in the area of affiliation to administrative structures and in basic demographic data**

### **V.10.1. General information**

Warsaw is the capital city of the Republic of Poland and is the most important political, public life, economic, scientific and cultural centre of the country. It is also the capital city of the largest Mazowieckie Voivodeship and the biggest Polish city.

The area of Warsaw is 517 km<sup>2</sup>.

Population density: 3,319 persons per 1 km<sup>2</sup>.<sup>2</sup>

Following World War II, Warsaw, having continued its history, was a separate city, a so-called, urban voivodeship, and in the 1960's the administrative division of the City into the following 7 districts was strengthened: Mokotów, Ochota, Praga Południe and Praga Północ, Śródmieście, Wola and Żoliborz. Since 1994 Warsaw has been a municipal union of 11 Warsaw communes. As a result of administrative reforms introduced by virtue of the Act on organisational structure of the Capital City of Warsaw of 2002, Warsaw became a commune with the status of a city with district rights. Warsaw is divided into 18 districts with the status of auxiliary units.

### **V.10.2. Demographic data**

Warsaw, with over 1,716 thousand residents, is the largest Polish city. Warsaw's residents account for ca. 4.5% of the population of the country.

Together with neighbouring communes, Warsaw creates an agglomeration with ca. 3 million residents, which accounts for over 7.5 % of the population of the country (2008 data).

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010*</b>
Population (in thousand persons)	1 706.9	1 707.0	1 714.4	1 716.9
- working age	1 112.4	1 110.4	1 103.6	1 100.8
- pre-working age	248.8	249.4	253.9	255.9
- post-working age	345.5	348.2	357.0	360.1
Unemployment rate (%)	2.9	1.9	2.9	3.4
Migrations (in thousand persons)				
Inflow	22.7	17.7	15.5	10.2
Outflow	17.0	14.0	14.3	8.5
Net migration	5.7	3.7	1.1	1.7

\*Data on population and the unemployment rate as at 30 June 2010 (source: CSO)

Population migration – according to the latest available data, for the 3<sup>rd</sup> quarter 2010 (source: CSO)

<sup>2</sup> Data of the Central Statistical Office in Warsaw of 2010 (as at 30 June 2010)

## V.11. Significant changes in the unit's organisational relations with other entities

In 2010, there were no significant changes in Citi's organizational relations compared to 2009.

The table presents companies with participation in the Capital City of Warsaw and the value of shares as at 31 December 2010.

No.	Name of the Company	The number of shares of the Capital City of Warsaw	The number of shares of the Capital City of Warsaw
		as at 31.12.2010	as at 31.12.2010 (in PLN thousand)
1.	Agencja Inwestycyjna CORP - S.A. (CORP Investment Agency, Joint Stock Company)	13 shares	50
2.	Gminna Gospodarka Komunalna Ochota Sp. z o.o. (The Ochota Commune Municipal Management, Ltd.)	10,406 shares	520
3.	Hotele Warszawskie Syrena Sp. z o.o. (The Syrena Warsaw Hotels, Ltd.)	49 shares	2
4.	Komunalne Domy Handlowe Sp. z o.o. (The Municipal Shopping Centres, Ltd.) (suspended)	100 shares	10
5.	Królewski Port Żerań Sp. z o.o. (The Żerań Royal Port, Ltd) (under liquidation)	7,625 shares	7 625
6.	Kupieckie Domy Towarowe Sp. z o.o. (The Merchant Shopping Centres, Ltd.)	4 shares	4
7.	Mazowiecki Fundusz Poręczeń Kredytowych Sp. z o.o. (The Mazowiecki Credit Guarantee Fund, Ltd.)	16,000 shares	16 000
8.	Metro Warszawskie Sp. z o.o. (The Warsaw Metro, Ltd.)	657,835 shares	328 918
9.	Miejskie Przedsiębiorstwo Oczyszczania w m.st. Warszawie Sp. z o.o. (The Warsaw Waste Management Company, Ltd.)	218,000 shares	109 000
10.	Miejskie Przedsiębiorstwo Robót Ogrodniczych Sp. z o.o. (The Municipal Gardening Services Company, Ltd.)	14,000 shares	7 000
11.	Miejskie Przedsiębiorstwo Robót Wodociągowych i Kanalizacyjnych Sp. z o.o. (The Municipal Water Supply and Sewerage Services Company, Ltd.)	241 shares	12
12.	Miejskie Przedsiębiorstwo Taksówkowe Sp. z o.o. (The Municipal Taxi Company, Ltd.)	50,000 shares	5 000
13.	Miejskie Przedsiębiorstwo Usług Komunalnych Sp. z o.o. (The City Municipal Services Company, Ltd.)	4,600 shares	2 300
14.	Miejskie Przedsiębiorstwo Wodociągów i Kanalizacji w m.st. Warszawie S.A. <sup>3</sup> (The Warsaw Municipal Water Supply and Sewerage Company, Joint Stock Company)	18,710,646 shares	1 871 065
15.	Miejskie Zakłady Autobusowe Sp. z o.o. (The Municipal Bus Company, Ltd.)	861,130 shares	430 565
16.	POL-FRED Sp. z o.o. (Ltd.) (suspended)	20 shares	2
17.	POL-MOT Holding S.A. (Joint Stock Company)	2,300 shares	12
18.	"POSESJA" Sp. z o.o. (Ltd.)	490 shares	56
19.	Przedsiębiorstwo Gospodarki Maszynami Budownictwa „Warszawa” Sp. z o.o. (The "Warszawa" Construction Equipment Management Company, Ltd.)	10,000 shares	5 000

<sup>3</sup> On 22 December 2010 was held the Extraordinary General Meeting of Miejskie Przedsiębiorstwo Wodociągów i Kanalizacji w m.st. Warszawie S.A. (The Warsaw Municipal Water Supply and Sewerage Company, Joint Stock Company), during which the share capital of the Company was increased to the amount to PLN 1,954,576,600. Shares in the increased capital were taken up by the Capital City of Warsaw (up to 2 March 2011 the aforementioned increase had not been registered by the court).

20.	Przedsiębiorstwo Produkcyjno-Handlowo-Usługowe „Zaplecze” Sp. z o.o. (The “Zaplecze” Production, Trade, Service Company, Ltd.)	26,659 shares	13 330
21.	Przedsiębiorstwo Robót Elewacyjnych Budownictwa “Warszawa” Sp. z o.o. (The “Warszawa” Facade Construction Work Company, Ltd.)	200 shares	100
22.	Przedsiębiorstwo Robót Inżynieryjnych Budownictwa „Warszawa” Sp. z o.o. (The “Warszawa” Engineering Construction Work Company, Ltd.)	33,961 shares	16 981
23.	Ratusz Wilanów Sp. z o.o. (Ltd.)	8 shares	28 108
24.	SEDECO Sp. z o.o. (Ltd.)	20,085 shares	20 085
25.	Stołeczne Przedsiębiorstwo Energetyki Ciepłej S.A. (The Capital City Heat Energy Company, Joint Stock Company)	7,213,991 shares	721 399
26.	Stołeczne Przedsiębiorstwo Usług Plastycznych i Wystaw Artystycznych „WAREXPO” Sp. z o.o. (The “WAREXPO” Capital City Artistic Services and Exhibitions Company, Ltd.)	10,000 shares	500
27.	Strefa Ekonomiczna Lotniska Okęcie Sp. z o.o. (The Economic Zone of Okęcie Airport, Ltd.) (under liquidation)	21 shares	798
28.	Szybka Kolej Miejska Sp. z o.o. (Fast Urban Railway, Ltd.)	72,500 shares	72 500
29.	TechnoPort Warszawa S.A. (Joint Stock Company) (under liquidation)	2,467,971 shares	123 399
30.	Towarzystwo Budownictwa Społecznego „Bemowo” Sp. z o.o. (The „Bemowo” Social Construction Company, Ltd.)	38,914 shares	38 914
31.	Towarzystwo Budownictwa Społecznego „Mokotów” Sp. z o.o. (The „Mokotów” Social Construction Company, Ltd.)	11,514 shares	11 514
32.	Towarzystwo Budownictwa Społecznego „Praga Południe” Sp. z o.o. (The „Praga Południe” Social Construction Company, Ltd.)	50,845 shares	50 845
33.	Towarzystwo Budownictwa Społecznego „Praga Północ” Sp. z o.o. (The „Praga Północ” Social Construction Company, Ltd.)	12,595 shares	12 595
34.	TOWING Sp. z o.o. (Ltd.)	874 shares	437
35.	Tramwaje Warszawskie Sp. z o.o. (Warsaw Trams, Ltd.)	934,550 shares	467 275
36.	Trasa Świętokrzyska Sp. z o.o. (Ltd.) (under liquidation)	125,702 shares	62 851
37.	Wola Sport Sp. z o.o. (Ltd.) (under liquidation)	12,871 shares	6 436
38.	Zakłady Mięsne "PEKPOL Ostrołęka" S.A. ("PEKPOL Ostrołęka" Meat Processing Plant, Joint Stock Company)	308 shares	3
39.	Zakłady Przemysłu Ciągnikowego URSUS S.A. (The URSUS Tractor Industry Plant, Joint Stock Company) (in bankruptcy)	592,400 shares	5 924
40.	Zarząd Pałacu Kultury i Nauki Sp. z o.o. (The Management Board of the Palace of Culture and Science, Joint Stock Company)	6,600 shares	3 300
41.	Złote Tarasy Sp. z o.o. (Ltd.)	571,570 shares	57 157

## V.12. Significant changes in the volume of assets

The property of the Capital City of Warsaw broken down into separate components as at 31 December 2009 and 2010 is shown in the following table (in PLN million).

	2009	2010
Land	87 953,3	55 087,2
Buildings, premises, civil engineering facilities	9 239,3	10 068,8
Other fixed assets	435,2	327,0
Fixed assets under construction and advance payment on them	3 145,1	4 220,5
Long-term receivables	154,8	181,7
Intangible assets	12,6	10,0
Long-term financial assets	4 377,6	3 858,7
<b>Total fixed assets</b>	<b>105 317,9</b>	<b>73 754,2</b>

The principal property right of the Capital City of Warsaw is the ownership of real property, movables and other devices, and shares and stocks.

Other property rights include perpetual usufructs, usufructs, mortgages, and rights arising from contract relationships.

Municipal property also includes the property of public services, inspection offices and guards acting as budgetary entities, and the property of healthcare facilities and institutions of culture for which the Capital City of Warsaw is the governing authority or organiser, and municipal companies of which the Capital City of Warsaw is the establishing body.

The fixed assets of the Capital City of Warsaw as at 31 December 2010 reached the value of PLN 73.8 billion, and it will decrease within a year by PLN 31,6 billion, i.e. by 3.0%.

### V.13. Tasks carried out by the issuer

The Capital City of Warsaw is a community with the status of a city with district rights. Its functions are defined by the Act on Commune Local Government and the Act on District Local Government, while the tasks arising from the City being a Capital City are defined by the Act of 15 March 2002 on the organisational structure of the Capital City of Warsaw (Journal of Laws of 2002, No. 41, item 361, as amended). The Capital City of Warsaw is a legal entity, and its independence is under judicial control.

### V.14. Changes in the organisation of municipal services provision

Municipal companies are used to carry out the City's own tasks, i.e. to satisfy the collective needs of residents, particularly those concerning the issues of water provision, sewerage, production and the transmission of heat energy, the organisation of public transport, and residential needs. The group of major companies in which the City has a 100% share includes Miejskie Przedsiębiorstwo Wodociągów i Kanalizacji S.A. (the Municipal Water and Sewerage Company), Stołeczne Przedsiębiorstwo Energetyki Ciepłej S.A. (the Capital City Heat Energy Company), and companies from the transportation sector, including: *Metro Warszawskie Sp. z o. o.* (The Warsaw Metro), *Tramwaje Warszawskie Sp. z o. o.* (The Warsaw Tram Company) and *Miejskie Zakłady Autobusowe Sp. z o. o.* (Urban Bus Company).

Information on the City's companies is presented in section V.11, while a description of the tasks carried out in 2010 within the field of transportation services is in section V.20.

### V.15. Expenditure on the implementation of individual tasks

This table shows the expenditure of the Capital City of Warsaw arranged by task areas for 2009 and 2010 (in PLN million and %).

	2009		2010	
	PLN	share in %	PLN	share in %
Transportation	2 818.6	24.8%	3 594.6	29.7%
Education	2 511.2	22.1%	2 487.8	20.6%
Finance and settlements	1 158.7	10.2%	1 194.5	9.9%
Land and real property management	1 214.5	10.7%	1 144.2	9.5%
Healthcare and social assistance	983.0	8.7%	1 031.1	8.5%
Local-Government structure management	829.9	7.3%	853.8	7.1%
Culture and cultural heritage protection	631.1	5.6%	646.9	5.3%
Recreation, sport and tourism	399.9	3.5%	373.8	3.1%
Municipal services and environmental protection	495.4	4.4%	446.6	3.7%
Safety and public governance	264.4	2.3%	273.0	2.3%
Publicity activities and development support	41.5	0.4%	54.5	0.5%
<b>Total expenditure</b>	<b>11 348.2</b>	<b>100.0%</b>	<b>12 100.7</b>	<b>100.0%</b>

## V.16. The issuer's total revenue

The sources of revenue of the Capital City of Warsaw are specified in the Act of 13 November 2003 on the revenue of Local-Government units (Journal of Laws of 2010, No. 80, item 526, as amended). Warsaw as a city with district rights collects revenue from both the community and the district. These include:

1. Own revenue (including, inter alia, receipts from taxes, receipts from fees, revenue from municipal property, shares in the receipts from personal income tax and corporate income tax);
2. General subsidy;
3. Earmarked subsidies from the State budget;
4. Funds from the EU budget and other non-returnable foreign sources

Two principal sources of revenue of the Capital City of Warsaw are the share in the receipts from personal income tax (PIT) and the educational part of the general subsidy, which constitute ca. 32.2% and 10.5%, respectively, of total revenue. Others, including: real property tax, receipts from the sale of public transportation tickets, and the share in the receipts from corporate income tax (CIT) do not exceed 10%. The number of revenue sources of the city (i.e. over 70) shows great diversity and exert a positive impact on the overall risk of budget non-implementation in the field of revenue.

This table shows the principal sources of revenue of the Capital City of Warsaw in 2010 (*in PLN million and %*)

	2010	
	PLN	share in %
Share in personal income tax	3 365.6	32.2%
The educational part of the general subsidy	1 099.4	10.5%
Real property tax	898.2	8.6%
Receipts from services – the sale of public transportation tickets	583.9	5.6%
Share in corporate income tax	535.1	5.1%
Tax on civil law transactions	452.5	4.3%
Funds for subsidizing projects carried out within EU programmes	411.0	3.9%
Annual fees for perpetual usufructs	349.7	3.3%
Earmarked subsidies – commissioned tasks	299.5	2.9%
Receipts from services – reimbursement of utilities charges	244.6	2.3%
<b>Total revenue</b>	<b>10 446.9</b>	<b>100.0%</b>

## V.17. Revenue generation effectiveness

The basic criterion for assessing revenue generation effectiveness is the level of annual plan completion. In 2010 the budget of the Capital City of Warsaw was implemented at a level that was higher by 2.2% than planned, which means a variance of PLN 224,9 million.

The table below shows the largest positive variances in the implementation of the revenue plan in 2010 (*in PLN million*)

	2010			
	Planned	Implemented	Variance	% of plan performed
Tax on civil law transactions	300.0	452.5	152.5	150.8%
Share in corporate income tax	450.0	535.1	85.1	118.9%
Receipts from various revenue sources	155.0	212.5	57.5	137.1%
Real property tax	843.9	898.2	54.3	106.4%

Fees for the special use of the environment	14.2	41.5	27.3	292.3%
Annual fees for perpetual usufructs	327.4	349.7	22.3	106.8%
Interest on funds on bank accounts	59.1	79.5	20.4	134.6%
Right-of-way occupancy fees	48.0	67.3	19.3	140.2%
Other revenue from various fees	70.3	84.2	13.9	119.8%
Other interest	11.9	23.0	11.1	193.3%
<b>Total revenue</b>	<b>10 222.1</b>	<b>10 446.9</b>	<b>224.9</b>	<b>102.2%</b>

Another measure of revenue generation effectiveness is the achieved Y/Y dynamics. In 2010 the revenue of the Capital City of Warsaw exceeded by 3.3% that of the previous year, which means that there occurred a PLN 330,2 million increase.

This table shows the largest positive variances in the dynamics of revenue implementation in 2010 (in PLN million and %)

	2009	2010	2009/2010	
	Implemented		Variance	Dynamics in %
Funds for subsidizing projects carried out within EU programmes	256.9	411.0	154.1	160.0%
Real property tax	809.9	898.2	88.3	110.9%
The educational part of the general subsidy	1 022.4	1 099.4	77.0	107.5%
Receipts from various revenue sources	163.0	212.5	49.5	130.4%
Tax on civil law transactions	408.2	452.5	44.3	110.9%
Receipts from rent fees on municipal flats	181.3	217.3	36.0	119.9%
Annual fees for perpetual usufructs	321.1	349.7	28.6	108.9%
Right-of-way occupancy fees	46.0	67.3	21.3	146.3%
<b>Total revenue</b>	<b>10 116.7</b>	<b>10 446.9</b>	<b>330.2</b>	<b>103.3%</b>

The positive values of the measures of revenue generation effectiveness were the result of the adoption by the City's governing and decision making bodies of the following ordinances and resolutions aimed at increasing Warsaw's revenue

- Ordinance No. 4467/2010 of the Mayor of the Capital City of Warsaw of 9 April 2010 on determining the rates of rent for 1 sq. m. of usable space in flats owned by the Capital City of Warsaw,
- Resolution No. LXXXIII/2438/2010 of the Council of the Capital City of Warsaw of 10 June 2010 on the rates of fees for the right-of-way occupancy of public roads in the area of the Capital City of Warsaw, excluding motorways and expressways,
- Ordinance No. 4935/2010 of the Mayor of the Capital City of Warsaw of 5 July 2010 on specifying prices for the sale of materials being geodetic and cartographic resources within the framework of making the resources available by the Cadastre and Geodesy Department.
- Resolution No. XCIV/2745/2010 of the Council of the Capital City of Warsaw of 9 November 2010 on specifying the rates of real property tax for 2011,
- Resolution No. XCIV/2746/2010 of the Council of the Capital City of Warsaw of 9 November 2010 on specifying the rates of motor vehicle tax for 2011,
- Ordinance No. 5520/2010 of the Mayor of the Capital City of Warsaw of 18 November 2010 on specifying the rates of fees on city car parks administered by the Public Land Management Authority.

Furthermore, the above results, which are favourable to the budget of the Capital City of Warsaw in the aspect of the level of plan performance and Y/Y dynamics, were influenced by the following tasks taken up by the City:

- The implementation of a strategy to maximise the absorption of funds coming from EU funds,
- Retaining the pace of annual fee adjustment for perpetual usufruct.

Other factors that contributed to the positive financial result were individual events, and events the performance dates of which were difficult to foresee and, consequently, which could not be planned during the budget-construction process. These include:

- Individual high-value transactions carried out on the financial or real property markets, influencing the performance of the tax on civil law transactions,
- VAT refunds in connection to the investments made in previous years influencing the implementation of various revenues,
- High-value damages for land claimed for the construction of expressways and motorways influencing the implementation of revenue from real property sale.

#### **V.18. A description of the mode and effectiveness of budgetary planning and the implementation of the unit's budget**

The modern management of a metropolis requires specifying clearly-defined strategic long-term goals, and selecting tools for their implementation. Taking this into account, the management of the finances of the Capital City of Warsaw is performed on a rolling wave basis (as introduced in 2008, three years before its becoming obligatory subject to statutory regulations), i.e. the basis for preparing the budget for a respective budget year and the following years is a set of assumptions adopted in the multi-year financial extension accompanying the budget for the year previous to the year for which the budget is being prepared.

Preparing multi-year financial frameworks in the management of a Local-Government unit allows the effective allocation of limited financial resources while retaining financial security. The awareness of financial priorities and capabilities makes it possible to choose the optimal direction for the City's development. Juxtaposing the City's needs and potential in the context of the set development strategy is decisive for the proper hierarchisation of the implementation of investment projects. Moreover, a projection of the City's long-term potential allows the effective management of the debt, which is essential in financing Warsaw's development needs. On the one hand, defining a long-term financial framework specifies the statutory and economically-feasible level of debt; on the other, a reliable budget projection allows the use of relatively inexpensive capital obtained by issuing bonds and "cheap" credits from international institutions (The European Investment Bank, The Council of Europe Development Bank). The events of the last three years have also shown the benefits of multi-year planning in extraordinary situations, such as an unexpected economic downturn. A meticulously-prepared multi-year financial forecast allowed the flexible discounting of the expected negative effects of the economic downturn, which resulted from the crisis on global financial markets, without losing sight of strategic objectives.

The preparation of the budget and a Multi-Year Financial Forecast is a continuous effort, i.e. the binding official budget framework of the City adopted by the resolutions of the City Council undergo ongoing verification on the basis of the constant monitoring of budgetary revenue and expenditure implementation and an analysis of the changes in the economic environment that affect the level of future revenue and expenditure implementation. The process of detailed budgetary planning in the Capital City of Warsaw involves in its various stages all the organisational units, and the City District Boards and Councils.

The effectiveness of budget planning and implementation in the Capital City of Warsaw, calculated by comparing the level of budget implementation in Warsaw and in the entire sector of Local-Government Units, on the basis of the data available for the years 2008-2009, shows that better results are achieved by the Capital City. In the years 2008-2009 the planned revenue of the Capital City of Warsaw was 103.2% and 105.5% implemented respectively, whereas other Local-Government units had an average result of 97.1% in both years. The total implementation of the expenditure planned was 93.1% and 94.2% respectively, and 90.6% and 92.5%, respectively, including current expenditure 95.9% and 95.8%, and 94.1% and 95.0% and capital expenditure



81.1% and 87.6%, and 80.1% and 86.1%. In 2010 the level of implementation of the revenue and expenditure plan in the Capital City of Warsaw was close to the one for 2008-2009.

#### **V.19. A projection of the repayment of the issuer's liabilities**

A projection of the budget for the years 2011-2014, the planned debt, and the repayment of liabilities are presented in section III.2.3 of this report. A detailed projection until the redemption of the liabilities, i.e. until 2033, is presented in the Multi-Year Financial Forecast for the Capital City of Warsaw for 2011-2033, available on the website of the Public Information Bulletin ([www.bip.warszawa.pl](http://www.bip.warszawa.pl)) in the section Budget and Financial Policy of the City of Warsaw.

#### **V.20. The effectiveness of municipal services and plans for their development**

##### **V.20.1. Local public transportation and transportation services**

The planning, organisation, and supervision of public transportation on behalf of the Capital City of Warsaw is carried out by a budgetary entity under the name The Municipal Transport Authority (ZTM - Zarząd Transportu Miejskiego) (Resolution of 16 December 1991 of the Council of the Capital City of Warsaw No. XXIII/135/91).

In 2010 public transportation and transportation services organised by ZTM underwent the following changes:

- The transport services conducted by public transportation in Warsaw and in its neighbouring communities (with which Inter-Community Agreements were concluded on providing transport services), compared to 2009, increased by ca. 2.5%, i.e. from 199.6 million vehicle-km in 2009 to 204.6 million vehicle-km in 2010.
- The share of the underground and the Fast Urban Railway (SKM) in transport increased at the cost of trams and buses, which was connected, among other things, with the launching in 2010 of two new SKM lines – one from Warszawa-Gdańska to Legionowo-Piaski, and the other from Warszawa-Wschodnia to Otwock.
- The fleet of urban carriers was continuously being modernised. In 2010 167 buses, 32 trams, and 4 trains were handed over for use.
- Design and construction work on the second line of the underground was carried out.
- Other transportation investments were continued, e.g. the modernisation of the first line of the underground, the extension of the Technical and Holding Station Kabaty, the construction of an underpass between the underground stations of Dworzec Gdański and PKP Warszawa Gdańska (handing over for use in the first quarter of 2011), the construction of strategic parking places "Park & Drive" – the second stage (Ursus-Niedźwiadek, Al. Krakowska, Anin, Wawer, Rembertów), design work concerning the tramway to Tarchomin, the road layout of Światowida Street, and design work on the modernisation of the bus loop near Dworzec Wschodni.
- 6 Inter-Community Agreements were changed (to 29 such Agreements) for the implementation by ZTM of transportation services in 2010 in order to supplement and extend the range of public transport services for the communities around the Capital City of Warsaw.

##### **V.20.2. Public roads**

Tasks in the field of construction, modernisation, and the protection of public roads going through the Capital City of Warsaw, are carried out by the budgetary entity The Urban Road Management Authority (ZDM - Zarząd Dróg Miejskich) (Resolution of 26 April 1993 of the Council of the Capital City of Warsaw No. XLV/259/93). ZDM, both organisationally and financially, is subject to the Mayor of the Capital City of Warsaw, who, pursuant to the Act on

Public Roads of 21 March 1985, manages all national, voivodeship, and district roads in Warsaw.

The fields and activities generating the most expenditure in 2010 were, among others, the maintenance and repair of street lighting, the maintenance of roads and bridges, the maintenance of traffic lights, the installation and maintenance of traffic safety equipment, the maintenance of road drainage equipment, the maintenance of and changes to traffic markings, the maintenance, monitoring, and modernisation of lifts in facilities, and the maintenance and extension of the City Information System,

The most important and significant investments implemented by ZDM and completed in 2010, with a value exceeding PLN 1 million, were:

- The rebuilding of the crossing of Płochocińska and Płytowa Streets (level crossing, provided with a sewer system and traffic signs)
- The rebuilding of Twarda Street (section between the Emilii Plater Street and the Grzybowski Square).
- The renovation of Emilii Plater Street (the section between Świętokrzyska Street and Jerozolimskie Avenue).
- The construction of a rainwater sewer on Estrady Street.
- The purchase and installation of equipment for the Unattended Paid Parking Area (SPPN).

Additionally, last year ZDM carried out modernisation and renovation of the following items:

- Replacement of the asphalt surface of roads (milling and covering) - 685 thousand sq. m of road surface were renovated in total, i.e. 67 sections of streets.
- Pavement renovation – 54 thousand sq. m of pavement surface were renovated on 18 streets.
- Bus lay-by renovation – 1.2 thousand sq. m of concrete surface in lay-bys were renovated on 6 streets.
- Bicycle-lane renovation – 3.7 thousand sq. m of bicycle lanes were renovated in total (Ciszewskiego, Kasprzaka, Wybrzeże Gdańskie, and Sobieskiego Streets).
- Overpasses renovation, e.g. Jagiellońska near PIMOT, Wawelska, Puławska on Jagielska Street, Płowiecka on Edisona Street, Grochowska on Garwolińska Street, Żwirki i Wigury on 1 Sierpnia Street, Ostrobramska on Poligonowa Street.
- Replacement of the surface of the road on the flyover on Towarowa Street.
- Flyover renovation on Łopuszańskiej Street over Krakowska Avenue.

### **V.20.3. Technical infrastructure**

Providing municipal services in respect of water and heat energy provision, and sewage collection is carried out through companies specifically established for these purposes – MPWiK S.A and SPEC S.A., 100% of whose shares are owned by the City. Investments in these fields are also realised and financed by the Companies within their own funds. In 2010, the investment outlays on the construction, rebuilding, and modernisation of water-sewage and heating facilities and networks amounted to ca. PLN 1.6 billion and PLN 160.0 million respectively. An increase in the system's effectiveness is apparent e.g. in the reduced water loss in the system, by 2 percentage points from 2009 to 2010, and in the reduced number of heating network breakdowns in the same period by 20%.

Currently the priority investment in the discussed field is the extension and redevelopment of the Czajka Sewage Treatment Plant, which is co-funded from EU funds, and the construction of a transmission network to the treatment plant and to the Solid Sludge Treatment Plant.

Heat generation, and the transmission and distribution of other utilities (gas, electrical energy) are carried out by external companies. The City's cooperation with these companies is

performed on the basis of, inter alia, the Cooperation Agreement signed in June 2007 between the City, SPEC S.A. and Vattenfall Heat Poland S.A., and the organisation of periodic Energetic Forums, debates, meetings, and discussions with the participation of all parties.

Every year concepts and plans are prepared for the designated areas of the city, in order to satisfy the needs for utilities in the developing areas, to stimulate investments in those areas, including, in particular investments in the field of residential housing development, and also to improve the quality of life of residents and the protection of the natural environment. In 2010, three water and sewage concepts were realised for the areas located in Targówek, Mokotów, and Białołęka of the Capital City of Warsaw, and the draft of the plan for the supply of heat, electrical energy, and gas fuels for the north-western part of the Wilanów District of the Capital City of Warsaw was prepared. They covered 2,400 ha and about 79 thousand residents in total.

#### **V.20.4. Residential management**

The directions of the policy in the field of the City's residential resources were set in the Multi-Year Programme for the Residential Resources Management of the Capital City of Warsaw for 2008-2012 (WPGZM) (Resolution of 2 October 2008 of the Council of the Capital City of Warsaw No. XLI/1272/2008). In 2010, pursuant to WPGZM, actions arising from the assumptions specified in the programme were continued. They concerned mainly the continuation of the implementation of unified rent policy rules for the entire city, the result of which was, among other things, the rationalising of the rent calculation system and an increase in revenue from rent for flats. The revenue obtained from residential management is stable and achieving the planned amounts is feasible.

In order to satisfy residential needs, taking into account the substantial demand and residential premises sales, the Programme of Municipal Residential Buildings of the Capital City of Warsaw for 2008-2012 was prepared (Resolution of 2 October 2008 of the Council of the Capital City of Warsaw No. XLI/1273/2008).

## **VI. ASSESSMENT BY THE REGIONAL CHAMBER OF AUDIT**

### **VI.1. Resolution of the Adjudication Panel of the Regional Chamber of Audit in Warsaw on the assessment of the submitted budget implementation report for 2010**

**RESOLUTION No. 176/W/11**  
**of the Adjudication Panel of the Regional Chamber of Audit**  
**in Warsaw**  
**on 28 April 2011**

on the issuance of an assessment of the report on the implementation of the budget for the year 2010  
submitted by the **Mayor of the Capital City of Warsaw**

Pursuant to Article 13 item 5 in connection with Article 19 par. 2 of the Act of 7 October 1992 on regional chambers of audit (consolidated text, Dz.U. *[Journal of Laws]* of 2001 No. 55, item 577 as amended) - **the Adjudication Panel of the Regional Chamber of Audit in Warsaw:**

**Chair of the Panel:-** Teresa Gołębiewska

**Members:-** Bożenna Piotrowska

- Bożena Zych

hereby resolves as follows:

**§ 1**

**To positively** assess the report on the implementation of the budget of the Capital City of Warsaw for the year 2010.

**§ 2**

The justification constitutes an integral part of the Resolution.

**§ 3**

This Resolution may be appealed on to the Regional Chamber of Audit in Warsaw within 14 days from its delivery.

**Justification**

On 31 March 2011 the Regional Chamber of Audit in Warsaw received a covering letter No. PB-5-ESO-3035-1-1-11 from the Mayor of Warsaw of 31 March 2011 with the report on the implementation of the budget of the Capital City of Warsaw for the year 2010.

The Adjudication Panel of the Regional Chamber of Audit in Warsaw conducted an analysis and evaluation of the said document, taking the following criteria into consideration:

1. punctuality of the filing of the assessed document, in accordance with Art. 267 par.3 of the Act of 27 August 2009 on Public Finances (Dz.U. No. 157, item 1240 as amended),
2. adequate detail in the report regarding Art. 267 par. 1 item 1 of the cited Act of 27 August 2009 on Public Finances,
3. the fulfillment of information scope regarding Art. 267 par. 2 and Art. 269 of the cited Act of 27 August 2009 on Public Finances,
4. the mutual conformity of planned and implemented amounts of revenue and expenditure, and income and expenses, shown in the following reports: descriptive, statistical, and resulting from Resolutions passed by the legislative and implementing body, taken over the financial year,
5. the conformity of the implemented sources of revenue and the directions of their expenditure in accordance with the relevant regulations,
6. maintaining a budget balance (revenue and expenditure and income and expenses), considering the result of the budget,

7. the state of implementation of the plan of revenue and expenditure, and income and expenses, and the analysis of the explanation of significant variations between the planned and the implemented amounts,
8. as set out in Art. 169 par. 1 of the Act of 30 June 2005 on Public Finances (Dz.U. No. 249, item 2104 as amended), in connection with Art. 85 item 3 of the Act of 27 August 2009 the regulations enforcing the Act on Public Finances (Dz.U. No. 157, item 1241 as amended) - observing the debt limit for the budget of a Local-Government unit on account of:
  - payment of credits and loans listed in Art. 82 par. 1 items 2 and 3 of the cited Act of 30 June 2005 on Public Finances, including due interest on credits and loans specified in Art. 82 par. 1 of the said Act,
  - redemption of securities issued by Local-Government units for the purposes specified in Art. 82 par. 1 items 2 and 3 of the cited Act of 30 June 2005 on Public Finances including due interest and discount on securities issued for the purposes specified in Art. 82 par. 1 of the said Act,
  - potential redemptions for amounts resulting from sureties and guarantees granted by a Local-Government unit,
9. adherence to – as specified in Art. 170 par. 1 of the cited Act of 30 June 2005 on Public Finances, in connection with Art. 85 item 3 of the Act of 27 August 2009 the regulations enforcing the Act on Public Finances - a Local-Government unit's debt limit in proportion to implemented revenue,
10. conformity of the applied budget classification with a regulation of the Minister of Finances of 2 March 2010 regarding detailed classification of revenue, expenditure, income and expenses, as well as foreign resources (Dz.U. No. 38, item 207 as amended).

**The Adjudication Panel of the Regional Chamber of Audit in Warsaw preparing an opinion on this report has made the analysis and comparison with the source documents held by the Chamber.**

As a result of the above-mentioned actions the Panel resolves as follows:

1. The City's revenue plan were implemented in 102.20% and compared to the year 2009 there was an increase of revenue in absolute numbers by about 3.26%.

Current revenue accounted for 94.22%, while capital revenue 5.78% of implemented total revenue.

The capital revenue plan was implemented in 80.83% and the current revenue plan in 103.88%.

Revenue for financing programs and projects with EU participation were executed in 73.38% whereas for co-financing of programs and projects with EU were implemented in 30.15% of the planned amounts.

The reasons for actual execution's diversion from the plans were discussed in the introductory part of the descriptive report.

2. The expenditure plan was implemented in 93.43% and in absolute amounts expenditures are 6.6% higher than in the previous year.

In the actual expenditures were included also expenditures which were not terminated with the end of the budget year.

The current expenditures were implemented in 95.52% of the approved plan and account for 78.6% of the total expenditures.

The capital expenditures which account for 21.4% of the total expenditures were executed in 86.46%

The plan of expenditures for financing programs and projects with EU participation was executed in 89.89% whereas co-financing of programs and projects with EU in 98.46%.

The review of presented reports did not reveal any expenditures above the plan.

3. The presented report concludes that 2010 budget had a deficit of PLN 1,653,761,103.73 whereas planned was a deficit of PLN 2,729,920,669.

The plan of income in the amount of PLN 2,934,270,917 was implemented in 109.40%, in which the plan of income derived from credits and loans in the amount of PLN 500,000,000 was implemented in 100%, whereas the plan of income derived from bond issuance was implemented in 97.19%. The plan of income from available cash reserves, including deposits was implemented in 122.23%.

The planned income from asset sales did not materialize. The plan of expenses in the amount of PLN 204,350,248 was implemented in 99.74% (PLN 203,811,594.82), of which the plan of expenses for repayment of outstanding credits and loans was executed in 99.73% (PLN 197,311,594.82); the plan of expenses for the redemption of bonds was executed in 100% i.e. in the amount of PLN 6,500,000.

4. On the basis of report Rb-Z, it was concluded that liabilities of the city of Warsaw, at the end of 2010, were PLN 5,291,391,319.26 and amounted to 50.65% of the realized revenue. The above mentioned amount comprises liabilities from the credits and loans drawn in the amount of PLN 2,897,617,057.25, bonds issued in the amount of PLN 2,391,471,000 and liabilities due in the amount of PLN 2,303,262,01. From the descriptive information comes out that liabilities due refer to the Property Management Unit in the Praga Poludnie district and are related to advances for housing cooperatives and utility charges for supplies to municipal houses.  
The indicator of debt service (principal and interest) ratio to the planned 2010 budget revenue reached 4.15%.

5. Receivables due to the Capital City of Warsaw amounted to PLN 972,991,740.32 which accounts for 9.52% of the planned revenue and 9.31% of the implemented revenue.
6. An information concerning the state of municipal property, and a statement of the fulfilment of financial plans by public healthcare centres and cultural institutions in 2010 was enclosed to the descriptive report.

Taking into account the above statements, the Adjudication Panel of the Regional Chamber of Audit in Warsaw states that the above report constitutes a properly-prepared informational-analytical material portraying the budget implementation of the Capital City of Warsaw for the year 2010. It has to be underlined that by stating it's opinion, the Adjudication Panel assessed the report as far as it's complied with the law. Whereas the content matter assessment of the activities of the Mayor of the Capital City of Warsaw in respect of the extent of implementation of budget, purposefulness, and economic efficiency, is conducted by the Council of the Capital City of Warsaw.

**VI.2. Resolution of the Adjudication Panel of the Regional Chamber of Audit in Warsaw on the assessment of the possibility of the redemption of bonds**

**RESOLUTION No. 4/W/10  
of the Adjudication Panel of the Regional Chamber of Audit  
in Warsaw  
on 25 January 2010**

on the assessment of the possibility of the redemption of bonds by **the Capital City of Warsaw**

Pursuant to article 13 pt. 1 and article 19 sec. 1 and 2 of the Act of 7 October 1992 on regional chambers of audit (consolidated text of 2001 Dz.U. *[Journal of laws]* No. 55, item 577 as amended) with regard to article 91 sec. 2 of the Act of 27 August 2009 on public finance (Dz.U. *[Journal of Laws]* No. 157, item 1240) - **the Adjudication Panel of the Regional Chamber of Audit in Warsaw:**

**Chair of the Panel:-** Teresa Gołębiewska

**Members:-** Bożenna Piotrowska

- Bożena Zych

hereby resolves as follows:

**§ 1**

The Capital City of Warsaw has the possibility of the redemption of bonds in the amount of PLN 999 411 340.00 and is going to issue them in 2010.

**§ 2**

The justification constitutes an integral part of this Resolution.

**§ 3**

This Resolution may be appealed on to the Regional Chamber of Audit within 14 days from its delivery.

**JUSTIFICATION**

The Mayor of the Capital City of Warsaw filed a letter No. PD.UM – 4 AF – EOC – 3055- 1- 1 – 10 with the Regional Chamber of Audit in Warsaw regarding the possibility of the redemption of bonds in the amount equivalent to PLN 999 411 340.00, which the Chamber received on 14 January 2010.

Issuing its objective assessment, the Adjudication Panel of the Regional Chamber of Audit in Warsaw bases its conclusions on the analysis of the following documents:

1. Resolution No. LXIX/2176/2009 of the Council of the Capital City of Warsaw of 17 December 2009 on the issuance of bonds of the Capital City of Warsaw to finance the budget deficit of the Capital City of Warsaw in the year 2010.
2. Resolution No. LXIX/2173/2009 of the Council of the Capital City of Warsaw of 17 December 2009 on the establishment of the budget of the Council of the Capital City for the year 2010.
3. The letter from the Mayor of the Capital City of Warsaw regarding the issue of an assessment; and the enclosed "Policy on Debt", together with the forecast of the City's debt in the years 2010-2033,
4. Information on the implementation of the budget of the Capital City of Warsaw for the year 2009.

In the aforementioned Resolution the Council of the Capital City of Warsaw set the following terms:

1. Revenue from the issuance of bonds in the domestic and foreign markets with a total nominal value not exceeding PLN 999 411.340 shall be allocated for the financing of the planned budget deficit in 2010.
2. Redemption of bonds shall proceed according to their nominal value, consecutively from 2015 to 2025. The bonds may be acquired by the Capital City of Warsaw in the domestic market before the maturity date, in order to amortise them.

3. The report on the budget implementation in 2009 shows that the revenue of the Capital City of Warsaw was achieved at 105.5% of the planned amount, while expenditure was at 92.8%.
4. The budget Resolution for the 2010 plans:

- revenue of PLN 10 298 945 321

- expenditure of PLN 12 570 817 122

- deficit of PLN 2 271 871 801

The Council of the Capital City of Warsaw indicated the sources of financing the deficit in the above amount. These are to be incomes from:

- the sale of securities issued by the City in the amount of PLN 999 411 340

- raised credits and loans in the amount of PLN 750 000 000

- privatisation of assets in the amount of PLN 12 500 000

- available funds in the form of surplus in cash on the current account of the budget, resulting from the settlement of credits and loans from previous years in the amount of PLN 509 960 461

5. The debt forecast for the year 2010 annexed to the budget of the Capital City of Warsaw shows that the anticipated ratio of revenue growth from the year 2015 to the year 2025, i.e. in the period when, pursuant to the Resolution on bond issuance, the redemption of bonds in consideration, compared to the previous year, will run at the level of: 0.56% in 2015; 3.4% in 2016; 4.99% in 2017; 3.37% in 2018; 3.37% in 2019; 3.38% in 2020; 3.38% in 2021; 3.38% in 2022; 3.39% in 2023; 3.39% in 2024; 3.4% in 2025.
6. Overall, liabilities in respect of the payment of the principal, instalments and interest from already-raised and expected loans and credits, and in respect of bond redemption and the payment of interest therefrom in the period 2015-2025, will constitute from 10.26% to 2.06% of the revenue planned in the period. The debt forecast indicates that redemption of bonds has been planned in one tranche for the year 2020. The total liabilities to be paid in 2020 amount to 10.26% of the revenue planned in that year, and may be reduced, since the issuance of bonds means that the redemption of bonds will be made at a single time at maturity dates of a given issuance, i.e. in the period 2015 and 2025. Therefore, the liabilities may change in respect of the payment of credits and loans and redemption of bonds in the period 2015 – 2025.

The City's debt, referred to in article 170 of the Act on public finances, according to the forecast as at the end of 2020, i.e. at the time of bond redemption, is running at the level of PLN 3 895 373 337, which constitutes 26.41% of the planned revenue.

To conclude, the Adjudication Panel of the Regional Chamber of Audit in Warsaw, having reviewed the documents submitted by the Capital City of Warsaw, affirms that the legal requirements stipulated in article 169 and article 170 of the Act of 30 June 2005 on public finance have been fulfilled, i.e. the amounts of yearly liabilities in respect of the payment of loan and credit installments, together with interest, and in respect of the redemption of bonds and payment of interest therefrom, and the potential payment of amounts resulting from guarantees in the year 2020, are not going to exceed the limit of 15% of forecast revenue, and the total amount of debt as at the end of 2020 will be within the limits of 60% of revenue.

Providing the entity implements the amounts set out in the revenue and debt forecast strictly or closely to the plan, the Adjudication Panel of the Regional Chamber of Audit believes that the Capital City of Warsaw will have the possibility to redeem in 2020 the bonds that are to be issued.



## **VII. ASSESSMENT AND REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT OF THE CAPITAL CITY OF WARSAW**

### **VII.1. An independent auditor's assessment for the Capital City of Warsaw on the audit of the financial statement of the Capital City of Warsaw for the period from 1 January 2010 to 31 December 2010**

*An assessment and a report on the audit  
of the financial statement of the Capital City of Warsaw  
for the period from 1 January 2010 to 31 December 2010*

#### **AN INDEPENDENT AUDITOR'S REPORT FOR THE CAPITAL CITY OF WARSAW ON THE AUDIT OF THE FINANCIAL STATEMENT OF THE CAPITAL CITY OF WARSAW FOR THE PERIOD FROM 1 JANUARY 2010 TO 31 DECEMBER 2010**

*[On the footer on each page:]* Gumułka Group. Passion. Knowledge. Experience.

We have conducted an audit of the financial statement of the Capital City of Warsaw, which consisted of the balance sheet of the implementation of the budget of the Local Government unit (prepared as at 31 December 2010), the consolidated balance including data resulting from the balances of Local-Government budgetary entities, Local-Government budgetary enterprises and auxiliary enterprises of Local-Government budgetary units (prepared as at 31 December 2010 on the basis of consolidated balance sheets of Local-Government units, Local-Government budgetary units), the consolidated profit and loss account, including data resulting from the profit and loss accounts of Local-Government budgetary entities, Local-Government budgetary enterprises and auxiliary enterprises of Local-Government budgetary units (prepared for the financial year from 1 January 2010 to 31 December 2010 on the basis of the consolidated profit and loss accounts of Local-Government budgetary entities, Local-Government budgetary institutions and auxiliary enterprises of Local-Government budgetary units), the consolidated statement of changes in equity, including data resulting from statements of changes in the equity of Local-Government budgetary entities, Local-Government budgetary institutions and auxiliary enterprises of Local-Government budgetary units (prepared for the financial year from 1 January 2010 to 31 December 2010 on the basis of the consolidated statements of changes in the equity of Local-Government budgetary entities, Local-Government budgetary institutions and auxiliary enterprises of Local-Government budgetary units); an introduction, as well as additional information and explanations (prepared for the financial year from 1 January to 31 December 2010) were attached to the financial statement.

The Mayor of the Capital City of Warsaw is responsible for the preparation of financial statements in compliance with binding regulations.

Our task was to audit and issue an opinion on the compliance of this financial statement with the required accounting principles (policy) and whether it represents reliably and clearly, in all material aspects, the Unit's economic and financial standing, as well as its financial result and the correctness of the accounting books constituting the basis for its preparation.

We have conducted an audit of the financial statement in compliance with the following provisions

- Article 268 of the Act of 27 June 2009 on Public Finance (Dz. U. *[Journal of Laws]* of 2009, No. 157, item 1240, as amended),
- The Regulations of chapter 7 of the Act of 29 September 1994 on Accounting (Dz. U. *[Journal of Laws]* of 2009, No. 152 item 1223, as amended),
- The national standards regarding the financial review issued by the National Council of Certified Auditors in Poland.

We planned the audit and audited the financial statement in such a way as to establish reasonable confidence in the data, which allows expressing an opinion on the statement. The audit included, in particular, verifying the correctness of the principles (policy) implemented by the Capital City of Warsaw, as well as its important relevant estimates; checking – mainly by random verification – of the accounting documents and records that are the basis for the figures, the information included in the financial statement, and the general assessment of financial statement.

We think that the audit has provided a sufficient basis to express an authoritative opinion.

In point 3.1.2 of the Introduction attached to the financial statement, the entity gave information about the periodic re-evaluation of values against prices, reflecting the market values applied in the past years for the valuation of land, in order to better reflect the financial standing of the Local-Government unit, at the same time giving the financial effects of such reevaluations on the equity of the unit in points 1.4 and 1.5 of the Additional Information attached. Bearing in mind that the predominant part of the land was acquired free of charge, which justified their price on the day of acquisition according to sales prices, we have deemed the Unit's deviation from accounting principles acceptable.

In our opinion, the financial statement was audited in all material aspects:

- a) It presents in a reliable and clear way the information material for the assessment of the economic and financial standing of the Capital City of Warsaw as at 31.12.2010 and its financial result for the financial year from 01.01.2010 to 31.12.2010.
- b) It was drawn up in compliance with the accounting principles (policies) provided for in the legal Acts cited above and on the basis of ledgers kept in a correct way,
- c) It conforms to the legal regulations and statutes of the Capital City of Warsaw affecting the content of the financial statement.

Warsaw, 13 May 2011

Radosław Gumułka

*[illegible signature]*

Key auditor, Reg. No. 9972

(entity authorized to perform financial audits registered on the list of authorised entities under No. 2944)

**VII.2. Report on the audit of the financial statement of the Capital City of Warsaw for the period from 1 January 2010 to 31 December 2010**

*An assessment and a report on the audit  
of the financial statement of the Capital City of Warsaw  
for the period from 1 January 2010 to 31 December 2010*

**REPORT  
ON THE AUDIT OF THE FINANCIAL STATEMENT  
OF THE CAPITAL CITY OF WARSAW  
FOR THE PERIOD FROM 1 JANUARY 2010 TO 31 DECEMBER 2010**

**I.INTRODUCTION**

**1.Auditor**

The audit of the financial statement for the period from 01.01.2010 to 31.12.2010 of the Local-Government unit of the Capital City of Warsaw was carried out by Radosław Gumułka, key auditor, Reg. No. 9972, on behalf of the entity authorised to audit financial statements - Grupa Gumułka-Audyt Sp. z o.o. (Ltd.) in Katowice - entered onto the list of authorised entities under No. 2944.

The entity authorised to audit the financial statement had been selected by the Council of the Capital City of Warsaw by way of Resolution No. LXXXV/2478/2010 of 24 June 2010.

The key auditor, the remaining members of the auditors group and the authorised entity, maintain independence, as required by Article 66 (2-4) of the Act of 7 May 2009 on Certified Auditors and their Self-Governing Bodies, and Entities Authorised to Audit Financial Statements and Public Supervision.

**2.Identification of the audited statement**

The audited financial statement consists of:

A balance sheet of the implementation of the budget of the Local-Government unit as at 31 December 2010, which presents the total amount of assets and liabilities equal to PLN 1,635,179,443.81

A combined balance sheet including data from the balance sheets of the Local-Government budgetary units, Local-Government budgetary enterprises and auxiliary units of Local-Government budgetary units as at 31 December 2010, on the basis of the combined balance sheets of the Local-Government budgetary units, Local-Government budgetary enterprises and auxiliary units of Local-Government budgetary units, which present a total amount of assets and liabilities equal to PLN 75,938,950,313.19

A combined profit and loss account, including data from the profit and loss accounts of the Local-Government budgetary units, Local-Government budgetary enterprises and auxiliary units of Local-Government budgetary units prepared for the financial year from 1 January 2010 to 31 December 2010 on the basis of the combined profit and loss accounts of the Local-Government budgetary units, Local-Government budgetary enterprises and auxiliary units of Local-Government budgetary units, which present a net profit equal to PLN 2,302,727,812.36

A combined statement of changes in fund balances, including data from the statements of changes in the fund balances of the Local-Government budgetary units, Local-Government budgetary enterprises and auxiliary units of Local-Government budgetary units prepared for the financial year

from 1 January 2010 to 31 December 2010 on the basis of the combined statements of changes in fund balances of the Local-Government budgetary units, Local-Government budgetary enterprises and auxiliary units of Local-Government budgetary units, which present a reduction in the fund balances of the unit by an amount equal to PLN 31,107,327,675.88

The statement is accompanied by an introduction and additional information and explanatory notes to the financial statement - prepared for the financial year from 1 January 2010 to 31 December 2010.

In addition to the balance sheet of the implementation of the budget, all elements of the statement are combined statements, prepared on the basis of the individual and combined statements of the budgetary units, Local-Government budgetary enterprises and auxiliary enterprises of auxiliary units of Districts. Combined statements of Local-Government budgetary units result from the individual statement of the Capital City of Warsaw Municipal Office, nine hundred and thirty-four budgetary units, twenty Local-Government budgetary enterprises and three auxiliary enterprises of budgetary units. The list of units whose statements make up the audited statement has been included in Annexes 1, 2 and 3 to the "Introduction to the financial statements of the Local-Government Unit – the City of Warsaw for 2010, together with additional information and explanatory notes".

### **3.Method of audit**

The audit was carried out on the basis of agreements concluded with the Capital City of Warsaw, in the period from December 2010 to May 2011 in the Capital City of Warsaw Municipal Office and budgetary units selected as relevant as far as the parameters affecting the value of the combined statement of the City are concerned. The methods used during the audit were dependent on the significance and relevance of issues. Samples were selected individually based on the auditor's opinion, in that they were sufficient to assess the accuracy of individual items of the financial statement.

To issue an opinion on the audited financial statement, we elaborated compliance audit procedures, which covered 100% of the units whose statements were mutually compatible. In addition, we elaborated reliability audit procedures, which covered a representative percentage of assets reported in the balance sheet of units, a representative percentage of operating revenues reported in the profit and loss accounts and a representative percentage of the value of the units' funds.

Based on our audit we issued an assessment of the independent auditor as at 13 May 2011, which is an integral part of this statement. Carrying out the audit and issuing the opinion was based on the concept of the level of significance, which means that the opinion expresses our overall assessment of the information contained in the financial statement and results from the audit evidence gathered during the audit carried out in accordance with national auditing standards and professional judgment. The overall assessment expressed in the opinion is not a simple reflection of the assessment results of auditing individual issues, but is meant to give relevant importance to the individual findings by the auditor, taking into account their impact on the accuracy and clarity of the entire financial statement and its correctness (compliance with the applicable accounting rules (policy)).

## **II.GENERAL INFORMATION ON THE UNIT**

### **I.The legal form and legal basis of the activity**

The Capital City of Warsaw is a Local-Government unit – a municipality with the status of a city with the right of the district and covers an area of 517 km<sup>2</sup>. In order to carry out public tasks the City can create organisational units, as well as enter into agreements with other entities, including Non-Governmental organisations, in the manner provided for in applicable regulations and the Statute. The scope of the City's tasks includes all public matters of local importance that are not stipulated by Acts for other entities.

The organisational structure and the activities of the Local Government and the Local-Government Administration in the Capital City of Warsaw shall be determined, in particular, by:

- 1) The Act on Commune Local Government of 8 March 1990 (Dz.U. (Journal of Laws) of 1990, No. 16 item 95, as amended);
- 2) The Act on District Local Government of 5 June 1998 (Dz.U. (Journal of Laws) of 1998, No. 91 item 1592, as amended);
- 3) The Act on the Structure of the Capital City of Warsaw (Dz.U. (Journal of Laws) of 2002, No. 127 item 1087, as amended);
- 4) The Capital City of Warsaw Statute annexed to Resolution No. XXII/743/2008 of the Council of the Capital City of Warsaw of 10 January 2008 on the Adoption of the Statute of the Capital City of Warsaw.

According to the Act on the Structure of the Capital City of Warsaw eighteen auxiliary units - districts of Warsaw have been created.

## **1. The bodies of the Capital City of Warsaw**

The Capital City of Warsaw maintains the following bodies

- The Council of the Capital City of Warsaw, the decision-making and supervisory body of the Capital City of Warsaw,
- The Mayor of Warsaw, the executive body of the Capital City of Warsaw.

The Local-Government bodies of the city act under and within the limits set by law and they operate under the supervision of the principles established in the laws. The Mayor of the Capital City of Warsaw performs his or her duties through the Capital City of Warsaw Municipal Office.

Basic information

- The seat of the Council of the Capital City of Warsaw:  
Pałac Kultury i Nauki (Palace of Culture and Science), pl. Defilad 00-901 Warszawa
- The seat of the Mayor of the Capital City of Warsaw: Plac Bankowy 3/5 00-950 Warszawa
- NIP (Tax Identification Number) of the Capital City of Warsaw 525-22-48-481
- REGON (National Business Registry Number) of the Capital City of Warsaw 015259640

## **2. The scope of activity**

The scope of activity of the Capital City of Warsaw is defined by the Act on Commune Local-Government, the Act on District Local Government and, in respect of the tasks resulting from the fact that Warsaw is the Capital of Poland, the Act on the Structure of the Capital City of Warsaw.

Pursuant to the Act on Commune Local-Government, all public affairs of local importance not defined for other entities belong to the scope of activity of the commune. The main object of activity of the commune Local Government is to meet the collective needs of the community and, in particular, to perform the community's own tasks.

Furthermore, other Acts of law, or agreements concluded with the relevant authorities, may impose on the commune the obligation to perform commissioned tasks in the area of Government administration, and organise the preparation of, and carrying out of, general elections and referendums.

In accordance with the Act on District Local-Government, district tasks include those public tasks defined by Acts of law whose scope exceeds the area of the commune. Ensuring the performance of specified tasks and the exercise of the powers of district services managers, inspection and the local guard also fall under the public tasks of the district. Other district tasks may result from Acts or agreements concluded by the district with the relevant Government bodies.

In accordance with the provisions of the Act on the Structure of the Capital City of Warsaw, in addition to the duties set out by the regulations pertaining to commune and district Local-Governments, the Capital City of Warsaw performs the tasks resulting from the fact that Warsaw is the Capital of Poland; in particular, it provides the conditions necessary for:

- 1) The functioning of head and central State bodies, diplomatic representations, consular offices and international organisations,
- 2) The reception of foreign delegations,
- 3) The operation of public installations of an infrastructural nature relevant to the capital city functions.

### **3. The organisational units**

#### **The Mayor of the Capital City of Warsaw**

The Mayor of the Capital City of Warsaw is the executive body of the city. He or she performs the tasks which lie within the scope of his or her competencies, as well as commissioned tasks in the area of Government administration, including tasks resulting from the fact that Warsaw is the Capital of Poland and also from agreements concluded with the relevant administrative units.

The Mayor performs tasks which, pursuant to legal regulations, belong to the Starost and District Boards.

The tasks of the Mayor include implementing the resolutions of the Council of the Capital City of Warsaw and of the tasks prescribed by law. Unless defined otherwise by special provisions, the Mayor issues decisions in individual cases of public administration.

In the period under examination, as well as at the date of this report, the function of the Mayor of the City of Warsaw was performed by Ms Hanna Gronkiewicz – Waltz.

#### **The Council of the Capital City of Warsaw**

The Council of the Capital City of Warsaw is the decision-making and supervisory body of the city. By adopting resolutions, it directs the activity of the Mayor and controls his or her operations, primarily through its internal body, the Audit Commission. The Council of the Capital City of Warsaw has 60 members.

The tasks of the Council of the Capital City of Warsaw are specified in Article 18 of the Act on Commune Local-Government and Article 12 of the Act on District Local-Government, as well as in the Structure of the Capital City of Warsaw Act.

The Chairperson of the Council of the Capital City of Warsaw in the period considered, as well as at the date of issuing of the present report, was Ms Ewa Malinowska - Grupańska.

#### **The Clerk of the Capital City of Warsaw**

The function of the Clerk of the Capital City of Warsaw was performed by Mr Jarosław Maćkowiak, appointed by a resolution of the Council of 10 December 2008, whose duty is to perform the task

of ensuring the smooth operation of the Office, in particular with regard to the coordination of activities and flow of information between the organisational units of the Office, as well as other tasks assigned by the Mayor.

### **The Treasurer of the Capital City of Warsaw**

The Treasurer of the Capital City of Warsaw is the chief accountant of the budget of the city. He or she performs the tasks concerning the financial policy, budgetary accounting and financial management, discipline of public finance, budget planning and debt policy of the city.

He or she also supervises the following units of the Office of the Capital City of Warsaw:

- 1)The Accounting and Countersignature Department
- 2)The Budget Planning Department
- 3)The Taxation and Vindication Department
- 4)The Debt Policy and Cash Management Department

In carrying out the tasks assigned by the Mayor, the Treasurer of the City of Warsaw acts within the limits set out by the authorisations and authority granted by the Mayor.

In the period under examination, as well as at the date of issuing of the present report, the Treasurer of the City of Warsaw was Mr Mirosław Czekaj.

### **III. SUMMARY OF THE RESULTS OF THE AUDIT**

The financial report in the form submitted for the audit was first created for the year 2010, which is a result of a change in rules which regulate this issue (Minister of Finance regulation of 5 July 2010 on special accounting principles and chart of accounts for state budget, Local Government units, budgetary units, local government budgetary enterprises, state earmarked funds and state budget units headquartered beyond the borders of the Republic of Poland repealing the former regulation of 26 July 2006)

Particular components of the financial report are formed:

- A balance sheet of the implementation of the budget – on the basis of accounting books of the Unit,
- total balance, profit and loss account and statement of changes in fund balances – based on data resulting from appropriate combined reports of Local Government budgetary units, local government budgetary enterprises and auxiliary enterprises of local government budgetary entities.

A basis for opening the accounting books for the first day of the accounting year were the financial reports created for 31 December 2009. The consistency principle was applied, which among other things means that the closing balance sheet of the units was the opening balance sheet of the audited year.

Financial statement for 2009 (which in accordance to the then binding regulations consisted of budgetary performance balance only) was audited by Grupa Gumułka – Audyt Sp. z o.o. headquartered in Katowice and on 07 April 2010 was given an unqualified opinion. The obligation of financial statement audit by authorised entities was introduced starting with the statement for year 2010.

The entity submitted the financial statement for the year 2009 to the Regional Accounting Chamber in Warsaw on 29 April 2010.

A balance sheet of the implementation of the budget for previous year was examined by the Council of the Capital City of Warsaw by Resolution No. LXXXI/2332/2010 of the Council of the Capital City of Warsaw of 28 April 2010 the President of the Capital City of Warsaw was granted acknowledgement of the fulfilment of these duties.

As a result of the audit the compliance of the amounts listed in the particular items of the balance for budgetary performance of the City of Warsaw as of 31 December 2010 with relevant books of account was confirmed. Data included in the balance show balance of adequate balance accounts as of 31 December 2010 and each item of assets has its origin in the liabilities of the balance.

The total elements of the statement were prepared by the organisational units of the Capital City of Warsaw and then summed up according to the items in the statement with the exclusion of mutual settlements and the fixed assets received and released free of charge.

The auditors were given access to all the books and data necessary for the audit of the financial statement, with the exclusion of the data qualified as fiscal secret.

The Mayor of the Capital City of Warsaw submitted the statement required by us, in which, pursuant to Art. 65 of the Act on Accounting, she confirmed her responsibility for the preparation of a reliable financial statement covering all the required information, according to the above-mentioned Act and taking into account the executive regulations issued under the delegation of this Act and under the delegation of the Act of 27 August 2009 on public finance, and she confirmed, to the best of her knowledge that:

- all ledgers and confirming documentation, as well as all the resolutions and ordinances concerning the Unit, all documents in the field of accounting, and the names and addresses of all cooperating banks, insurance and legal companies were made available;
- the activities of the Unit were carried out according to the Statute in the field in which it affects the financial statement in question;
- the ledgers fully reflect the activities of the Unit;
- all the current and conditional liabilities were shown in the ledgers or in the financial statement, and all guarantees and sureties granted to third parties were disclosed;
- all profits and losses were accounted for in the books concerning the period in question.

In addition, the Mayor of the Capital City of Warsaw promised to inform us of any changes that would occur in the above regard to the date of issuing of the auditor's opinion.

As a consequence, we have not recorded any limitations on the scope of the audit.

Ledgers of individual units, which are part of the combined statement, are kept in individual units. Ledgers of the Capital City of Warsaw are kept by a computer, including with the use of the Integrated Management System of the Office SAP R/3 computer system. The results of the audit of ledgers and accounting documents being a basis for the entries, allow to be considered to a significant extent as generally complying with the conditions of accuracy, correctness and verifiability.

In the audited year the basis of the documentation of the adopted accounting policy principles was the Ordinance of the Mayor of the Capital City of Warsaw No. 2356/2008 of 28 November 2008 on the adopted accounting policy principles in the Capital City of Warsaw Municipal Office, as amended. Local-Government budgetary units and Local-Government budgetary enterprises use self-implemented documentation (policies). The applied audit procedures allowed to consider this documentation (policies) as meeting the requirements set out in Article 10 of the Accounting Act of 29 September 1994 on accounting and specific regulations applicable to the audited entity.



In the audited financial year the entity recorded events in accordance with the guidelines contained in the Accounting Act of 29 September 1994 and the adopted accounting policy, including specific rules (except for events relating to the implementation of the budget of the European funds) as set out in the Regulation of the Minister of Finance of 28 July 2006 on Specific Accounting Rules. This manner of conduct was formalised in §27 (1) of the Regulation of the Minister of Finance of 5 July 2010 on specific accounting principles and charts of accounts for the State budget, budgets of Local-Government units, budgetary units, Local-Government budgetary enterprises, State earmarked funds, and State budgetary units located outside the borders of the Republic of Poland. The unit made transformations in an appropriate manner and correctly presented information in the financial statement prepared according to Annex 5, 7, 8 and 9 of the quoted Regulation.

With regard to the correctness of the accounting system used on the basis of compliance audits the auditor confirms that:

- a) the unit complied with the principle of continuity of the applied accounting principles, including regarding the correctness of opening of the ledger at 01.01.2010, taking into account the heterogeneity of keeping revenues under each item of the profit and loss account,
- b) the unit kept ledgers in a correct manner, using an appropriate computer program,
- c) business transactions entered into the ledgers were in accordance with the basic accounting principles, including in accordance with the principle of prudence and accrual basis, taking into account that the entity is in the process of verifying the value of part of the property acquired free of charge,
- d) supporting evidence as a basis for entry in the ledgers were reviewed and qualified in accordance with Article 21(1) (6) of the Accounting Act, including economically qualified by authorised persons and on this basis technically assigned for their correct entry in the ledgers.

With regard to securing access to data from the ledgers and accounting documents and using computers, it is stated that:

- a) the units keep files in accordance with the principles as set out in the Accounting Act,
- b) archiving of accounting documents, ledgers and financial statements is carried out properly,
- c) the periods of keeping data were consistent with Art. 74 of the Accounting Act.

The elements of a properly functioning accounting system include compliance with the dates and rules of inventory of assets and liabilities as set out in the Accounting Act. The inventory of assets, financial assets and receivables carried out in accordance with Article 26 of the Accounting Act was properly documented and linked to the records in the ledgers.

Inventory differences found as a result of inventory of assets were settled in the ledgers for the audited period, taking into account that inventory shortages were entered as other receivables.

#### **IV. A GENERAL EVALUATION OF THE FINANCIAL SITUATION**

The unit has prepared the combined elements of the financial statement in accordance with the regulation of the Minister of Finance of 5 July 2010 on special accounting principles and chart of accounts for state budget, Local Government units, budgetary units, local government budgetary enterprises, state earmarked funds and state budget units headquartered beyond the borders of the Republic of Poland as well as different units in the public finance sector (Journal of Laws of 2010, No. 128 item 861).

The financial situation and profitability of the Unit are characterised by the following financial indicators calculated for the last two financial years, with the consideration of data stated in the profit and loss account and the combined balance sheet.

Name of the indicator	Description	Unit	2009 financial year	2010 financial year
Balance sheet total		PLN thousand	106,688,488.8	75,938,950.3
Net result (+/ )		PLN THOUSAND	+ 2,901,893.3	+ 2,302,727.8
Sales revenue	Sales net revenue	PLN thousand	10,638,889.1	10,925,573.0
Total revenue	Sales net revenue + the remaining operating costs + financial revenue	PLN thousand	11,600,491.1	12,270,104.3
Total costs	Costs of operations + the remaining operating costs + financial costs	PLN thousand	8,697,015.7	9,966,312.0
Equity to fixed assets ratio	(equity / fixed assets) * 100	%	100.4	100.3
Assets ratio	(fixed assets / current assets) * 100	%	1.3	2.9
Self-financing of current assets	(short term liabilities and special funds / current assets) * 100	%	57.4	82.3

The analysis included a combined financial statement of Local-Government budgetary units, local-Government budgetary enterprises, and the auxiliary enterprises of local-Government budgetary units. It is worth noting that in the 2011 financial statement of the capital city of Warsaw budgetary enterprises and auxiliary enterprises are absent due to their transformation into Local-Government budgetary units.

During the analysed period the value of fixed assets decreased by PLN 31,563,648.9 thousand in comparison to the previous year. The structure of assets maintained a similar level, where 97.1% constituted fixed assets. The value of the fixed assets in comparison to the previous year fell by 30.0%, which was caused by the exclusion of properties encumbered with a perpetual usufruct of third parties from the land and mortgage register.

Current assets as of the balance sheet date constitute 2.9% of the total amount of assets. The value of current assets in comparison to the previous year increased and amounted to PLN 814,132.3 thousand.

The funds of the unit during the analysed year constituted 97.4% of the total amount of assets, while during the previous year the value of this indicator amounted to 99.1%. The value of the unit's funds decreased by 30% in comparison to the previous year.

Taking into account the nature of the financing of public finance sector units, the fact that the unit recorded a net profit, does not constitute the only basis to draw conclusions concerning the effectiveness of management.

Pursuant to Art. 6 of the Act of 28 February 2003 on bankruptcy and reorganisation proceedings it is impossible to declare the Local-Government unit bankrupt. Legal regulations determine the continuation of actions by the Capital City of Warsaw.

## **V. DETAILED INFORMATION FROM THE ANALYSIS OF THE MAJOR ITEMS OF THE COMBINED BALANCE SHEET AND THE COMBINED PROFIT AND LOSS ACCOUNT**

### **1. Fixed assets**

<b>Fixed assets</b>	<b>73,754,291.7</b>	PLN thousand
Balance sheet total share including:	97.1	%
Intangible assets	9,980.7	PLN thousand
Tangible assets	69,703,650.4	PLN thousand
Long-term liabilities	181,699.9	PLN thousand
Long-term financial assets	3,858,693.3	PLN thousand
Property value of liquidated units	267.3	PLN thousand

Pursuant to § 27 point 1 of the regulation of the Minister of Finance of 28 July 2006 on detailed accountancy principles and the account chart for State budget, Local-Government units' budgets, and different units of the public finance sector, the Unit presents in this item fixed assets of which it is in possession, regardless of the manner of their use.

The evaluation of tangible fixed assets, according to purchase prices, decreased by the value of depreciation and amortisation write-offs, with the exception of fixed assets received free of charge on the basis of the decision issued by the relevant body and evaluated in this decision, was performed pursuant to Art. 28 section 1.1. of the Accountancy Act. Furthermore, in point 3.1.2. of the Introduction attached to the financial statement, the Unit commented on taking into account in land value assessment, in order to better reflect the material situation of the Local-Government unit, periodic calculations of the values of the prices reflecting market values, presenting the financial results of such calculations and their influence on the fund in points 1.4 and 1.5 of the attached additional information. Taking into account that the majority of land was acquired free of charge, which justified the evaluation of these lands according to the selling prices as of the day of acquisition, it was decided that the departure of the Unit from accountancy rules had been acceptable.

Depreciation and amortisation of the fixed assets is conducted on the basis of rates defined according to corporate income tax regulations. The set amortisation of the fixed and intangible assets in the amount of PLN 559,622.0 thousand is consistent with the value of amortisation indicated in the profit and loss account for all units included in the statement for the capital city of Warsaw. During the analysed year, the greatest decrease in the value of the fixed assets was recorded in

the land section and was caused by the exclusion of properties encumbered with a perpetual usufruct of third parties from the land and mortgage register.

The value of tangible fixed assets stated in the balance sheet is consistent with legal accounting books.

Long-term liabilities amount to PLN 181,699.9 thousand; they constitute liabilities with the tax lien and concern the unpaid liabilities from budgetary tax income.

An assessment of long-term liabilities was made in an amount to be received, taking into account the prudence concept.

Long-term financial assets in the amount of PLN 3,858,693.3 thousand constitute bonds and shares. The basic value of this balance point consists of legal titles to the companies in which 100% of the initial capital belongs to the capital city of Warsaw.

Due to the lack of a trustworthy assessment, in the balance sheet the Unit does not account for any future financial benefits resulting from the annual payment of fees on a perpetual usufruct of land by third parties.

The assessment of long-term financial assets was made on the basis of the acquisition price decreased by the value of revaluation write-offs in the amount of PLN 116,721.8 thousand.

The property value of the liquidated units in the amount of PLN 267.3 thousand refers to the value of the liquidated Hospital and Chapel of Saint Elisabeth in the Independent Healthcare Centre in Warsaw, which was accounted for in the value taken from the balance sheet of the liquidated unit.

## 2. Current assets

<b>Current assets</b>	<b>2,184,632.6</b>	PLN thousand
Balance sheet total share including:	2.9	%
Supply	24,589.9	PLN thousand
Short-term liabilities	1,185,944.1	PLN thousand
Cash	302,917.7	PLN thousand
Short-term securities	615,144.2	PLN thousand
Prepayments	56,036.6	PLN thousand

Short-term liabilities were assessed in an amount to be received, taking into account the prudence concept and the fact that in the additional information the Unit declared the activation of a dubious receivable in the amount of PLN 73,599.8 thousand.

The value of liabilities indicated in the balance sheet is consistent with legal accounting books.

The amount of cash available was confirmed towards the end of the financial year by the inventory. The amount of cash available from the bank accounts was confirmed in writing by the banks. Cash accounts balances on bank accounts and the balances of the money available from the register are also confirmed by the bank and register documentation.

### 3. Funds

<b>Funds</b>	<b>73,991,789.9</b>	PLN thousand
Balance sheet total share including:	97.4	%
Unit's funds	71,694,955.0	PLN thousand
Financial net result	2,302,727.8	PLN thousand
Excess in current assets (-)	- 6,200.2	PLN thousand
Liquidated units' property fund	267.3	PLN thousand
Financial result write-offs	0	PLN thousand

The unit's funds in the amount of PLN 71,694,955.0 thousand constitutes 94.4% financial coverage of fixed and current assets. The detailed scope of the changes in the unit's fund (increases and decreases) was indicated in the list of changes prepared as at 31 December 2010.

During the analysed period, funds decreased by PLN 31,708,361.9 thousand, according to the change indicated in the list of changes to the unit's funds; the balance sheet change is PLN 267.3 thousand lower - i.e. the value of the liquidated units property fund, which was not accounted for in the list of changes to the 2010 unit's funds.

The net profit for the financial year will be discussed in further parts of the report.

### 4. Liabilities and prepayments

<b>Liabilities and prepayments</b>	<b>1,849,512.5</b>	PLN thousand
Balance sheet total share including:	2.6	%
Long-term liabilities	60,744.8	PLN thousand
Short-term liabilities	1,694,143.0	PLN thousand
Special funds	104.2	PLN thousand
Prepayments	85,520.5	PLN thousand

Long-term liabilities in the amount of PLN 60,744.8 thousand constitute the discount value of the shares issuance, the payment date of which falls after 31 December 2011. According to the rule adopted by the Unit, the value of liabilities that result from the issuance of bonds is to be presented in the balance sheet of the budget implementation.

The majority of short-term liabilities in the amount of PLN 1,694,143.0 thousand are the liabilities resulting from the third party deposits concerning tenders; supplies and services with the maturity date up to 12 months after the balance sheet date; provisions for liabilities resulting from possible compensations concerning expropriated real-estates (Art.215 of the Act of 21 August 1997 on Real Estate Management), or compensations on actual damages, if the adopted local plan or a modification of such resulted in lack or limitation of possibility to use the property or its part in accordance with its intended purpose (Art. 36 of the Act of 27 March 2003 on Spatial Planning and Development); and the liabilities resulting from the additional annual remuneration for the year 2010, ZUS (Social Insurance Company) contributions; as well as personal income tax withholdings. The value of short-term liabilities in comparison to 2009 increased by PLN 1,006,866.9 thousand. This increase was

caused mainly by the increase in the value of provisions for liabilities concerning the above mentioned titles.

Special funds concern above all the Employee Benefit Fund. Special funds recorded an increase of PLN 4,724.1 thousand in comparison to PLN 99,508.3 thousand in 2009 which constitutes an increase by 4.7%.

Prepayments increased from the level of PLN 16,637 thousand in 2009 and amounted to PLN 20,267 thousand in 2010, which constitutes an increase in the value of prepayments by 21.87%.

According to the rule of significance, the unit cannot create provisions for employee benefits, which was indicated in the Additional Information to the financial statement. Furthermore, it was presented in the Additional Information that the claims against the City indicated in the balance sheet did not meet the criteria of liabilities due to, inter alia, the low probability of implementation.

The amount of liabilities indicated in the balance sheet is consistent with the legal accounting books.

#### 4. The financial result

Gross and net financial result were set in the combined profit and loss accounts prepared in the single-step comparative option. The result stems from the following reportable data:

Specification	Costs and losses	Profits and gains	
Operating costs and revenues	8, 388,031.2	10,925,573.0	PLN thousand
Other operating costs and revenues	1,214,838.2	1,075,963.1	PLN thousand
Financial costs and revenues	363,296.7	268,212.1	PLN thousand
Extraordinary profits and losses	145.8	356.0	PLN thousand
Total	9,966,311.9	12,270,104.2	PLN thousand
Gross financial result		2,303,792.3	PLN thousand
Corporate income tax		1,047.7	PLN thousand
Other obligatory charges to the net profit		16.8	PLN thousand
Net financial result		2,302,727.8	PLN thousand

Revenues and tax deductible expenses were indicated according to the data from the account records.

According to the regulation of the Minister of Finance of 28 July 2006 on detailed accountancy principles and the account chart for State budget, local-Government units' budgets, and different units of public finance sector which was the basis for keeping records of events taking place in the financial year of 2010, the Unit does not record any obtained financial means dedicated to financing of budget expenses and investments.

The performed analysis of the selected sample of source documentation from the reporting period proved the documented revenues and costs to be true and in consistency with the records of accounting books provided that the data from the additional information to the financial statement concerning the reception of a cost correcting invoice of PLN 19,927.2 thousand after the date of preparation of the partial financial statement is taken into account. Furthermore, on 13 May 2011 the Mayor of the Capital City of Warsaw made a statement concerning the complete inclusion of economic operations in ledgers from the analysed period, which are archived by a statutory auditor in the documentation concerning the analysis of the financial statement.

## V. ASSESSMENT OF THE LIST OF CHANGES TO THE UNIT'S FUNDS

The unit prepared a combined list of changes in the Unit's funds. Information included in this financial statement cover the information concerning changes in the particular elements of the unit's own funds from the current and previous financial years.

Particular amounts of decreases and increases in the unit's own funds were justified.

During the analysed year a decrease of PLN 31,107,375.7 thousand in the Unit's funds was recorded, which was mainly due to the rightful exclusion of land encumbered with a perpetual usufruct of third parties from land and mortgage register.

Index figures indicated in the list of modifications to the Unit's funds are consistent with the data from accounting records.

## VI. THE ASSESSMENT OF THE BALANCE SHEET OF THE IMPLEMENTATION OF THE BUDGET OF THE LOCAL GOVERNMENT UNIT.

<b>Assets</b>	State at the beginning of the year (PLN in thousands)	Percentage of the balance sheet total	State at the end of the year (PLN in thousands)	Percentage of the balance sheet total
<b>I. Financial assets</b>	<b>1,367,544.6</b>	<b>68.5</b>	<b>1,465,826.9</b>	<b>89.6</b>
including:				
1.1. Financial assets of the budget	1,365,601.6	68.4	1,465,826.9	89.6
1.2. Financial assets of aid funds	2,940.7	0.1		
1.3. Other financial assets	2.2	0		
<b>II. Receivables and settlements</b>	<b>628,676.8</b>	<b>31.5</b>	<b>169,352.5</b>	<b>10.4</b>
including:				
1. Financial receivables	500,568.6	25.1	0	
2. Budget receivables	125,426.3	6.3	161,598.6	9.9
3. Other receivables	2,681.9	0.1	7,753.6	0.5
<b>III. Other assets</b>	<b>0</b>		<b>0</b>	
<b>Total assets</b>	<b>1,996,221.3</b>	<b>100</b>	<b>1,835,179.4</b>	<b>100</b>

The total assets in 2010 amounted to PLN 1,835,179.4 thousand compared to PLN 1,996,221.3 thousand in 2009, which means that it decreased by 8.1%.

The financial assets included in the balance sheet of the implementation of the budget were confirmed through inventory using the method of confirming balance at the banks. The financial assets increased in comparison to 2009 by PLN 98,282.4 thousand, which is a 9.4% increase.

The receivables were verified through inventory by verifying the records on the settlement accounts. Receivables from budgets at the balance sheet date amounted to PLN 169,352.5 thousand, in comparison to PLN 628,676.8 thousand in 2009, which is an increase by PLN 459,324.3 thousand, i.e. 37.2%. Receivables from budget constitute the shares due in the personal income tax. Other receivables and settlements increased by PLN 5,072 thousand in comparison to 2009. The main positions of other receivables are the funds which were not used by budgetary entities in 2010, which are due to be returned to the account of the budget of the Capital City of Warsaw.

<b>Liabilities</b>	State at the beginning of the year (PLN in thousands)	Percentage of the balance sheet total	State at the end of the year (PLN in thousands)	Percentage of the balance sheet total
<b>I. Obligations</b>	<b>3,999,558.8</b>	<b>200.3</b>	<b>5,241,827</b>	<b>320.6</b>
including:				
1.1. Financial obligations	3,990,945.0	199.9	5,228,489.8	319.8
1.2. Obligations towards budgets	4,961.0	0.2	1,784.3	0.1
1.3. Other obligations	3,652.8	0.2	11,552.9	0.7
<b>II. Net budget assets</b>	<b>-2,090,362.4</b>	<b>-104.7</b>	<b>-3,702,057.2</b>	<b>-226.4</b>
including:				
1. Budgetary performance surplus or deficit	-1,231,518.1	-61.7	-1,653,750.5	-101.1
2. Result of nonfinancial operations	68,351.3	3.4	29,996.8	1.8
3. Reserve for permanent expenses and settlements	161,999.8	8.2	174,058.8	10.6
4. Aid funds	210,483.8	10.5	0	0
5. Funds from privatisation	116.2	0	0	0
6. Accrued surplus or deficit on the budget resources	-1,299,797.5	-65.1	-2,252,362.2	-137.7
<b>III. Other liabilities</b>	<b>87,025.0</b>	<b>4.4</b>	<b>95,409.6</b>	<b>5.8</b>
<b>Total liabilities</b>	<b>1,996,221.3</b>	<b>100</b>	<b>1,635,179.4</b>	<b>100</b>

As of the balance sheet day the obligations amount to (thousand PLN) 5,241,827 and in comparison to year 2009 they increased by (thousand PLN) 1,242,268.2, i.e. by 31.1%. In the position financial obligations there are credits and bonds, properly listed as divided into short- and long-term.

Credit balance was confirmed by the bank. The unit employed a rule, according to which the cost of financing obligations (including discount from bonds and credit interest) are listed in the combined financial report of Local Government budgetary entities, local government budgetary enterprises and auxiliary enterprises of Local Government budgetary entities.

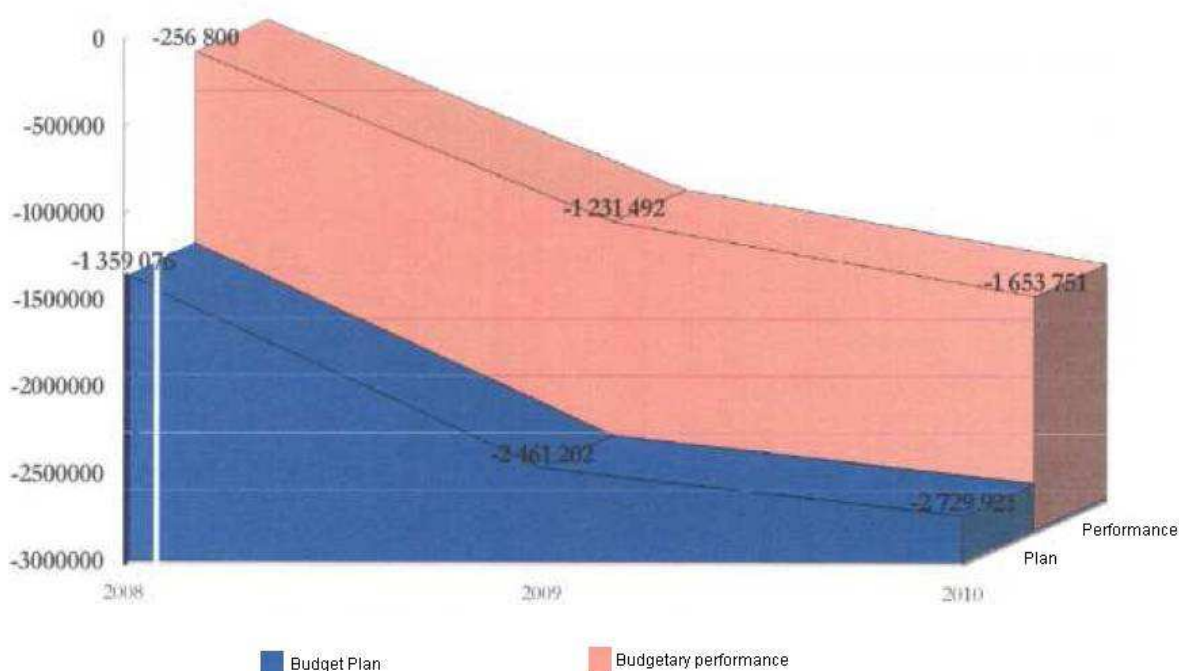
Net budget assets amount to (thousand PLN) (-) 3,702,057.2 compared to (thousand PLN) (-) 2,090,362.4 in 2009, in consequence, they raised by (thousand PLN) 1,611,694.8. Budgetary performance deficit in 2010 amounted to (thousand PLN) 1,653,750.5. The result on nonfinancial operations is positive and equals (thousand PLN) 29,996.8. In 2010 a reserve appeared for the so called permanent expenses, i.e. unexecuted expenses authorised to be implemented in the next year in the amount of (thousand PLN) 174,058.8.

Under Other liabilities there is listed deferred income, concerning the next budget year in the amount of (thousand PLN) 95,409.6.



As of 31 December 2010 the budget showed budget implementation deficit in the amount of (thousand PLN) 1,653,750.5.

Budgetary performance of the City of Warsaw in the years (thousand PLN) 2008 – 2010



## VII. INFORMATION CONCERNING BREACH OF LAWS WHICH AFFECT THE FINANCIAL REPORT

In the course of this audit no breach of laws or the statute of the Unit which would affect the financial report of this Enterprise was found.

## VIII. FINAL INFORMATION

This report is a supplement to the Opinion of an independent auditor for the Council of the Capital City of Warsaw from the financial report for the period from 01 January 2010 until 31 December 2010.

Warsaw, 13 May 2011

Radosław Gumułka  
*[illegible signature]*

Key auditor reg. no. 9972

Performing the audit in the name of  
 Grupa Gumułka – Audyt Sp. z o.o.

(entity authorized to perform financial audits registered on the list of authorised entities under No. 2944)