

ANNUAL REPORT

OF THE CAPITAL CITY
OF WARSAW
FOR **2023.**



Dear Sirs

In the following edition of the 2023 "Annual Report of the Capital City of Warsaw", we present, as we do every year, the synthetic balance sheet and budget information of the Capital City of Warsaw as at 31 December 2023, together with the confirmed positive opinion of the Regional Chamber of Accounts in Warsaw, the opinion of an independent auditor concerning the audit of the financial statements and the ratings of the rating agencies.

Implementing the budget of the Capital City of Warsaw in 2023 took place against a background of significantly limited economic growth and high levels of inflation. Operating in an unfavourable macroeconomic environment, the Capital City of Warsaw had to face a permanent limitation in its own income, particularly acute in 2023, which was a consequence of the statutory regulations introduced under the government's Polish Deal programme and its modifications.

The main source of own income for the Capital City of Warsaw consisted of personal income tax revenue. Nominally, PIT income in 2023 decreased to the levels in 2018, while cumulative inflation in that period was close to 42%.

Despite the budgetary constraints described above, the Capital City of Warsaw has provided services and objectives serving to improve the lives of the people of Warsaw, at least at its current level.

"The Annual Report of the Capital City of Warsaw" is addressed to residents, investors, representatives of financial institutions, non-governmental organizations, and other persons interested in the finances of the Capital City of Warsaw.



Marzanna Krajewska
Treasurer of the Capital City
of Warsaw



Rafał Trzaskowski
The Mayor of Warsaw

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Authorities of the Capital City of Warsaw in 2023

Mayor of Warsaw	– RAFAŁ TRZASKOWSKI
Deputy Mayor of Warsaw	– MICHAŁ OLSZEWSKI
Deputy Mayor of Warsaw	– RENATA KAZNOWSKA
Deputy Mayor of Warsaw	– ALDONA MACHNOWSKA-GÓRA
Deputy Mayor of Warsaw	– TOMASZ BRATEK
City Clerk of Warsaw	– WŁODZIMIERZ KARPIŃSKI <i>(until 30 April 2023)</i>
City Clerk of City of Warsaw	– MARIA WASIAK <i>(from 10 July 2023)</i>
Treasurer of Warsaw	– MIROSŁAW CZEKAJ
Director of the Magistrate	– ELŻBIETA MARKOWSKA
Director Coordinator for a Green Warsaw	– MAGDALENA MŁOCHOWSKA
Director Coordinator for Entrepreneurship and Social Dialogue	– KAROLINA ZDRODOWSKA

THE WARSAW CITY COUNCIL

The Board of the Council

Chairperson of the City Council	– EWA DOROTA MALINOWSKA-GRUPIŃSKA
Deputy Chairperson of the City Council	– MAGDALENA ROGUSKA
Deputy Chairperson of the City Council	– SŁAWOMIR POTAPOWICZ
Deputy Chairperson of the City Council	– ALICJA ŻEBROWSKA

Other Councillors:

Anna Auksel-Sekutowicz
Maciej Binkowski
Agnieszka Borowska
Mariusz Budziszewski
Jacek Cieślowski
Paweł Czekalski
Agata Diduszko-Zyglewska
Stanisław Dratkiewicz
Joanna Dymowska
Dariusz Dziekanowski
Dariusz Figura
Mariusz Frankowski *(until 19 December 2023)*
Filip Frąckowiak
Patryk Górski
Oskar Hejka
Tomasz Herbich
Agnieszka Jaczewska-Golińska
Ewa Janczar
Monika Jaruzelska
Maria Jęda *(from 27 October 2023)*
Cezary Jurkiewicz
Jarosław Kaczyński
Sebastian Kędzierski
Wiktor Klimiuk
Mariusz Krasuski *(from 27 October 2023)*
Andrzej Kropiwnicki
Renata Królak
Oliwer Kubicki
Paweł Lech

Dorota Lutomirska
Dorota Łoboda *(until 18 October 2023)*
Maria Łukaszewicz
Piotr Mazurek (KO)
Piotr Mazurek (PiS)
Beata Michalec
Anna Nehrebecka-Byczewska
Renata Niewitecka
Iwona Pawłowska
Kacper Pietrusiński
Błażej Poboży
Paweł Sawicki
Olga Semeniuk - Patkowska *(until 18 October 2023)*
Joanna Staniszkis
Tomasz Sybilski
Marek Szolc
Jarosław Szostakowski
Michał Szpąderski
Gabriela Szustek
Piotr Szyszko
Aleksandra Śniegocka-Goździk
Joanna Wiśniewska-Najgebauer
Iwona Wujastyk
Agnieszka Wyrwał
Maciej Wyszyński
Justyna Zając
Małgorzata Zakrzewska
Piotr Żbikowski
Tomasz Żyłka

Opinion of an Expert Auditor

*Audit of the financial statements within the framework of the contract UMIA/KK/B/XI/1/1/2/2021 dated 15/01/2021 between:
City of Warsaw
a Consortium of audit companies: KPW Audytor Sp. z o.o., ISP Modzelewski i Wspólnicy - Audyt Sp. z o.o., POL-TAX 2 Sp. z o.o.*

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE ANNUAL ACCOUNTS OF THE UNIT

WARSAW CITY COUNCIL

with its registered office in Warsaw (00-950), at Plac Bankowy 3/5

for the Warsaw City Council

Report on the audit of the annual financial statement

Opinion

We have carried out an audit of the annual financial statement of the unit **CAPITAL CITY OF WARSAW** (the "Unit"), which includes the balance sheet concerning implementing the budget as at 31 December 2023, the combined balance sheet prepared as at 31 December 2023, the combined income statement for the financial year from 01 January to 31 December 2023, the statement of changes in the unit's combined fund for the financial year from 01 January to 31 December 2023 and the notes to the financial statement (the "financial statement").

In our opinion, the attached financial statement:

- gives a true and fair view of the Unit's asset and financial condition as at 31 December 2023 and of its financial performance for the financial year ended on that date in accordance with applicable provisions of the Act of 29 September 1994 on accounting ("Accounting Act" - Journal of Laws of 2023 item 120 as amended) and the accounting principles (policies) adopted;



*Audit of financial statement in the framework of contract UMIA/KK/B/XI/1/1/2/2021, dated 15 January 2021, between:
The Capital City of Warsaw
a Consortium of audit companies: KPW Audytor Sp. z o.o., ISP Modzelewski i Wspólnicy – Audyt Sp. z o.o., POL - TAX 2 Sp. z o.o.*

- is in conformity in form and content with laws applicable to the Unit as well as the Unit's articles of association;
- it has been prepared on the basis of properly kept accounting records, in accordance with the provisions of Chapter 2 of the Accounting Act.

This opinion is consistent with the supplementary report to the Audit Committee that we have issued on 15 May 2024.

Basis of the opinion

We have carried out our audit in accordance with the National Auditing Standards in the wording of the International Auditing Standards adopted with resolution of the National Chamber of Statutory Auditors No. 3430/52a/2019 of 21 March 2019 on national auditing standards and other documents, as amended ("KSB") and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms, and Public Supervision ("Act on Statutory Auditors" - Journal of Laws 2023 item 1015 as amended) and EU Regulation No. 537/2014 of 16 April 2014 on specific requirements for the statutory audits of public-interest entities (the "EU Regulation" - O. J. of the EU L 158, 27.05.2014, p. 77, as amended). Our responsibilities under these standards are further described in the Responsibility of the auditor for auditing the financial statements section of our financial statement.

We are independent of the Unit in accordance with the International Code of Ethics for Professional Accountants (including the International Standards of Independence) of the International Ethical Standards Board for Accountants (the "IESBA Code") adopted by resolution of the National Council of Statutory Auditors No. 3431/52a/2019 of 25 March 2019 on principles of professional ethics for statutory auditors, as amended, and with other ethical requirements that apply to the audit of financial statements in Poland. We have fulfilled our other ethical obligations in accordance with these requirements as well as the IESBA Code. During the audit, the key statutory auditor and the audit firm remained independent of the Unit in accordance with the independence requirements of the Auditors Act and the EU Regulation.



We believe that the audit evidence we have obtained is sufficient and appropriate to form the basis of our opinion.

Key audit matters

The key audit matters are those that we, in our professional judgement, deemed most significant when auditing the financial statement for the current reporting period. They cover the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. We have addressed these issues in the context of our audit of the financial statement as a whole and when formulating our opinion, and summarised our response to these risks, and where we considered it appropriate, we presented the most important observations related to these risks. We do not express a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit?
<p>TANGIBLE FIXED ASSETS:</p> <p>Correctness of account recognition, existence, and valuation of fixed assets.</p> <p>This item is relevant in terms of assessing the financial statement as a whole. As at 31 December 2023, it amounts to PLN 36,356,984,284.60 and represents 80.59% of the balance sheet total.</p> <p>Taking into consideration the above, we considered this to be a key matter within the study process.</p>	<p>Our audit procedures, in relation to the described key audit matter, included, for example:</p> <ul style="list-style-type: none"> • an analysis of the used accounting policies and procedures, including the internal control environment, relating to the process of valuating the various elements that constitute the items of tangible fixed assets; • verification of using of the above accounting principles in selected organisational units of the Capital City of Warsaw; • addressing queries to the unit's management relating to the used valuation methods and procedures; • the following audit procedures carried out on an established sample, including but not limited to:

	<ul style="list-style-type: none"> • verification of the entries in accounting books relating to fixed assets; • the correctness of recognising increases and decreases during the year under review; • verification of the inventory process and how it was accounted for. <p>As a result of the conducted procedures, no significant irregularities were identified that resulted in the need to modify the audit opinion concerning the financial statements.</p>
<p>LONG-TERM FINANCIAL ASSETS - STOCKS AND SHARES:</p> <p>Correctness of accounting recognition, existence, and valuation of shares in subsidiaries in the balance sheet.</p> <p>This item, is very important from the point of view of the audited financial statement and does not directly relate to the day-to-day operational activity.</p> <p>As at 31 December 2023, the value of shares in subsidiaries was estimated at a total of PLN 6,068,969,029.78, representing 13.45% of the balance sheet total.</p> <p>Taking the above into consideration, we consider this to be a key matter in terms of the audit process.</p>	<p>Our audit procedures, in relation to the described key audit matter, included, for example:</p> <ul style="list-style-type: none"> • an analysis of the accounting policies and procedures in place, including the internal control environment relating to the valuation process of long-term financial assets; • addressing queries to the unit's management about the adopted assumptions concerning valuating interests in subsidiaries; • the following audit procedures, including but not limited to: <ul style="list-style-type: none"> • verifying the continuity of the valuation principles used so far; • verification of the entries in the accounting books relating to long-term financial assets; • verification of the value of created write-downs concerning long-term financial assets. <p>No significant irregularities were identified as a result of the conducted procedures,</p>

	resulting in the need to modify the opinion concerning the audit of the financial statement.
<p>PROVISIONS FOR LIABILITIES:</p> <p>Correctness of account recognition, existence, and valuation of provisions for liabilities in the balance sheet.</p> <p>This item is relevant in terms of the audited financial statement and does not directly relate to day-to-day operational activity.</p> <p>As at 31 December 2023, the value of provisions for liabilities was estimated at a total of PLN 2,219,036,920.68, representing 4.92% of the balance sheet total.</p> <p>Taking the above into consideration, we have determined that it is a key matter in terms of the audit process.</p>	<p>Our audit procedures, in relation to the described key audit matter, included, for example:</p> <ul style="list-style-type: none"> • an analysis of the used accounting policies and procedures, including the internal control environment, relating to the process of estimating and measuring provisions for liabilities, including contingent liabilities; • addressing queries to the unit's management about the adopted assumptions concerning estimating and measuring the provisions for liabilities; • the following audit procedures, including but not limited to: <ul style="list-style-type: none"> • verifying the continuity of valuation principles used so far; • verification of records in accounting books relating to provisions for liabilities; • verification of information received from, for example, the legal department on litigation; • verification of the principles and methodological correctness of their application concerning recognising and classifying individual cases as provisions or contingent liabilities. <p>As a result of the conducted procedures, no significant irregularities were identified that resulted in the need to modify the audit opinion concerning the financial statements.</p>
<p>FINANCIAL LIABILITIES:</p>	<p>Our audit procedures, in relation to the described key audit matter, included, for example:</p> <ul style="list-style-type: none"> • verifying the continuity of

The correctness of accounting recognition, existence, and valuation of financial liabilities in respect of loans and bonds.

This item, is the most significant from the point of view of the balance sheet total concerning implementing the budget.

Taking the above and the needs of the users of the financial statement into consideration, we have considered this to be a key matter in terms of the audit process.

the used methodologies and valuation principles;

- verifying the correctness of the valuation;
- verification of records in accounting books relating to the area under audit;
- verification of correctly dividing these liabilities into short-term and long-term;
- obtaining and analysing external independent confirmations.

As a result of the conducted procedures, no significant irregularities were identified that resulted in the need to modify the audit opinion concerning the financial statements.

Responsibility of the Mayor and the Audit Committee for the financial statements

The Mayor of Warsaw (hereinafter: the "Unit Head") is responsible for preparing the financial statements that give a true and fair view of the unit's financial position and financial performance on the basis of properly maintained accounting records in accordance with the provisions of the Accounting Act, the accounting principles (policies) adopted, and the legal requirements applicable to the unit as well as the Articles of Association, and for such internal audit as the Unit Head deems necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, the Unit Head is responsible for assessing the Unit's ability to continue its operation, disclosing, if applicable, matters related to continuing operation, and adopting the principle for continuing operation as the basis of accounting, except when the Unit Head either intends to liquidate the Unit, or to discontinue its operation, or there is no viable alternative to liquidating or discontinuing the operation.



*Audit of financial statement in the framework of contract UMIA/KK/B/XI/1/1/2/2021, dated 15 January 2021, between:
The Capital City of Warsaw
a Consortium of audit companies: KPW Audytor Sp. z o.o., ISP Modzelewski i Wspólnicy – Audyt Sp. z o.o., POL-TAX 2 Sp. z o.o.*

The Unit Head and members of the Audit Committee are required to ensure that the financial statement complies with the requirements of the Accounting Act. The members of the Audit Committee are responsible for overseeing the unit's financial reporting process.

Responsibility of the auditor for auditing the financial statement

Our goals are to gain reasonable assurance that the financial statements as a whole do not contain any misstatement due to fraud or error and to issue an audit report containing our opinion. Reasonable certainty is a high level of certainty but does not guarantee that the audit carried out pursuant to the National Audit Standards shall always detect the existing relevant distortions. Distortions may be due to fraud or error and are considered relevant if they could reasonably be expected to influence, individually or collectively, the economic decisions made by users on the basis of the financial statements.

The scope of the audit does not include assurance about the future viability of the unit or the efficiency or effectiveness of the unit's principals in conducting their affairs now or in the future.

In conducting our audit in accordance with National Auditing Standards, we applied professional judgement and maintained professional scepticism, while:

- we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, we design and perform audit procedures that correspond to those risks and obtain sufficient and appropriate audit evidence to form the basis of our opinion. The risk of failure to detect material misstatement due to fraud is greater than that resulting from error, as fraud may be related to collusion, forgery, deliberate omissions, misrepresentation or, circumvention of internal control;



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- we gain an understanding of internal control used for the audit in order to design audit procedures that are appropriate under given circumstances, but not in order to express an opinion concerning the effectiveness of the Unit's internal control;
- we evaluate the appropriateness of the accounting principles (policies) applied and the reasonableness of accounting estimates and related disclosures made by the Unit Head;
- we reach a conclusion on the appropriateness of applying the principle of continuing operation as the primary basis of accounting by the Unit Head and, based on the audit evidence obtained, on the significant uncertainties relating to events or conditions that may cast significant doubt on the unit's ability to continue operation. If we conclude that such a material uncertainty exists, we are required to make a note of the relevant disclosures in the financial statements in our audit report or, if these disclosures are inadequate, to modify our opinion. Our conclusion is based on audit evidence obtained up to the date of our audit report, however, future events or conditions may cause the unit to cease its operations;
- we assess the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements present the transactions and events that form the basis of the disclosures in a manner that ensures a fair presentation.

We provide the Audit Committee with information about, among other things, the scope and timing of the planned audit and the significant findings, including any significant deficiencies in internal control that we identified during the course of our audit.

We declare to the Audit Committee that we have complied with the ethical requirements relating to independence and that we will keep them informed about all links and other matters that may reasonably be considered to be a threat to our independence and, where applicable, the applied safeguards.

Among the issues provided for the Audit Committee, we identified those that were most significant during the audit of the financial statement for the current reporting period and therefore considered them to be key audit matters. We describe these matters in our statutory auditor's report unless laws or regulations prohibit public disclosure or when,



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in exceptional circumstances, we will determine that the issue should not be presented in our report because the negative consequences could reasonably be expected to outweigh the benefits of such information to the public interest.

Declaration concerning other legal requirements and regulations

Statement concerning non-audit services provided

To the best of our knowledge and belief, we declare that we have not provided non-audit services to the Unit that are prohibited by Art. 5(1) of Regulation No. 537 EU and Article 136 of the Act on Statutory Auditors.

Selection of the audit company

We have been chosen to audit the unit's financial statements in accordance with Resolution No. XLIII/1302/2021 of the Warsaw City Council of 14 January 2021. We are auditing the unit's financial statement, for the fourth time, as part of the consortium of audit firms KPW Audytor Sp. z o.o., Instytut Studiów Podatkowych Modzelewski i Wspólnicy - Audyt Sp. z o.o., POL-TAX 2 Sp. z o.o..



Audit of financial statement in the framework of contract UMIA/KK/B/XI/1/1/2/2021, dated 15 January 2021, between:
The Capital City of Warsaw
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The main auditors responsible for the audit, which results in this independent audit report were Jarosław Wijatkowski and Stanisław Michrowski, who acted on behalf of the Consortium:

- **KPW Audytor Sp. z o.o.**, with its registered office in Łódź (90-350), at Tymienieckiego 25C/410 - an audit firm registered under No. 3640;
- **Instytut Studiów Podatkowych Modzelewski i Wspólnicy - Audyt Sp. z o.o.**, with its registered office in Warsaw (04-367), at ul. Kaleńska 8 - an audit firm listed under No. 2558;
- **POL-TAX 2 Sp. z o.o.** with its registered office in Warsaw (03-982), at ul. Bora-Komorowskiego 56C/91 - an audit company entered in the list under No. 4090;

on whose behalf the Key Auditors audited the financial statements.

Key auditor

acting on behalf of:

Institute of Tax Studies Modzelewski and Partners - Audit sp. z o.o.
is entered in the list of audit firms maintained by the Polish
Audit Supervision Agency
under No. 2558

The document is signed by
Stanisław Michrowski



Date: 2024.05.15 15:27:06
CEST

Stanisław Michrowski

Key Auditor No. 10 257

Key Auditor

acting on behalf of:

KPW Audytor Sp. z o.o. is registered on
the list of audit firms maintained by the Polish
Audit Supervision Agency.
under No. 3640

Electronically signed by
Jarosław Jerzy Wijatkowski

Wijatkowski

Date: 2024.05.15 15:00:09
+02'00'

Jarosław Wijatkowski

Key Statutory Auditor No. 13 294

Łódź, Warsaw, 15 May 2024



Opinion of the Regional Chamber of Accounts in Warsaw

Electronically signed by:
Agata Pączkowska
Regional Chamber of Accounts in Warsaw on 26
April 2024.

RESOLUTION No. 3.e./352/2024 of the Ruling Body of the Regional Chamber of Accounts in Warsaw

of 26 April 2024.

on issuing an opinion on the budget performance report for 2023 presented by the Mayor of Warsaw.

Pursuant to Art. 13(5) in conjunction with Art. 19 sec. 2 of the Act of 7 October 1992 on regional chambers of accounts (Journal of Laws 2023, item 1325 consolidated text), Art. 267 sec. 3 of the Act on public finance of 27 August 2009 (Journal of Laws 2023, item 1270 as amended) - The Ruling Body of the Regional Chamber of Accounts in Warsaw, composed of:

Chairperson - Agata Pączkowska
 - Aneta Dygus
 - Karolina Aszkielowicz

resolves as follows:

§ 1

It gives a positive opinion, with the comments contained in the justification of the report on implementing the budget of the Capital City of Warsaw for the year 2023.

§ 2

The justification is an integral part of the resolution.

§ 3

The resolution may be appealed to the Board of the Warsaw Regional Chamber of Accounts within 14 days from the date of service of the resolution.

Justification

On 28 March 2024, the Warsaw Regional Chamber of Accounts received a report on implementing the City of Warsaw's budget for 2023. In reviewing the above report, the Ruling Body of the Warsaw Regional Chamber of Accounts analysed it and compared it with the source documents held by the Chamber. As a result of the above actions, the Body stated the following:

In 2023, the City's budget, after taking into account changes made during the year, provided for an income plan of PLN 21,325,172,967.00. The City's income was at PLN 21,740,182,572.09, representing 101.95% of the plan. Current income was implemented at 101.39% of the plan.

Property income was realised at 111.80% of the planned volume. The descriptive information discusses the extent of executing the income by source of income and by the section within the budget classification.

The budget expenditure plan in 2023, after taking into account the made changes, amounted to PLN 25,375,726,638.00. Total expenditure was at PLN 24,186,815,694.25, representing 95.31% of the plan, of which current expenditure was realised at 95.86% of the plan as amended, and property expenditure was realised at 92.31% of the plan as amended.

The state of liabilities according to debt titles at the end of the 2023 reporting year amounted to PLN 5,395,391,761.46 (24.82% of the total income made). The amount of liabilities consists of credits and loans contracted in previous years in the amount of PLN 4,894,146,023.37 and securities in the amount of PLN 499,411,000.00, as well as due liabilities of PLN 1,834,738.09. Compared to 2022 due liabilities increased by PLN 1,054,672.27.

The budget result for 2023 closed with a deficit of PLN 2,446,633,122.16. The adopted budget provided for a deficit of PLN 4,050,553,671.00.

The submitted report includes data concerning the amount of municipal waste management fee income realised in 2023 and expenditure incurred for the operation of the municipal waste management system.

		plan	execution	Difference
Act on Maintaining Cleanliness and Order in Municipalities	Income	1,112,100,000.00	1,100,770,086.72	205,366,852.71
	Expenditures	1,172,057,832.00	895,403,234.01	

The data presented in Table No. 10 "Incomes and expenditures of the Capital City of Warsaw for implementing municipal waste management tasks under the Act on Maintaining Cleanliness and Order in Municipalities" shows that incomes from municipal waste management fees were realised in the amount of PLN 1,100,770,086.72, while the expenditures incurred for waste management were realised in the total amount of PLN 895,403,234.01, which means that the amount of collected incomes for municipal waste management fees is higher than the value of realised expenditures for municipal waste management **by PLN 205,366,852.71. At the same time, it should be noted that the trend is upward.**

The Ruling Body notes that the provisions of the Act of 13 September 1996 on Maintaining Cleanliness and Order in Communes (i.e. Journal of Laws of 2022, item 2519 as amended), hereinafter referred to as the Act, do not provide grounds for making "savings" from the municipalities' municipal waste management fees, as these funds can only be used for the purposes referred to in Art. 6r sec. 22c of the Act on Maintaining Cleanliness and Order in Municipalities. In accordance with Art. 6r sec. 1aa of the Act, funds from the municipal waste management fee shall not be used for purposes unrelated to meeting the operating costs of the municipal waste management system. In contrast, as stated in Art. 6r from sec. 2 to 2c of the Act: "2. *The municipality pays for the operation of the municipal waste management system out of the municipal waste management fee collected, which includes:*

- 1) *collection, transport, recovery, and disposal of municipal waste;*
- 2) *establishment and maintenance of separate collection points for municipal waste;*
- 3) *the administrative operation of this system;*
- 4) *environmental education on the proper handling of municipal waste.*

2a. *The municipality may pay from the municipal waste management fee collected the cost of equipping the property with containers or bags for the collection of municipal waste and the cost of maintaining the containers in a proper sanitary, orderly and technical condition.*

2aa. *The municipality may pay for the establishment and maintenance of repair and reuse points for non-waste products or product components out of the municipal waste management fees collected.*

2b. *The municipality may pay for the removal of municipal waste from places not used for the storage and disposal of municipal waste within the meaning of the Waste Act of 14 December 2012 out of the municipal waste management fees collected.*

2c. *The municipality shall apply any unused municipal waste management fee funds from the previous financial year to cover the operating costs of the municipal waste management system, including the costs referred to in section 2a, 2aa, and 2b, as well as the costs of equipping areas intended for public use with containers or bags, intended for collecting municipal waste, emptying them, and maintaining these containers in a proper sanitary, orderly, and technical condition, as well as organising and maintaining waste collection sites in a proper sanitary and orderly condition."*

At the same time, the Ruling Body notes that the unspent funds for the operation of the municipal waste management system during the period under review should be planned for the following year in accordance with the aforementioned provisions of the Act on Maintaining Cleanliness and Order in Municipalities and Art. 217 sect. 2(8) of the Public Finance Act.

In the submitted Information, the Executive Body referred to the under-spending of funds from the municipal waste management fee in the following manner: *"In 2023, expenditure related to the operation of municipal waste management systems recorded in Section 900 - Urban Economy and Environmental Protection amounted to PLN 874 million, compared to a plan of PLN 1,150 billion, which means savings of PLN 276 million. Expenditure related to the administrative handling of the municipal waste management system (mainly salaries and derivatives) classified under section 750 - Public Administration amounted to PLN 20.7 million. In total, current expenditure on waste management amounted to PLN 895 million. Incomes realised in 2023 under the municipal waste management system amounted to PLN 1.101 billion, all coming from the municipal waste management fee and were lower by PLN 11.3 million than planned, i.e. PLN 1.112 billion. Due to the savings achieved in the operation of the municipal waste management system, the year 2023 was closed with a surplus of income from municipal waste management fees over expenditure in the amount of PLN 206 million, which was allocated to finance the planned deficit in the municipal waste management system in 2024-2027."*

Taking into consideration the above findings, the Ruling Body once again points to the need to verify the costing and charging rates for municipal waste management systems.

In addition, the Ruling Body notes that the Capital City of Warsaw realised income from fees for permits for sale of alcohol in the amount of PLN 93,299,211.04, while the realised expenditure concerning activities related to counteracting alcoholism and combating drug addiction amounted to PLN 82,174,940.69. The Ruling Body notes that under Art. 18² and Art. 9³ sec. 4 of the Act of 26 October 1982 on Upbringing in Sobriety and Counteracting Alcoholism (Journal of Laws of 2023, item, 165 as amended), the income from fees for the sale of alcoholic beverage licenses and the income from fees for the use of licenses shall be used to implement: urban prevention and problem solving programs and urban anti-drug addiction programs, the tasks performed by day care facilities referred to in the provisions on family support and foster care systems as part of urban prevention and problem solving programs and urban anti-drug Addiction Programme, and in accordance with Art. 31a and 31b of the Act of 12 March 2022 on assistance to citizens in armed conflict in Ukraine (Journal Of Laws of 2023, item 103 amendment) to assist Ukrainian citizens living in local government units in carrying out tasks in the field of social assistance and services, the provision of shelter, education, care and maintenance, the organization of leisure time, including culture and sports, and public health.

In the opinion of the Ruling Body of the Warsaw Regional Chamber of Accounts, the provided Statement on implementing the budget of the Capital City of Warsaw for 2023 meets the requirements set out in the current legislation and constitutes a good source of information for implementing the 2023 budget.

The Ruling Body assessed the statement in terms of the criterion of its conformity with the law. It is the responsibility of the constituent bodies of the city to assess the activities of the mayor in terms of the extent, economy, and purpose of budget execution.

With regard to the above, the Ruling Body of the Regional Chamber of Accounts in Warsaw has decided as set out in the operative part of the resolution.

Income and expenditures of the Capital City of Warsaw in 2023 according to the budget classification

The amounts below are provided in thousands of PLN

		INCOMES	EXPENDITURES
010	Agriculture and hunting	48	76
020	Forestry	6,683	34,057
400	Generation and supply of electricity, gas and water	3,136	11,376
500	Trade	0	81
600	Transport and connectivity	2,062,021	6,325,310
630	Tourism	174	8,678
700	Housing management	2,168,249	1,692,268
710	Services	21,046	103,400
730	Higher education and science	0	1,274
750	Public administration	72,332	1,772,883
751	Offices of chief state authorities, control and protection of the law, and the judiciary	8,252	8,252
752	National defence	971	971
754	State security and firefighting	166,695	423,768
755	Justice system	2,301	2,301
756	Incomes from legal persons, from natural persons, and from other units without legal personality	10,703,591	0
757	Public debt servicing	0	185,449
758	Miscellaneous settlements	4,188,669	1,430,836
801	Education and upbringing	301,972	6,660,653
851	Healthcare	20,124	376,774
852	Social assistance	186,921	922,595
853	Other tasks in terms of social policy	166,712	233,859
854	Educational Upbringing Care	18,183	423,166
855	Family	313,336	879,432
900	Municipal services and environmental protection	1,172,117	1,398,556
921	Culture and protection of national heritage	36,408	859,656
925	Botanical and zoological gardens, nature reserves and objects	30,634	93,687
926	Physical culture	89,606	337,460
DEFICIT SETTLEMENT			
Incomes		21,740,183	
Expenditures		24,186,816	
Deficit		-2,446,633	

Budget income of the Capital City of Warsaw in the years 2021-2023 by source

The figures below are provided in thousands of PLN

	2021	2022	2023
I OWN INCOME	6,785,100	7,522,146	8,172,777
Tax income	2,528,045	2,380,309	2,579,312
Receipts from fees	1,268,964	1,433,245	1,482,041
Income from assets	1,258,110	1,557,105	1,742,884
Other own incomes	1,729,981	2,151,487	2,368,540
II OTHER INCOMES [SHARES, SUBSIDIES, GRANTS, FOREIGN FUNDS AND OTHER]	14,809,669	14,131,005	13,567,405
Shares in state budget incomes	7,961,956	8,300,370	7,716,765
Subsidies	3,242,357	2,969,425	3,707,925
State budget funds for own tasks	185,918	183,904	194,036
Funds from foreign and other sources	721,279	633,098	594,383
State budget funds for commissioned tasks	2,535,858	1,387,937	553,887
Designated subsidies conducted under agreements	161,522	652,798	735,911
Funds from the budgets of other local government units under financial aid	779	3,473	64,498
TOTAL INCOME	21,594,769	21,653,151	21,740,183

Budget incomes and expenditures of the Capital City of Warszawy in the years 2021-2023

The figures below are provided in thousands of PLN

	2021	2022	2023
I TOTAL CITY BUDGET INCOME	21,594,769	21,653,151	21,740,183
including:			
Income from implementing	18,897,389	19,612,416	20,450,384
own tasks	6 785,100	7,522,146	8,172,777
shares	7,961,956	8,300,370	7,716,765
subsidies	3,242,357	2,969,425	3,707,925
funds for own tasks	185,918	183,904	194,036
funds from foreign and other sources	721,279	633,098	594,383
subsidies from the budgets of other local authorities for financial aid	779	3,473	64,498
Designated subsidies for commissioned	2,535,858	1,387,937	553,887
Designated subsidies conducted under agreements	161,522	652,798	735,911
II CITY BUDGET INCOMES	3,105,141	4,015,453	4,344,817
including:			
on domestic loans	14,052	0	0
on foreign credits	547,201	0	384,000
transfers from deposit accounts	0	0	2,200,000
from other domestic transactions	2,543,888	4,015,453	1,760,817
III BUDGETARY ENTITY INCOMES	211,279	232,562	258 561
IV INCOME ON INDIVIDUAL ACCOUNTS OF BUDGET UNITS	149,101	211,975	251,125

Budget expenditures and outgoings of the Capital City of Warsaw in the years 2021-2023

The figures below are provided in thousands of PLN

	2021	2022	2023
I TOTAL MUNICIPAL BUDGET EXPENDITURE	20,285,426	21,156,506	24,186,816
including:			
Current expenditures	18,298,335	18,874,247	20,611,121
including:			
remuneration and derivatives	5,813,475	6,329,127	7,281,877
grants	3,011,611	3,315,917	3,883,515
in-kind expenditures	9,346,714	9,046,496	9,260,280
debt servicing	126,535	182,707	185,449
Asset-related expenditure	1,987,091	2,282,259	3,575,695
including:			
shares in companies	203,250	563,868	720,152
grants/financial aid	5,471	2,940	3,993
investments	1,778,370	1,715,451	2,851,550
II MUNICIPAL BUDGET OUTGOINGS	398,030	2,751,281	215,901
including:			
redemption of securities (bonds)	300,000	452,157	0
repayment of national loans and credits	1,094	2,189	2,729
repayment of foreign credits	96,936	96,936	213,172
transfers to deposit accounts	0	2,200,000	0
III COSTS AND OTHER DEBITS OF BUDGETARY ENTITIES	208,761	227,453	259,613
IV EXPENDITURE FINANCED BY INCOME COLLECTED ON INDIVIDUAL ACCOUNTS OF BUDGETARY UNITS	146,340	206,711	248,727

State of liabilities of the Capital City of Warsaw in the years 2021-2023

The values below are provided in PLN

	As at 31.12.2021	As at 31.12.2022	As at 31.12.2023
DEBT LIABILITIES OF THE CITY BUDGET	5,811,104,136	5,272,053,019	5,395,391,761
including:			
Credits and loans	4,858,859,270	4,771,861,953	4,894,146,023
Bonds	951,568,000	499,411,000	499,411,000
Due and payable liabilities	676,866	780,066	1,834,738
LIABILITIES OF INDEPENDENT PUBLIC COMPLEX OF HEALTH CARE FACILITIES, FOR WHICH THE CITY IS THE FOUNDING AUTHORITY	129,716,808	108,258,425	121,228,077
including:			
Due and payable	4,611,038	541,823	31,246
LIABILITIES OF CULTURAL INSTITUTIONS FOR WHICH THE CITY IS THE FOUNDING AUTHORITY	34,547,320	50,848,436	57,576,005
including:			
Due and payable	7,731	13,683	178,976

Level of debt liabilities of the Capital City of Warsaw in the years 2021-2023 against budgetary values and statutory debt limits

The figures below are provided in thousands of PLN

	2021	2022	2023
BUDGETARY VALUES			
City budget incomes	21,594,769	21,653,151	21,740,183
City budget expenditure	20,285,426	21,156,506	24,186,816
Surplus (+) / Deficit (-)	1,309,343	496,645	-2,446,633
Budget incomes:	3,105,141	4,015,453	4,344,817
credits and loans	561,253	0	384,000
other sources	2,543,888	4,015,453	3,960,817
Budget outgoings:	398,030	2,751,281	215,901
repayment of credit and loan instalments	98,030	99,125	215,901
redemption of securities (bonds)	300,000	452,157	0
transfers to deposit accounts	0	2,200,000	0
Debt liabilities level:	5,811,104	5,272,053	5,395,392
credits and loans	4,858,859	4,771,862	4,894,146
bonds	951,568	499,411	499,411
due and payable liabilities	677	780	1,835
Debt servicing costs during the year:	524,522	733,989	401,350
interest and discounting	126,492	182,707	185,449
repayment of credit and loan instalments	98,030	99,125	215,901
redemption of securities (bonds)	300,000	452,157	0
INDICATORS			
Debt level indicator in %	26,9%	24,3%	24,8%
Debt servicing during the year indicator in %	2,4%	3,4%	1,8%
<i>The amounts below are provided in PLN</i>			
Debt level per 1 resident	3,119	2,831	2,898
Debt servicing costs per 1 resident	282	394	216
<i>Number of residents</i>	<i>1,863,056</i>	<i>1,861,975</i>	<i>1,861,599</i>

Balance sheet

as at 31 December 2023 on implementing the budget of the Capital City of Warsaw

ASSETS

The amounts below are provided in PLN

	As at 31.12.2022	As at 31.12.2023
I CASH FUNDS	4,233,484,498	1,957,797,982
Budget cash funds	4,233 484,498	1,957,797,982
II RECEIVABLES AND SETTLEMENTS	29,874,204	68,543,279
Receivables from budgets	14,381,884	23,605,270
Other receivables and settlements	15,492,320	44,938,009
TOTAL ASSETS	4,263,358,702	2,026,341,261

EQUITY AND LIABILITIES

The amounts below are provided in PLN

	As at 31.12.2022	As at 31.12.2023
I LIABILITIES	5,321,657,256	5,430,254,325
Financial liabilities	5,282,425,629	5,405,429,911
short-term [up to 12 months]	308,649,103	300,050,127
long-term [over 12 months]	4,973,776,526	5,105,379,784
Liabilities towards budgets	18,923,625	10,846,030
Other liabilities	20,308,003	13,978,385
II BUDGET NET ASSETS	-1 321,608,616	-3,723,145,661
Result of implementing the budget [+, -]	496,645,098	-2,446,631,432
Budget surplus [+]	496,645,098	0
Budget deficit [-]		-2,446,631,432
Balance on non-cash operations [+, -]	-10,350,228	45,094,387
Cumulative budget balance [+, -]	-1,807,903,486	-1,321,608,616
III OTHER EQUITY AND LIABILITIES	263,310,062	319,232,597
Accruals	263,310,062	319,232,597
TOTAL EQUITY AND LIABILITIES	4,263,358,702	2,026,341,261

Ratings

NATIONAL RATING

Rating: AAA (pol) with a stable outlook

On 26 April 2024, the Fitch Ratings international rating agency, confirmed the long-term national rating of Warsaw and the bond issuance programme of up to PLN 3 billion and all issues made by the City under this programme, at "AAA(pol)". The ratings outlook remains stable.

The agency maintained the City's "high average" risk profile reflecting low risk compared to units in the international comparative group and maintained the rating for income stability and capacity to grow as "average". In Fitch's assessment, the city's income sources are stable and its growth prospects are in line with Poland's economic growth rate. The City's ability to increase income in an economic downturn is "average" and therefore higher than most cities in Poland rated by Fitch, as even during periods of slower GDP growth the City has been able to increase income levels. The city has also been highly effective in obtaining investment grants (from the EU budget and the State).

The agency maintained its assessment of Warsaw's spending stability at "medium" and its ability to adapt to a changing environment as "strong".

Fitch assesses Poland's existing debt and liquidity management regulations for JST as "medium", but Warsaw's debt, liquidity, and off-balance sheet liability management policies are rated as "strong" due to the advanced implemented debt and liquidity management practices. The agency also assessed liquidity management in Warsaw as "strong", despite indicating a lack of liquidity support from the central authorities to local government units in emergency situations.

According to Fitch Ratings, Warsaw's worse operating performance in 2023 resulted from external factors, i.e. the negative impact of the "Polish Deal" tax reform on PIT income, the increasing burden of the mandatory contribution to the balancing part of the general subvention, and increased expenditure mainly related to wage pressure.

INTERNATIONAL RATING

Rating: A - with stable outlook

On 26 April 2024, the Fitch Ratings international rating agency, confirmed Warsaw's international long-term Issuer Default Rating (IDR) for foreign and domestic currency debt at "A-". The ratings outlook remains stable.

The rating confirmation reflects Fitch's view that Warsaw's operational performance and debt indicators will not deviate from the "A-" rated comparative group in the medium term, despite pressure on the City's budget due to lower PIT incomes resulting from the „Polish Deal” tax reform, the growing burden of the mandatory payment for the balancing part of the general subvention, and increased expenditure mainly related to wage pressures.

The city's international long-term rating continues to be limited by the Polish rating, which is currently two levels lower than Warsaw's independent credit standing (no local authority in Poland can have a foreign credit rating higher than that of the country). The agency's justification of the international rating, is consistent with the premise of confirming a national rating.

Rating: A2 with stable outlook

On 7 June 2024, the Moody's Investors Service international credit rating agency, confirmed Warsaw's international long-term rating at A2 and changed the rating outlook from negative to stable, meaning that no rating change is expected in the near term.

The change in outlook from negative to stable results from the City's better-than-expected financial situation, driven by rising tax income, access to and effective use of EU funds, as well as effective budget and debt management. According to the agency, an important factor in changing the outlook consists also in the positive assessment of the impact of the proposals presented by the Ministry of Finance for changes to the system of financing local government units in Poland, including the system of tax income. The entry into force of these proposals should increase tax incomes, make them more predictable, and improve the City's operational performance.

Confirming Warsaw's A2 rating, equal to Poland's rating, reflects the strengths of the city's credit profile, including its strong and well-diversified economic base with high local GDP dynamics and low unemployment, good liquidity position, and moderate debt levels. The agency also pointed out that Warsaw's strength lies in its prudent approach to the city's financial management, taking into account long-term planning, which allows risks to be identified early and adaptation measures to be taken in a timely manner.

According to the Agency, Warsaw carries out a range of public service activities beyond the level prescribed by law, giving the City considerable budgetary flexibility if necessary to reduce expenditure. Moody's rating confirmation also takes into account the ongoing social needs resulting from migration and an ageing population.

Contact Details

19115 Warsaw City Contact Centre

warszawa19115.pl

Municipal Office of the capital city of Warsaw

pl. Bankowy 3/5
00-950 Warsaw

General Secretariat of the City of Warsaw

Al. Jerozolimskie 44
00-024 Warsaw
Working hours:
Monday: 8:00 a.m. - 6:00 p.m.
Tuesday – Friday: 8:00 a.m. - 4:00 p.m.

Website: um.warszawa.pl

BIP: bip.warszawa.pl

Documents such as:

- draft city budget Warsaw
- draft multi-annual financial forecasts of the City of Warsaw
- budgets of the City of Warsaw
- multi-annual financial forecasts of the City of Warsaw
- information about progress in the implementation of Warsaw
- opinions of the Regional Chamber of Accounts,
- assumptions behind draft city budgets Warsaw
- financial statements of the City of Warsaw
- analyses and comparisons
- brochures

are available at:

bip.warszawa.pl/Menu_przedmiotowe/budzet_polityka_finansowa_v2/default.htm

