

COMPARISON OF THE FINANCIAL SITUATION OF CITIES WITH POWIAT RIGHTS IN POLAND AND MUNICIPALITIES IN THE YEARS 2010-2021

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Purpose: The aim of the article is to identify and assess the financial situation of cities with poviats rights in Poland and urban, urban-rural and rural communes against the background of the entire country in the years 2010-2021.

Design/methodology/approach: The article identifies and assesses the financial situation of cities with poviats rights in Poland and urban, urban-rural, and rural communes against the background of the entire country in 2010-2021. The empirical material of the article concerns both the entire country and all cities with poviats rights in Poland, as well as all urban, urban-rural and rural communes. The figures come from the Local Data Bank of the Central Statistical Office in Warsaw and concern the years 2010-2021. The empirical material collected and ordered was developed in a descriptive, tabular, and graphical form, using the method of comparative analysis, with comparisons made in time and space. In addition, all diagnostic features illustrating the financial situation of cities with poviats rights in Poland and urban, urban-rural and rural communes against the background of the entire country for the years 2010-2021 were assessed, which is a new approach to the research problem addressed in the article.

Findings: The analysis of statistical data confirmed the research hypothesis, which assumes that the presence of a city, especially a larger one, is an important factor that positively and permanently affects the financial situation of local government units in Poland, hence cities with poviats rights are characterized by a better financial situation compared to municipalities.

Originality/value: The originality of the work lies in the approach to the analysis of the research issues undertaken. The point assessment of the financial situation of the surveyed local government units was carried out in the context of the country. The work is addressed primarily to local government officials responsible for public local government finances, as well as for the conditions, opportunities, and directions of local socioeconomic development of cities with poviats rights in Poland and urban, urban-rural, and rural communes.

Keywords: cities with poviats rights in Poland, urban, urban-rural and rural communes, financial situation, changes in 2010-2021.

Category of the paper: research paper.

1. Introduction

Today, highly developed countries and their societies are moving towards the implementation of the concept of sustainable development, which is also related to the idea of sustainable finance. The analysis of the components of the sustainable development process shows that its effective implementation also depends on the extent of the involvement of the financial system. In addition, the idea of sustainable finance is gaining importance these days. The Nobel Prize winner Shiller confirms its relevance, legitimacy, and topicality, pointing out that the implementation of this concept should contribute to the improvement and growth of the broadly understood well-being of society. It should be added that public sector units, including local government units, are financially sustainable when they can generate sufficient income to perform basic functions and tasks and provide services at an acceptable level (Shiller, 2012; Alińska, Frydrych, Klein, 2018; Cyburt, Gałęcka, 2020).

Local government is a key institution responsible for the implementation of many tasks that serve to meet the needs of primary importance for residents, as well as creating socioeconomic development in the regional and local system. The effectiveness of the implementation of tasks by local government units is largely dependent on effective financial management, and the guarantee of their implementation is the appropriate economic potential. Therefore, the quality of the local government finance system, considered as a set of institutions, legal norms, and tools defining the principles of local government financial management and used for its management, is of great importance in this regard (Grzebyk, Sołtysiak, Stec, Zając, 2020; Kata, Czudec, Zając, Zawora, 2022).

Cities are local government units of exceptional importance and influence on supra-local and even regional development, because it is in them that potentials, activities, and entities deciding on its course are concentrated. The measure of the city's strength is primarily its ability to shape development in the qualitative aspect, i.e., to generate new solutions and processes characterised by innovation and creativity. The pace, directions, possibilities, and nature of the development of modern cities are determined both by their ability to unconventionally use their potentials to achieve breakthrough ideas and by the skills and competences of functioning in various cooperation networks (Wrana, 2013).

One of the main criteria for evaluating the effectiveness of actions undertaken by city governments is the ability to compete. The successful competition for a significant investor, the location of an important institution, a prestigious event, or for new residents is a tangible and often spectacular testimony to the success of the policy implemented by local government authorities. Competing is also a process that motivates various entities to increase the effectiveness of their own activities or implement innovations. Competition between cities leads to the strengthening of cities themselves, as well as to the strengthening of the regional structure. However, the importance of cooperation as a competence that determines the rank of

the city and the possibilities of its development is being revealed with increasing force. Therefore, today one of the most important factors determining the development of a city is its social potential, which is usually identified by: 1. an efficient leader, able to formulate a long-term vision of the development of a given local system, able to gather the local elite around him; 2. the local elite, bringing together the most active and creative actors; 3. the functioning of local institutions stabilising the leader's actions and stimulating local development; 4. the activity of the local community joining projects initiated by local government authorities or initiating development themselves; 5. willingness of local governments to cooperate between communes; and small and medium-sized enterprises strengthening the local entrepreneurial fabric. Attributing a key role in the development of the city to the aforementioned factors results from many reasons, but the most important of them lies in the statement that the way of using the values and resources of the local environment is ultimately always the responsibility of the human factor, which, through its actions, can either create a development factor out of them, or a limiting barrier (Wrana, 2013; Tuziak, 2014; Kulawiak, 2016).

The financial management of local government units is a complex process, conducted in compliance with legislative requirements within the local government budget. Ensuring the efficient and correct operation of this specific economy, which consists primarily of cash and assets, requires strict compliance with many legal acts, standards, as well as budgetary principles. As part of the financial management of local government units, various public tasks and financial operations are carried out, relating to individual public finance departments, and various legal and financial methods and instruments are used (Chojna-Duch, 2003; Kosek-Wojnar, Surówka, 2007; Sołtyk, 2017; Sołtysiak, 2017; Sołtysiak, Suraj, 2018; Sołtysiak, Zając, 2023).

The financial management of local government units consists in collecting revenues and revenues as well as in making expenses and outlays in order to perform own and commissioned tasks, while it determines their development and competitiveness and secures the fulfillment of current and future needs of residents. When assessing the income side of the budget of local government units, it is important to study the status and changes in the level of income, its dynamics and structure, as well as spatial differentiation. On the other hand, the analysis and assessment of the expenditure side of the budget allows to determine to what extent financial resources are allocated to solving current problems, and to what extent to the promotion, investments and development of local government units and to the improvement and increase of their competitiveness (Podstawka, 2005; Hybel, 2010; Błachut, Cierpień-Wolan, Czudec, Kata, 2018; Sołtysiak, 2018; Grzebyk, Sołtysiak, Stec, Zając, 2020; Kata, Czudec, Zając, Zawora, 2022).

The financial management of public sector units, including local government units, should be conducive to rational spending of public funds and making appropriate decisions regarding the management of these funds. The primary objective in the financial management process should be maximizing the benefits from the resources held and minimizing losses and risks

associated with the undertaken activity, which is especially true for development projects, where benefits and costs are usually spread over time. Therefore, financial management should focus on: 1. shaping the size and structure of budget revenues and determining the ways and sources of their acquisition, 2. shaping the capital and property structure guaranteeing the maintenance of economic and financial balance, - in connection with the conducted current and investment activities, 3. influencing the level of risk accompanying the decisions taken, 4. monitoring and forecasting the financial and property situation, 5. ongoing assessment of the financial and property situation of the local government enabling the assessment of compliance of current, investment and financial activities with the accepted submissions, 6. assessment the impact of external conditions on investment and financial decisions, 7. formulating conclusions and recommendations regarding the conduct of business, 8. drawing up a financing strategy. A properly managed unit in the long term should develop the so-called "good indicators", i.e. those that prove its development. Particularly noteworthy is the concept of the financial situation of a local government unit interpreted as the ability of the local government to balance recurring expenditure needs with recurring sources of income, while implementing tasks resulting from the law, which are to serve to further multiply income and maximise public utility for its residents (Mrówczyńska-Kamińska, Kucharczyk, Średzińska, 2011; Adamczyk, Dawidowicz, 2016; Kowalska, Możyłowski, Śmietanka, 2019; Kata, Czudec, Zając, Zawora, 2022; Ociepa-Kicińska, Gorzałczyńska-Koczkodaj, Brzozowska, Pluskota, 2022).

When defining the financial situation of a local government unit, the following are most often emphasised: the possibility of financing services on a continuous basis, the complexity of healthy finances, the ability to repay liabilities, as well as maintaining the current level of services while maintaining resistance to the risk of changes over time. It seems that the most accurate is the interpretation of the financial situation of a local government unit, referring to its ability to meet its financial obligations on time and to maintain services provided to the local community (Filipiak, 2009, 2011; Dylewski, Filipiak, Gorzałczyńska-Koczkodaj, 2011; Wiśniewski, 2011; Kopyściański, Rólczyński, 2014; Zawora, 2015; Adamczyk, Dawidowicz, 2016; Kotowska, 2016; Natrini, Taufiq Ritonga, 2017; Ociepa-Kicińska, Gorzałczyńska-Koczkodaj, Brzozowska, Pluskota, 2022).

The financial situation of a local government unit is its financial condition in a specific period of time, which is the result of its income and its structure, expenses and their structure, the degree of use of repayable funds, activity, and effectiveness in obtaining extra-budgetary funds, as well as the efficiency of managing financial and material resources. Local authorities should care about the good financial situation of a given territorial unit, as it is a component of its competitiveness. In addition, it is evidenced, among others, the ability to perform tasks, achieve budget balance, increase property and to meet and meet the needs of residents. In addition, the good financial situation of local government units and the stability of public services they provide to residents undoubtedly have a clear and positive impact on broadly understood socioeconomic development, not only on the scale of a given local environment or

region, but even the entire country. Among a number of various conditions shaping the financial economy of a local government unit, including its financial situation, exogenous, endogenous, and mixed conditions are generally distinguished. In addition, some common categories can also be distinguished, which include social, economic, environmental, and spatial conditions, as well as institutional, legal, and political conditions. The catalogue of such factors is sometimes extended to include events whose effects cannot be predicted and which may fundamentally change the economic situation and the conditions of operation of local government units. Such an event in 2020 was the emergence of the coronavirus pandemic. It should be added that the analysis of the financial situation of a local government unit provides information about its current and future property and financial situation, and allows determining its possibilities and development prospects (Ossowska, Ziemińska, 2010; Zawora, 2015; Pedro Rodríguez Bolívar, Navarro Galera, Alcaide Muñoz, Deseada López Subires, 2016; Świrska, 2016; Bień, 2017; Standar, 2017; Stanny, Strzelczyk, 2018; Wójtowicz, 2018; Czudec, 2021).

2. Research aim, empirical material, and research methods

The aim of the article is to identify and assess the financial situation of cities with powiat rights in Poland and urban, urban-rural and rural communes against the background of the entire country in the years 2010-2021.

The article presents a research hypothesis, assuming that the presence of a city, especially a larger one, is an important factor that positively and permanently affects the financial situation of local government units in Poland, hence cities with powiat rights are characterized by a better financial situation compared to communes.

The empirical material of the article concerns both the entire country and all cities with powiat rights in Poland¹, as well as all urban, urban-rural and rural communes. The figures come from the Local Data Bank of the Central Statistical Office in Warsaw and concern the years 2010-2021. The collected and ordered empirical material was developed in a descriptive, tabular, and graphical form, using the method of comparative analysis, with comparisons made in time and space.

To identify and assess the financial situation of cities with powiat rights in Poland and urban, urban-rural, and rural communes, the following diagnostic features illustrating it were analysed in the years 2010-2021:

- total budget revenues of cities with powiat rights and communes per capita (PLN);
- own revenues of the budgets of cities with powiat rights and communes per capita (PLN);

¹ Excluding the capital city of Warsaw and its districts.

- share of own revenues in the total revenues of the budgets of cities with poviats rights and communes (%);
- total budget expenditures of cities with poviats rights and communes per capita (PLN);
- capital expenditures of the budgets of cities with poviats rights and communes per capita (PLN);
- share of investment expenditures in the total expenditures of the budgets of cities with poviats rights and communes (%).

The article evaluates all diagnostic features illustrating the financial situation of cities with poviats rights in Poland and urban, urban-rural and rural communes against the background of the entire country for the years 2010-2012, 2013-2015, 2016-2018 and 2019-2021. Individual diagnostic features were compared with the national average, which was assumed as 100 points, and their advantage or underweight was assessed accordingly in all cities with poviats rights and urban, urban-rural and rural communes. Then all points were summed up and the average was calculated (Figure 1). It should be emphasized that this is a new approach to the research problem addressed in the article.

3. Results

Among the cities with poviats rights in Poland, the smallest percentage, i.e. 18.5%, are units with the largest number of inhabitants, i.e. 200,000. and more. On the other hand, the percentage of cities with the smallest number of inhabitants, i.e. up to 100,000, is the highest, which amounts to 44.6%, while the percentage of cities with the number of inhabitants of 100-200,000 is 44.6%. they constitute 36.9% of all cities with poviats rights in Poland. On the other hand, among all communes without cities with poviats rights, rural communes constitute the largest percentage (61.5%). While urban-rural communes account for 26.3% of all communes without cities with poviats rights, the percentage of urban communes is by far the smallest and amounts to 12.2%.

The basic condition for effective and efficient performance by local government units of their statutory tasks is to ensure stable budget revenues, not only allowing for financing current expenses, but also enabling undertaking new investment tasks. In addition, the income system of local government units should ensure their fiscal stability, i.e. a relatively stable state in which local government authorities are able to provide a range of public services of appropriate quality, appropriate to the needs of the territorial community, and are able to stimulate socio-economic development. In turn, long-term fiscal stability creates the basis for the possibility of providing public services in a continuous and effective manner, as well as for settling related financial obligations (Wójtowicz, 2014a, 2014b, 2018; Poniatowicz, 2016; Czudec, 2021).

Table 1.

Total income of budgets of cities with poviatic rights in Poland and urban, urban-rural and rural communes per capita against the background of the entire country in 2010-2021 (PLN)

Specification	Years			
	2010-2012	2013-2015	2016-2018	2019-2021
Poland				
Mean	3.448,3	3.944,1	4.970,2	6.576,2
Cities with poviatic rights				
Mean	4.184,6	4.811,5	5.763,2	7.712,6
Coefficient of variation V (%)	17,2	16,4	13,7	15,5
Urban communes				
Mean	2.988,3	3.300,9	4.325,4	5.744,1
Coefficient of variation V (%)	56,4	34,6	24,3	20,1
Urban-rural communes				
Mean	2.971,7	3.283,9	4.306,3	5.708,8
Coefficient of variation V (%)	31,2	22,9	15,9	14,6
Rural communes				
Mean	3.097,5	3.423,1	4.455,3	5.974,1
Coefficient of variation V (%)	42,9	38,6	29,9	21,7

Source: Central Statistical Office in Warsaw.

As in the whole country, also in cities with poviatic rights and in urban, urban-rural and rural communes, the average value of total budgetary income per capita increased in 2010-2021. In the analyzed period, the average value of total budgetary income per capita is higher in cities with poviatic rights, compared to the national average. However, it is lower in communes and varies depending on their type, because it is the highest in the group of rural communes, while it is slightly lower and similar in the group of urban-rural and urban communes (Table 1).

It should be added that in the case of cities with poviatic rights in Poland, the differentiation of this feature between individual cities is small in the analysed years, so its variability is low, which proves that these units are relatively homogeneous in this respect. However, in the case of communes, the differentiation of this feature between individual communes is greater and it is the smallest in the group of urban-rural communes. Furthermore, it decreases in the analysed years, so all the groups of communes become more homogeneous in this respect, especially in the group of urban-rural communes (Table 1).

Own income is a strategic element in the finance system of local government units, both from the point of view of the scope of financial independence, as well as in the context of the possibility of applying for funds from the European Union or other complementary sources of financing their activities, functioning, and development. In addition, a greater share of own revenues in total budget revenues allows local governments to manage financial resources more freely and creates the opportunity for them to conduct their own, uninterrupted economy and financial policy, aimed at improving the socio-economic situation and further development (Gołaszewska-Kaczan, 2005; Sobczyk, 2010; Sierak, 2015; Poniawicz, 2016; Dziemianowicz, Kargol-Wasiluk, Bołtomiuk, 2018; Czudec, 2021; Szolno-Koguc, 2021).

In cities with county rights in Poland, the average value of their own budgets per capita increased in 2010-2021, similarly to the entire country and in urban, urban-rural, and rural communes. Cities with poviatic rights are characterised by a higher average value of their own budgets per capita in 2010-2021, compared to the national average. While in communes it is lower and differentiated depending on their type, because it is clearly the highest in the group of urban communes, it is lower in the group of urban-rural communes, and definitely the lowest in the group of rural communes (Table 2).

Table 2.

Own revenues of the budgets of cities with poviatic rights in Poland and urban, urban-rural and rural communes per capita against the background of the entire country in 2010-2021 (PLN)

Specification	Years			
	2010-2012	2013-2015	2016-2018	2019-2021
Poland				
Mean	1.824,9	2.179,1	2.536,3	3.208,6
Cities with poviatic rights				
Mean	2.276,3	2.670,2	3.104,0	3.843,4
Coefficient of variation V (%)	29,0	25,2	26,2	23,7
Urban communes				
Mean	1.706,0	1.968,6	2.309,6	2.931,3
Coefficient of variation V (%)	75,5	48,4	38,4	36,2
Urban-rural communes				
Mean	1.292,2	1.539,4	1.789,2	2.380,7
Coefficient of variation V (%)	66,5	46,1	43,7	38,2
Rural communes				
Mean	1.097,1	1.357,2	1.567,3	2.154,8
Coefficient of variation V (%)	121,0	100,0	88,1	62,6

Source: Central Statistical Office in Warsaw.

It should be added that the differentiation of this feature between individual cities with poviatic rights in Poland is rather small in the analysed years, i.e. these units are relatively homogeneous in this respect. On the other hand, in the case of communes, the differentiation of this feature between individual communes is large, with the greatest variation in the group of rural communes. In addition, it decreases in the analysed years, i.e. all groups of communes become more homogeneous in this respect, especially in the group of urban and urban-rural communes (Table 2).

In cities with poviatic rights in Poland and in urban, urban-rural and rural communes, the share of own income in the total income of their budgets remains at a similar level in 2010-2021, i.e. the same as in the entire country. Cities with poviatic rights and municipal communes are characterized by a similar share of own income in total income of their budgets in the analyzed years, as on average in the country. On the other hand, in urban-rural and rural communes, this share is lower compared to the whole country, but it is clearly the lowest in the group of rural communes (Table 3).

In addition, both in the case of cities with poviatic rights in Poland and urban communes, the differentiation of this feature between individual units is small in the analyzed years, so its variability is low, which proves that they are relatively homogeneous in this respect.

On the other hand, in the group of urban-rural and rural communes, the differentiation of this feature between individual communes is greater, and this is especially true for the group of rural communes (Table 3).

Table 3.

Share of own revenues in the total revenues of the budgets of cities with poviats rights in Poland and urban, urban-rural and rural communes against the background of the entire country in 2010-2021 (%)

Specification	Years			
	2010-2012	2013-2015	2016-2018	2019-2021
Poland				
Mean	52,9	55,3	51,0	48,8
Cities with poviats rights				
Mean	54,2	55,3	53,4	49,7
Coefficient of variation V (%)	18,0	15,0	15,3	14,9
Urban communes				
Mean	56,3	59,0	52,7	50,3
Coefficient of variation V (%)	18,6	15,6	16,2	14,8
Urban-rural communes				
Mean	42,7	46,3	40,9	41,1
Coefficient of variation V (%)	31,8	27,2	28,2	24,5
Rural communes				
Mean	34,1	38,2	34,0	35,1
Coefficient of variation V (%)	40,1	34,4	35,6	30,3

Source: Central Statistical Office in Warsaw.

One of the basic elements of the financial policy of the state and local government is shaping the amount and structure of public expenditure, which is an important instrument for the implementation of many different political, economic, and social tasks. On the one hand, the amount of public expenditure depends on the current economic situation, on the other hand, it can be used, through the multiplier effect, to actively shape economic growth and reduce social inequalities. However, increasing public spending requires increasing public revenues or financing them from the budget deficit, which becomes impossible in a situation of limited economic growth and strong pressure to reduce the budget imbalance. Therefore, it is possible to optimise the structure of budget expenditures so that, taking into account the constraints resulting from the rigidity of many of them, it is possible to increase the share of expenditure categories that support the achievement of specific goals. In addition, to effectively influence the economy through public spending, it is necessary to take into account, apart from the level, its structure, efficiency and effectiveness, as well as the structure of taxes and budget constraints, because, as research shows, these factors are interrelated, and omitting one of them may weaken or distort the final effect (Owsiak, 2017; Gemmell, Kneller, Sanz, 2016; Ramey, 2019; Mikołajczyk, 2020).

The expenditure of local government units is the transfer of public funds for the implementation of their tasks, i.e. for meeting the collective needs of local and regional communities in the field of public utility. Therefore, the level and structure of these expenses are fully reflected in the directions of their activity. It should be added that the expenditure of

the local government sector is constantly growing, and this tendency has been observed in the law of constant increase in public expenditure, also known as the law of constantly increasing financial needs. On the other hand, among the reasons for the need to increase the expenditure of local government units, the following are distinguished: political, social, sociological and economic, many of which are complex and multifaceted in nature (Kańduła, 2010; Jastrzębska, 2012; Sołtysiak, 2017, Kata, Czudec, Zając, Zawora, 2022).

Table 4.

Total budget expenditures of cities with powiat rights in Poland and urban, urban-rural and rural communes per capita against the background of the entire country in 2010-2021 (PLN)

Specification	Years			
	2010-2012	2013-2015	2016-2018	2019-2021
Poland				
Mean	3.652,3	3.940,6	4.986,5	6.465,7
Cities with powiat rights				
Mean	4.428,8	4.903,9	5.774,6	7.717,4
Coefficient of variation V (%)	19,0	16,8	12,5	18,0
Urban communes				
Mean	3.108,3	3.279,5	4.347,8	5.586,3
Coefficient of variation V (%)	47,6	39,0	26,6	18,3
Urban-rural communes				
Mean	3.137,0	3.278,6	4.353,4	5.497,7
Coefficient of variation V (%)	31,7	29,4	16,7	15,4
Rural communes				
Mean	3.250,4	3.391,5	4.485,2	5.665,6
Coefficient of variation V (%)	34,1	35,4	28,5	23,2

Source: Central Statistical Office in Warsaw.

As in the whole country, also in cities with powiat rights and in urban, urban-rural and rural communes, the average value of total budget expenditure per capita increased in 2010-2021. In the analyzed period, the average value of total budget expenditure per capita is higher in cities with powiat rights, compared to the national average. However, it is lower in communes and varies depending on their type, because it is the highest in the group of rural communes, while it is slightly lower and similar in the group of urban-rural and urban communes (Table 4).

In the case of cities with powiat rights in Poland, the differentiation of this feature between individual cities is small in the analyzed years, so its variability is low, which proves that these units are relatively homogeneous in this respect. On the other hand, in the case of communes, the differentiation of this feature between individual communes is greater, and it is the smallest in the group of urban-rural communes. In addition, it decreases in the analyzed years, so all groups of communes become more homogeneous in this respect, especially in the group of urban-rural communes (Table 4).

The wealth of local government units clearly affects their investment opportunities, while units with higher budgetary income per capita, including their own income, usually also have a greater investment potential. On the other hand, the implementation of investments by local government units is one of their most important tasks, as it meets the needs of local communities

and contributes to their further socioeconomic development. Investment expenditures in the economy and financial policy of local government units, in addition to their own income, are therefore an important factor determining their prospects and development opportunities. It should be added that among the range of factors influencing the planning and implementation of local government investments, the most important are those included in the group of financial determinants related to the budgetary situation of local governments. Finance is therefore considered a key element and a basic determinant of the feasibility and success of each investment (Gołaszewska-Kaczan, 2005; Sobczyk, 2010; Filipiak, 2011; Dworakowska, 2013; Błachut, Cierpień-Wolan, Czudec, Kata, 2018; Dziemianowicz, Kargol-Wasiluk, Bołtromiuk, 2018; Cyburt, Gałęcka, 2020; Czudec, 2021; Szolno-Koguc, 2021).

In cities with powiat rights in Poland and in urban, urban-rural and rural communes, the average value of investment expenditures of their budgets per capita varies in the years 2010-2021, similarly as in the whole country, but it is the highest in 2019-2021. However, cities with powiat rights are characterised by a higher average value of investment expenditures of their budgets per capita in 2010-2021, compared to the national average. On the other hand, in communes it is lower and varies depending on their type, because it is the highest in the group of rural communes, while it is slightly lower and similar in the group of urban-rural and urban communes (Table 5).

Table 5.

Investment expenditures of the budgets of cities with powiat rights in Poland and urban, urban-rural and rural communes per capita against the background of the entire country in 2010-2021 (PLN)

Specification	Years			
	2010-2012	2013-2015	2016-2018	2019-2021
Poland				
Mean	790,0	719,0	757,3	996,7
Cities with powiat rights				
Mean	943,2	936,9	812,0	1.265,4
Coefficient of variation V (%)	52,8	58,1	40,5	84,4
Urban communes				
Mean	696,8	535,0	684,1	860,9
Coefficient of variation V (%)	127,2	114,0	85,1	51,2
Urban-rural communes				
Mean	702,6	561,5	678,3	837,5
Coefficient of variation V (%)	78,5	97,6	52,4	52,8
Rural communes				
Mean	749,4	618,5	710,0	916,7
Coefficient of variation V (%)	66,6	84,2	72,3	62,4

Source: Central Statistical Office in Warsaw.

In turn, the differentiation of this feature between individual cities with powiat rights, as well as between individual urban, urban-rural and rural communes is usually large or even very large in the years studied, e.g. in the case of a group of urban communes in 2010-2015. It should be added that it clearly decreased in the group of urban-rural communes in 2016-2021 and in the group of urban and rural communes in 2019-2021. Thus, all groups of communes

without cities with poviatic rights in Poland have become more homogeneous in this respect, especially in the group of urban-rural and urban communes (Table 5).

Table 6.

The share of investment expenditure in the total expenditure of the budgets of cities with poviatic rights in Poland and urban, urban-rural and rural communes against the background of the entire country in 2010-2021 (%)

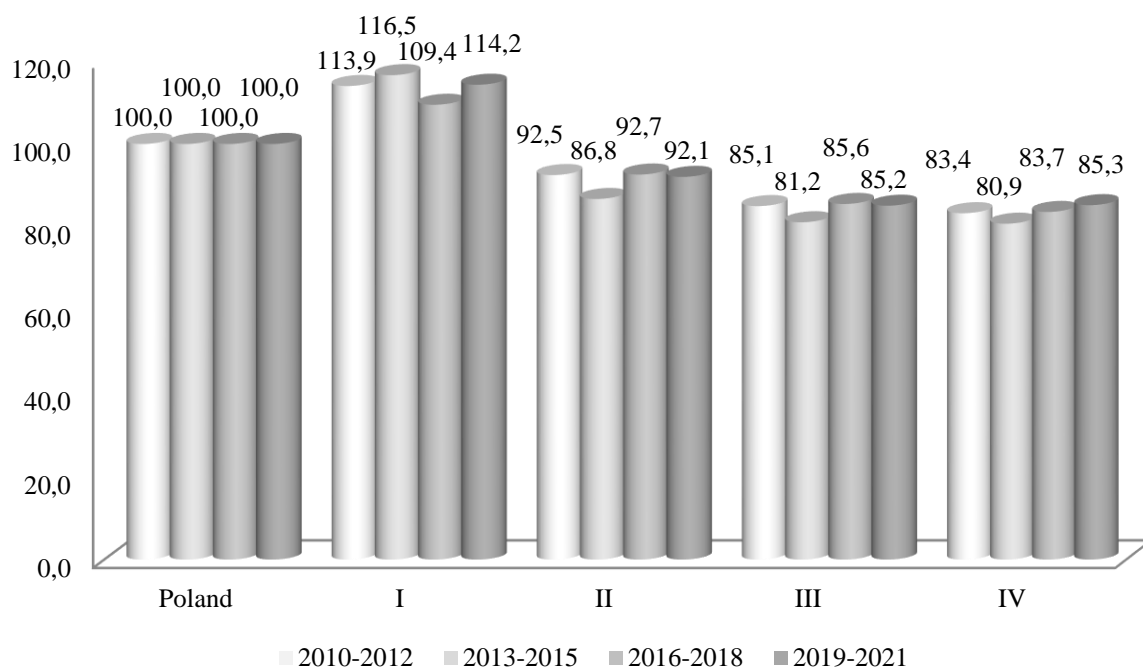
Specification	Years			
	2010-2012	2013-2015	2016-2018	2019-2021
Poland				
Mean	21,6	18,2	15,2	15,4
Cities with poviatic rights				
Mean	20,4	18,2	13,8	15,4
Coefficient of variation V (%)	33,3	42,6	31,2	43,4
Urban communes				
Mean	20,6	15,1	14,8	14,9
Coefficient of variation V (%)	37,7	46,8	39,6	36,3
Urban-rural communes				
Mean	21,2	16,1	15,1	14,8
Coefficient of variation V (%)	36,7	44,4	40,8	39,6
Rural communes				
Mean	22,1	17,3	15,3	15,6
Coefficient of variation V (%)	36,8	43,7	41,9	40,6

Source: Central Statistical Office in Warsaw.

The share of investment expenditure in the total expenditure of the budgets of cities with poviatic rights in Poland and urban, urban-rural and rural communes is very similar to the average for the entire country, but it decreased in 2010-2021. However, the differentiation of this feature between individual cities with poviatic rights, as well as between individual urban, urban-rural and rural communes is quite large and remains at a similar level in the analyzed years (Table 6).

Evaluation and interpretation of the examined socio-economic phenomenon, using the point method of comparative analysis (e.g. on a scale from 0 to 100 points), using reliable numerical data, is an important instrument of the research apparatus, allowing to systematize and specify the results of the conducted analysis, and also for correct inference.

Figure 1 presents the results of the score assessment concerning the financial situation of cities with poviatic rights in Poland and urban, urban-rural, and rural communes against the background of the entire country for the years 2010-2021. It should be noted that there are no major changes in this respect in the years analysed. Namely, cities with poviatic rights in Poland in the entire period covered by the research are characterized by an average better financial situation compared to the average for the entire country, while communes have a worse financial situation, especially in the years 2013-2015. Moreover, there are no significant differences in terms of financial situation between urban, urban-rural, and rural communes. However, it should be added that the best financial situation in the analysed years is characterised by urban communes, and the worst by rural communes, with the exception of the years 2019-2021, where their financial situation is on average very similar or even slightly better than in urban-rural communes.



Explanations: I – cities with poviats rights; II – urban communes; III – urban-rural communes; IV – rural communes.

Figure 1. Score assessment of the financial situation of cities with poviats rights in Poland and urban, urban-rural and rural communes against the background of the country for the years 2010-2021 (Poland = 100.0 points)

Source: Own study.

All this therefore confirms the research hypothesis presented in the article, which assumes that the presence of a city, especially a larger one, is an important factor that positively and permanently affects the financial situation of local government units in Poland, hence cities with poviats rights are characterized by a better financial situation in compared to municipalities.

4. Summary and conclusions

Local governments of cities with poviats rights and urban, urban-rural and rural communes in Poland perform very important tasks and functions, both from the point of view of society and the economy, mainly by conducting an effective and efficient socio-economic development policy based on is responsible and rational financial management. It should be added that this is undoubtedly supported by the good financial situation of local government units, as well as the resulting high quality and stability of public services provided by them to the residents.

The analysis of statistical data showed that cities with poviats rights in Poland are, on average, in a better financial situation compared to urban, urban-rural and rural communes, as well as compared to the entire country in 2010-2021, and there are no major changes after that. compared to the entire study period. In addition, it was found that there are no significant differences in terms of financial situation between urban, urban-rural, and rural communes,

which are characterised by a worse financial situation compared to the average for the entire country, especially in rural communes.

Therefore, it allows us to confirm the research hypothesis, assuming that the presence of a city, especially a larger one, is an important factor that positively and permanently affects the financial situation of local government units in Poland, hence cities with powiat rights are characterized by a better financial situation compared to municipalities.

It should be added that the presented results of the analysis of statistical data provide relevant and up-to-date knowledge, which may be useful primarily for local government officials responsible for public local government finances, as well as for the conditions, possibilities, and directions of local socioeconomic development of cities with powiat rights in Poland and urban, urban-rural, and rural. At the same time, it justifies the need to continue similar research and analyses.

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