

## CHANGES IN THE FINANCIAL SITUATION OF CITIES WITH POWIAT RIGHTS IN POLAND IN THE YEARS 2010-2021

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**Purpose:** The aim of the article is to identify and assess changes in the financial situation of cities with poviast rights in Poland against the background of the entire country in 2010-2021.

**Design/methodology/approach:** The article identifies and assesses changes in the financial situation of cities with poviast rights in Poland 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 poviast rights in Poland. 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. In addition, all diagnostic features illustrating the financial situation of cities with poviast rights in Poland 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 cities with poviast rights in Poland are slightly differentiated in terms of their financial situation and its changes over time, while the very fact of the presence of a city, especially a larger one, is an important factor that positively and permanently affects this situation.

**Originality/value:** The originality of the work lies in the author's approach to the analysis of the research issues undertaken. The point assessment of the financial situation of the surveyed local government units against the background of the country was carried out. 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 socio-economic development of cities with poviast rights in Poland.

**Keywords:** cities with county rights in Poland, financial situation, changes in 2010-2021.

**Category of the paper:** research paper.

## 1. Introduction

Urban development is a multidimensional process that involves numerous entities located in the city itself and its surroundings. The city is perceived by these entities as a space for action, and it is assessed through the prism of opportunities and facilities supporting the implementation of their aspirations. The process of development of the city is the result of a specific game in which various entities enter into competitive and cooperative relations with each other, each of the entities pursues its autonomous goals using its own strategies, and the sum of the effects obtained by them determines the face and development of the city. At the same time, however, the city should also be perceived as a specific space with exceptional values that influence the behaviour of various entities that will contribute to the achievement of important social goals. Cities are local government units with a unique impact 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 new processes characterised by innovation and creativity. The pace and nature of the development of modern cities are equally determined by the ability to unconventionally use potentials to achieve groundbreaking ideas, as well as the skills and competences of functioning in various cooperation networks. The basic issue relating to the city's development processes is comprehensive economic development, the shaping of which significantly goes beyond the issues of the functioning of the business sector. The process of economic development of the city is the result of the attitudes of the inhabitants, the quality of life, and the related quality of human capital, the policy implemented by local government authorities, the investment image of the city, the functioning of scientific, research, and educational entities, as well as the level of amenities provided by the city to business entities. It should be added that strong cities usually become real centers of economic development, which is manifested in such attributes as:

- high attractiveness of the city for entities looking for conditions for the implementation of unconventional, innovative projects,
- significant share in the city's economic structure of companies creating around local and supra-local cooperation networks, including those with the participation of entities transferring intellectual values to the economy,
- the presence of numerous potential partner entities in the city that enable enterprises to outsource functions, and as a consequence, specialize their own activities and constantly strengthen their leading strategic competences,
- extensive relations between economic entities with local government institutions, scientific, research and development, educational institutions and with entities from the civil sector (Wrana, 2013).

Contemporary cities are as important centers as they are capable of being a space where development takes place by combining various competences, potentials, activities or entities in an original way. At the same time, it is worth postulating greater empowerment of local communities, leading to the city's inhabitants taking over the function of the actual host of space, both in terms of decision-making and implementation, a good example of which may be the participatory budget. Additionally, the ability to compete is to a large extent one of the main criteria for evaluating the effectiveness of actions taken by city governments. 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 its development opportunities is becoming increasingly evident. Therefore, today one of the most important factors determining the development of the city is its social potential, which is usually identified by:

- an efficient leader, able to formulate a long-term vision of the development of a given local system, who is able to gather the local elite around him,
- a local elite, bringing together the most active and creative actors,
- functioning of local institutions stabilising the actions of the leader and stimulating local development,
- activity of the local community joining projects initiated by local government authorities or initiating development themselves,
- willingness of local governments to cooperate between municipalities,
- and small and medium-sized enterprises strengthening the local fabric of entrepreneurship.

Assigning a key role in the process of city development to the aforementioned factors results from many reasons, but the most important one lies in the statement that the manner 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).

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 social and economic 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, Zajac, 2020; Kata, Czudec, Zajac, Zawora, 2022).

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).

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:

- shaping the size and structure of budget revenues and determining the ways and sources of their acquisition,
- shaping the capital and property structure guaranteeing economic and financial balance,
- allocation of financial resources - shaping the size and structure of expenditures in connection with the conducted current and investment activities,
- influencing the level of risk accompanying the decisions taken,
- monitoring and forecasting the financial and property situation,
- 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,
- assessment the impact of external conditions on investment and financial decisions,
- formulating conclusions and recommendations regarding the conduct of business,
- 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 maximize 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. 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 catalog 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. This 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 one to determine its possibilities and development prospects. (Ossowska, Ziemińska, 2010; Zawora, 2015; 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 changes in the financial situation of cities with powiat rights in Poland against the background of the entire country in 2010-2021.

The article presents a research hypothesis, assuming that cities with powiat rights in Poland are slightly differentiated in terms of their financial situation and its changes over time, while the mere fact of the presence of a city, especially a larger one, is an important factor that positively and permanently affects this situation.

The empirical material of the article concerns both the entire country and all cities with poviats rights in Poland. 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 poviats rights in Poland, the following diagnostic features illustrating it in the years 2010-2021 were analysed:

- total income of communes' budgets per capita (PLN),
- own revenues of communes' budgets per capita (PLN),
- share of own revenues in total revenues of commune budgets (%),
- total expenditure of communes' budgets per capita (PLN),
- capital expenditures of communes' budgets per capita (PLN),
- share of investment expenditures in the total expenditures of communes' budgets (%).

The article evaluates all diagnostic features illustrating the financial situation of cities with poviats rights in Poland 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 taken as 100 points, and their advantage or underweight in all cities with poviats rights was assessed accordingly. Then all points were summed and the average was calculated (Figure 1). It should be emphasised 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.

The income system of local government units should ensure their fiscal stability, i.e., a relatively permanent state in which local government authorities are able to provide a range of appropriate quality public services, appropriate to the needs of the territorial community, and are able to stimulate socioeconomic 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).

**Table 1.**

*Total income of budgets of cities with poviata rights in Poland 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 county rights in total				
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
Cities with a population of up to 100,000				
Mean	4.329,9	4.659,9	5.687,9	7.826,0
Coefficient of variation V (%)	20,6	19,1	16,3	20,3
Cities with a population of 100-200 thousand.				
Mean	3.952,7	4.856,3	5.725,5	7.571,1
Coefficient of variation V (%)	12,0	15,7	13,0	11,6
Cities with a population of 200,000 and more				
Mean	4.309,4	5.088,3	6.020,3	7.721,9
Coefficient of variation V (%)	13,6	9,4	7,3	6,2

Source: Central Statistical Office in Warsaw.

As in the whole country, also in cities with poviata rights, the average value of total budgetary income per capita increased in 2010-2021. In the analysed period, the average value of total budgetary income per capita is higher in cities with poviata rights, compared to the national average, and there are no major differences in this respect between the separate groups of these cities, depending on the number of inhabitants. Furthermore, both in the case of all cities with poviata rights in Poland, as well as their separate groups, the differentiation of this feature between individual cities is small in the years analysed, so its variability is low, which proves that these units are relatively homogeneous in terms of this respect (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; Poniatowicz, 2016; Dziemianowicz, Kargol-Wasiluk, Bołtomiuk, 2018; Czudec, 2021; Szofno-Koguc, 2021).

**Table 2.**

*Own revenues of budgets of cities with poviata rights in Poland 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 county rights in total				
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

Cont. table 2.

Cities with a population of up to 100,000				
Mean	2.418,8	2.401,5	2.838,1	3.586,7
Coefficient of variation V (%)	33,5	30,8	32,4	28,9
Cities with a population of 100-200 thousand.				
Mean	2.101,3	2.712,9	3.109,6	3.846,8
Coefficient of variation V (%)	16,4	16,8	18,7	18,4
Cities with a population of 200,000 and more				
Mean	2.294,0	3.234,3	3.735,6	4.456,9
Coefficient of variation V (%)	31,4	15,8	16,5	15,1

Source: Central Statistical Office in Warsaw.

In cities with poviata rights in Poland, the average value of their own budgets per capita increased in 2010-2021, similarly as in the whole country. These cities are also characterised by a higher average value of their own budgets per capita in 2010-2021, compared to the average for the entire country, and this also applies to all their separate groups, depending on the number of inhabitants. The average value of own budgets of cities with poviata rights per capita in Poland in the years 2010-2021, however, varies in their separate groups. Because in the years 2010-2012 it is clearly the highest in the group of cities with the smallest number of inhabitants, i.e. up to 100,000, and in the years 2013-2021 in the group of cities with the largest number of inhabitants, i.e. up to 200,000. and more. In turn, the differentiation of this feature between individual cities is usually small, both in the case of all cities with poviata rights in Poland, as well as their separate groups, that is, these units are relatively homogeneous in this respect (Table 2).

**Table 3.**

*Share of own income in total income of budgets of cities with poviata rights in Poland compared to the whole country in 2010-2021 (%)*

Specification	Years			
	2010-2012	2013-2015	2016-2018	2019-2021
Poland				
Mean	52,9	55,3	51,0	48,8
Towns with county rights in total				
Mean	54,2	55,3	53,4	49,7
Coefficient of variation V (%)	18,0	15,0	15,3	14,9
Cities with a population of up to 100,000.				
Mean	55,5	51,5	49,3	45,8
Coefficient of variation V (%)	18,2	17,2	16,7	15,6
Cities with a population of 100-200 thousand.				
Mean	53,4	56,0	54,1	50,6
Coefficient of variation V (%)	15,2	8,9	8,9	9,3
Cities with a population of 200,000 and more				
Mean	53,0	63,4	61,8	57,5
Coefficient of variation V (%)	23,4	9,9	11,2	10,1

Source: Central Statistical Office in Warsaw.

In cities with county rights in Poland, 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, except that it was the lowest in 2019-2021. Cities with poviata rights are characterised by a similar share of own income in total income of their budgets, as on average in the country, and there are no



major differences in this respect between the separate groups of these cities, depending on the number of inhabitants, with the exception that in 2013 -2021, it was the highest in the group of cities with the largest number of residents, i.e. 200,000. and more. In addition, both in the case of all cities with poviats rights in Poland, as well as their separate groups, 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 terms of in this respect (Table 3).

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 was observed by Wagner - in the law of constant increase in public expenditure, also called 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).

**Table 4.**

*Total budget expenditures of cities with poviats rights in Poland 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 county rights in total				
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
Cities with a population of up to 100,000				
Mean	4.618,0	4.696,7	5.671,0	7.778,5
Coefficient of variation V (%)	23,3	18,3	13,9	24,2
Cities with a population of 100-200 thousand.				
Mean	4.157,8	5.020,1	5.780,3	7.572,7
Coefficient of variation V (%)	13,1	17,6	13,0	12,2
Cities with a population of 200,000 and more				
Mean	4.529,5	5.172,0	6.013,3	7.859,4
Coefficient of variation V (%)	12,9	9,2	7,3	6,7

Source: Central Statistical Office in Warsaw.

As in the whole country, also in cities with poviats rights, 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 poviats rights, compared to the national average, and there are no major differences in this respect between the selected groups of these cities, depending on the number of inhabitants. In addition, both in the case of all cities with poviats rights in Poland, as well as their separate groups, 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 terms of in this respect (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 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 development prospects (Filipiak, 2011; Błachut, Cierpień-Wolan, Czudec, Kata, 2018).

In cities with poviast rights in Poland, the average value of investment expenditures of their budgets per capita varies in the years 2010-2021, as in the whole country, but it is the highest in the years 2019-2021. Cities with poviast rights, however, are characterised by a higher average value of investment expenditures of their budgets per capita in the years 2010-2021, compared to the average for the entire country, and this also applies to all their separate groups, depending on the number of inhabitants, except for the group of cities with the smallest number of inhabitants, i.e., up to 100,000 in 2016-2018. Moreover, there are no significant differences in this respect between the groups of cities with poviast rights, depending on the number of their inhabitants. On the other hand, the differentiation of this feature between individual cities is, in turn, usually quite large, and in particular it concerns the group of all cities with poviast rights in Poland and the group of cities with the smallest number of inhabitants, i.e. up to 100,000. (Table 5).

**Table 5.**

*Investment expenditures of the budgets of cities with poviast rights in Poland 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 county rights in total				
Mean	943,2	936,9	812,0	1.265,4
Coefficient of variation V (%)	52,8	58,1	40,5	84,4
Cities with a population of up to 100,000				
Mean	1.065,4	743,0	708,5	1.290,9
Coefficient of variation V (%)	61,4	54,1	50,1	119,8
Cities with a population of 100-200 thousand.				
Mean	826,8	1.092,4	885,1	1.228,2
Coefficient of variation V (%)	36,8	63,8	35,9	37,7
Cities with a population of 200,000 and more				
Mean	891,0	1.094,4	916,1	1.278,1
Coefficient of variation V (%)	36,9	31,2	23,7	25,4

Source: Central Statistical Office in Warsaw.

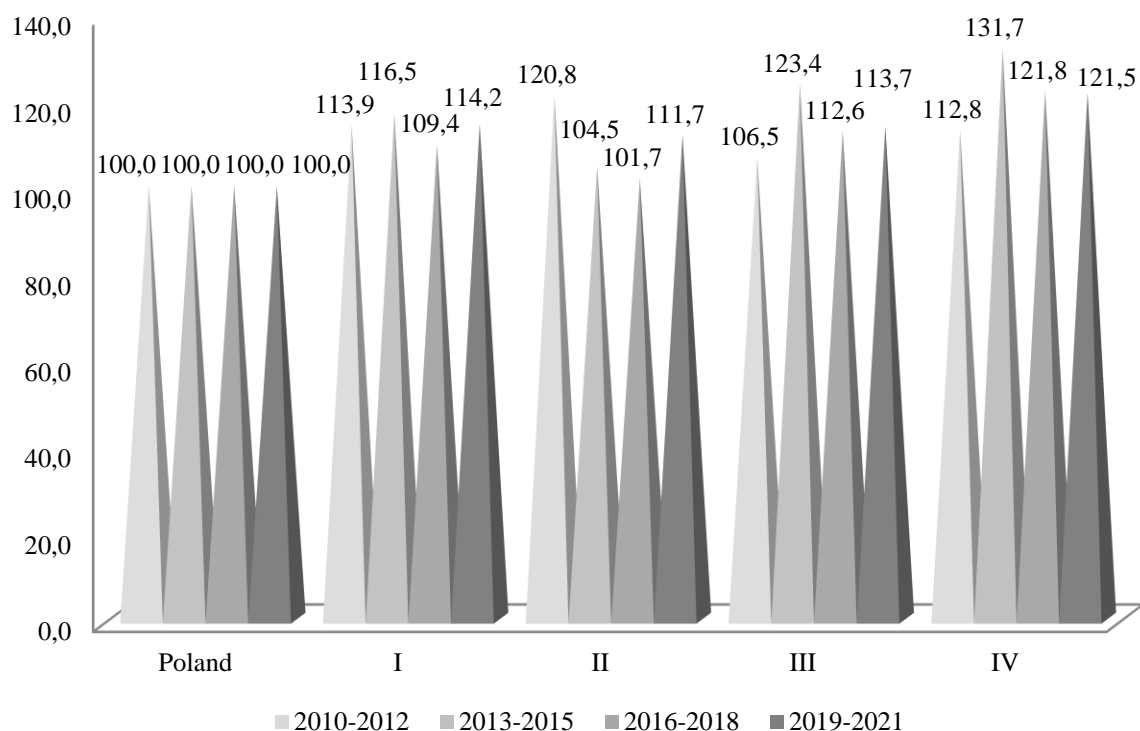
**Table 6.**

*Share of investment expenditures in total expenditures of the budgets of cities with poviats rights in Poland 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 county rights in total				
Mean	20,4	18,2	13,8	15,4
Coefficient of variation V (%)	33,3	42,6	31,2	43,4
Cities with a population of up to 100,000				
Mean	21,7	15,2	12,2	14,7
Coefficient of variation V (%)	36,3	38,2	37,9	60,6
Cities with a population of 100-200 thousand..				
Mean	19,4	20,5	15,0	15,9
Coefficient of variation V (%)	29,9	47,0	26,0	28,3
Cities with a population of 200,000 and more				
Mean	19,3	20,9	15,2	16,2
Coefficient of variation V (%)	30,0	24,8	19,9	22,3

Source: Central Statistical Office in Warsaw.

The share of investment expenditure in the total expenditure of the budgets of cities with poviats rights in Poland is at a similar level in 2010-2021 and is very similar to the average for the entire country, although it decreased in 2016-2021. There are also no major differences in this respect between the selected groups of cities with poviats rights, depending on the number of their inhabitants, with the exception that the lowest share of investment expenditures in total budget expenditures in 2013-2021 is in the group of cities with the smallest number of inhabitants, i.e. up to 100,000. Moreover, the differentiation of this feature between individual cities is, in turn, usually quite large, and in particular it concerns the group of all cities with poviats rights in Poland and the group of cities with the smallest number of inhabitants, i.e. up to 100,000 (Table 6).



Explanations: I – cities with poviats rights in general; II – cities with a population of up to 100,000; III – cities with 100-200 thousand inhabitants; IV – cities with a population of 200,000 and more.

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

Source: Own study.

Figure 1 presents the results of the score assessment concerning the financial situation of cities with poviats rights in Poland 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 analysed years. Namely, cities with poviats 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, especially in the years 2013-2015. In addition, there are no significant differences in terms of the financial situation between the groups of cities with poviats rights, depending on the number of their inhabitants. Nevertheless, it can be noticed that in the years 2010-2012, the best financial situation is in the cities with the smallest number of inhabitants, i.e. up to 100,000. However, in the remaining years studied, i.e. 2013-2021, this applies to cities with the largest number of inhabitants, i.e., 200,000. and more. All this therefore confirms the research hypothesis put forward in the article, which assumes that cities with poviats rights in Poland are slightly differentiated in terms of their financial situation and its changes over time, while the mere fact of the presence of a city, especially a larger one, is an important factor that positively and permanently affects this situation.

#### 4. Summary and conclusions

Local governments, including those from cities with poviata rights, perform very important functions, both from the point of view of society and the economy, primarily by conducting an effective and efficient development policy based on responsible and rational financial management.

The analysis of the statistical data showed that cities with poviata rights in Poland are characterized by a better financial situation on average, compared to the average for the whole country in 2010-2021, and there are also no major changes in this regard throughout the period covered by the research. In addition, there are also no very significant differences in terms of a number of diagnostic features illustrating the financial situation of cities with county rights between the groups of cities separated in the article, with the exception that when making comparisons, the group of cities with the largest number of residents is quite often the most favourable.

Therefore, it allows us to confirm the research hypothesis, assuming that cities with poviata rights in Poland are slightly differentiated in terms of their financial situation and its changes over time, while the very fact of the presence of a city, especially a larger one, is an important factor that positively and permanently affects this situation.

It should be added that the presented results of the analysis of statistical data provide relevant and up-to-date knowledge that may be useful 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 poviata rights in Poland. At the same time, it justifies the need to continue similar research and analyses.

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