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DIFFERENTIATION OF FINANCIAL AUTONOMY OF POLISH CITIES FROM THE PERSPECTIVE OF REGIONAL DEVELOPMENT

ZRÓŻNICOWANIE SAMODZIELNOŚCI FINANSOWEJ MIAST NA PRAWACH POWIATU W ASPEKCIE ROZWOJU REGIONALNEGO

Summary: The present paper raises the issues of financial autonomy of Polish cities with regard to the aspect of social and economic development of provinces, in which they are located – the topic being of crucial importance both from the theoretical and practical point of view. The significance of the undertaken research follows mainly from the fact that self-reliance and autonomy of a city in the area of financial management are indispensable conditions for its functioning. What potentially leads cities to harmonious and sustainable development is the fact that they possess legal personality, complete their tasks on their own account, manage their property and have their own, independent of the state finances, financial system. In spite of the fact that the goal of a city is not to make maximum profits but to satisfy collective public needs, the most important aim of local self-government authorities while making financial decisions should be to manage their financial resources in a rational way but, at the same time, to keep in mind the priority of the public interest.

Keywords: local government, regional development, financial autonomy, city.

Streszczenie: Tematyka artykułu została poświęcona zagadnieniom samodzielności finansowej miast na prawach powiatu. Głównym celem artykułu jest określenie, czy poziom rozwoju gospodarczego poszczególnych województw ma związek z gospodarką finansową miast na prawach powiatu, które są na ich terenie zlokalizowane. Źródłem danych liczbowych dotyczących gospodarki finansowej miast był Bank Danych Lokalnych. Na ich podstawie wyznaczone zostały wskaźniki samodzielności dochodowej i wydatkowej I i II stopnia. Ważne z punktu widzenia realizacji celu badania było określenie

w jaki sposób poszczególne zmienne opisujące stronę dochodową i wydatkową miast na prawach powiatu korelują z poziomem rozwoju gospodarczego regionów, w których miasta te są zlokalizowane. Poziom rozwoju województw został określony za pomocą syntetycznego wskaźnika wyznaczonego w oparciu o arbitralnie dobrane zmienne, które stosuje się do oceny sytuacji społeczno-gospodarczej poszczególnych regionów. Zgromadzone dane dotyczą lat 2004–2013. Analizowany okres obejmuje dwa podokresy: okres dobrej koniunktury gospodarczej (2004–2008) oraz wyraźnego spowolnienia gospodarczego (2009–2013), będącego efektem światowego kryzysu gospodarczego.

Słowa kluczowe: miasta na prawch powiatu, rozwój regionalny, samodzielność finansowa.

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1. Introduction

The leading function of a city as regards the provision of public services for the self-government community as well as other city users results from the nature of a city and its self-government character. Like other local self-government units (communes, districts and provinces), a city not only performs the role of the public authority but also is clearly defined in terms of its economic image. In this sense, it can be regarded as a specific entity in the area of economic management. The arguments in favour are the facts that a city has a legal personality and possesses communal property, finance and its own administration, which are separate from those of the state. The position of a city in the system of authority and economy requires particular concern for the rational use of the above mentioned resources – for the widely and properly understood benefit of local communities. The entity that a city possesses allows it to be a party in economic trading and incur all kinds of liabilities. A city as a quasi-entity can run quite a wide range of business activities – in spite of statutory restrictions, which in fact leave the authorities a certain amount of freedom.

The issues of financial autonomy are of crucial importance for the efficient and effective implementation of the tasks imposed upon a city. The financial autonomy is basically understood as the freedom to shape revenues in relation to the level of expenditures incurred by a city while performing public tasks. Local authorities are obliged by law to carry out those tasks within the framework of the independent financial management based on a budget. However, in order for a budget to work as a real tool that constitutes the pillar of the self-government financial management, particular levels of a budget should have the right amount of autonomy in the area of public funds management. In practice, this means ensuring financial autonomy with respect to acquiring revenues as well as spending funds.

The problems raised in the current article are of an extremely complex character not only because the processes concerning financial management involve the areas

related to the actual completion of cash flow processes but also because of the fact that they are determined by the quality of the financial management. At the same time, the processes connected with acquiring and spending of city financial resources can be related to the level of the economic development of regions in which these cities are situated. The main aim of this article is to consider whether there is a relationship between the level of the economic development of particular provinces and the financial management of cities with the district status situated on their territory.

In view of the authors' literature studies, experiences and research, one can see the necessity to shape the financial autonomy of the future-oriented cities in a conscious way. At the same time, there is also a necessity to determine conditions and directions justifying the use of the commonly available methods and tools of financial management as well as to adapt particular solutions that will enable a holistic approach towards city management processes. In view of the above described situation, there is a need for all kinds of information that can characterise and explain the mechanism of the financial autonomy of cities. The study included all cities with the districts rights in Poland. The theoretical deliberations in this article have been complemented by results of the empirical research on the relationships between the level of regional economic development and the indicators measuring the level of autonomy of the cities situated in particular regions with respect to revenues and expenditures.

The source of the local numerical data is the Local Data Bank. The numbers refer to the volume of revenues and expenditures of cities with the district status, their structure according to the sources of acquisition of revenues and kinds of the incurred expenditures. On the basis of these numbers, the first and second grade indicators of financial autonomy of cities, we set the synthetic indicator of financial autonomy. In order to achieve the aim of this research, it was important to determine how particular variables describing the revenue and the expenditure side of cities with the district status correlate with the level of the economic development of the regions, in which they are located. The level of the economic development was determined with the use of a synthetic indicator created on the basis of arbitrarily selected variables, which are used to evaluate the social and economic situation of particular regions.

The data collected refer to the period 2004–2013. In the case when the data referring to certain variables in a given year were not available, their values were estimated on the basis of the analysis of tendencies of their development in the examined period. The analysed time period consists of two sub-periods: the period of economic prosperity (in the years 2004–2008) and the period of a visible economic slowdown (2009–2013), resulting from the world economic crisis.

2. Research methodology and results

The term of the financial autonomy of a city is quite often described in the literature. The significance of a city is noted, among others, by A. Wiktorowska, who emphasises that regardless of the way the local self-government is attempted to be defined, the underlying idea of this definition is always the view that the essential feature of the local self-government is its autonomy (the opinion which has been also maintained by the legislation of the Constitutional Tribunal). The notion of autonomy, however, is presented either as a legal principle or an axiological value – a postulate, that is the aim that both constitutional and regular legislation should strive for [Wiktorowska 2002].

Generally, the financial autonomy of a city means that it can perform public tasks in the area of financial management on its own behalf and responsibility, as regards both expenditures and revenues. The autonomy understood in such a way is often identified with the autonomy in a general sense. It is worth emphasizing, though, that the essence of this autonomy is not solely determined by the range of authority to run the revenues-related policy including the tax policy on a given territory or the freedom to shape budget expenditures and the budget balance, which local self-government organs have.

The standard of the financial autonomy of local government units is affected by various factors ranging from legal and organizational to the factors associated with the range of the development of a region.

In order to evaluate the level of development of Polish provinces with respect to their social and economic development within the time scope of this analysis, the concept of a synthetic indicator determined on the basis of the values of the arbitrarily adopted indicators applied in this kind of analyses has been used. Nine variables that constitute the foundation of this synthetic indicator have been selected, based on the literature studies [Stawasz 2012; Tokarski, Stępień, Wojnarowski 2006]. Among them, there were five variables which were regarded as stimulants and four which were regarded as destimulants. They are the following:

A) stimulants of social and economic development:

- GDP *per capita*;
- gross average monthly pay;
- investment expenditures per 1 inhabitant;
- internal expenditures on research and development per 1 inhabitant;
- percentage of innovative enterprises in proportion to the total number of enterprises;

B) destimulants of social and economic development

- rate of registered unemployment;
- percentage of long-term unemployed (13 months and over);
- number of people obtaining social benefits per 10,000 inhabitants;
- number of people per 1 hospital bed in general hospitals.

The subsequent step was to standardize these variables so that they would assume the values from the interval [0,1]. A standardizing procedure of the following form has been used for that purpose:

A) for variables which are stimulants:

$$z_{ij} = \frac{x_{ij} - \min\{x_{ij}\}}{\max\{x_{ij}\} - \min\{x_{ij}\}}, \tag{1}$$

B) for variables which are destimulants:

$$z_{ij} = \frac{\max\{x_{ij}\} - x_{ij}}{\max\{x_{ij}\} - \min\{x_{ij}\}}, \tag{2}$$

where: x_{ij} – value of the *j*-th variable for the *i*-th object (province).

On the basis of the variables transformed this way, we have determined their average value for the surveyed time period ($\bar{z}$) and their differentiation measured with the standard deviation (s_z). The regions have been grouped according to their level of social and economic development according to the following scheme:

- Group I – development leaders; this group includes provinces in which the average value of the synthetic indicator exceeded $\bar{z}_i > \bar{z} + s_z$. The provinces falling under this category are: Mazowieckie and Śląskie.
- Group II – following the leaders; this group includes provinces in which the average value of the synthetic indicator met the following condition $\bar{z} < \bar{z}_i \leq \bar{z} + s_z$. The provinces belonging to this group are the following: Dolnośląskie, Łódzkie, Małopolskie, Opolskie, Pomorskie, Wielkopolskie.
- Group III – regions moderately developed; this group includes provinces in which the average value of the synthetic indicator met the condition $\bar{z} - s_z < \bar{z}_i \leq \bar{z}$. The provinces that fall into this category are: Lubelskie, Lubuskie, Podkarpackie, Podlaskie, Świętokrzyskie, Zachodniopomorskie.
- Group IV – regions poorly developed; this group includes provinces in which the average value of the synthetic indicator met the condition $\bar{z}_i \leq \bar{z} - s_z$. The provinces belonging to this group are the following: Kujawsko-Pomorskie and Warmińsko-Mazurskie.

The next stage of the analysis was to determine the level of financial autonomy of cities with the district status situated. The above deliberations allow us to conclude that the notion of the financial autonomy of self-government units is not unequivocally defined. Moreover, an unambiguous evaluation of the degree of the financial autonomy of a city is made difficult because of the fact that its financial autonomy can be considered on a number of different levels. We may distinguish, however, a set of basic indicators that reflect the level of autonomy. The current paper uses the following measures to evaluate the degree of the financial autonomy of cities:

A) Budget indicators:
- structure of revenues and expenditures;
- dynamics of total revenues and self-generated revenues;
- 1st degree indicator of revenue autonomy = [(self-generated revenues – shares in taxes representing the state budget revenues × 100)]/total revenues;
- 2nd degree indicator of revenue autonomy = (self-generated revenues × 100)/ total revenues;
- dynamics of total expenditures, current and property expenditures;
- total revenues/total expenditures;
- 1st degree expenditure autonomy indicator = [(self-generated revenues – shares in taxes representing the state budget revenues × 100)]/total expenditures;
- 2nd degree expenditure autonomy indicator = (self-generated revenues × 100)/ total revenues.

B) Indicators per 1 inhabitant:
- total revenues and self-generated revenues per 1 inhabitant;
- investment expenditures per 1 inhabitant.

The above indicators have been identified on the basis of the Ministry of Finance materials presenting the factors that allow us to evaluate the financial situation of the public finance sector units.

In order to assess the level of the financial autonomy of cities with the district status, we also applied concepts of the synthetic index. The procedure for the calculation is similar to the procedure for the calculation of the synthetic index of regional development.

Consequently, if communes had a score which was close to 0, it was equivalent to a lower level of financial autonomy, whereas the score closer to 1 was characteristic for the communes with a higher level of financial autonomy. The communes have been grouped with respect to the level of their financial autonomy according to the following scheme:
- group I – a very high level of financial autonomy; the cities with the district status situated in the provinces: Mazowieckie and Dolnośląskie;
- group II – a high level of financial autonomy; the cities with the district status situated in the provinces: Łódzkie, Małopolskie, Opolskie, Podlaskie, Pomorskie, Śląskie and Wielkopolskie;
- group III – an average level of financial autonomy; the cities with the district status situated in the provinces: Kujawsko-Pomorskie, Podkarpackie, Świętokrzyskie, Warmińsko-Mazurskie and Zachodniopomorskie.
- grupa IV – a low level of financial autonomy; the cities with the district status situated in the provinces: Lubelskie i Lubuskie.

A subsequent stage of the research was to examine the relationships between the indicators determining the financial autonomy of cities with the district status and the level of social and economic development of the provinces in which they are located.

In order to evaluate the relationship between the features, we used Spearman's rank correlation coefficient (r_{yx}), calculated as:

$$r_{xy} = 1 - 6 \cdot \frac{\sum_{i=1}^{16} d_i^2}{n(n^2 - 1)}, \tag{3}$$

where: d_i – the difference between the ranks (positions) that the value of the synthetic development indicator for a particular province assumes in an ordered statistical series and the value of the indicator that evaluates the revenues-related autonomy of towns and cities with the district status located in a given region; n – the number of objects (n = 16).

This coefficient assumes values within the interval [–1,1], which means that it can be used to examine both the direction of the relationship between features and the strength of this relationship. As regards the strength of the relationship, the closer the value of this coefficient is to (–1) or (1), the stronger the relationship. The main conclusions drawn from the conducted research are presented in Section 3.

The main figures and values of the rank correlation coefficients between the synthetic indicator of the development level of provinces and the indicators evaluating the financial autonomy of the cities with the status of a district (*powiat* in Polish) located in these provinces are presented in the statistical annex of this paper.

3. Financial autonomy of cities with the district status versus social and economicdevelopment of regions – conclusions from empirical analysis

The revenues that prevail in the revenue structure of cities with the district status classified by the region in which they are located, are self-generated revenues. In the examined period their share fluctuated between 40% (in the province of Podkarpackie in 2010, the share of the self-generated revenues of this province in the total amount of revenues was the lowest during the whole examined period) and slightly above 80%. The biggest share of the self-generated income in the total amount of income was reported in the province of Mazowieckie (primarily because of the location of the Polish capital Warsaw on its territory), this share varied from 70% to 82%. Following the analysis of rank correlation coefficients, we can conclude that there is a significant positive correlation between the level of social and economic development of the regions and the first and second degree financial autonomy coefficient, which is equivalent to a greater financial autonomy of cities with the district status located in the regions characterized by a higher development level.

The cities with the district status located in the province of Podkarpackie turned out to be the leaders in obtaining subsidies. The share of subsidies in their revenues in the whole period examined fluctuated from 30% (in 2013) to 40%. The lowest subsidies were obtained by the cities located in the province of Mazowieckie. The results of the correlation analysis indicate that there is a considerable, both negative and positive, correlation between the level of social and economic development and the share of subsidies in the total revenues of cities with the district status located in these regions. This results from the legal regulations in force, under which local self--government units with the lowest indicator of tax revenues per one inhabitant obtain the highest amount of the compensation part of the general subsidy.

Similar conclusions can be drawn with respect to grants. In cities with the district status located in the regions classified as leaders (the province of Mazowieckie) or following the leaders (the provinces of Wielkopolskie and Małopolskie) the share of grants in total revenues in the whole period examined was the lowest and varied from 5% to 11%. The cities with the district status located in the regions classified as moderately developed are characterized by the highest share of grants in relation to revenues. This situation is also reflected in the values of the rank correlation coefficient between the synthetic development indicator and the share of grants in total revenues. The coefficient fluctuated between (–0.79) and (–0.48), which means that cities with the district status situated in less developed provinces get relatively higher grants than the ones located in the regions classified as economically developed.

Analysing the level of total revenues and self-generated revenues per one inhabitant,[1] it can be noticed that cities with the district status located in the provinces of Zachodniopomorskie, Lubelskie and Lubuskie have the lowest values of these indicators, whereas in the ones situated in the province of Mazowieckie these indicators are the highest. Applying the rank correlation coefficient in this analysis, we can observe that this relationship is not so strong (the value of the rank correlation coefficient for total revenues *per capita* varied from 0.2 to 0.51). The relationship between the economic development level and the self-generated revenues *per capita* is significantly stronger. In this case the value of the rank correlation coefficient fluctuated between 0.51 and 0.73.

One can also note that there is some relationship between the total economic situation and the dynamics of revenues *per capita* (concerning total revenues and self-generated revenues). When the economy was thriving (2004–2008), the average *per capita* growth rate of total revenues generated by cities with the district status fluctuated between 6.8% (for the ones situated in the province of Warmińsko-Mazurskie) and slightly over 11% (the provinces of Świętokrzyskie i Mazowieckie). In the years 2009–2013 this growth rate slowed down in all the regions; however,

[1] After converting them into fixed prices with the use of the consumption goods and services price indicator, which is available in the Local Data Bank database for every province.

it was most strongly felt in the cities situated in the provinces of: Mazowieckie (the growth rate decrease of 10 percentage points), Wielkopolskie (the 9.7 percentage points decrease) and Małopolskie (the decrease of 8.5 percentage points). One can observe a similar situation with regard to the dynamics of changes in the self-generated revenues *per capita*. In the times of the economic slowdown in the case of some regions, it was observed that cities with the district status situated in those regions had negative growth rates of the revenues *per capita*. The negative growth rate of the self-generated revenues was observed in the years 2009–2013 in the provinces of: Mazowieckie, Wielkopolskie, Śląskie, Lubuskie i Opolskie.

Evaluating the financial situation of cities having the district status with the use of the first grade financial autonomy indicator calculated as a share of self-generated revenues less tax revenues from PIT and CIT in total revenues, it can be concluded that the highest volume of this indicator was characteristic for the cities with the district status located in the province of Dolnośląskie (varying from 43% to just below 49%). The cities located in the provinces of Lubelskie, Podkarpackie and Świętokrzyskie were characterized by the lowest value of this factor. Taking into account the rank correlation coefficient analysis, one can observe that there is a positive correlation between the values of the first grade financial autonomy indicators of cities with the district status and the level of social and economic growth of the provinces in which they are situated; this correlation, however, is not strong.

The analyses similar to those related to revenues were also conducted with respect to expenditures of cities with the district status classified by regions. The main conclusions resulting from them are presented below.

The expenditures predominant in the expenditure structure of cities with the district status are current expenditures. Their share in the period examined varied from 65% to 91%. The analysis of the correlation between the share of current expenditures and total expenditures in cities with the district status does not indicate, however, that this share depends on the level of social and economic development in the regions in which they are situated. The value of the resulting correlation coefficients fluctuated between (–0.40) and 0.54.

Analysing the dynamics of expenditures of cities with the district status in the years 2004–2013 by regions, it can be observed that the highest growth rate was characteristic for the cities located in the province of Świętokrzyskie (7.2% annually, with the pace of growth being considerably quicker in the times of economic boom, which is the case of all the regions). The expenditures of cities with the district status were significantly reduced during the times of the economic slowdown although in the majority of cities their overall amount was growing. The cities located in the province of Wielkopolskie are an exception in this respect (the average annual decrease of expenditures in these cities was small and amounted to 0.1% a year). In the times of economic prosperity the property-related expenditures were growing significantly quicker than the current ones, this tendency, however, got reversed in the times of the economic slowdown.

The highest level of expenditures *per capita* was observed in the cities with the district status situated in the provinces of: Mazowieckie, Opolskie, Dolnośląskie and Małopolskie. Analysing the values of rank correlation coefficients between the synthetic indicator of the economic development and the level of expenditures *per capita* by regions, it can be noted that this correlation is quite weak (the value of the correlation coefficient in the period examined varied from 0.11 to 0.49, only in 2007 it grew to 0.64). The tendencies observed in the case of total expenditure dynamics also refer to the dynamics of expenditure *per capita*. Their pace of growth varied in the period examined from 4.1% (for the cities in the province of Lubuskie) and 7.7% (for the city with the district status situated in the province of Świętokrzyskie) depending on a region. The pace of the expenditure increase, however, was clearly considerably quicker in the times of economic prosperity.

The second grade financial autonomy indicator fluctuated between 41% and 85% in the examined period. The lowest value of this indicator was characteristic for the cities with the district status situated in the province of Podkarpackie, whereas the highest one characterized those in the provinces of Mazowieckie and Dolnośląskie. It is worth emphasizing, however, that on average this indicator had higher values in good economic times, irrespective of the fact where particular cities were situated. The analysis of the correlation between the synthetic indicator of economic development and the first grade financial autonomy indicator referring to expenditures allows us to assume that there is a significant positive correlation between these variables (the value of the correlation coefficient ranged from 0.47 to 0.73) and that it is considerably higher in the times of economic downturn. This means that the cities with the district status located in the more developed regions are characterized by higher financial autonomy than the ones situated in the less developed regions.

Similar conclusions can be made with respect to the first grade financial autonomy indicators. In the examined period this indicator ranged from 21% to 53%. The highest values of this indicator were characteristic for cities situated in the provinces of: Mazowieckie and Dolnośląskie, whereas in the provinces of: Podkarpackie, Lubelskie, and Świętokrzyskie this indicator was the lowest. This means that there is also a significant positive correlation between the development level of regions and the first grade financial autonomy indicator related to expenditures (the value of this indicator in the period examined varied from 0.44 to 0.80).

The financial result (bottom line) in cities with the district status, determined as the difference between total revenues and total expenditures has been negative in the majority of cities. It is particularly visible in the years of the economic crisis (2009–2010). During this period expenditures exceeded revenues generated in almost all cities. Since 2011 the situation has improved, the changes, however, have been relatively slow. In 2013 the cities examined earned a budget surplus only in the case of four provinces: Małopolskie, Lubuskie, Dolnośląskie and Pomorskie.

As a result of this situation, the debts of Polish towns and cities significantly increased. It follows from The Ministry of Finance statistics that in the period examined the debts increased from PLN 9,511.3 million to PLN 29,578.7 in 2012, i.e. by 310%.

It should be also significant that there is a positive correlation between the synthetic indicator of the financial autonomy and the GDP *per capita* indictors. The value of this indicator in the period examined varied from 0.45 to 0.78). The average Spearman's rank correlation in the analyzed period amounted to 0.66 (see Table 4). This demonstrates that the level of the financial autonomy is determined by the level of regional gross domestic product *per capita*.

4. Summary

The analyses conducted during this research lead to the following conclusions:

1. Poland's territory is in the process of rapid differentiation that has been brought about by structural changes taking place in particular provinces, as a result of which some provinces (Mazowieckie, Śląskie, Dolnośląskie, Wielkopolskie, Małopolskie, Pomorskie) keep increasing their distance to the provinces that develop at the slowest pace (Warmińsko-Mazurskie, Świętokrzyskie). The provinces developing at the fastest pace are those with the biggest Polish cities.

2. The analysis of the financial management of cities with the district status indicates that their financial autonomy is limited, which results mainly from the fact that these cities have too little influence on the level of their revenues and that the compensation payments (which, n.b. are of a demotivating character) are a predominant budget category. The Polish law in force pertaining to the problems of budget revenues indicates that Polish cities enjoy a moderate level of autonomy with respect to their revenues and that the level of this autonomy is linked to the social and economic development levels of the regions in which these towns and cities are situated.

3. Evaluating the expenditure-related autonomy of cities with the district level, one should emphasize that the link between this autonomy and the level of social and economic development is of little importance. This results mainly from the fact that the predominant category of expenditures in cities with the district status is current expenditures of fixed character. In the management of cities with the district status, just like in the case of other local self-government units, economic goals are usually outweighed by the ones that are society-oriented and the criteria of effectiveness are often contradictory to the criteria applied in the sphere of the public service. The insufficient funding in relation to the number of public service tasks performed puts the city authorities under the obligation to carry out an in-depth analysis of the costs of their completion and the structure of budget expenditure. The structure of the expenditures with respect to timing and the goals completed as well as the selection of development project priorities should be subject to rational analysis.

4. Apart from the above-mentioned conclusions, the conducted analyses demonstrate that the freedom to acquire budget funding is not accompanied by the freedom to spend it. That is why the financial autonomy of the Polish cities is imperfect. The Polish system of local finances is highly centralised and does not provide a guarantee that the local self-government units will function in a stable way. It is reflected by unfavourable structure of revenues, the predominant part of which are transfers from the state budget. As a result, it brings about dependency of the city budgets on the central budget, which means the loss of the freedom to use the obtained resources in agreement with the selected course of action. This problem was supposed to be solved by the Act of November 13, 2003 on the revenues of local self-government units. Although the shares of local self-government units in the income tax of the state budget have been raised, which led to a decrease of grants in-aid, cities have no direct impact on their level and for this reason in the strict sense they cannot be regarded as self-generated revenues.

5. It needs to be noted that the implemented legislative solutions are of temporary character. Subsequent government cabinets announce a reform of the public finance system in order to introduce holistic systematic solutions that would guarantee the autonomy of the finance management. It is worth emphasizing, however, that a lack of consensus as to the distribution of the public revenues is convenient from the point of view of the government administration bodies as it allows them to exert extensive control on the local self-government. This situation calls the process of decentralisation of public tasks into question. Legal regulations in this area should ensure stability and autonomy of both budget revenues and expenditures. Another important issue is to secure permanent legislative solutions, which will make it possible to plan local projects in the long run.

6. The issues raised in the current paper are aimed just to signal the examined problem as it is not an exhaustive study of all the aspects related to the financial autonomy of the Polish towns and cities. Polish regions are much more diversified and therefore continuing and extending this research with regard to particular Polish cities is worth pursuing.

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Statistical annex

Table 1. Synthetic indicator of the regional development in the years 2004–2013

Province	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Average
Dolnośląskie	0.4568	0.4645	0.4865	0.493	0.5614	0.5495	0.5063	0.4924	0.5934	0.5944	0.4153
Kujawsko-Pomorskie	0.2019	0.2205	0.1554	0.2071	0.2813	0.2827	0.2876	0.2876	0.2712	0.2693	0.7639
Lubelskie	0.3722	0.4053	0.3372	0.3621	0.3822	0.337	0.394	0.4422	0.4285	0.4694	0.5116
Lubuskie	0.2926	0.2722	0.2564	0.3022	0.2718	0.263	0.3608	0.3286	0.3879	0.5007	0.6435
Łódzkie	0.4166	0.4173	0.3744	0.4153	0.396	0.4078	0.4339	0.4277	0.4741	0.3804	0.3801
Małopolskie	0.4921	0.4859	0.5073	0.5255	0.5502	0.4843	0.4668	0.5446	0.5686	0.5418	0.3651
Mazowieckie	0.7326	0.7619	0.6971	0.796	0.8311	0.7229	0.7902	0.7315	0.7528	0.8907	0.3689
Opolskie	0.3621	0.3885	0.4242	0.4331	0.4626	0.4334	0.4941	0.4924	0.5872	0.6582	0.2696
Podkarpackie	0.2572	0.329	0.3611	0.3659	0.3199	0.3819	0.3848	0.4134	0.4101	0.3787	0.3020
Podlaskie	0.3444	0.4312	0.3766	0.3206	0.4087	0.3213	0.3693	0.3311	0.4394	0.3379	0.4358
Pomorskie	0.3857	0.4033	0.4501	0.3946	0.5008	0.5335	0.4128	0.3894	0.3704	0.5423	0.3079
Śląskie	0.5909	0.6466	0.6308	0.6188	0.6682	0.6606	0.6721	0.6096	0.6708	0.6667	0.5169
Świętokrzyskie	0.2587	0.2718	0.2199	0.2236	0.309	0.2663	0.2901	0.281	0.3247	0.2411	0.4580
Warmińsko-Mazurskie	0.118	0.1804	0.1516	0.1954	0.1573	0.1363	0.2473	0.2046	0.2665	0.0359	0.2472
Wielkopolskie	0.5192	0.4546	0.3996	0.4318	0.418	0.3833	0.4595	0.4998	0.4447	0.5629	0.4311
Zachodniopomorskie	0.3063	0.2991	0.2953	0.2832	0.3469	0.3102	0.2802	0.2707	0.4053	0.3259	0.1890
Mean value	0.3817	0.4020	0.3827	0.3980	0.4291	0.4046	0.4281	0.4217	0.4622	0.4623	0.4129
Standard deviation	0.1534	0.1497	0.1530	0.1578	0.1662	0.1547	0.1434	0.1387	0.1385	0.2035	0.1476

Source: own research.

Table 2. Synthetic indicator of the of the financial autonomy of cities with the district status in the years 2004–2013

Province	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Average
Dolnośląskie	0.6206	0.6428	0.6157	0.6305	0.7518	0.6731	0.6141	0.7071	0.7350	0.6726	0.5169
Kujawsko-Pomorskie	0.1963	0.1909	0.2437	0.2281	0.3548	0.2307	0.2591	0.3380	0.3622	0.4398	0.2472
Lubelskie	0.2299	0.2050	0.2452	0.1725	0.1332	0.2364	0.1903	0.1892	0.1830	0.2243	0.3801
Lubuskie	0.2180	0.2788	0.2208	0.2370	0.1946	0.2413	0.2279	0.1115	0.1233	0.1982	0.302
Łódzkie	0.5910	0.4616	0.3490	0.3948	0.3806	0.3560	0.3711	0.3802	0.4251	0.4619	0.4153
Małopolskie	0.5139	0.3159	0.3083	0.4084	0.4790	0.4904	0.5118	0.4804	0.5473	0.5730	0.5116
Mazowieckie	0.6396	0.7484	0.9668	0.9852	0.8476	0.6579	0.7203	0.6795	0.6573	0.8302	0.7639
Opolskie	0.5613	0.5106	0.4355	0.3166	0.3735	0.2507	0.3824	0.5630	0.4459	0.4929	0.458
Podkarpackie	0.4248	0.3052	0.1492	0.1620	0.2468	0.2572	0.4042	0.3186	0.2786	0.2828	0.3651
Podlaskie	0.1771	0.1840	0.1491	0.2705	0.3155	0.2354	0.2909	0.3575	0.4724	0.4092	0.3689
Pomorskie	0.6325	0.5505	0.4968	0.4644	0.4674	0.4870	0.5018	0.4487	0.4100	0.4972	0.4311
Śląskie	0.4039	0.6189	0.4732	0.2810	0.3375	0.4091	0.4775	0.5599	0.5201	0.5060	0.6435
Świętokrzyskie	0.4257	0.3038	0.3117	0.2224	0.2218	0.2960	0.4394	0.3924	0.3729	0.4113	0.2696
Warmińsko-Mazurskie	0.3031	0.3244	0.3911	0.3834	0.3896	0.3318	0.3594	0.3344	0.2687	0.2834	0.189
Wielkopolskie	0.3249	0.3969	0.2653	0.3473	0.4704	0.4671	0.4838	0.5023	0.5311	0.4265	0.4358
Zachodniopomorskie	0.2099	0.1949	0.2399	0.2599	0.1473	0.2289	0.2014	0.1872	0.2864	0.4314	0.3079
Mean value	0.4045	0.3896	0.3663	0.3603	0.3820	0.3656	0.4022	0.4094	0.4137	0.4463	0.3940
Standard deviation	0.1715	0.1791	0.2057	0.2051	0.1969	0.1505	0.1491	0.1698	0.1648	0.1614	0.1590

Source: own research.

Table 3. Spearman's rank correlation between the synthetic indicator of the development level of provinces and the indexes examining the financial autonomy of cities with the district status in the years 2004–2013

Categories	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Share of self-generated revenues in total revenues	0.6765	0.5088	0.6412	0.5059	0.7118	0.7029	0.6294	0.5824	0.6853	0.6147
Total revenues *per capita*	0.4500	0.3382	0.5059	0.5147	0.5059	0.5029	0.5059	0.3941	0.2029	0.3000
Self-generated revenues *per capita*	0.6412	0.5382	0.6118	0.6794	0.7324	0.7206	0.6471	0.5529	0.5382	0.5088
First grade revenue autonomy indicator	0.6176	0.5118	0.5824	0.5529	0.7647	0.7912	0.6118	0.5412	0.5588	0.4176
Second grade revenue indicator	0.6765	0.5088	0.6412	0.5059	0.7118	0.7029	0.6294	0.5824	0.6853	0.6147
Total expenditures *per capita*	0.4912	0.2529	0.4676	0.6412	0.4647	0.4882	0.4029	0.1794	0.1147	0.2618
Share of current expenditures in total expenditures	–0.4000	0.1294	0.2676	–0.4500	–0.4324	0.0441	0.2000	0.4324	0.5353	0.2735
First grade expenditure autonomy indicator	0.5971	0.4941	0.5912	0.4441	0.7397	0.7706	0.6882	0.5706	0.7206	0.5265
Second grade expenditure autonomy indicator	0.6588	0.4853	0.5647	0.4676	0.6235	0.6471	0.7029	0.6529	0.7353	0.6294

Source: own research.

Table 4. Spearman's rank correlation between the synthetic indicator of the financial autonomy of cities with the district status and the GDP *per capita* in the years 2004–2013

Categories	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Average
Spearman's rank correlation	0.4470	0.6794	0.6265	0.6882	0.6235	0.6559	0.6294	0.6706	0.7265	0.7794	0.6676

Source: own research.