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FINANCE REGION FOR SUSTAINABLE DEVELOPMENT. SYNTHETIC DESCRIPTION OF FINANCIAL CONDITION

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Annotation
Działania samorządu mają wpływ na rozwój lokalnej gospodarki. Finanse stanowią podstawę realizacji zadań publicznych i rozstrzygają o warunkach rozwoju gospodarczego jednostki. Celem artykułu jest zdefiniowanie i opisanie wskaźnika syntetycznego służącego określeniu poziomu kondycji finansowej województw w Polsce. O kondycji finansowej świadczy m.in. zdolność do wykonywania zadań, poziom dochodów i wielkość wydatków, samodzielność finansowa. Przeprowadzone badania statystyczne potwierdzają istnienie dysproporcji w obszarze kondycji finansowej województw w Polsce. W badanym okresie czołowe miejsca utrzymywały śląskie (2003 - 0,66; 2005 - 0,61; 2010 - 0,48; 2014 - 0,56) i mazowieckie (0,65; 0,74; 0,57; 0,57). Na końcu rankingu znalazły się świętokrzyskie (0,38; 0,26; 0,31; 0,38), lubuskie (2003 - 0,33; 2014 - 0,17), podlaskie (2005 - 0,23), warmińsko-mazurskie (2010 - 0,24).
Key words: finance; rozwój; dochody; wydatki; kondycja finansowa; wskaźnik syntetyczny.

Introduction

Territorial self-government is an association of the inhabitants of a given region, which administers the assets, provides services, manages the finance and so on, whose activities have indirect or direct influence on local economy. It is the biggest employer and investor, ordering party and client on the local market. Its tasks are usually unprofitable, which results in financing them from public resources [Gorynia, E. Łaźniewska 2009].

The stimulation of local economic development by the self-government administration of various levels proceedings is definitely reasonable. It is proven by an obvious fact that no enterprise functions in vacuum but in a certain physical and social space and in a given legal surroundings [Piontek 2006]. One of the main aims of local authorities' activities should be the creation and stimulation of local economy development. A lot of determinants decide of the directions and the pace of local development. Political, social, economic and financial can be counted as the most important [Łukomska-Szarek 2011].

Meeting the expectations and needs reported by the local communities is the essence of territorial self-government. The material basis of these endeavours may come from own budget and then the self-government, by their activation, aims at economic development. If the resources from outside play the dominating role in these proceedings, then the improvement of abilities of gaining such resources becomes the main aim of the self-governments [Heller, Farelnik 2013].

The aim of the study is to select a set of statistical features defining the financial condition of a voivodeship and to determine the possibilities of using the synthetic index method to distinguish the spatial differentiation of the units. The carried out analysis has a static character – concerning the differentiation of the index value, and dynamic – including the comparison of the situation of voivodeships in the studied years: 2003 (the year before the accession to the European Union), 2005 (a year after the accession to the EU), 2010 (a period of entering into force of the new act on public finance from 2009) and 2014 (a period of improvement of the social-economic situation after the crisis in the years 2007-2010; method described in Method of the study).

Method of the study

In order to compare the transformations happening during the studied years, the procedure of creating synthetic index was used. The following variables were chosen to build the synthetic index (per capita):

F1. total income, stimulant
F2. total own income, stimulant,
F3. personal income tax, stimulant,
F4. corporation tax, stimulant,
F5. income from property, stimulant,
F6. grants, destimulant,
F7. subventions, destimulant,
F8. total expenses, stimulant,
F9. assets and capital expenditure (investments), stimulant,
F10. current expenses, destimulant,
F11. expenditure on debt service, destimulant,
F12. expenditure on administration, destimulant,
F13. expenditure on health care, stimulant,
F14. expenditure on education and training, stimulant.

At first the variables were chosen based on statistical, substantial and formal criteria. Then the analysis of variables was done. Variables characterized by high spatial changeability (coefficient of variation above 0.15) and high correlation under the extracted groups (coefficient above 0.75) were removed from the set [Zeliaś 2000; Wysocki 1996].

From the point of view of variability index, which means because of the stability of variables (quasi-stable variables), from the study eliminated were: F1 (0,2 in 2003; 0,3 in 2005; 0,2 in 2010; 0,2 in 2013) and F8 (0,2 in 2003; 0,3 in 2005; 0,2 in 2010; 0,2 in 2013). Studied variables in the analyzed years 2003-2013 were characterized by changeability, in 2003 from 0,2 to 1,1; in 2005 from 0,3 to 1,6; in 2010 0,2 to 1,3 and in 2014 from 0,2 to 0,9. The highest variability index was observed for F5 0,8 – 1,6; F4 0,5 – 0,7; F11 0,5 – 1,0 and F13 0,3 – 0,7.

Consecutively done analysis of correraltion matrix for variables indicates positive and negative correlations (in 2003 F1F6 (0,79) F2F3 (0,79) F7F10 (0,91) F1F3 (-0,43) F3F7 (-0,53) F9F12 (-0,32) F10F11 (-0,31); 2005 F1F4 (0,91) F2F3 (0,93) F3F4 (0,90) F1F7 (-0,25) F2F6 (-0,44) F8F11 (-0,43) F10F11 (-0,37); 2010 F2F3 (0,94) F3F5 (0,84) F4F5 (0,85) F2F7 (-0,63) F4F6 (-0,50) F12F14 (-0,01); 2014 F1F7 (0,79) F2F3 (0,89) F3F4 (0,94) F1F3 (-0,43) F2F7 (0,62) F11F13 (-0,1) F13F14 (-0,06)). From the study removed were: F1, F3, F4 – on the income side, F8, F10 on the expenses side, as features exceedingly correlated with one another, therefore as carriers of similar information.

In the next stage the normalization of diagnostic variables was done (stimulant czy destimulant) using the unitarization method. It requires the use of the following formula: for stimulant $X = \frac{x_{ij} - \min_i x_i}{\max_i x_i - \min_i x_i}$, destimulants $X = \frac{\max x_i - x_{ij}}{\max_i x_i - \min_i x_i}$, where: X – indicates the unitarized value of a feature for the studied unit, xij – indicates the value of j feature for a studied unit, max – maximum value of j feature, min – minimum value of j feature [Wysocki F., Lira J. [2005]. In case of lack of the model's, the maximum level of accounted indexes values are taken into assessment - max{ x_{ij} }.

The construction of financial condition index is based on non-model method, by means of a formula $s_i = \frac{1}{p}\sum_{j=1}^{p} x_{ij} \; (i = 1,2,...,p)$, where: Si – synthetic meater of financial condition of the municipality in the studied period, xij – features of the synthetic index structure, p – amount of partial indexes used in the construction of aggregate measure of financial condition. The index takes a value between [0,1]. Higher value of the index indicates a better situation of the object, lower value – weaker [Dziekański 2011; Bury, Dziekański 2012; Bury, Dziekański 2013; Mioduchowska-Jaroszewicz 2013].

4. grouping, creating classes of similar units (Ward mathod); the groups are characterized by approximate level of financial potential; linear arrangement according to decreasing values in terms of synthetic index values [Dziekański 2012; Dziekański 2011]; each range of values was interpreted as a situation: – [0,0; 0,2] very weak, – (0,2; 0,4] average, – (0,4; 0,6] weak, – (0,6; 0,8] good, – (0,8; 1,0] very good [Dziekański 2012].

Development and its conditioning

The finance is the basis of public tasks realization and decide of the conditions of economic conditions and investment activity of the unit. In addition, the costs of current tasks realization, as well as the availability of external sources of funding, also decide of the scale of investment activity. The limitation of financial resources becomes a problem in comparison with the range of realized tasks [Gonet 2013].

The local development should be done on the basis of endogenous factors, and the contentment of the inhabitants, the satisfaction of aspirations and the feeling of living conditions improvement should be the essential criteria of development [Kożuch 2011]. Various interpretations of the term of local development are the result of heterogeneity of phenomena which create it. The local development as a complex term includes economic, political and cultural changes; changes in institutions, groups and other types of social systems. Therefore, it refers to economic, social, cultural, political, ecological and spatial level [Kudłacz 2008, s.108-111]. The main factors of social-economic development are: geographic, scientific, technical, demographic, social and economic [Kupiec 2000, s.88-89].

The local development can be understood as a complex of quantitative and qualitative transformation which are connected to a given territory and refer to the level of living if the inhabitants and the functioning of economic operator. It is the process of shaping the transformations in the direction of rational spatial management and environmental and cultural heritage protection in a controlled, conscious and purposeful way. The self-government should play the essential role in creating a term understood in such a way [Ziółkowski, Goleń 2006, s. 62].

The balanced development should provide the society with fulfilment of ecologic, economic, social and cultural standards within the ecosystems capacity [Rogall 2010, s. 44]. The economic, technological and social progress has negative impact on natural environment. Therefore, the rational management of natural resources became the impulse to creation of a new economic management model largely based on rational usage of production factors [Ślebocka, Tylman 2014].

The voivodeship self-government has a statutory responsibility to lead the policy of development. The realization of this tasks requires appropriate financial resources. Insufficient own revenues require the use of external sources of funding of endeavours which serve the regional development [Hałaburda 2010].

Multidimensional character of financial condition

Multidimensional comparative analysis enables the comparison of complex phenomena and the hierarchization of the objects and their sets accounted in multidimensional spaces of features from the point of view of a certain characterization.

Budget is the most important instrument of territorial unit finance administration and local development management. It is the tool of accounting the self-government on its activities as well as the means of communication of the self-government authorities with local community [Adamiak, 2005]. The budget indicates how the revenues should be shaped in terms of economic effects and social purposes, and how to distribute the burden of public expenditure. At the same time it is the indicator of public units' activity under the existing system [Jędrzejewski 2004]. According to the Act on territorial units' income, the income refers to or may refer to [Ustawa 2003, 2015]: own revenues, general subvention, targeted subsidies from the national budget, funds from foreign sources which are not repayable and funds from the budget of the European Union. Territorial self-government units, accordingly to the performed tasks, have the right to a share in public revenues (PIT and CIT; Ustawa 2003, 2009, 2015).

Budget, which is the financial plan of income and expenses, revenues and expenditure, enables defining the financial position of a unit and the degree of current and investment tasks realization. It is the source of information of excess or deficit which were achieved by the unit in a given year. It shows the range and the scale of commitment of the authorities in the public tasks realization [Szara 2014]. The rationalization of self-government activities as well as the active local tax policy and effective management of territorial self-government units' assets become necessary. The proceedings in the direction of rationalization of territorial self-government units' expenses are also indispensable [Jastrzębska 2012].

The assessment of self-government functioning and its development abilities can be done through the prism of finance. Financial processes are shaped by, inter alia, institutional, organizational, political and generally economic factors [Wyrębek 2010]. The formation of the revenues and the directions of funds allocation are the result of quantitative and qualitative need reported by the local communities in connection to the current financial situation of the unit [Sochacka-Krysiak 2003].

The financial condition is a complex phenomenon which is difficult to measure on the basis of one feature. Creating a synthetic variable, which aggregates a series of determinants of this phenomenon, is a way of assessing the financial condition. This variable is a tool of comparative analysis which focuses on the study of subjects in terms of various features.

Therefore the financial condition is not only the derivative of realized public tasks but it is also the bridge between the all the activities and endeavours taken by the self-government [Klepacki, Kusto 2009]. It depends, among other things, from: performed tasks, achievement of budgetary balance, the level of income, financial independence, the amount of investment expenses, obtaining extra-budgetary funds and the financial result [Ossowska, Ziemińska 2010].

The financial condition refers to the financial state in a given interval. There is feedback between the financial condition and the level of local development, understood as a complex of quantitative and qualitative transformations concerning a given area and referring to both the level of living of the inhabitants and the economic operators functioning [Sobczyk 2010].

Synthetic index of financial condition of voivodeships in Poland

The assessment of territorial self-government unit's attractiveness is connected with its possibilities and abilities to develop. It is affected by, inter alia, financial condition and owned resources. The increase of attractiveness requires the bearing of financial input [Dylewski 2006]. The process of economic development of a region depends from, inter alia, sources and scale of income generated by the unit. In the financial economy of the region, two major factors are distinguished, which create the basis of development: own revenues, which indicate the economic activity, and investments, which indicate the tendency to increase one's ownership conditions. They contribute to the improvement of living conditions and the general development. Own revenues of self-government depend from economic situation in the local scale, they are the evidence of territorial self-government unit's affluence, as well as of high financial independence in the area of funds spending [Famulska 2009, s. 7].

In case of expenses the state restricts their free formation by the territorial unit, by setting a list of obligatory tasks and conditions of realization of these and other tasks in a form of norms or minimum sizes (for example, degree of pollution of sewage released to a sink, the level of teachers' salary). As a result, first the region has to predict the funds for compulsory tasks, and secondly, for other purposes, even those considered as more important [Bury, Dziekański 2010]. The structure of budgetary expenses informs of the directions and intensity of development policy realized by territorial self-government units. The share of current and capital expenditure in the total amount of expenses indicates consumptive or pro-development directions of self-government proceedings; therefore, the increase of the share of investments is a positive phenomenon. The investments connected with infrastructure influence the improvement of competitiveness of local economy and the increase of attractiveness for potential investors. They are connected with widely understood investing activity in various areas, such as urban economy, education or transport, and they affect the improvement of development potential [Sobczyk 2010, s. 125–136].

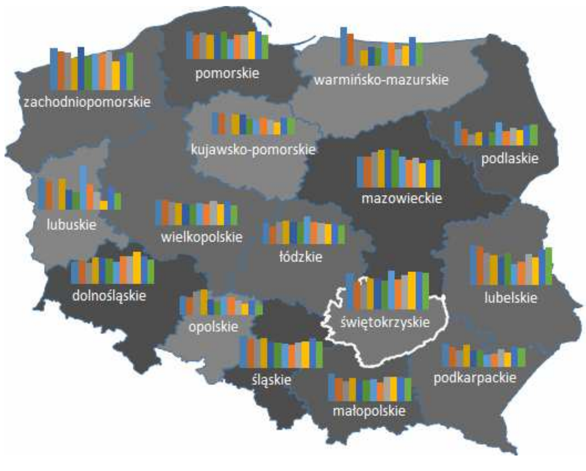

Fig. 1. Synthetic index of financial condition of voivodeships in Poland in 2014

The statistical research done confirm the existence of disproportions in the area of financial condition of the voivodeships in Poland. The order of the voivodeships in the ranking has not basically changed in the following years. During the studied period of time the leading positions were held by śląskie (2003 – 0.66, 2005 – 0.61, 2010 – 0.48, 2014 – 0.56) and mazowieckie voivodeships (0.65, 0.74, 0.57, 0.57). At the end of the ranking were świętokrzyskie (0.38, 0.26, 0.31, 0.38), lubuskie (2003 - 0,33; 2014 - 0,17), podlaskie (2005 - 0,23), warmińsko-mazurskie (2010 - 0,24; table 1, fig. 1).

The high index of financial condition of a voivodeship (śląskie, mazowieckie, dolnośląskie) is, inter alia, appropriate level of own revenues or expenditure potential of local budgets as well as the ability to realize pro-development investment projects. With a worse situation in the area of financial condition the units have difficulties with creating own revenues. These are usually voivodeships located in the poorly developed Eastern part of the country (świętokrzyskie, podkarpackie, lubelskie, podlaskie, warminsko-mazurskie), with significant development needs (for instance because of infrastructural gap or significant decapitalisation of a part of owned property).

The hierarchization of the municipalities based on decreasing synthetic value of financial condition criteria. The groups are characterized by approximate level of financial condition. The information about which voivodeships are in particular groups may have practical meaning both for the unit's authorities and for i.e. investors making decisions about the company's location.

Based on selected variables it is possible to notice that the financial condition of voivodeships in Poland is difficult. The values of synthetic measurement were improving, worsening or stayed at unchanged level (table…). The analysis enabled the division of voivodeships into 5 groups. The vast majority of voivodeships belongs to group C (2003 – 11 units, 2005 – 7, 2010 – 6, 2014 – 7) and D (2003 – 3, 2005 – 7, 2010 – 10, 2014 – 8). There are no voivodeships in group A and E (except for lubuskie voivodeship in 2014) and there were none in group B in 2010 and 2014 (śląskie and mazowieckie in 2003 and 2005). A shift in time can be observed between the groups (table 1, fig. 1).

In the aspect of financial condition the value of synthetic measurement fluctuated between 0.66 and 0.33 in 2003, 0.74 and 0.23 in 2005, 0.58 and 0.24 in 2010 and 0.57 and 0.17 in 2014. In case of świętokrzyskie voivodeship the value of the index was at the level of 0.38, 0.26, 0.31 and 0.38 consecutively in the studied years (table 1).

The assessment of the matrix of correlation of financial condition synthetic index and the basic magnitudes describing financial economy of a voivodeship indicates positive and negative level of relation. In 2003 the level of correlation of condition index and own revenues (F2) equaled 0.79, subsidies (F6) -0.47, subventions (F7) -0.77, current expenses (F10) -0.72; in 2014 accordingly with F2 0.55, F6 -0.79, F7 -0.67 and F10 -0.04.

		2014					
		F2	F6	F7	F9	F10	WSP.
2003	F2	1	-0,25	-0,62	-0,38	0,54	0,55
	F6	-0,51	1	0,75	0,52	0,45	-0,79
	F7	-0,50	0,36	1	0,73	0,24	-0,67
	F9	-0,27	0,62	-0,02	1	0,20	-0,29
	F10	-0,38	0,47	0,91	-0,09	1	-0,04
	WSP.	0,79	-0,47	-0,77	0,07	-0,72	1

Fig. 2. Index of correlation of financial variables and synthetic index

In relation year on year the value of synthetic measure of financial condition does not have stable position. In the studied years 2003-2014 both positive relations year on year and negative relations were observed. The positive transformations took place in podlaskie (6), pomorskie (6), mazowieckie (4), świętokrzyskie (4), lubuskie (3) and kujawsko-pomorskie (3), which can be interpreted as a development. Negative changes were noticed in all the voivodeships, which can assessed as period of regression (table 2).

The analysis of scatter diagrams presents what kind of relation we "have to deal with". The positive relation means that the increase of results on one variables is accompanied by the increase of results on the other variable. As shown on fig. 3 on the best position in the context of relation of own revenues and financial condition index, in the best situation in 2003 and 2014 was mazowieckie voivodeship, in the worst in 2003 swietokrzyskie and lubelskie and in 2014 podlaskie and lubelskie. In case of relation of investments and condition index in 2003 sląskie, lubelskie and swietkorzyskie were the best and podlaskie was the worst while in 2014 – warminsko-mazurskie, lubelskie and podlaskie were the best and mazowieckie and śląskie the worst. The voivodeships were diverging from the model, the majority of voivodeships was characterized by unfavourable situation.

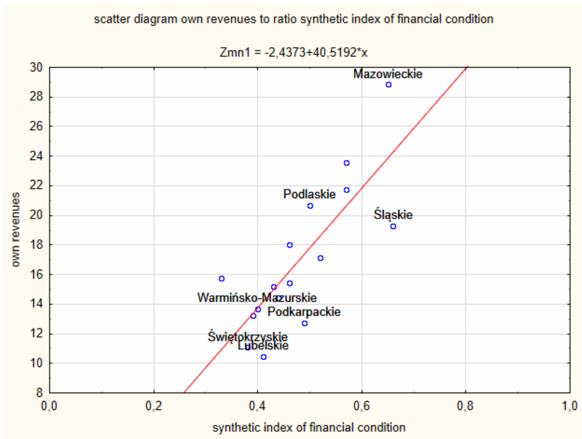

Fig. 3. Own income and synthetic index of financial condition in 2003

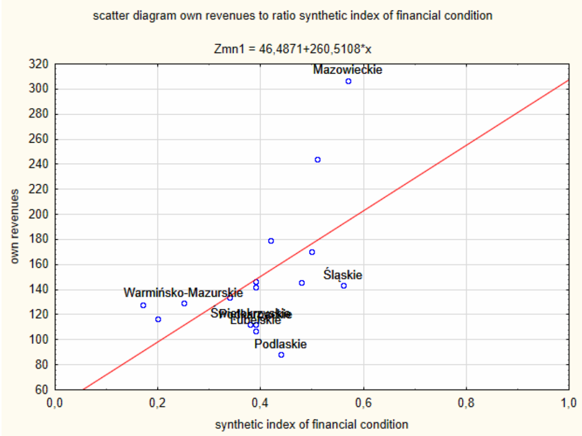

Fig. 4. Own income and synthetic index of financial condition in 2014

Mazowieckie voivodeships belongs to one of the most internally differential voivodeships, with Warsaw (which affects significantly the region's position), which concentrates inter alia sizeable social and economic potential. The region of the remaining part of the voivodeship is poorly developed. Mazowieckie voivodeship is the biggest in Poland in terms of surface and population. Currently horticulture (of apples and plums), gardening (of pepper), cattle and poultry farming are dominating directions of agricultural production in Mazovia. All branches of agri-food processing, dairy and meat industry are developing. Mazowieckie voivodeship stands out in the country with the highest level of economic development. The essential economic, capital and intellectual potential is concentrated in Warsaw and Warsaw agglomeration. Sub-regions of the voivodeship are characterized by poorer economic potential and lower development dynamic [Regionalny Program 2013, 2015].

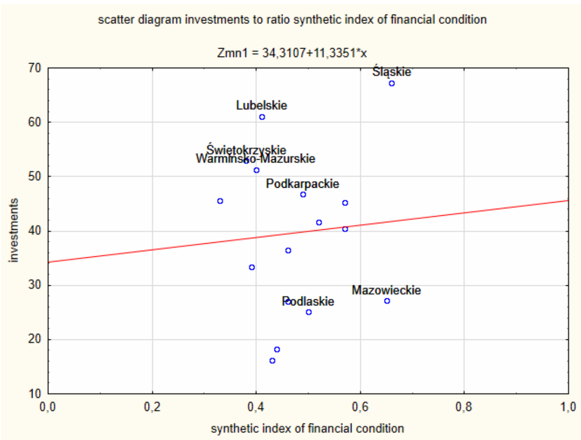

Fig. 5. Investments and synthetic index of financial condition in 2003

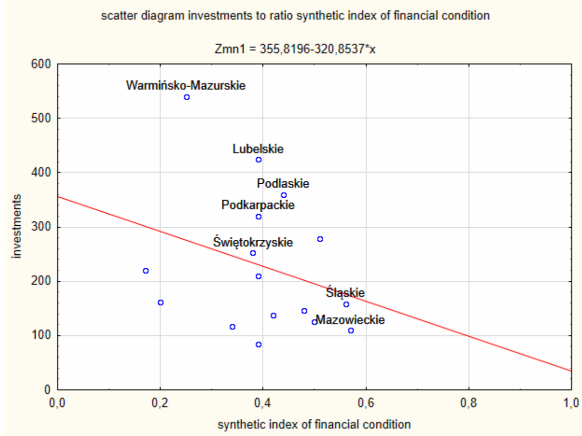

Fig. 6. Investments and synthetic index of financial condition in 2014

Śląskie voivodeship is one of the most attractive (competitive) regions in Poland. It is caused by natural resources – the biggest in Poland coal deposits, fields of zinc and lead ores – which results in a significantly industrial character of the region (energy and raw materials and metallurgic). Moreover, there many other industrial plants, both heavy industry and advanced technology, in the voivodeship.

In the Southern and Eastern part of świętokrzyskie voivodeship agriculture, horticulture and gardening dominate. The region's economy is based on extracting industry in the area of building materials (limestone, dolomites, marl, gypsum, sandstone, sulfur). Building companies belong to the biggest and the most dynamically developing in the country. Industry – metallurgic, machinery, precision and food processing – plays an important role in the region.

In lubuskie voivodeship the relation between own revenues and total income in the years 2003, 2005, 2010 and 2014 equals accordingly: 0.10, 0.41, 0.26 and 0.24; while the relation between investments and total expenditure equals: 0.28, 0.37, 0.45 and 0.43, which affects financial condition index. Industries from almost each branch (timber, food, metallurgic and paper industry, production of building materials and glass, energy and furniture industry) function in the region. The good state of the environment and good climatic conditions encourage agriculture development, even though soils of worse quality dominate in this region. The role of small and medium companies sector (up to 250 employees) is still increasing. The economic activity lead by natural persons dominates. Enterprises from four sectors of economy: trade and repair, real estate maintenance, transport, storing and communication and building trade [Charakterystyka http://].

Table 1. Synthetic index of financial condition of voivodeships in Poland

	2003	2005	2010	2014
0,80 ≤ S < 1,00 very good (A)	-	-	-	-
0,60 ≤ S < 0,80 good (B)	śląskie 0,66 mazowiecki 0,65	mazowieckie 0,74 śląskie 0,61	-	-
0,40 ≤ S < 0,60 average (C)	małopolskie 0,57 pomorski 0,57 wielkopolskie 0,52 podlaskie 0,50 podkarpackie 0,49 dolnośląskie 0,46 kujawsko-pomorskie 0,46 łódzkie 0,44 zachodniopomorskie 0,43 lubelskie 0,41 warmińsko-mazurskie 0,40	pomorskie 0,55 kujawsko-pomorskie 0,49 wielkopolskie 0,48 opolskie 0,48 łódzkie 0,45 dolnośląskie 0,45 małopolskie 0,42	dolnośląskie 0,58 mazowieckie 0,57 pomorskie 0,51 śląskie 0,48 łódzkie 0,46 wielkopolskie 0,43	mazowieckie 0,57 śląskie 0,56 dolnośląskie 0,51 pomorskie 0,50 małopolskie 0,48 podlaskie 0,44 wielkopolskie 0,42
0,20 ≤ S < 0,40 poor (D)	opolskie 0,39 świętokrzyskie 0,38 lubuskie 0,33	zachodniopomorskie 0,39 podkarpackie 0,36 lubelskie 0,33 lubuskie 0,32 świętokrzyskie 0,26 warmińsko-mazurskie 0,25 podlaskie 0,23	małopolskie 0,39 zachodniopomorskie 0,38 opolskie 0,36 kujawsko-pomorskie 0,34 świętokrzyskie 0,31 podkarpackie 0,29 podlaskie 0,29 lubuskie 0,26 lubelskie 0,24 warmińsko-mazurskie 0,24	łódzkie 0,39 lubelskie 0,39 podkarpackie 0,39 zachodniopomorskie 0,39 świętokrzyskie 0,38 kujawsko-pomorskie 0,34 warmińsko-mazurskie 0,25 opolskie 0,20
0,00 < S < 0,20 very poor (E)	-	-	-	lubuskie 0,17

Source: own authoring

Table 2. Transformations of synthetic index in the studied years

	2004/2003	2005/2004	2006/2005	2007/2006	2008/2007	2009/2008	2010/2009	2011/2010	2012/2011	2013/2012	2014/2013	changes +
Łódzkie	▼	▲	▲	▼	▲	▲	▼	▼	▼	▲	▼	5
Mazowieckie	▬	▲	▲	▲	▼	▼	▼	▲	▼	▲	▼	4
Małopolskie	▼	▼	▲	▼	▲	▲	▼	▲	▬	▼	▼	4
Śląskie	▼	▲	▲	▼	▼	▼	▼	▲	▲	▲	▼	5
Lubelskie	▼	▼	▼	▼	▲	▼	▲	▲	▼	▲	▲	5
Podkarpackie	▼	▼	▲	▼	▼	▼	▲	▲	▼	▲	▼	4
Podlaskie	▼	▼	▲	▼	▲	▲	▼	▲	▼	▲	▲	6
Świętokrzyskie	▼	▼	▲	▬	▼	▲	▼	▲	▲	▬	▼	4
Lubuskie	▼	▲	▼	▼	▼	▲	▼	▼	▼	▲	▼	3
Wielkopolskie	▲	▼	▼	▼	▼	▲	▼	▲	▼	▲	▼	4
Zachodniopomorskie	▼	▼	▼	▲	▼	▲	▬	▲	▼	▲	▲	5
Dolnośląskie	▲	▼	▲	▬	▼	▼	▲	▲	▲	▼	▼	5
Opolskie	▼	▲	▲	▼	▼	▲	▼	▼	▼	▲	▼	4
Kujawsko-Pomorskie	▼	▲	▼	▼	▼	▼	▲	▼	▼	▲	▬	3
Pomorskie	▼	▲	▼	▲	▲	▼	▲	▲	▲	▼	▼	6
Warmińsko-Mazurskie	▼	▼	▼	▲	▼	▲	▲	▼	▲	▲	▼	5

▲ increase ▼ decrease ▬ no changes Source: own authoring

Conclusions

Multi-faceted character of financial condition needs analysis of a large number of variables describing the phenomenon, which selection may have significant influence on the results achieved. At first the selected set of variables was verified in terms of substantial and statistical relevance. Then the indexes characterized by low changeability and high level of correlation were eliminated. Next particular variables were normalized and the synthetic index as built and the variables were grouped.

Financial condition refers to a financial state in a particular period of time, which is indicated by, inter alia, task performing, level of own revenues, subventions, subsidies, current and investment expenses.

Taking into account the value of synthetic measure of financial condition the situation of voivodeships in Poland is difficult. During the studied period of time the leading positions were held by śląskie (2003 – 0.66; 2005 – 0.61; 2010 – 0.48; 2014 -0.56) and mazowieckie (0.65; 0.74; 0.57; 0.57). At the end of the ranking were świętokrzyskie (0.38; 0.26; 0.31; 0.38), lubuskie (2003 – 0.33; 2014 – 0.17), podlaskie (2005 – 0.23), warmińsko-mazurskie (2010 – 0.24). The value of the measure fluctuated between: in 2003 – 0.66 and 0.33; 2005 – 0.74 and 0.23; 2010 – 0.58 and 0.24; 2014 – 0.57 and 0.17. In case of świętokrzyskie voivodeship the value of the index was at the level of 0.38; 0.26; 0.31; 0.38 (2003, 2005, 2010, 2014).

The financial resources are the basis of activity of territorial self-government units and a condition of realizing tasks entrusted to them, they determine the development and express economic development potential. The level of income (including own), subventions, subsidies, current and investment expenses have influence on the level of synthetic index of financial condition. Higher income potential of the units, the potential of expense concerns the voivodeships of western wall of Poland. In a poorer position are the voivodeships of the Eastern Wall.

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FINANCE REGION FOR SUSTAINABLE DEVELOPMENT. SYNTHETIC DESCRIPTION OF FINANCIAL CONDITION

Summary

The activity of local government affect the development of local economy. The finance are the basis of public tasks realization and decide on the conditions of unit's economic development. The aim of this article is to define and describe the synthetic index used to determine the level of financial condition of the voivodeships in Poland. The financial condition is illustrated by, inter alia, the ability to perform tasks, the level of revenues and the amount of expenditure and financial autonomy. Statistical research confirm the existence of disproportion in the area of financial condition of the voivodeships in Poland. In the studied period of time the leading positions were held by śląskie (2003 – 0.66; 2005 – 0.61; 2010 – 0.48; 2014 – 0.17) and mazowieckie voivodeship (0.65; 0.74; 0.57; 0.57). At the end of the ranking were świętokrzyskie (0.38; 0.26; 0.31; 0.38), lubuskie (2003 – 0.33; 2014 – 0.17), podlaskie (2005 – 0.23) and warminsko-mazurskie voivodeships (2010 – 0.24).

KEYWORDS: finance, development, revenues, expenditure, financial condition, synthetic index.

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