

ANALYSIS OF LOCAL GOVERNMENT UNITS IN POLAND

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Abstract: The subjectivity and independence of local self-government expressed in the Constitution of the Republic of Poland and concretized in local government laws has a systemic significance for determining its position in the state and in the law. Local self-government is the key principle of the organization of public administration in Poland. Local government units, i.e., municipalities, counties and provincial governments, are entities endowed with rights and obligations and entities performing public tasks. They can be described as independent corporations of local society, created by law, with their own internal organization, endowed with the attribute of legal personality, subject to state supervision to the extent prescribed by law.

Keywords: public tasks, competence, local government units.

Introduction

Local self-government is a way of organizing the local community and the most significant form of self-government consisting in the right of residents to independently solve specific local issues. In modern highly developed democratic countries, local self-government is the basis of the state system and an institution of relative independence, serving the decentralization of the state, operating by law and within the limits of national law. Local self-government is characterized by: possession of legal personality, democratic organization derived in part from universal suffrage, performance in its own name and on its own

responsibility of strictly defined tasks of public administration, relative independence subject to supervision and control by an independent judiciary, and mandatory membership of all residents of the local government.

1. The organizational structure of local government

According to the Law of July 24, 1998 on the introduction of the basic three-tier territorial division of the state [3]:

- As of January 1, 1999, a basic three-tier territorial division of the state is introduced.
- The units of the basic three-tier territorial division of the state are: municipalities, counties and provinces.

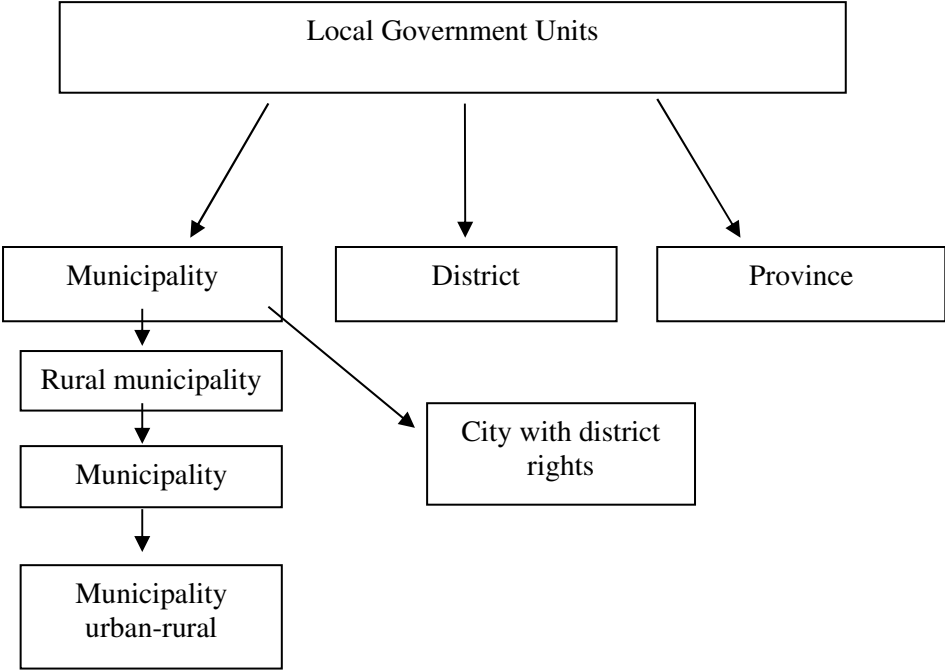


Figure 1. Units of local government

Source: own study.

As already mentioned in this study, local government units are created by law, with the primary one being the municipality, the intermediate one being the county, and the highest one being the province. It is worth noting that this division does not refer to the degree of subordination of these units. Thus, the district is not a superior unit over the municipality, as is the province over the district. This division, is motivated by the range of tasks that the units

perform. The separation of tasks between them means that they are independent of each other, however, they can cooperate with each other [Kurzyna-Chmiel, 1999, pp.45].

The current number of individual local government units in Poland, is shown in the table below.

Table 1. Number of local government units in Poland

Local Government Unit	Number of
Province	16
District	314
Cities with district rights	66
Urban municipality	302
Urban-rural municipality	652
Rural municipality	1523

Source: own compilation based on data from the Central Statistical Office.

Already knowing the structure of local government, one can focus on presenting the organs of its various units. The following table presents the decision-making and control bodies and executive bodies of local government units in Poland.

Table 2. Bodies of local government units

Local government unit	Constituent and controlling	Executive body
Rural municipality	Municipal Council	Mayor
Urban-rural municipality	Municipal council	Mayor
Urban municipality	Municipal council	Mayor of the city
District	District council	County board (together with the starost)
City with district rights	City council	President of the city
Province	Provincial parliament	Provincial board (together with the provincial marshal)

Source: own study.

The main role in the organizational structure of local government units is played by the decision-making and controlling bodies. Members of these bodies are selected through local elections, councilors represent the residents of the municipality, district and province [Kurzyna-Chmiel, 1999, pp.49]. The most common form of work of the council are sessions, ordinary and extraordinary sessions can be distinguished. Ordinary session - held at least once a quarter, is convened by the chairman of the council. While the extraordinary session - is held within 7 days from the date of the request, is convened by the chairman at the request of at least ¼ of the council or the mayor, mayor of the city, as well as the management board.

The basic powers of the municipal, district and provincial councils include [8, pp. 50]: adoption of statutes,

- adopting the budget,
- examining reports on budget execution,
- granting or not granting discharge to the management board for the execution of the budget,
- adoption of resolutions on the amount of taxes and fees,
- adopting resolutions on property matters,
- determining the amount of the sum up to which the management board may independently incur liabilities.

The executive body of the units is the board of directors. The municipal council elects the municipal board by secret and equal vote, as does the county council - the county board, while the provincial assembly elects the provincial board by open vote. The role of chairman of the municipal board is performed by the mayor of the municipality, the mayor or mayor of the city, the chairman of the county board by the district governor, and the chairman of the provincial board by the provincial marshal. The chairman of the board simultaneously serves as the head of the auxiliary units, and these are the municipality office, the county district office and the marshal's office. The role of these units is to carry out the tasks assigned by the respective boards [8, pp. 50].

The basic competencies of the municipal, district and provincial boards include [8, pp. 50]:

- preparation of draft resolutions of the board,
- implementation of resolutions,
- management of property,
- execution of the budget,

- hiring and firing managers of organizational units.

Referring to the bodies of local government units, it is necessary to define the conditions for the exercise of powers at the local level. These conditions, have been presented in the relevant legal act, which is the European Charter of Local Self-Government of October 15, 1985. According to its wording [1]:

- the status of representatives elected to local authorities should ensure the free exercise of their mandate,
- the status should provide financial compensation in accordance with the costs incurred in carrying out the mandate and, if necessary, financial compensation for lost profits or remuneration for work performed, as well as adequate social security,
- functions or activities that are incompatible with the mandate of a representative elected to local authorities can only be determined by law or derived from basic legal principles.

The last important issue to be discussed in the area of local government structure, is the referendum. According to Article 170 of the Constitution of the Republic of Poland of April 2, 1997. "The members of the local government community may decide, by referendum, on matters concerning that community, including the removal of the directly elected local government body" [2]. Thus, the referendum is a tool for resolving important issues of the local and regional environment by all residents, through voting. The referendum is characterized by: direct speaking by residents, having only one vote, and taking into account the will of the majority of citizens.

In summary, the organizational structure of local government is highly developed. However, the main role in this structure is played by the community belonging to the territory, through the authority elected by its residents. Power in the units is exercised both by the legislative and controlling bodies, and by the executive bodies. The very process of governing local government units, is also characterized by great complexity.

2. Principles of functioning of local government units in Poland

The activity of local self-government is based on the law. It is this law that defines the rules and ideas by means of which the three-tier division of power is possible and functions in an effective manner. In the following part of the work, precisely these rules and ideas will be

presented, which should be followed by local government units in Poland [Grzyb, 2017, pp. 91].

The principle of subsidiarity - says that the performance of individual tasks should be carried out at the lowest organizational level, while when lower-level bodies are unable to carry out these tasks, higher-level bodies should support lower-level bodies. According to this principle, the implementation of the tasks performed by the local government, in the first place falls to the lowest unit - the municipality [6, pp. 91].

The principle of decentralization - it indicates that central bodies delegate tasks to lower-level units. This involves relieving the burden on central offices, while involving and empowering local level units. Two characters of decentralization have been recognized in the literature. The first, the territorial character, refers to the transfer of tasks by higher-level units, to units at a lower organizational level, distinguished by common competence. The second character of decentralization, on the other hand, is functional character, it tends to transfer tasks to functionally oriented units, whose competence spreads over a wider area [6, pp. 93].

The principle of the rule of law - it says that public authorities carry out their tasks on the basis and within the limits of the law. This means that bodies of local administration, being at the same time bodies of public authority, are to some extent subject to the same laws as bodies of central authority. It follows that they must comply with the laws that implement the natural social order, and take care of the proper functioning of the state [6, pp. 93].

The principle of openness of public administration - suggests that state bodies inform citizens about their activities. Thanks to this principle, the public can gain access to specific documentation and the right to attend meetings of public authorities. This principle also relates to the principle of openness of the budget, which allows citizens to obtain information on the draft budget [6, pp. 93].

The principle of unity - this principle states that local government is a constituent element of the state. Therefore, local government units have their own assets, the right to incur liabilities and act on their own account [6, pp. 93].

The principle of adequacy and equality of financing - on the basis of this principle, units can use funds from public revenues. The amount of revenue raised by units depends on the scope of the tasks performed by them. So, the amount of income may change, when the scope of tasks performed is changed [5, pp. 94].

The principle of corporate character - is the basis for granting public-law personality to local government. This principle means that the local government unit is formed by the entire

population living in a given territory and governed by authorities selected through universal, equal, secret and direct democratic elections [6, pp. 94].

The principles presented above, are a kind of determinant for the proper functioning of local government. However, legal principles and norms alone are not enough for the optimal functioning of local government. About its proper functioning can be said in a situation where the community living in a given area, linked to each other by a certain type of ties, functions in a clearly defined legal system, while carrying out certain tasks, the implementation of which contributes to the socio-economic development of the community [6, pp. 94].

The current legal nature of local government results from the provisions of the World Declaration of Local Self-Government adopted at the 27th World Congress of the International Union of Local Authorities on September 22- 26, 1985 in Rio de Janeiro, and the European Charter of Local Self-Government adopted on its basis on October 15, 1985 [Dolnicki, 2021, pp. 20].

According to the European Charter of Local Self-Government [1]:

- the basic competencies of local communities are established by the Constitution or by law. This provision, however, does not prevent local communities from being granted powers for specific purposes in accordance with the law,
- local communities have, within the framework of the law, all freedom to exercise their initiative in any matter that is not excluded from their competence or assigned to another authority,
- the exercise of public responsibilities should, in general, fall first to the authority closest to the citizens. Entrusting responsibility to another authority must take into account the scope and nature of the duty and the requirements of efficiency and economy,
- the powers entrusted to local communities should properly be full and complete. They may be challenged or limited by another authority, central or regional, only within the framework of the law,
- when delegated by a central or regional authority, local communities should enjoy, as far as possible, the freedom to adapt the exercise of these powers to local conditions,
- local communities should be consulted, as far as possible, at a convenient time and in an appropriate manner, during planning and decision-making processes on all issues directly affecting them.

The legal act cited above, takes into account the norm that local self-government, by virtue of its inclusion in the Constitution and in the legal system, has become one of the basic state organs of the modern state [Dolnicki, 2021, pp. 21]. It stipulates that the local government has the full right to undertake activities at the local and regional level, as well as the freedom to fulfill its obligations to the citizens of the territory. It notes that the activities undertaken by the local government must comply with the provisions of the law, and are subject to control by the state administration.

The process of creating self-government organizations and determining the scope of the tasks they perform, as well as the assignment of state tasks to them, prompts consideration of whether and to what extent the state should guarantee itself the legal possibility of taking certain actions in relation to self-government institutions, for the sake of ensuring that the actions taken by the self-government will be within the framework of the state legal order [5, pp. 30].

Referring to these considerations, it is worth recalling at this point Article 171 of the Constitution of the Republic of Poland of April 2, 1997, which indicates that [2]:

- the activities of local government are subject to supervision from the point of view of legality,
- the bodies that supervise the activities of local self-government units are the Prime Minister and the governors, and in the area of financial matters, the regional chambers of audit,
- the parliament, at the request of the Prime Minister, may dissolve the local government's decision-making body if the body grossly violates the Constitution or laws.

The most common criterion on the basis of which supervision of local governments is exercised is legality and expediency. Due to these criteria, two types of supervision have developed - legal and expediency. **Legal supervision**, focuses on the local government's own tasks. Its purpose is to determine whether the activities of units are in accordance with the norms of state law. **Deliberative supervision**, on the other hand, covers tasks assigned to the local government from the scope of state administration. Since in the area of assigned tasks the local government is subject to guidelines from the state administration, this supervision also checks the expediency of the local government's behavior, and therefore compliance with the guidelines. Although being subject to guidelines in the course of carrying out mandated tasks does not mean that local government becomes an element of state administration. It should be emphasized that the state, in addition to the types of supervision of local governments presented above, also has less formal measures of a financial and planning nature [Dolnicki, 2021, pp. 31].

In summary, local self-government is an organization of residents of a given territory. Its statutory task is to take care of the local community, by means of diagnosing and meeting their needs. In addition to carrying out tasks from the local area, local governments are also required to carry out tasks of a state nature. The custody of their impeccable and proper functioning, is exercised by the state through various means of supervision. In Poland, local self-government has taken the form of a three-tier system, which includes municipality, county and province. Of these, the municipality serves as the smallest and basic unit of local government. Power in these units, is exercised by the constituent and controlling bodies and by the executive bodies.

3. Analysis of the size of local government units' income in Poland

Having presented the sources of income of the units, it is worth looking at the figures that illustrate the financial management of local government units. When analyzing the income of these units, it is worth delving into their structure, as well as determining which units have the highest income and what this is due to.

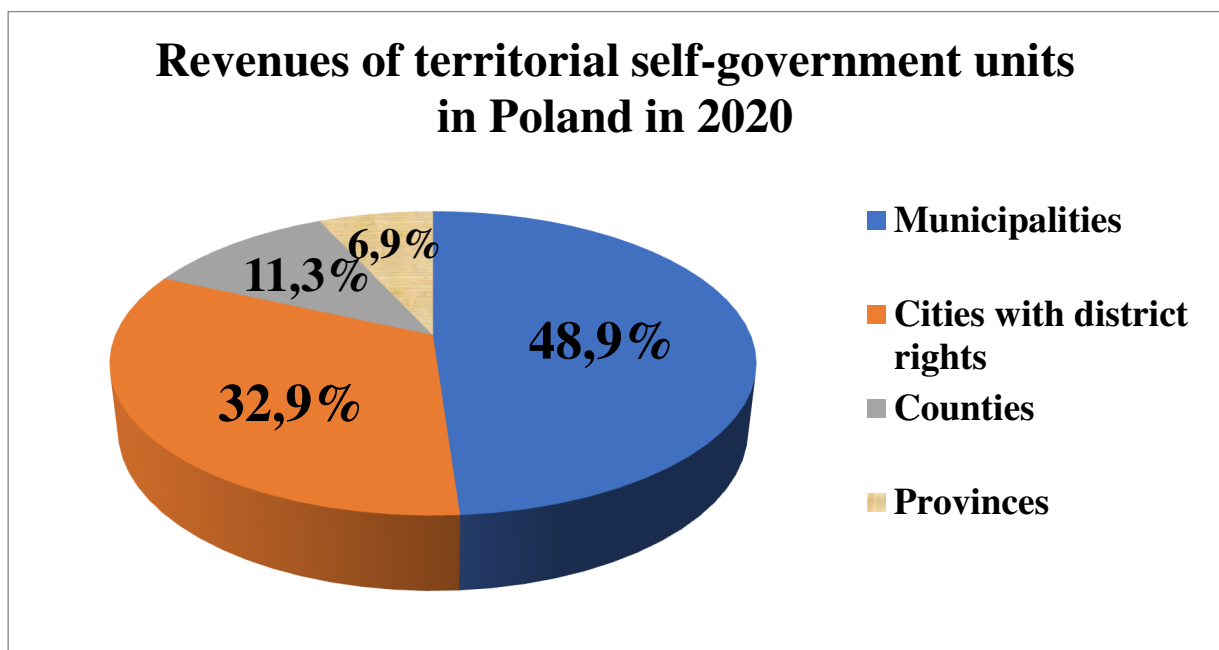


Figure 1. Income of local government units in Poland in 2020

Source: own compilation based on data from the CSO.

The chart above shows the income structure of individual local government units. As can be seen, almost 50% of the total income of TSUs for 2020 went to municipalities, followed by cities with county rights - 33%, then counties - 11% and finally provinces - 7%. This state

of affairs is due to several factors, the most basic being the tasks carried out by individual units. The municipality, as the unit closest to the citizens, has an extensive set of tasks to meet the basic and most important needs of the residents, which is why its share in the income of TSU is the highest. Another factor is the high percentage share of municipalities in personal income tax revenues, which accounts for almost 40%, and corporate income tax, which is less than 7%, as well as the share in other taxes.

In figures, local government revenues for 2020 are as follows [GUS]:

- municipalities - PLN 149,090,469,522, 94,
- Cities with the rights of districts - 100,314,429,260, 47 zł,
- counties - PLN 34,568,621,829, 83,
- provinces - PLN 20,956,585,879, 83.

Already knowing the percentage of income of individual local government units, it is worth looking at the sources of this income. In Poland, own income, targeted subsidies and general subvention are cited as the primary sources.

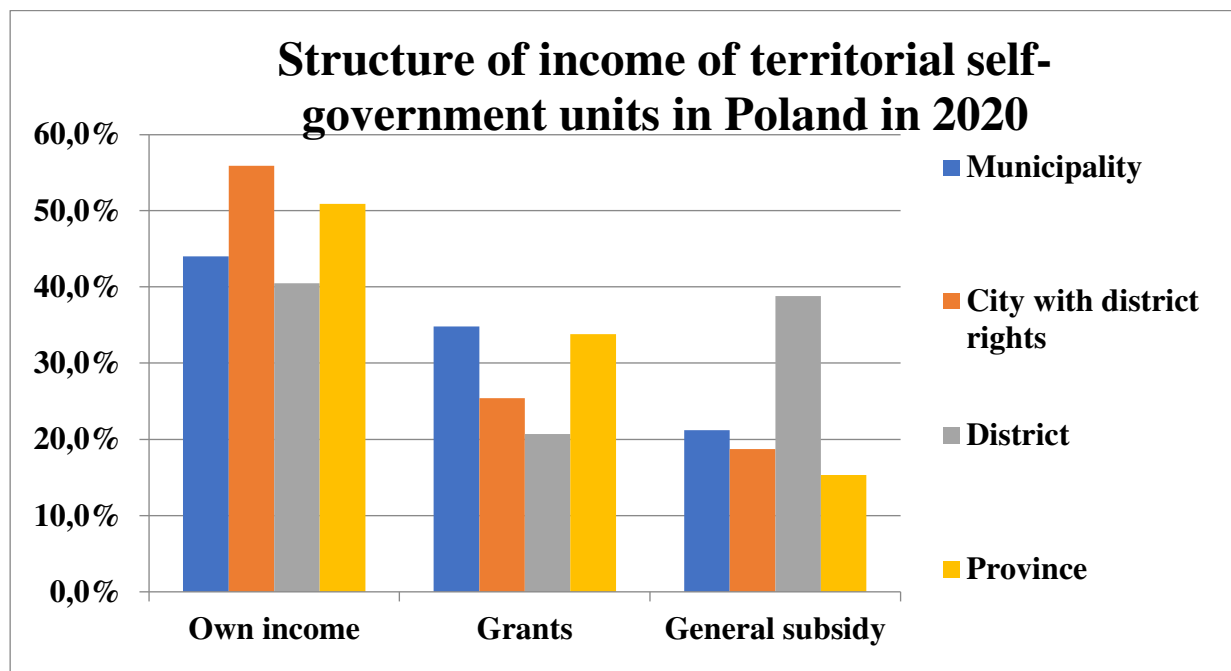


Figure 2. Structure of income of local government units in Poland in 2020

Source: own compilation based on data from the CSO.

In the chart presented above, it can be seen that the primary source of income for each unit in 2020 was own income. The highest own income was achieved by cities with county rights, while the lowest by counties. The second significant source of income was subsidies, of

which municipalities and provinces received the most. The last source, was the general subsidy, which contributed the most to the budget of counties. The structure of income for 2020, presented above, is characterized by correct distribution, as according to the assumptions, own income should be the main source of income for local government units.

With each year, the income of local government units in Poland changes, over the past few years a steady increase could be observed. Therefore, at this point it is worth presenting what numerical changes in the size of income of units, occurred in recent years, as well as to indicate the factors determining this growth.

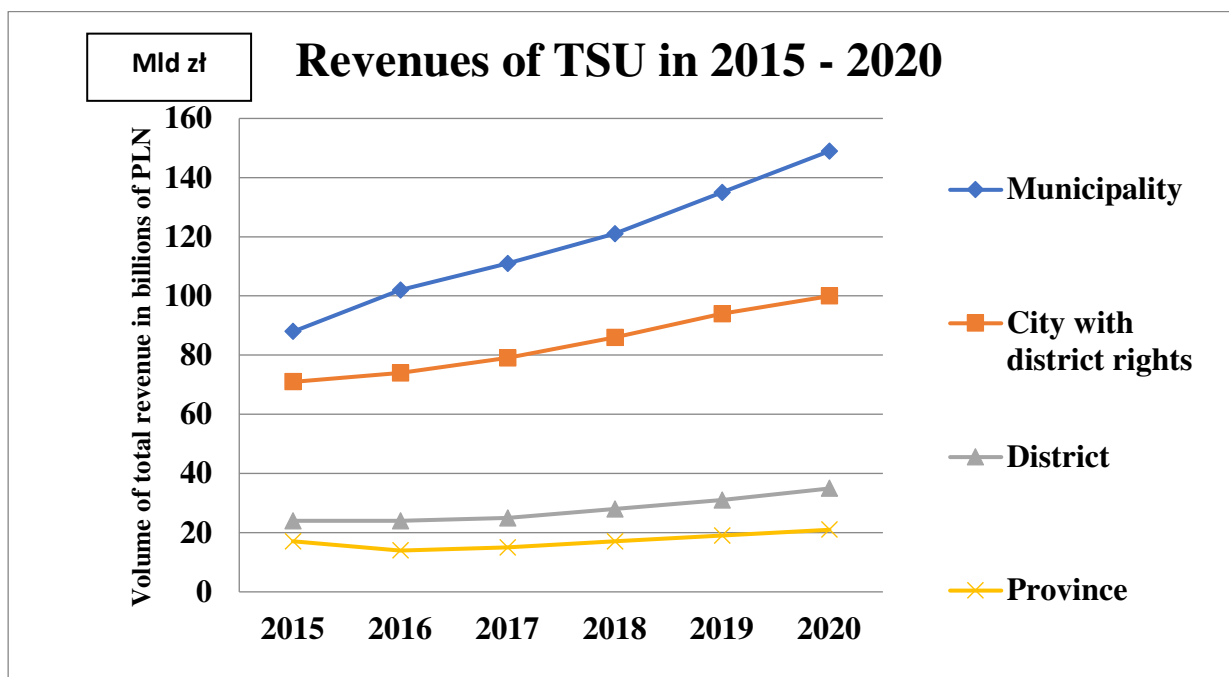


Figure 3. Income of local government units in 2015 – 2020

Source: own compilation based on data from the CSO.

The chart clearly shows the upward trend in the income of the units, from 2015 to 2020. During this period, the income of almost all units increased steadily. The largest increase was recorded by municipalities, and the smallest by provinces, which in the period from 2016 to 2017, recorded a decrease in the volume of income. The observed marked increase in income, was mainly due to, the constantly expanding scope of tasks provided for the units, as well as the implementation of large and modern investments. A significant role, also played a marked increase in the cost of implementing tasks and an increase in the salaries of local government employees.

4. Current and property expenses

Management of the finances of local government units, is an issue of not only economic, but also social nature. Expenditures, which are recorded by units, are used to carry out tasks aimed at meeting the needs of local and regional society. Expenditures, consist of several factors, they include: tasks carried out by the units, income, budget deficit, debt, as well as the legal and economic environment [Owsiak, 2014, pp. 80].

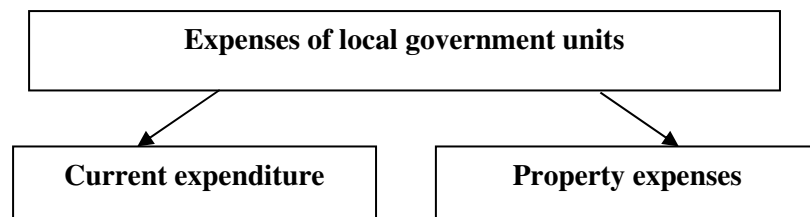


Figure 4. Expenditures of TSUs in Poland

Source: own study.

Expenses of local government units, are divided into current and property. **Current expenses are** [12]:

- salaries and emoluments of persons employed in state budgetary units and contributions accrued on these salaries and emoluments,
- purchase of goods and services,
- maintenance costs and other expenses related to the functioning of budget units and implementation of their statutory tasks,
- costs of tasks delegated for implementation to entities included and not included in the public finance sector, excluding non-governmental organizations.

In turn, **property expenditures include** [13]:

- „expenditures on purchase and acquisition of shares and making contributions to commercial law companies,
- investment expenditures of state budgetary units and earmarked subsidies for financing or subsidizing the costs of investments carried out by other units.

In accordance with Article 236 of the Law of August 27, 2009 on Public Finance: in the plan of expenditures of the budget of a local government unit, the planned amounts of current expenditures and property expenditures are specified, by division and chapter of the budget

classification. Current expenditures of the budget of a local government unit are understood as budget expenditures that are not property expenditures. In the plan of current expenditures, the planned amounts of current expenditures are distinguished by divisions and chapters, in particular for:

- expenditures of budget units, including for:
 - wages and salaries and their contributions,
 - expenses related to the implementation of their statutory tasks;
- grants for current tasks,
- benefits to individuals,
- expenditures on programs financed with funds referred to in Article 5 paragraph 1 items 2 and 3, in the part related to realization of tasks of local government unit,
- payments on account of warranties and guarantees granted by the local government unit, due for repayment in the given budget year,
- debt service of the local government unit.

In the property expenditure plan, the planned amounts of property expenditures are distinguished by division and chapter, which include expenditures on:

- investments and investment purchases, including for programs financed with funds referred to in Article 5 paragraph 1 items 2 and 3, in the part related to execution of tasks of the local government unit,
- purchase and acquisition of shares and stocks,
- making contributions to commercial law companies.

The decision-making body of the local government unit may establish more detailed expenditure plans [4].

From the above-quoted regulations, it is clear that the basic expenses of the local government unit, are current expenses, which include all costs necessary for the proper functioning of the Local governments. These include, both salaries for local government employees, as well as the cost of purchasing all goods and materials that are equipment for the headquarters of local governments. In current expenses, funds necessary to carry out the statutory activities of local governments, that is, tasks, both own and commissioned, are also provided.

As stipulated in Article 237 of the Law of August 27, 2009 on Public Finance: in the plan of revenues and expenditures of the budget of a local government unit, revenues and expenditures financed from these revenues are also specified, related to the special rules of execution of the budget of the unit resulting from separate laws. In the plan of income and expenditure of the budget of the local government unit, income and expenditure related to the implementation of:

- tasks of government administration and other tasks assigned to the local government unit by separate acts,
- tasks performed under agreements with government administration bodies,
- tasks performed by contracts or agreements between units of local self-government [GUS].

In figures, the expenses of local government units for 2020 are as follows [4]:

- municipalities - PLN 143,716,561,529, 99,
- cities with district rights - 103,502,167,808, 47 zł,
- counties - PLN 32,313,926,351, 19,
- provinces - PLN 19,707,968,112, 97.

The expenses of the territorial self-government units are very strongly linked to their income. Therefore, it is worth looking at these two values to determine whether the income achieved in a given year, covers the expenses planned for that year. In the table below, the amount of income achieved and money spent by TSU for 2020 is shown, and the difference between these values is calculated.

Table 3. Summary of income and expenditures of TSU for 2020

Units	Revenue of TSU for 2020	Expenditure of TSU for 2020	Difference
Municipalities	149 090 469 522, 94	143 716 561 529, 99	5 373 907 922, 95
Cities with district rights	100 314 429 260, 47	103 502 167 808. 47	-3 187 738 548
Counties	34 568 621 829, 83	32 313 926 351, 19	2 254 695 478, 64

Provinces	20 956 585 879, 83	19 707 968 112, 97	1 248 617 766, 86
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Source: own compilation based on data from the CSO.

Based on the table, it can be concluded that in 2020 the income collected by the units, with the exception of cities with county rights, covered property expenditures as well as current expenditures, arising during the year. In the case of cities with county rights, a significant difference can be seen, expenditures were higher than the achieved income by more than PLN 3 billion. In contrast, the unit with the most funds left over was the municipality.

The disposition of public funds by local government units, should be carried out in a rational manner, as constantly emerging new social needs, as well as limited financial resources, can easily lead to a situation in which expenditures significantly exceed the income achieved by the units. It should be emphasized that the supervision of units in the field of **rationalization of expenditures** of units, is carried out taking into account not only the performance of the task, but also taking into account the costs allocated for its implementation, as well as assessing the results obtained [Jastrzębska, 2012, pp. 11].

An important concept to discuss in this part of the work, is budget classification. "**Budgetary classification** is a systematization of public funds and public expenditures and expenditures" [10]. It is used, in every sector of public finance, including, the budget of local government units. All revenues, expenditures and income of local government units, which come from various sources, are classified according to departments, chapters and paragraphs. Department and chapter, indicates the type of activity, and paragraph the type of income, revenue, expenditure, or funds from the EU budget, etc [11]. The budget classification in question, has the following divisions [GUS]:

- Expenditures in section 010 - Agriculture and hunting,
- Expenses in section 020 – Forestry,
- Expenditures in department 600 - Transportation and communications,
- Expenditures in section 630 – Tourism,
- Expenses in department 700 - Housing management
- Expenditures in department 710 - Service activities,
- Expenditures in department 750 - Public administration,
- Expenditures in department 754 - Public safety and fire protection,
- Expenditures in department 801 - Education and upbringing,
- Expenditures in section 851 - Health care,

- Expenditures in section 852 - Social assistance,
- Expenditures in department 853 - Other tasks in the field of social policy,
- Expenditures in section 854 - Educational upbringing care,
- Expenditures in department 855 – Family,
- Expenditures in department 900 - Municipal management and environmental protection,
- Expenses in section 921 - Culture and national heritage protection,
- Expenses in department 926 - Physical culture.

Each of the above-mentioned departments, has a number of chapters that allow for the correct classification of financial operations involving public funds, occurring within the local government unit. However, one cannot forget about paragraphs, which, like the department and chapter, are an indispensable element in budget classification. Each of the operations taking place in the unit, must be appropriately assigned to the department, chapter and paragraph. Such a scheme for describing operations, applies in the state budget and in the budget of all local government units.

5. Overview of the expenses of local government units in Poland in 2020

Due to the specificity of this chapter, it is necessary to adequately present the issue of local government expenditures in a clear and transparent manner, that is, by means of tables, charts and apt descriptions.

At the very beginning of the analysis on the expenses of TSUs, it is worth identifying which of these units recorded the largest expenses in 2020.

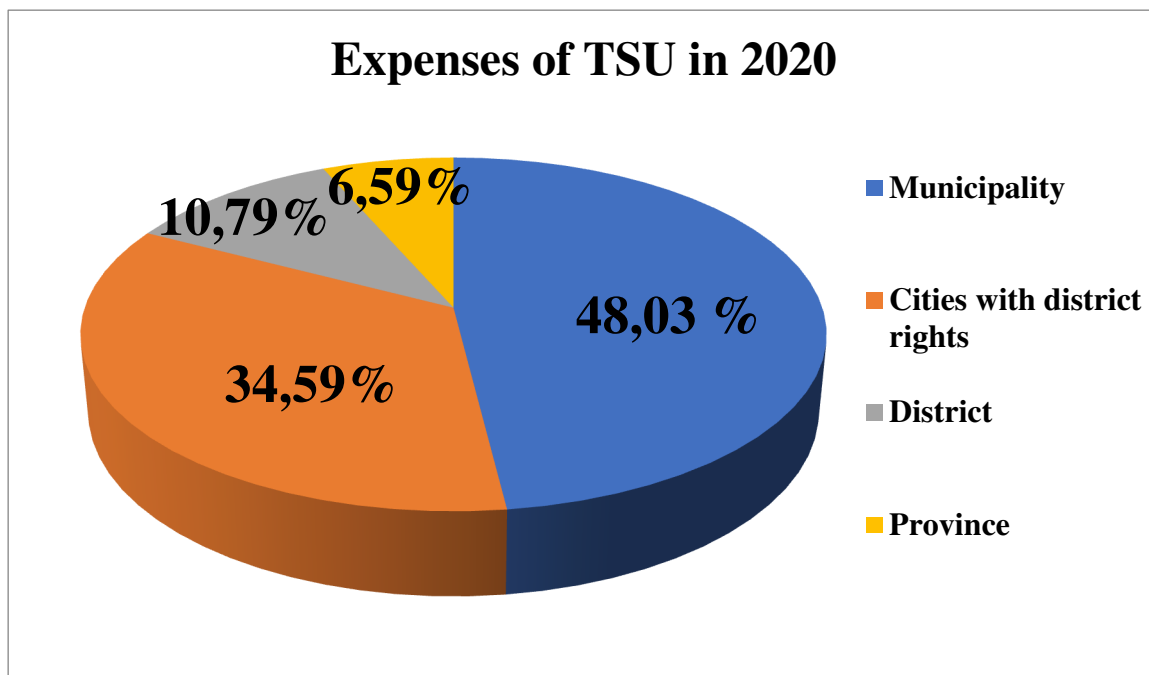


Figure 6. Expenditures of TSU in 2020

Source: own compilation based on data from the CSO.

The chart clearly shows the same trend that was observed in the case of income, i.e. municipalities account for the most expenditures - 48%, followed by cities with county rights - 35%, then counties - 11% and finally provinces - 7%. Such a state of affairs is understandable, since the greater the income the greater the expenses, so the units that were characterized by the largest income are characterized by equally large expenses. Also of great importance here is the range of tasks that are envisaged for implementation for individual units, as well as planned investments, tasks transferred by agreement, tasks of governmental nature, as well as economic and economic processes occurring during the year. It is also worth noting that the size of individual units plays an important role, and so the municipality as the basic unit of local government includes as many as 2477 municipalities, from all over Poland.

In the next section, it is important to analyze the size of current and property expenditures. They constitute the basic expenses of local government units.

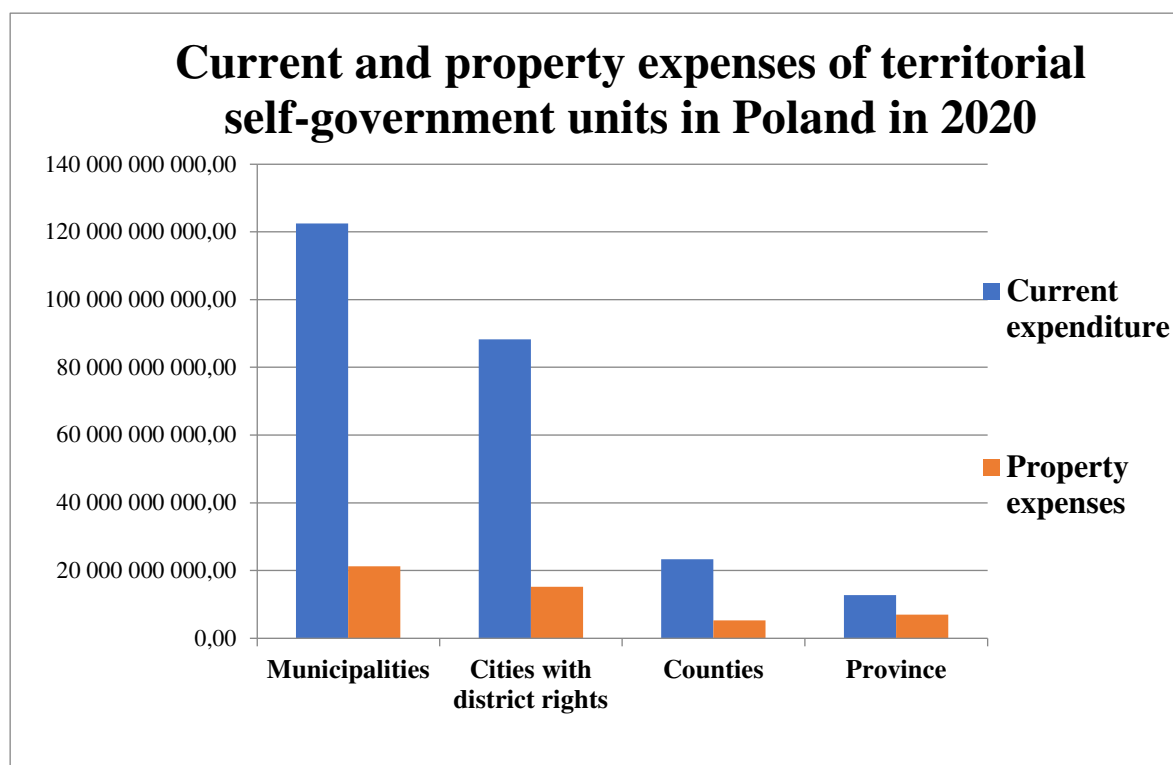


Figure 7. current and property expenditures of local government units in Poland in 2020

Source: own compilation based on data from the CSO.

In the chart shown above, it can be seen that current expenditures are significantly higher than property expenditures, in every local government unit. The largest current expenditures, were recorded in municipalities, and the smallest in provinces. Property expenditures are as follows - the largest municipalities, the smallest counties. Since current expenditures take into account both the implementation of commissioned and own tasks, as well as the salaries of local government employees, as well as goods, materials and services necessary at the headquarters of the units, it is correct that the amount of these expenditures is higher than in the case of property expenditures, which only take into account investments and earmarked subsidies.

It is worthwhile at this point to analyze how the amount of expenditures of TSUs in Poland, has changed in recent years. As in the case of income, changes can also be observed in expenditures from year to year.

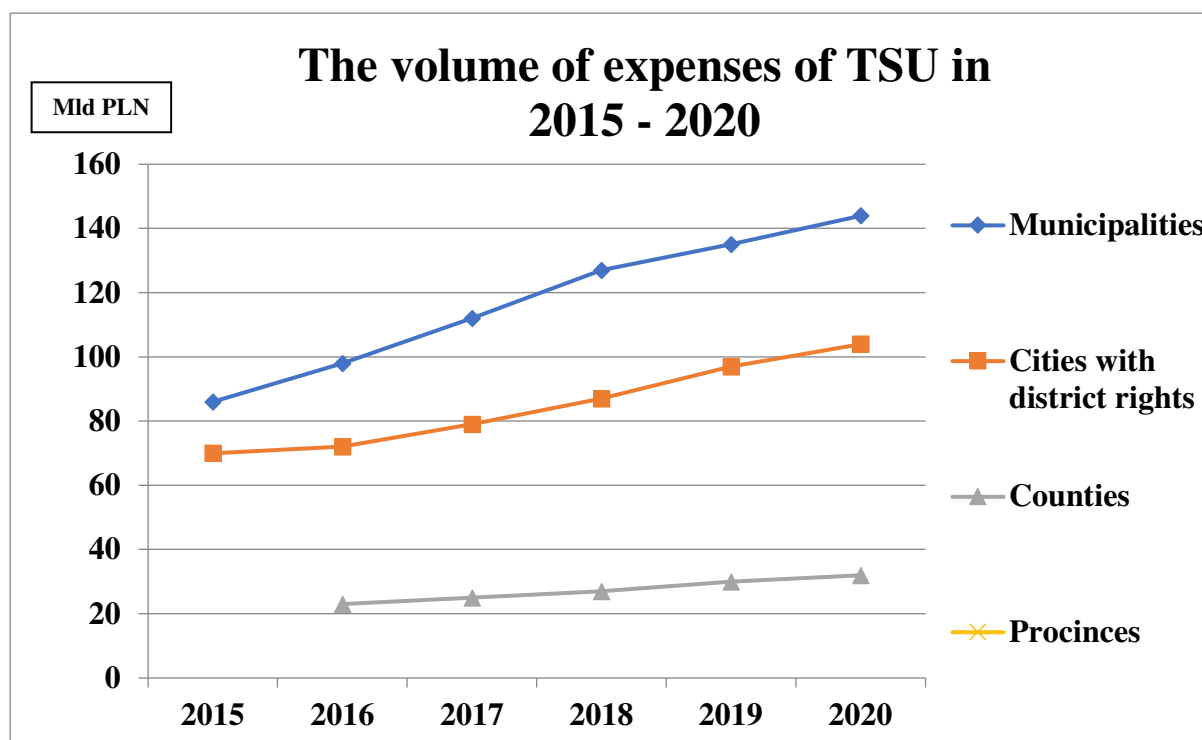


Figure 8. The volume of expenditures of local government units in 2015-2020

Source: own compilation based on data from the CSO.

The chart above, shows what changes in the amount of expenses of TSUs have occurred over the past years. Thus, one can observe a clear and steady increase in spending in all units. However, the biggest changes have occurred in municipalities and cities with county rights - their expenditures have increased the most. Counties and provinces, admittedly, also saw an increase in spending, but in the case of these units the changes were not as large. Influential in this state of affairs, are the same factors that increase the value of the income of the units, namely the large number of tasks delegated for implementation to the smallest and basic units and the steady increase in the cost of implementing these tasks.

Summarizing the analysis of income and expenditures of TSUs, it can be noted that their income as well as expenditures have been steadily increasing over the past years. This is a correct tendency, because as the scope of tasks foreseen to be carried out by the units increases, their income increases, as well as their expenses, which is a fully correct consequence. Municipalities are in the first place, both in terms of the amount of income earned and the amount spent. In the main, this is determined by their nature. The municipality in Poland is the basic unit of local government, and by virtue of its location in relation to society, the scope of its tasks is extensive, which is also taken into account in the revenues and expenditures of this unit.

Financial management of local government units, in the most general terms, is any process for collecting and spending public funds by units. These processes can include, for example, planning - both acquisition and disposition of public funds, execution, these operations, as well as control - both the course of the processes themselves and the achieved result. The functions of the subject in financial management, are performed by bodies and units of TSU disposing of these funds, in turn, the subject, are income and expenditure, as well as income and expenditure of public funds. Describing financial management in a few words, the best way to present it is through the basic processes that occur in it, namely: planning, collection, spending and control of public funds held by TSU [Jastrzębska, pp. 46].

The main objective of the finances of TSU is to ensure an adequate amount of financial resources that are fully sufficient to meet the ever-increasing needs in the area of public and social services met by local governments. It is clear that the need for financial resources will be different for each local government unit, mainly due to the level of social and economic development [7, pp. 37].

Based on the above chapter, it is clear that the finances of local government units are constantly changing. Both income and expenditures, each year increase or remain constant. The largest increase, took place in lower-level units, namely municipalities and cities with county rights. Significantly smaller changes, took place in middle and higher level units, i.e. counties and provinces. The observed upward trends in income and expenditures, are a natural and correct phenomenon, since with the increase in the cost of implementing both own and commissioned tasks, income must also increase. So, it is safe to say that the financial management of local government units in Poland, is developing correctly, taking into account all economic, economic and political changes taking place in the country.

Conclusion

All units of local self-government independently conduct financial management on the basis of the budget, which is adopted by the constituent bodies for the calendar year. In accordance with the Constitution and laws, their revenues consist of: shares in taxes constituting income of the state budget, general subsidies, targeted subsidies from the state budget, income from property, income received by budget units and interest for untimely transfer of shares, subsidies and subventions. Revenues, on the other hand, may include inheritances, bequests and donations, as well as income from self-taxation of residents.

The Constitution guarantees all local government units a share of public revenues in accordance with the tasks they perform.

The local government system is under constant evolution. There are voices about the need for further changes and reforms of local government in Poland. Among the most common are the ideas of: limiting the number of terms of office held by mayors, mayors and presidents, direct elections of starosts and marshals, abolition of the so-called "Janosikowe" (this is an obligatory payment to the state budget made by local government units with large tax revenues, which feeds the state budget's special-purpose reserve, from which, in turn, the local government's general subsidy is financed) and abolition of counties and administrative dualism in the voivodeship.

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