Spatial Differentiation of the Financial Condition of the Świętokrzyskie Voivodship Counties

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Abstract

The aim of the following article is to present the possibility of using a synthetic index to assess and analyze the spatial differentiation of the financial condition of a self-government on the example of the counties of Świętokrzyskie Voivodship in Poland. The analysis done is static (in the range of differentiation level of the value indexes) and dynamic, including the comparison of county situations. The data from the Local Data Bank of the Central Statistical Office in the years 2003, 2005, 2007, 2010 and 2014 were used as the source material. The decline of the financial situation of the counties in the years 2008–2011 connected with the economic crisis was proven. Their financial independence and the inclination to invest decreased. The situation is diverse in the aspect of the financial condition of the counties of Świętokrzyskie Voivodship. In the studied years the lowest index was, correspondingly, in the agricultural counties: pińczowski (0,38), jędrzejowski (0,32), and kazimierski (0,29; 0,31; 0,43), while the highest was in the industrial counties: starachowicki (0,58; 0,60; 0,67; 0,68; 0,66) and skarżyski (0,52; 0,56; 0,65; 0,65; 0,61).[1]

Keywords: county, synthetic index of financial condition

Introduction

In Poland, municipalities and counties function at the local level and the voivodships — at the regional level. They have statutorily defined set of tasks and funds for their realization. The sources of income of the individual levels of territorial self-government affiliates have been diversified by the legislature. The municipalities present themselves preferably against this background, while the structure of income in the counties — unfavorably (Kotlińska 2011). Delegation of powers to the regional level of local government structures created the need for effective and creative management of the funds which an affiliate disposes of and which affect the development of companies and the external investments (Busłowska 2011).

The counties perform important tasks both in the social and infrastructural areas. The level of their financial condition has influence on the level of the fulfilment of the local community's needs. Financial situation affects the level of the needs fulfilment of the local community. Stability, performance and certainty of funding sources determine the range and level of public services provided by the territorial self-government affiliates and the mandatory and optional tasks. The lack of predictable financial resources which the self-governments may dispose of, may cause unwanted phenomena both in the area of realization of assigned tasks and in reference to the budget (e.g., deficit formation, increase of debt service costs) (Satoła 2015).

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1. [In the journal European practice of number notation is followed — for example, 36 333,33 (European style) = 36 333.33 (Canadian style) = 36,333.33 (US and British style). — Ed.]

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The territorial self-government affiliates (employer, ordering party, client, investor) have direct and indirect influence on the regional economy through assets management, providing services, finance management, creation of development process, investments etc. Their tasks from the area of public usability are unprofitable and in most cases are funded from the public resources (Gorynia and Łaźniewska 2009). The level and structure of income, which condition the investment activity, have a decisive impact on the pace of social-economic development of the county. Financial possibilities in connection with the quality of management are the basis of setting strategic goals of the unit's development. One of the main problems of territorial self-government functioning is the limitation of financial resources to the range of current tasks and reported investment needs (Pawlik 2011; Sierak and Górniak 2011, 7; Tokarski 2005).

The aim of the article is to present the possibilities of using a synthetic index to assess and analyze the spatial differentiation of the financial condition of self-government on the example of the Świętokrzyskie Voivodship counties in Poland. The analysis done is static (in the range of differentiation level of the value indexes) and dynamic, including the comparison of county situations. The data from the Local Data Bank of the Central Statistical Office in the years 2003, 2005, 2007, 2010 and 2014 were used as the source material.

1 The method and aim of the study

The synthetic variable enables the assessment and measurement of the multidimensional phenomenon and the arrangement of the studied units e.g. according to the level of financial condition. It categorizes complex phenomena by one numerical value which facilitates all comparisons or assessments. The financial condition is a complex phenomenon which means that it is difficult to measure or assess on the basis of one measurable feature (Strahl 2006; Wysocki and Lira 2005).

The basic source of information was the statistical data from Central Statistical Office, summarized in a division into counties. Diagnostic features characterizing the financial state, presented in table 1, were chosen for the assessment. The analyzed variables include the element of income and expenses incurred by the county. Self-reliance and independence of exercising activity is a necessary condition of affiliate functioning in terms of a competitive market (Surówka 2014). Operating surplus or the available resources indicate the ability to make investments as well as the ability to incur debt and increase current expenses (Standar 2013). Expenditure independence of the affiliate is connected with freedom of spending on purposes connected with performing tasks

Tab. 1. Variables describing financial condition

Variable	Action
X_1 —share of own revenues in total revenues	s
X_2 —share of tax income (pit + cit) in total revenues	s
X_3 —share of grants in total revenues	d
X_4 —share of own subsidies in total revenues	d
X_5 —share of expenses on debt service in own revenues	d
X_6 —share of available funds in total revenues	s
X_7 —share of tax income (pit + cit) in own revenues	s
X_8 —share of current expenses in total expenditure	d
X_9 —share of investments in total expenditure	s
X_{10} —share of expenses on administration in total expenditure	d
X_{11} —share of expenses on education in total expenditure	s
X_{12} —share of expenses on health in total expenditure	s
X_{13} —share of expenses on public safety in total expenditure	s
X_{14} —share of available funds[a] and assets income in investments	s

s—stimulant, d—destimulant

[a] available funds = total revenues − current expenses

by the self-government or its influence on economic development (Skubiak 2011).[2] Quasi-stable variables—for which the coefficient of variability did not exceed 0,15 stability of variables—were eliminated from the set (Wysocki 1996; Zeliaś 2000). Analyzing the matrix of correlation coefficients for the variables, the features excessively correlated (above 0,75) were removed from the study.

In the next stage the unitarization of the values of the features was done, which enables their comparison. In order to make the studied characteristics comparable, they were unitarized based on the following formula:

for the stimulant: $x = \dfrac{x_{ij} - \min\limits_{i} x_i}{\max\limits_{i} x_i - \min\limits_{i} x_i}$,

for the destimulant: $x = \dfrac{\max\limits_{i} x_i - x_{ij}}{\max\limits_{i} x_i - \min\limits_{i} x_i}$,

where:

x — refers to the unitarized value of a feature for a studied affiliate,

x_{ij} — refers to the value of j-feature for a studied affiliate,

max— maximum value of j-feature,

min — minimum value of j-feature.

A stable range of variability of the normalized features, which takes values from the range [0; 1], is a result of this method (Bury and Dziekański 2013; Wysocki 1996; Wysocki and Lira 2005; Zeliaś 2000).

Next, a synthetic variable was defined, which aims at assessing the studied phenomenon and arranging the objects. To do that, a method based on averaging normalized values of simple attributes, in accordance with formula

$$s_i = \frac{1}{p} \sum_{j=1}^{p} x_{ij}, \qquad (i = 1, 2, \ldots, p),$$

where:

s_i — synthetic measurement of the financial condition of a municipality in the studied period of time,

x_{ij} — attributes of the structure of the synthetic index,

p — number of partial indexes used in the construction aggregate measurement of the potential aspect.

The synthetic index takes value from the range [0, 1]. The higher value indicates more a favorable situation of the object, whereas the lower value—less favorable. The coordinates at the level of maximum values of the included indexes—$\max(x_{ij})$—are often taken as a model in the presented process.

Lastly, the studied affiliates were arranged in a linear way according to the decreasing values in regard to the values of synthetic index of financial condition (Bury and Dziekański 2012; Dollinger 1999; Dziekański 2013; Kotarba and Kołomycew 2014).

2 Financial condition of self-government

In the financial economy of a region, two basic factors are distinguished which create the basis of development: own income and investments. The first are dependent on the economic situation in the local scale and indicate the economic activity and affluence of territorial self-government affiliates or financial independence. The latter indicate the endeavor to increase the ownership and contribute to the improvement of living conditions of the inhabitants and to the general development (Famulska 2009, 7).

Financial condition may be treated as a situation of generating income which guarantees the realization of current needs and enables making investments which fulfill the growing needs of local

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2. See also: Wskaźniki do oceny finansowej jednostek samorządu terytorialnego w latach 2009–2011. [@:] http://www.finanse.mf.gov.pl/budzet-panstwa/finanse-samorzadow/opracowania.

communities (Klepacki and Kusto 2009; Miszczuk 2013). It refers to the financial state in a given period of time. It is indicated by, inter alia, the ability to: perform tasks, achieve budgetary balance, increase assets as well as the level of income, financial independence, the amount of investments, ability to achieve off-budget resources, and financial results (Ossowska and Ziemińska 2010).

Operating surplus does not give full information of financial condition, as it does not include either capital revenue or expenditure nor budgetary revenue and expenditure. The analysis of the share of current income and own income in the total income plays an important part in the assessment of financial situation. The current income is a dominating part of budgetary income, which means that the revenues from selling assets are only a complimentary source of supporting the budget (Hwang and Yoon 1981; Paulais 2009; Podstawka 2005).

In the case of expenditure, the State has defined a list of obligatory tasks. As a result, the region has to predict the funds for obligatory tasks first, and only then for other purposes, even those believed to be more important. The share of current and capital expenditure in total expenses indicates consumptive or pro-development directions of self-government activity. Investments usually connected with infrastructure affect the improvement of competitiveness of a local economy and growth of its attractiveness (Sobczyk 2010). Income and realized expenses are shaping the level of fulfilment of current tasks resulting from the inhabitants needs by the self-government and indicate the ability to meet obligations and to make investments. The analysis, assessment and monitoring of self-government financial condition is a necessary element in the process of affiliate finance management. Taking corrective actions in appropriate terms may prevent unwanted effects, as well as stimulate territorial development and local entrepreneurship.

3 Preliminary evaluation of revenues and expenditure of Świętokrzyskie counties

The socio-economic potential of a county is a specific synthesis of four components: economic, social, technical and ecologic potential. Recently, in territorial self-government affiliates a more and more difficult financial situation can be observed. It is caused by, inter alia, the results of economic slowdown and economic crisis. One of the indicators is the decline in revenues due to the local governments on the score of income tax from individuals and legal entities, decrease of fundraising from the sale of communal property, and the increase of a budget deficit (Kornberger-Sokołowska 2012, 27–45; Owsiak 2011, 15).

Świętokrzyskie Voivodship is situated in the central part of the country near large urban centers: Kraków (Cracow), Warszawa (Warsaw), and Łódź (Lodz). The region consists of 14 counties (including Kielce — a magistrate county, removed from the studies because of the possibility of data disorder) and 102 municipalities. The heavy industry, which is going through a difficult time, is developing in the northern part of the voivodship (Old-Polish Industrial Region): metallurgy (ostrowiecki county), metal (skarżyski county), machinery (starachowicki county) and casting (konecki county). In the southern and eastern part, on the good soils, agriculture dominates; gardening and fruit growing is developing especially well (sandomierski county) (tab. 2).

The analysis of spatial differentiation of the counties was done comparing the amount of own income and transfers from the state budget (grants, subsidies) to total income (its amount per capita). The comparison of these variables enables definition of the initial financial situation of territorial units. The share of own income indicates the level of financial independence. Its increase suggests the increase of financial possibilities of the municipalities.

The index of the share of own income of territorial self-government in its total income characterizes synthetically the possibilities to carry out the policy of income by territorial self-government units. The changes in the share of territorial self-governments units in the income from PIT and CIT as well as the crisis in the years 2007–2010 had the biggest influence on shaping financial independence of these units in the analyzed period of time. In the studied years the index showed the following amounts: in 2003 — 0,06 (skarżyski, kazimierski counties), 0,11 (kielecki); in 2005 — 0,14 (kazimierski), 0,18 (kielecki); in 2007 — 0,13 (kazimierski), 0,29 (kielecki); in 2010 — 0,14 (kazimierski), 0,35 (kielecki), and in 2014 — 0,18 (kazimierski), 0,34 (kielecki). In reference to subsidies

Tab. 2. Characteristics of Świętokrzyskie Voivodship counties

Buski	agriculture (vegetables, orchards), agritourism, health resorts
Jędrzejowski	agriculture, agritourism, food processing
Kazimierski	agriculture, building trade, trade, services
Kielecki	mining and processing industry of mineral raw materials, food production
Konecki	casting, building trade, trade, hotel industry, transport
Opatowski	agriculture, agritourism, industry (cement), dairy
Ostrowiecki	iron industry, trade, services
Pińczowski	agriculture, trade, services, mining
Sandomierski	agriculture (horticulture, orchards), agritourism, industry (glassware)
Skarżyski	metal industry, agriculture, trade and services, building trade
Starachowicki	machine and metal industry
Staszowski	agriculture, trade, services
Włoszczowski	agriculture, trade, services, recreation

Tab. 3. Share of income groups in total income

County	X_1—share of own income in total income				X_3—share of donations in total income				X_4—share of own subsidies in total income			
	2003	2005	2010	2014	2003	2005	2010	2014	2003	2005	2010	2014
Kielecki	0,11	0,28	0,35	0,34	0,34	0,36	0,17	0,22	0,54	0,36	0,41	0,37
Konecki	0,08	0,21	0,26	0,26	0,31	0,29	0,2	0,22	0,61	0,50	0,49	0,50
Ostrowiecki	0,07	0,21	0,27	0,28	0,29	0,22	0,21	0,21	0,60	0,56	0,50	0,48
Skarżyski	0,06	0,19	0,23	0,22	0,25	0,18	0,19	0,20	0,69	0,61	0,53	0,54
Starachowicki	0,06	0,21	0,29	0,27	0,51	0,31	0,20	0,21	0,38	0,46	0,43	0,44
Buski	0,07	0,16	0,17	0,21	0,34	0,23	0,21	0,21	0,58	0,56	0,52	0,51
Jędrzejowski	0,09	0,19	0,17	0,21	0,27	0,25	0,22	0,24	0,64	0,56	0,55	0,53
Kazimierski	0,06	0,14	0,14	0,18	0,33	0,28	0,28	0,23	0,57	0,55	0,56	0,51
Opatowski	0,07	0,23	0,25	0,20	0,43	0,28	0,25	0,30	0,46	0,45	0,47	0,40
Pińczowski	0,06	0,16	0,27	0,29	0,28	0,32	0,25	0,25	0,66	0,52	0,47	0,44
Sandomierski	0,07	0,22	0,29	0,23	0,34	0,19	0,22	0,21	0,58	0,58	0,47	0,52
Staszowski	0,08	0,22	0,23	0,27	0,28	0,25	0,23	0,20	0,60	0,49	0,39	0,50
Włoszczowski	0,08	0,21	0,24	0,25	0,34	0,26	0,22	0,26	0,57	0,52	0,49	0,43

Source: Author's calculations based on data published by Central Statistical Office of Poland at Local Data Bank

given to counties, one can speak of relative predictability of income due to subsidies. The index of their realization stabilized at a stable level: in 2003—0,38 (starachowicki county), 0,69 (skarżyski); in 2005—0,36 (kielecki), 0,61 (skarżyski); in 2007—0,38 (kielecki), 0,58 (buski); in 2010—0,39 (staszowski), 0,56 (kazimierski); and in 2014—0,37 (kielecki), 0,54 (skarżyski). Targeted donations as financial resources intended for strictly defined purposes also presented at a stable level: in 2003—0,25 (skarżyski), 0,51 (starachowicki); in 2005—0,18 (skarżyski), 0,28 (kielecki); in 2007—0,21 (sandomierski), 0,41 (opatowski); in 2010—0,17 (kielecki), 0,28 (kazimierski); and in 2014—0,20 (staszowski), 0,30 (opatowski) (tab. 3).

On the basis of the analysis of the expenditure, it is possible to determine the level of allocation of the budgetary resources on solving current problems and on development. The expenses on investments are defined by financial possibilities, the abilities to gain external resources, social and economic situation, etc. A more developed unit attracts the investors, which results in the emergence of new jobs. As a result, its competitiveness increases. The level of investments in the following years amounted to: in 2003—0,02 (skarzyski), 0,36 (starachowicki); in 2005—0,07 (skarżyski), 0,21 (starachowicki); in 2007—0,05 (konecki), 0,36 (staszowski); in 2010—0,06 (konecki), 0,48 (staszowski);

Tab. 4. Share of expenses groups in total expenses

County	X_8—share of current expenses in total expenses				X_9—share of investments in total expenses			
	2003	2005	2010	2014	2003	2005	2010	2014
Kielecki	0,92	0,86	0,65	0,73	0,08	0,14	0,35	0,27
Konecki	0,98	0,91	0,94	0,91	0,02	0,09	0,06	0,09
Ostrowiecki	0,94	0,91	0,86	0,92	0,06	0,09	0,14	0,08
Skarżyski	0,98	0,93	0,72	0,83	0,02	0,07	0,28	0,17
Starachowicki	0,64	0,79	0,72	0,81	0,36	0,21	0,28	0,19
Buski	0,90	0,86	0,75	0,89	0,10	0,14	0,25	0,11
Jędrzejowski	0,98	0,93	0,83	0,85	0,02	0,07	0,17	0,15
Kazimierski	0,85	0,81	0,84	0,79	0,15	0,19	0,16	0,20
Opatowski	0,75	0,85	0,86	0,77	0,25	0,15	0,14	0,22
Pińczowski	0,94	0,88	0,82	0,83	0,06	0,12	0,18	0,17
Sandomierski	0,90	0,92	0,72	0,84	0,10	0,08	0,28	0,16
Staszowski	0,95	0,81	0,52	0,89	0,05	0,19	0,48	0,11
Włoszczowski	0,91	0,85	0,75	0,83	0,09	0,15	0,25	0,17

Source: Author's calculations based on data published by Central Statistical Office of Poland at Local Data Bank

and in 2014—0,08 (ostrowiecki), 0,27 (kielecki). The current expenses reflect the realization of tasks connected with the current functioning. They serve to maintain the potential and they include—e.g., expenses on public administration employees' salaries; they are connected with the necessity to maintain municipal offices, municipal councils and budgetary units. Their level in the following years was follows: in 2003—0,64 (starachowicki), 0,98 (skarżyski, konecki); in 2005—0,79 (starachowicki), 0,93 (skarżyski); in 2007—0,64 (staszowski), 0,95 (konecki); in 2010—0,52 (staszowski), 0,94 (konecki); and in 2014—0,73 (kielecki), 0,92 (ostrowiecki) (tab. 4).

The social expenses, to some extent, are fixed costs of a municipality—the bigger the costs, the smaller the municipality. They are the answer of the municipal authorities to the unfavourable phenomena and processes in the social area, caused by both external reasons (e.g., recession) and incompetence of charges (e.g., due to old age) (Dziekański 2013).

4 Synthetic index of financial condition

The analysis of financial condition of the counties indicates a difficult situation of the affiliates and the lowering of the level of own resources. A characteristic feature of a self-government in Poland is also strong differentiation of the level of income and expenses. The financial condition of territorial self-government units depends on the level of own income, PIT, CIT or EU funds and transfers from the state budget. The state of public finance is a threat to the whole sector of territorial self-government units (Dylewski, Filipiak, and Gorzałczyńska-Koczkodaj 2006; Mioduchowska-Jaroszewicz 2013; Satoła 2010; Travers 2012).[3]

Quasi-stable variables (X_4, X_8), for which the coefficient of variability did not exceed 0,15 (stability of variables; Wysocki 1996; Zeliaś 2000), were eliminated from the set. In the case of X_4 variable the index amounted to 0,14–0,11, while in the case of X_8 variable—0,11–0,06 for the year 2003–2014. During the studied period of time the variables presented diverse variability, therefore they have significant informative meaning.

Analysing the matrix of correlation coefficients for the variables, exceedingly correlated features (above 0,75) were removed from the study. The study of the level of correlation indicates positive

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3. See also: Local government in critical times: Policies for Crisis, Recovery and a Sustainable Future. Council of Europe texts edited by Kenneth Davey, Strasbourg, France, 2012, [@:] http://www.ccre.org/docs/Local_Government_in_critical_times.EN.pdf.

and negative correlation. Due to the correlation X_2, X_3, X_8, X_{11}, X_{14} were removed as features exceedingly correlated with others: in 2003 — X_1 with X_2 (0,75), X_6 with X_8 (−0,88), X_8 with X_9 (0,99); in 2008 — X_3 with X_8 (−0,95), X_4 with X_6 (−0,91), X_6 with X_{12} (0,91); in 2014 — X_4 with X_{11} (0,83), X_8 with X_{14} (0,82), X_9 with X_{11} (−0,77), X_9 with X_{14} (−0,83); therefore carriers of similar information. Therefore, the structure of the synthetic index is created by variables: X_1, X_7, X_9, X_{12}, X_{13} — stimulants, and X_3, X_5, X_{10} — destimulants.

The analysis of the variables confirmed the disproportions in the area of financial condition of the Świętokrzyskie Voivodship counties. The order of the counties in the ranking has not generally changed in the following years (2003, 2005, 2007, 2010, 2013), the top places were held by starachowicki county (0,58; 0,60; 0,67; 0,68; 0,66), skarżyski (0,52; 0,56; 0,65; 0,65; 0,61) — which a large share of the industry in the economy is characteristic for; at the end of the rank were kazimierski (0,42; 0,40; 0,29; 0,31; 0,43), jędrzejowski (0,39; 0,32; 0,41; 0,39; 0,50) (tab. 5) which favour agriculture. The crisis in the economy which took place in the years 2007–2010 affected the functioning of territorial self-government units (decrease of synthetic index).

Tab. 5. Synthetic index of financial condition of Świętokrzyskie counties

s	2003		2005		2010		2014	
0,80 ≤ s < 1,00 very good (A)	–		–		–		–	
0,60 ≤ s < 0,80 good (B)	–		starachowicki staszowski	0,60 0,60	starachowicki skarżyski staszowski	0,68 0,65 0,60	starachowicki sandomierski kielecki skarżyski staszowski	0,66 0,65 0,61 0,61 0,61
0,40 ≤ s < 0,60 average (C)	starachowicki ostrowiecki staszowski skarżyski buski opatowski sandomierski włoszczowski kielecki konecki kazimierski	0,58 0,56 0,53 0,52 0,52 0,47 0,45 0,45 0,43 0,42 0,42	skarżyski sandomierski ostrowiecki buski opatowski włoszczowski pińczowski kielecki konecki kazimierski	0,56 0,53 0,52 0,52 0,50 0,49 0,44 0,41 0,41 0,40	sandomierski kielecki buski włoszczowski pińczowski konecki ostrowiecki opatowski	0,57 0,56 0,54 0,54 0,53 0,49 0,47 0,45	konecki włoszczowski ostrowiecki pińczowski jędrzejowski buski opatowski kazimierski	0,59 0,59 0,54 0,52 0,50 0,49 0,49 0,43
0,20 ≤ s < 0,40 weak (D)	jędrzejowski pińczowski	0,39 0,38	jędrzejowski	0,32	jędrzejowski kazimierski	0,39 0,31	–	
0,00 < s < 0,20 very weak (E)	–		–		–		–	

The value of synthetic measurement improved, worsened or remained at the same level (fig. 1). The majority of Świętokrzyskie Voivodship counties belong to group C (11, 10, 9, 8, 8 units) and B (0, 2, 3, 3, 5 units), there are no units in group A and E. Shifts in time can be observed among the groups (Table 5). The information as to which counties are located in particular groups may have practical meaning both for the affiliate authorities and for e.g. investors making decisions about the company's location. The average value of the synthetic index of financial condition in the studied period of time amounted to 0,47, 0,48, 0,52, 0,52, 0,56 (at the level of group C, upward trend).

In the studied years the lowest index was accordingly in counties: pińczowski (0,38), jędrzejowski (0,32) and kazimierski (0,29; 0,31; 0,43) while the highest was in starachowicki county (0,60; 0,67; 0,68; 0,66). A high level of financial condition of counties such as starachowicki is connected with, inter alia, high level of own income, PIT and CIT income and the industrial character of the region. A worse financial situation causes problems in creating investments. Agricultural counties are weaker. At the same time, these are the areas of significant investment needs (e.g., kazimierski county) (fig. 2 and 3).
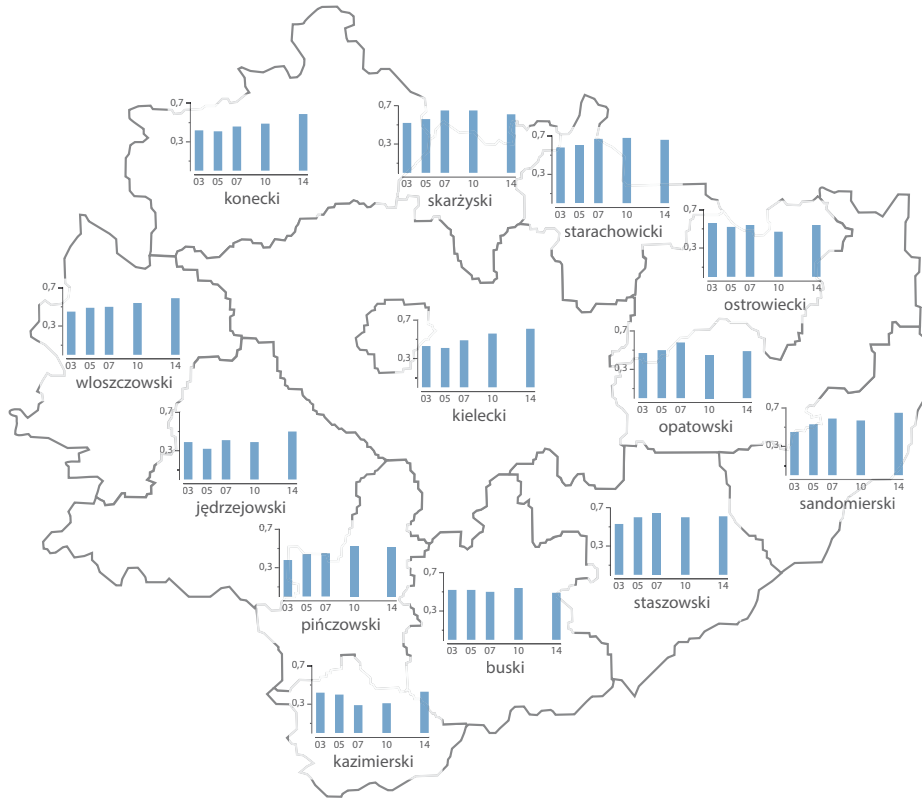
Fig. 1. Synthetic indicator of the financial condition of counties in Świętokrzyskie Voivodsip (in the years 2003, 2005, 2007, 2010, 2014)
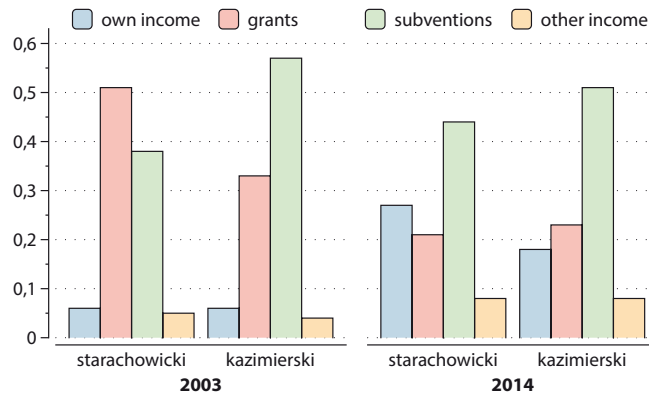

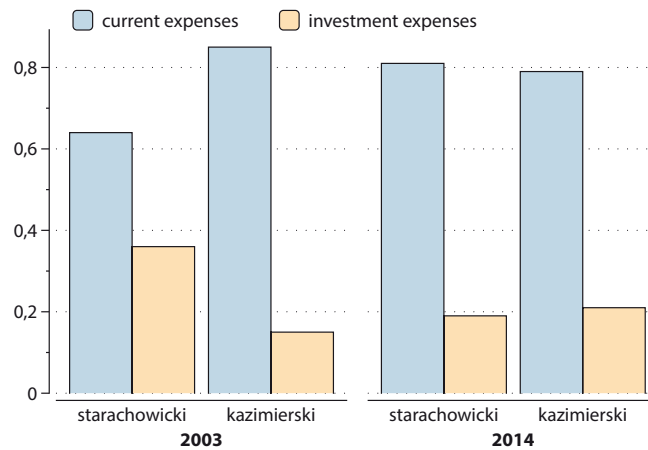**Fig. 2.** Selected group of income tax revenue in total in counties

Fig. 3. Selected groups of expenditure in the total expenditure in counties

There are approximately 7000 economic operators in starachowicki county. Currently the traditions of metal and metallurgic industries are giving way to a more varied economy. Apart from the automobile and machinery branches, meat processing, electrotechnics, printing work, production of construction materials, furniture, footwear, sanitary ceramics and textile production as well as transport services are developing. However, industry outside Starachowice city practically does not function. In the city, there is a Special Economic Zone "Starachowice" which offers perfect conditions for investments and entrepreneurship. The biggest companies include: Zakłady Mięsne "Animex" S.A. (meat establishments, Inc.), MAN STAR Trucks&Buses Sp. z o.o. (ltd), RR Donnelley Starachowice Sp. z o.o. (ltd), Cersanit II S.A. (Inc.), Zakład Produkcji Płytek i Wyrobów Ceramicznych "Cerrad" Sp. z o.o. (Factory of Ceramic Tiles and Sanitary Products "Cerrad" ltd.), Zakład Energetyki Cieplnej (Thermal Energy Plant) in Starachowice; Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o. (water-supply and wastewater-treatment, ltd), Fabryka Mebli "A i B" Sp. z o.o. (furniture factory, ltd.), Tartak Starachowice Sp. z o.o. (sawmill, ltd.), Odlewnie Polskie S.A. (foundries, Inc.), Przedsiebiorstwo Topienia Bazaltu Sp. z o.o (melting of basalt company, ltd.). Agricultural land in the county is varied: from good and very good soils in Pawłów municipality to weak and average soils in the remaining area. The area is dominated by semi-subsistence, small-area farms; there are also ecologic farms. Mainly cereals, potatoes, vegetables and strawberries are grown here. Altogether the agricultural land occupies approximately 241 square kilometers which accounts for 45% of the county area. In the region with weak soils there are conditions for agritourism farm development with emphasis on the rest and recreation function.

Kazimierski county is a typically rural area: 89% of land is agricultural and only 3%—forest. Big complexes of good and very good soil are used for cultivation of the most valuable field crops, such as wheat and field vegetables, as well as the most valuable forage and industrial crops. The existence of a sugar factory in the county directed the agriculture to the cultivation of sugar beets. Favorable conditions create large possibilities of producing healthy food. There are documented deposits of natural resources, which are partly exploited. The occurrence of minerals in the form of sand and clays is connected with the expansion of production of mineral binders, half-products and ready building elements in the county area. Exploited raw material is used by building ceramic companies created near the places of mining or by smaller companies scattered around the whole

Tab. 6. Transformations of synthetic index of the units (year/year) in the years 2003–2014

County	2004/2003	2005/2004	2006/2005	2009/2008	2010/2009	2011/2010	2012/2011	2013/2012	2014/2013	Number of changes +/-
Kielecki	↘	↗	↘	↗	↗	↘	↗	↗	↗	6/3
Konecki	↘	↘	↗	↗	↗	↘	↗	↗	↘	5/4
Ostrowiecki	↘	↘	↗	↗	↘	↗	↘	↘	↗	4/5
Skarżyski	↗	↗	↗	↗	↘	↗	↘	↗	↗	7/2
Starachowicki	↗	↗	↗	↗	↗	↘	—	↗	↗	7/1
Buski	↘	↗	↘	↗	↘	↗	↘	↗	↘	2/5
Jędrzejowski	↘	↗	↗	↗	↗	↘	↘	↗	↗	6/3
Kazimierski	↘	↗	↗	↗	↗	↘	↗	↗	↗	7/2
Opatowski	↘	↗	↗	↗	↘	↘	↗	↗	↘	5/4
Pińczowski	↗	↘	↘	↗	↗	↘	↘	↗	↗	5/4
Sandomierski	↗	↗	↗	↗	↘	↘	↗	↗	↗	7/2
Staszowski	↗	↘	↗	↗	↘	↗	↘	↘	↗	5/4
Włoszczowski	↗	↘	↗	↗	↘	↘	↗	↗	↘	5/4

↗ development (+), ↘ regression (−), —— no changes

Source: author's calculations based on data published by Central Statistical Office of Poland at Local Data Bank

county, which additionally own permits for transport and recovery of ash and slag from large heating plants and power plants.

The year to year the value of the synthetic index of financial condition in the years 2003–2013 presents both positive and negative relations. The positive transformations took place in all the counties (which may be interpreted as development) as did the negative transformations (which
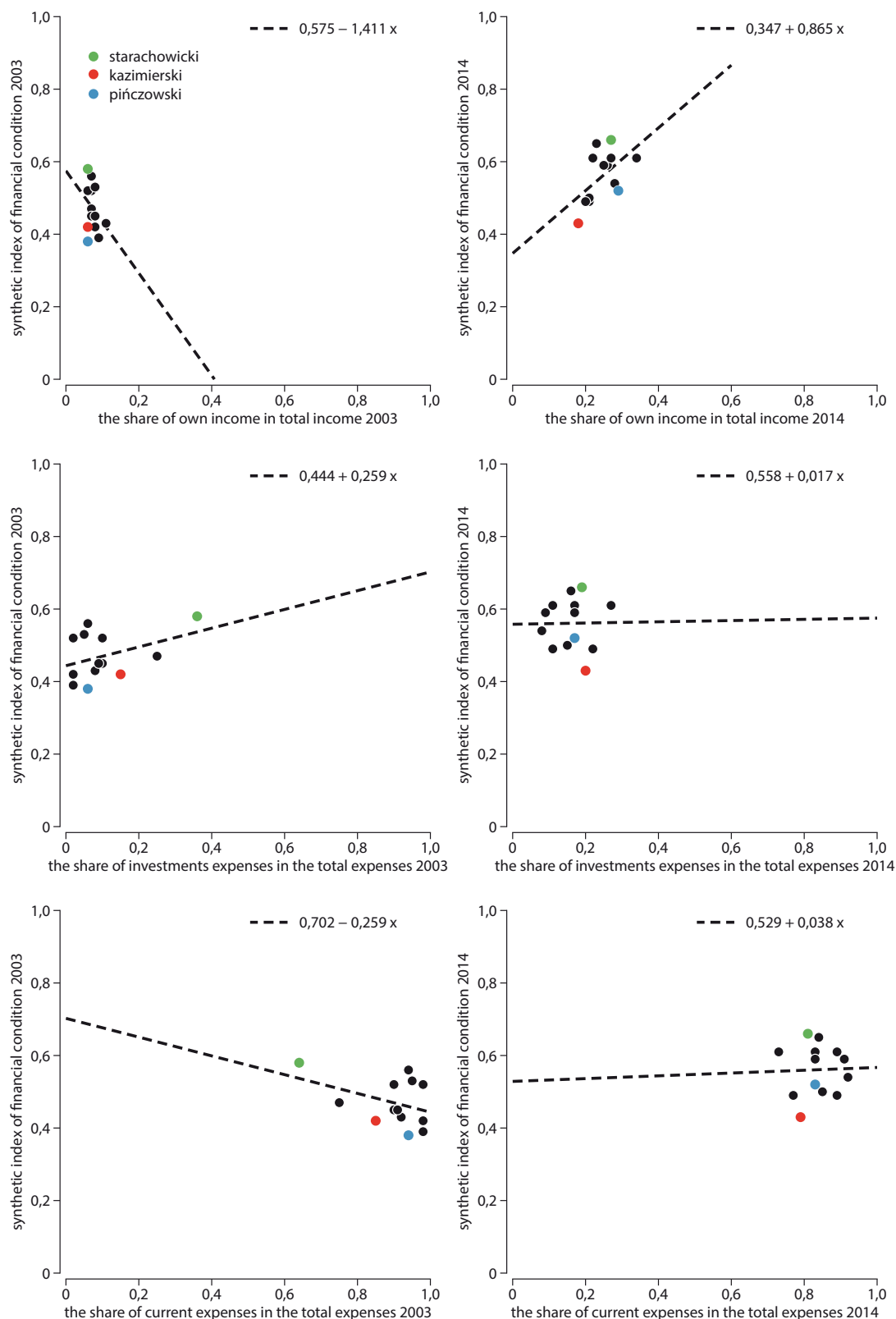

Fig. 4. Scatter diagram of relations: own and expenses to synthetic index share of own income in relation to synthetic index

may be seen as regression). In the case of starachowicki county (industrial) 8 periods of growth and 2 of reduction were observed (from 0,58 in 2003 to 0,66 in 2014; change in the relation 2014 to 2003 by 0,14), while in the case of kazimierski county (rural) — accordingly 8 and 3 periods (from 0,42 in 2003 to 0,43 in 2014; change in the relation 2014 to 2003 by 0,02) (tab. 6).

The analysis of scatter diagrams indicates what type of relation we deal with and how it changed in the relation 2014 to 2003. As presented in figure 4, starachowicki county was in the best position, kazimierski county — the weakest. It seems that Polish accession to the EU, the economic crisis of 2007–2010 and the new Act on public finance from 2009 had influence on that level.

Conclusions

The public sector performs tasks within the public usability area. They are unprofitable, therefore, their realization is funded from public resources. The choice of tasks to be realized must be rational and done after a multi-faceted analysis. The financial situation of counties in Poland is difficult. The economic crisis affected the finances of territorial self-government affiliates, causing the decrease of many indexes, inter alia, share of own income and of income from PIT and CIT. Less affluent local governments, which get the majority of their income from the budgetary transfers (subsidies and grants), proved to be less prone to the crisis. Thanks to the assessment of the financial situation it is possible to control the state and the development of local government finances, as well as to analyze and diagnose the consequences of financial proceedings and realized tasks. The aim of the financial situation assessment is to evaluate the effects achieved, to detect and determine factors affecting the realization of the endeavors and tasks realized, to define predicted results and to facilitate management decision-making (Filipiak 2006).

The financial condition assessment requires taking many various variables into account and the synthetic index may be its tool. It enables the evaluation of the situation in comparison to other affiliates, on the condition of keeping the present methodology of actions. A set of statistical variables, selected for the analysis, also determines the results.

The situation of Świętokrzyskie Voivodship counties, in the aspect of financial condition, is varied. The order of the counties in the ranking has not generally changed in the recent years (2003, 2005, 2007, 2010, 2013), the top places were kept by starachowicki — industrial (0,58; 0,60; 0,67; 0,68; 0,66) and skarżyski — industrial (0,52; 0,56; 0,65; 0,65; 0,61), at the end of the ranking were kazimierski — rural (0,42; 0,40; 0,29; 0,31; 0,43) and jędrzejowski — rural (0,39; 0,32; 0,41; 0,39; 0,50). The economic crisis phenomena which took place in the years 2007–2012 affect territorial self-government affiliate functioning. The majority of the Świętokrzyskie Voivodship counties belong to group C (11, 10, 9, 8, 8 units) and B (0, 2, 3, 3, 5 units); there are no units in group A and E.

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