

Ph.D. Marcel Kamba-Kibatshi

Wydział Nauk Historycznych i Społecznych
Uniwersytet Kardynała Stefana Wyszyńskiego w Warszawie

The analysis of self-government entity's budget expenditure in Poland over years of 2004–2009

INTRODUCTION

The budget is the base of independent financial management of self-government, in particular municipality. The budget (as it is described in various publications, among others, it is enacted for an one year period which is called the fiscal year) as it is known, is a public financial plan which is including the revenue and expenditure listing of self-government entity [Kamba-Kibatshi, 1999, p. 23, 79]. The budget expenses of self-government are understood as a public tasks implementation, which the community is obliged to fulfill [Kamba-Kibatshi, 2006, p. 235]. They are usually classified according to: sections corresponding to the basic fields of activity, divisions corresponding to the specified groups of organizational units or budget tasks, paragraphs corresponding to the particular types.

The aim of this article is an analysis and assessment of self-government budget expenditures influence its development in years 2004–2009, to have an idea of expenditure scale in various municipalities in Poland. The self-government expenditure should be planned so that its amount was equal to the budget revenue. The expenditure is executed within amounts limits determined in the budget, with taking into account correctly made transfers, according to planned purpose, in the proper and cost – effective way. The increase in planned expenditure may take place only within limits of planned reserves – the general and the special purpose.

The budget expenditure can be blocked, in the case of mismanagement ascertained in particular entities, delays in tasks implementation, the excess of available means as well as breaking rules of financial management [Ibidem, p. 237]. It is worth to underline that expenses of self-government budget, for example the municipality, are in particular, assigned for its proper tasks implementation, tasks in the range of government administration, and other tasks defined by laws as well as accepted to be executed in the way of contract or agreement, financial or material assistance for other entities of self-government [Glumińska-Pawlic, 2002, p. 98–100].

THE BUDGET OF SELF-GOVERNMENT ENTITY

The structure of community budget administration

Principles of functioning and the structure of self-government in Poland developed in the way of long and complicated process. The direct impact exerted occurring political and economic changes. The achievement of interwar two decades was rejected in the period of PRL by liquidating of self-government in 1950 and replacing it with national councils which were fulfilling the role of local entities of national authorities. The institution of self-government was restored at the beginning of 90's, and then after a few years (in 1998) its structure was reformed, besides the self-government of commune there was created the self-government of district and the self-government of province. The basic legal acts which at present regulate financial management of self-government are: Constitution of Poland¹, the act on public finance², separate acts on commune self-government³, district and province as well as European Charter of Self-Government drafted in Strasbourg. The whole range of law sources includes a lot of other acts and legal documents of lower rank, e.g. regulations, etc. Unfortunately, the real problem in this range is lack of coherence of all acts as well as incomplete implementation adopted by Poland standards determined in the European Charter of Self-Government. Despite the Constitution of Poland includes fundamental regulations which determine the standard model of self-government⁴. However the other entities of local and regional self-government – in accordance with the Constitution – are determined by other acts. The self-government, participating in exercising public authority, is executing public tasks assigned by law in its own name and on its own responsibility. The independence of self-government units was stressed by giving them the attribute of legal status and assigning property rights and other ownership [Chojna-Duch, 2007, p. 42]. Moreover the independence of self-government is subjected to a judicial protection. There is no doubt, that the most important element of self-government entities independence and self – reliance is their financial independence. Setting up the self-government is resulting in the need of guaranteeing adequate financial means, enabling completion of assigned public tasks. Equipping the local communities only with the package of competence, without ensuring appropriate sources of profits, menace self-government's affairs. The Constitution of Poland is guaranteeing self-government entities the participation in the public revenue at the level suitable for assigned to them tasks. However, the sources of self-government's entities income are determined by the statutory acts in the special way. It is because in the Constitution of Poland there is ac-

¹ The Constitution of Poland 2.04.1997, Dz. U. Nr 78, pos. 483.

² The act on public finance 26.11.1998, Dz. U. Nr 155, pos. 1014.

³ The act on self-government Dz. U. 1996, Nr 13, pos. 74.

⁴ Art. 163–172 The Constitution of Poland.

cepted the statutory rule rather than constitutional rule of its determining. The extraordinary weight and meaning of the independence and the financial self-reliance of the local self-government were also emphasized in the European Charter of Self-Government. This charter includes specific catalogue of basic as well as standard principles, according to which there should be shape the system of local communities financial management. The Charter signatories agreed financial standards of self-government determining⁵ that the local communities have the right to own enough financial resources which are at their disposal without any restraint in the range of their authority fulfillment; the amount of financial means of local communities should be adapted to the scale of competence guaranteed them by The Constitution or other acts; at least the part of financial means of local communities should come from payments and local rates and taxes, which amount the community has right to establish, in the scope set by the act; financial systems which are the base of means being in the local communities disposal, should be enough diversified and elastic, so that they could as far as possible correspond to real occurring changes of the costs associated with the fulfilment of their powers; the protection of financially weaker local communities demands application of compensatory procedures or balancing actions, taking into account correction of effects of the unequal division of potential sources of income, as well as expenses which are incurred by these communities; procedures or action of this type should not limit the freedom of decision making by local communities in their competence; forms of granting reserves coming from the redistribution of income should be consulted with the local communities; as far as possible subventions for the local communities should not be allocated for financing particular projects, moreover the subvention granting can not threaten the fundamental freedom of local community to free leading their own policy in the scope of entitled powers; the local communities should have access to the domestic capital market for the purpose of financing investments, within the limits determined by the law. Practising above-mentioned rules is stressed by guaranteeing the legislative protection of self-government. According to The Charter, local communities have the right to submit an appeal in the legal action, in order to provide the free fulfilment of entitled powers and respect of the territorial autonomy rules, determined by The Constitution or domestic law⁶. The European Charter of Self-Government is the ratified international agreement. Therefore, it constitutes the source of generally binding law of the Republic of Poland⁷. Principles of self-government financial management determined both in The Constitution, and in the Charter has been developed and specified in individual acts and records of the lower rank, referring directly to communes, districts and provinces [Ruśkowski, 2008, p. 88]. The act on public finance is regu-

⁵ Art. 9 The European Charter of Self-Government.

⁶ Art. 11 The European Charter of Self-Government.

⁷ Art. 87 par. 1 The Constitution of Poland.

lating principles of public finance accumulation, expending and planning for all entities of public finance sector. The act is defining basic concepts of the public finance enforcing them legal importance. This act created the base for the long-term financial planning of expenses for the realization of investment plans, passed by the body of self-government entity. The period of expenses planning for long – term investment plans is determined at least for three years, because the duties of constituting body is determining the amount of expenses for the plan fulfilment in the one fiscal year as well as for the two next years [Sawicka, 1999, p. 227]. The budget is the most often defined as the basic financial plan, which has directive characteristics, passed for the determined period of time in advance – it is one calendar year called the fiscal year. The budget of self-government entity is an annual plan of incomes and expenses, revenue and expenditure of this entity as well as other budgetary units, its supporting entities and special means, as well as special purpose funds of self-government entity⁸. To explain the notion of directive characteristics of budget, and to be more precise its expenditure part, it should be noticed that theoretically financial plans can have double character: analytical and directive. The analytical financial plans are such a plans which predict financial occurrences on the basis of its past course, including increase or downward tendencies, inflation, etc. Such a plans determines certain financial tendencies [Ofiarski, 2007, p. 169–179]. At the global scale, they let to adapt decisions in the scope of economic policy of the state to expectations and social demands. However they do not constitute any obliging norm for entities which the plan is regarding – e.g. definite natural persons aren't obligated to adapt the level and structure of its expenses to predictions included in balance of income and expenses of the population. The directive financial plans are plans which constituting the binding norm of proceedings for the plan executor. The directiveness of the budgetary plan is incomplete and absolutely unilateral. As to the revenue part, neither plan exceeding, i.e. getting higher income, nor even incomplete fulfillment of plan according to the predictions do not cause the responsibility of budgetary executors. However overspending of planned budget expenditures isn't acceptable, because expenditure part of budget has directive characteristics, obliging executors to strictly determined proceedings⁹. The importance of properly conducted budget economy for the entire system of public finance is obvious and indisputable. Rational and effective using resources of public money depends on many diversified factors, amongst which the particular role is connected with creating and carrying out the budget, which is the basis of independent financial economy of self-government entity. In legal-financial and economic doctrine there are formulated various kind of demands against budgetary plans and budgetary economy based on these plans. Some of these demands

⁸ The act on public finance 26 listopada 1998.

⁹ Wójtowicz ed., 2000, p. 63 and Kamba-Kibatshi, 1999, p.23 and 79.

are respected in practice of budget planning, others are tendencies which can be observed in the budget economy. There are also such demands which are still only theoretical expectations formulated by many experts in various literature. The act on the public finance cited in this article, mentions and presents the budget clarity as an essential element of implementing budget in practice successfully. It means, that the principle of transparency, according to this act, is one of two the most general rules (besides the openness) which is supposed to be mostly respected in the state's budget and the budget of self-government entities. Unfortunately, nowhere in the whole above – mentioned act, the notion of transparency hasn't been described. Because the transparency can be understood as a characteristics of budgetary act, which makes the act to be clear, understandable and logically organised. This way comprehended transparency is strictly connected to detailed budgetary revenue and expenditure classification as well as openness and precision of used notions and rules. In the 1925 S. Głąbiński wrote, that budget must be "transparent, easily understood for every citizen" [Głąbiński, 1925, p. 147; Gliniecka, Harasimowicz, 2001, p. 38]. Whereas M. Marszałek in 1936 wrote about conditions which must be fulfilled that budget could be transparent [Marszałek, 1936, p. 558]. M. Wersalski in his deliberations suggested that transparency is very important for policy system. Among others he considered that "transparency at the same time is a demand resulting from an assumption of rational budget technique and as such as is independent from social-economic conditions" [Wersalski, 1992, p. 48]. In its classical understanding there is included postulate of full cover of expenses planned in budget from revenue gained in a budgetary year what means the necessity of adapting of budget expenditure general amount to general amount of budget revenue. Mentioned above budgetary principles, in general are referred to the content and the form of self-government units' budget, among others determines the public character of this plan. Principles related to the content and the form of self-government's budget are creating in the literature of the subject so-called static principles, and related to the budget procedure – dynamic principles [Sawicka K., 2002, p. 29].

The procedure of self – government unit's budget creation

The budget procedure is the whole of legally determined rules of proceedings referring to the project preparation and passing the budget, executing and the inspection of this process. In the budget procedure it is possible to distinguish four basic phases: preparing the budget project, passing the budget, carrying budget out and the inspection of budget implementation. Preparing the project of self-government unit's budget, i.e. its compiling and passing budgetary resolution are these phases of the budget procedure which in principle are determining the ways and effectiveness of making use of public means, which are in disposal of self-government unit. Therefore, creating the budget of self-government unit is subjected to the certain proceedings regulations set in the

binding law provisions, especially in the act on the public finance¹⁰ and in political acts¹¹. At the same time the legislator imposed the decisive entities of self-government with the obligation of passing so-called procedural resolution determining the procedure of works on the budgetary resolution project. Used by the legislator in the act on the self – government¹² definition "procedure of passing budget" is not only including rules of the proceedings of self-government budget project preparation by describing entities participating in this process, the scope of their duties, the form and dates of this obligations completion, as well as the way of commune council's works related to the project considering and passing the budget, in the scope not regulated by the charter of commune. Preparing the budget for the next year it should be taken into account the budget implementation in the current year and predicted inflation rate in the year which the budget project is regarding to. In the phase of budget preparing, the duty of governing body is also compiling projects of special purpose funds' financial plans as well as financial plans project for each task in the scope of government administration and other tasks commissioned to the self-government unit by acts. The basis for working out the financial plan of tasks in the scope of government administration are the amounts of special purpose subsidies predicted the state budget and the amounts of revenues which are subjected to be passed to the state budget, related to the accomplishment of these tasks¹³. The administrators of budget parts are dividing these amounts and are passing on to the self-government unit information about amounts resulting from this division, up to the date of 25th October of the year preceding the year which the budgetary act is being working out. The self-government unit after obtaining information about amounts of special purpose subsidies is planning them in the project of its budget as a revenue and at least at the same amount is planning expenditures in appropriate sections, chapters and articles. All works related to the budgetary project preparation are conducted by the treasurer with commitment of financial services of self-government unit department. However, about final form is deciding the governing body which according to the act on the public finance¹⁴ is entirely competence to prepare budget resolution project with explanations which is the basic part of budget. The duty of governing body is working out information on the state of the municipal property which is also included to the budget resolution project. Information about the state of municipal property is obligatory material associated with the budget resolution project what results

¹⁰ The act on public finance 26 November 1998.

¹¹ The act on self-government budget 8 March 1990.

¹² Art. 53 par. 1 The act on self-government budget.

¹³ The Minister of Finance Ordinance, 10 November 2000, on detailed principles, procedures and dates of financial plans development in the scope of government administration (Dz.U. Nr 100, pos. 1077).

¹⁴ Art. 119 The act on public finance.

from the act on the self – government¹⁵ and the act on the public finance¹⁶. In the light of the act on the public finance¹⁷ this information is including data about property rights and the other ownership rights of self-government, in particular restricted property rights, the perpetual usufruct, debts, shares in companies, ownership and profits from this rights. Such information should include details about the change in the state of municipal property in relationship to previous information and about other events which are influencing the state of this ownership.

FORMING OF EXPENDITURE ACCORDING TO THE ACT ON THE SELF-GOVERNMENT UNIT'S REVENUE

Assumptions determining expenses according to the act on the self-government revenue

Budget expenses of self-government units are information on the execution of public tasks, which this entities are obliged to fulfill under the force of current regulations. According to the Constitution of Poland¹⁸ the self-government fulfill public tasks do not reserved for other public authority's entities by the Constitution of Poland or acts. This general competence clause determines the guarantee of the decentralization of the public authority in our country. The European Charter of Self-Government¹⁹ also provides that authorities which are closest to citizens should bear the responsibility for public affairs above all. This regulation is implementing so-called subsidiarity rule which is proclaiming that the lower level of territorial community should be charged with public tasks, its units should fulfill as much tasks as its able fulfill effectively and successfully [Borodo, 1999, p. 109–111; Kamba-Kibatshi, 1999, p. 16, 18–23]. However this principle has general character and can be only an advice, as for it, how to divide tasks among territorial public and legal institutions acting at different territorial levels. Division of tasks between the state and the self-government and – in the scope of self-government – between communes, districts and provinces is determining about the level of their expenses. Because the fulfillment of tasks results in the duty of its financing. It should be remembered the possibility of making expenses is conditioned with obtaining incomes. Assigning of public tasks to described entities is dependent on many factors, and the most common are political factors [Borodo, 1997, p. 13–16] – deciding about the position of self-government and its each levels in the particular state and about the decentraliza-

¹⁵ Art. 52 par. 2 The act on self-government budget.

¹⁶ Art. 121 par. 1 The act on public finance.

¹⁷ Art. 120 The act on public finance.

¹⁸ Art. 163 The Constitution of Poland.

¹⁹ Art. 4 par. 3 The European Charter of Self-Government.

tion of public authority, economic factors – tasks are fulfilled by the one who is able to do it the most effectively, policy factors – the configuration of political forces is determining the division of tasks, conceptions of economic and social policy as well as wish to “get rid” of most expensive and onerous tasks by the state, psychosociological factors – tradition is being of great importance, social and cultural relationship, personnel possibilities, technical and technological possibilities.

The division of tasks results from acts and other provisions regulating individual fields of social or economic activity, however delegating new task must result in providing with necessary financial means, especially granting new, complementary source of revenue [Borodo, 1997, p. 26–27]. Budget expenditures are financial expression of tasks execution of the state and self-government units. Considerable diversity of tasks, as well as organizational forms, where they are carried out, causes that it is possible to systematize budget expenditures according to a lot of various criteria [Gintowt-Jankowicz, 1985, p. 581; Kamba-Kibatshi, 1999, p. 77–81]. In accordance to binding regulations and the basis of several years' experiences of self-government in Poland, it is possible to state that self-government units are accomplishing expenses on: tasks determined in political acts, “new” tasks, which the duty of fulfillment results from other particular acts, tasks commissioned by acts as well as commissioned tasks resulting from agreements with government administration bodies or other self-government units. Two first groups of tasks are financed from its own revenue, subventions and complementary from special purpose grants for financing or partially financing tasks.

However, the third group of tasks should be accomplished after providing with financial means by the government administration in the form of special purpose subsidies from the state budget, tranfered by province governors, if other acts do not determine otherwise. The self-government unit which is accomplishing the tasks from fourth group – on the basis of agreements, is getting special purpose subsidies by rules, dates and amounts resulting from those agreements. It is still possible to modify the presented ranking of tasks, making the division of tasks for obligatory what is resulting from acts, and facultative which accomplishment is taking place as it is possible to finance. Expenses of self-government units are legal if the duty of their realization results from provisions of particular acts which are imposing determined tasks on these units. The scope of self-government unit's tasks depend on carried out by the legislator social, economic and administrative policy which results from social-economic and civilization transformations, arising new public needs and necessity to solve new problems [Jadwiga Glumińska-Pawlic, 2002, p. 98–100].

It is also possible to make classification of self-government units' budget expenditures using as a criterion the principle of grouping expenses in the state budget. From this point of view there is necessary to distinguish: running ex-

penditures, capital expenditures and expenses for the self-government unit service. The first category of expenditure are running expenses of budgetary entities, including, above all, expenses on the salary with all charges and funds charges, the costs of goods and services essential for current activity, including repairs, fees, contributions and other charges submitted by budgetary units in the name of self-government units.

Running expenditures are also expenses related to functioning of the local authorities and expenses on business trips. Separate category in this group are benefits for natural persons paid from budget which do not have neither character of payment for carried out services, nor the salary resulted from employment relation. The examples of such a provision are: a duty of benefits payment for pregnant women, housing benefits and lodging allowances. Finally among the running expenses there should be distinguished subsidies granted from budget of self-government units for all sorts of organizational units and legal persons which expenses aren't enclosed in the budget. The second group of expenses are capital expenditures which are all investment expenditures including both buying fixed assets and construction or extension of municipal objects as well as capital investments expenses. This category of expenditure includes not only own capital expenditures of the self-government unit made by budgetary authorities, but also subsidies granted from budget for financing or partially funding investment undertakings in the scope of its tasks and implemented by budgetary entities. Finally, the third group of expenditures are expenses for the self-government unit's debt service. Currently legal the budgetary classification is separately including the flows related to the national debt, therefore funds received from loans, credits and securities sale are the budget income but repayment of capital instalments and securities repurchase are the budget expenditure. However, the cost of local public debt service – instalments, commission, discount is the budget expenditure in the given year. Incurring a debt is usually improving the current execution of tasks, but its real cost is increasing, and in further perspective is decreasing the freedom of planning expenses of unit on account of capital instalments repayment necessity and charges of debt service [Ibidem, p. 100–104].

Making the classification of budget expenditures it is worth to underline another important division, this time for two categories: expenses financed directly from the budget and expenses transferred from budget to organizational units which are not the budgetary entities [Gilowska, 1998, p. 125]. The first group includes expenses contained in the budget of self-government unit as a whole and subjected under the control of legislator. When the second group includes expenditures partially funding expenses of other organizational units, which are having at their disposal their own sources of revenue transferred as a whole or partially for financing of accomplishment of their own tasks and classified as a task of self-government unit. Subsidies transferred outside the budget economy

are completing insufficient totality of actual costs of public tasks carried out by self-government units. Subsidies can be also granted entities of the non – budgetary economy which are the part of budgetary system and are being subordinated to its rules, and which are entitled to the collection of profits from some sources, in fact belonging for political entities by which they were qualified and for which they are acting. In principle, there is not occurring social – economic planning in a material character on the self-government units' level. However, political provisions predict passing economic programs by legislators²⁰, but these are rather rights than duties, the more so because specifying contents and structure of these documents.

Moreover, this kind of economic programs usually have an intent character and deciding about basic directions of action of self-government unit and its bodies during its whole serving term and concern the longer period of time than one budgetary year. In the annual financial plan, that is in the budget, forming of self-government unit's tasks always has a financial meaning and it is almost made strictly in the way of expenses. In the process of planning expenses destined to fulfillment of self-government unit's tasks, bodies of this units create and form both the scope of tasks and expenses for this tasks. Therefore, expenses are resulting from tasks, they are financial expression of tasks. Although, very often about choice and fulfillment of determined tasks in given financial year does not decide importance but the level of planned and then indeed accomplished incomes. Taking into account the fact that social needs are always huge, the fulfillment of task must be followed by determination of their importance and defining the possibility and indispensability of their accomplishment. Therefore, legal provisions are distinguishing two categories of self-government units' tasks: obligatory and optional. Obligatory tasks must be fulfilled by entity but obligatory tasks may be carried out if it is regarded to be useful. Expenses on tasks of self – government are the ones which are used for accomplishment of public tasks on the local level and meeting collective needs of community. The self-government tasks – in opinion of E. Teglera and Z. Ofiarskiego [1992, p. 52] – are being carried out by communes on their own account, own responsibility and in the scope of their own financial possibilities. These tasks are in particular tasks determined in competence acts as well as in other acts with matching competence.

Although, the self-government tasks determined in political acts aren't obligating tasks, there is no doubt that these entities has a duty to fulfil inducted public tasks and can't release from this duty even in the case of transferring these tasks to other entities to accomplishment [Gorgol, Kuś, Smoleń, 2011, p. 67–72]. On the basis of self-government acts it isn't possible to verify which tasks are obligatory and which entity should classify them. On the other hand every entity

²⁰ Art. 18 par. 2 pnt 6 The act on self-government budget.

can also raise objections that a provision made by the body of self-government unit doesn't belong to the category "cases in the range of public administration", and the commune budget expense was used to meet collective needs of community [Glumińska-Pawlic, 2002, p. 112–113]. The scope of definitely accomplished tasks by the self – government unit can be indentified only on the basis of expenses included in the budget and legality inspection must refer to legal provisions of their fulfillment.

Then, there should be considered conditions under which tasks carried out by "not own" entities are still such a tasks and if financing them is still "own task's expenditure" as well as which conditions are an evidence that activity is conducted in their own name and their own responsibility, what can be form of financial liability, that is changes in the assets and liabilities of property or do not make any changes. Bodies of self-government units should take up not only property management but also forming legal relations with "separate" entities to meet this conditions. The shaping of these relations can be fulfilled in the way of concluding contracts as well as in the way of administrative agreements [Ibidem, p. 114]. "Independence of conducting financial management" is non-negotiable feature of self-government unit's budget. This is guaranteeing the individuality of this body as a public entity. Independence cannot be carried out only by the statutory authorization. It must be defined as right to independent activity "within the limits of acts". So, it is aspect of factual independence in the range of management, where it is possible to suppose that self-government unit is allowed to do what is not forbidden by acts. However the principle of independent leading the financial management cannot mean the freedom of collecting revenue and being in disposal of it all [Ibidem, p. 116].

Self-government units are taking action in accordance of acts, rather than by statutory authorization, and so exceeding the "statutory framework" can take place only in a case of evident excluding of own tasks' financing without appropriate reason that this task can be accomplished without financial means or also there is such a level of meeting citizens' collective needs by entities of civil law in the area of self-government unit that there is no need to finance this tasks directly by entity, in given factual situation, in given financial year [Owsiak, 2005, p. 121]. The result of such understood independence is closed character of revenue sources, however in the scope of expenditure within the limits determined in the Constitution²¹. Therefore, self-government is carrying out the part of public tasks in accordance to acts, excluding tasks reserved for the government administration by law. It means that, constituting bodies and management boards of self-government units are shaping their expenses independently, taking into account statutory exceptions, which for example determine about absolute priority of expenses for own obligatory tasks, then expenses for supporting state

²¹ Art. 166, par 1, the Constitution of Poland.

institutions or social entities carrying out public functions. Taking into account these statutory exceptions it should be mentioned that such expenses have legal character e.g. expenses for supporting institutions of state higher education, foundation, charities, etc.

However, the real limitation of self-government units' financial independence is statutory hierarchization of own tasks: first of all budget expenditures must provide constant and uninterrupted accomplishment of obligatory tasks, and next provide functioning of all entities. As well as the limitation can be local law provisions passed by constituting body, which must be applied by all entities. Then, there is possibility of supporting by self-government unit – in the case of having enough funds – entities from outside of public finance sector, realizing the public purposes related to accomplishment of this unit tasks [Głuchowski, 2005, p. 67–73].

Influence of law provisions on expenditures forming

According to described above article, there is possible to make a few synthesizing conclusions concerning expenses of self-government unit in the country, that is:

- making analyse of structure of self-government unit's budget expenses it can be stated that majority of self-government expenses has private-legal character,
- public – legal expences are only marginal percentage of all running expenses and these are above all subsidies for outside the budget economy, which scope and principles of granting are determined by the resolution of self-government units' constituting body,
- the commune is carrying out tasks, and in particular its own tasks, independent and at its own's discretion, the only condition is to act in frames of acts, the commune has huge scope of independence as to the way of task accomplishment and funds expenditure,
- in the domain of investment tasks the commune also has high degree of independence, it's coming within its duty to choose investing directions in the scope of its own tasks,
- the choice of investing directions should be in accordance with commune's tasks resulting from acts, but – in the range of acts – is the commune bodies' choice,
- it should be noticed that capital expenditures (including investment ones) are at very low level, because very often the condition of their accomplishment starting is getting subsidy to partially funding its own investment tasks as well as contracting a credit or loan,
- in practice there can occur cases of resignation from planned investment tasks, particularly when accomplished incomes are lower than planned, and the possible repayment of contracted credits could create problems in successive years,

- social and economic undertaking of commune bodies determined in its budget should refer to proper identified needs of citizens,
- duties of commune in the range of expenses for defined objectives depends on its obligations in the range of expenses for other purposes determined by acts, as well as on the entirety of circumstances occurring in given commune,
- setting the budget expenditures the commune bodies should in the range of its own obligatory tasks and other own tasks, provide essential funds for running expenses, and next plan and accomplished investment expenditures [Chojna-Duch, 2007, p. 84–89].

In financial activity of self-government units, the one of most important problems is lack of funds for completion of investment undertakings. Growing scope of performed tasks by the self-government, including the need for accomplishment of running tasks on the defined level, causes that self-government units, and amongst them above all communes, more and more often are appearing on the capital market, by contracting credits and loans or issuing bonds [Borodo, 2008, p. 78–83]. It should be noticed that some years ago the majority of cities and communes still tried to avoid contracting loans. At present this tendency has been converted. Self-government units more and more often are contracting credits, not only for investments but also for accomplishment of running tasks. As well as more and more often the self-government units are issuing municipal bonds what cause increase of self-government entities liabilities.

LITERATURE

- Borodo A., *Public finances publiczne*, Sopot 1999.
- Borodo A., *The territorial Government. Legal and financial-System*, Warszawa 1997.
- Chojna-Duch E., *Public finance: Polish financial law. Public finance*, Publishing House LexisNexis, Warszawa 2007.
- Gilowska Z., *The economic system of local government in Poland*, Warszawa 1998.
- Glumińska-Pawlic J., *The budget of the unit of local government*, Zielona Góra 2002.
- Głuchowski J., *Public finances*, Publishing House TNOiK, Toruń 2005.
- Gorgol A., Kuś A., Smoleń P., *Outline of public finance and financial law*, Publishing House Wolters Kluwer Polska, Warszawa 2011.
- Kamba-Kibatshi M., *Public finance*, Publishing House BK, Wrocław 1999.
- Kamba-Kibatshi M., *The process of reforming and adapting Polish public finances to the standards of the European Union*, Publishing House AR Promocja 21, Poznań 2006.
- Marszałek M., *Budget*, in: Encyclopedia of political science, April 1936.
- Ofiarski Z., *Public finance and financial law*, Publishing House LexisNexis, Warszawa 2008.

- Owsiak S., *Public finances Theory and practice*, Publishing House PWN Warszawa 2005.
- Ruśkowski E., *Public finance and financial law*, Publishing House Wolters Kluwer Polska-Outbuilding, Warszawa 2008.
- Sawicka K., *The budget of the unit of local government*, The scientific issue of the University of Zielona Góra 2002.
- Tegler E., Ofiarski Z., *The local government finances*, Białystok 2008.
- Wersalski M., *The State budget, in: legal, financial-institution System PRL*, Budgetary institutions, Publishing House Ossolineum, 1988.
- Wójtowicz ed., *Outline of public finances and financial law*, Warszawa 2009.

LEGAL ACTS:

- The Constitution of Poland 2.04.1997, Dz. U. Nr 78, pos. 483.
- The act on public finance 26.11.1998, Dz. U. Nr 155, pos. 1014.
- The act on self-government budget 8.03.1990 r., Dz. U. 1996, Nr 13, pos. 74.
- The European Charter of Self-Government.
- The Minister of Finance Ordinance, 10 November 2000, on detailed principles, procedures and dates of financial plans development in the scope of government administration (Dz. U. Nr 100, pos. 1077).

Summary

Undoubtedly, the budget is the basis of independent financial economy of the local government, especially including commune. The budget expenses of the self-government are an expression of public tasks accomplishment which commune is obliged to fulfill. The purpose of the article is to present analysis (evaluation) of local government budget expenses and their influence on the commune development in years 2004–2007, in order to realized – what the scale of expenses was in different communes in Poland. Increasing range of accomplished tasks by the self-government, including the necessity of accomplishing running tasks on the determined level, causes that local government units more and more often are appearing on the capital market, by contracting credits or issuing bonds.

Analiza wydatków budżetowych samorządu terytorialnego w Polsce w latach 2004–2009

Streszczenie

Niewątpliwie podstawą samodzielnej gospodarki finansowej samorządu terytorialnego a w szczególności gminy jest jej budżet. Wydatki budżetu samorządu terytorialnego są wyrazem realizacji zadań publicznych, do wykonywania których zobowiązana jest wspólnota gminna. Omawiany artykuł miał na celu przedstawienie analizy (oceny) wpływu wydatków budżetu samorządu terytorialnego na jego rozwój w latach 2004–2007, by obrazowo zorientować się – jaka

skala wydatków występowała w różnych gminach w Polsce. Rosnący zakres realizowanych zadań przez samorząd, w tym także konieczność realizacji zadań bieżących na określonym poziomie powoduje, że jednostki samorządu terytorialnego coraz częściej występują na rynku kapitałowym zaciągając kredyty, czy emitując obligacje.