

FINANCING OF LOCAL GOVERNMENTS IN THE CONTEXT OF DECENTRALIZATION

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Local self-government finances play an extremely important role in the current conditions of Ukraine's development. For the formation of budgets of local self-government bodies under decentralization, the main feature is financial autonomy. Therefore, there is a need to find ways to expand and strengthen its own financial base.

Decentralization is one of the ways to increase the level of financial independence of local authorities. It provides legislative solution to the issues of fiscal autonomy of territorial communities, taking into account such criteria for their development as: economic, geographical, historical etc.

In order for the country to develop as an independent state, it is necessary to improve the quality of public administration in all spheres of economic policy, to form effective local self-government on the basis of decentralization of power. This will make it possible to perform more effectively the state functions, and also successfully provide the society with the necessary goods and services, as it is conducted in the European countries.

Since 2015, when decentralization financing was launched, local budgets grew by 52%. According to the Ministry of Finance, the increase in revenues of the

general fund of local budgets for 2016 as compared to 2015 was 49,6%. In 2017 local budgets receive additional income due to an increase in the minimum wage, namely, from an increase in income from personal income tax.

In order to assess the use and formation of local budget finances in foreign countries, it is necessary to consider the peculiarities of their revenues and expenditures. The experience of foreign countries shows that for the financial policy of highly developed countries, such signs as stability, reasonable step-by-step adoption of laws, predictability. And in Ukraine, the need for rapid change has led to radical reform, which resulted in dynamic, volatile shifts in the budget structure.

The main sources of revenues of local budgets include taxes, non-tax revenues, grants and subsidies from the central budget loans.

In general, many local councils and communities may not be ready for change, but nevertheless, solving social, organizational and legislative issues, local authorities will subsequently be able to perform their tasks without difficulty and finally provide people with better quality services.