

PROBLEMS OF IMPLEMENTATION OF LOCAL BUDGETS OF UKRAINE

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Local budgets are an important element of the state budget system. One of the most important problem in arranging budgetary relations at the local level is the mismatch of expenditure for revenue. The lack of self-sustained revenue of local authorities, that does not contribute to the social and economic development of the regions, is due to the following circumstances:

- low level of validity and predictability of the revenue part of local budgets;
- concentration of financial resources in the state budget of the country, which reduces the importance of local budgets in solving vital problems of regions;
- high level of centralization of budget resources;
- pendency of question concerning overcoming the debts between budgets of different levels on mutual settlements;
- the tendency to make expenditures from local budgets without adequate reliance by revenue sources, which leads to the subsidy of local budgets.

Due to the fact that local budgets are characterized by a lack of financial resources, the practice of providing inter-budget transfers is used in Ukraine. They perform in the domestic practice not only a regulatory function, but are the main means of financial support of the needs of most of the territorial communities. Therefore, there is current need to reduce the volume of transfers and increase the volume of own revenues of local self-government.

To increase the share of local budget revenues, reduce dependence on financial

assistance, achieve budget equilibrium and improve the efficiency of local financial management it is necessary:

- 1) to establish clearly the budgetary powers and responsibilities of government authorities at different levels in the formation of incomes;
- 2) to reduce vertical and horizontal fiscal imbalances by transferring sufficient sources of income to local budgets that are adequate concerning the expenditure needs of local authorities;
- 3) to improve the mechanism of interterritorial financial equalization;
- 4) to implement a consistent and balanced state regional policy aimed at reducing significant differences in the economic development of territories;
- 5) to increase preventive measures and to strengthen control over violation of budget legislation in the area of mobilization of revenues to local budgets.

Effective implementation of local budgets in the part of incomes will contribute to the formation of the necessary preconditions for their effective use, which will ensure an adequate level of social and economic development of the regions and improve the quality, accessibility and effectiveness of the provision of public services.

It is worth noting that in the structure of the consolidated budget, 70% of social expenditures are financed from local budgets. However, the process of providing the population with these services is characterized by the following problems: the ineffective distribution of expenditures between levels of government, which is formed by

achieving a correspondence between revenues and expenditures, but not taking into account the effective way of providing social services; insufficient financial base of local budgets to fulfil social powers; a large number of state target and budget programs that are not provided with real financing in accordance with the amounts introduced by the program's documents.

In order to increase the efficiency of the implementation of local budgets of Ukraine in the part of expenditures, the principles of transparency and publicity declared in the Budget Code of Ukraine should be observed. It is worth pointing out that one of the main reasons for the lack of transparency and credible accountability in Ukraine is the lack of a unified information base and a clear methodology for interpreting the results of budget implementation. It

should be noted that the content and form of accountability must meet the needs of society and be clear.

A precondition for the effective functioning of local authorities is the decentralization of power, which makes possible to make rational budget decisions regarding the formation and use of local budgets. Provision of social services in order to meet the interests of citizens depends on these decisions. Budget decentralization is based on the formation of a new model of financial provision of local budgets and inter-budget relations, which provides their budgetary autonomy and financial independence. Therefore, solving problems of local authorities will contribute to the expansion of economic independence of certain territories of Ukraine, which is a sign of building a democratic and market-oriented country.