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PROBLEMS OF FORMATION AND FUNCTIONING OF LOCAL BUDGETS (FOR EXAMPLE, THE BUDGET OF THE CITY OF KRYVYI RIH)

Introduction. Local budgets have a high significance because they are reflected in the social, economic, political, organizational and other processes that take place in society. They are the guarantor for financial assurance of regional development. The questions concerning the formation and functioning of local budgets, the development of ways and directions to increase their efficiency are of great practical importance at the present stage.

Purpose. The purpose of this article is the improvement of the aspects of functioning and formation of local budgets in the context of decentralization of the budgetary system.

Results. The article examines various approaches to the interpretation of the definitions of "local budget", that are covered by domestic legislation and professional literature. The analysis of functioning local budgets (for example, the budget of Kryvyi Rih for 2016-2018), the components of the local government revenues and expenditures of this budget are carried out. The fiscal impact of local taxes and fees on the formation of the revenue base of local self-government are analyzed. According

to the analysis results of the structure and dynamics of local government revenues and expenditures, the directions of reforming the mechanism of management of local budgets funds are proposed.

Conclusions. The practice of formation and out-turn of the local budget of Kryvyi Rih has shown that the main source of local government revenues is tax revenues. Non-tax revenues and income from operation with capital do not significantly affect the budget fullness. It is determined that one of the negative aspects is the dependence of the city on inter-budgetary transfers and the reduction of volumes of local tax revenues and fees. In general, the budget has a socially-oriented orientation and increases expenditures on social security from year to year. In addition, an analysis of the current state of the functioning of local budgets gave an opportunity to propose a row of steps for their balancing and optimization: implementation of the special-purpose programme, strengthening of control over the spending of budget funds, and the introduction of grants.

Keywords: *local budgets, local government revenues, local government expenditures, management, make-up of the budget, socio-economic development of the area, administration of the budget.*

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