

introduction of standardization, certification, and informatization of society as a motivator of economic relations development of all components of milk-production subcomplex.

The system essence of development of the milk-production subcomplex has been investigated, the main directions of scientific interest on this issue have been analyzed in this work. The scheme of differentiation and integration of the components of milk-production subcomplex in Ukraine has been offered. Schematic diagram of system formation in milk-production subcomplex has been developed that is the object of management to achieve teleological key points of subcomplex.

The study determined that the purpose of system formation of the milk-production subcomplex requires the integration and differentiation of production and management subsystems that have to be provided with government regulation of high quality, market self-regulation and effective partnership at all hierarchical levels of management (the center-region-district). The effectiveness of management subsystem must be supported by high economic indexes in the manufacturing sector. Synergetic effect of innovation investment, information, standardization and quality control should be reflected in forage production, selection of dairy cattle, production of milk and dairy products, and demand for dairy products at domestic and foreign markets.

Key words: *milk-production subcomplex, teleological key point, system formation, integration, differentiation.*

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PECULIARITIES OF THE ALLOCATION OF LOCAL BUDGETS IN UKRAINE

The article examines the essence of the notion of local budget in terms of the Budget Code of Ukraine. The author specifies what is to be regarded as inter-budget transfers in terms of the legislation. Present paper provides the classification of the features of revenue to local budgets. They are as follows: the source of revenue; the purpose of income; the method of revenue generation; the method of raising revenue; the type of authority; the participation in inter-budget transfers calculation; budget classification and classification under the Budget Code of Ukraine. The article gives a detailed analysis of the main functions of local budget which are the function of fund establishment, the function of distribution, the function of funds collected and allocated to the challenges and targets determined the function of control. It is also noted that the local budgets are being decentralized in Ukraine in order to make them more financially sustainable. This process requires changes in taxation system together with the changes in revenue per unit raised in profit of local budgets as well as revision of transfer policy which cannot be based on a soviet principle "from each according to his ability, to each according to his needs"; granting local authorities more powers in the field of design and implementation of various social and economic development programs. The research provides the level of the decentralization of local budgets in 2011-2013 as well as the changes in active legislation 2015 that concerned the decentralization of local budgets. The author analyzed Ukrainian consolidated budget, state budget and local budgets revenue in 2011-2014.

Key words: *local budget, decentralization, the Budget Code of Ukraine, inter-budget transfer, consolidated budget, state budget.*

Problem statement. Local budgets are the tools for the implementation of policy conducted by the administration of any city. Their features and replenishment mechanisms predetermine the process of raising funds allocated to the improvement of social and economic state of the city as well as standards of living within a certain community.

The analysis of recent publications. Theoretical and practical aspects of local budgets have been already studied by such scholars as S. Bukovinskyi, A. Vasylyk, G. Hudz, A. Danilenko, V. Zubrilin, A. Kirilenko, V. Kravchenko, I. Lunin, M. Lutyi, O. Nabatov, V. Oparin, K. Pavluk, A. Romanenko, V. Fedosov, I. Chugunova, S. Yurii, K. Yurchenko and others.

The objective of the article is to determine the features of planning local budgets and to analyze current tendencies of decentralization of local budgets.

Summary. Under the Budget Code of Ukraine, local budgets are the most important financial basis concentrated under control of the Council of People's Deputies and local authorities, which draw up, approve and implement their budgets and raise revenue from businesses placed under their control [1].

Annual Laws of Ukraine on State Budget of Ukraine contain the information concerning the volume of inter-budget transfer, which includes equalization subsidies, supplementary grants and subventions which are passed to the local budgets in order to equalize the territory financially, balance the local budgets and provide the population of the region with basic social services guaranteed by the state.

The classification of the local budgets' revenue is described in the Table 1 based on the main features.

Table 1

The system of classification of the features of the local budgets' revenue [2]:

The feature of classification	Types of revenue
The source	a share of GDP; revenue from privatization of municipal property; revenue from local authorities' property sold and leased; revenue from other valuable municipal property.
The purpose	current revenues (general funds revenue); for a certain scope (special funds revenue)
The method of generation (mobilization)	tax revenue; non-tax revenue; inter-budget transfers; other.
The form of raising	- personal income; - fixed income; - regulating income.
The type of authorities	income for exercising personal authority; income for exercising delegated authority.
The participation in inter-budget transfer calculations	income taken into account while determining the volume of inter-budget transfers; income not taken into account while determining the volume of inter-budget transfers; income taken into account in terms of the horizontal equalization of taxpaying capacity of the territory.
A budget classification and classification under the Budget Code of Ukraine	tax receipts; non-tax receipts; revenue from capital operations; inter-budget transfers; special funds.

The features and the essence of local budgets are expressed through their functions which are: [3]

1) a function of local fund creation. The implementation of this function allows mobilizing funds, draw up revenues and expenditure planned in compliance with the provisions of the budget classification;

2) a function of distribution. This function resulted from almost total participation on the part of the public production participants in budgetary relations, which always act as legal relations; the funds are allocated between managers and recipients of these funds through the budget;

3) a function of the use of funds raised. The funds are used for achieving goals, i.e. funds of special purpose;

4) a function of control over the movement of budgetary resources. This function is implemented at all stages of budget process.

Budgetary decentralization is carried out in order to enhance the financial sustainability of local budgets. This is why the Budget and Tax Codes were amended and the Constitution of Ukraine a number of other laws are going to be amended too (in terms of the authority of state and local authorities). [4]

The main objectives to be implemented within the framework of budgetary decentralization are as follows: 1) to review and to determine a list of personal and delegated powers; 2) to expand the financial base of local authorities; 3) to move to a system of special purpose transfers aimed to cover the expenditure of local authorities after they exercise delegated powers; 4) to use the calculation based on the formula for redistribution of domestic tax allocated to local governments; 5) to achieve the highest level of transparency of the use of budgetary funds by local authorities. It should be noted that amendments to the Budget and Tax Codes of Ukraine made by the Verkhovna Rada in December 2014 are the most successful attempts in recent years to set budgetary decentralization. Previously 50%- 90% of the budget of different levels in Ukraine has been subsidized, the number of subsidy budgets are to halved after the reforms [5].

Decentralization of budget funds presupposes:

- the changes in the taxation system with simultaneous changes in revenue per unit for local budgets;

- the revision of transfer policy which cannot be based on a soviet principle "from each according to his ability, to each according to his needs";

- granting local authorities more powers in the field of design and implementation of various social and economic development programs [6].

During the period of 2011-2013 a level of centralization of the budget decreased from 78.3% to 76.2%, and a level of decentralization of budgetary resources increased from 21.7 to 22.2% respectively. In 2014, a share of consolidated budget revenue slightly expanded and comprised 77.8%, while a share of local budgets in the consolidated budget revenue decreased to 22.2%. (Table. 1). [7]

Effective financial resources management requires: [8]

- improved legal framework, regulations and guidance documents;

- determining new strategic lines for the financial resources management;

- carrying out activities aimed to boost the effectiveness of external and internal financial control.

One should anticipate, plan, execute, manage and monitor revenue and current legislation within a framework of one mechanism of revenue generating and functioning.

Taking into account the amendments to the current legislation 2015, in particular to the Tax and Budget Codes, one can notice that Ukraine is on its way towards inter-budget relation reforms and upgrading the mechanisms for the replenishment of local budgets. In

order to provide a practical explanation, the author analyzes some of these changes.

The most significant changes in the financial sustainability of local budgets are: [8]

- autonomous generation of local budgets (Art. 75);
- a period when local budgets are approved may differ from a period when the state budget is approved (by 25th of December which is ahead of the plan) (Art. 77);
- facilitated procedure of providing local guarantees and receiving local loans from international financial institutions through the use of “silence procedure” if it is agreed upon with the Ministry of Finance (Art. 74);
- the right for local and external borrowing given to all the cities of regional importance (Art. 16);
- the right for self-selection of institutions (in the Treasury authorities and banking institutions) engaged in servicing the budget allocated to local budgets development as well as personal income of budgetary institutions (Art. 78);
- indicative planning of indicators of local budgets and their adaptation to local budgets were cancelled by the Ministry of Finance;
- the formation of a single basket of general fund revenue;
- a wider range of the sources previously used for special funds revenue and now used for general fund revenue;
- the system of balancing of revenue and local budget expenditure is replaced by the up-to-date system of equalization of taxpaying capacity of territories.

An indicator of a share of regional (local) levels of government control in revenue and expenditure of the consolidated budget is used in order to determine the degree of budget and finance decentralization. One can talk about a high level of decentralization when a share of local expenditure accounts for more than 45% of national expenditure, with medium level of 30-45%, and the low level of less than 30%. Thus, the level of centralization of the budget lowered from 78.3% to 76.2%, respectively, and decentralization of budgetary resources increased from 21.7% to 22.2% in 2011-2013. A share of consolidated budget revenues expanded slightly to 77.8% in 2014, while the proportion of local budgets in the consolidated budget revenue comprised 22.2%. (Table. 2). [7]

One of the cracks in Ukrainian budget and finance decentralization's armour is a significant proportion of transfers, despite the declared nature of tax and budget decentralization. At this stage, the structure of local budget reflects the expanding share of inter-budget transfers in local budget revenue.

Table 2

Consolidated budget, state budget and local budgets revenue in 2011-2014

Indicators	2011	2012	2013	2014	2014 compared with 2013	
					Absolute increase, bln hryvnas	Growth rate, %
Consolidated , bln hryvnas including.:	398,3	445,5	442,8	455,9	13,1	3,0
General fund	334,7	369,7	75,0	388,9	13,9	3,7
Special fund	63,6	75,8	67,8	67,0	-0,8	-1,2
State budget (excluding inter-budget transfers), bln hryvnas including:	311,8	344,7	337,6	354,8	17,2	5,1
A share in consolidated budget revenue, %	78,3	77,4	76,2	77,8	x	x

General fund	263,3	288,5	290,1	308,7	18,6	6,4
Special fund	48,5	56,2	47,5	46,1	-1,4	-3,0
Local budgets (excluding inter-budget transfers), bln hryvnas including:	86,5	100,8	105,2	101,1	-4,1	-3,9
A share in consolidated budget revenue, %	21,7	22,6	23,8	22,2	x	x
General fund	71,4	81,2	84,9	80,2	-4,7	-5,5
Special fund	15,1	19,6	20,3	20,9	0,6	3,0

It is also important to analyze the ratio of local budgets to the general consolidated budget expenditure while estimating the role of local budgets in social and economic development of regions.

In 2013-2014 the proportion of local expenditure in the consolidated budget of the country was steadily diminishing in comparison with 2012, indicating the growing influence of the central government exerted on the allocation of funds. Thus, in 2012 the share of local expenditures in the consolidated budget of Ukraine was 44.9% and in 2013 and 2014 it was 43.1% and 42.7% respectively [9].

Study findings. Thus, the study of the local budget suggests its importance for effective socio-economic development of the population of each city. For more sustainable utilization of financial resources, the government carries out beneficial reforms in order to decentralize local budgets.

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ОСОБЛИВОСТІ ФОРМУВАННЯ МІСЦЕВИХ БЮДЖЕТІВ УКРАЇНИ

В статті розглянуто сутність поняття «місцевий бюджет» відповідно до Бюджетного кодексу України. Пояснено що відноситься до міжбюджетних трансфертів, згідно з законодавством. Представлено систему класифікації ознак доходів місцевих бюджетів, які включають: за джерелами надходження; за призначенням; за методами формування; за формами залучення; в залежності від типу повноважень; за участю у розрахунку міжбюджетних трансфертів; за бюджетною класифікацією та Бюджетним кодексом України. Наведено та охарактеризовано основні функції місцевого бюджету, до яких відноситься: функція створення місцевого фонду коштів, розподільна функція, функція використання зібраних коштів на визначені завдання і мету, контрольна функція. Зазначено, що для підвищення фінансової самостійності місцевих бюджетів сьогодні в Україні відбувається процес децентралізації місцевих бюджетів, який передбачає зміну системи оподаткування, при якій змінюються питомі надходження на користь місцевих бюджетів; зміну трансфертної політики, яка не зможе будуватись на радянському принципі «від кожного по можливостям – кожному по необхідності»; надання органами місцевого самоврядування більших повноважень в напрямку розробки та реалізації різноманітних програм соціально – економічного розвитку. Наведено рівень децентралізації місцевих бюджетів за період 2011-2013 рр. Представлено зміни у чинному законодавстві щодо децентралізації місцевих бюджетів, які відбулись у 2015 р. Проаналізовано доходи зведеного, державного та місцевих бюджетів України за 2011-2014 роки.

Ключові слова: місцевий бюджет, децентралізація, Бюджетний кодекс України, міжбюджетні трансферти, зведений бюджет, державний бюджет.