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## **THEORETICAL PRINCIPLES OF FUNCTIONING OF LOCAL GOVERNMENT BUDGETS**

Today, decentralization of the budgetary system of Ukraine come to the fore, because fiscal decentralization is one of the fundamental conditions of independence and viability of local government decentralization in decision-making increases the possible participation of local authorities controlled by it; fiscal decentralization promotes the effective provision of public services through closer coordination of government expenditure with local needs and preferences.

The reform of local government should start with local communities, which are the lowest, basic level of local government, and should be aimed at addressing three inter-related issues:

- political decentralization;
- redistribution of public functions and their financing;
- transfer of financial resources.

Solution of these three major problems strengthens local communities, provides efficient delivery of services and encourages the im-

plementation of successful reform of higher levels of local government. The first impetus for this change is the order of the Cabinet of Ministers of Ukraine “On Approval of the Concept of Reforming Local Self-Government and Territorial Organization of Power in Ukraine” and the Law of Ukraine “On Amendments to the Budget Code of Ukraine (concerning the reform of intergovernmental relations)”, which makes it possible to solve the above problems.

Thus, changes in the budget of Ukraine create a favourable environment for the formation of effective local governments and their respective budgets to create and maintain a comprehensive living environment for citizens to provide high quality and affordable public services, meet the interests of citizens in all spheres of local life. However, it should be noted that the system of territorial authorities requires improvement of the efficiency of local social development.