Decentralization as a process of transfer of powers from the state to local authorities is a particularly important task in Ukraine.

Decentralized governance is due to reduce of the influence of the central government and the existence significant deficiencies of fiscal centralization.

The main objective of the introduction of decentralization is to increase the role of local authorities in the management of regional development, increasing their activity to facilitate the activation of economic processes and providing economic growth. Due to the decentralization of power, local governments can develop and implement local economic policy aimed at economic growth, improve the quality of services for the population and environment protection.

In order to obtain the real changes in local management, the reform of local government and territorial organization of power is continuing in Ukraine according to the concept, which was approved by the Government on April 1 2014.

The implementation of local government reform requires amending of the Constitution. This process ensure the consistency, effectiveness and efficiency of the reform effort.

An important step in the implementation of approaches to decentralization of power is the law "On freewill association of communities", which identifies specific mechanism voluntary association of communities. Creation of independent and self-sufficient local communities is an important part of the process of decentralization.

United community funding will be carried out by firstly changes in the tax system, and secondly changes in funding educational and medical fields and Regional Development Fund -the third. Besides the state provides financial support.
voluntary association of communities by providing subsidies for building up infrastructure.

The first steps of decentralization of financial resources identified a number of problems. They are: uneven income of combined local communities, incorrect assessment of their financial capacity and limited impact on the accumulation of their own income. All these problems can be solved by changes in law. Thus, fiscal decentralization acquired features of practical implementation in the country.

Creating a self-sustaining local communities, their functioning will promote effective local government with a real impact on local processes.

In general, recent changes in regulatory policy in the public sector, including the Law of Ukraine "On Amendments to the Budget Code of Ukraine" and "On a voluntary association of communities", "On Amendments to the Tax Code of Ukraine and some other legislative acts of Ukraine concerning to balance budget revenues in 2016 "should improve the quality of budget funds to ensure effectiveness, efficiency and transparency of budget funds, to contribute to improvement the financial condition of administrative - territorial units, to provide accelerating economic development and improve the social sector and social welfare of communities. The amount of these revenues must be sufficient to provide the functions and duties that rely on one or another level of government.

**Keywords:** budget system, combined local community, decentralization of financial resources; local budgets, budget funds.