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Sources of Formation and Directions of the Use of Financial Resources in the Region

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Abstract: Financial resources in the region are monetary funds coming to the budget, with the exception of funds that are sources of financing the budget deficit in accordance with the Budget Code. Financial resources in the region are formed in accordance with the budget legislation of the Russian Federation, legislation on taxes and fees and legislation on other mandatory payments. Taxes are the main revenues of the state budget in the Russian Federation, as well as in countries with developed market economies. Financial resources in the region are formed in accordance with the budget and tax legislation of the Russian Federation, through tax and non-tax types of income, as well as through free transfers. The tax revenues of the budgets include revenues from federal taxes and duties provided for by the legislation of the Russian Federation on taxes and levies, including taxes provided for by special tax regimes, regional taxes, local taxes and fees, and penalties and fines for them. The issues of financial autonomy and the provision of the regions with adequate resources are of particular importance. Economic independence of the region is understood as the degree of its economic, primarily financial, resources for the independent and responsible solution of important social and economic problems that are within the competence of the appropriate level of power.

Keywords: financial resources, region, resource management, resource formation sources

JEL Classification: H5, H55, H61, H75

INTRODUCTION

In modern conditions, the solution of the vast majority of life support problems of the population focuses on the regional level.

However, the acquisition of the independence of the regions leads them to a relative separation within the national economy, in particular, with regard to the restriction of reproduction links by a certain territory. One of the problems of the revenue formation is the high subsidization of regional budgets.

The financial resources of the region are monetary funds created for a certain period in the process of the activity of economic entities, centralized and decentralized funds of special purpose, which are formed in the process of distribution and redistribution of national wealth, aggregate social product and national income and are intended for use in accordance with tasks of social and economic development of society and individual collectives of the enterprise.

The basis of financial resources of the region is their local budgets. They strengthen the economic independence of local authorities, expand the economic potential of the region, identify and use reserves of financial resources, which in turn affect its development.

The relevance of the research is determined by the fact that the problem of formation of the region's revenue base has acquired special significance in connection with the regionalization of economic and social processes (Kunelbayev, Auyelbekov, Katayev & Silnov, 2016); Increasingly, the functions of regulating these processes shift from central to regional authorities. In the conditions of the transitional economy, the role of the process of attracting and distributing financial resources in regulating reproduction processes is strengthened, and the whole system of financial relations is being activated.

Financial resources, being an indicator of the economy, make it possible to identify a preferable directions of the social and economic development of the country and its regions. Their formation and directions of use affect the proportions of the distribution of funds between sectors and spheres of the economy, the level of equipping enterprises with financial resources and meeting the needs of the population. Forming the directions of using financial resources in accordance with established priorities, changing their size at the disposal of business entities, the state can influence the development of the economy. Accordingly, the complex socio-economic development of the state largely depends on the methods of forming financial resources and on the optimal choice of directions for their use.

In modern conditions, the solution of the vast majority of life support problems of the population focuses on the regional level. Of particular importance are issues of financial independence and security of the regions, the solution of which largely depends on the structure of the economy and the level of its development in the corresponding territory. As a result, there is a need to clarify the nature and content of financial resources, the sources that form them.

Legislatively fixed are elements of the financial system as a whole that are able to ensure the economic independence of the region, which is understood as the degree of its provision with economic, primarily financial resources for independent and responsible solution of important social and economic problems that are within the competence of the appropriate level of government.

The functioning of the region, both in relation to a separate financial and economic complex, requires the existence of a capable structure for managing its sphere or industry, including regional finance. One of

the important problems, the solution of which is necessary for the formation and expansion of production potential, ensuring balanced development of the regions is the improvement of the mechanism for the formation and use of their financial resources, thereby increasing the overall effectiveness of the available financial capacity. The relevance of issues related to the financial autonomy of the regions was reflected in the research of many scientists.

LITERATURE REVIEW

In the Russian economic literature, the problems of the formation of financial resources of the region have been studied, in particular, in the works of M.V. Romanovsky, O.V. Vrublevskaya, B.M. Sabanti, N.A. Kolesnikova, L.P. Pavlova, G.B. Polyak, V.M. Rodionova, V.M. Ryabtseva, G.I. Chudimina, V.K. Senchagova, Yu.V. Peshekhonova, G.Ya. Shakhovoy, Yu.G. Shvetsov. The problem in question is reflected to varying extent in the work of such Belarusian economists as G.G. Fetisov, V.P. Oreshin, V.F. Baynev, S.A. Pelikh and others. These authors study the theoretical aspects of finance and financial resources, study the sources of growth of financial resources, the composition and methods of their mobilization.

Many definitions of the concept of “financial resources of the region” were given. Let us consider the main ones.

According to L. Drobozina, regional financial resources include regional budgets, funds of economic entities and territorial extra-budgetary funds. However, it follows from the above definition that the financial resources of the region do not include the population’s funds, as well as resources external to the specified territory of origin, as well as investment resources.

I. Tkachuk defines financial resources of the region as “a combination of income generated in the process of activity of all enterprises and business organizations located on its territory, as well as the population’s funds, which are formed in the order of redistribution of the wage fund and outside appropriations” (Larina & Kiselnikov, 1993).

According to A. Sukhovirskaya, regional financial resources are understood as the aggregate of incomes created by the economic complex of the region and the savings of citizens, as well as the funds received as a result of their territorial redistribution.

A widely spread definition of the concept of “financial resources” as a static category, that is, the amount of money funds fixed for a particular place at a particular moment in time. At the same time, supplementing the sources of financial resources in the region does not reflect changes in the content of financial relations in the new business environment.

In the conditions of a variety of forms of ownership of economic entities that possess an overwhelming majority of financial resources and, moreover, do not directly obey the government and local government bodies, the financial management system of the region acquires special significance. Its main goal is to mobilize financial resources of the region to ensure sustainable economic and social development of the region. By activating its elements in enterprises, institutions, organizations, in households, the local authorities of their inherent in market conditions and legally fixed functions ensure the targeted direction of the relevant resources.

In our opinion, the most accurate definition was given by Yu.V. Peshekhonova, G.Ya. Shakhov. In their opinion, financial resources of the region are a set of financial funds that take part in ensuring the

activity of local economic entities. This is the sum of the financial resources of economic entities united on a territorial basis and the funds of regional centralized funds, as well as monetary funds that are created for a certain period in the process of economic entities, centralized and decentralized funds for special purposes that are formed in the process of distribution and redistribution of the national Wealth, total social product and national income and are intended to be used in accordance with the objectives of socio-economic development of society and the individual groups of enterprises, they are divided into types by ownership and management levels:

- by forms of ownership: state and non-state;
- by management levels: national, regional, city (regional subordination), district, city (district subordinate), settlement, rural (Fetisov & Oreshin, 2006).

MATERIALS AND METHODS

The object of the study is the process of managing the sources of formation and use of financial resources in the region. The subject of the study are methods, models, and mechanisms of the process of managing the sources of the formation and use of financial resources in the region with a special positioning of the innovation component as a factor in the activation of a balanced policy for the efficient allocation and use of these resources.

The working hypothesis of the research is based on a differentiated approach to the formation of management procedures for economic entities operating in spatially organized economic systems, taking into account the need and the possibility of creating a mechanism for the economic management of the region's resources on the basis of a comprehensive analysis (Shumakov, Troitskiy & Silnov, 2017) and assessment of the state dynamics and the use of financial resources of the region being built on adaptation of instrumental methods, allowing to determine the resource potential and the level economic development of each of the regions of Russia.

The theoretical and methodological basis of the study was the work of domestic and foreign scholars devoted to fundamental problems of transformation in the regional economy, the theory of economic growth and reproduction processes, the development of a methodology for making effective management decisions.

The information-empirical base of the research was formed on the basis of statistical data of the Federal State Statistics Service. A representative set of data used, respectively processed, analyzed, summarized, economically interpreted and commented, ensured the reliability of the research results and the reasoned validity of practical recommendations.

DISCUSSION

Sources of Financial Resources. The main purpose of financial resources is to finance expenditures directed to the social and economic development of the territories.

In view of the different approaches to the definition of the concept of “financial resources of the region”, many scientists differ in their views on the sources of their formation.

Generally speaking, by sources of their origin, financial resources of the region are divided into financial resources of internal and external origin (Kaufman, 1975).

Internal origin resources, first of all, are the funds of local budgets, extra-budgetary funds, enterprises and institutions of the region of any form of ownership and sphere of activity, as well as money of the population, that is, funds that have an internal origin for a given territory.

Financial resources of external origin include subsidies and subventions from the state budget, funds borrowed or attracted by business entities and the population from sources external to the territory, international assistance (Butov, Ignatov & Ketova, 2000; Silnov, 2016).

According to N. Kolesnikova, the financial resources of the region include the following: own funds of business entities that carry out commercial activities in the production and non-production spheres, and money of credit and financial regional institutions, their branches in the region, funds of local budgets of cities, districts and settlements.

In view of the high level of shadow economy development, according to T. Klimenko, shadow capitals are also part of the financial resources of the region and should be taken into account in forming its financial potential, since these are real money that could be used to restructure the economy, to develop social sphere of the region, but do not participate in these processes, that is, they are potential investment resources.

Despite the discrepancies in the experts' conclusions regarding the determination of the level of the shadow economy of a state or a particular region, it should be noted that the funds that rotate in this area, if appropriate, can turn into significant investment resources.

The change in the economic environment leads to the appearance of new elements in the structure of the financial potential of the region. With the development of foreign economic activity, a group of financial resources of external origin, such as investments in free economic zones and territories for priority development, loans from the International Monetary Fund, the European Bank for Reconstruction and Development, borrowings in international financial markets, technical assistance of international financial institutions. Funds from these sources can be obtained by business entities in the region, as well as by local governments for the solution of socio-economic programs.

According to S. Yaroshenko, the credit potential of the local banking system is given a special role in the investment opportunities of a particular region, which is determined by the availability of sufficient unused financial resources, as the borrowed capital of the banking system determines the amount by which the system of commercial banks can increase the mass of money in circulation by granting new loans to citizens and firms.

However, it should be noted that without the appropriate property or other security of the loan from the borrowers, the means of the credit and financial system, including the banking institutions of the region, will remain a potential source of financial resources or will be withdrawn from the region.

Z. Gerasimchuk and L. Kovalskaya include depreciation charges of enterprises and organizations into sources of financial resources of internal origin (Fetisov & Oreshin, 2006).

However, most scholars, including us, support the opinion that the financial resources of the region include:

- resources of budgets of all levels (used for current financing of the economy of the region, social sphere, financing of the most important development projects in the respective territories);

- investment;
- extrabudgetary funds;
- resources of business entities directed to the social and economic development of the territory;
- credit resources of commercial banks and other financial structures (used for urgent and repayable financing of working capital and capital investments).

Figure 1 shows the composition of financial resources in the region.

The main source of formation of financial resources of the region is the budget. Budget funds form the basis of the financial system of the state, strengthen the economic independence of regional authorities, expand the economic potential of the region, identify and use reserves of financial resources, which in turn affect the development of the administrative-territorial unit and the state as a whole. Therefore, it is important to study the process and problems of the formation and execution of the revenue and expenditure budget at the regional level.

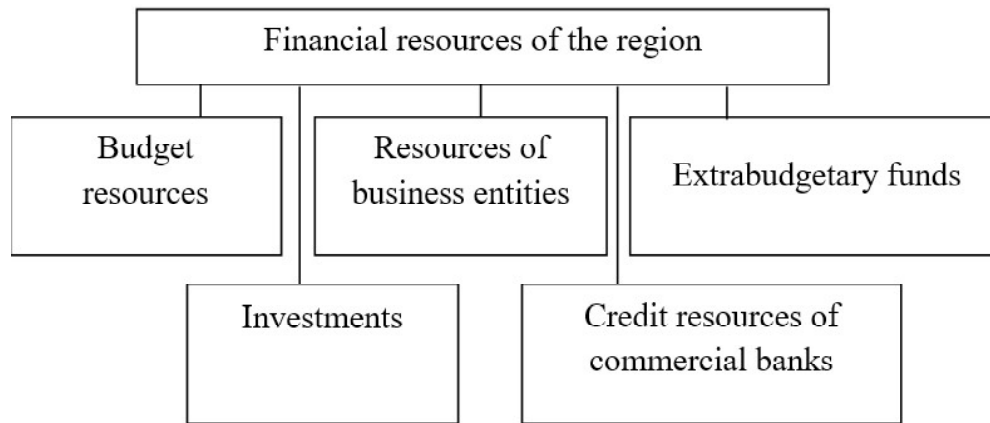


Figure 1: Composition of financial resources of the region

The composition and structure of the revenues of the local budget are largely determined by the financial policies of the state. Depending on the macroeconomic indicators and geopolitical events, the specifics of the territory, its location, socioeconomic development and other factors, differentiation of the profitability channels takes place - some of them become major, others are secondary, and still, others do not give returns.

In this regard, the essence of the operational management of the territory is a constant analysis of the channels of profitability, the impact on them by direct and indirect means, their restructuring depending on the emerging situation.

An analysis of the formation of budget revenues of various countries shows that, despite the diversity of specific types of payments, there are three main channels of revenue to the budget:

- compulsory payments to individuals and legal entities levied in the form of taxes and fees;
- non-tax revenues and mandatory payments;
- gratuitous receipts.

The Main Sources of Income of Regional Budgets. The personal income tax is effective from January 1, 1992. Its payers are citizens of the Russian Federation, foreign citizens, and stateless persons.

The object of taxation is income received by taxpayers from:

- sources in the Russian Federation and from sources outside the Russian Federation - for individuals who are tax residents of the Russian Federation;
- sources in the Russian Federation - for individuals who are not residents of the Russian Federation.

The tax base includes all incomes of the taxpayer, received by them both in cash and in kind or the right to dispose of which they had acquired, as well as income in the form of material benefits.

Tax rates for this tax can be the following:

- 35% is established in respect of the following incomes: the cost of any winnings and prizes received in promotional activities; Insurance payments under voluntary insurance contracts; Interest income on deposits in banks in excess of limits; The amount of savings on interest when taxpayers receive borrowed funds also in terms of exceeding the maximum size;
- 30% is established in respect of incomes of non-resident entities of the Russian Federation.
- 9% in respect of income in the form of dividends.

The basic rate of 13% is established in relation to all other types of income.

Taxpayers of the transport tax are persons who have registered vehicles recognized as objects of taxation.

The object of taxation is cars, motorcycles and any other water and air vehicles.

The tax base is determined by:

- engine power in horsepower for vehicles with an engine;
- the gross tonnage in register tonnes in respect of non-self-propelled water vehicles;
- a vehicle unit in all other cases.

The tax period is a calendar year.

Tax rates are established by the laws of the subjects of the Russian Federation. Rates can be increased or decreased, but not more than 5 times.

It is allowed to establish differentiated tax rates for each category of vehicles, as well as taking into account the useful life.

Non-tax revenues of regional budgets are formed from income from the use of property in the state ownership of the subjects of the Russian Federation, with the exception of property of budgetary and autonomous institutions of the subjects of the Russian Federation, as well as property of state unitary enterprises of the subjects of the Russian Federation, including state ones, at the rate of 100 percent.

Gambling business is an entrepreneurial activity in the organization and conduct of gambling, connected with the extraction of income by organizations in the form of winnings and (or) fees for gambling.

A playing field is a special place on the gaming table, equipped in accordance with the rules of gambling, where gambling is played with any number of gambling participants and only one employee of the gambling organizer participating in the specified game.

Taxpayers of the tax on gambling are organizations that carry out entrepreneurial activities in the sphere of gambling.

The objects of taxation are:

- the game table;
- a gaming machine;
- the processing center of the tote;
- the processing center of the bookmaker office;
- the point of acceptance of betting parlors;
- the point of acceptance of betting of the bookmaker office.

Non-tax revenues of regional budgets:

- income from the leasing of property;
- income from paid services provided by public institutions of entities;
- payments from state and municipal enterprises.

Main Sources of Local Budget Revenues. Land tax. Tax payers of land tax are organizations and individuals who own land on the right of ownership, the right to permanent use or the right to lifetime inheritable possession.

The object of land tax is the land area that is owned, or used by legal entities and individuals, including the territory occupied by buildings, structures, sanitary protection and technical zones.

Land tax rates are set by the legislative authorities separately for agricultural and non-agricultural land.

The average size of the land tax, established by the law on land payment, is based on the calculation of annual tax rates on agricultural land and land of cities and towns. The rate is set for 1 hectare of arable land for agricultural use or 1 square meter for non-agricultural land.

Tax rates for agricultural land are differentiated by groups of soils of arable land, as well as perennial plantations, hayfields, pastures.

In addition, the location of the land plot is taken into account. Land tax rates for cities and townships are differentiated according to the location of the plots and zones of different urban development values. For each settlement, these rates are approved by local authorities.

The tax is paid in equal installments in two terms not later than September 15 and November 15 of the current year. Local government bodies have the right to establish other terms for payment.

Individuals' property tax. Payers are citizens of the Russian Federation, foreign citizens who have property recognized as the object of taxation on the territory of the Russian Federation.

The structure of taxable property includes residential buildings, apartments, dachas, garages, other structures and other property.

The law of the Russian Federation on personal property taxes establishes marginal tax rates.

The law of the Russian Federation and taxes on the property of individuals set the marginal tax rates, differentiated as a percentage of the total, inventory value of taxable objects.

Rates range from 0.1 to 2%.

The representative bodies of local self-government have the right to determine the specific rates on the basis of the established limits of taxation, taking into account not only the value of the property but also other factors, for example, the nature of use (for economic or commercial use).

Individual categories of citizens are granted benefits on these taxes.

Calculation of the tax is made by the tax authorities at the location of the taxable objects. The tax is paid on the basis of tax notice in equal installments in two terms, also not later than September 15 and November 15 of the current year.

Non-tax revenues of local budgets are formed from income from the use of property in municipal ownership, with the exception of the property of municipal budgetary and autonomous institutions, as well as the property of municipal unitary enterprises, including state ones.

Non-tax revenues of local budgets include:

- income from the sale of property in municipal ownership;
- income from paid services provided by municipal government institutions.

In budgets of municipal districts, budgets of urban okrugs and budgets of urban okrugs with the intracity division, payment for negative impact on the environment is subject to enrollment at the rate of 40%.

Regional Budget Non-Tax Revenues Formation. Non-tax revenues of the budgets of the constituent entities of the Russian Federation are formed in accordance with Articles 41 - 43, 46 of the Budget Code (Matskulyak, 2008), including at the expense of the following:

- part of the profits of unitary enterprises created by the subjects of the Russian Federation remaining after payment of taxes and other mandatory payments to the budget - in amounts established by the laws of the subjects of the Russian Federation;
- payments for the use of the forest fund in the part exceeding the minimum rates of payment for wood, let out on the back, at the rate of 100 percent;
- fees for the issuance of licenses for the implementation of activities related to the production and trafficking of ethyl alcohol, and alcohol-containing products issued by the executive authorities of the subjects of the Russian Federation - at the rate of 100 percent;
- fees for negative impact on the environment - at the rate of 40 percent.

Non-tax revenues of the budgets of the subjects include:

- 1) income from the use of property in the state property of the region, after payment of taxes and fees provided by the legislation on taxes and fees, including:
 - funds received in the form of a rent or other payment for the surrender of temporarily owned and used property or for temporary use of property owned by the state;

- funds received as interest on the balance of budget funds in accounts with credit institutions;
 - funds received from the transfer of property in the state property of the region, on bail, in trust management;
 - payment for the use of budget funds provided to other budgets, foreign countries or legal entities on a returnable and paid basis;
 - income in the form of profit attributable to shares in the charter (reserve) capital of business partnerships and companies, or dividends on shares owned by the region;
 - other income provided by the legislation of the Russian Federation from the use of property in the state property of the region;
- 2) part of the profit (income) of the state unitary enterprises of the region, remaining at their disposal after payment of taxes and other obligatory payments, in amounts established by the oblast law on the regional budget;
 - 3) income of a budgetary institution received from entrepreneurial and other activities that generate income after payment of taxes and fees provided for by legislation on taxes and fees, fully accounted for in the budget estimates of income and expenditure of the budgetary institution and reflected in the revenues of the regional budget as income from the use of regional state property, or as income from the provision of paid services;
 - 4) income from paid services rendered by budgetary institutions under the jurisdiction of the regional administration, after payment of taxes and fees provided for by the legislation on taxes and fees;
 - 5) funds received as a result of application of measures of civil, administrative and criminal liability, including fines, confiscations, compensation, as well as funds received in compensation for damage caused to the region, and other amounts of compulsory withdrawal in accordance with the legislation of the Russian Federation And the region, court decisions;
 - 6) income received from the sale of property in the state property of the region, subject to enrollment in the regional budget in full.
 - 7) payment for negative impact on the environment - at the rate of 40 percent;
 - 8) payments for the use of the forest fund in the part exceeding the minimum rates of payment for timber, let out on the vine - at the rate of 100 percent;
 - 9) other non-tax revenues credited to the regional budget in accordance with the legislation of the Russian Federation and the subject of the federation.

Methodological Approaches to Assessing the Financial Potential of the Region. Ensuring a balanced development of the economy of the regions is a strategic task for the subjects of the Russian Federation. In conditions of increasing the independence of the regions, it becomes necessary to determine their financial potential.

At present, the concept of “financial potential” is widely used in economic literature as a combination of financial possibilities for the development of the state, regions, firms, and households. Studies are conducted primarily at the enterprise level. Within the framework of these studies, the same type of approach to the

definition of the concept of “financial potential” as a combination of financial resources and income of economic entities reflecting the availability and placement of funds, real and potential financial opportunities.

Despite the importance of the financial potential of the region, today there is no single theoretical approach to its definition, which calls for a study of the methodological justification for the formation of the financial potential of the region.

Systematizing these concepts, we state that the essence of finance was most completely revealed, in our opinion, by prof. V.M. Rodionova. By potential, we mean a set of opportunities and abilities to achieve the goal. Accordingly, the concept of “financial potential” reflects the aggregate of monetary resources and relations regarding their reproduction, which can be used to solve specific problems (Ulturgasheva, Lavrenko & Profatilov, 2011).

In Russia, the notion of “financial potential of the territory” was introduced by A.M. Volkov and A.M. Lyando in the 1970-s (Kirillova, 2006). So far, the concept of “financial potential of the region” remains controversial. It seems advisable to systematize the concept of “financial potential of the region” in accordance with the three methodological approaches presented in Table 1.

Representatives of the first approach identify the concept of “financial potential of the region” with tax and (or) budgetary potential. The financial potential of the region should not be identified with the budgetary one, as the regions have the right to dispose of not all financial resources mobilized on their territory.

Table 1
Methodological approaches to the content of the concept of “financial potential of the region”

<i>Approach to definition</i>	<i>Authors</i>	<i>Definition content</i>
1. An approach that identifies concepts	V.N. Leksin, A.N. Shvetsova	The aggregate potential of the region's own financial resources
2. Resource approach	A.L. Kolomiets,	The aggregate of all financial resources of a region
2.1 General	A.D. Melnik S.V. Zenchenko	The aggregate of financial and monetary resources available on the territory necessary to maintain the stability of the region's economic activities
	O.I. Tishutina	The aggregate of financial resources mobilized within the region, funds attracted on a commercial basis from outside, regional reserves, as well as the potential income from their use, which determine the socio-economic development of a particular territory
	E.V. Kameneva	The total amount of financial resources available to the authorities and management, which can be objectively used by them to perform the functions assigned to this level of authority
2.2 Reproductive	A.M. Volkov	A part of the resources of the generated national income, which, after all the processes of redistribution, is embodied in material and material composition in the nature of means of reproduction
	E.K. Konyarova	The system of economic relations, through which the process of reproduction in the region is carried out

In the economic literature, the concept “financial potential of the region” is most often substituted for “the tax potential of the region”. In our opinion, these concepts are fundamentally different. If the financial potential of the region includes the aggregate of all the financial resources of a region, the tax potential of the region is only a part of these resources.

The financial potential may include financial resources that either does not constitute a taxable object within the framework of the tax system adopted in the state or are partially taxed.

In an efficient approach based on the ability of available resources to generate income, only a part of financial resources is taken into account, which does not give a complete description of the financial potential of the region that is formed in the process of production, distribution, exchange and consumption of a social product (Klimova, 2009).

Summarizing the approaches to the content of the concept under consideration, we will distinguish the following in the financial potential of the region:

- resources available to the region. These include financial, credit, investment, material resources that ensure the effective life of the subject of the Federation;
- management system. It distinguishes three subsystems: planning, aimed at identifying potential success in the future; Implementation, aimed at creating a new potential and transforming the existing into success factors; Control, which performs the functions of checking the effectiveness of the implementation of plans and decisions and constant monitoring of their reliability.

The study of the economic essence of the concept of “financial potential of the region”, in our opinion, allows us to formulate the following definition: the financial potential of the region is the aggregate of financial resources accumulated, attracted and formed as a result of economic activity, placed at the disposal of economic agents, which determine the achievement of the strategic goals of the region’s social and economic development.

As economic agents, we will understand the subjects of economic relations that take part in the production, distribution, exchange, and consumption of economic goods (Fetisov & Oreshin, 2006).

Considering the notion of “financial resources” as the basis of the financial potential of the region, we understand by them the cash receipts and savings available to economic agents intended for carrying out expenses for simple and extended reproduction, fulfillment of obligations to the financial and credit system. The financial potential of the region includes both the financial resources that the region possesses in a certain period of time and the financial resources that may be attracted by economic agents.

In accordance with the definition of the financial potential of the region, its structure consists of the following elements:

- the fiscal potential of the region - the potential for accumulation of financial resources in the budget;
- financial potential of enterprises and organizations registered in the region, - own free and attracted financial resources;
- the potential of the financial and credit system - financial resources of the institutions of the banking and credit system of the region (Ulturgasheva, Lavrenko & Profatilov, 2011).

The conducted research has shown that the financial potential of the region is formed at the expense of accumulated, attracted and formed as a result of economic activity financial resources.

Full use of the financial potential of the region allows achieving balanced socio-economic development of the region. Such an effect is possible only on condition of maximum involvement and optimal use of all available financial resources.

Since the main source of the financial resources of the region is budgetary funds and investments, we will consider the methodology for calculating the budget and investment potential of the territory.

In our opinion, the budget-tax potential of the revenues of the administrative-territorial unit is the forecasted amount of revenues of the local budget, with the exception of inter-budgetary transfers, which consists of the tax potential of the administrative-territorial unit and the calculated index for non-tax revenues of the budget.

The tax potential of an administrative-territorial unit is the amount of taxes and fees that can be received by the budget of an administrative-territorial unit, based on the level of development and structure of the economy and (or) the tax base for tax sources assigned to this administrative-territorial unit.

Principles of Budget Execution. The execution of the budget begins after its approval by legislative (representative) authorities. This stage of the budgetary process has as its goal the implementation of revenue and expenditure parts of local government budgets. In the process of budget execution, executive bodies can make changes within the limits of the approved appropriations according to the articles of the budget classification for each direction of spending.

The most important task of budget execution is to ensure full and timely receipt of taxes and other payments, as well as revenues in general and for each source, financing activities within the amounts approved by the budget during the fiscal year for which the budget is approved.

In the execution of the budget, an important place belongs to the correct and economically justified distribution of all types of payments and appropriations of the approved budget, carried out on the budgetary list of income and expenditure - the main operational plan for the distribution of revenues and expenditures by budget classification units in the form of a quarterly breakdown and in the context of budget appropriations managers (Borisevich, Heyzler & Fateev et al., 2002).

In practice, in connection with the shortage of financial resources and tight budget execution, the financial authorities, in addition to painting income and expenses, can draw up cash execution plans for the operative control and financing of urgent expenses, for a month with a five-day allocation, with terms of receipt of payments and terms of financing of priority expenses. In addition, cost limitation is widely practiced when financing is carried out within the limits set, often in the amount of actual income.

The budgetary list is drawn up by the authorized representative body; it is approved in the order established by the legislation.

To implement expenditures, the corresponding funds are presented to the managers of budgetary funds. The managers of budgetary funds are the heads of organizations that have been given the right to dispose of the appropriations approved for them. They have the right to spend budget funds in strict accordance with the approved estimate.

Control over the targeted use by enterprises and an organization of allotted funds is exercised by the financial body of executive power.

The decision on the use of free budget funds (the amount of excess of revenues over expenditures when executing the budget) is taken by the appropriate legislative (representative) authority upon the proposal of the relevant executive authority. Free budgetary funds can be spent only on condition that the financing of planned expenditures and the transfer of funds received from the use of free budget funds to their budget be ensured. Free budget funds by the decision of the legislative (representative) authority can be directed to the implementation of various socio-economic programs, or invested in shares and other securities, or given in the form of interest and interest-free loans.

Losses in income and surplus expenses are not compensated from the higher budget, except for cases when losses are caused by a change in the current legislation.

Intra-Budgetary Relations Principles. Budgetary relations between the bodies of state power of the Russian Federation and the constituent entities of the Federation and local governments regarding financial support are built on the basis of certain principles characteristic of budgetary federalism.

Inter-budgetary relations are based on the following basic principles:

- independence of budgets of all levels of the budget system of the Russian Federation;
- the balance of interests of all participants of inter-budgetary relations of the budgetary system of the Russian Federation;
- equality of budgetary rights of the subjects of the Federation, municipalities in relations with the federal budget;
- legislative delineation of revenue sources between budgets;
- leveling of the minimum budgetary security levels;
- unity of the RF budget system;
- transfer of certain types of expenditures from the federal budget to territorial budgets;
- funds transferred to the budget of one level from the budget of another level to ensure state powers are accounted for in the corresponding budget as income in the form of gratuitous transfers.

During the fiscal year, the legislative and executive authorities, as well as the representative authorities of local government, refrain from taking decisions that lead to an increase in the expenditure of budgets of other levels, except in cases of emergency situations and natural disasters.

The basis for the calculation of financial assistance to the territorial budgets is the standards of financial costs for the provision of financial services and standards for minimum budgetary security, determined on the basis of a unified methodology, taking into account the socioeconomic, geographical, climatic and other features of the subjects of the Federation.

Financial support of the subjects of the Federation is provided in the forms established by the legislation of the Russian Federation.

Ways to Solve the Regional Budget Deficit Problem. There are several ways to solve the regional budget deficit problem: the issue of securities, the attraction of off-budget funds, borrowing from the federal financial system, etc.

The issue of securities means the transfer of the problem of the insolvency of regional authorities to entities that have financial resources. This is done by issuing securities, namely bills of exchange, to solve the problem of current insolvency, shares, and bonds to address the lack of investment resources.

Prospects of bill circulation in the regions of the country are closely connected with the formation of a single securities market, one of the principles of functioning of which should be mutual recognition and acceptance in the budget, as taxes of regional securities. To implement this idea, it will be necessary to create banks with a wide branch network, reliability, and solvency of which will not cause doubts.

The securities market is currently only being mastered by regional authorities.

The attraction of extrabudgetary funds means borrowing the necessary amount of financial resources from sources available to regional bodies. Extrabudgetary funds include a pension fund, an employment fund, a social insurance fund and a medical insurance fund.

The main directions of spending the funds of the pension fund are determined in accordance with the tasks set out in its charter.

In the structure of the employment fund, in particular, financial assistance is provided for employers to create new jobs.

The main difference between the social insurance fund and other funds is the use of funds mainly by insurers: the share of these expenditures amounted to more than half of the total expenditure.

Other sources of borrowing by the regional administration of means to solve their financial problems include borrowings from the federal financial system, as well as foreign borrowing.

The development and implementation of the regional budget are a means of participation of the regional administration in managing the course of social reproduction in the region by mobilizing financial resources and channeling them to certain state needs, determined on the basis of economic and political expediency.

CONCLUSION

In the conditions of democracy, local (regional) finance is one of the most important components of the financial system of the state, which covers regional budgets, budgets of administrative-territorial units and finances of economic entities used to meet regional needs. Regional finance provides financing for a wide range of activities related to the sociocultural and communal services of the population. Local (regional) finance is a system of economic relations through which the national income is distributed and redistributed to the economic and social development of the territories.

In recent decades, in many countries, there has been a regionalization of economic and social processes. Increasingly, the functions of regulating these processes shift from central levels of state power to local levels. Therefore, the role of regional and local finance is increasing, and the scope of their application is expanding. The magnitude of regional finance is growing and in many countries is the prevailing part of the state's financial resources.

Through regional finance, the state actively pursues social policy. On the basis of providing the regional authorities with funds, for their budgets, the municipal public education, public health services, and public

services are provided. At the same time, the range of funded activities is expanding. At the expense of the regional budgets, not only comprehensive schools began to be funded, but also higher educational institutions, major health facilities, internal security, law and order, environmental protection, etc.

With the help of regional finance, the states are aligning the levels of economic and social development of territories that, as a result of historical, geographic, military and other conditions, lagged behind in economic and social development from other regions of the country. For this, regional programs are being developed. Funds for their implementation are formed from sources of revenue budgets of the relevant administrative-territorial units, as well as taxes of higher budgets. At the same time, regional budgets are allocated deductions from state taxes, but most often subventions, that is, financial resources provided from higher budgets for certain purposes (development of health care, road construction, communal facilities, etc.)

The formation of municipal budgets, the concentration of monetary resources in them, enables municipalities to fully demonstrate their financial and economic independence in spending their money on the social and economic development of municipalities. Local budgets allow the municipal authorities to ensure the systematic development of educational institutions for health services, housing stock, and road infrastructure. With the help of local budgets, the levels of economic and social development of the territories are leveled. For this purpose, regional programs for the economic and social development of municipalities for the improvement of villages and towns, the development of a network of roads, the revival of cultural monuments are being developed and implemented, using inter-budgetary relations where necessary.

Having financial means at their disposal, municipal authorities can increase or decrease the standards of financial costs for the provision of municipal services in institutions of the non-production sphere (schools, hospitals, etc.)

By concentrating part of the financial resources in local budgets, the bodies of representative and executive power can centrally direct financial resources to the strategic objectives of the development of the region and priority sectors.

The financial bodies of municipalities can, through local budgets, influence the formation of optimal proportions in the financing of capital and current costs, stimulate the effective use of material and labor resources, and create new local industries and trades.

Noting the role of local budgets in the social and economic development of the regions, one can not ignore the fact that inflation is in crisis in the country's economy, and the mood of the financial system does not allow local budgets to fully play their role. To such negative factors, it is possible to carry a budgetary deficit (excess of incomes over expenses).

The role of local budgets in the social and economic development of regions can further increase under certain conditions. These conditions can be the allocation of local authorities with additional powers to generate revenues and use of local budgets.

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