

## ACT OF THE STATE BUDGET FOR THE YEAR 2010

The support  $T_n$  allocated from budget equalization fund (hereinafter *equalization fund*) to a local government budget is calculated as follows:

$T = (AK - AT) * k$ , where

$$AK = \sum_{n=1}^6 C_n * P_n$$

$$AT = (TM_{2009} + RM_{2009}) * 0,5 + (TM_{2008} + RM_{2008}) * 0,3 + (TM_{2007} + RM_{2007}) * 0,2 + \frac{MM}{ARVEST}$$

- T - equalization fund allocation for a local government;
- AK - the calculated average operational expenditure of a local government;
- AT - the calculated revenue of a local government;
- k - support level factor;
- $C_n$  - number of children (aged 0–6), the number of schoolchildren (aged 7-18), number of members of the active population (aged 19-64), number of the elderly (aged 65+) in a local government according to the data of the population register, the calculated length of local highways and city streets (hard-surface highways 0,26; city streets 0,74; non hard-surface highways 0,047) in kilometers and number of disabled persons being cared for and using caregivers' services according to the report of the caregiver's allowance;
- $P_n$  - calculated average operating expenditure of local governments' per child (aged 0-6), per schoolchild (aged 7-18), per member of the active population (aged 19-64), per elderly person (aged 65+), per disabled person being cared for and using caregivers' services and per calculated length of a local highway and a city street (hard-surface highways 0,26; city streets 0,74; non hard-surface highways 0,047) per kilometer;
- $\sum C_n * P_n$  - total summary amount of the multiplication of the number of children, number of schoolchildren, number of members of active population, number of the elderly, number of disabled person being cared for and using caregivers' services and calculated corrected length of local and city streets in kilometers of a local government and average operational expenses of local governments calculated for every relevant indicator per one unit;
- TM - receipt of personal income tax in a concrete local government in 2007, 2008 and 2009 respectively made comparable with the tax rate changes;
- $\frac{MM}{ARVEST}$  - calculated land tax (1,25% of taxation of general land and 0,6% of agricultural land in 2009) in a local government;
- RM - the size of calculated charges of mineral rights and planned special user fee for water in 2007, 2008 and 2009 in a local government.