

Investigating Strategies of Providing Municipalities with Sustainable Revenues (Case study of Ivan)

Mirnaser Mirbagheri hir*

Assistant Professor of Economics, Department of economics, Payame Noor University, Tehran, Iran

Mehdi Yaghoubi

Ph.D. student of Geography & Urban Planning, Malayer Branch, Islamic Azad University, Malayer, Iran

Lotfollah Maleki

Ph.D. in Geography & Rural Planning, University of Mohaghegh Ardebil, Ardebil, Iran

Delavar Masoumi

M.A. in Geography & Urban Planning, University of Mohaghegh Ardebil, Ardebil, Iran

Abstract

Any activity in cities requires revenue and save costs, as a result prerequisite of having a stable income and resources Versatile and balancing expenditures and sources of income. At present, about 80 percent of municipal revenues related to the construction of the source of the problem now Encountered in these conditions should be able to cart our income from foreign products from a single variety of ways to make a stable income. In the city we do not have to worry. In the present study, we tried that, referring to the mayor Ivan sources of income and expenses between the years 2010 to 2014 to express solutions to increase municipalities stable income research in this cross-sectional study based on the figures and detailed plan of the city mayor Ivan with karbas bana Consulting Engineers.

Keywords: income-expense-municipal-ivan

**Corresponding author: mirbagheri_hir@yahoo.com*

The expression problem

Nowadays, population growth and increased migration to cities, leading to uncontrolled urban development, creating new settlements, reduce the level of human well-being (Ortega & etal, 2011, 2). Unplanned construction, achieving the suburban (Garcia-Palomares, 2010, 197). And much problems for urban management, particularly in developing countries has been So that today these issues with urban decline in core concerns of urban planners It is certainly important that shadow adequate and sustainable financial resources will possible among different segments of urban management, financing and income are particularly important municipalities (Alden, 1996, 553). And a serious study of managers, urban planners and politicians also provides the main reference municipalities as director and coordinator of the affairs of (Saeidnia, 2005, 41), have a very important role in solving urban problems On the one hand, municipalities earn a major impact in providing services to citizens and the lack of sufficient income Not only because of lack of essential services in the city, but also basically run all the difficult urban plans (Jamshid zadeh, 2005, 29). A different municipalities and increasing municipal spending in the coming years will be difficult to justify (Gaderi, 2008, 23) .until that some like Peter Martin believes that most chances urban management in the third thousand, will focus on costs and earn money, will be the focus of policy at local management level (Martin, 1997, 103). Importance becomes clear when we know that more than 95% of the financial resources of local municipal revenues Funded in cities and dependence on government grants less than 5 percent. Although the founding municipality in 1909 followed by the new law, municipalities in1942 legislation in the field of municipal finance situation, but proceeds, not so much to help state and urban systems is highly dependent on (Safari, 2006, 331) The issue of self-sufficiency and self-reliance of municipalities in 1985 and seeks to reduce its dependence on municipal income. Due to worsening problems of the

state and cities due to population growth and migration, high volume demand for municipal services And reliance on unstable revenues of municipalities, municipal authorities for difficult working conditions (Najjarian bahmaniri, 2001, 2) The lack of stable sources of income, it may be the founder of a lot of things in this research to study and identify resources and strategies for sustainable revenue paid to the city of Ivan.

Research method

method of this research, functional and descriptive-analytic methods also collect of information technology with library and documents, in the first research books, journals, magazine and etc .And then utilizes the data analysis coincident to the operation of municipal income and expenses in different periods of the mayor Ivan was received To study the financial aspects of municipal porch and income, and finally, according to the may or and city Ivan guide lines Finally, according to the may or and city Ivan to provide solutions in the field of sustainable income And continuous and cut costs for the municipality paid porch.

History of research

Ayatollahi, Alireza, in a study funded by the Municipality of France reach to this conclusion That the financial resources of the French municipal taxes and state aid in the form of funds, followed by the current government Regional and local, and finally borrowing facilities (Ayatollahi, 2010, 15).

Sullivan also believes that the composition of municipal financial resources is a collection of sale good sand urban services, a variety of taxes and central government grants. (. (Sullivan, 2003, 451).

Bechman in evaluate of tax confirm major source of income in the tax assessment, three major goals of the private sector to the public sector resources, equitable distribution of costs between the different levels, and economic increase for economic growth for taxes (bechman, 2000, 135)

Moazzi moghadam in an article entitled practices municipalities sustainable income, incomes ways include of direct service, local taxes, state aid, loans and borrowings from the perspective of optimality criteria and then justice has been carefully evaluated. (moazziMoghadam, 2004, 7).

Abedi Darkush in research with entitele as the financial management to municipalities reach to this result that municipals provide for themselves, have the local resources and there sources of the State benefit.(AbediDarkush, 2005, 9).

Ali Abadi and masoum with municipal revenue sources reach to this result that sustainable income resource have knows to the small share in the financing of municipalities. (Ali Abadiandmasoum, 2003, 8).

Finally Razzaziyan the most appropriate source of income in the urban economy and economic source economic that provide foundation for economic growth for all municipalities. (Razzaziyan, 2000, 45)

Research findings

Identifying financial facilities

Financial facilities of ivan municipality have been investigated in terms of expenditures and revenues. The results are as follows:

a) Investigating revenues of ivan municipality based on data obtained from Ivan municipality, the total revenue for this public entity has been 8762 to 21061 Iranian million Rials between the years 2005 and 2009. The highest amount of revenue has been for the year 2009 (14093 million Rials) and the lowest amount has been for the year 2005(8762 million Rials).

During the years 2005, 2006, 2007, 2009 and 2012 the revenue amount has positively risen and during the years 2008, 2010 and 2011 it has negatively decreased.

Table 1: Revenue changes of Ivan municipality based on current price in the years 2005-2012 based on million Rials

Income codes	2005	2006	2007	2008	2009	2010	2011	2012							
	Income rate	Income rate	Growth rate	Income rate	Income rate	Growth rate	Income rate	Growth rate							
Revenues from general duties	775	1182	5251	1443	22/1	1105	-23/42	2651	140	4781	8034	6327	-32/33	3621	-42/76
Revenues from special duties	3805	4630	21/68	3835	-17/17	2985	-22/16	6464	4	116/5	5236	-17/45	6093	7677	26
Services and revenues from profit institutions	1287	4253	230/45	5591	31/46	5438	-2/73	8253	5176	5818	-29/5	3670	-37	2013	-45/15

Investigating Strategies of Providing ... 43

Revenues from funds and properties	244	305	25	3046	898/6	1306	-57/12	1659	27/02	1549	-6/63	1067	-31/12	857	-19/68
Financial support from government and governmental organizations	136	50	-63/23	0	0	345	0	1856	438	644	-65/3	22	-96/58	2049	9214
Donations and gifts	315	359	13/96	385	7/24	272	-29/35	940	246	1964	109	1728	-12/02	2994	73/26
Other revenues	2200	615	-72/04	91	-95/86	1031	1033	2367	120	1735	-23/46	1473	-15/1	1846	2632
Total income	8762	11394	3003	14391	26/30	12484	-13/25	24093	93	21827	-9/4	20380	-6/63	21061	3/32

Source: Data obtained from Ivan municipality 2014

Investigating the municipality resources on the basis of fixed price shows that during the years 2005 and 2012 the highest growth rate has occurred during the years 2008 to 2009(87.62 percent) and the lowest growth rate (-26.33 percent) has occurred during the years 2007 to 2008. The municipality growth rate during the years 2005 to 2006 has been 16.44 percent and it has been 8 percent between the years 2006 and 2007 and it has been -20.79 between the years 2009 and 2011 and it has been -20.45 between the years 2010 and 2011 and finally it has been -14 between the years 2011.

Table 2: changes in municipality revenues based on the constant price during the years 2005 and 2012: million Rials

Income codes	2005	2006	2007	2008	2009	2010	2011	2012	Growth rate
	Income amount	Income amount	Income amount	Growth rate	Income amount	Income amount	Income amount	Income amount	Growth rate
Revenues from general duties	691	944	36/61	4/34	-34/92	1313	53/62	1085	-52/31
Revenues from special duties	3394	3398	8/59	-29/20	-34	3201	-29/68	2299	5
Services and revenues from profit institutions	1148	3397	195/9	12/33	-17/40	4087	-140	306	-54/28
Revenues from funds and properties	218	244	11/92	752	-63/58	821	-20/34	257	-33/1

profit	164/5	246	1760	93	-98/74	5	323	398	1075	94	-96/8	8	56/25	250	160
Total current	-11/56	2700	318	3053	-28/45	2959	7	4136	6	3868	10/10	3650	-65/41	3315	8586
Urban development planning	-95/71	12	10/23	280	6	254	-79/16	219	431/21	919	-23/11	173	-0/88	225	276
Sewer system planning	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Urban transportation planning	-9/72	1947	-13/47	2157	-48/31	2493	287/4	4824	-71/26	1245	76/14	4333	114/1	2460	1149
Planning for drinking water equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Urban protection planning	0	0	0	0	0	0	0	82	0	0	0	0	0	22	0
Urban improvement environment	226/5	666	-53/63	204	-43	440	100	772	-28/38	386	-38/95	539	1843/8	883	310
Planning for other urban facilities	-54/13	527	-37/28	1149	197/8	1832	554/25	615	681	94	528/6	88	58/82	14	33
Planning for sports, cultural and entertainment centers	1900	7	-99/4	0/35	64/28	69	180	42	-89/65	15	10/68	145	87/33	131	1033
debts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total amount of construction expenditures	-16/64	3159	-25/51	3790	-22/36	5088	146/48	6554	-49/62	2659	41/31	5278	33/20	3735	2803
total	-14/37	5859	-14/97	6843	-24/71	8048	-83/47	10690	-27/54	6469	26/63	8928	-43/10	4050	12389

c) Balance of revenue and expenditures

Calculating and analyzing revenue and expenditures on the current price basis can lead to effective results. However, when comparing different years, current price as criterion may not lead to certain results, because annual inflation is ignored and accordingly, the comparison does not show the reality and makes planning difficult.

Therefore, to compare the municipality expenditures and revenues during different years, fixed price which includes inflation rate should be used. Information related to the municipality revenues on the fixed price basis during the years 2005 to 2011 has been presented in table 111-5 and graph 111-9.

Table 5: balance of the municipality expenditures and revenues on the fixed price basis during the years 2005 to 2012, unit: million Rials

year	revenue	expenses	balance
2005	7816	12389	-4573
2006	9101	7050	2051
2007	9823	8928	895
2008	7237	6469	768
2009	11928	10690	1238
2010	9210	8048	1162
2011	7326	6843	483
2012	6308	5859	449

Source: data obtained from Ivan municipality 2014 and counselor calculations

According to table 5 the municipality witnessed negative balance only in 2005 and during the years 2006 to 2011 it witnessed positive balance. In other words during the mentioned years the amount of revenues was more than expenses therefore the municipality did not face budget deficit.

Recommendations and guidelines to increase expenses and revenues

Regarding lack of income resources the municipality of Ivan, it is very important to investigate and find new resources of funding for the municipality.

In 2001 the aggregating toll bill was presented by the government and passed by Iranian parliament. According to the regulation tolls related to fuel, imported goods, marking vehicles, and other items must be taken nationwide and municipality receive their share of budget based on population or other ratings. In the recent years regulations related to the above rule have been prepared and announced and were implemented at the beginning of the year 2003. It is estimated that the municipalities' revenues increase considerably through government' payment.

To investigate ways to diversify and increase the municipalities' revenues different studies have been conducted. The most important study is the one which was conducted by the Urban Research and Planning Office- an office within the ministry of Interior- aimed at increasing municipalities' revenues and reducing their expenditures in 2002. Through correspondence and interviews with municipalities, this project classified suggested and income generating projects for municipalities in 10 groups based on table 111-9. The table suggestions can be considered as pattern or strategy for the municipality of Ivan.

Table 6: suggested and income generating projects for municipalities

No.	Description of suggestions	Total votes	Municipalities' ratings			
			1,2,3	5/4,6	7,8,9	10,11,12
1	Tourist facilities and hotels	11/5	12/7	11/0	11/0	14/8
2	Amusement parks	5/3	5/6	3/4	7/0	14/8
3	Creating amusement parks	10/2	7/0	10/6	10/0	14/8
4	Facilities and commercial malls	11/5	11/3	12/3	10/0	11/1
5	Vegetable markets	8/5	4/2	8/9	11/0	7/4
6	Terminals	8/5	7/0	8/9	10/0	3/7
7	Purchasing and hiring construction machines	12/7	16/9	12/3	12/3	7/4
8	Asphalt plants	10/6	12/7	10/6	9/0	11/2
9	Crusher plants	9/7	9/9	10/2	9/0	7/4
10	Production and sale of sand	11/5	12/7	11/8	11/0	7/4
Total		0/100	0/100	0/100	0/100	0/100

Source: ways to increase the municipalities' revenues and reducing expenditures, Urban Research and Planning Office- an office within the ministry of Interior.

In the mentioned study project to attract investments and public participations in the city construction, a general survey from city managers and municipal officials was done. According to the findings of the survey, municipalities outlined 8 groups of essential measures based on table 111-10 to increase revenues. Regarding the municipalities' ratings, the type of measures is considerable. According to the data presented in the table most of municipalities have regarded investment in income generating projects as one of the most important ways to increase revenues.

Table7: essential measures to increase municipalities' revenues

No.	Description of suggestions	Total votes	Municipalities' ratings			
			1,2,3	4,5,6	7,8,9	10,11,12
1	Improving urban management	9/2	6/1	10/0	10/0	7/1
2	Changes in regulations and responsibilities of municipalities	5/2	3/0	3/7	8/9	10/7
3	Providing state funds for income-generating projects	18/1	19/7	18/7	17/8	10/7
4	Reducing municipalities' expenditures	12/7	10/6	12/9	13/3	14/3
5	Getting total current urban toll	12/2	16/7	12/4	7/8	14/3
6	Increasing urban toll tariffs	11/5	12/1	10/8	13/3	10/7
7	Setting new tolls	12/7	12/1	13/3	11/1	14/3
8	Investment in income-generating projects	18/4	19/7	18/2	17/8	17/9
Total		100/0	100/0	100/0	100/0	100/0

Source: ways to increase the municipalities' revenues and reducing expenditures, Urban Research and Planning Office- an office within the ministry of Interior 2002.

Considering the fact that most of the financial resources for the municipality to perform construction projects so far have been awarded by government and governmental organizations and the government policy is to develop financial resources of public organizations and entities through increasing revenues in such

organizations and balancing between revenues and expenditures especially for the municipalities, all municipalities including the municipality of Ivan must seek new income codes through the ministry of interior and other legislative authorities to implement the assigned responsibilities and duties especially in the field of urban construction and development.

In addition the municipality of Ivan must implement revenue generating projects with the participation of private sector to increase revenues. Important points in this field are: the need for proper evolution and economic feasibility of the revenue generating projects against investments (including expenditure of investments, depreciation, repairmen, personnel related expenses, etc) and comparability and relevance to legal responsibilities of the municipalities as well as being public works and having priority based on suggested urban approved projects.

Some of the revenue generating projects which are appropriate and computable with the organizational and financial structure of the municipality are as follows:

1. Establishing regional and local vegetable and fruit markets
2. Investments recreational and amusement projects such as amusement parks
3. Establishing trade-service projects in the centers and in the predicted areas within the detailed plan
4. Establishing production and sale centers for seedlings, flower and seeds and service delivery of green space by vice chancellor in urban green space unit.
5. Establishing multipurpose educational, cultural and art centers
6. Allocating sums obtained from traffic and urban transportation fines to the appropriate urban organizations instead of depositing to the state treasury
7. Separating local tax from national tax for the municipality to benefit from local originated tax

To sum up, it is worth mentioning that in addition to seeking activities to increase its present revenues and obtaining new revenue resources, Ivan municipality must take various measures to reduce its expenditures. Such measures can lead to creating a balance between revenues and expenditures of the municipality.

These measures are outlined as follows:

1. To speed up assigning administrative tasks to the private sectors and developing appropriate mechanisms for this task
2. Reforming structure and organization and approving appropriate organizational chart to promote controlling and administrative capability of the municipality and reducing unnecessary expenses through changes in the existed organization to remove inappropriate units and parts
3. Increasing public participation through appropriate channels to involve people in decision making and assigning current affairs and tasks to people and public organizations
4. Developing automation and computer systems to perform affairs in different parts of the municipality
5. Constant use of services delivered by the counselor engineer, the provider of the detailed plan during the project period

Conclusion

One of the most important duties of public entities including municipalities is funding. Although financial resources of the municipalities are receivable in different ways, all of the resources are not sustainable revenues. Sustainability in resources necessitates two factors.

First, these items must be relatively sustainable and second receiving such revenues should not threaten and destroy the qualitative condition of the city. Nowadays, most of the municipalities in Iran including Ivan municipality face shortage of constant national resources. The findings of the present research show that during different periods constant revenues have had decreasing trend and unsustainable revenues have increased considerably so that the highest amount of revenues has been related to special tolls and services and revenues of nonprofit institutions. Regarding the fact that these resources are considered unsustainable revenues, they can cause many problems for Ivan municipality. Therefore, the municipality which is considered one of the important elements in urban management and delivery services to citizens is one of the responsibilities of this entity, should have sustainable in order to keep the city dynamic and alive.

References

- Abedin Darkush, S.(2005), financial management of the city, Urban Management Journal, fourth year, number13

- Ali Abadi, Javad and Jalalmasoum(2003), urban management challenge in Iran, municipal magazine, published by the municipalities in the country, third year, number 25
- Ayatollah, Alireza (2010), the French municipal finance, abstracts municipal finance conference, Tehran Municipality publications-Department of Finance and Administration, Tehran
- Egbalpour, Jamshid and Nasri, Karim (2001), municipalities how to reach a stable income, month letter of municipalities, tenth year, number98
- Ghaderi, J.(2008), evaluating the financial system and the municipality's income in Iran, Economic Review letter, third period, 3 number
- Ghlaedar, H. (2005), compared to revenues of municipalities in the metropolitan areas of Iran and its physical effect, Master Thesis, University of Shiraz
- Jamshidzadeh, Ebrahim (2005), an analysis of the costs and credits municipalities over theyears56-50and79-71, Journal of Management and Planning, fourth year, number13
- MoazziMoghaddam, H.(2004), the municipality's in come resources ways, vice president of planning and development, publications of municipal country organizations, Tehran
- Najjarian Bahnamiri, B. (2000), evaluate of income and expenses of seven degrees of municipalities in the province Mazandaran, and affecting factors itduring1980-1990, Master of Business Administration, Mazandaran University of Science and Technology
- O.sullivan, a (2003), urban economic, 5thed, mc grew-hill higher education
- Peter, M, third millennium management, bathos press, university of south australin.1997
- Razzazian, M. (2000), the efficiency of the detection and collection of revenue, municipal finance Review Conference "Problems and Solutions "Publishing Tehran Municipality-Department of Finance and Administration, Tehran
- Safari, Abdul Hamid(2006), the structure and composition of the municipality's revenue in Iranian metropolises, urban issues Iran Conference, Volume 2(civil administration), Shiraz: Shiraz University School of Art and Architecture
- Yuksel, I and deviren, M.D (2007) using the analytic network process (ANP) in a SWOT analysis-a Case study for textile firm, information sciences, no 177 Elsevier.