

# **Chapter XV - Income and Expenditure of the Municipality**

## **1. The Municipality Budget and Personnel Positions**

Municipal Departments – The divisions between departments are modified occasionally; therefore caution should be used when comparing data from previous years.

### **Expenditure**

#### **The ordinary budget and the extraordinary budget**

The local authorities divide their accounts into ordinary and extraordinary budgets. The principle is to make a distinction between current transactions and investments: the decision regarding in which budget to register a certain transaction depends on the source of its financing. If it is financed by current income, the transaction will be recorded in the ordinary budget. If it is financed by a loan or income earmarked for a development project, it is registered in the extraordinary budget. In recent years, the local authorities have also included loans intended to balance the ordinary budget in their extraordinary budgets.

Tables XV/1-10 (source: Central Bureau of Statistics) – refer to the budget execution.

Tables XV/14-16 (source: Jerusalem Municipality) – refer to the ordinary budget proposal.

Expenditure in the ordinary budget - Includes financing of the organizational activities of the Municipality, its assets, local and state services for its inhabitants and municipal projects. The budget also includes loan repayments for financing development work (in the extraordinary budget) and transfers to the extraordinary budget.

Expenditure in the extraordinary budget - Financing of development transactions, such as the construction of public buildings, paving of roads, planting of gardens, etc.

## **Allocation of expenses**

Expenditure from the ordinary and extraordinary budgets is classified by allocation of expenditure into five groups:

1. General administration - Expenditure of Municipality administration: staff, financial administration and expenses, including commissions and interest on overdraft.
2. Local services - Cleaning services, sanitation and sewage disposal; veterinary supervision; town planning; maintenance of public assets, public buildings, roads and gardens; cultural activities initiated by the Municipality; economic development activities; and supervision of implementation of bylaws.
3. State services - Maintenance of the education system (kindergartens, primary schools and post-primary schools), excluding teachers' salaries; cultural activities, including: maintenance of libraries, museums, sport and youth facilities and language courses; health services, including: therapy, family health centers, first aid organizations and other health activities; welfare services, including: child and family care, exemption from taxes and support of institutions; religious services, including: transfer of funds to religious councils or for religious activities.
4. Local authority bodies - Including water supply authority, slaughterhouses, etc.
5. Extraordinary payments (other expenditures) - Mainly provisions to funds and payments on account of previous budgets.

## **Income**

Income - Including income from municipal taxes, service fees, revenue collected from owners for work done by the Municipality for them, participation of the government in the expenses incurred by municipal services, participation of other institutions, and transfers from previous years.

The income includes government commitments even if the sums have not been actually received and also income received from previous years and accounted for in the current year.

Final income – Income not to be returned.

Income is classified in the ordinary budget by allocation and source:

### **Income by allocation**

Income is divided into two categories:

a. Non-earmarked income: incomes that are not earmarked for a given purpose. The Municipality allocates them for various purposes according to its discretion. These income sources are from taxes or from general grants.

b. Income earmarked for local and state services, for maintenance of establishments and for other income from various services.

### **Income by source**

a. Self-generated income - income collected directly by the local authorities from the residents and institutions, including: municipal taxes (arnona), levies and service fees, impositions and participation of proprietors and institutions.

b. Income transferred from the government - income collected by the government for the local authorities, including property tax, land betterment tax and vehicle registration fees. As of 1994 these revenues are not detailed, as most of them have been annulled.

c. Government participation - includes general non-earmarked grants and participation in the maintenance of services, such as education, culture, welfare and religious affairs.

d. Loans for budget balancing - loans for reducing the cumulative deficit.

Audited Report – The financial reports of local authorities are all audited by accountants and arranged in a standard format. Additional explanations about the audited reports can be obtained at the [Ministry of Interior website](#) (Hebrew only)..

## **2. Collection of Municipal Taxes (Arnona)**

Gross charges - Area of the property multiplied by rate per square meter.

Collection of arnona - the amount of money collected by the Municipality for arnona.

Debit balance - Amount to be collected, but not yet paid. All percentages are from gross amounts due.

### **Municipal tax discounts**

The Municipality of Jerusalem grants discounts on city taxes (arnona) to certain population groups in line with state law and Ministry of Interior regulations. The size of the discount fluctuates according to the type of discount the resident is entitled to.

Types of arnona discounts – Arnona discounts are granted to different population groups. Each discount is granted according to different criteria and at a different rate, and fluctuates according to the size of the residence for which it is being requested, as well as the number of persons living there. The discounts given to senior citizens may be at a different rate to those given to residents who are not senior citizens based on identical criteria. Table XV/20 shows the number of discounts granted by the Municipality in every area of Jerusalem, according to the type of discount. Only the main types of discount are indicated; there are additional types that do not appear on the table. The discounts that appear do not pertain to only one type of eligibility, but rather to several similar types that were grouped together. Here follows an explanation of the conditions of eligibility that constitute each type of discount found on the table:

**Eligibility based on income** – a discount based solely on income. It is granted to senior citizens and residents who are not senior citizens in line with a means test.

**Disabled** – includes a number of discounts granted to disabled senior citizens and other persons who are not senior citizens but suffer from different disabilities: a permanently disabled person incapable of earning a living; a person who has 90% disability or more; a family with a disabled child; a disabled army veteran; a mentally disabled person; a person disabled as a consequence of the war against the Nazis; a person disabled due to Nazi persecution; a blind person who receives nursing care benefits from National Insurance.

**Age pensioners** – A discount granted to senior citizens who receive the following benefits from National Insurance: old-age pension, survivors' pension, support pension, or disability pension due to a work injury.

**Recipients of income support** – includes discounts granted to senior citizens who receive income support from National Insurance, and similar recipients who are not senior citizens.

**Institutions** – including educational, religious, charity institutions, UN institutions, diplomats and municipal properties.

**Single-parent families** – A single-parent family is one in which the parent is single, divorced or widowed and who maintains a child not yet 18 years old or a soldier in mandatory service living at home.

For additional details regarding arnona discounts and eligibility criteria, see [the Jerusalem Municipality's web site, arnona discounts](#).

### **3. List of Sources for the Tables**

Tables XV/1-10: Central Bureau of Statistics, Construction and Local Authorities Division

Table XV/11-13, 17, 18: Central Bureau of Statistics, *Local Authorities in Israel*, for relevant years

Tables XV/14-16, 19: Municipality of Jerusalem, Monetary Administration, Budget Department

Tables XV/20-22: Municipality of Jerusalem, Collection and Assessment Department