



Kyoto Prefecture Financial Profile and Fiscal Reforms (Data)

京都府



2014 Oct.



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**FY 2014 General Account
Initial Budget/June Supplemental
Budget Overview**



Kyoto's basic policy on the fiscal 2014 budgeting



- In consideration of the election of a governor, Kyoto Prefecture formulated its initial fiscal 2014 budget as an “outline.”
- The initial budget was made with “priority for safety,” focusing on policies to protect and support citizens, including disaster management, employment and education.
- The proposed June supplemental budget was made as a “recreation challenge budget,” to create a new Kyoto with measures to deal with an aging population and decreasing birth rate, and to stimulate industry, culture and local areas.

Basic Guideline for June Supplemental Budget

Recreating Safety and Energy – Recreation Challenge Budget

Recreating Safety

Policies for aging population and decreasing birth rate
Creation of basic system from new perspective of disaster management, employment and environment (legislation)
Crime prevention measures using local communities and women

Recreating Industry, Culture and Local Energy

Kyoto's energy is from industry (Developing SMEs, traditional industries, agriculture, forestry and fishing)
Kyoto's energy is from culture (Promote culture and industry for the 400th anniversary of the Rimpa School)
Kyoto's energy is from communities (3 Kyotos Project and city concept)



Outline of the fiscal 2014 budget (General Account, Revenues & Expenditures)



(¥mm)

Revenues Breakdown

Items	FY2014	FY2013	Difference
Prefectural Tax	249,000	236,000	13,000
Corporate inhabitant, enterprise taxes	63,437	54,986	8,451
Others	185,563	181,014	4,549
Local Tax Grants	172,007	169,000	3,007
Special Grants on Local Governments	1,008	1,086	- 78
Adjustment of Local Consumption Tax	63,200	54,460	8,740
Local Transfer Tax	47,200	38,167	9,033
National Government Disbursements	76,061	80,420	- 4,359
Provisions	27,020	32,841	- 5,821
Rents and Fees	10,119	8,714	1,405
Other Revenues	124,820	122,649	2,171
Local Bonds	148,848	157,300	- 8,452
Of which bonds for extraordinary financial measures	79,100	84,700	- 5,600
Total	919,283	900,637	18,646

(¥mm)

Expenditures Breakdown

Items	FY2014	FY2013	Difference
Personnel Expenses	280,444	280,772	- 328
Salaries	254,051	255,683	- 1,632
Retirement Allowances	26,393	25,089	1,304
Supplies Expenses	32,236	29,990	2,246
Repairing Expenses	2,396	3,364	- 968
Subsidy Expenses, Social Assistance Expenditures	379,191	364,126	15,065
Ordinary Construction Works Expenditures	98,063	100,703	- 2,640
Works w/ Govt Assistance	42,255	44,001	- 1,746
Works w/o Govt Assistance	55,808	56,702	- 894
Expenses for Restoration Work from Disaster	1,583	649	934
Debt Service	118,012	114,479	3,533
Transfer to Other Accounts	4,657	5,005	- 348
Reserves	2,401	1,249	1,152
Others	300	300	0
Total	919,283	900,637	18,646

*2014 is initial + June supplemental budgets

FY2014 Administrative and Fiscal Reform



- As part of the plan to maximize citizen satisfaction, in FY2014 a ¥10.2 billion administrative and finance reform is being undertaken.
- Efforts are now underway to lower personnel expenses further compared with those for fiscal 2013 through a personnel headcount reduction program and employee retirement benefit system revision

Reform worth 10.2 billion yen

Further reduction of personnel expenses

-¥2.5bn

- Personnel headcount reduction (reduction of 15 persons) and lowering of employee retirement benefit ratio
- * Personnel expenses (excl. retirement costs) accounted for 50.0% (FY1978) → 37.0% (FY2002) → 28.3% (FY2014:Record a new low) of the total expenditures.

Review Operations to Meet Citizens Needs

-¥7.6bn

- “Scrap & Build” based on the operation sorting and assessment (suspend or cutback 241 operations)

Utilizing Government Assets

¥0.05bn

- Sale of unutilized land, etc.
- Naming rights income



Overview of Government Debt Program (2006 to 2013)



Implementation of Government Debt Program (2006 to 2013)



- With decreased tax revenue and severe financial situations, the Government Debt Program to reduce the total public debt and normal construction costs was implemented.
- With the goal of reducing debt not including emergency financial measures by FY2013, efforts were made to reduce public debt issued.

Government Debt Program System

Lower actual investment (public debt and normal construction costs) to 2005 levels as a base, in principle

FY2005 Initial Budget	Public debt (excluding emergency financial and disaster related debt)	¥87.7 billion	} ¥ 190 billion = cap
	Normal construction costs (excluding disaster related debt)	¥101.2 billion	

Public Debt Increases

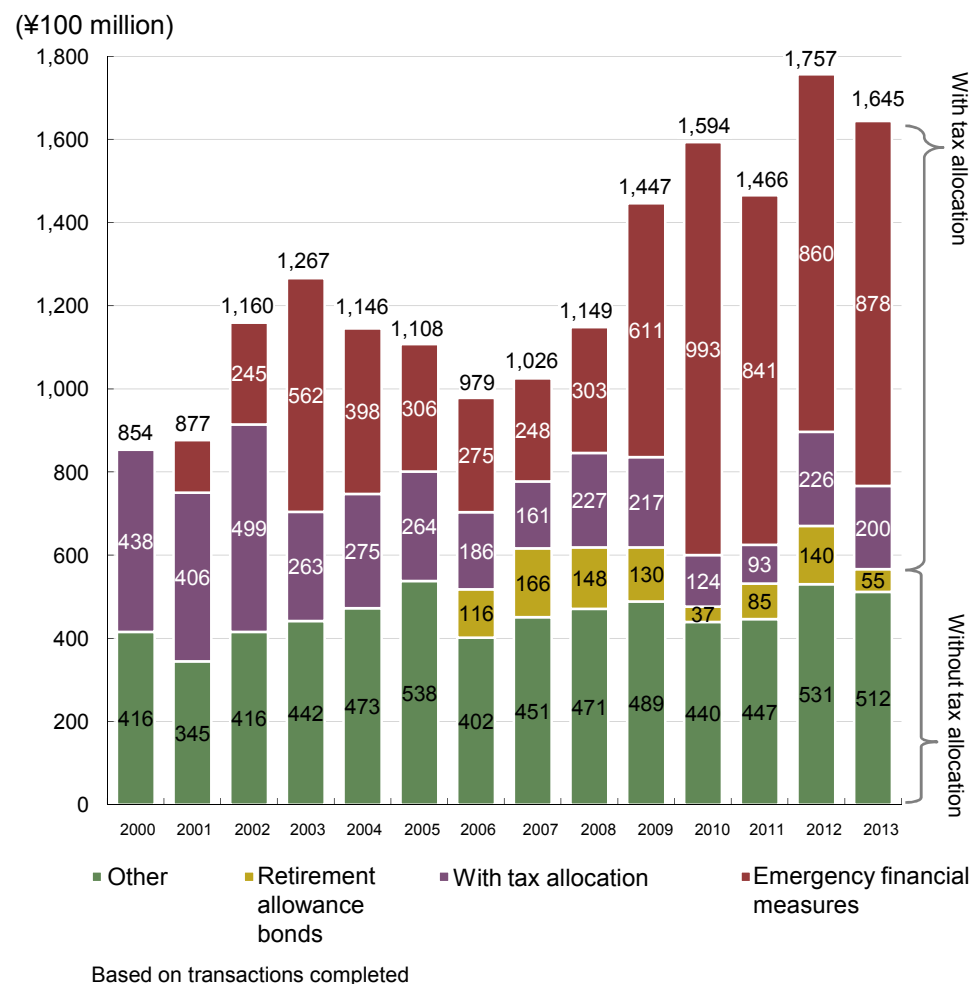
Adjust with Amount of Normal Construction

- Maintenance of lifestyle facilities for schools, welfare, police, hospitals
→ Yearly plan for maintenance meeting citizen needs
- Facility management and optimizing maintenance for public works

Prefectural Debt Balance Decrease in FY2013



Changes in Prefectural Debt Amounts Issued

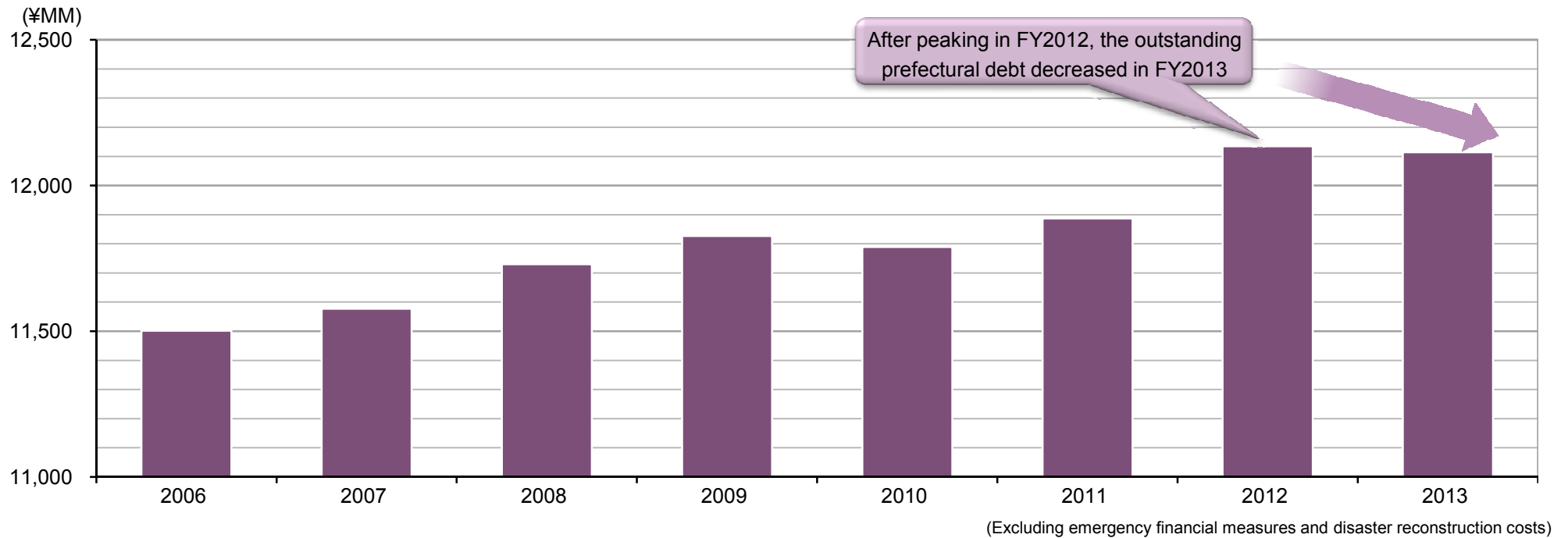


Outstanding Prefectural Debt

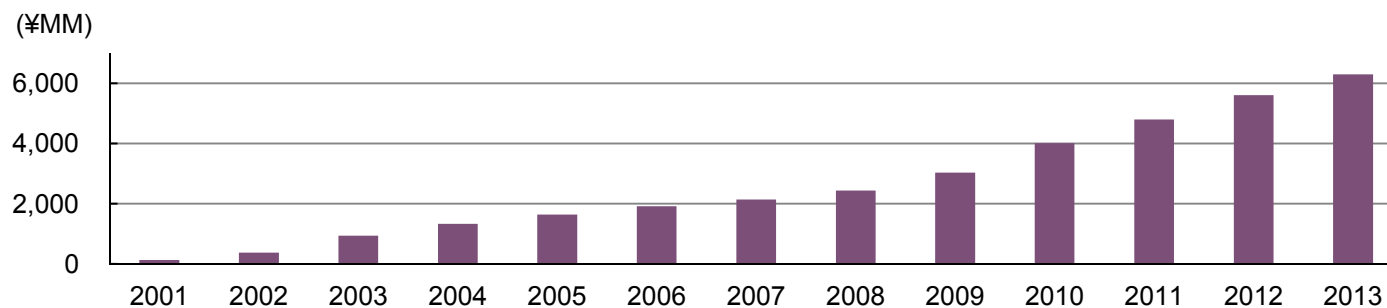


■ Outstanding prefectural debt in FY2013 decreased, not counting emergency financial measures.

Outstanding Prefectural Debt



Reference: Emergency Financial Measures Debt



Public Sector and Affiliated Organizations

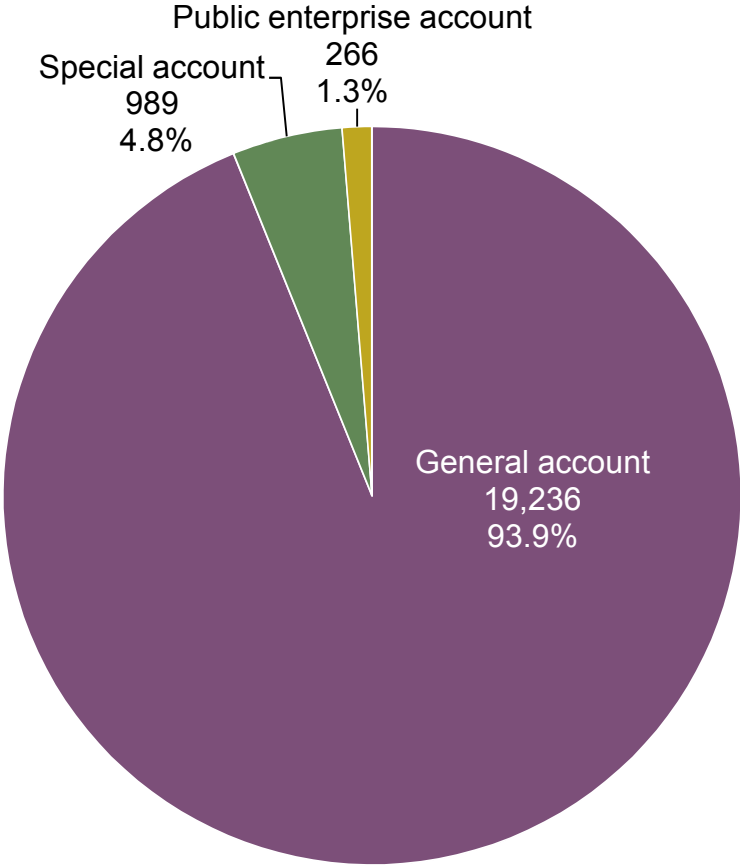


Outstanding Bond Issuances by Account



■ General account accounts for 90% of the total local government debt outstanding.

Bond Issuances Outstanding by Account as of the End of FY2013



■ General Account ■ Special account ■ Public enterprise account (Unit: ¥100 mil.)

Public Corporation Account (1)



Hospitals

(¥MM)

Category	Revenue Balance (P/L Account)			Capital Balance (Capital Account)					(Reference)		
	Revenue	Expense	Difference	Revenue	Corp Bonds	Expense	Corp Bond Redemption	Difference	Depreciation	Corp Bonds Outstanding	Surplus (Shortfall)
FY2009	7,856	8,425	- 569	865	508	888	651	- 23	598	4,603	- 16,114
FY2010	8,056	8,539	- 483	1,579	472	784	656	795	460	4,419	- 16,599
FY2011	8,274	8,688	- 414	939	327	1,983	570	- 1,044	413	4,176	- 17,017
FY2012	8,309	8,634	- 325	1,090	302	1,099	515	- 9	522	3,963	- 17,350
FY2013	2,405	6,974	- 4,569	206	82	256	182	- 50	90	725	- 21,919

*For hospital accounting, Yosanoumi Hospital became a prefectural medical university hospital as of FY2013

Electricity Business

(¥MM)

Category	Revenue Balance (P/L Account)			Capital Balance (Capital Account)					(Reference)		
	Revenue	Expense	Difference	Revenue	Corp Bonds	Expense	Corp Bond Redemption	Difference	Depreciation	Corp Bonds Outstanding	Surplus (Shortfall)
FY2009	483	479	4	0	0	92	92	- 92	129	583	- 12
FY2010	405	423	- 18	0	0	172	93	- 172	124	490	- 34
FY2011	416	408	8	100	0	152	85	- 52	125	405	- 28
FY2012	373	431	- 58	0	0	170	65	- 170	125	340	- 91
FY2013	450	486	- 36	0	0	125	66	- 125	138	274	- 132

Public Corporation Account (2)



Water Supply Business

(¥MM)

Category	Revenue Balance (P/L Account)			Capital Balance (Capital Account)					(Reference)		
	Revenue	Expense	Difference	Revenue	Corp Bonds	Expense	Corp Bond Redemption	Difference	Depreciation	Corp Bonds Outstanding	Surplus (Shortfall)
FY2009	5,600	5,292	308	6,479	4,253	8,400	1,612	- 1,921	1,805	28,689	46
FY2010	5,595	5,464	131	2,101	1,146	4,383	1,299	- 2,282	2,081	28,536	- 9
FY2011	5,665	5,715	- 50	1,656	756	4,651	1,493	- 2,995	2,081	27,799	- 184
FY2012	5,211	5,251	- 40	1,607	0	4,013	1,576	- 2,406	2,027	26,223	- 282
FY2013	5,134	5,172	- 38	1,804	981	4,230	1,636	- 2,426	1,972	25,569	- 442

Industrial Water Supply Business

(¥MM)

Category	Revenue Balance (P/L Account)			Capital Balance (Capital Account)					(Reference)		
	Revenue	Expense	Difference	Revenue	Corp Bonds	Expense	Corp Bond Redemption	Difference	Depreciation	Corp Bonds Outstanding	Surplus (Shortfall)
FY2009	208	191	17	0	0	93	3	- 93	60	37	12
FY2010	226	195	31	0	0	132	3	- 132	61	34	26
FY2011	222	197	25	300	0	81	3	219	62	32	21
FY2012	224	209	15	0	0	66	3	- 66	63	29	12
FY2013	228	200	28	58	0	273	3	- 215	64	26	17

Financial Results of 3 Local Public Corporations



<As of March 31, 2014>

(¥MM)

Category		Kyoto Pref. Land Development Public Corp.		Kyoto Pref. Roads Corp.		Kyoto Pref. Housing Supply Corp.	
		FY2013	FY2012	FY2013	FY2012	FY2013	FY2012
Capital Injection		20	20	9,471	9,471	10	10
Assets	Current Assets	5,737	5,626	3,092	1,817	1,418	1,217
	Fixed Assets	24	1,484	29,077	28,981	1,285	1,666
	Total Assets	5,761	7,110	32,169	30,798	2,703	2,883
	Total Assets and Liabilities		5,761	7,110	32,169	30,798	2,703
Liabilities	Current Liabilities	805	1,228	16,474	14,983	283	421
	Fixed Liabilities	3,446	4,295	7,887	8,257	428	422
	Allowances under Special Law	—	—	1,487	1,280	—	—
	Total Liabilities	4,251	5,523	25,848	24,520	711	843
Capital	Capital Stock	20	20	9,471	9,471	10	10
	Capital Surpluses	—	—	- 3,150	- 3,193	1,982	2,030
	Legal Reserve	1,490	1,567	—	—	—	—
	Total Capital	1,510	1,587	6,321	6,278	1,992	2,040
Total Assets and Liabilities		5,761	7,110	32,169	30,798	2,703	2,883
Recurring Profits and Losses	Operating Revenue (a)	2,304	2,885	4,842	3,481	1,906	1,912
	Operating Expenses (b)	2,346	3,023	4,417	3,290	1,902	1,913
	General and Administrative Expenses (c)	17	17	194	187	60	54
	Operating Profit (d=a-b-c)	- 59	- 155	231	4	- 56	- 55
	Non-operating Income (e)	3	5	4	3	9	12
	Non-operating Expenses (f)	22	24	191	198	1	6
	Recurring Profit (g=d+e-f)	- 78	- 174	44	- 191	- 48	- 49
Extraordinary Profits and Losses	Extraordinary Profit (h)	—	—	—	—	—	—
	Extraordinary Losses (i)	—	—	—	—	—	—
	Transfer from Specific Reserve (j)	—	—	—	—	—	—
	Transfer to Specific Reserve (k)	—	—	—	—	—	—
	Current Income (g+h-i+j-k)	- 78	- 174	44	- 191	- 48	- 49
Debt balance related to debt guaranteed by the local government		3,352	3,251	19,025	19,293	—	—

Financial Results at Corporation



(¥1000)

Organizations	Capital		FY2013			FY2012		
		Investment from Kyoto	Net Assets	Of which ordinary net assets	Year-on-year change	Net Assets	Of which ordinary net assets	Year-on-year change
Kyoto Prefectural International Center	100,000	(100,000)	194,290	35,007	- 17,973	212,448	55,480	- 13,561
Kyoto Culture Foundation	176,800	(56,000)	917,228	661,410	16,536	900,675	644,875	7,227
Kyoto Prefectural Social Welfare Agency	10,000	(10,000)	861,835	458,457	- 6,319	922,562	464,776	26,631
Kyoto Prefecture SME Center	4,000	(2,000)	376,515	376,515	16,046	360,469	360,469	12,577
Kyoto Industrial Support Organization 21	210,000	(65,000)	2,130,524	268,280	1	2,412,085	268,279	6,897
Kyoto Prefecture Residents' Exchange Agency	44,000	(25,000)	64,047	20,047	879	63,168	19,168	5,289
Kyoto Agriculture Conference & Kyoto Agriculture Comprehensive Support Corp.	13,910	(4,000)	13,910	0	- 721	310,031	721	- 4,118
Tango Ajiwai no Sato	20,000	(10,000)	49,309	29,309	498	48,811	28,811	- 1,035
Kyoto Prefecture Forest and Greenery Corp	13,340	(10,000)	121,039	13,340	0	60,659	13,340	0
Kyoto Prefecture Park Corp	10,000	(10,000)	88,819	78,819	43,218	45,601	35,601	24,874
Kyoto Prefecture Youth Education Promotion	10,000	(10,000)	20,486	10,486	- 18,595	39,081	29,081	12,738
Kyoto Prefecture Research Center for Archaeological Properties	10,000	(10,000)	134,573	124,573	7,788	126,785	116,785	- 469

Debt Guarantee and Compensation



- The amount of Kyoto local government's debt guarantee and remaining compensation by guarantee total ¥74.5bn which accounts for 4% of the outstanding local debt .

(¥100 million)

Guarantee	FY2013 Guarantee Balance	Details
Kyoto Agriculture Conference & Kyoto Agriculture Comprehensive Support Corp.	1	Compensation for loss related to rationalizing agricultural land transactions
Kyoto Prefecture Forest and Greenery Corporation	180	Compensation for loss related to forestation projects
Kyoto Prefecture Fisheries Promotion Agency	7	Compensation for loss related to financing for measures to support fishery cooperatives
Kyoto Land Development Corporation	175	Guarantees of debt related to land procurement
Kyoto Prefecture Roads Corporation	382	Guarantees of debt related to toll road facilities
Others	-	
Total	745	

Key Financial Indicators



- Key financial indicators are listed as below. Kyoto is ranked relatively high in terms of Financial Capability Index, which indicates a degree of financial independence, and Net Bond Cost Ratio, which shows size of burden of redemption

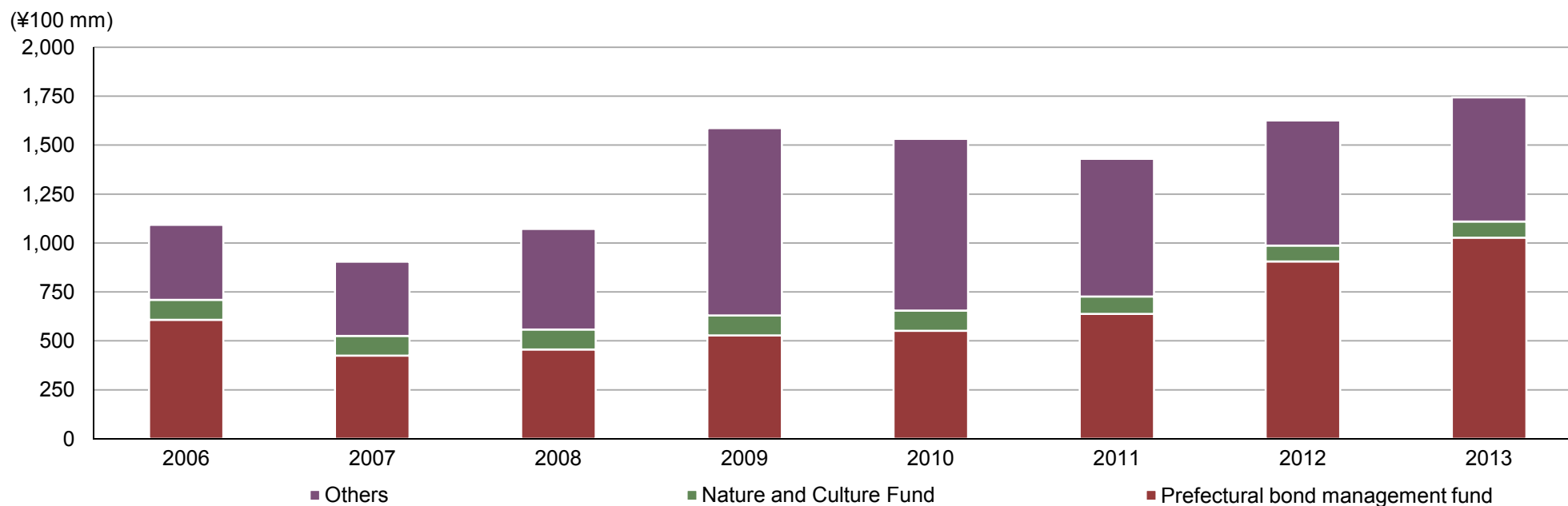
Category		2006	2007	2008	2009	2010	2011	2012	2013
Financial Strength Index	Kyoto	0.53867	0.59363	0.65084	0.63844	0.60998	0.57038	0.55732	0.54959
	Japan	0.46305	0.49715	0.52062	0.51568	0.48985	0.46523	0.45529	—
	Rank	13	11	10	10	9	11	11	—
Recurring Profit Ratio	Kyoto	96.5	98.8	96.9	95.8	93.6	95.4	95.0	94.2
	Japan	93.5	96.4	95.3	95.3	90.9	93.9	94.1	—
	Rank	42	36	31	28	38	36	33	—
Net Bond Cost Ratio	Kyoto	10.7	10.9	11.3	11.7	12.8	14.2	14.6	15.4
	Japan	14.4	14.0	13.9	14.4	14.8	15.2	14.8	—
	Rank	4	6	9	9	10	14	20	—
Laspeyres Index	Kyoto	100.5	100.2	100.3	100.0	99.3	99.2	107.6	99.5
	Japan	99.2	99.6	99.1	98.6	98.8	99.3	107.5	101.5
	Rank	13	20	19	20	24	29	28	38

- Financial strength index is 3-year moving average. Ranking is best down.
- Financial strength index: This is calculated by dividing revenue used in calculation of local allocation tax by demand; higher index indicates more ample resources.
- Recurring Profit Ratio: This is calculated by dividing general resources allocated to recurring expenses by general resources in recurring revenue. Approx. 70-80% is desirable. Gauges elasticity of fiscal structure.
- Net Bond Cost Ratio: In addition to public debt payments used in calculating “debt service payment ratio used for permission to issue local bonds,” expenditures related to public debt burden (expenditures involved in debt burden correspond to public debt payments) and balance of amortization funds (theoretical shortfall versus balance) are taken into consideration. Bond issuance must be approved if ratio exceeds 18%.

Fund Balance



■ Kyoto secures adequate debt management fund.



Category	2006	2007	2008	2009	2010	2011	2012	2013
Financial adjustment fund	0	0	0	0	0	0	0	0
Prefectural bond management fund	608	424	456	528	552	638	905	1,027
Nature and Culture Fund	101	101	102	102	102	89	82	82
Others	383	379	513	956	878	703	639	634
Total	1,092	904	1,071	1,586	1,532	1,430	1,626	1,743

(¥100mm)

* Figure 0 for Financial Adjustment Monies stands for remaining debt less than 100 million yen