



Kyoto Prefecture Financial Profile and Fiscal Reforms (Data)

京都府



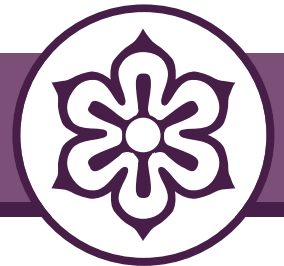
2015 Oct.

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FY 2015: Overview of the Original General Account Budget



FY 2015: Basic Budgeting Policy



- The 14-month FY2015 original budget was created to give priority to the investment in the 3 pillars: securing people's safety against natural disasters, vitalization of regional economy, and creating the future for Kyoto. This was done by gathering all the powers available from the central government, municipalities and the private sector.

Basic Budgeting Policy

Secure and Healthy Budget for *Kyo-Ryoku* (Kyoto Power)

1 Priority areas

① Emergency Disaster Prevention Measures

After being affected by the disasters that are subject to the Disaster Relief Act 3 years in a row, we have invested heavily in our Multiannual Disaster Measures.

② Emergency Economic Measures

In addition to the stimulus packages for local consumption and living support helped by the national economic subsidies, we have actively engaged in enterprises aimed at vitalizing the regional economy, such as “*Umi no Kyoto Haku* (Maritime Kyoto Expo)” and “Rimpa 400 Year Celebration Festival”.

③ “Creating for the Future”

In line with creating a better future for Kyoto, we carry out our “Only in Kyoto” measures beyond ordinary frameworks and ideas, in order to achieve our aim of “creating the region”. This includes reversing the falling birth rates and providing help for people, jobs and local communities.

2 Development of new “Kyoto of Tomorrow”

Currently in its middle stage, our 10-year plan “Kyoto of Tomorrow” will be re-launched as the *New* “Kyoto of Tomorrow” for renewed developments and expansions backed by mid-term and regional activation plans.



Outline of the fiscal 2015 budget (General Account, Revenues & Expenditures)



(¥MM)

Revenues Breakdown

Items	FY2015	FY2014	Difference
Prefectural Tax	280,000	249,000	31,000
Corporate inhabitant, enterprise taxes	76,832	63,437	13,395
Others	203,168	185,563	17,605
Local Tax Grants	173,400	172,007	1,393
Special Grants on Local Governments	967	1,008	- 41
Adjustment of Local Consumption Tax	91,500	63,200	28,300
Local Transfer Tax	46,300	47,200	- 900
National Government Disbursements	82,408	76,061	6,347
Provisions	14,917	27,020	- 12,103
Rents and Fees	11,452	10,119	1,333
Other Revenues	124,242	124,820	- 578
Local Bonds	137,881	148,848	- 10,967
Of which bonds for extraordinary financial measures	64,100	79,100	- 15,000
Total	963,067	919,283	43,784

(¥MM)

Expenditures Breakdown

Items	FY2015	FY2014	Difference
Personnel Expenses	282,514	280,444	2,070
Salaries	254,411	254,051	360
Retirement Allowances	28,103	26,393	1,710
Supplies Expenses	30,442	32,236	- 1,794
Repairing Expenses	2,281	2,396	- 115
Subsidy Expenses, Social Assistance Expenditures	423,034	379,191	43,843
Ordinary Construction Works Expenditures	98,429	98,063	366
Works w/ Govt Assistance	41,904	42,255	- 351
Works w/o Govt Assistance	56,525	55,808	717
Expenses for Restoration Work from Disaster	1,830	1,583	247
Debt Service	118,525	118,012	513
Transfer to Other Accounts	4,768	4,657	111
Reserves	944	2,401	- 1,457
Others	300	300	0
Total	963,067	919,283	43,784

*2014 is initial + June supplemental budgets

FY2015 Administrative and Fiscal Reform



- As part of the “Kyoto Resident Satisfaction Maximizing” plan and the “Kyoto Power Concentration” plan, we will carry out a ¥10.3 billion worth administrative reform in the FY2015.
- Personnel expenses are being lowered at a faster pace compared to the previous fiscal year, due to the effect of younger workforce, etc.

Reform worth 10.3 billion yen

Control of Personnel Expenses

- about ¥1.5 billion

- Effect of younger workforce, etc.
 - * Personnel expenses (excl. retirement costs) accounted for 50.0% (FY1978) → 37.0% (FY2002) → 26.4% (FY2015:Record a new low) of the total expenditures.

Review Operations to Meet Citizens Needs

- about ¥7.6 billion

- “Scrap & Build” based on the operation sorting and assessment (suspend or cutback 243 operations)

Utilizing Government Assets

about ¥1.2 billion

- Sale of unutilized land, etc.
- Securing tax revenue



Public Sector and Affiliated Organizations

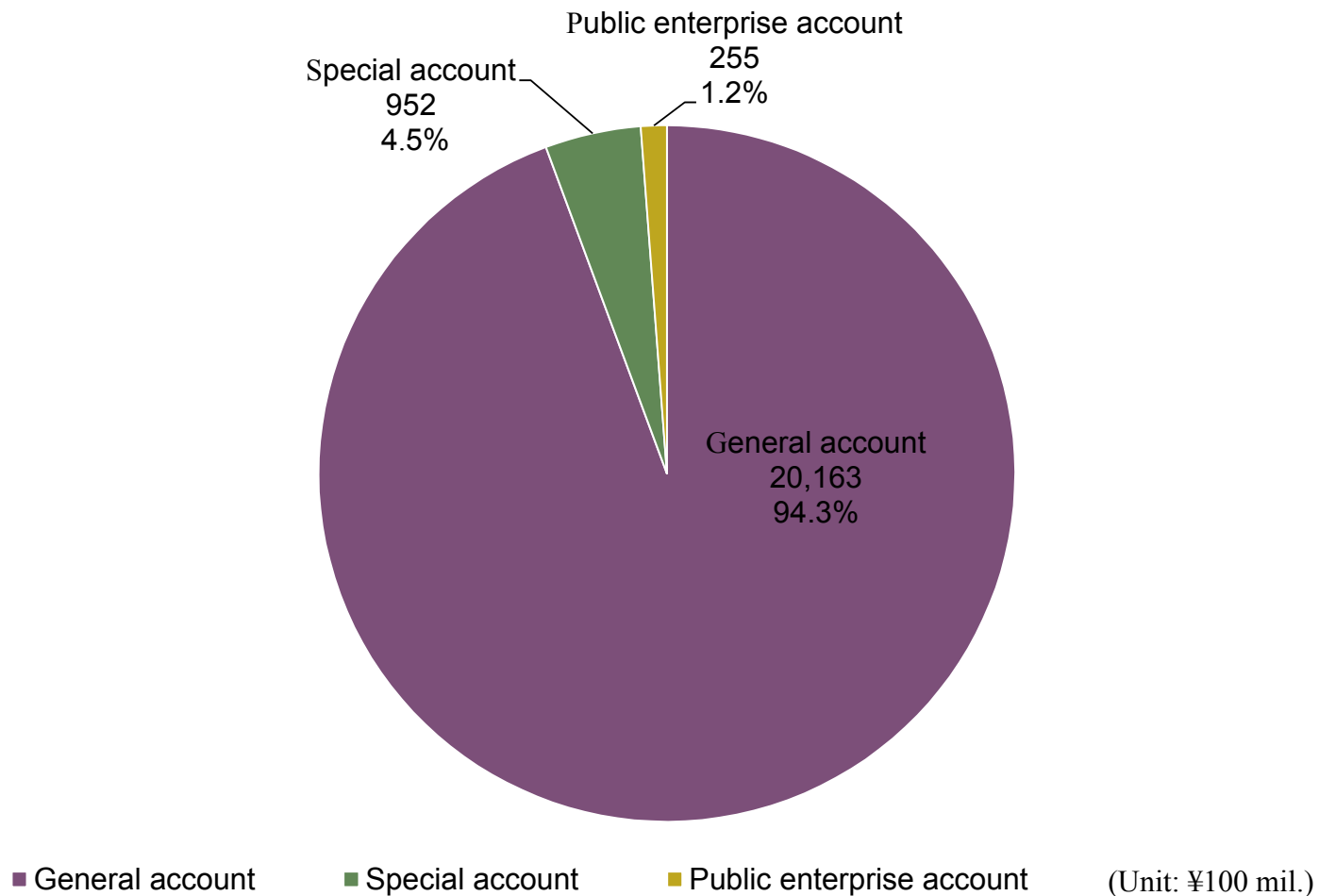


Outstanding Bond Issuances by Account



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

Bond Issuances Outstanding by Account as of the End of FY2014



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)
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
FY2014	2,329	2,492	- 163	68	37	171	150	- 103	102	612	- 21,974

*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)
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
FY2014	512	560	- 48	0	0	101	34	- 101	160	206	- 180

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)
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
FY2014	5,794	6,205	- 411	1,706	759	4,145	1,708	- 2,439	2,582	24,620	- 908

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)
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
FY2014	310	277	33	44	0	221	3	- 177	108	23	664

Financial Results of 3 Local Public Corporations



(¥MM)

<As of March 31, 2014>

Category		Kyoto Pref. Land Development Public Corp.		Kyoto Pref. Roads Corp.		Kyoto Pref. Housing Supply Corp.		
		FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	
Capital Injection		20	20	9,471	9,471	10	10	
Balance Sheet	Assets	Current Assets	5,006	5,737	5,391	3,092	1,271	1,418
		Fixed Assets	765	24	32,292	29,077	1,269	1,285
		Total Assets	5,771	5,761	37,683	32,169	2,540	2,703
	Liabilities	Current Liabilities	656	805	22,014	16,474	361	283
		Fixed Liabilities	3,703	3,446	8,173	7,887	122	428
		Allowances under Special Law	—	—	1,685	1,487	—	—
		Total Liabilities	4,362	4,251	31,836	25,848	483	711
	Capital	Capital Stock	20	20	9,471	9,471	10	10
		Capital Surpluses	—	—	- 3,624	- 3,150	2,047	1,982
		Legal Reserve	1,389	1,490	—	—	—	—
Total Capital		1,409	1,510	5,847	6,321	2,057	1,992	
Total Assets and Liabilities		5,771	5,761	37,683	32,169	2,540	2,703	
Income Statement	Recurring Profits and Losses	Operating Revenue (a)	1,157	2,304	5,412	4,842	1,874	1,906
		Operating Expenses (b)	1,203	2,346	5,343	4,417	1,846	1,902
		General and Administrative Expenses (c)	35	17	193	194	37	60
		Operating Profit (d=a-b-c)	-81	- 59	-124	231	- 9	- 56
		Non-operating Income (e)	2	3	4	4	19	9
		Non-operating Expenses (f)	21	22	354	191	1	1
	Recurring Profit (g=d+e-f)		- 100	- 78	-474	44	9	- 48
	Extraordinary Profits and Losses	Extraordinary Profit (h)	—	—	—	—	81	—
		Extraordinary Losses (I)	—	—	—	—	25	—
		Transfer from Specific Reserve (j)	—	—	—	—	—	—
Transfer to Specific Reserve (k)		—	—	—	—	—	—	
Current Income		(g+h-I)	- 100	- 78	-474	44	65	- 48
		(g+h-I+j-k)				65	- 48	
Debt balance related to debt guaranteed by the local government		3,182	3,352	22,268	19,025	—	—	

Financial Results at Corporation



(¥1000)

Organizations	Capital		FY2014			FY2013		
		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)	176,677	17,484	- 17,523	194,290	35,007	- 17,973
Kyoto Culture Foundation	176,800	(56,000)	967,543	711,725	50,315	917,228	661,410	16,536
Kyoto Prefectural Social Welfare Agency	10,000	(10,000)	704,378	456,072	- 2,385	861,835	458,457	- 6,319
Kyoto Prefecture SME Center	4,000	(2,000)	387,980	387,980	11,465	376,515	376,515	16,046
Kyoto Industrial Support Organization 21	210,000	(65,000)	2,758,473	298,276	29,996	2,130,524	268,280	1
Kyoto Prefecture Residents' Exchange Agency	44,000	(25,000)	68,293	24,293	4,246	64,047	20,047	879
Kyoto Agriculture Conference & Kyoto Agriculture Comprehensive Support Corp.	13,910	(4,000)	12,310	-1,600	- 1,600	13,910	0	- 721
Tango Kingdom, Food Capital	20,000	(10,000)	44,916	24,916	-4,393	49,309	29,309	498
Kyoto Prefecture Park Corp	10,000	(10,000)	78,374	68,374	-10,445	88,819	78,819	43,218
Kyoto Prefecture Research Center for Archaeological Properties	10,000	(10,000)	137,269	127,269	2,696	134,573	124,573	7,788

Debt Guarantee and Compensation



- The amount of Kyoto local government's debt guarantee and remaining compensation by guarantee total ¥59.2bn which accounts for 3% of the outstanding local debt .

(Unit: ¥100 million)

Guarantee	FY2014 Guarantee Balance	Details
Kyoto Agriculture Conference & Kyoto Agriculture Comprehensive Support Corp.	1	Compensation for loss related to rationalizing agricultural land transactions
Kyoto Land Development Corporation	175	Guarantees of debt related to land procurement
Kyoto Prefecture Roads Corporation	416	Guarantees of debt related to toll road facilities
Others	-	
Total	592	

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

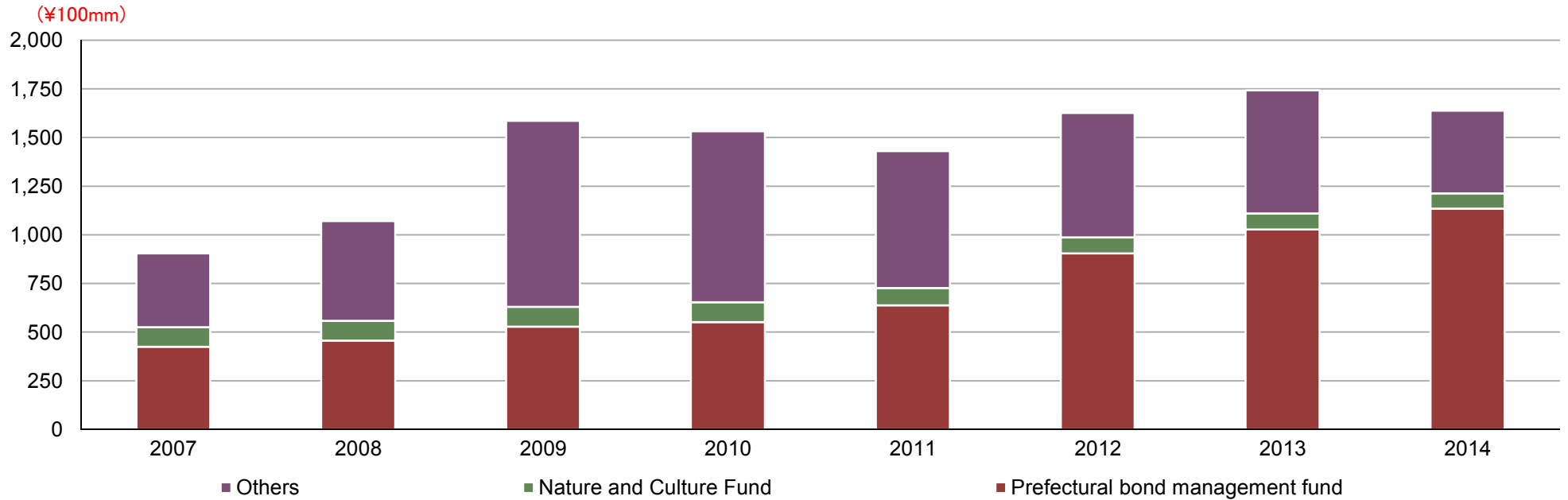
Category		2007	2008	2009	2010	2011	2012	2013	2014
Financial Strength Index	Kyoto	0.59363	0.65084	0.63844	0.60998	0.57038	0.55732	0.54959	0.55279
	Japan	0.49715	0.52062	0.51568	0.48985	0.46523	0.45529	0.46370	—
	Rank	11	10	10	9	11	11	15	—
Recurring Profit Ratio	Kyoto	98.8	96.9	95.8	93.6	95.4	95.0	94.2	94.3
	Japan	96.4	95.3	95.3	90.9	93.9	94.1	93.0	—
	Rank	36	31	28	38	36	33	33	—
Net Bond Cost Ratio	Kyoto	10.9	11.3	11.7	12.8	14.2	14.6	15.4	15.7
	Japan	14.0	13.9	14.4	14.8	15.2	14.8	14.6	—
	Rank	6	9	9	10	14	20	31	—
Laspeyres Index	Kyoto	100.2	100.3	100.0	99.3	99.2	107.6	99.5	98.7
	Japan	99.6	99.1	98.6	98.8	99.3	107.5	101.5	99.7
	Rank	20	19	20	24	29	28	38	35

- 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	2007	2008	2009	2010	2011	2012	2013	2014
Financial adjustment fund	0	0	0	0	0	0	0	0
Prefectural bond management fund	424	456	528	552	638	905	1,027	1,135
Nature and Culture Fund	101	102	102	102	89	82	82	78
Others	379	513	956	878	703	639	634	425
Total	904	1,071	1,586	1,532	1,430	1,626	1,743	1,638

(¥100mm)

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