



# Kyoto Prefecture Financial Profile and Fiscal Reforms (Data)

京都府



October 2016

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# **FY 2016: Overview of Original General Account Budget**



# FY 2016: Basic Budgeting Policy



- With FY 2016 marking the launch of the Kyoto Prefecture Regional Revitalization Strategy, the original budget for the year was formulated with the focus on four key areas that would move Kyoto forward into the future. The budget was allocated to initiatives aimed at addressing the low birth rate and aging population, as well as creating innovations in local industries—all with the aim of revitalizing Kyoto.

## Basic Budgeting Policy

### Kyoto Revitalization Budget

#### Four keys to revitalizing Kyoto

##### **1. People**

Intensively invest in implementing comprehensive strategies for reversing the low birth rate, enhancing education, and helping women and elderly people play active roles in society.

##### **2. Employment**

Actively implement strategies for creating a better future for small- and medium-sized businesses, which include addressing labor shortages, as well as comprehensive environmental and energy strategies.

##### **3. Regional/cultural development**

While implementing regional strategies that highlight unique aspects of Kyoto, such as the "Another Side of Kyoto" strategy, make Kyoto the capital of culture and sports.

##### **4. Security**

Implement a wide range of measures related to health care, nursing care, welfare, security, and disaster preparedness with the aim of ensuring the safety of citizens over the next 20-30 years.



# Outline of FY 2016 Budget (General Account, Revenues, & Expenditures)



(Million yen)

## Breakdown of Revenues

Items	FY 2016	FY 2015	Difference
Prefectural Tax	301,000	280,000	21,000
Corporate inhabitant/ enterprise taxes	85,075	76,832	8,243
Other taxes	215,925	203,168	12,757
Local Allocation Tax	177,800	173,400	4,400
Special Local Grants	948	967	-19
Adjustment of Local Consumption Tax	106,170	91,500	14,670
Local Transfer Tax	42,040	46,300	-4,260
National Government Disbursements	82,574	82,408	166
Money transferred	11,345	14,917	-3,572
Rents and Fees	12,691	11,452	1,239
Other Revenues	117,654	124,242	-6,588
Local Bonds	111,723	137,881	-26,158
Extraordinary financial countermeasures bonds	50,300	64,100	-13,800
<b>Total</b>	<b>963,945</b>	<b>963,067</b>	<b>878</b>

(Million yen)

## Breakdown of Expenditures

Items	FY 2016	FY 2015	Difference
Personnel Expenses	282,361	282,514	-153
Salaries	255,096	254,411	685
Retirement Allowances	27,265	28,103	-838
Supplies Expenses	30,057	30,442	-385
Repairing Expenses	2,255	2,281	-26
Subsidy Expenses, Social Assistance Expenditures	432,359	423,034	9,325
Normal Construction Costs	83,051	98,429	-15,378
Works w/ Govt Assistance	36,363	41,904	-5,541
Works w/o Govt Assistance	46,688	56,525	-9,837
Expenses for Restoration Work from Disasters	1,416	1,830	-414
Debt Servicing	119,123	118,525	598
Transfers to Other Accounts	4,388	4,768	-380
Reserves	8,635	944	7,691
Other	300	300	0
<b>Total</b>	<b>963,945</b>	<b>963,067</b>	<b>878</b>

# FY 2016 Administrative and Fiscal Reforms



- As part of the “Plan to Maximize Citizen Satisfaction and Gather Strength in Kyoto,” we are implementing administrative reforms that will generate a total of ¥11.5 billion in FY 2016.
- In addition, we are working to reduce personnel expenses on a year-on-year basis by employing a younger workforce, etc.

## 11.5 billion yen in reforms

### Cut personnel expenses

**-1.1 billion yen**

- Effects of hiring a younger workforce, etc.  
\*Personnel expenses (excl. retirement costs) accounted for 50.0% (FY 1978) → 37.0% (FY 2002) → 26.1% (FY 2016: record low) of total expenditures

### Review operations to meet citizens' needs

**-9.2 billion yen**

- Focus on a “scrap & build” strategy based on budget screening and assessment (suspend or cut back 299 operations)

### Increase revenues

**-1.2 billion yen**

- Increase prefectural tax collection rate (from 98.0% in FY 2014 to 98.4% in FY 2016, planned)



# **Public Sector and Affiliated Organizations**

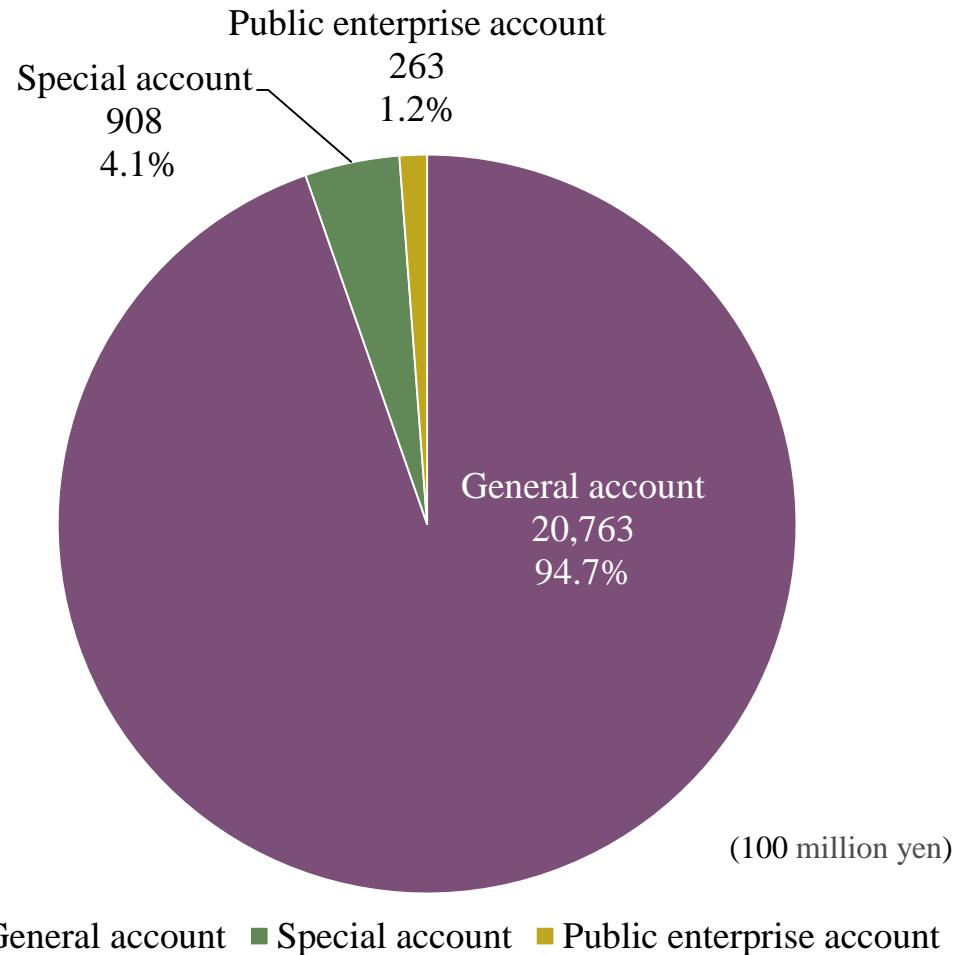


# Outstanding Bond Issuances by Account



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

## Bond Issuances Outstanding by Account as of the End of FY2015





# Public Corporation Account (1)



## Hospitals

(Million yen)

Category	Revenue Balance (P/L Account)			Capital Balance (Capital Account)					(Reference)		
	Revenue	Expenses	Difference	Revenue	Corp. Bonds	Expenses	Corp. Bond Redemptions	Difference	Depreciation	Corp. Bonds Outstanding	Surplus (Shortfall)
<b>FY 2011</b>	8,274	8,688	-414	939	327	1,983	570	-1,044	413	4,176	-17,017
<b>FY 2012</b>	8,309	8,634	-325	1,090	302	1,099	515	-9	522	3,963	-17,350
<b>FY 2013</b>	2,405	6,974	-4,569	206	82	256	182	-50	90	725	-21,919
<b>FY 2014</b>	2,329	2,492	-163	68	37	171	150	-103	102	612	-21,974
<b>FY 2015</b>	2,411	2,556	-145	219	100	220	188	-1	103	524	-22,122

\*For hospital accounting, Yosanoumi Hospital became a prefectural medical university hospital as of FY 2013.

## Electricity Business

(Million yen)

Category	Revenue Balance (P/L Account)			Capital Balance (Capital Account)					(Reference)		
	Revenue	Expenses	Difference	Revenue	Corp. Bonds	Expenses	Corp. Bond Redemptions	Difference	Depreciation	Corp. Bonds Outstanding	Surplus (Shortfall)
<b>FY 2011</b>	416	408	8	100	0	152	85	-52	125	405	-28
<b>FY 2012</b>	373	431	-58	0	0	170	65	-170	125	340	-91
<b>FY 2013</b>	450	486	-36	0	0	125	66	-125	138	274	-132
<b>FY 2014</b>	512	560	-48	0	0	101	67	-101	160	206	-180
<b>FY 2015</b>	553	685	-132	0	0	164	68	-164	126	138	-318

# Public Corporation Account (2)



## Water Supply Business

(Million yen)

Category	Revenue Balance (P/L Account)			Capital Balance (Capital Account)					(Reference)		
	Revenue	Expenses	Difference	Revenue	Corp. Bonds	Expenses	Corp. Bond Redemption	Difference	Depreciation	Corp. Bonds Outstanding	Surplus (Shortfall)
<b>FY 2011</b>	5,665	5,715	-50	1,656	756	4,651	1,493	-2,995	2,081	27,799	-184
<b>FY 2012</b>	5,211	5,251	-40	1,607	0	4,013	1,576	-2,406	2,027	26,223	-282
<b>FY 2013</b>	5,134	5,172	-38	1,804	981	4,230	1,636	-2,426	1,972	25,569	-442
<b>FY 2014</b>	5,794	6,205	-411	1,706	759	4,145	1,708	-2,439	2,582	24,620	-908
<b>FY 2015</b>	5,343	5,161	182	4,381	2,780	7,262	1,807	-2,881	2,541	25,592	-1,011

## Industrial Water Supply Business

(Million yen)

Category	Revenue Balance (P/L Account)			Capital Balance (Capital Account)					(Reference)		
	Revenue	Expenses	Difference	Revenue	Corp. Bonds	Expenses	Corp. Bond Redemption	Difference	Depreciation	Corp. Bonds Outstanding	Surplus (Shortfall)
<b>FY 2011</b>	222	197	25	300	0	81	3	219	62	32	21
<b>FY 2012</b>	224	209	15	0	0	66	3	-66	63	29	12
<b>FY 2013</b>	228	200	28	58	0	273	3	-215	64	26	17
<b>FY 2014</b>	310	277	33	44	0	221	3	-177	108	23	664
<b>FY 2015</b>	286	257	29	0	0	121	3	-121	100	20	-42

# Financial Results of Three Local Public Corporations



<As of March 31, 2016>

(Million yen)

Category		Kyoto Pref. Land Development Public Corp.		Kyoto Pref. Roads Corp.		Kyoto Pref. Housing Supply Corp.	
		FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
Capital Injection		20	20	9,471	9,471	10	10
Assets	Current Assets	8,066	5,006	2,695	5,391	1,183	1,271
	Fixed Assets	25	765	34,311	32,292	1,252	1,269
	Total Assets	8,091	5,771	37,006	37,683	2,435	2,540
Liabilities	Current Liabilities	2,821	656	21,163	22,014	338	361
	Fixed Liabilities	3,892	3,703	7,164	8,173	93	122
	Allowances under Special Law	-	-	2,028	1,685	-	-
	Total Liabilities	6,713	4,362	30,355	31,836	431	483
Capital	Capital Stock	20	20	9,471	9,471	10	10
	Capital Surplus	-	-	-2,820	-3,624	1,994	2,047
	Legal Reserve	1,358	1,389	-	-	-	-
	Total Capital	1,378	1,409	6,651	5,847	2,004	2,057
Total Assets and Liabilities		8,091	5,771	37,006	37,683	2,435	2,540
Recurring Profits and Losses	Operating Revenue (a)	707	1,157	6,795	5,412	1,841	1,874
	Operating Expenses (b)	764	1,203	6,083	5,343	1,868	1,846
	General and Administrative Expenses (c)	14	35	212	193	31	37
	Operating Profit (d = a - b - c)	-71	-81	500	-124	-58	-9
	Non-operating Income (e)	6	2	538	4	6	19
	Non-operating Expenses (f)	25	21	234	354	1	1
	Recurring Profit (g = d + e - f)	-90	-100	804	-474	-53	9
Extraordinary Profits and Losses	Extraordinary Profit (h)	59	-	-	-	-	81
	Extraordinary Loss (i)	-	-	-	-	-	25
	Transfer from Specific Reserve (j)	-	-	-	-	-	-
	Transfer to Specific Reserve (k)	-	-	-	-	-	-
	Current Income (g + h - i)	-31	-100	804	-474	-53	65
(g + h - i + j - k)						-53	65
Debt balance related to debt guaranteed by the local government		3,696	3,182	22,312	22,268	-	-

# Financial Results of Major Corporations



(Thousand yen)

Organizations	Capital		FY 2015			FY 2014		
		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
<b>Kyoto Prefectural International Center</b>	100,000	(100,000)	179,441	20,331	2,847	176,677	17,484	-17,523
<b>Kyoto Culture Foundation</b>	176,800	(56,000)	1,003,582	747,782	36,057	967,543	711,725	50,315
<b>Kyoto Prefectural Social Welfare Agency</b>	10,000	(10,000)	692,143	455,896	-176	704,378	456,072	-2,385
<b>Kyoto Prefecture SME Center</b>	4,000	(2,000)	410,181	410,181	22,201	387,980	387,980	11,465
<b>Kyoto Industrial Support Organization 21</b>	210,000	(65,000)	2,814,377	275,410	-22,866	2,758,473	298,276	29,996
<b>Kyoto Prefecture Residents' Exchange Agency</b>	44,000	(25,000)	93,369	49,369	25,076	68,293	24,293	4,246
<b>Kyoto Agriculture Conference &amp; Kyoto Agriculture Comprehensive Support Corp.</b>	13,910	(4,000)	12,315	-1,595	5	12,310	-1,600	-1,600
<b>Tango Kingdom, "Shoku-no-Miyako"</b>	20,000	(10,000)	43,543	23,543	-1,373	44,916	24,916	-4,393
<b>Kyoto Prefecture Park Corp</b>	10,000	(10,000)	67,042	57,042	-11,332	78,374	68,374	-10,445
<b>Kyoto Prefecture Research Center for Archaeological Properties</b>	10,000	(10,000)	140,348	130,348	3,079	137,269	127,269	2,696

# Debt Guarantee and Compensation



- Kyoto local government's debt guarantee and remaining compensation by guarantee totaled 61.9 billion yen, accounting for 3% of outstanding local debt.

(100 million yen)

Guarantee	FY 2015 Guarantee Balance	Details
<b>Kyoto Agriculture Conference &amp; Kyoto Agriculture Comprehensive Support Corp.</b>	1	Compensation for loss related to rationalizing agricultural land transactions
<b>Kyoto Pref. Land Development Public Corp.</b>	175	Guarantees of debt related to land procurement
<b>Kyoto Pref. Roads Corp.</b>	443	Guarantees of debt related to toll road facilities
<b>Other</b>	-	
<b>Total</b>	619	

# Key Financial Indicators



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

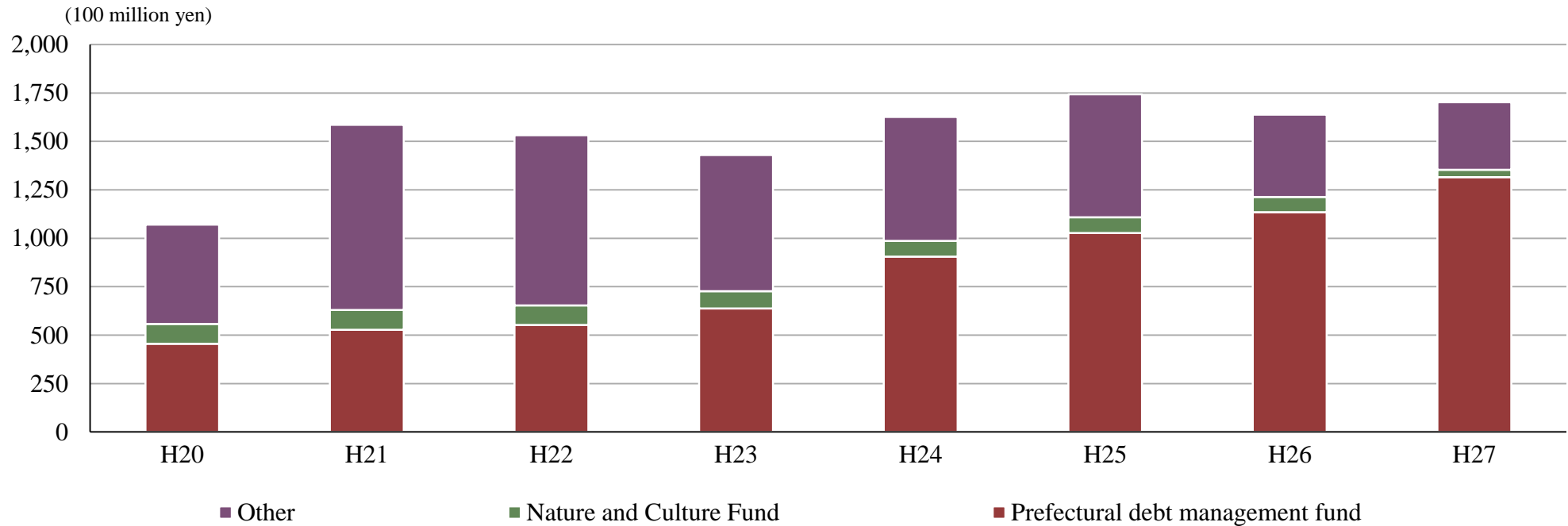
Category		2008	2009	2010	2011	2012	2013	2014	2015
Financial Strength Index	Kyoto	0.65084	0.63844	0.60998	0.57038	0.55732	0.54959	0.55279	0.56713
	Japan	0.52062	0.51568	0.48985	0.46523	0.45529	0.46370	0.45380	-
	Rank	10	10	9	11	11	15	15	-
Recurring Profit Ratio	Kyoto	96.9	95.8	93.6	95.4	95.0	94.2	94.3	95.0
	Japan	95.3	95.3	90.9	93.9	94.1	93.0	93.5	-
	Rank	31	28	38	36	33	33	33	-
Net Bond Cost Ratio	Kyoto	11.3	11.7	12.8	14.2	14.6	15.4	15.7	16.2
	Japan	13.9	14.4	14.8	15.2	14.8	14.6	14.1	-
	Rank	9	9	10	14	20	31	38	-
Laspeyres Index	Kyoto	100.3	100.0	99.3	99.2	107.6	99.5	98.7	99.6
	Japan	99.1	98.6	98.8	99.3	107.5	101.5	99.7	99.5
	Rank	19	20	24	29	28	38	35	27

- Financial strength index is a 3-year moving average. Ranked from top to bottom.
- Financial strength index: This is calculated by dividing revenue used in the calculation of local allocation tax by demand; a higher index indicates more 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 for 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 the ratio exceeds 18%.

# Fund Balance



■ Kyoto has an adequate debt management fund.



(100 million yen)

Category	2008	2009	2010	2011	2012	2013	2014	2015
Financial adjustment fund	0	0	0	0	0	0	0	0
Prefectural debt management fund	456	528	552	638	905	1,027	1,135	1,315
Nature and Culture Fund	102	102	102	89	82	82	78	38
Other	513	956	878	703	639	634	425	350
<b>Total</b>	<b>1,071</b>	<b>1,586</b>	<b>1,532</b>	<b>1,430</b>	<b>1,626</b>	<b>1,743</b>	<b>1,638</b>	<b>1,703</b>

\*The figure 0 for the financial adjustment fund indicates a remaining debt of less than 100 million yen.