Financial Situation in Yokohama

Easy-to-understand Financial Background
Account Book for Yokohama Fiscal 2016

Digest

Financial Affairs Division
Finance Bureau City of Yokohama
In fiscal 2016, we will accelerate activities for city planning to establish a base for creating an environment for individuals and companies to be able to fully realize their capabilities. We will further strengthen promotional activities in accordance with our slogan, “Yokohama. Where Both People and Companies Shine.” We will promote constant administrative reforms to cope with both “promoting policy” and “maintaining the soundness of financial affairs.”

**Women/Seniors**
- Promote the 4th Yokohama City Gender-Equality Action Plan
- Promote the Senior Regional Contribution Model Project
- Promote the Yokohama Senior Volunteer Point Project

**Energy**
- Promote utilization of hydrogen energy
- Promote low carbon energy management
- Promote Minato Mirai 2050 Project

**Growing field/Industrial base**
- Establish Yokohama Life Innovation Platform (tentative name)
- Support Yokohama clinical research network
- Strengthen attraction of enterprises
- Promote financing of small and medium-sized businesses, provide operational/technical support, promote establishment of businesses/ventures
- Promote development of a new shopping district for foreign tourists in cooperation with emporiums
- Enhance industrial bases such as Keihin coastal area, Kanazawa coastal area and inland industrial zone
- Promote support for overseas infrastructure business development

**City center seaside area**
- Promote redevelopment of Yamashita Wharf (which is due to open in 2020)
- Promote Yokohama Station peripheral area remodeling plan
- Energize Kanwa and Kongo Districts
- Develop the city government office building which is due to open in 2020
- Promote redevelopment of Yokohama Cultural Gymnasium

**Urban farming**
- Vigorous farm management including production development of high-value-added farm and livestock products
- Promote local consumption of locally produced products

**Sports**
- Prepare for holding Rugby World Cup 2019
- Promote activities for Tokyo 2020 Olympic and Paralympic Games

**Disaster prevention and mitigation**
- Promote measures for earthquake disaster prevention such as promotion of city fireproofing
- Make greater efforts to promote preventive measures for cliff areas and flood disaster
- Promote self-help and mutual cooperation using Yokohama Disaster Risk Reduction Learning Center

**Administration and management**
- Promotion of work reform – in other words, Promotion of constant administrative reform

**Financial administration and management**
- Carry out both “promotion of measures” and “upkeep of sound financial administration”
What is a Budget?

Budget is an estimate of annual revenues and expenditures. In other words, it shows how taxes from citizens are used.

Taxes received from citizens become revenues of the national and local public bodies (municipalities and prefectures), and are used for various administrative services.

Prior to the start of the new fiscal year, the national and local governments estimate revenues such as taxes and disbursements that will be used for administrative services to plan projects. This estimate is the “budget”.

How is the budget decided?

The mayor produces a budget bill and the city council deliberates before the budget is passed.

The mayor and the city council members are elected representatives and they decide the budget. The division handling taxes at the city hall estimates the next fiscal year’s revenues by observing economic trends.

As for how to use the revenues, the division will study projects to be executed in the next fiscal year, such as “what types of projects should be executed in this district?” by taking regional conditions into consideration.

The mayor produces a draft budget to meet citizens’ needs, based on the city plans, including the mid-term 4 year plan and plans studied by each division, and proposes a draft budget to the city council.

In the city council, the members, who are representatives of the citizens, exchange various opinions to deliberate the draft budget and pass a resolution on it.

Budget of Yokohama City

Yokohama City’s budget is divided into 3 groups (accounts) depending on how it is used and the type of revenue. The budget for fiscal 2016 is as follows.

All accounts¹ 3 trillion 396.8 billion yen
Net total² 2 trillion 663.4 billion yen

*¹ general term for general account, special account, and public sector account
*² Budget of all accounts excluding overlapped parts which are exchanged between accounts

General account

This account is for basic administrative services including welfare, medical care, education, and development of roads and parks. City tax revenue is mainly used for this general account.

Special accounts

These accounts are for special projects and independent from the general account to clarify the revenues and expenditures. There are 16 special accounts in Yokohama City

Public sector accounts

This account is operated in the same way as private companies by using profits made to operate subways, buses, waterworks, and hospitals. There are 7 public sector accounts in Yokohama City.

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What types of revenues are there in Yokohama City?

**Revenues (Income) and Expenditures (Disbursements) of General Account**

Among the general account revenues (income) of Yokohama City, 47% is city tax. Besides tax, there are various types of revenues and expenditures, such as money allocated by the national and prefectural governments and borrowed money (city bonds). The revenues are used for administrative services to support civic life.

### General city bond 797.9 billion yen (6.5%)
Money to be borrowed for developing roads, parks, and facilities for citizens

### City tax 713.9 billion yen (47.1%)
Refer to "Breakdown of City Tax"

### Special Revenue Sources

- **City Bond** 202.7 billion yen
- **General Revenue Sources** 451.4 billion yen
- **Other General Revenue Sources** 9.37 billion yen
- **Other special revenue sources** 505.5 billion yen
- **Local allocation tax** 17 billion yen
- **Revenue created by using funds and setting or leasing city properties, revenue from the lottery, etc.** 113.5 billion yen

### General account budget for fiscal 2016: Comparison with other cities

<table>
<thead>
<tr>
<th>City</th>
<th>Total (10^12 yen)</th>
<th>Percent of total</th>
<th>City</th>
<th>Total (10^12 yen)</th>
<th>Percent of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Osaka</td>
<td>646.4</td>
<td>29.4%</td>
<td>Nagoya</td>
<td>294.3</td>
<td>13.3%</td>
</tr>
<tr>
<td>Sapporo</td>
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<td>7.7%</td>
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<tr>
<td>Yokohama</td>
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</table>

### What are revenues including taxes used for?

Revenues are used for a wide range of fields including welfare, child care support, and development of roads and harbor. Notably, a high percentage of revenues are used for “welfare/health/medical care” and “child care/education.”

**Total of expenditures:** 1 trillion 514.3 billion yen

- **445.8 billion yen (29.4%)**
  - For welfare, health, and medical care
    - Social welfare, relief, assistance, pensions
    - The disabled and the aged support logistics
    - Comprehensive cancer control promotion
  - For child care and education
    - Child care support
    - Development and operation of nursery, etc.
- **361.1 billion yen (23.9%)**
  - For roads, housing, and systematic city planning
    - Development, maintenance, and repair of roads and rivers
    - Urban development, revitalization, pediatric environment improvement
    - Government and repair of municipal housing and public buildings
- **189.4 billion yen (12.5%)**
  - For economic development and making Yokohama attractive
    - Urban development
    - Comprehensive city planning
- **140.5 billion yen (9.3%)**
  - For community development, sports activities, and ward administration
    - Civic activities
    - Cultural asset protection, school education
- **107.6 billion yen (7.1%)**
  - For operation of city hall
    - Operation of city hall
  - For measures against global warming, water and green conservation
    - Climate Change Policy Headquarters
  - For waste disposal, reduction, and recycling
    - Environment and Waste Recycling Bureau
- **42.8 billion yen (2.8%)**
  - For safe city
    - Fire prevention and control
It is necessary to implement both “promotion of measures” and “upkeep of sound financial administration” in order not to defer an excessive burden to future generations while making investments for Yokohama City’s growth and prosperity. We go forward with activities described in “the Yokohama City Mid-term 4 Year Plan 2014 to 2017” such as reduction of the fiscal deficit which is realized by careful administration of the general account, systematic city bond utilization, activities for collecting accrued credits, and strategic and effective utilization of public properties.

The city bond balance in the general account and the debt balance of special account/public sector account/fringe organization handled by the general account have decreased by approximately 750 billion yen from fiscal 2003. We are constantly reducing balance by making payments every year according to plan.

The debt balance handled by the general account is as follows:

- **2003**: 3trillion 961.7 billion yen
- **2008**: 3trillion 584.2 billion yen
- **2013**: 3trillion 338.2 billion yen
- **2014**: 3trillion 272.5 billion yen
- **2015**: 3trillion 242.4 billion yen
- **2016**: 3trillion 202.6 billion yen
- **2017**: Estimated amount

Note: Estimated amount at the end of fiscal 2015 for the general account/special account/public sector account is the amount estimated after the supplementary budget in February fiscal 2015 and that debt of fringe organizations is the estimated closing account.

*Debt balance of special account/public sector account/fringe organization handled by the general account*

- The debt balance handled by the general account includes the city bond balance for the special account and public sector account while excluding repayment made from business income of each account. Based on the national standard and changes in social conditions, money is transferred from the general account as payment using city tax.
- It also includes the debt balance of fringe organizations that was borrowed to obtain land and develop facilities based on the precondition that the city would purchase them later or help repayment of the principal.

### Why is borrowing money necessary?

Local public bodies use borrowed money called local loans (city bond in Yokohama City) for developing public facilities including roads and parks over an extended period of time. To do so, the cost for building public facilities should be fairly born by all generations who use the public facilities.

- **If the city doesn’t use a city bond and carries on business:** the citizens at that fiscal year pay all the expenses for the project and future citizens won’t bear the cost at all.

- **Future citizens: Burden on citizens**

- **When the city uses a city bond:** future citizens will also pay the expenses of construction fairly.

Recently, local allocation taxes are inadequate, so local public bodies borrow money which is called extraordinary financial measures loan to make up the shortage. Money for paying back the extraordinary financial measures loan is provided by the national government by adding it to the calculation for future local allocation taxes.