Ministry of Economy and Finance

Korea Fiscal Information Service

A Citizen's Guide to the 2022 Government Financial Statement in Brief

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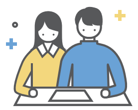
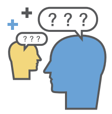


The annual financial statement is somewhat challenging to understand accounting terms and statistical data for ordinary citizens. This financial statement brief aims to explain how money was raised and spent in 2022 presented in an easy-to-read format, enabling citizens to take part in informed participation about government financial activities and fiscal integrity.

Were you wondering about these matters?



- How much money did the government collect and spend annually?: Revenues and expenditures
- Where did the money come from and how to allocate the money?: Revenues and expenditures
- Where did the tax money go and how to spend?: An expenditure trend by function
- How to organize and spend the fund?: Funds
- Did the government balance between revenues and expenditures? : Fiscal balance / Government debt
- What are the government's assets and liabilities?: Statement of financial position
- What are the government's revenues and expenses?: Statement of financial operations

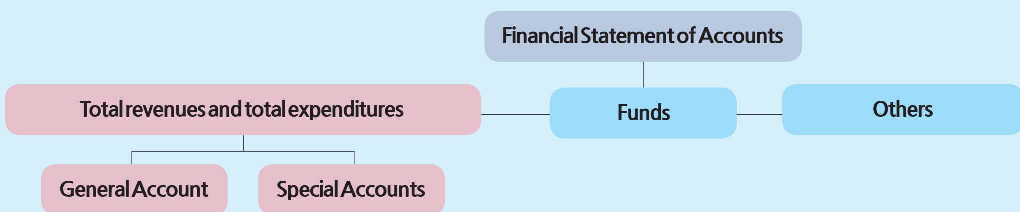
I. Financial statement

1. Definition and significance of financial statement

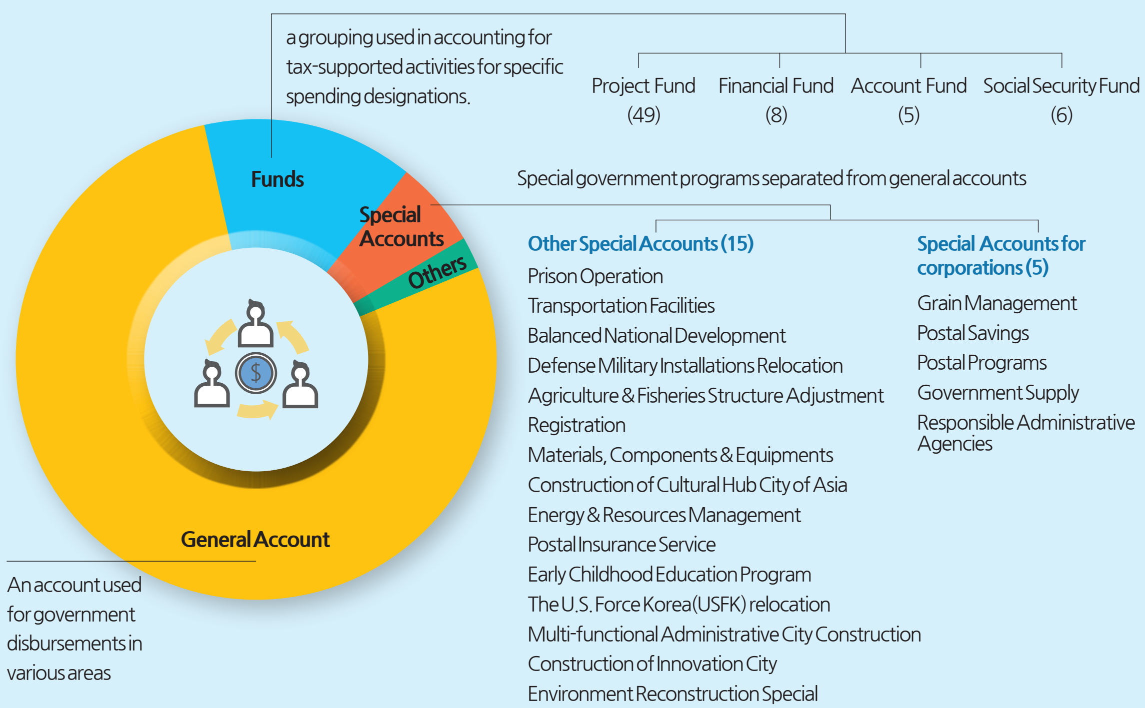
- The financial statement is the annual national accounts categorized in total revenue and total expenditure.
- The financial statement aims to provide government financial information to citizens and improve transparency and efficiency of fiscal management by linking this year's financial data to the next year's budget, responding the National Assembly's request for modification, and reflecting the results of inspection from the Board of Audit and Inspection.

2. Organization of financial statement of accounts

- The financial statement of accounts consists of general and special accounts of central government agencies and the revenues and expenditures of 68 funds.



3. Components of the government budget



II. Total revenues and total expenditures

1. Settlement in 2022

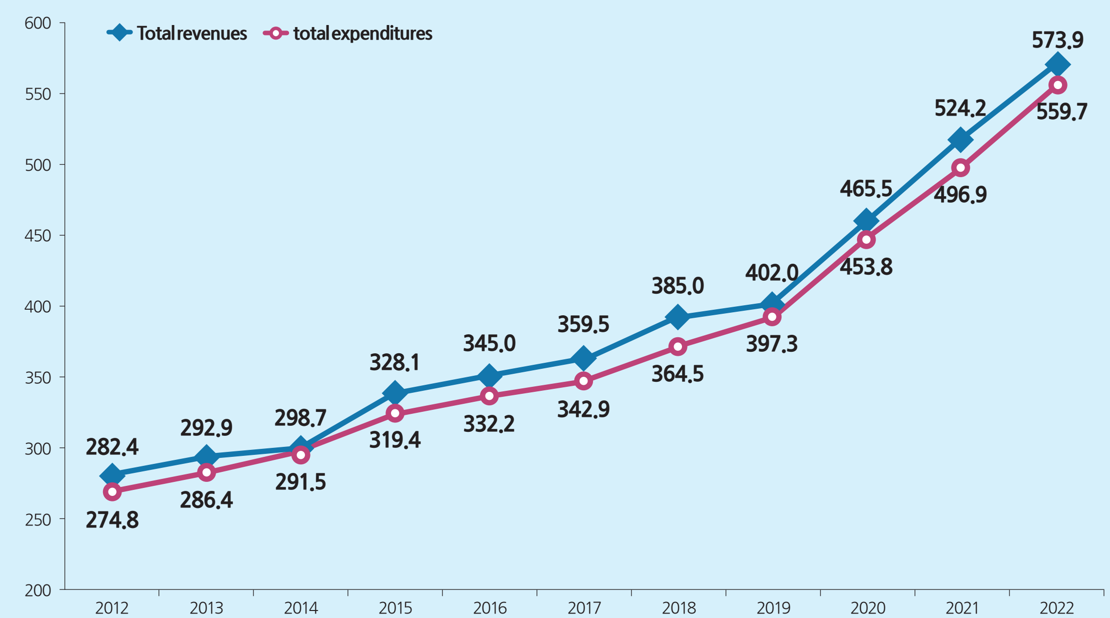
- In the fiscal year 2022, the total revenues were 573.9 trillion won and the total expenditures were 559.7 trillion won. Budget surplus were 9.1 trillion won.

(Unit: Trillion won)

Category	Revenues (A)	Expenditures (B)	Surplus (C=A-B)	Carry-over (D)	Budget Surplus (E=C-D)
General Account	493.9	485.0	8.8	2.8	6.0
Special Accounts	80.1	74.7	5.4	2.3	3.1
Total	573.9	559.7	14.2	5.1	9.1

2. Total revenues and total expenditures in the last 11 years

(Unit: Trillion won)



* The amount of each category may differ by adjusting the number of decimal places.

3. Settlement of total revenues

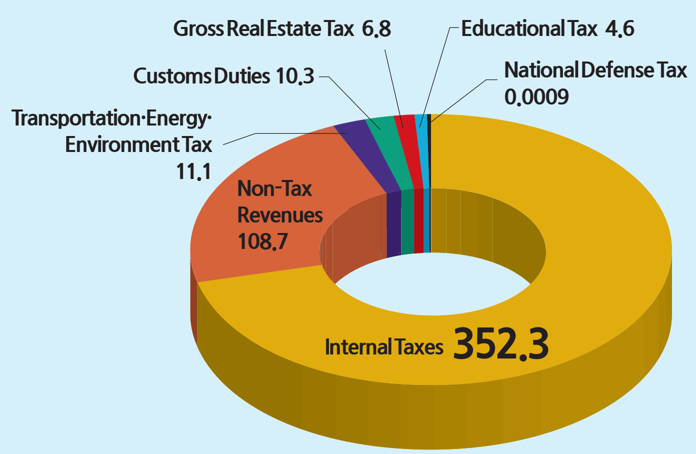
① Category

- The revenue sources consist of tax revenues and non-tax revenues of general and special accounts.

② General account

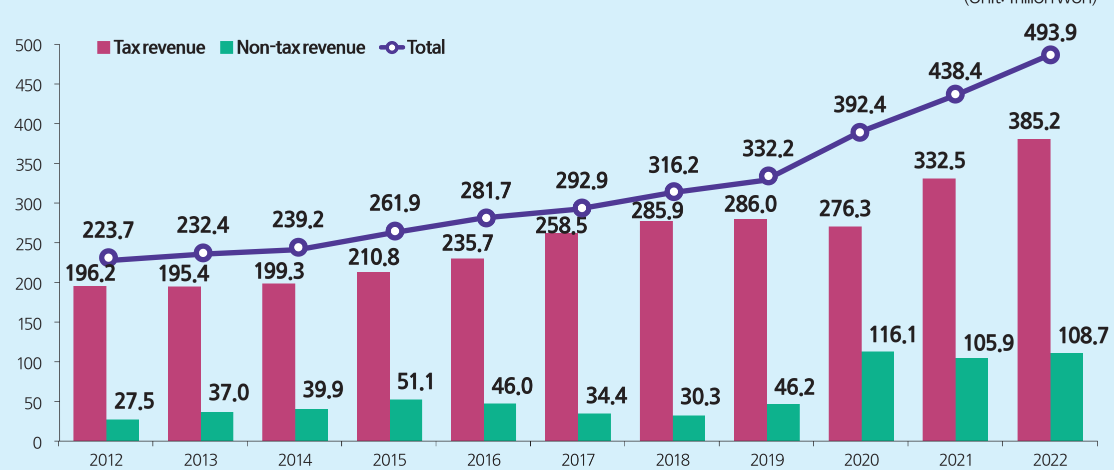
- In the fiscal year 2022, government tax revenue increased significantly, while non-tax revenue increased slightly.
- Of the 493.9 trillion won revenue of general account, the amount of tax revenue was 385.2 trillion won, an increase of 52.7 trillion won over the fiscal year 2021 (332.5 trillion won); Non-tax revenue was 108.7 trillion won, an increase of 2.8 trillion won over the fiscal year 2021 (105.9 trillion won). It was resulted by an increase of 1.2 trillion won in the government's property revenue.

(Unit: Trillion won)



Total revenue trend of general accounts in the last 11 years

(Unit: Trillion won)



③ Special accounts

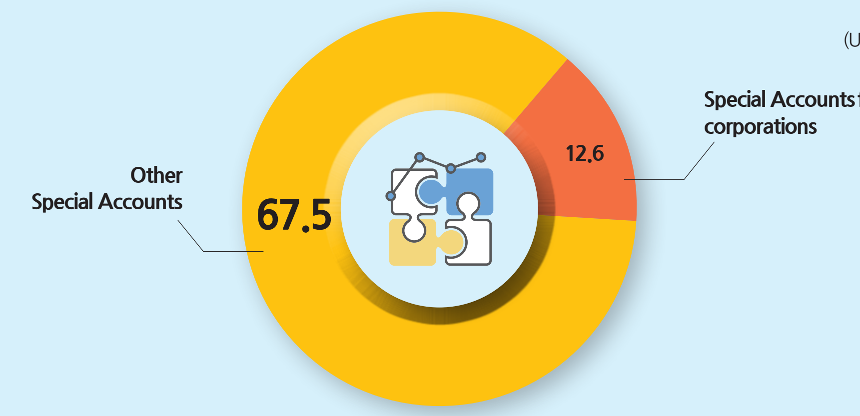
In the fiscal year 2022, the revenue of other special accounts and corporate special accounts for corporations are decreased, resulting in decreases of two corporate special accounts for corporations, such as transportation facilities and agriculture & fisheries structure adjustment.

(Unit: Trillion won)

Category	2021 (A)	2022 (B)	Change (B-A)
Total	85.8	80.1	△5.7
Other Special Accounts	72.9	67.5	△5.4
Special Accounts for Corporations	12.9	12.6	△0.4

Components of Special Accounts Revenues

(Unit: Trillion won)



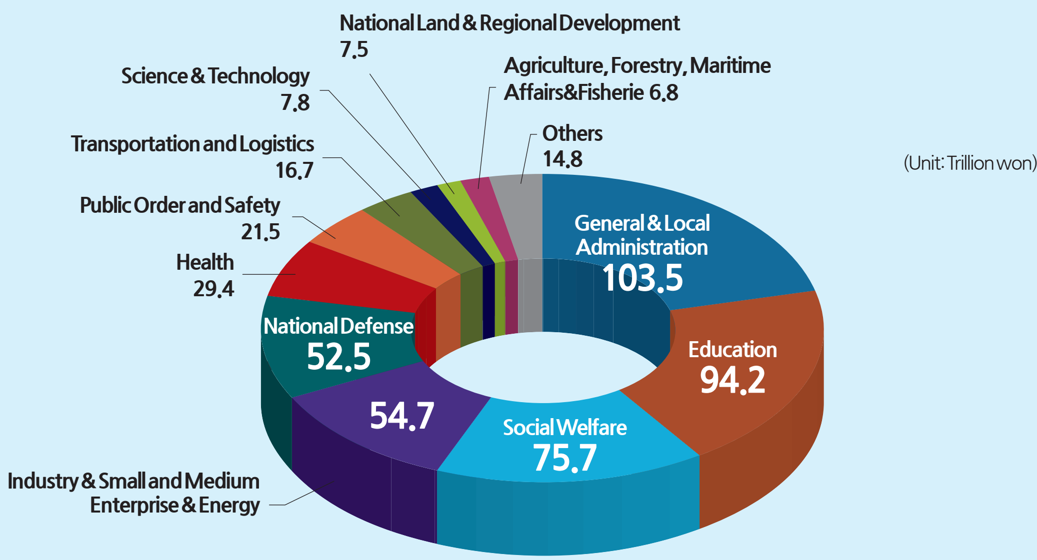
Total revenue trend of special accounts in the last 11 years

(Unit: Trillion won)

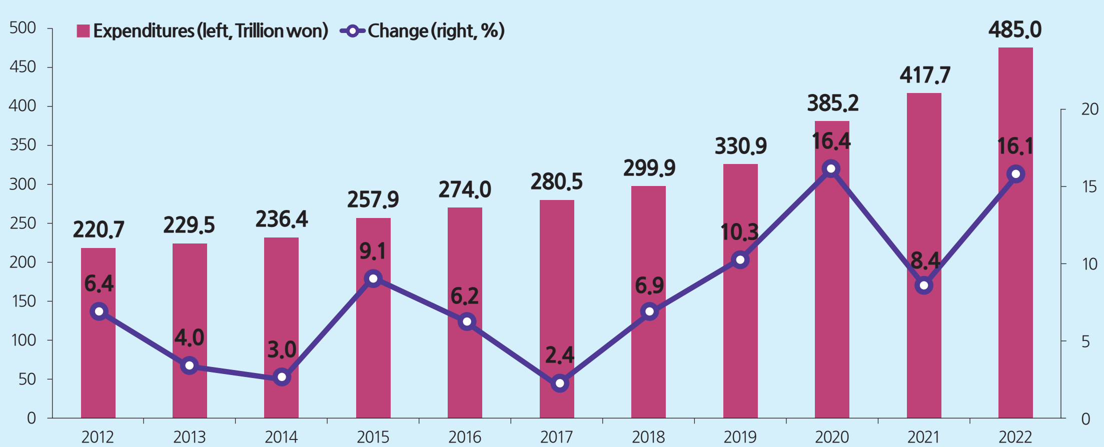
4. Settlement of total expenditures

① General account

- In the fiscal year 2022, the expenditure of general accounts was 485.0 trillion won, an increase of 67.3 trillion won over the fiscal year 2021.
- The expenditure categories by function are General and Local Administration (103.5 trillion won: 21.3%), Education (94.2 trillion won: 19.4%), Social Welfare (75.7 trillion won: 15.6%), and Industry & Small and Medium Enterprise & Energy (54.7 trillion won: 11.3%), National Defense (52.5 trillion won: 10.8%).

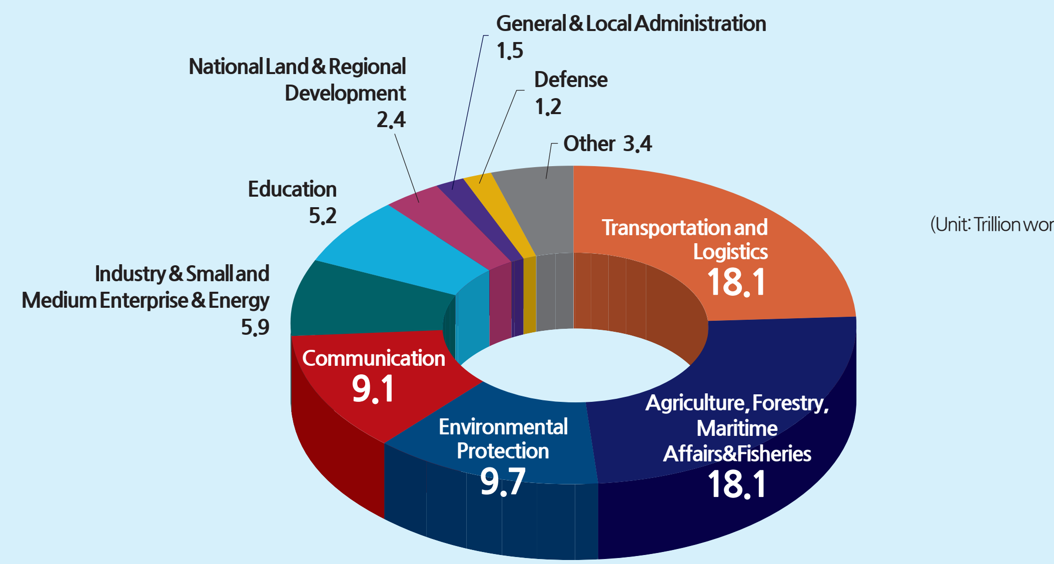


Total expenditure trend of general accounts in the last 11 years

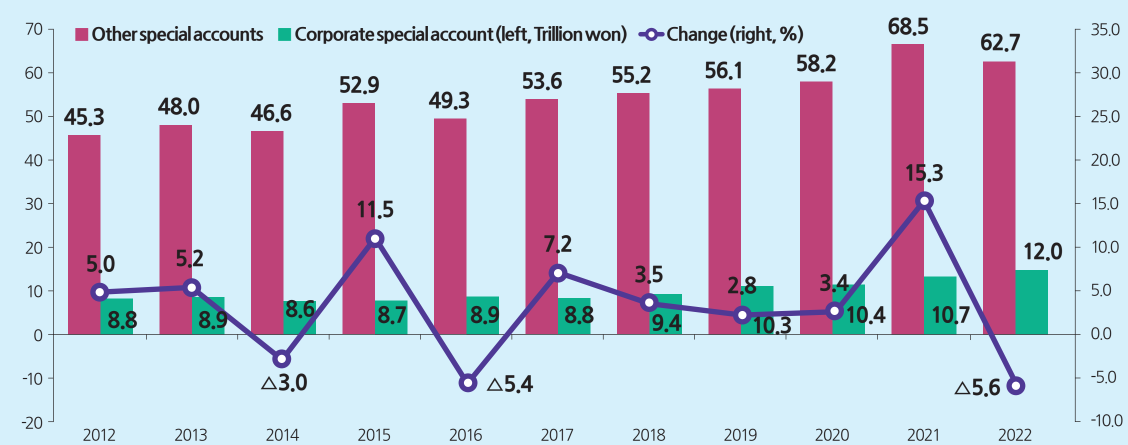


② Special accounts

- In the fiscal year 2022, the expenditure of special accounts was 74.7 trillion won, an decrease of 4.4 trillion won (5.6%) over the fiscal year 2021.
- The expenditure categories by function are Transportation and Logistics (18.1 trillion won: 24.2%), Agriculture, Forestry, Maritime Affairs and Fisheries (18.1 trillion won: 24.2%), Environmental Protection (9.7 trillion won: 13.0%), and Communication (9.1 trillion won: 12.2%).



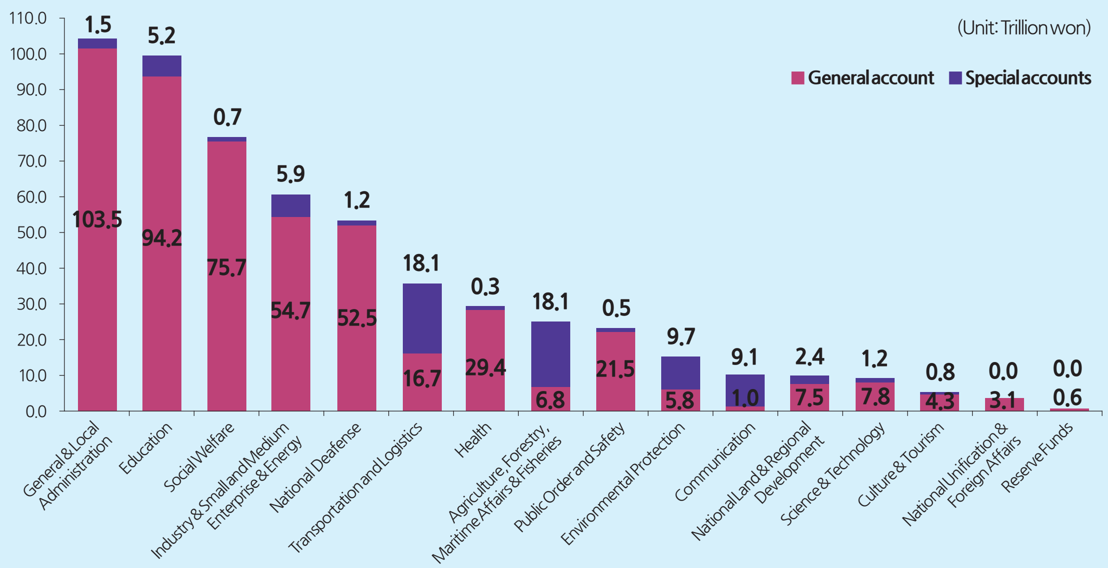
Total expenditure trend of special accounts in the last 11 years



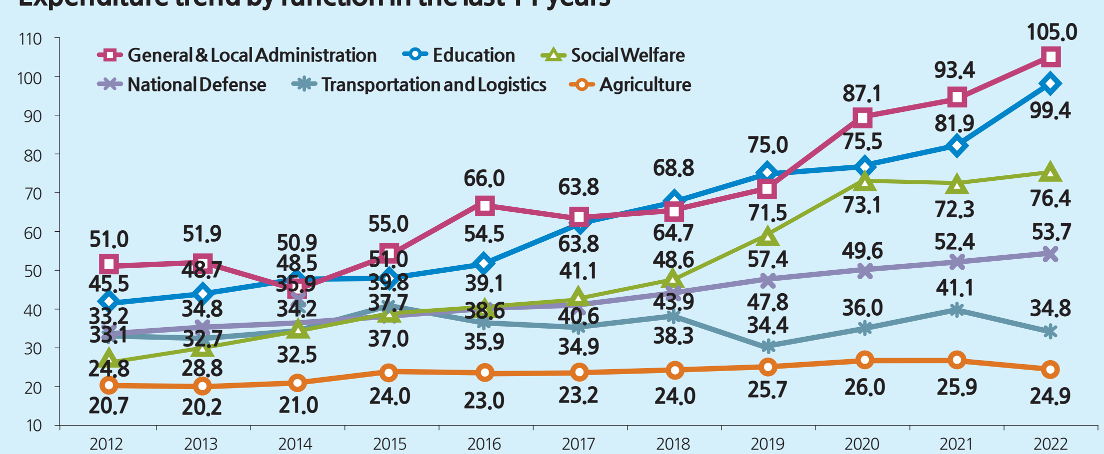
5. Expenditure trend by function (General and Special Accounts)

- In the fiscal year 2022, the expenditure categories by function for general and special accounts were General and Local Administration (105.0 trillion won), Education (99.4 trillion won), Social Welfare (76.4 trillion won), and Industry & Small and Medium Enterprise & Energy (60.6 trillion won). These expenses are paid from general account.
- The largest expenditure category is Transportation and Logistics (18.1 trillion won), followed by Agriculture, Forestry, Maritime Affairs and Fisheries (18.1 trillion won), Environmental Protection (9.7 trillion won), and Communication (9.1 trillion won). These expenses are paid from special accounts.

Components of expenditures by function



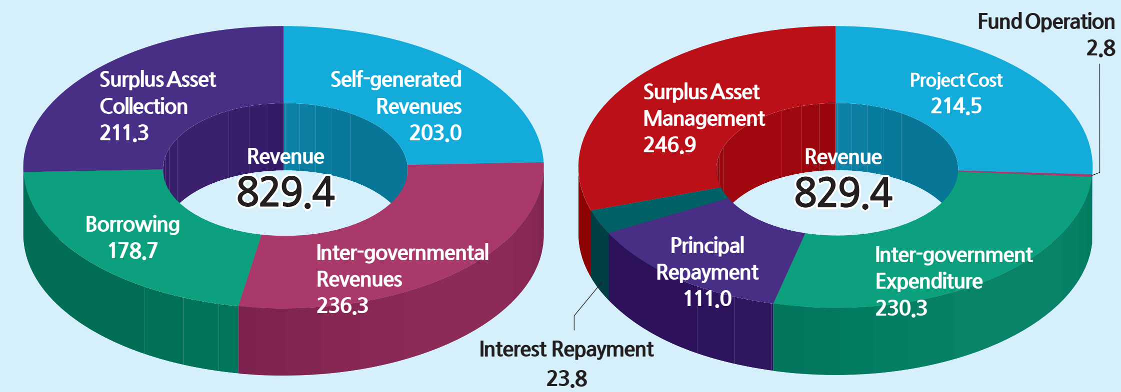
Expenditure trend by function in the last 11 years



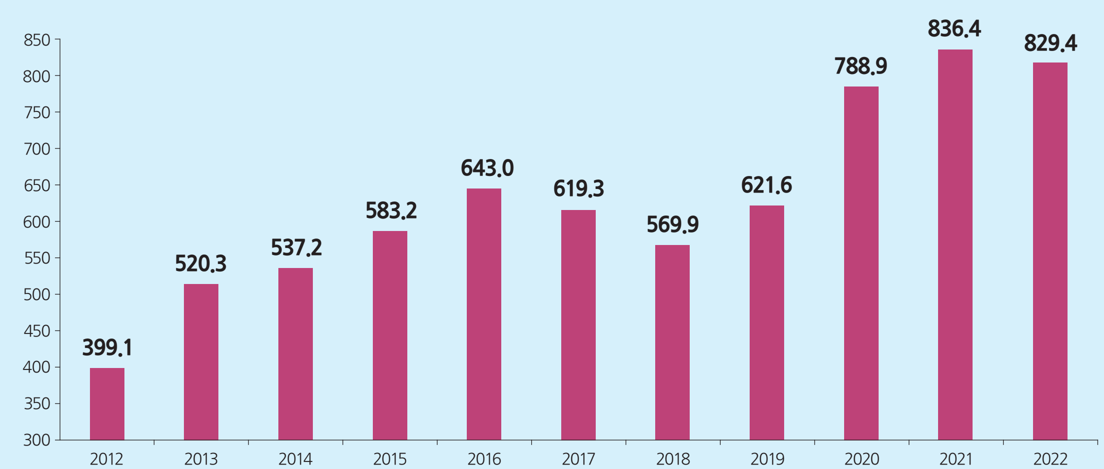
III. Funds

- In the fiscal year 2022, there were 68 funds raised separately from the budget. According to its operations and purposes, types of government funds are social security fund, account fund, financial fund, and project fund.
- The total amount of revenues and expenditures of the 68 funds was 829.4 trillion won, an decrease of 7.1 trillion won over the fiscal year 2021.
- Of the funds, the fund with a large amount of revenue and expenditure was public capital management fund (250.8 trillion won), followed by national pension Fund (175.2 trillion won), national housing & urban fund (84.8 trillion won), foreign exchange equalization Fund (84.7 trillion won), and small business promtion fund (49.7 trillion won).

Components of fund revenues and expenditures



Fund revenues and expenditures trend in the last 11 years



Ⅳ. Fiscal balance

- In the fiscal year 2022, the total revenues were 617.8 trillion won and the total expenditures were 682.4 trillion won.
- The consolidated fiscal balance recorded a deficit of 64.6 trillion won.
- The consolidated fiscal balance without funds recorded a deficit of 117.0 trillion won.

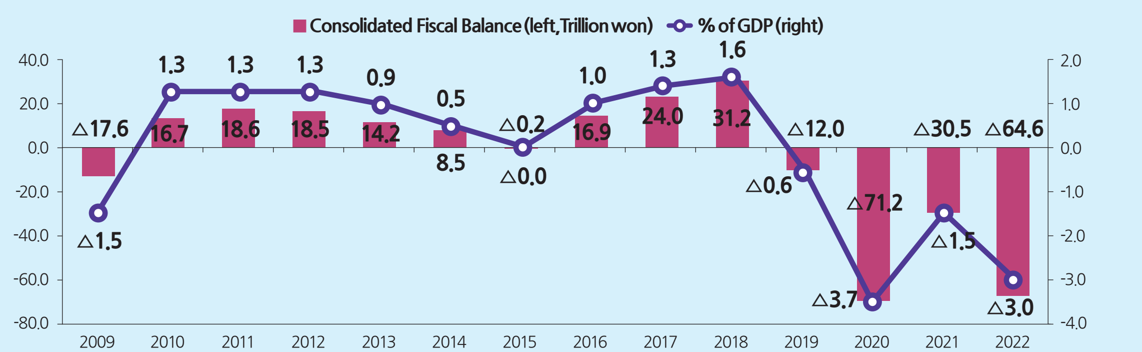
Fiscal Balance Trend

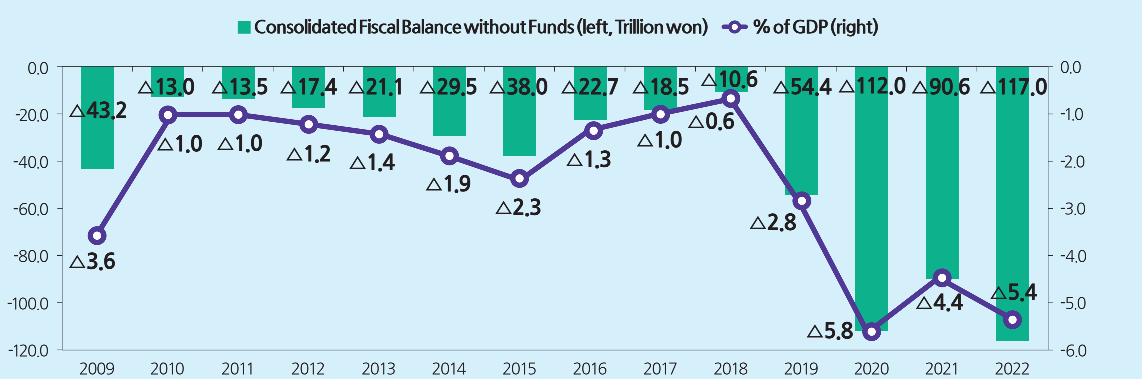
(Unit: Trillion won, %)

Category	2018	2019	2020	2021	2022
1. Consolidated Fiscal Balance	31.2	△12.0	△71.2	△30.5	△64.6
(percent of GDP)	(1.6)	(△0.6)	(△3.7)	(△1.5)	(△3.0)
2. Social security Fund Balance	41.7	42.4	40.8	60.1	52.5
(percent of GDP)	(2.2)	(2.2)	(2.1)	(2.9)	(2.4)
3. Consolidated Fiscal Balance without Social security Funds (1 - 2)	△10.6	△54.4	△112.0	△90.6	△117.0
(percent of GDP)	(△0.6)	(△2.8)	(△5.8)	(△4.4)	(△5.4)

Note: The social security fund includes the National Pension fund, Korea teacher Pension fund, Industrial Woker's Accident Compensation Insurance and Prevention Fund, and the Employment Insurance fund.

* **The consolidated fiscal balance**: It is a finance scale that aggregates all revenues and expenditures executed by the central government (revenue - expenditure)
* **Consolidated Fiscal Balance without Funds**: The social security fund balance was excluded from the consolidated fiscal balance.



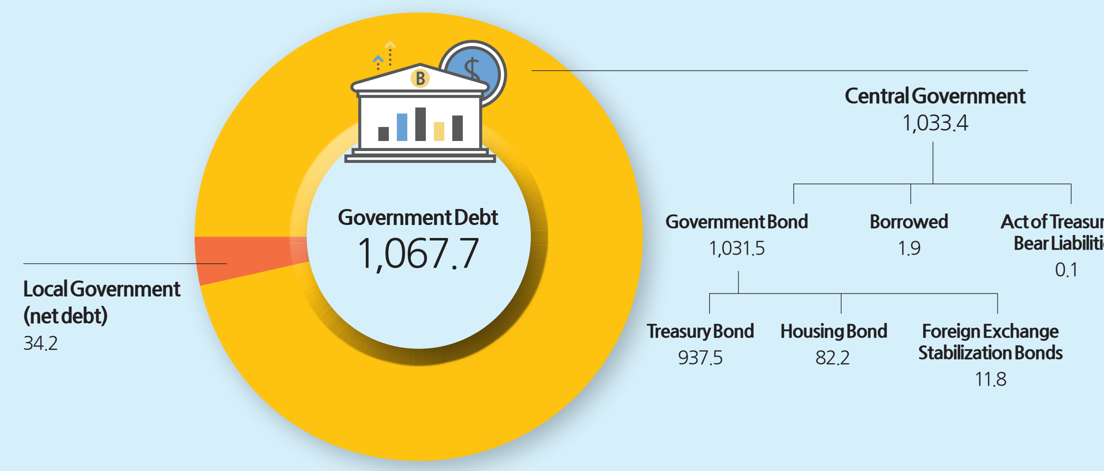


Ⅴ. Government debt

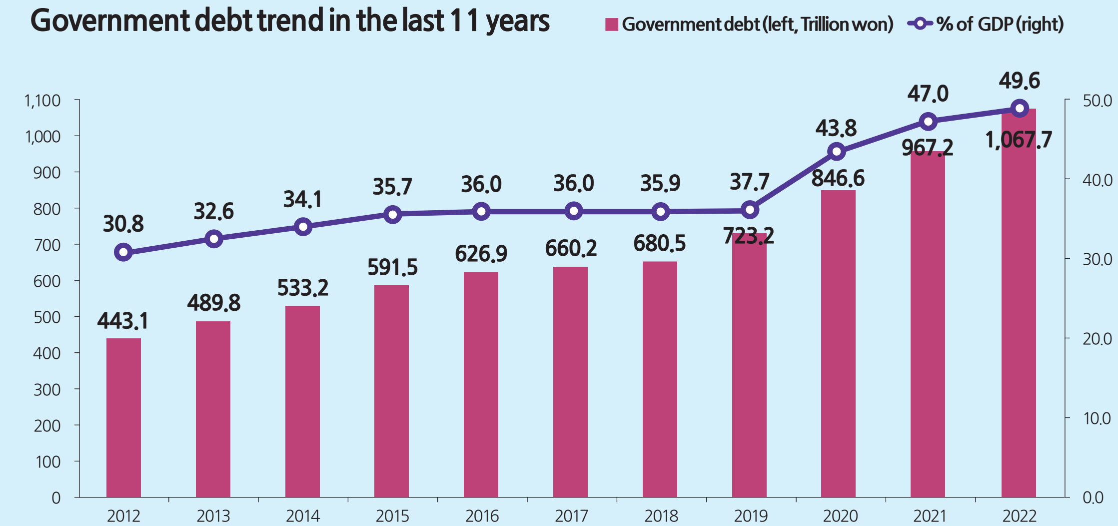
- Government debt in which the government is obligated to pay back the principal and interest consists of government bonds, borrowings, and the Treasury's act to bear liabilities, including local government's net debt.
- At the end of the fiscal year 2022, the government debt amounted to 1,067.7 trillion won, consisting of 1,031.5 trillion won of government bonds, 1.9 trillion won of borrowings, 0.1 trillion won of Treasury liabilities, and 34.2 trillion won (a projected value) of local government's net debt.

Components of government debt

(Unit: Trillion won)



Government debt trend in the last 11 years



VI. Assets and Liabilities

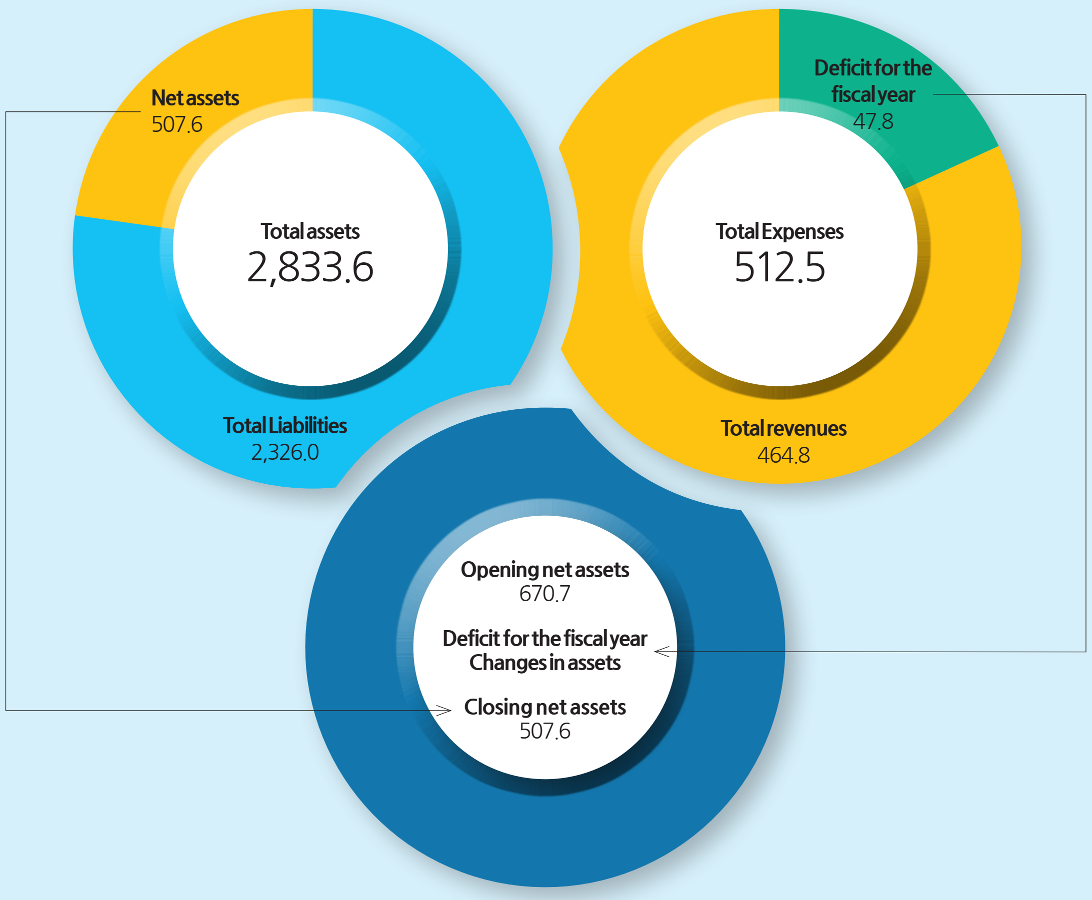
1. Overview

A financial statement is the formal record of financial activities, consisting of financial position, financial operations, and changes in net assets.

(Unit: Trillion won)

A statement of financial position
A balance sheet states the assets and liabilities at the end of the fiscal year.

A statement of financial operations
A summary includes revenues and expenses over the entire fiscal year.



A statement of changes in net assets
A summary presents the accumulation of change in net assets over the entire fiscal year.

Glossary

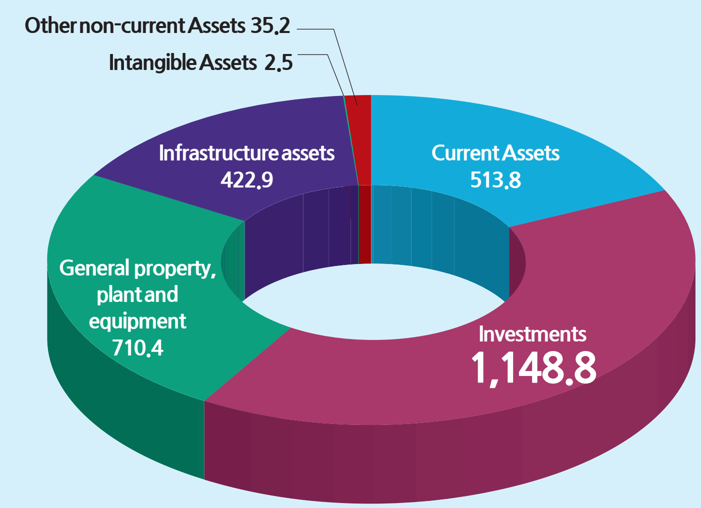
Opening net assets : it refers to the size of net assets at the end of the previous fiscal year.
Closing net assets : it refers to the size of net assets at the end of the fiscal year.
Changes in assets : it refers to any increases or decreases of assets that do not affect the statement of the financial operations.
Net assets : it is the amount of total assets minus total liabilities.

2. Statement of financial position

- At the end of the fiscal year 2022, assets were 2,833.6 trillion won, and Liabilities were 2,326.0 trillion won.
- Assets decreased by 32.5 trillion won (1.1% decrease), and Liabilities increased by 130.6 trillion won (6.0% increase). Net assets were 507.6 trillion won.
- Net assets increased by 163.1 trillion won (24.3% decrease).

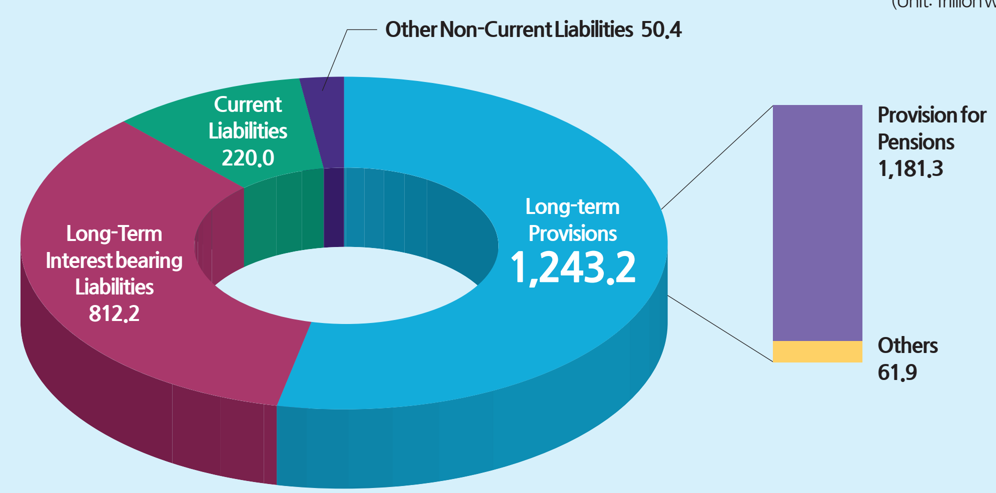
The ratio of assets structure

(Unit: Trillion won)



The ratio of liabilities structure

(Unit: Trillion won)



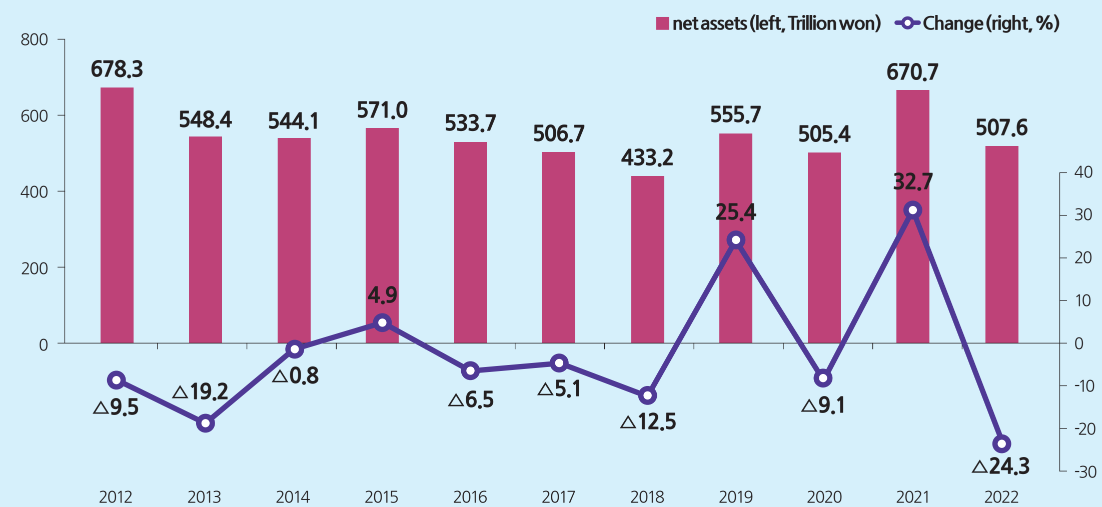
Note: Long-term Provisions consist of Provision for Pensions and Others.

2-1. Changes in net assets

The amount of assets minus liabilities was 507.6 trillion won, an decrease of 163.1 trillion won (24.3%) over the fiscal year 2021

(Unit: Trillion won)

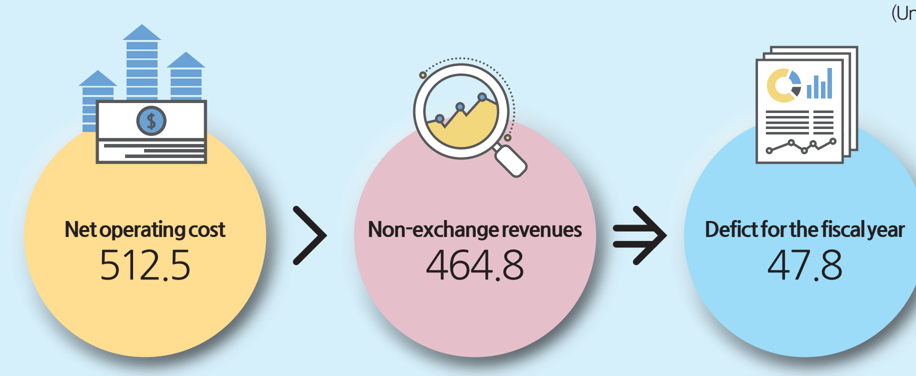
Changes in net assets in the last 11 years



- Current asset and investments were 1,662.6 trillion won, an decrease of 71.1 trillion won (4.1%) over the fiscal year 2021
- Tangible assets was 710.4 trillion won, an increase of 6.4 trillion won (0.9%) over the fiscal year 2021
- Infrastructure was 422.9 trillion won, an increase of 12.7 trillion won (3.1%) over the fiscal year 2021

3. Statement of financial operations

(Unit: Trillion won)



- In the fiscal year 2022, net operating cost was 512.5 trillion won, an increase of 36.4 trillion won from 2021.
  The non-exchange revenues (e.g., taxes, contribution, fines and penalties) was 464.8 trillion won, an increase of 52.1 trillion won from 2021.
- The Deficit for the fiscal year, minus non-exchange revenues from the net operating cost, was 47.8 trillion won, which indicated that the cost of financial operations exceeded the revenue.

The government prepared the financial statement for the fiscal year 2022, following Articles 56 to 61 of the「National Financial Law」and Articles 13 to 16 of the「National Accounting Law」. This financial statement was then approved by the National Council and the President, and submitted to the National Assembly, reflecting the final results of inspection from the Board of Audit and Inspection. FIS Korea Fiscal Information Service

For more information, please do not hesitate to contact me **jazzsh@kpfis.or.kr**