

DEPARTMENT OF REVENUE

Financial Statements

YEAR ENDED MARCH 31, 2003

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AUDITOR'S REPORT



To the Minister of Revenue

I have audited the statement of financial position of the Department of Revenue as at March 31, 2003 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Department is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policy that is an exception from Canadian generally accepted accounting principles. Capital assets costing less than \$15,000 are expensed in the year acquired and have not been recognized as assets in the statement of financial position. The effect of this omission is to understate net assets as at March 31, 2003 by approximately \$1,998,000, and to understate expenses by approximately \$91,000 for the year ended March 31, 2003.

In my opinion, except for the effects of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Edmonton, Alberta
May 23, 2003

[original signed]

FCA
Auditor General

DEPARTMENT OF REVENUE

STATEMENT OF OPERATIONS

Year Ended March 31, 2003 (*thousands*)

	Budget (Schedule 4)	2003 Actual	2002 Actual
Revenues (Schedules 1 and 2)			
Internal government transfers	\$ 588,682	\$ -	\$ 205,772
Income taxes	6,258,397	6,852,823	6,411,650
Other taxes	1,416,486	1,430,255	1,148,901
Investment income	455	443	732
Fees, permits and licences	180	166	169
Other	13,268	11,845	10,778
	8,277,468	8,295,532	7,778,002
Expenses - directly incurred (Note 2b and Schedule 12)			
Voted (Schedules 3 and 5)			
Ministry support services	3,897	3,889	3,699
Revenue collection and rebates	19,863	19,193	17,655
Investment	12,171	10,538	9,947
Risk management and insurance	939	878	703
	36,870	34,498	32,004
Statutory (Schedules 3 and 5)			
Corporate tax interest refunds	20,000	64,197	31,303
Valuation adjustments (Schedule 6)	600	284	121
	20,600	64,481	31,424
Write-down of capital assets	-	-	35
	57,470	98,979	63,463
Net operating results	\$ 8,219,998	\$ 8,196,553	\$ 7,714,539

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF REVENUE

STATEMENT OF FINANCIAL POSITION

March 31, 2003 (*thousands*)

	2003	2002
Assets		
Cash in transit	\$ 108,043	\$ 164,153
Accounts receivable (Schedule 8)	621,066	526,962
Accountable advances	1,003	1,120
Capital assets (Schedule 9)	6,825	4,902
	\$ 736,937	\$ 697,137
Liabilities		
Accounts payable (Schedule 10)	\$ 341,281	\$ 266,627
Vacation entitlements	2,274	2,002
	343,555	268,629
Net Assets		
Net assets at beginning of year	428,508	605,518
Net operating results	8,196,553	7,714,539
Net transfer to general revenues	(8,231,679)	(7,891,549)
Net assets at end of year	393,382	428,508
	\$ 736,937	\$ 697,137

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF REVENUE

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended March 31, 2003 (*thousands*)

	2003	2002
Operating transactions		
Net operating results	\$ 8,196,553	\$ 7,714,539
Non-cash items included in net operating results		
Amortization and write-down of capital assets	1,728	1,804
Valuation adjustments	284	121
	8,198,565	7,716,464
Decrease (increase) in receivables	(94,116)	305,029
Increase (decrease) in payables	74,654	(73,767)
Cash provided by operating transactions	8,179,103	7,947,726
Investing transactions		
Repayments of advances	117	151
Purchase of capital assets (Schedule 5)	(3,651)	(1,087)
Cash used for investing transactions	(3,534)	(936)
Financing transactions		
Net transfer to general revenues	(8,231,679)	(7,891,549)
Cash used for financing transactions	(8,231,679)	(7,891,549)
Net cash provided (used)	(56,110)	55,241
Cash at beginning of year	164,153	108,912
Cash at end of year	\$ 108,043	\$ 164,153

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF REVENUE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2003

NOTE 1 AUTHORITY AND PURPOSE

The Department of Revenue (the Department) operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Department's core businesses are to manage tax and revenue programs fairly and efficiently, manage and invest financial assets prudently, manage risk associated with the loss of public assets, and regulate Alberta's capital market.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
AND REPORTING PRACTICES**

The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

a) Reporting Entity

The reporting entity is the Department, which is part of the Ministry of Revenue and for which the Minister of Revenue is accountable. Other entities reporting to the Minister of Revenue include the Alberta Heritage Foundation for Medical Research Endowment Fund, the Alberta Heritage Savings Trust Fund, the Alberta Heritage Scholarship Fund, the Alberta Heritage Science and Engineering Research Endowment Fund, the Alberta Risk Management Fund, and the Alberta Securities Commission. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of operations for which the Minister of Revenue is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer to general revenues is the difference between all cash deposits by the Department and all cash disbursements made on its behalf by the Department of Finance.

DEPARTMENT OF REVENUE

NOTE 2 (continued)**b) Basis of Financial Reporting****REVENUES**

All revenues are reported on the accrual method of accounting. Corporate income tax receipts from corporations in anticipation of an upward reassessment of Alberta income tax payable are described as corporate income tax receipts in abeyance and recorded as accounts payable.

INTERNAL GOVERNMENT TRANSFERS

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

DEDICATED REVENUE

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

EXPENSES*Directly Incurred*

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the government's budget documents.

Directly incurred expenses include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to accrued employee vacation entitlements.

Incurred by Others

Services contributed by other entities in support of the Department's operations are disclosed in Schedule 12.

ASSETS

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Capital assets of the Department are recorded at historical cost and amortized on a straight line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is \$100,000 and the threshold for all other capital assets is \$15,000.

LIABILITIES

Liabilities include all financial claims payable by the Department at fiscal year end.

DEPARTMENT OF REVENUE

NOTE 2 (continued)**NET ASSETS**

Net assets represents the difference between the value of assets held by the Department and its liabilities.

MEASUREMENT UNCERTAINTY

Estimates are used in accruing revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty that is material to these financial statements exists in the accrual of personal and corporate income taxes. The nature of the uncertainty in these items arises from several factors such as the effect on accrued taxes of the verification of taxable income. While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

NOTE 3 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash in transit, receivables, accountable advances and liabilities are estimated to approximate their book values.

NOTE 4 COMMITMENTS AND CONTINGENCIES**a) Commitments**

Commitments to outside organizations in respect of contracts entered into before March 31, 2003 amounted to \$5,915,000 (2002 \$6,290,000). These commitments will become expenses of the Department when terms of the contracts are met. Payments in respect of these contracts and agreements are subject to the voting of supply by the Legislature.

b) Legal Actions

At March 31, 2003, the Department is a defendant in seven legal claims (2002 three legal claims). All of the claims have specified amounts totalling approximately \$22,452,000 (2002 two claims with a specified amount of \$4,934,000 and one with no specified amount). Included in the total legal claims are three amounting to \$19,677,000 (2002 one amounting to \$3,384,000) in which the Department has been jointly named with other entities. Four claims amounting to \$18,043,000 (2002 two amounting to \$4,934,000) are covered by the Alberta Risk Management Fund.

The resulting loss, if any, from these claims cannot be determined.

DEPARTMENT OF REVENUE

NOTE 5 TRUST FUNDS UNDER ADMINISTRATION

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purpose of the various trusts, they are not included in the Department's financial statements. The operations of the funds' beneficial owners are reported separately in their annual reports.

As at March 31, 2003, trust funds under administration were as follows:

(thousands)

	2003	2002
The Workers' Compensation Board Accident Fund	\$ 2,025,400	\$ 2,030,548
Power Pool of Alberta Balancing Pool	146,085	121,294
	<u>\$ 2,171,485</u>	<u>\$ 2,151,842</u>

NOTE 6 PAYMENTS UNDER AGREEMENT

The Department has entered into agreements to deliver programs and services that are fully funded by outside sponsors. Costs incurred under these agreements are paid by the Department under authority of the *Financial Administration Act*, section 25. Accounts payable includes \$59,000 (2002 \$3,000) relating to payments under agreement.

Amounts paid and payable under agreements with program sponsors are as follows:

(thousands)

	2003	2002
Canadian fuel tax uniformity project	\$ 141	\$ 65

DEPARTMENT OF REVENUE

NOTE 7 DEFINED BENEFIT PLANS

The Department participates in the multiemployer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multiemployer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of \$1,418,000 for the year ended March 31, 2003 (2002 \$1,255,000).

At December 31, 2002, the Management Employees Pension Plan reported a deficiency of \$301,968,000 (2001 surplus of \$5,338,000) and the Public Service Pension Plan reported an actuarial deficiency of \$175,528,000 (2001 actuarial surplus of \$320,487,000). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of \$6,472,000 (2001 actuarial deficiency of \$399,000).

The Department also participates in two multiemployer Long Term Disability Income Continuance Plans. At March 31, 2003, the Bargaining Unit Plan reported an actuarial deficiency of \$14,434,000 (2002 \$8,646,000), and the Management, Opted Out and Excluded Plan an actuarial deficiency of \$3,053,000 (2002 \$2,656,000). The expense for these two plans is limited to employer's annual contributions for the year.

NOTE 8 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Corporate Secretary and the Deputy Minister of Revenue.

DEPARTMENT OF REVENUE

SCHEDULES TO THE FINANCIAL STATEMENTS

REVENUES*(thousands)***Schedule 1**

	Budget	2003 Actual	2002 Actual
Internal government transfers			
Alberta Heritage Savings Trust Fund	\$ 588,682	\$ -	\$ 205,772
Income taxes			
Personal income tax	4,708,117	4,834,080	4,503,099
Less Alberta energy tax refund	-	-	(320,000)
Corporate income tax	1,550,280	2,018,743	2,228,551
	6,258,397	6,852,823	6,411,650
Other taxes			
Tobacco tax	633,000	618,474	373,516
Fuel tax	594,000	596,953	584,855
Insurance corporations tax	139,486	160,305	133,725
Hotel room tax	50,000	54,494	55,604
Financial institutions capital tax	-	29	1,201
	1,416,486	1,430,255	1,148,901
Investment income	455	443	732
Fees, permits and licences	180	166	169
Other			
Cost recovery from dedicated revenue initiatives (Schedule 2)	13,262	11,477	10,175
Refunds of expenditure	-	342	953
Sale of assets	-	5	5
Miscellaneous	6	21	(355)
	13,268	11,845	10,778
	\$ 8,277,468	\$ 8,295,532	\$ 7,778,002

DEPARTMENT OF REVENUE

DEDICATED REVENUE INITIATIVES*(thousands)***Schedule 2****2003**

	Authorized Dedicated Revenues	Actual Dedicated Revenues	(Shortfall) (a)/ Excess
Tax and revenue administration	\$ 300	\$ 185	\$ (115)
Investment management	12,023	10,414	(1,609)
Risk management and insurance	939	878	(61)
	\$ 13,262	\$ 11,477	\$ (1,785)

Following is a brief description of each dedicated revenue initiative:

- Tax and revenue administration: Recovers the costs associated with administration of the payment in lieu of tax program, related to municipally-owned utilities, from the Power Pool of Alberta Balancing Pool.
- Investment: Manages the investments of various public sector investment funds. Fees are based on cost recovery.
- Risk management and insurance: Recovers costs of risk management and insurance services from the Alberta Risk Management Fund.

The revenue of each initiative is reported in the statement of operations.

- a) The shortfall is deducted from the current year's authorized budget, as disclosed in Schedules 4 and 5.

DEPARTMENT OF REVENUE

EXPENSES DETAILED BY OBJECT*(thousands)***Schedule 3**

	Budget	2003 Actual	2002 Actual
Voted			
Salaries, wages and employee benefits	\$ 22,160	\$ 20,256	\$ 17,789
Supplies and services	12,904	12,639	11,976
Grants	-	8	7
Financial transactions and other	67	67	775
Amortization of capital assets	1,939	1,728	1,769
Total voted expenses before recoveries	37,070	34,698	32,316
Less recovery from support services arrangements with related parties (a)	200	200	312
	\$ 36,870	\$ 34,498	\$ 32,004
Statutory			
Corporate tax interest refunds	\$ 20,000	\$ 64,197	\$ 31,303
Valuation adjustments (Schedule 6)	600	284	121
	\$ 20,600	\$ 64,481	\$ 31,424

a) The Department provides information technology services to the Department of Finance on a cost recovery basis.

DEPARTMENT OF REVENUE

BUDGET*(thousands)***Schedule 4**

	2002-03 Estimates	Adjustments	2002-03 Budget	Dedicated Revenue Shortfall	2002-03 Authorized Budget
Revenues					
Internal government transfers	\$ 588,682	\$ -	\$ 588,682	\$ -	\$ 588,682
Income taxes	6,258,397	-	6,258,397	-	6,258,397
Other taxes	1,416,486	-	1,416,486	-	1,416,486
Investment income	455	-	455	-	455
Fees, permits and licences	180	-	180	-	180
Other	13,268	-	13,268	-	13,268
	8,277,468	-	8,277,468	-	8,277,468
Expenses					
Voted					
Ministry support services	3,897	-	3,897	-	3,897
Revenue collection and rebates	19,863	-	19,863	(115)	19,748
Investment	12,171	-	12,171	(1,609)	10,562
Risk management and insurance	939	-	939	(61)	878
	36,870	-	36,870	(1,785)	35,085
Statutory					
Corporate tax interest refunds	20,000	-	20,000	-	20,000
Valuation adjustments	600	-	600	-	600
	20,600	-	20,600	-	20,600
	57,470	-	57,470	(1,785)	55,685
Net operating results	\$ 8,219,998	\$ -	\$ 8,219,998	\$ 1,785	\$ 8,221,783
Capital investment					
	\$ 3,374	\$ -	\$ 3,374	\$ -	\$ 3,374

DEPARTMENT OF REVENUE

COMPARISON OF EXPENSES AND CAPITAL INVESTMENT BY ELEMENT TO AUTHORIZED BUDGET

Schedule 5

(thousands)

	2002-03 Budget	Dedicated Revenue Shortfall	2002-03 Authorized Budget	2002-03 Actual Expense	Unexpended (Over Expended)
Voted Expenses and Capital Investment					
Program 1 - Ministry Support Services					
1.0.1 Minister's Office	\$ 263	\$ -	\$ 263	\$ 273	\$ (10)
1.0.2 Deputy Minister's Office	330	-	330	381	(51)
1.0.3 Corporate Services	3,026	-	3,026	2,935	91
1.0.4 Communications	278	-	278	300	(22)
	3,897	-	3,897	3,889	8
Program 2 - Revenue Collection and Rebates					
2.0.1 Tax and Revenue Administration					
- Operating Expense	19,863	(115)	19,748	19,193	555
- Capital Investment	1,374	-	1,374	1,309	65
	21,237	(115)	21,122	20,502	620
Program 3 - Investment					
3.0.1 Investment Management					
	8,492	(1,609)	6,883	7,377	(494)
3.0.2 Securities Administration and Systems					
- Operating Expense	3,679	-	3,679	3,161	518
- Capital Investment	2,000	-	2,000	2,342	(342)
	14,171	(1,609)	12,562	12,880	(318)
Program 4 - Risk Management and Insurance					
4.0.1 Risk Management and Insurance					
	939	(61)	878	878	-
	\$ 40,244	\$ (1,785)	\$ 38,459	\$ 38,149	\$ 310
Program Operating Expense	\$ 36,870	\$ (1,785)	\$ 35,085	\$ 34,498	\$ 587
Program Capital Investment	3,374	-	3,374	3,651	(277)
	\$ 40,244	\$ (1,785)	\$ 38,459	\$ 38,149	\$ 310
Statutory Expenses					
Corporate tax interest refunds					
	\$ 20,000	\$ -	\$ 20,000	\$ 64,197	\$ (44,197)
Valuation adjustments					
	600	-	600	284	316
	\$ 20,600	\$ -	\$ 20,600	\$ 64,481	\$ (43,881)

DEPARTMENT OF REVENUE

VALUATION ADJUSTMENTS

Schedule 6

(thousands)

	Budget	2003 Actual	2002 Actual
Provision for doubtful accounts and loans	\$ 600	\$ 12	\$ 161
Provision for employee benefits other than pensions	-	272	(40)
	\$ 600	\$ 284	\$ 121

SALARY AND BENEFITS DISCLOSURE

Schedule 7

(dollars)

	Salary (1)	Benefits and Allowances (2)	2003 Total	2002 Total
Deputy Minister (3)	\$ 176,283	\$ 49,778	\$ 226,061	\$ 196,527
Executives				
Chief Investment Officer (4)(5)	51,096	50,155	101,251	346,982
Acting Chief Investment Officer (4)(6)	278,296	83,734	362,030	-
Assistant Deputy Minister - Revenue (7)	130,552	31,120	161,672	112,069
Acting Assistant Deputy Minister - Revenue (8)	-	-	-	39,441
Chief Administrative Officer	134,058	32,796	166,854	105,413
Director, Risk Management and Insurance	107,521	23,890	131,411	118,501
Corporate Secretary (9)	111,775	25,425	137,200	127,489

- 1) Salary includes regular base pay, bonuses, overtime and lump sum payments.
- 2) Benefits and allowances include the government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.
- 3) Automobile provided, no dollar amount included in benefits and allowances.
- 4) Benefits and allowances include the following vacation payouts: Chief Investment Officer \$48,864 (2002 \$Nil), Acting Chief Investment Officer \$21,500 (2002 \$Nil).
- 5) The incumbent resigned effective June 15, 2002. Benefits include a vacation payout of \$48,864.
- 6) The incumbent was appointed Acting Chief Investment Officer on May 1, 2002.
- 7) The incumbent was appointed Assistant Deputy Minister - Revenue effective April 1, 2002.
- 8) The position was occupied for the period January 1, 2002 to March 31, 2002.
- 9) The incumbent's services are shared with the Department of Finance and Executive Council which contributed their own share of the cost of salary and benefits. Full salary and benefits are disclosed in this Schedule.

DEPARTMENT OF REVENUE

ACCOUNTS RECEIVABLE*(thousands)***Schedule 8**

	2003	2002
Personal income tax	\$ 326,948	\$ 195,555
Corporate income tax	204,809	239,617
Fuel tax	54,149	50,492
Insurance corporations tax	19,359	17,482
Hotel room tax	5,031	5,310
Tobacco tax	4,851	5,124
Financial institutions capital tax	3,516	544
Alberta Heritage Savings Trust Fund	-	12,897
Other	3,516	1,061
	622,179	528,082
Less allowance for doubtful accounts	1,113	1,120
	\$ 621,066	\$ 526,962

CAPITAL ASSETS*(thousands)***Schedule 9**

	Estimated Useful Life	Cost	Accumulated Amortization	2003 Net Book Value	2002 Net Book Value
Equipment	10 years	\$ 258	\$ 207	\$ 51	\$ 63
Computer hardware and software	5 years	30,444	23,670	6,774	4,839
		\$ 30,702	\$ 23,877	\$ 6,825	\$ 4,902

ACCOUNTS PAYABLE*(thousands)***Schedule 10**

	2003	2002
Corporate income tax receipts in abeyance	\$ 336,467	\$ 262,284
Other	4,814	4,343
	\$ 341,281	\$ 266,627

DEPARTMENT OF REVENUE

RELATED PARTY TRANSACTIONS

Schedule 11

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Department had the following transactions with related parties recorded on the statement of operations at the amount of consideration agreed upon between the related parties.

(thousands)

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Revenues				
Transfers	\$ -	\$ 205,772	\$ -	\$ -
Charges for services	2,767	2,323	637	71
	\$ 2,767	\$ 208,095	\$ 637	\$ 71
Expenses				
Cost of services	\$ 16	\$ -	\$ 2,962	\$ 4,400
Assets				
Accounts receivable	\$ 453	\$ 12,897	\$ 3	\$ -

The above transactions do not include support service arrangement transactions disclosed in Schedule 3.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 12.

(thousands)

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Expenses - incurred by others				
Accommodation	\$ -	\$ -	\$ 1,828	\$ 1,716
Legal services	-	-	1,292	1,161
	\$ -	\$ -	\$ 3,120	\$ 2,877

DEPARTMENT OF REVENUE

ALLOCATED COSTS BY PROGRAM

Schedule 12

(thousands)

	Ministry Support Services	Revenue Collection and Rebates	Investment	Risk Management and Insurance	Other	Total
Expenses (1)	\$ 3,889	\$ 19,193	\$ 10,538	\$ 878	\$ 64,197	\$ 98,695
Expenses - incurred by others						
Accommodation	16	1,411	328	73	-	1,828
Legal services	6	222	119	945	-	1,292
	22	1,633	447	1,018	-	3,120
Valuation adjustment						
Vacation pay	28	157	53	34	-	272
Doubtful accounts	-	12	-	-	-	12
	28	169	53	34	-	284
2003 Total	\$ 3,939	\$ 20,995	\$ 11,038	\$ 1,930	\$ 64,197	\$ 102,099
2002 Total	\$ 3,760	\$ 19,544	\$ 10,361	\$ 1,337	\$ 31,303	\$ 66,305

1) Expenses - directly incurred as per statement of operations, excluding valuation adjustments.

