

DEPARTMENT OF REVENUE

Financial Statements YEAR ENDED MARCH 31, 2004

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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, 2004 and the statements of operations and cash flow 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.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

[Original Signed]

Edmonton, Alberta
May 27, 2004

Fred J. Dunn, FCA
Auditor General

DEPARTMENT OF REVENUE

STATEMENT OF OPERATIONS

Year Ended March 31, 2004 (*thousands*)

	Budget (Schedule 4)	2004 Actual	2003 Actual
Revenues (Schedules 1 and 2)			
Internal government transfers	\$ 440,170	\$ 1,133,484	\$ -
Income taxes	7,050,799	6,308,958	6,852,823
Other taxes	1,431,692	1,547,419	1,430,255
Investment income	320	551	443
Fees, permits and licences	190	162	166
Other	16,602	13,653	11,845
	8,939,773	9,004,227	8,295,532
Expenses - directly incurred (Note 2b and Schedule 12)			
Voted (Schedules 3 and 5)			
Ministry support services	3,962	4,109	3,889
Revenue collection and rebates	21,439	20,743	19,193
Investment	15,408	12,201	10,538
Risk management and insurance	1,039	1,162	878
	41,848	38,215	34,498
Statutory (Schedules 3 and 5)			
Corporate tax interest refunds	20,000	15,641	64,197
Valuation adjustments (Schedule 6)	500	4,105	284
	20,500	19,746	64,481
	62,348	57,961	98,979
Loss on disposal of capital assets	-	62	-
	62,348	58,023	98,979
Net operating results	\$ 8,877,425	\$ 8,946,204	\$ 8,196,553

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

DEPARTMENT OF REVENUE

STATEMENT OF FINANCIAL POSITION

March 31, 2004 (*thousands*)

	2004	2003
Assets		
Cash in transit	\$ 105,643	\$ 108,043
Accounts receivable (Schedule 8)	911,747	621,066
Accountable advances	390	1,003
Capital assets (Schedule 9)	8,771	6,825
	\$ 1,026,551	\$ 736,937
Liabilities		
Accounts payable (Schedule 10)	\$ 349,795	\$ 341,281
Vacation entitlements	2,617	2,274
	352,412	343,555
Net Assets		
Net assets at beginning of year	393,382	428,508
Net operating results	8,946,204	8,196,553
Net transfer to general revenues	(8,665,447)	(8,231,679)
	674,139	393,382
Net assets at end of year	\$ 1,026,551	\$ 736,937

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

DEPARTMENT OF REVENUE

STATEMENT OF CASH FLOW

Year Ended March 31, 2004 (*thousands*)

	2004	2003
Operating transactions		
Net operating results	\$ 8,946,204	\$ 8,196,553
Non-cash items included in net operating results		
Amortization of capital assets	2,210	1,728
Loss on disposal of capital assets	62	-
Valuation adjustments	4,105	284
	8,952,581	8,198,565
Increase in receivables	(294,442)	(94,116)
Increase in payables	8,514	74,654
Cash provided by operating transactions	8,666,653	8,179,103
Capital transactions		
Purchase of capital assets (Schedule 5)	(4,225)	(3,651)
Proceeds of disposal of capital assets	6	-
Cash used for capital transactions	(4,219)	(3,651)
Investing transactions		
Repayments of advances	613	117
Cash provided by investing transactions	613	117
Financing transactions		
Net transfer to general revenues	(8,665,447)	(8,231,679)
Cash used for financing transactions	(8,665,447)	(8,231,679)
Net cash used	(2,400)	(56,110)
Cash at beginning of year	108,043	164,153
Cash at end of year	\$ 105,643	\$ 108,043

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

DEPARTMENT OF REVENUE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2004

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, manage and invest financial assets, manage risk associated with the loss of public assets, and regulate and foster 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.

DEPARTMENT OF REVENUE

NOTE 2 (continued)**LIABILITIES**

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

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. Personal income tax, recorded as \$4,612,531,000 (2003 \$4,834,080,000) in these financial statements, is subject to measurement uncertainty due to the use of economic estimates of personal income growth. Use of this information in the past has resulted in a number that differs from final results by a geometric average of plus or minus \$200 million over the last four years.

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, 2004 amounted to \$3,912,000 (2003 \$5,915,000). 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.

DEPARTMENT OF REVENUE

NOTE 4 (continued)**b) Legal Actions**

At March 31, 2004, the Department is a defendant in nine legal claims (2003 seven legal claims). Seven of the claims have specified amounts totalling approximately \$5,715,000 and the remaining two have no specified amount (2003 all of the claims had specified amounts totalling \$22,452,000). Included in the total legal claims are four amounting to \$3,784,000 (2003 three amounting to \$19,677,000) in which the Department has been jointly named with other entities. All of the claims with a specified amount of \$5,715,000 (2003 four amounting to \$18,043,000) are covered by the Alberta Risk Management Fund.

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

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, 2004, trust funds under administration were as follows:

(thousands)

	2004	2003
The Workers' Compensation Board Accident Fund	\$ 2,328,797	\$ 2,025,400
Power Pool of Alberta Balancing Pool	115,892	146,085
	<u>\$ 2,444,689</u>	<u>\$ 2,171,485</u>

NOTE 6 PAYMENTS UNDER AGREEMENT

The Department has entered into agreements to deliver programs and services that are 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 \$16,000 (2003 \$59,000) relating to payments under agreement.

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

(thousands)

	2004	2003
Canadian fuel tax uniformity project	\$ 208	\$ 141

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 \$1,744,000 for the year ended March 31, 2004 (2003 \$1,418,000).

At December 31, 2003, the Management Employees Pension Plan reported a deficiency of \$290,014,000 (2002 \$301,968,000) and the Public Service Pension Plan reported an actuarial deficiency of \$596,213,000 (2002 \$175,528,000). At December 31, 2003, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of \$9,312,000 (2002 \$6,472,000).

The Department also participates in two multiemployer Long Term Disability Income Continuance Plans. At March 31, 2004, the Bargaining Unit Plan reported an actuarial deficiency of \$9,766,000 (2003 \$14,434,000), and the Management, Opted Out and Excluded Plan an actuarial surplus of \$1,298,000 (2003 actuarial deficiency of \$3,053,000). 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 Senior Financial Officer and the Deputy Minister of Revenue.

DEPARTMENT OF REVENUE

SCHEDULES TO THE FINANCIAL STATEMENTS

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

	Budget	2004 Actual	2003 Actual
Internal government transfers			
Alberta Heritage Savings Trust Fund	\$ 440,170	\$ 1,133,484	\$ –
Income taxes			
Personal income tax	5,034,966	4,612,531	4,834,080
Corporate income tax	2,015,833	1,696,427	2,018,743
	7,050,799	6,308,958	6,852,823
Other taxes			
Tobacco tax	624,000	670,502	618,474
Fuel tax	602,000	619,585	596,953
Insurance taxes	147,692	203,492	160,305
Hotel room tax	58,000	53,325	54,494
Financial institutions capital tax	–	515	29
	1,431,692	1,547,419	1,430,255
Investment income	320	551	443
Fees, permits and licences	190	162	166
Other			
Cost recovery from dedicated revenue initiatives (Schedule 2)	16,542	13,528	11,477
Refunds of expenditure	50	20	342
Sale of assets	–	5	5
Miscellaneous	10	100	21
	16,602	13,653	11,845
	\$ 8,939,773	\$ 9,004,227	\$ 8,295,532

DEPARTMENT OF REVENUE

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

	Authorized Dedicated Revenues	2004 Actual Dedicated Revenues	(Shortfall) (a)/ Excess
Revenue collection and rebates	\$ 208	\$ 263	\$ 55
Investment	15,295	12,104	(3,191)
Risk management and insurance	1,039	1,161	122
	\$ 16,542	\$ 13,528	\$ (3,014)

Following is a brief description of each dedicated revenue initiative:

- Revenue collection and rebates: 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	2004 Actual	2003 Actual
Voted			
Salaries, wages and employee benefits	\$ 24,479	\$ 23,063	\$ 20,256
Supplies and services	15,385	12,963	12,639
Grants	–	22	8
Financial transactions and other	69	157	67
Amortization of capital assets	2,115	2,210	1,728
Total voted expenses before recoveries	42,048	38,415	34,698
Less recovery from support service arrangements with related parties (a)	200	200	200
	\$ 41,848	\$ 38,215	\$ 34,498
Statutory			
Corporate tax interest refunds	\$ 20,000	\$ 15,641	\$ 64,197
Valuation adjustments (Schedule 6)	500	4,105	284
	\$ 20,500	\$ 19,746	\$ 64,481

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

DEPARTMENT OF REVENUE

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

	2003-04 Estimates	Adjustments (a)	2003-04 Budget	Authorized Supplementary (b)	2003-04 Authorized Budget
Revenues					
Internal government transfers	\$ 440,170	\$ -	\$ 440,170	\$ -	\$ 440,170
Income taxes	7,050,799	-	7,050,799	-	7,050,799
Other taxes	1,431,692	-	1,431,692	-	1,431,692
Investment income	320	-	320	-	320
Fees, permits and licences	190	-	190	-	190
Other	16,602	-	16,602	-	16,602
	8,939,773	-	8,939,773	-	8,939,773
Expenses					
Voted					
Ministry support services	3,962	-	3,962	-	3,962
Revenue collection and rebates	21,439	-	21,439	-	21,439
Investment	15,408	-	15,408	-	15,408
Risk management and insurance	1,039	-	1,039	-	1,039
Dedicated revenue shortfall (Schedule 2)	-	(3,014)	(3,014)	-	(3,014)
	41,848	(3,014)	38,834	-	38,834
Statutory					
Corporate tax interest refunds	20,000	-	20,000	-	20,000
Valuation adjustments	500	-	500	-	500
	20,500	-	20,500	-	20,500
	62,348	(3,014)	59,334	-	59,334
Net operating results	\$ 8,877,425	\$ 3,014	\$ 8,880,439	\$ -	\$ 8,880,439
Equipment/inventory purchases	\$ 3,525	\$ -	\$ 3,525	\$ 875	\$ 4,400

a) Adjustments consist of dedicated revenue shortfalls.

b) Supplementary Estimates were approved on March 11, 2004.

DEPARTMENT OF REVENUE

COMPARISON OF EXPENSES AND EQUIPMENT/INVENTORY PURCHASES BY ELEMENT TO AUTHORIZED BUDGET

Schedule 5

(thousands)

	2003-04 Budget	Supplementary Estimates (a)	2003-04 Authorized Budget	2003-04 Actual Expense	Unexpended (Over Expended)
Voted Expenses and Equipment/Inventory Purchases					
Program 1 - Ministry Support Services					
1.0.1 Minister's Office	\$ 275	\$ -	\$ 275	\$ 336	\$ (61)
1.0.2 Deputy Minister's Office	346	-	346	411	(65)
1.0.3 Corporate Services	3,062	-	3,062	3,105	(43)
1.0.4 Communications	279	-	279	257	22
	3,962	-	3,962	4,109	(147)
Program 2 - Revenue Collection and Rebates					
2.0.1 Tax and Revenue Administration					
- Operating Expense	21,439	-	21,439	20,743	696
- Equipment/Inventory Purchases	1,175	-	1,175	1,230	(55)
	22,614	-	22,614	21,973	641
Program 3 - Investment					
3.0.1 Investment Management	10,602	-	10,602	7,832	2,770
3.0.2 Securities Administration and Systems					
- Operating Expense	4,806	-	4,806	4,369	437
- Equipment/Inventory Purchases	2,350	875	3,225	2,995	230
	17,758	875	18,633	15,196	3,437
Program 4 - Risk Management and Insurance					
4.0.1 Risk Management and Insurance	1,039	-	1,039	1,162	(123)
	45,373	875	46,248	42,440	3,808
Dedicated revenue shortfall (Schedule 2)	(3,014)	-	(3,014)	-	(3,014)
	\$ 42,359	\$ 875	\$ 43,234	\$ 42,440	\$ 794
Program Operating Expense	\$ 38,834	\$ -	\$ 38,834	\$ 38,215	\$ 619
Equipment/Inventory Purchases	3,525	875	4,400	4,225	175
	\$ 42,359	\$ 875	\$ 43,234	\$ 42,440	\$ 794
Statutory Expenses					
Corporate tax interest refunds	\$ 20,000	\$ -	\$ 20,000	\$ 15,641	\$ 4,359
Valuation adjustments	500	-	500	4,105	(3,605)
	\$ 20,500	\$ -	\$ 20,500	\$ 19,746	\$ 754

a) Supplementary Estimates were approved on March 11, 2004.

DEPARTMENT OF REVENUE

VALUATION ADJUSTMENTS**Schedule 6***(thousands)*

	Budget	2004 Actual	2003 Actual
Provision for doubtful accounts and loans	\$ 500	\$ 3,762	\$ 12
Provision for employee benefits other than pensions	-	343	272
	\$ 500	\$ 4,105	\$ 284

SALARY AND BENEFITS DISCLOSURE**Schedule 7***(dollars)*

	Salary (1)	Other Cash Benefits (2)	Other Non -cash Benefits (3)	2004 Total	2003 Total
Senior Officials					
Deputy Minister (4)	\$ 152,808	\$ 47,102	\$ 36,324	\$ 236,234	\$ 226,061
Executives					
Chief Investment Officer (5) (6)	176,780	140,852	32,020	349,652	101,251
Acting Chief Investment Officer (6) (7)	53,220	-	23,310	76,530	362,030
Assistant Deputy Minister - Revenue	118,560	16,928	27,416	162,904	161,672
Chief Administrative Officer	122,820	18,798	28,467	170,085	166,854
Director, Risk Management and Insurance	101,784	11,179	22,206	135,169	131,411
Executive Director, Policy and Strategic Planning (8)	76,644	11,382	15,738	103,764	-
Executive Director, Strategic and Business Services (9) (10)	108,341	16,113	24,459	148,913	137,200

- 1) Base salary includes regular base pay.
- 2) Other cash benefits include bonuses, vacation payouts and lump sum payments.
- 3) Other non-cash benefits 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, professional memberships and tuition fees.
- 4) Automobile provided, no dollar amount included in benefits and allowances figures.
- 5) The current incumbent was appointed as the Chief Investment Officer on June 9, 2003. The previous incumbent resigned effective June 15, 2002.
- 6) Base salary includes regular base pay and a market modifier.
- 7) The position was occupied for the period May 1, 2002 to June 8, 2003.
- 8) New Executive position effective July 1, 2003.
- 9) Executive Director, Strategic and Business Services was formerly named Corporate Secretary.
- 10) 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**

	2004	2003
Personal income tax	\$ 346,065	\$ 326,948
Corporate income tax	291,935	204,809
Alberta Heritage Savings Trust Fund	152,484	–
Fuel tax	56,911	54,149
Insurance corporations tax	39,573	19,359
Tobacco tax	16,992	4,851
Hotel room tax	4,851	5,031
Other	4,456	3,516
Financial institutions capital tax	1,855	3,516
	915,122	622,179
Less allowance for doubtful accounts	3,375	1,113
	\$ 911,747	\$ 621,066

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

	Estimated Useful Life	Cost	Accumulated Amortization	2004 Net Book Value	2003 Net Book Value
Computer hardware and software	5 years	\$ 17,705	\$ 8,934	\$ 8,771	\$ 6,774
Equipment	10 years	–	–	–	51
		\$ 17,705	\$ 8,934	\$ 8,771	\$ 6,825

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

	2004	2003
Corporate income tax receipts in abeyance	\$ 345,925	\$ 336,467
Other	3,870	4,814
	\$ 349,795	\$ 341,281

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	
	2004	2003	2004	2003
Revenues				
Transfers	\$ 1,133,484	\$ -	\$ -	\$ -
Charges for services	3,470	2,767	645	637
	<u>\$ 1,136,954</u>	<u>\$ 2,767</u>	<u>\$ 645</u>	<u>\$ 637</u>
Expenses				
Cost of services	\$ 15	\$ 16	\$ 3,576	\$ 2,962
Assets				
Accounts receivable	\$ 426	\$ 453	\$ -	\$ 3
Liabilities				
Accounts payable	\$ 316	\$ -	\$ 1	\$ -

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	
	2004	2003	2004	2003
Expenses - incurred by others				
Accommodation	\$ -	\$ -	\$ 2,109	\$ 1,782
Legal services	-	-	1,250	1,292
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,359</u>	<u>\$ 3,074</u>

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⁾	\$ 4,109	\$ 20,743	\$ 12,201	\$ 1,162	\$ 15,641	\$ 53,856
Expenses - incurred by others						
Accommodation	41	1,479	510	79	-	2,109
Legal services	2	269	54	925	-	1,250
	43	1,748	564	1,004	-	3,359
Valuation adjustments						
Vacation pay	5	161	192	(15)	-	343
Doubtful accounts	-	3,762	-	-	-	3,762
	5	3,923	192	(15)	-	4,105
2004 Total	\$ 4,157	\$ 26,414	\$ 12,957	\$ 2,151	\$ 15,641	\$ 61,320
2003 Total	\$ 3,939	\$ 20,948	\$ 11,038	\$ 1,930	\$ 64,197	\$ 102,052

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

