

PASSPORT OFFICE REVOLVING FUND

As a Special Operating Agency operating with a Revolving Fund, the Passport Office finances its operations entirely from revenues generated by fees received for the provision of travel documents. The Passport Office must break even over a four-year cycle. In 1998-99, revenues reached \$58.5M, an increase of 7.8% over the previous year. Total expenses for the year were \$55.6M, an increase of 14% over the previous year. The net profit for the year was \$2.9M.

The trend over the last 5 years has shown an overall steady increase in sales of travel documents represented by a total increase of 18% in 5 years. Expenses have also increased due to this extra volume and the amortization of our investments.

In 1998-99 the Passport Office has invested \$12.4M in its future which represents 21% of its total revenues earned in the year. These investments are to meet our increasing volumes, to improve service, to invest in our infrastructure, and to ensure the integrity of the travel documents.

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MANAGEMENT REPORT

The accompanying financial statements of the Passport Office Revolving Fund have been prepared as required by and in accordance with the policy of the Treasury Board on revolving funds and the reporting requirements and standards of the Receiver General for Canada. The primary responsibility for the integrity and objectivity of data in these financial statements rests with the management of the Fund.

These financial statements were prepared in accordance with the significant accounting policies, on a basis consistent with that of the preceding year, as set out in Note 2. Some of the information included in these financial statements is based on management's best estimates and judgements and gives due consideration to materiality. To fulfill this reporting responsibility, the Fund maintains a set of accounts which provides a centralized record of the Fund's financial transactions. Financial information contained in the ministerial statements and elsewhere in the Public Accounts of Canada is consistent with that in these financial statements, unless indicated otherwise.

The Finance and Administration Division of the Passport Office Revolving Fund complies with departmental financial management and accounting policies, develops those specific to the Fund's requirements and issues manuals and directives which maintain these policies and which describe procedures. The Fund maintains systems of financial management and internal accounting controls which provide management with reasonable assurance that transactions are recorded and executed in accordance with its authorizations and that its assets are safeguarded.

APPROVED BY:**Pierre R. Bélisle***Director, Financial and Administrative Services***Michael J. Hutton***Chief Executive Officer*