




American Association of Motor Vehicle Administrators

MEMO

TO: AAMVA Board of Directors

FROM: Neil D. Schuster, President & CEO 

DATE: Friday, February 1, 2008

RE: **December 2007 Financial Report**

Attached are our financial report and balance sheet as of December 31, 2007.

The variance (a net income of \$1.38 million compared to budgeted net income of \$558,885) is largely due to timing.

A first quarter reforecast will be underway this month. At a high level, we have identified four areas that represent potential surpluses or deficits in 2008 (these will be addressed with greater detail in the reforecast).

The one deficit possibility is in the area of FDR training. We have not earned revenue from our DOD manual sales or from our contractor, AllRegs. While there are significant costs associated with these sales that we do not incur, this is a serious challenge for us and I have put in place a process to address it immediately, which includes developing a business plan for all AAMVA training, including FDR sales to jurisdictions and to outside customers. (My monthly memo to the Board, which I will send today, will contain further details on this approach.)

Three areas of potential surplus include revenue from network services, potential NMVTIS savings (also addressed in my monthly report); and potential overhead and some existing labor cost applied to REAL ID grants.

Some specifics about the variances follows:

Publications and Products Revenue is \$62,000 ahead of budget (revenue for CDL manuals is \$115,000 over budget, with related communications and promotions expense associated with that income up by \$97,000. Temp Tags revenue is \$37,000 ahead of budget, with related expenses up \$29,000. Certified Driver Examiner sales are over budget by \$21,000.

Contract revenue is under budget by \$660,000. NHTSA's Digital Image Exchange program is under budget by \$210,000 due to lack of participation by jurisdictions. Associated costs are also lower.

Our investment income through December is \$197,000. Our investment manager at RBC will attend a portion of the May Board meeting in Arlington to present information about our portfolio and the investment climate, and to answer our questions.

NDS/sfb

Attachments