

BMC Module 8 - Budget



If you have ever developed a household budget, you have budget experience. A household budget balances projected income against projected expenses (e.g., mortgage or rent, food, clothing, entertainment, etc.) over a period of time. A Family and MWR activity budget is developed in much the same way.

1.1 Overview

Family and MWR managers are required to plan and budget using appropriated funds (APF) and nonappropriated funds (NAF) for programs that meet the needs of their community and contribute to the retention and readiness of the Soldier. A realistically targeted budget is vital to successful management of a Family and MWR activity.

At the end of this lesson, you will be able to:

- 1 Define a budget as it applies to Family and MWR.
- 2 Describe the overall planning process for developing a budget.
- 3 Identify IMWRF and goals that should be supported by activity budgets.
- 4 Identify the required budget documents and their relationships to each other.

1.2 What is a Budget?

A budget is a systematic management tool for **PROJECTING** and **QUANTIFYING** program objectives. The budget balances projected income against projected expenses.

A Budget Projection Is?

An estimate of costs, revenues, and resources over a specified period, reflecting a reading of future financial conditions and goals.

Projections

Projections may be based on items such as:

- Historical data.
- Input from customers, co-workers, and supervisors.
- Your own and your commander's expectations for the future direction of the activity.
- Activity income generated through sales and services, donations, and Army and Air Force Exchange Service (AAFES) contributions.
- Expenses, such as labor, training, equipment (purchase, maintenance, and repair), facilities (construction, utilities, maintenance, and repair), and supplies.
- Income and expenses are used to project budget numbers for the next fiscal year.

Quantifying Is?

Translating long-range program goals and objectives into long-range financial resource requirements, to provide a means of measuring successful program goals.

1.3 Planning for the Budget

Video on the NAF Budget Process



Budget Development Process

An activity manager must have a plan for his or her activity and justification to support the plan. Accordingly, the development of a budget can be thought of conceptually as a two-part process: **development** and **justification**.

Develop a Plan or Vision

For programs that are justified by needs assessments and are related to readiness and retention.

Justify the Plan

Identify the resources you will need to achieve the plan (e.g., manpower, training, equipment, facilities, supplies, etc.), then determine the cost for each.

Development and Justification

Planning and performing research on program needs and requirements is key to resource justification and budget approval.

THE FUNDING MIX STRATEGY

The most economic alignment of authorized APFs and NAFs to ensure resources are extended to maximum utility in achieving program requirements.

APF IS FIRST FUNDING TARGET

APF should be used if authorized and available. A statement of nonavailability may be used to authorize the expenditures of NAF dollars for an APF authorized expenditure. Remaining requirements will then be programmed using NAF.

BUDGET IS PERFORMANCE MEASURE

Budgeting is viewed from the bottom up. At each level -- department, program, installation, Commanders, Installation Management Region -- the budget provides the standard for performance. Thus, when an activity budget is approved, the manager is held responsible for maintaining the budgetary guidelines.

1.4 IMWRF Planning Goals

All Installation Family and MWR Funds (IMWRF) activities use forms/formats for budgets that will be submitted in a single coordinated IMWRF package. In developing the budget, the goals of the activity or program must support the IMWRF program planning goals.

IMWRF Goals

Provide a Balanced Family and MWR Program

A balanced Family and MWR program means that programs for single Soldiers, families, and extended families (retirees, widows, etc.) will be provided.

Assure Integration of Family and MWR Activities within the Community and Family Support (CFS) Program

Integration of Family and MWR programs requires coordination between activities to minimize duplication and competition. For example, if Youth Services (YS) and the Bowling Center both offer

Prioritize Programs

Category A

Sports and fitness programs, for example, are designated as Category A because of their high priority in regard to readiness and retention. (These programs are required by regulation.)

Category B

Category B programs, such as Arts and Crafts or Entertainment, may have a less obvious direct impact on readiness and retention. For these, it is important to explicitly justify the program's contributions to readiness and retention.

Category C

These activities are similar to those found in any community's commercial business area and, as such, should be self-sustaining. They have the ability to be self-sufficient and consequently, receive no direct APF support and are expected to generate a profit.

1.5 Standard Budget Requirements

Budget Process

There are 5 documents in the budget process.

1. Annual Operating Budget (AOB)
2. Capital Purchase and Minor Construction Budget (CPMC) - covers both APF and NAF
3. APF Authorized Requirements Budget
4. APF/NAF 5-Year Plan
5. Manager's Narrative or Business Plan

Annual Operating Budget (AOB)

The Annual Operating Budget (AOB) is a one-year plan that budgets NAF dollars for the immediate out-year fiscal year + 1 (FY +1). Prepared in the Spring, the AOB covers the period of 1 October through 30 September the following year. The AOB follows the same basic format as the income statement. Knowing your APF authorized requirements will help you understand your NAF funding requirements. The AOB is for NAF only and only covers one fiscal year (submitted electronically in FMBS Web).

Capital Purchase and Minor Construction Budget (CPMC)

CPMC expenditures are itemized year-by-year and loaded into FMBS. The NAF CPMC budget portion must be approved at the Installation Management Directorate level. APF expenditures are included in the CPMC budget to provide a complete picture of CPMC requirements. (submitted electronically in FMBS Web)

APF Authorized Requirements Budget

The APF funding requirements show the estimated APFs at the installation and program code levels. IMCOM provides Directorate and garrisons with how much APF revenue they can expect, what the Army considers the highest priorities, and what the validated and unfunded requirements are. (submitted electronically in FMBS Web)

APF/NAF 5-Year Plan

The 5-Year Plan provides a projected APF and NAF spend plan for the current year and the next four out-years. (submitted electronically in FMBS Web)

Manager's Narrative or Business Plan

ANNUAL OPERATING BUDGET MANAGER'S NARRATIVE

1. INSTALLATION: Fort Perfect, USA

State: _____ City: _____

2. ACTIVITY: Outdoor Recreation Program

Program Code: _____ Location Code: S1

3. MISSION STATEMENT: To provide quality recreational opportunities and programming at a reasonable cost to the Soldiers, Families, Civilians, and Retirees the Fort Perfect community.

4. BACKGROUND:

- a. Facility: The ODR program operates out of a building near Lake Tholocco on the Northwest side of the garrison. The ODR facility is 25,000 square feet, steel frame construction and was put up in 1990. The facility houses the equipment checkout center to include large equipment checkout (canoes, boats, tents, campers, etc), a customer service area, travel camp office, lake lodging rentals, pro-shop, the administration, and the hunter education courses are held in the facility.

The Manager's Narrative or Business Plan includes both APF and NAF projected funding and must contain a detailed description of the current activity and the manager's vision for the future of the activity over the next five years. A plan is presented for each year showing step-by-step changes to achieve the annual objectives. The 5-year plan is required by regulation and is updated annually (submitted electronically in SharePoint).

Budget Process Summary

These first 4 documents are loaded and tracked in Financial Management Budget System (FMBS) and the Manager's Narrative or Business Plan is loaded to SharePoint. They are required and approved annually.

1. **Annual Operating Budget (AOB)**
2. **Capital Purchase and Minor Construction Budget (CPMC) -covers both APF and NAF**
3. **APF Authorized Requirements Budget**
4. **APF/NAF 5-Year Plan**
5. **Manager's Narrative or Business Plan**

FY20 Budget Guidance Example



FY20BG__Chpt6_Part4_Budget_Guidance (1).docx
307.3 KB



2.1 Overview

Every year the Family and MWR Manager is tasked with developing a budget for the activity or program. The manager must analyze current programs and performances, forecast requirements for the following year, and then convert those results into a dollar figure in the budget.

At the end of this lesson, you will be able to:

- 1 Describe the types of resources that are relevant to budget preparation.
- 2 Explain the usefulness of the information as it applies to the budget process.
- 3 Identify where to find the resources.

2.2 Regulations and Guidance

Many of the policies pertaining to budgeting come from laws that are interpreted in Department of Defense (DOD) and Army regulations, and other guidance.

In addition, the overall needs of Army Family and MWR, especially in terms of construction, lead to standards set by IMCOM HQ.

These standards become budgeting guidelines in the annual budget guidance.

For example, Child, Youth and School Services Managers must implement their fees based on the Army Child and Youth Fee Policy.

Regulation and Guidance Documents

In addition to the documents that guide specific programs and may be distributed in the form of Letters of Instruction (LOI) or Memorandums, there are three primary regulations and guidance documents that a Family and MWR Manager should be familiar with when preparing a budget. They are:

DOD Instruction (DODI) 7000.14-R

This describes standard accounting principles and practices for all DOD Nonappropriated Fund Instrumentalities (NAFIs). NAF accounting principles and practices are similar to the generally accepted accounting principles used in the private sector. Standard principles and practices will ensure that financial statements and reports are complete and accurate and that the results can be analyzed.

Army Regulation (AR) 215-1

Chapter 16, Financial Management, Section IV of the AR 215-1 provides information about budget preparation, specifically the documents that must be submitted with the annual budget. It also provides information on the budget approval and revision process.

IMCOM Nonappropriated Fund Financial Management Operating Guidance

The IMCOM Fiscal Year (FY) Family and MWR NAFI Financial Management Operating Guidance reflects initiatives approved by the BOD and is released annually. It provides strategies that direct budget preparation. Types of guidance provided in this document are listed in the graphic.

2.3 Planning Documents

Planning Documents

Useful Planning Documents and the Information They Provide for Budget Preparation

Strategic Action Plan

The Strategic Action Plan (SAP) provides the vision and direction of an organization. It identifies how the program and directorate support the installation and the Family and MWR corporate goals and objectives.

Planning documents aid the manager in charting the future direction of the program and help identify resource requirements to implement decisions.

Employees should become familiar with the organization's Strategic Action Plan and use the information the plan provides as a resource in budget preparation. Budgets not aligned with these plans can expect to have difficulty going through the approval process.

Army Family Action Plan

The Army Family Action Plan (AFAP) is developed from input given by the people of the Army-to-Army leadership. Installations and local levels hold AFAP forums to identify issues important to the well-being of the participants. Individuals invited to participate in the forum include:

- Active and Reserve Soldiers.

- Retirees.

- Spouses.

- Department of the Army civilians.

- Family members.

- Tenant organizations.

The issues identified at the forum are documented in the AFAP. Some issues are applicable locally and are worked to resolution at that level. Others are sent to regional AFAP conferences and to Headquarters Department of the Army (HQDA), where delegates from across the Army determine a resolution. Managers should be familiar with current AFAP issues to determine if any of the issues require action at the program level. If so, the resources required should be identified for inclusion in the budget.

Program Specific Action Plans

Some programs within Family and MWR may have specific action plans such as the Installation Child and Youth Availability Plan.

This plan provides service to families based on needs assessments and guidance from headquarters. All managers should be familiar with their program-specific action plans so that the resources needed to implement the plans are included in the budget.

Marketing Plan

Marketing and advertising expenses are crucial to the successful establishment of new programs and activities. Managers decide what resources to allocate to market and advertise existing programs.

Developing the next FY marketing plan prior to planning the budget is the key to successful marketing. Once the marketing plan is developed and goals and methods of marketing and advertising are planned out, a manager will have a clear picture as to what dollars are needed to carry out the plan. Since the marketing plan is developed to support objectives in the strategic plan, it can be used to justify the necessity of these funds.

Installation Master Calendar

The Master Calendar is a schedule for all major events at the installation. Managers should use this document to assist in making activity decisions about planning or scheduling programs to avoid conflict with other organizational events. At most installations, there is also a Calendar of Community Activities' Events, where each manager provides scheduling input to complement rather than compete with each other.

Significant changes in the community that affect program operations may also be scheduled on the Installation Master Calendar. For example, a big special event scheduled when troops are deployed will not be as successful. Coordination of the activities' plans with the Master Calendar allows the manager to accurately predict related income and expenses in the budget.

2.4 Historical Information

Historical financial information captures information regarding past financial performance or information on standing or purchases that have financial implications. These resources include:

Historical Information

Historical financial information captures information regarding past financial performance or information on standing or purchases that have financial implications.

These resources include:

Family and MWR MIS Reports

Army Family and MWR's Management Information Systems (MIS) provide a variety of informational reports that can save a manager time and effort in gathering historical information during budget preparation.

Some of the systems provide information for Family and MWR-wide programs while others are program specific.

SMIRF

Standard Management Information Reports for Finance (SMIRF) is a software program available to managers of all Family and MWR programs.

It provides for electronic data transfer of NAF budget and financial activity information to managers.

The program contains five years of financial information and provides a wide variety of financial reports covering virtually all aspects of NAF activities.

ePay

Another resource available to all Family and MWR Activity Managers is ePay BlueForce.

The ePay BlueForce provides manning data on labor costs, overtime, schedules, and cost of schedule at each location.

Managers can compare the historical with real-time models and construct a baseline for future changes.

Using ePay is a cost-effective method of gathering, analyzing, and reporting this data for budget purposes.

Program Specific Management Information System (MIS) Applications

RecTrac, GolfTrac, FoodTrak, CYMS. All of these MIS applications have customer usage and reporting data to help with budget preparation.

Purchase Records

These documents record the history of supply and equipment purchases. The manager can learn when the items were purchased, in what quantity, and at what price.

Any purchasing patterns may be very helpful for the manager in budgeting for the purchase of those supplies and equipment for the next fiscal year.

Memorandum of Agreement for USA

The Memorandum of Agreement (MOA) between Family and MWR and Resource Management identifies how the MWR USA Funding Practice will be implemented for the fiscal year.

The Practice may be used to reimburse NAF expenses with APF for personnel services, supplies, furniture, fixtures and equipment, routine maintenance, and other operating expenses for specified Family and MWR programs found in Appendix D, AR 215-1.

Knowledge of the current year practice is helpful in planning for the next fiscal year budget.

NAF Fixed Inventory Report

This report documents information about NAF purchases of furniture and equipment over \$2,500 in cost. It provides information on where the item is located, when it was purchased, the quantity purchased, and the cost of the purchase.

This information will assist a manager in making decisions about the type and time of furniture and equipment replacement.

For example, when the club manager reviews the fixed asset report, he or she notices that a deep fat fryer was purchased five years ago at a cost of \$2,800. Knowing that the average life of a fryer of this type is usually five to seven years, the manager may decide to include the cost for purchase of a replacement fryer in next year's budget.

2.5 Non- financial Historical Information

INSTALLATION STATUS REPORTS

Installation Status Reports (ISR) assist Army leadership in making decisions required to sustain or improve the management of installations' facilities, environmental programs, and services. It is a three-part report.

The first part compares the quality of facilities available to the installation's requirements and the quality of those facilities to Army standards. The second part evaluates environmental programs. The third part evaluates the quality, efficiency, and availability of services provided on an installation. A manager can use this document to find out how well his or her program meets the standards and recommend actions to overcome any deficiency. If the approved improvement plan requires a Capital Purchase Minor Construction (CPMC) renovation or a Nonappropriated Fund Major Construction (NAFMC) new facility, those requirements must be identified in the budget.

SELF ASSESSMENTS

Self-Assessments for certification and/or accreditation requirements necessitate programs to conduct self-assessments to identify the areas that need improvement in order to meet the established Army standards. If improvements require purchase of supplies or equipment, major or minor construction, or realignment of operations or programs, there will be an impact on the budget. A manager must plan ahead to identify the resources needed to accomplish the improvements.

AFTER ACTION REPORTS (AARS)

AARs are an excellent means of providing specific details about a completed activity or program and informing managers about the financial breakout.

The information in an AAR helps the manager determine if an event or program was successful and if it should be repeated during the next budget year.

The manager can identify what problems, if any, were realized in the execution of the program, what corrective actions are needed to handle those problems, and the costs involved. If the event or program is going to be scheduled for the next budget year, the expenses for the correction can then be included in the budget.

TDA's

Table of Distribution and Allowances (TDA) and Personnel Requirements Document (PRD) identify all personnel requirements. The TDA is the appropriated funds (APF) manning document while the PRD is the NAF manning document.

Labor costs are a major expense for most Family and MWR Program Managers.

It is important to use these documents to assist with the budget in terms of knowing what staff has been authorized from what funding source - APF or NAF.

INDIVIDUAL DEVELOPMENT PLANS

To spark creativity, feed your brain material like you're cramming for a tough test. Then stop thinking about the problem you want to solve. Go surfing or take Training is tied to resources and those requirements should be reflected in the budget.

A review of staff IDP provides the manager with information about what type of training is needed and when the training is tentatively scheduled.

The manager then can identify this expense in the proper accounting period (month) on the AOB.

NEEDS ASSESSMENTS/SURVEYS

Managers rely on customer needs assessment and satisfaction surveys to keep them informed as to what programs, activities, and services are important to them. These desires should become the manager's priority.

Once these priorities have been identified, the manager plans to meet the needs of Soldiers and their families. Then the manager budgets for these services using a traditional, contractor, nontraditional or alternate approaches.

2.6 Next Steps

After compiling all the relevant resources, layout the data comparatively, month by month, in order to determine similarity, relevance, and any trends from one year to the next. Then you will be ready to complete the next steps in the systematic budget process which include:



3.1 Overview



The Standard Management Information Reports for Finance (SMIRF) program was originally developed by Headquarters U.S. Army Material Command (HQAMC), Family and MWR Division, to provide an automated tool for timely analysis of financial data. SMIRF is now used throughout the Army as part of the standard Management Information Systems (MIS) initiative.

At the end of this lesson, you will be able to:

- 1 Define SMIRF.
- 2 Identify reports produced by SMIRF.
- 3 Summarize how SMIRF reports can be used during budget preparation.

3.2 What is SMIRF?

Standard Management Information Reports for Finance, or "SMIRF," is a software program that provides electronic transfer of budget and financial activity data from the Army's Nonappropriated Fund Installation Standard System (NAFISS), to Installation Management Regions and field activities in an interactive system.

FINANCIALS

SMIRF contains ve years of nancial information and can be used in a wide variety of hardware environments to include single user PCs, networks, and Web-based environments

USER FRIENDLY

User-friendly menus and data entry screens allow users with very little computer training to produce a wide variety of nancial reports and data.

3.3 Standard Reports

Reports

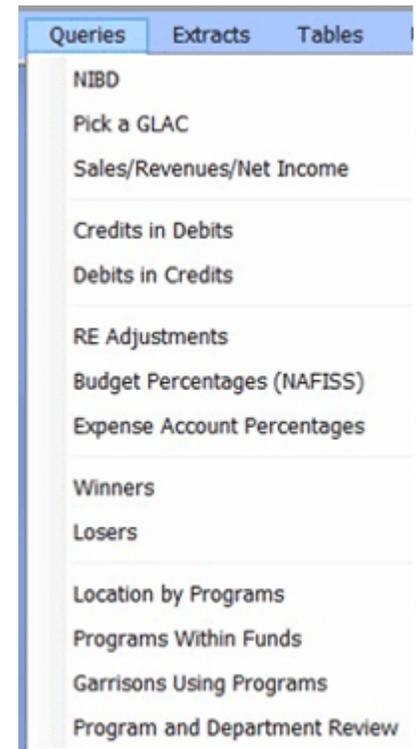
For each report, the manager or analyst can restrict the data to a specific subset of interest.

For example, the manager may be given a choice of fund, program, location, and department, in any combination, allowing for an almost limitless variety of report content. This ability allows the user to focus on the exact question asked, with no need to perform manual analysis.

QUERY Module

In the Query module, a wide variety of queries can be initiated with a simple menu choice. Additional query specification screens, available for each menu choice, allow the user to define the query data as broad as the entire installation, or as narrow as a department within a single program at a single location. The Query system emphasizes quick retrieval and display of specific financial and related facts.

The Query menu has 16 query choices. Most of these queries are used at the Fund level only. One important query that managers can use is the Pick-a-GLAC report



Pick a GLAC - From Summary
 Garrison: [REDACTED] - Location: [REDACTED]
 All Funds
 All Programs - All Departments
 July 2019
 AAA - NET SALES REVENUE

Total GLAC: AAA - NET SALES REVENUE						
Beginning Balance:		0.00	1Q:	91,891.89	3Q:	258,239.75
Year-to_Date Activity:		515,823.52	2Q:	74,579.77	4Q:	91,312.31
Period	Month	Year-to-Date	Period	Month	Year-to-Date	
01	42,746.59	42,746.59	07	54,734.52	221,005.98	
02	24,775.70	67,522.29	08	111,009.35	332,015.33	
03	24,169.40	91,691.69	09	92,495.88	424,511.21	
04	16,683.42	108,375.11	10	91,312.31	515,823.52	
05	24,517.05	132,892.16	11	0.00	0.00	
06	33,379.30	166,271.46	12	0.00	0.00	

Pick a GLAC query

This feature retrieves account balances and financial activity for accounts in the actual, budget, or summary databases. The user can select either the summary GLAC, such as income from other activities, or the actual GLAC, such as 501 Service and Recreation Income. The "Multi-GLAC" feature is also available, allowing the user to retrieve several GLACs of interest in a single query. The report produced by the query will enable a manager to see recorded entries by the month and a running total for the year-to-date in these individual GLACs.

Click each SMIRF Report to Learn More

[Detailed Income Statement](#)

[Income by Month Report](#)

[Detailed Balance Sheet](#)

[Financial Analysis Report](#)

[FY Budget by Month and GLAC Comparison Report](#)

[GLAC Comparison Report](#)

[Summary Account Comparison](#)

[Budget Versus Actual Report](#)

[Horse Blanket Reports](#)

[Net Profit Statement](#)

[Print Footnotes](#)

4.1 Overview

One of the most important management tools in the budget is the 5-year plan. It is the vision of where the program should be now and five years from now. The plan is based on an assessment of community needs, market research, and objectives of the overall installation Family and MWR program. The first step in preparing the plan is to consider the total requirements, long-term and short-term, appropriated and non-appropriated, and all income and expenses.

At the end of this lesson, you will be able to:

- 1 Explain the characteristics of well-written goals and objectives for the Installation Family and MWR program.
- 2 Identify internal and external factors that impact program operations.
- 3 Describe ways that program needs change as a result of internal and external factors.
- 4 Identify program-essential resources for budget requirements.

4.2 Goals and Objectives

A Family and MWR success factor is the ability to capture the program vision in a set of goals and objectives that specify what the organization plans to accomplish over a given period of time.

Goals

Goals are a broad statement of what is to be accomplished. Think of goals as broad targets or benchmarks to be hit.

Objectives

Objectives are specific action statements that provide steps which tell how goals will be accomplished. They are always SMART - Specific, Measurable, Attainable.

Goal Planning Process

An integral part of any planning process is identifying the actions and decisions that are organized around, and moving toward, the accomplishment of those goals and the measurements that define success. In this regard, goals are the cornerstone of the planning process. Managers generally consider two types of goals in the planning process

Operational Goals

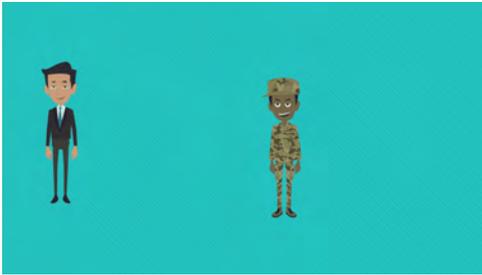
Operational goals center on the here and now and are generally short term. They deal with the activities of the organization, such as the allocation of resources (e.g., Annual Operating Budget [AOB], Employee Performance Standards).

Entrepreneurial Goals

Entrepreneurial goals, directed toward improvements and innovations, are generally long term and will enhance the organization's output. They are designed to help organizations become more proactive rather than reactive. These goals are reviewed annually as part of a planning process (e.g. 5-year CPMC program, Installation Master Plan).

4.3 Operational Impacts

Watch both of the the below videos on External Impacts to Business & Internal Impacts to Business to continue.



EXTERNAL IMPACTS TO BUSINESS



INTERNAL IMPACTS TO BUSINESS

4.4 Changing Program Requirements

Internal and external changes necessitate a review of programs to see what modifications, additions, or deletions should be made during the budget year. For example, if decreases in troop strength are expected to have a negative impact on usage, the manager must assess how that will affect income and expenses

Watch the below video on **Researching Program Needs to continue.**

4.5 Budget Requirements

Budget Analysis

To begin your budget analysis, a simple spreadsheet can be used to create a list to identify your program requirements for potential income and expenses.

Once you have your income and expenses list, you can research and forecast estimated dollar amounts and assign a funding source.

INCOME	EXPENSES
Sales pro-shop retail items	Personnel costs – labor
Fees – golf rounds sold	Cost of Goods Sold (COGS) - food, retail goods
	Supplies
	Training
	Repairs

Budget Requirements

To begin your budget analysis, a simple spreadsheet can be used to create a list to identify your program requirements for potential income and expenses.

Once you have your income and expenses list, you can research and forecast estimated dollar amounts and assign funding source.

INCOME

- Sales pro-shop retail items
- Fees – golf rounds sold

EXPENSES

- Personnel costs – labor
- Cost of Goods Sold (COGS) – food, retail goods
- Supplies
- Training
- Repairs

5.1 Overview

All Family and MWR managers must have a long-range plan or vision for their activities to succeed in planning their activities' programs. Program changes and additions that contribute to the well-being of the Soldiers and their families sometimes require additional labor, equipment, supplies, and income. Planning reduces uncertainty and provides the necessary information for establishing and evaluating future needs.

At the end of this lesson, you will be able to:

- 1 Describe the Manager's Narrative and its role in the budget process.
- 2 List the elements of the Manager's Narrative.
- 3 Identify sources of information useful in developing the Manager's Narrative.

5.2 Describe the Manager's Narrative

The manager first describes the current program and then visualizes the program over the next five years. The manager outlines and describes the construction, personnel adjustments, program changes, revenue generators, and equipment purchases over the next 5 years.

5 Year Plan

The Army requires that activity managers at each installation develop or revise its 5-year plan annually.

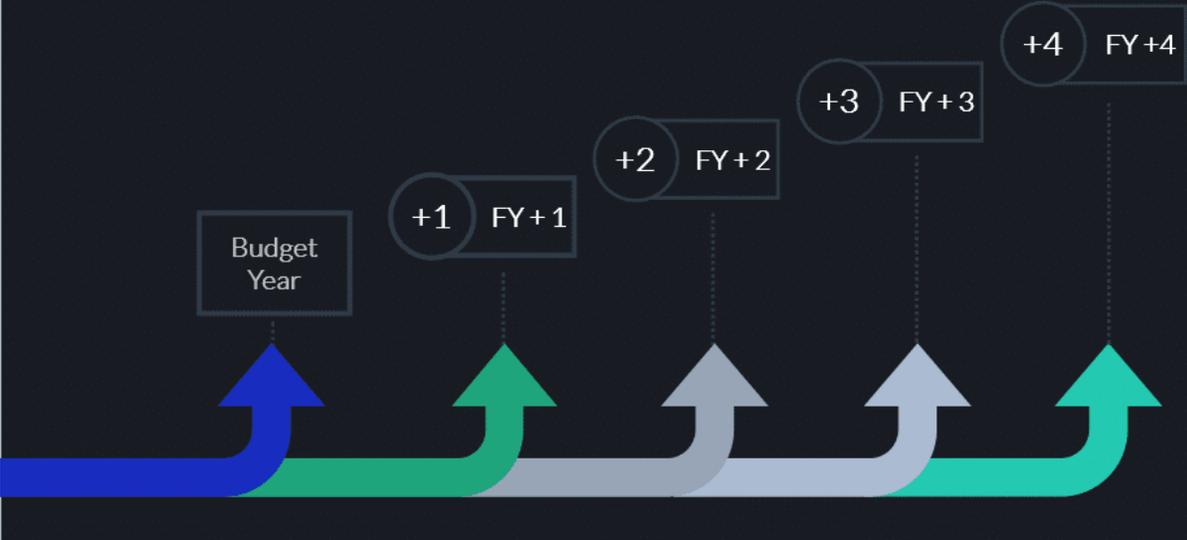
Revising the 5-year plan:

- Provides a balanced Family and MWR installation program.
- Ensures integration of Family and MWR activities.
- Prioritizes programs according to the significance of their contribution to readiness and retention.
- Meets the needs and desires of the community.

The narrative should reflect the activity manager's vision for the future. It should include anything necessary to fulfill new program's requirements or to adjust the activity's resources in preparation for foreseen changes.

Manager's Narrative as Part of 5 Year Plan

The Manager's Narrative incorporates the activity manager's decisions and ideas into a long-range plan that facilitates the annual operating budget process. It covers the upcoming budget year and the next four fiscal years (FY) so (FY+1 to FY+4). Guidance regarding the Manager's Narrative format can be found in the Financial Management Operating Guidance.



5.3 Elements of the Manager's Narrative



5.4 Sources of Information

There are many sources of information available to assist a manager in creating a vision for the future, building a timeline, and determining the resources required to turn that vision into reality. Some are documents that the manager and/or his staff have generated over the past year; some are provided by other Family and MWR or community resources.

Patron Demographics

Sex, age, marital status, active duty, family members, retirees, DOD civilian employees, etc.

Unique Considerations

Availability of similar private sector services. Population life-style traits. Environmental & geographical factors.

Trends

Regional, national, and industry data. Marketing data. Leisure time patterns by age group.

Financial Data	Non-Financial Data
Monthly variance reports	After-action reports

Financial Data	Non-Financial Data
Daily activity reports	Usage/Participation data
Monthly and annual income statements	Local community, such as the Chamber of Commerce, for information on the competitive environment "outside the gate"

6.1 Overview

An important key to the effective and efficient management of Family and MWR and family programs is ensuring the proper mix of authorized and available appropriated fund (APF) and non-appropriated fund (NAF) resources. After managers have studied the guidance and identified their requirements for the new budget year, they are ready for the third step of the budget process—determining what funding source is authorized, and whether funds are available or can be generated to operate the programs.

At the end of this lesson, you will be able to:

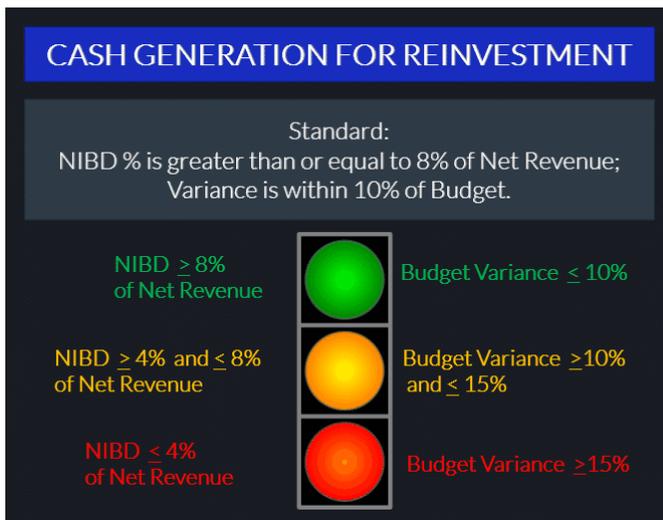
- 1 Describe budget guidance as it relates to determining funding requirements.
- 2 Identify funding sources.
- 3 Differentiate funding according to Family and MWR categories.
- 4 Explain Uniform Funding and Management (UFM) for Family and MWR.
- 5 Summarize the process for merging requirements with funding.

6.2 Financial Management Operating Guidance

Funding

Family and MWR Managers should be familiar with the budget guidance, specifically the following sections, in order to prepare their budgets to meet the program standard.

- 1 Installation Family and MWR and Lodging Fund Standards
- 2 Appropriate Fund Execution
- 3 Program Operating Guidance
- 4 Total Cash Management



Installation Family and MWR and Lodging Fund Standards

- Standards provided in the budget guidance are benchmarks for planning.
- They are the financial goals that managers should plan to meet as their budgets are developed.
- Some standards apply to Family and MWR Program Categories and others are program-specific.

Program Operating Guidance



Also included in the Financial Management Operating Guidance are program-specific guidelines, including all program codes and department codes to be used in those activities. Managers will find program standards and any other applicable guidance, as well as a point of contact for each program.



TITLE	PROGRAM CODE	To be used by:
BOSS	QD	All MWR NAFIs to report activity previously captured within Program Code JN – see paragraph XX of this enclosure for more information.
Physical Fitness Facilities	HB	All MWR NAFIs to report activity within physical fitness facilities– see paragraph XX of this enclosure for more information.
Aquatics Training	HJ	All MWR NAFIs to report Aquatics Training activity within physical fitness facilities– see paragraph XX of this enclosure for more information.

Program Operating Guidance

Total Cash Management

Army Non-appropriated Fund Instrumentalities (NAFI) are required to generate sufficient cash and a positive net income before depreciation of at least the minimum level established by IMCOM G9.



This minimum level, along with existing funds, should permit the NAFI to fund all of its own requirements, both operating and capital, with the exception of NAF major construction funded by the Army Morale Welfare Recreation Fund (AMWRF).

Long-term requirements must be fully covered by adequate cash flow or the funding may not be available when needed to pay for long-range projects.



Each NAFI is expected to produce adequate revenues to cover operating and capital requirements over the short and long term while maintaining a cash to debt ratio between 1:1 and 2:1 (total cash divided by current liabilities).



Total Cash Management

6.3 Funding Sources

Identifying Funding Sources

Appropriated Funds

APF are taxpayer dollars made available to DOD by Congress as part of the National Defense budget. These funds are allocated annually based on budgetary requests and availability.

Click each circle to learn more.



6.4 Funding Categories

The degree to which APF support is authorized for Family and MWR programs is based on DOD categorization—a designation based on the programs' relationship to readiness and their ability to generate revenue.



NAF Funding Categories Video

6.5 Uniformed Funding and Management

Uniformed Funding and Management is the merging of appropriated funds (APF) and non-appropriated funds (NAF) to provide MWR support services under a single set of rules and procedures to facilitate:

The procurement of property and services for MWR

The management of employees used to carry out the programs

Uniform Funding and Management

This funding practice applies only to Family and MWR Programs. Specifically **excluded** are:

Civilian Family and MWR Programs

Non-Family and MWR family programs (Army Community Services, Army Family Team Building, Army Family Action Plan, Family Advocacy Program)

Fisher House

Vehicle Registration

Army Lodging

Veterinary Services

Recycling

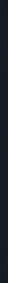
Sale of abandoned personal property

All other supplemental mission programs, and all other non-Family and MWR installation functions

6.6 Merging Requirements with Funding Guidance

Merging Requirements with Funding Guidance

Click each circle below:



7.1 Overview

Family and MWR Managers are required to submit a Capital Purchase and Minor Construction budget as part of their total budget requirement. Improvement plans discussed in the Manager's Narrative (that fall within CPMC guidance) must also be included in the CPMC budget. It is the manager's responsibility to "sell" their plan to the Division Chief and to the Commander.

Lesson Objectives

1

Describe the CPMC budget and its requirements, including the approval process

2

Identify funding targets for construction

3

Define fixed assets and depreciation

4

Identify the manager's role in the CPMC process

7.2 Capital Purchase Minor Construction (CPMC)

You must complete each section in the 'Capital Purchase Minor Construction (CPMC)' interaction below to continue.

Capital Purchases and Minor Construction (CPMC)

Family and MWR Managers are required to submit a Capital Purchase and Minor Construction budget as part of their total budget requirement.

Improvement plans discussed in the Manager's Narrative (that fall within CPMC guidance) must also be included in the CPMC budget.

It is the manager's responsibility to "sell" their plan to the Division Chief and to the Commander.

Use your mouse to click each lesson below:

● Lesson 1: CPMC Overview

- Define CPMC, fixed assets and depreciation
- Identify CPMC funding targets
- View a CPMC Construction Process Map

● Lesson 2: Budget Requirements

- Relate to factors that determine CPMC requirements
- Identify budget requirements
- Recognize CPMC approval process and Manager's role in the process

● Job Aids

- Save CPMC job aids resources for future reference

8.1 Overview

Improved facilities are one result of the installation Family and MWR ve-year planning process. The plan validates the need to construct facilities, and close or renovate existing facilities. Broad requirements translate into specific facility requirements, the programming of sufficient appropriated funds (APFs), and nonappropriated funds (NAFs) to complete projects, and the approval of projects that meet overall Family and MWR needs. Major construction is for projects that exceed the minor construction funding limits.

Lesson Objectives

- 1 Identify the funding targets for major construction
- 2 List the documents required for major construction projects
- 3 Explain the process for NAF major construction
- 4 Define Public-Private Ventures (PPV)

8.2 Major Construction

You must complete each section in the 'Family and MWR Major Construction' interaction below to continue.

Family and MWR Major Construction (NAFMC)

Improved facilities are one result of the installation Family and MWR five-year planning process. The plan validates the need to construct facilities, and close or renovate existing facilities.

Broad requirements translate into specific facility requirements, the programming of sufficient appropriated funds (APFs), and non appropriated funds (NAFs) to complete projects, and the approval of projects that meet overall Family and MWR needs. Major construction is for projects the exceed the minor construction funding limits.

Use your mouse to click each lesson below:

● Lesson 1: MC Overview

- Identify the funding targets for NAF major construction
- Define Public-Private Ventures (PPV)
- List the documents required for NAF major construction projects

● Lesson 2: MC Process

- Explain the process for NAF major construction
- View Major Construction Process Map

● Job Aids

- Save NAFMC job aids resources for future reference

9.1 Overview

During the budget process, managers are required to make decisions and recommendations for operational changes. Changes may be necessary as a result of customer or market trends. A review of the data from current income statements and variance analyses may show positive or negative trends and significant variances from the budget.

At the end of this lesson, you will be able to:

- 1 Identify the types and list the steps of trend analysis used by Family and MWR managers.
- 2 Identify possible causes for positive or negative trends
- 3 Describe and identify possible causes for significant variances

9.2 Trends

Trends Analysis

The comparison of like data. An example would be comparing income statement data with historical data or comparing income statement data with budgeted data. There are positive trends where you see an increase in revenue or a decrease in expenses and negative trends where you find a decrease in revenue or an increase in expenses.

You must complete each section in the 'Trend Analysis' interaction below to continue.

Five Types of Trend Analysis

Click each circle to learn more.



9.3 Trend Causes

Watch the video below: Determine Causes of Trends vs. Treating Symptoms, to continue.

Please download the Root Cause Analysis Job Aid below:



RootCauseAnalysisTemplate.pptx

94.3 KB

9.4 Variance Analysis

Variance Definition

Variance is the difference between actual results and budgeted estimates. Variance can be positive or negative. Family and MWR managers are required to monitor actual results against the budget, and to analyze and justify any significant variance between the two. Variance analysis is the mathematical analysis of budget versus actual results data. Positive and negative variances analysis is important.

You must complete each section in the 'Variance Analysis' interaction below to continue.

Click each process step below for more information!

Variance Analysis

-  When Reviewing Variance, Analyze Data at the Lowest Level Possible
-  Compare Actual Results to Budget Estimates for Each Income Statement Item



Variance-Formulas.xlsx

17.9 KB



10.1 Overview

Forecasting plays an important role in business, especially in planning and budgeting. Plans can never be realistic unless they are based on solid forecasts. A budget is a blueprint of the financial aspects of that plan. An activity cannot have effective and accurate plans or budgets without building them on well-conceived forecasts. This lesson will familiarize you with the concepts and terms applied to financial forecasting.

At the end of this lesson, you will be able to:

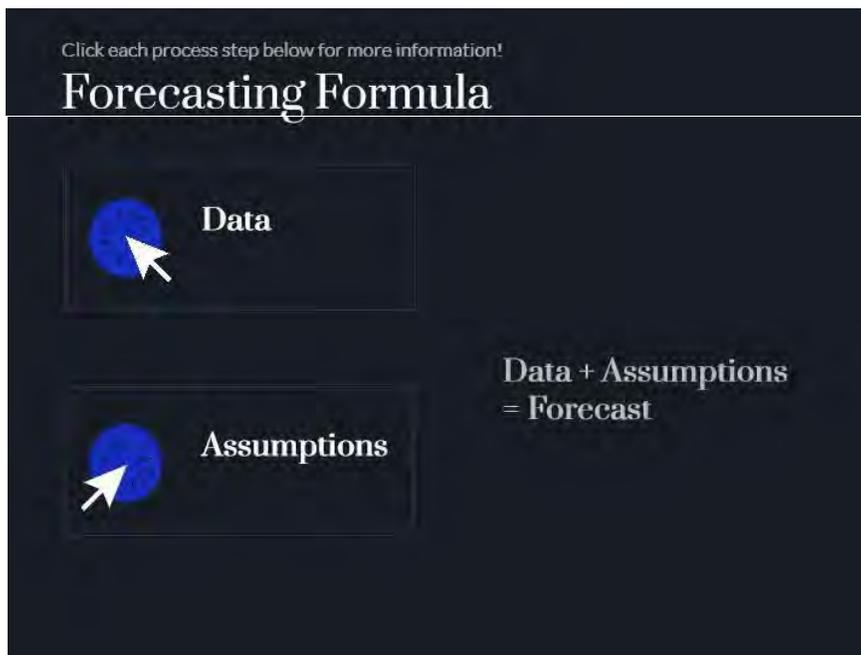
- 1 Define forecasting
- 2 Explain the types of forecasting.
- 3 List the key steps required in the forecasting process.

10.2 Forecasting

Forecasting Definition

Forecasting is an attempt to foresee events by examining the past. Most forecasting methods assume some pattern exists in past data that can be identified and used in making the forecast. Most managers intuitively forecast based on past business volume and the manager's experience and knowledge.

You must complete each section in the 'Forecasting' interaction below to continue.



Click each process step below for more information!

Forecasting Formula

Data

Assumptions

Data + Assumptions = Forecast

The image shows a dark blue background with a white border. At the top, it says "Click each process step below for more information!". Below that is the title "Forecasting Formula". There are two rectangular boxes, one for "Data" and one for "Assumptions", each containing a blue globe icon and a white mouse cursor. To the right of these boxes is the equation "Data + Assumptions = Forecast".

10.3 Types of Forecasting

You must complete each section in the interaction below to continue.



Forecasting Type
Click each circle below to learn more.

Learn more...
Click each circle in the graphic to view detail regarding that item.

Short Term

Long Term

Strategic

The graphic features a dark blue background. On the left, there is a dark grey rectangular box containing the text 'Learn more...' and 'Click each circle in the graphic to view detail regarding that item.' To the right of this box is a Venn diagram consisting of three overlapping circles. The top-left circle is light blue and labeled 'Short Term'. The top-right circle is dark blue and labeled 'Long Term'. The bottom circle is teal and labeled 'Strategic'. The circles overlap in the center, creating a darker blue area.

10.4 Key Steps

There are many sources of information available to assist a manager in creating a vision for the future, building a timeline, and determining the resources required to turn that vision into reality. Some are documents that the manager and/or his staff have generated over the past year; some are provided by other Family and MWR or community resources.



PATRON DEMOGRAPHICS: Sex, age, marital status, active duty, family members, retirees, DOD civilian employees, etc.



UNIQUE CONSIDERATIONS: Availability of similar private sector services. Population life-style traits, environmental and geographical factors.



TRENDS: Regional, national, and industry data. Marketing data, leisure time patterns by age group.



ALTERNATIVES: Elimination, expansion, replacement, consolidation, or integration

Video: Forecasting Steps

11.1 Overview

The Annual Operating Budget (AOB) is the projected plan of operation for the budget year for all activities of the Installation Morale, Welfare, and Recreation Fund (IMWRF). It is a one-year plan that budgets non-appropriated fund (NAF) dollars for the immediate out-year.

The AOB is a systematic tool for projecting and quantifying program objectives and is one of the standards against which performance is measured.

At the end of this lesson, you will be able to:

- 1 Define the Annual Operating Budget (AOB).
- 2 Examine the steps to formulating the Annual Operating Budget.
- 3 Summarize department codes and GLACs for budgeting UFM.
- 4 Describe the APF/NAF 5 Year Plan and the benefits.

11.2 Annual Operating Budget

You must complete the 'AOB' interaction before you may continue.

The Annual Operating Budget Defined

The AOB is a twelve-month plan that reflects the amount of NAF money an activity, location, or department plans to generate in sales, other operating income, and other income each month.

In addition to income, the AOB reflects the planned labor, operating expenses, and other expenses an activity will incur each month.



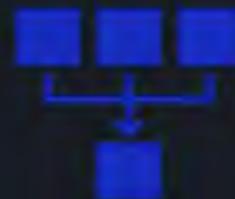
The AOB is prepared on the Financial Management Budget System (FMBS) using Department of the Army (DA) Form 5318-R.

The format of the AOB is designed to complement the NAF accounting structure so that actual and budgeted results of operations may be easily compared.

The AOB formulation begins at the department level. All department budgets within a location will be consolidated into the location budget.

All locations within a program code will be consolidated into a program code budget.

All program budgets will be consolidated into the IMWRF and, ultimately, into the overall Army Family and MWR budget.



11.3 Formulating the Annual Operating Budget

Click each numbered step on the left side of the below graphic to learn more!

Formulating the AOB

Starting from the top, the manager can formulate the AOB in a line-by-line manner. For each category of revenue or expense, there are several methods that could be used to arrive at the budget figure. Managers can try several approaches and then apply the "common sense" test to determine which method works the best for an individual GLAC. Generally, there are 14 steps in formulating the AOB.

Click each tab on the left to learn about each step in the AOB process.

11.4 Uniform Funding and Management

You must complete each section in the interaction below to continue.

UFM Department Codes

Expenditures authorized APFs and paid in accordance with the UFM process will be recorded in a specially coded department on the NAF financial statement. At year end, the MWR expenses authorized APFs must equal or exceed the UFM income. Any recorded expenses excess to the amount of APFs provided as a result of the MOA will be termed APF shortfall.

Click the blue arrows to view the Department Codes:

Department Code GL - APF Support - Normal Operations (MWR USA)

This code will be used to budget for all APF-authorized NAF expenses in support of normal operations, which are authorized to be supported IAW applicable MOAs - either the central MOA at IMOCM G-9 or any local MOAs.



11.5 The APF/NAF Five Year Plan

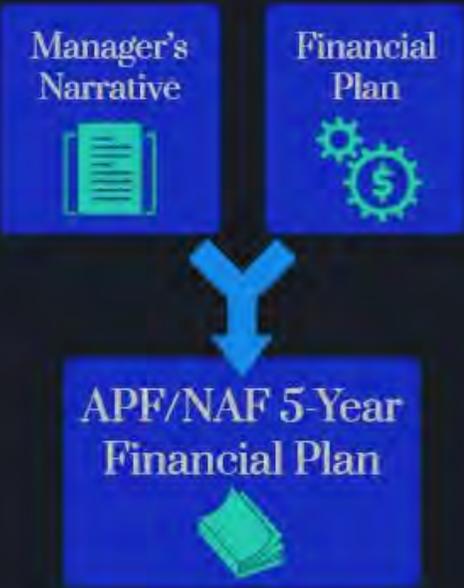
You must complete each section in the interaction '5Year Plan' below to continue.

Overview

The APF/NAF 5-Year Financial Plan

The 5-year plan is composed of **two** parts. The first is the Manager's Narrative. The second is the appropriated funds/nonappropriated funds (APF/NAF) 5-year financial plan. The APF/NAF 5-year financial plan is produced in the Financial Management Budget System (FMBS) and converts the plans described in the Manager's Narrative into estimated dollar amounts.

- ❖ It should be as accurate and realistic as possible and reflect all known and planned events, changes, and the vision of the Family and MWR program for the Installation.
- ❖ The 5-year plan is prepared at the Installation Morale, Welfare, and Recreation Fund (IMWRF) and program code level, not by location or department.



```
graph TD; A[Manager's Narrative] --> C[APF/NAF 5-Year Financial Plan]; B[Financial Plan] --> C;
```

12.1 Overview

Family and MWR budgeting for the entire U.S. Army is a complex task. Budgets must be consolidated in order to ensure that financial plans and programs meet both the long- and short-term goals and objectives of the Family and MWR mission. Prior to implementing an automated system, the budgeting process was inefficient and very time-consuming.

At the end of this lesson, you will be able to:

- 1 Define FMBS and identify its functions.
- 2 Identify report produced by FMBS.
- 3 Explain the benefits of FMBS for the Family and MWR Manager.

12.2 What is FMBS?

You must complete the interaction 'What is FMBS?' to continue.

What is FMBS?

- 
- **FMBS is an automated budget system for the entire installation.**
 - **It provides Family and MWR Managers central on-line access and control of budget and financial data at the installation manager level.**
 - **FMBS also provides decentralized data entry and processing at individual local and remote workstations.**

12.3 FMBS Reports

Annual Operating Budget (AOB) FMBS Reports

FMBS can produce a variety of reports used in budget preparation and financial management.

Some of the more important Annual Operating Budget (AOB) reports are:

- AOB Detailed Report
- AOB Summary Report
- AOB Detailed Variance Report
- AOB Summary Variance Report
- AOB Summary by Program Category