**FY-25 RECREATION LODGING BUDGET GUIDANCE**

**BUDGET SUBMISSION REQUIREMENTS AND GUIDANCE**

1. FY-25 Changes:
	1. Activity 12 name has changed from Cottages and Cabins to Vacation Rentals to encompass all types of inventory (Cottages, Cabins, Apartments, Town homes, Hotels/Motels, Travel Trailers/Campers, Houses, Group Accommodations-Lodge).
	2. New GL account 501020 RV Revenue \*timeline to transition to the new GL account is TBD. Please do not budget in new GL account. Program will provide further guidance and transition timeline for the revenue change. NOTE: No changes will be done in Epitome, this GL account will be added to new system and each site will transition to using this new GL during the roll out of the new system.
	3. GL account 506040 (Rental equipment revenue) must be used to capture equipment rental revenue.
	4. Supplies should be tracked properly based on type: Linen, Cleaning, Consumables, non-consumables, etc. (Refer to supply G/L expense codes listed on page 8, and as referenced in Program Standards.)
	5. Program Standards were released in FY-21 and should be reviewed prior to preparing your FY-25 budget.
	6. G&A cost centers should not be used.
	7. Depreciation should be posted to the correct cost center. See expense section within this document.

1. Definitions. Recreation Lodging (Navy Getaways) is the umbrella term used to define the three activities RV Parks (09), Vacation Rentals (12) & Camp Sites (07).

Recreation Lodging Accounting Information Management System (AIMS) Activities are defined below:

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| --- | --- | --- | --- |
| **Activity Name** | **Activity Code** | **CAT** | **Activity Description** |
| RV Parks (with and without Hookups)  | 09 | C | An RV Park is an outdoor recreational area used for recreational vehicle camping. RV Parks contains multiple RV sites that are intended for short term vacation rental guest use. RV Parks provide comfort stations (bath house) and may include additional amenities such as guest laundry rooms, lounge areas for guests, and dog-parks. An individual RV Site is designated for a single recreational vehicle and a towed or towing vehicle. Individual RV sites may also include a guest parking space. Each site will include an RV pad made from dirt, grass, gravel, asphalt or concrete. Sites may provide limited or full utility services (e.g., water, sewer, various electric amperage, etc.) or have none at all. Sites may be located in a permanent RV Park or what is considered overflow RV Park area.  |
| Vacation Rentals (previously Cottages & Cabins) | 12 | C | Rental operation of recreation Cottages, Cabins, Apartments, Town homes, Hotels/Motels, Travel Trailers/Campers (permanently mounted), Houses, Yurts, Group Accommodations-Lodge.  |
| Campsites | 07 | C | Campsites are single camping spaces (sites rented overnight to accommodate 1 tent per space (site). Each campsite is rented once per day and provides ample space to accommodate one tent (multiple tents are not assigned into a single space). Camping areas usually includes a bathhouse and a garbage receptacle nearby servicing many sites. Also may include a fire pit.  |

2. Salary Allocation. Recreation Lodging management and/or staff that provide support across multiple activity codes either within Recreation Lodging or other programs (Marina, Bowling, Vehicle Storage etc.) shall allocate hours worked accordingly in the timekeeping system.

1. Maintenance and custodial labor for shared MWR green space and parks (this could be inclusive of RV Parks and Campgrounds) should be mapped to Category A, Activity Code 08 for Parks and Picnics UFM. Exclusions may apply for labor that is 100% Cat C.
2. Labor hours must be fair share and charged as appropriate to Category C, Activity Code 12, 09 and/or 07 via intracompany GL account(s).
3. Time study tool may be used to help budget new staffing/labor requirement. Time Study is available in the MWR E-Library (link: [CNIC N9 Enterprise Portal (cnic-n9portal.net)](https://www.cnic-n9portal.net/)).

3. Grants. Grants will not be available in FY-25.

4. Budget Input Guidance.

a. **Rate Structures**. At a minimum, rates are to be established to cover operational costs. To assist with determining the appropriate rates to maximize operational net cash flows, the Recreation Lodging Rate Tool is available in the MWR E-Library (link: [CNIC N9 Enterprise Portal (cnic-n9portal.net)](https://www.cnic-n9portal.net/)). Additional considerations for rate structures are as follows:

 1. Establish rates to fund current and future recapitalization plans.

 2. Analyze rates to ensure they are comparable to commercial property rates that are in competition with your Recreation Lodging location.

 3. Rates should be programmed considering occupancy based on room type to achieve the optimum average daily rate (ADR). ADR is calculated as the total revenue divided by total rooms night sold. See Table A

|  |
| --- |
| Table A |
| ROOM TYPE | ROOM RATE | TOTAL REVENUE | AVERAGE DAILY RATE (ADR) | OCCUPANCY % | TOTAL ROOMS AVAILABLE | TOTAL ROOM NIGHTS SOLD | ROOM NIGHTS SOLD % |
| Cabin 2 Bed | $55.00 | $150,000 | $60.98Calculation($150,000/2,460) | 40% calculation (1,460/(10\*365) | 10 | 1,460 | 60% |
| Cabin 3 Bed | $60.00 | 27% calculation(1,000/(10\*365) | 10 | 1,000 | 40% |
| Totals |  |  |  |  | 20 | 2,460 | 100% |

Assumptions for Table A are as follows: Total Expenses Per Occupied Space = $40.00; Depreciation Per Occupied Space =$5.00; Net Profit Per Occupied Space: $20.98, Net Cashflows Per Occupied Space: $25.98; Renovation Project Planned for FY-24: $200,000

Required rate increase to fund renovation project over the next 5 years = $16.26 (($200,000/5)/2,460)

Cabin 2 Bed New Rate = $65.00 ($16.26 X 60%= $9.76; $55.00+$9.76=$64.76)

Cabin 3 Bed New Rate = $67.00 ($16.26 X 40%=$6.50; $60.00+$6.50=$66.50)

Note: Formulas are embedded in the Recreation Lodging Rate Tool to calculate operational results “per occupied space”.

b. **Programmed Expenses**: Annual budgets shall include the following operational costs:

 1. Maintenance, supplies and minor property costs to adequately maintain the facility.

NOTE: Due to increased supply costs, recommend completing the Supply Rate Tool to assist with supply expense projections. Please note that prices listed in tool may or may not be current and should be updated at needed. Supply Rate Tool is available in the MWR E-Library (link: [CNIC N9 Enterprise Portal (cnic-n9portal.net)](https://www.cnic-n9portal.net/)).

 2. Depreciation for all fixed asset classes.

Fixed assets have a depreciation and responsible cost center assigned. Per the table below depreciation expense needs to be budgeted in your program or installation program overhead cost center (activity OR). You can use SAP’s Budget Depreciation Forecast Report for FY-25 to see the forecasted depreciation. Execute using your program cost center in the responsible cost center field. The report will show the total for the program cost center and the total for the installation OR cost center for Recreation Lodging. Please note that the SAP report will give you the exact depreciation for the known fixed assets. You will have to adjust for additions and retirements that have a net book value greater than zero. Assets useful life schedules are available in AIMS/SAP User Handbook.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Asset Class | Asset Class Description | Depreciation cost center | Responsible cost center | Depreciation Expense Account |
| 170000 | Computer Equipment | Program cost center | Program cost center | 760000 |
| 171000 | Vehicles | Program cost center | Program cost center | 761000 |
| 173000 | Furniture, Fixtures & Equipment (FF&E) | Program cost center | Program cost center | 763000 |
| 173100 | FF&E Whole Room | Program cost center | Program cost center | 763000 |
| 174000 | Centrally Funded (CF) FF&E | Program cost center | Program cost center | 763000 |
| 175000 | Buildings & Facilities | Installation cost center (Activity OR) | Program cost center | 765000 |
| 176000 | CF Buildings & Facilities | Installation cost center (Activity OR) | Program cost center | 766000 |
| 177000 | Buildings & Facility Improvements | Installation cost center (Activity OR) | Program cost center | 767000 |
| 178000 | CF Buildings & Facility Improvements | Installation cost center (Activity OR) | Program cost center | 768000 |

Example:

SAP Budget Depreciation Forecast Report displays annual depreciation for FY-25 $100,000

Project completion date March FY-25 $ 500,000 useful life 5 years

Retire Fixed Asset January 2024 X. Remaining net book value $ 70,000 as of Jan 2024

FY-25 budget = $100,000 + $50,000 (project) – $70,000 (retirement) = $80,000

Note: Even if you do not post building and improvement depreciation in your program cost center, you still need to consider it when calculating the proper rate for the upcoming year.

 3. Inventory replenishments for both consumable and non-consumable amenities. To assist with determining the appropriate inventory levels, as outlined in the Program Standards, and programming costs for amenities, the Navy Recreation Lodging Supply Worksheetis available as an enclosure in the MWR NAF Budget Call.

Amenities link: https://g2.cnic.navy.mil/tscnichq/N9/N92/N922E/default.aspx

Bath Towel Standardization link: https://g2.cnic.navy.mil/tscnichq/N9/N92/N922E/default.aspx

 a. Linens shall be procured using the Navy Lodging Program standardized linen contracts (see link above). Linens purchases shall be recorded in SAP general ledger account 701004 (see Chart in section 5). Recommend a 3-year replacement for linens. Replace 1/3 of linen requirements annually. The recommended inventory minimum is a 3 Per Available Room (PAR) level. Par Level is the industry standard for a minimum amount of linens you should have to stock one available room. First set is on the bed or in the bathrooms, Second set of linens is in storage, ready to be placed in a room upon a guest check out, and the third set is in the rotation to be laundered. Below are examples for determining linen requirements:

**Example 1 (Par Calculation for Towels)**

 Bath Towels: Par is 3. NAS Installation Anywhere has 30 bathrooms with 2 sets of towels per room. Calculation must include linen in room, linen in the closet, and linen in the laundry. Total quantity required, 30 X 2 X 3 = 180. Divide the quantity of towels required by 3 to calculate 1/3 replacement quantity, 180/3=60. Identify how many bath linens are included in a case to determine the number of cases to purchase for an annual quantity of 60.

**Example 2 (Par Calculation for Bed Linens)**

Bed Linens: Par is 3. 1/3 replacement quantities are equal to the total number of beds. One bed linen set is issued per bed. Total# of beds = 25. Total linen required for 25 beds, 25 X 3 = 75. Divide the total linen quantity by 3 to calculate 1/3 replacement quantity, 75/ 3=25.

**Example 3 (Par Calculation for Pillow Cases)**

Pillow Cases: Par is 3. Using the assumption of 5 pillows issued per bed. 1/3 replacement quantities are equal to the number of beds multiplied by 5 multiplied by 3 divided by 3. Total # of beds = 25. Total pillows required, 25 X 5 X 3=375. Divide the total pillow cases required by 3 to calculate 1/3 replacement quantity, 375/3=125.

 b. Consumable and non-consumable amenities shall be recorded in SAP general ledger accounts 702000 and 702001 (see Chart in section 5).

5. Accounting Procedures. Use the chart below to record budget and actual operational revenue and expenses in the program cost center RV Park (09/10), Vacation Rental (12/10) or Campsite (07/10).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Food | Dept. | G/L | Dept. Description | Notes |
| BEVERAGES - NON ALCOHOLIC | 5 | 301000 | Other F&B | Bottle water |
| SNACKS & CANDY | 5 | 301000 | Other F&B |   |
| SANDWICHES & HOTDOGS | 5 | 301000 | Other F&B |   |
| CAFE / COFFEE BEVERAGES | 5 | 301000 | Other F&B |   |
| POPCORN | 5 | 301000 | Other F&B |   |
| PREPACKAGED MEALS | 5 | 301000 | Other F&B |   |
|   |   |   |   |   |
| **Merchandise** | **Dept.** | **G/L** | **Dept. Description** | **Notes** |
| SMALL RETAIL ITEMS | 3 | 301000 | Merch | sun screen, barbecue supplies, RV Park supplies |
| APPAREL | 3 | 301000 | Merch | logo shirt |
| *\*\*\*04 Sundries- all items that is identified as sundries can go into 03-Resale* |
|  |  |  |  |  |
|  |  |  |  |  |
| **Program** | **Dept** | **GL** | **Dept Description** | **Notes** |
| Full hook up | 10 | 501000 | Program | RV Park Only |
| Partial hook up | 10 | 501000 | Program | RV Park Only |
| No hook up | 10 | 501000 | Program | RV Park Only |
| Cottages | 10 | 501001 | Program | Vacation Rentals Only. Are defined as a stand-a-lone house or duplex, and are constructed from of a variety of building materials with the exception of wood or logs. Units always have a furnished living room, full kitchen, bathroom, one or more furnished bedrooms, cottages are never rustic (meaning not kitchen, bathroom, or bedrooms) |
| Cabins | 10 | 501001 | Program | Vacation Rentals Only. Are defined as a small one-story house or shelter made of wood or logs, categories include Deluxe, Standard or Rustic. |
| Yurts | 10 | 501001 | Program | Vacation Rentals Only. Are defined as a circular domed tent of skins, canvas or felt stretched over a collapsible mesh framework |
| Apartments | 10 | 501001 | Program | Vacation Rentals Only. Are defined as a dwelling with multiple single use units |
| Town homes | 10 | 501001 | Program | Vacation Rentals Only. Are defined as a two or more story house that is attached to another unit |
| Hotels / motels | 10 | 501001 | Program | Vacation Rentals Only. Are defined as a dwelling with multiple single use units, which includes private room or suite and a private bathroom.  |
| Mobile homes | 10 | 501001 | Program | Vacation Rentals Only. Are defined as a single story house that is a single-wide or double-wide mobile homes |
| Travel trailers / campers | 10 | 501001 | Program | Vacation Rentals Only. Are defined as units that are mobile in nature but stationary by use (normally located within an RV Park) |
| Houses | 10 | 501001 | Program | Vacation Rentals Only. Are defined as an individual house that can have one or more levels |
| Group accommodations |   | 501001 | Program | Vacation Rentals Only. Are defined as a unit designed to house multiple occupants such as a lodge or a bunk house |
| Pet fee | 10 | 501000 | Program | All Rec Lodging |
| Damage fee | 10 | 501000 | Program | All Rec Lodging |
| Cancellation fee | 10 | 501000 | Program | All Rec Lodging. Reservation was not cancelled within window |
| No-show fee | 10 | 501000 | Program | All Rec Lodging. equal to one night |
| Cleaning fee | 10 | 501000 | Program | All Rec Lodging. Additional cleaning |
| Vending | 10 | 592000 | Program | All Rec Lodging.  |
| Equipment rental | 10 | 506040 | Program | All Rec Lodging. CAT C equipment rental crib, roll away bed, cots, Movies |
| Pavilion rental | 10 | 506060 | Program | All Rec Lodging.  |
| Security Deposit | 10 | 501000 | Program | All Rec Lodging.  |
| Discount Host  | 10 |  503002 | Program | RV Park only. Camp Host(GL account will be added to new system) |
| Lost Key Fee | 10 | 501000 | Program | All Rec Lodging.  |
| Discount Promo | 10 | 503000 | Program | All Rec Lodging.  |
| Discount Customer Service | 10 | 503000 | Program | All Rec Lodging.  |
| Discount Employee | 10 | 503000 | Program | All Rec Lodging.  |

**Expenses**

|  |  |  |  |
| --- | --- | --- | --- |
| **Recreation Lodging** | **Dept.** | **G/L** | **Notes** |
| LINEN, TOWELS, BEDDING SUPPLIES | 10 | 701004 | All Rec Lodging.  |
| CLEANING TOOLS AND SUPPLIES | 10 | 701005 | All Rec Lodging.  |
| UNIFORM EXPENSE | 10 | 701006 | All Rec Lodging.  |
| CONSUMABLE AMENITIES | 10 | 702000 | All Rec Lodging. shampoo, conditioner, body wash, toothpaste etc. |
| NON CONSUMABLE AMENITIES | 10 | 702001 | All Rec Lodging. irons, iron boards, housewares, dishwashers, microwaves etc.  |

6. CNIC Points of Contacts. N924 Recreational Lodging/Marina Program Manager, Joann Reyes (202)433-4598 (DSN) 288-4598, joann.f.reyes.naf@us.navy.mil or Recreational Lodging Program Analyst, (202) 433-4365, james.d.shepherd40.naf@us.navy.mil.