

1710
PERS-658F
22 Sep 04

From: Commander, Navy Personnel Command

Subj: CIVILIAN MORALE, WELFARE AND RECREATION (CMWR) ACTIVITY
ANNUAL REPORTING REQUIREMENTS

Ref: (a) BUPERSINST 12990.1A
(b) DOD 7000.14-R, Vol. 13
(c) BUPERSINST 5890.1
(d) OPNAVINST 4535.1A

Encl: (1) CMWR Activity Annual Reporting Requirements
Checklist
(2) CMWR Fund Financial Statement
(3) CMWR Annual Assessment and Liability/Bonding
Insurance Requirements and Calculations
(4) CMWR Activity Annual Vending Report - Sample
Letter

1. Per reference (a), commands operating CMWR activities are required to annually submit certified CMWR activity financial statements, payment of CMWR activity annual assessments, liability/bonding insurance payments, and annual vending income reports to Navy Personnel Command (NPC). Regional Commands are responsible for ensuring all required reports and payments from CMWR activities in their area of responsibility are submitted to NPC (PERS-658F). Please use enclosure (1) to ensure all required reports and payments are properly submitted to the following address by **15 November 2004**:

NAVY PERSONNEL COMMAND (PERS-658F)
5720 INTEGRITY DRIVE
MILLINGTON, TN 38055-6580

2. The CMWR Fund Financial Statement is provided in enclosure (2). Enclosure (3) provides the annual assessment and liability/bonding insurance requirements and calculations. Enclosure (4) is a sample letter for the CMWR activity annual vending report. If the CMWR activity has elected to purchase commercial insurance coverage rather than participate in Navy MWR's Self-Insurance Program, a copy of the commercial insurance policy must be provided with report submission.

Subj: CIVILIAN MORALE, WELFARE AND RECREATION (CMWR) ACTIVITY
ANNUAL REPORTING REQUIREMENTS

3. If you have any questions or need assistance in completing the reporting requirements, please contact Mr. John Shaw, CMWR Activities Program Manager, (PERS-658F), at (901) 874-6627 or DSN 882-6627.

R. A. ODOM
By direction

Distribution:

Regional Commands with cognizance over CMWR activities
Commanding Officers administering CMWR activities
Civilian MWR activities

CIVILIAN MWR ACTIVITY ANNUAL REPORTING REQUIREMENTS CHECKLIST

Please remember to include the following with your response:

- CMWR Fund Financial Statement reviewed by Command Evaluation and signed by activity Commanding Officer
- CMWR Activity Annual Vending Report
- CMWR Activity Annual Assessment Check
- CMWR Liability and Bonding Insurance Policy (if commercial insurance is purchased). Minimum liability coverage of \$500,000 per person and \$1,000,000 per occurrence is required. -- **or** --
- CMWR Liability and Bonding Insurance Payment (if elected to participate in Navy MWR's Self-Insurance Program)
- If paying by single check, an itemization of assessment, liability, and bonding payments.

**If you have any questions, please contact Mr. John Shaw,
CMWR Activities Program Manager
at 901-874-6627 or DSN 882-6627.**

CIVILIAN MWR FUND FINANCIAL STATEMENT REQUIREMENTS

The MWR Fund Financial Statement for each Civilian MWR activity (Categories II and IV) must be completed and certified by the Commanding Officer. Consistent with paragraph 3-6 of reference (a), Civilian MWR activities with annual gross revenues greater than \$250,000 require an independent audit by a licensed certified public accountant (CPA) at nonappropriated fund (NAF) expense or by appropriated fund (APF) personnel on a reimbursable basis.

**ANNUAL ASSESSMENT AND LIABILITY/BONDING REQUIREMENTS
AND PAYMENT CALCULATION**

1. Annual Assessment. CMWR activities that do not participate in the NPC Recreation and Mess Central Accounting System (RAMCAS) must submit an annual assessment based upon total revenues generated by the CMWR activity during the fiscal year being reported. CMWR activities with less than \$25,000 in annual revenues are exempt from the annual assessment. Based on the amount entered on line 16 (CASH RECEIPTS) of enclosure (2), annual assessments of CMWR activities are as follows:

<u>TOTAL CASH/REVENUE RANGE</u>	<u>TOTAL ASSESSMENT</u>
\$ 0 - 25,000	\$ 0
\$25,001 - 70,000	\$225
\$70,001 - 85,000	\$275
\$85,001 - 100,000 and over	\$325

2. Property and Liability Insurance. Per references (b) and (c), CMWR activities must maintain property and liability insurance coverage and personnel responsible for the custody of NAFs must be bonded. At a minimum, CMWR activities shall purchase coverage for NAF-purchased furniture, fixtures, and equipment (as recorded on NAF control records), merchandise inventory, NAF-purchased vehicles, and its NAFs and securities. CMWR activities may obtain insurance coverage through a commercial insurance company or coverage may be obtained through Navy MWR's Self-Insurance Program. If the CMWR activity has elected to purchase commercial insurance coverage rather than participate in Navy MWR's Self-Insurance Program, a copy of the commercial insurance binder must be submitted. Please note that the minimum liability coverage of \$500,000 per person and \$1,000,000 per occurrence is required. Typically, insurance purchased through Navy MWR's Self-Insurance Program is less expensive than commercial insurance coverage.

3. Calculating property and liability payment. To establish the cost for NAFI property and liability insurance coverage, the CMWR activity must determine the current (depreciated) value of NAF-purchased furniture, fixtures, equipment, and vehicles, and add that figure to the actual value of merchandise/stock inventory on-hand.

4. Calculating bonding coverage and payment. To determine the amount of bonding insurance, identify the titles of the CMWR activity staff, the number of positions to be covered, and the total amount of bonding sought for each position. CMWR activities are only covered for the amount of bonding insurance purchased and losses greater than that amount must be absorbed by the activity. Therefore, careful consideration should be given to the amount of bonding insurance required by the CMWR activity.

5. Total Activity cost for coverage. Once the property values and bonding insurance requirements have been determined, add them together. This amount represents all of the CMWR activity's insurable assets. Identify the appropriate asset range below and use the corresponding multiplier to determine the CMWR activity's cost for obtaining coverage through Navy MWR's Self-Insurance Program.

a. 0.75% of value of covered assets and revenue for activities equal to or greater than \$1,000,000.

b. 1% of value of covered assets and revenues for activities between \$100,000 and \$999,999.

c. 1.25% of value of covered assets and revenues for activities less than \$100,000.

6. Example. The following example is provided to assist you in calculating your CMWR activity's annual assessment and insurance payments for this fiscal year. For this example, the following fictitious financial data will be used:

- Total cash receipts = \$92,000 (Fund Financial Statement-Line 16)
- Depreciated NAF property (office equipment) = \$2,000
- Current stock inventory = \$2,400
- Bonding insurance is required for two persons who have access to no more than \$5,000 at any time.

a. To determine the correct amount for casualty, liability, and bonding insurance, add together your total cash receipts, the total value of your property and inventory, and the amount of bonding you have determined, which equals \$106,400. Multiply \$106,400 by the corresponding multiplier determined from the appropriate asset range in paragraph 5 above, which is 1% ($\$106,400 \times 1\% = \$1,064$), to determine the amount you owe for insurance. See example in paragraph 6c below.

b. To determine the assessment payment for the activity, take the total cash receipts (Line 16 of the Financial Statement) for the activity (\$92,000) and find the appropriate asset range on the chart in paragraph 1 to determine the amount owed for assessment. Since the amount of \$92,000 fits into the 85K or greater range, the amount due for assessment is \$325. To determine the total amount due, add your insurance and assessment together, which equals \$1,364.00.

c. Example:

Total Cash Receipts (Line 16)		\$92,000
Total NAF property (Equipment/stock inventory)		\$4,400
Bonding (2 persons @ \$5,000)	+	<u>\$10,000</u>
Total Insurable Assets	=	\$106,400
Multiplier (1%)	x	<u>1%</u>
Equals Insurance Premium	=	\$1,064.00
Plus assessment	+	<u>\$325.00</u>
Total Due (Assessment & Insurance)		\$1,389.00

7. Payment. If payment is submitted with one check, please include a breakdown of the assessment, liability, and bonding coverage payments.

**CMWR ACTIVITY ANNUAL VENDING REPORT
SAMPLE LETTER**

Reference (d) requires all Navy CMWR activities receiving vending machine income to submit a year-end fiscal report. This annual report is required whether or not vending machine income is required to be shared with the State Licensing Agency for the blind. All military Services must report this information annually to the Office of the Assistant Secretary of Defense. The following CMWR Activity Annual Vending Report is provided for your use. This document is also available for download by visiting www.mwr.navy.mil/mwrprgms/civilian.htm.

VENDING FACILITY PROGRAM FOR THE BLIND ON FEDERAL PROPERTY
ANNUAL VENDING SUMMARY
--SAMPLE LETTER PART 1--

1700
Code or Serial
Date

From: Commanding Officer
To: Commander, Navy Personnel Command

Subj: VENDING FACILITY PROGRAM FOR THE BLIND ON FEDERAL
PROPERTY

Ref: (a) OPNAVINST 4535.1A

1. Per reference (a), the following information is submitted
for the period of 1 October 2003 through 30 September 2004.

Fiscal Year: _____

Name of Civilian MWR Activity: _____

Name of Installation: _____

Person Responsible for Report: _____

Title: _____

Phone Number: Commercial/DSN _____

E-Mail: _____

Current Blind-Operated Vending Facilities/Machines			
Number of vending facilities currently operated by the blind	Number of associated vending machines	Number of vending facilities disestablished this fiscal year	Reason for disestablishment

**STATE LICENSING AGENCY APPLICATIONS
FOR ESTABLISHMENT OF VENDING FACILITIES ON FEDERAL PROPERTY
--SAMPLE LETTER PART 2--**

State	Applications from State Licensing Agency				
	Number Pending from Prior FY	Received During Current FY	Number Accepted ¹	Number Denied ²	Number Pending End of Current FY

1. Provide separate list of applications approved by location (e.g., building name, installation, city and State).

Building Name	Installation	City	State

2. Provide separate list of applications denied by location (e.g., building name, installation, city and State). Also include reason for denial (e.g., unfeasibility of site, lack of funds, or lack of qualified vendors).

Building Name	Installation	City	State	Reason for Denial

**STATE LICENSING AGENCY APPLICATIONS FOR ESTABLISHMENT OF
CAFETERIAS AND OTHER CONTRACTS ON FEDERAL PROPERTY
--SAMPLE LETTER PART 3--**

State	Applications from State Licensing Agency				
	Number Pending from Prior FY	Received During Current FY	Number Accepted ¹	Number Denied ²	Number Pending End of Current FY

1. Provide separate list of applications approved by location (e.g., building name, installation, city and State).

Building Name	Installation	City	State

2. Provide separate list of applications denied by location (e.g., building name, installation, city and State). Also include reason for denial (e.g., unfeasibility of site, lack of funds, or lack of qualified vendors).

Building Name	Installation	City	State	Reason for Denial

**ANNUAL VENDING MACHINE INCOME
FROM VENDING MACHINES UNDER THE CONTROL OF CMWR
(DOES NOT INCLUDE NAVY EXCHANGE OPERATED/CONTRACTED MACHINES)
--SAMPLE LETTER PART 4--**

VENDING MACHINE INCOME									
A	B	C	D	E	F	G	H	I	J
State	Net Income	Total Amount Excluded from \$3,000 Minimum (indirect competition)	Amount Subject to Sharing with State Licensing Agency	Share Formula (50%, 30%, 10%, etc.)	Keep Formula (50%, 70%, 90%, etc.)	Amount Shared with State Licensing Agency	Amount Retained	Amount Disbursed to State Licensing Agency	Amount Pending Disburse- ment to State Licensing Agency
	\$	\$	\$	%	%	\$	\$	\$	\$
	\$	\$	\$	%	%	\$	\$	\$	\$
	\$	\$	\$	%	%	\$	\$	\$	\$
	\$	\$	\$	%	%	\$	\$	\$	\$

Example

VA	\$54,000	\$2,500	\$51,500	30%	70%	\$15,450	\$36,050	\$9,400	\$6,050
VA	\$10,000	\$500	\$9,500	100%	0%	\$9,500	0	\$9,000	\$500
VA	\$5,000	0	\$5,000	50%	50%	\$2,500	\$2,500	\$2,500	0
VA	\$3,500	\$1,000	\$2,500	15%	85%	\$375	\$2,125	0	\$375

If this is filled out correctly the following equations will be true:

$$B = C + G + H$$

$$D = B - C$$

$$F = 100\% - E$$

$$H = F \text{ of } D$$

$$B = C + H + I + J$$

$$D = G + H$$

$$G = E \text{ of } D$$

$$J = G - I$$

INSTRUCTIONS FOR COMPLETING PART 4

- Column A: State** - Enter the State in which the revenue is collected.
- Column B: Net Income** - Record total receipts collected from vending machine operations, including commissions paid by a commercial vending concern which operates vending machines on installation property. Deduct the cost of goods sold (including reasonable service and maintenance costs). This should be the amount of profit made after all fees are deducted. **DO NOT INCLUDE RECEIPTS FROM RANDOLPH-SHEPPARD ACT VENDING MACHINE FACILITIES OPERATED BY LICENSED BLIND VENDORS OR ANY COMMISSIONS PAID BY A BLIND VENDOR. DO NOT INCLUDE ANY RECEIPTS FROM VENDING MACHINES OPERATED BY OR FOR THE NAVY EXCHANGE.**
- Column C: Total Amount Excluded from \$3,000 Minimum** - Record total amount of \$3,000 exclusion taken from vending machine operations at locations, installation or facility not in direct competition with a blind-operated vending facility.
- Column D: Amount Subject to Sharing with State Licensing Agency**
Record the dollar amount of net income subject to sharing with the State licensing agency (i.e., column B minus column C).
- Column E: Share Formula (50%, 30%, 10%, etc.)** - Record the percentage of the amount subject to sharing that must be shared. The vending machine income-sharing requirements are as follows:
1. One hundred percent of the vending machine income from vending machines in direct competition with blind-operated vending facilities will be provided to the State-licensing agency.
 2. Fifty percent of the vending machine income from vending machines not in direct competition with blind-operated vending facilities will be provided to the State-licensing agency.

INSTRUCTIONS FOR COMPLETING PART 4 (CONT'D)

3. Thirty percent of the vending machine income from vending machines not in direct competition with blind-operated vending facilities, and located where at least 50 percent of the total hours worked on the premises occurs during other than normal working hours will be provided to the State licensing agency.
4. Some States have special agreements as to the percent shared and kept. If that is the case, enter those percents in place of the 100, 50 or 30 percent.

NOTE: If some locations on your installation are subject to different sharing percentages than other locations, enter them on separate lines. For example, if there are locations that have to share 50% and locations that have to share 30 percent, group all the 50 percent locations on one line and all the 30 percent locations on another line. This is the only way to make the formulas come out correctly and ensure accuracy.

Column F: Keep Formula (50 percent, 70 percent, 90 percent, etc.) - Record the percentage of the amount subject to sharing that does not have to be shared. To get this percentage subtract the percent you must share in Column E from 100 (e.g., 30 percent shared means 70 percent not shared).

Column G: Amount Shared with State Agency for the Blind - Record the dollar amount resulting from the percentage shared (i.e., column E of Column D). If Column E were 30 percent and Column D were \$100, Column G would be \$30.00.

Column H: Amount Retained - Record the dollar amount retained, i.e., Column F of Column D). If Column F were 70 percent and Column D were \$100, Column H would be \$70.

Column I: Amount Disbursed to State Licensing Agency - Record the amount that has been distributed during the year to the State licensing agency to date.

INSTRUCTIONS FOR COMPLETING PART 4 (CONT'D)

Column J: Amount Pending Disbursement to State Licensing Agency
- Record the amount due the State licensing agency
for the year but has not yet been distributed