

# Worksheet 2.3

## The Cases' Annual Cash Budget by Month

The Cases' annual cash budget shows several months in which substantial cash deficits are expected to occur; they can use this information to develop plans for covering those monthly shortfalls.

ANNUAL CASH BUDGET BY MONTH													
Name(s) <u>Bob and Cathy Case</u>													
For the <u>Year</u> Ended <u>December 31, 2011</u>													
INCOME	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Total for the Year
Take-home pay	\$4,775	\$4,775	\$4,775	\$4,965	\$4,965	\$5,140	\$5,140	\$5,140	\$5,140	\$5,140	\$5,140	\$5,140	\$60,235
Bonuses and commissions						1,350						1,300	2,650
Pensions and annuities													
Investment income			50			50			50			50	200
Other income													
(I) Total Income	\$4,775	\$4,775	\$4,825	\$4,965	\$4,965	\$6,540	\$5,140	\$5,140	\$5,190	\$5,140	\$5,140	\$6,490	\$63,085
EXPENSES	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Total for the Year
Housing (rent/mgtg., repairs)	\$1,185	\$1,485	\$1,185	\$1,185	\$1,185	\$1,185	\$1,185	\$1,185	\$1,185	\$1,185	\$1,185	\$1,185	\$14,520
Utilities (phone, elec., gas, water)	245	245	245	175	180	205	230	245	205	195	230	250	2,650
Food (home and away)	696	696	696	696	696	696	696	696	696	696	696	696	8,352
Transportation (auto/public)	370	620	370	355	370	370	575	370	370	450	370	370	4,960
Medical/dental, incl. insurance	30	30	30	30	30	45	30	30	30	30	30	30	375
Clothing	150	150	470	200	200	200	300	500	200	300	300	300	3,270
Insurance (life, auto, home)				660	1,598					660	1,598		4,516
Taxes (property)		550						550					1,100
Appliances, furniture, and other (purchases/loans)	60	60	60	60	60	60	60	60	60	60	60	60	720
Personal care	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Recreation and entertainment	250	300	3,200	200	200	300	300	200	200	200	200	2,050	7,600
Savings and investments	575	575	575	575	575	575	575	575	575	575	575	575	6,900
Other expenses	135	250	235	135	410	180	135	285	245	135	605	385	3,135
Fun money	230	230	230	130	230	230	230	230	230	230	230	230	2,660
(II) Total Expenses	\$4,026	\$5,291	\$7,396	\$4,501	\$5,834	\$4,146	\$4,416	\$5,026	\$4,096	\$4,816	\$6,179	\$6,231	\$61,958
CASH SURPLUS (OR DEFICIT) [(I)-(II)]	\$ 749	\$ (516)	\$ (2,571)	\$ 464	\$ (869)	\$ 2,394	\$ 724	\$ 114	\$ 1,094	\$ 324	\$ (1,039)	\$ 259	\$ 1,127
CUMULATIVE CASH SURPLUS (OR DEFICIT)	\$ 749	\$ 233	\$ (2,338)	\$ (1,874)	\$ (2,743)	\$ (349)	\$ 375	\$ 489	\$ 1,583	\$ 1,907	\$ 868	\$ 1,127	\$ 1,127

## Estimating Expenses

The second step in the cash budgeting process is by far the most difficult: preparing a schedule of estimated expenses for the coming year. This is usually done using actual expenses from previous years (as found on income and expense statements and in supporting information for those periods), along with predetermined short-term financial goals. Good financial records, as discussed earlier, make it easier to develop realistic expense estimates. If you do not have past expense data, you could reexamine old checkbook registers and credit card statements to approximate expenses, or take a "needs approach" and attach dollar values to projected expenses. Pay close attention to expenses associated with medical disabilities, divorce and child support, and similar special circumstances.

Whether or not you have historical information, when preparing your budget be aware of your expenditure patterns and how you spend money. After tracking your expenses over several months, study your spending habits to see if you are doing things that should be eliminated. For example, you may become aware that you are going to the ATM too often or using credit cards too freely.