Worksheet 2.4 The Cases' Budget Control Schedule for January, February, and March 2011

The budget control schedule provides important feedback on how the actual cash flow is stacking up relative to the forecasted cash budget. If the variances are significant enough and/or continue month after month, the Cases should consider altering either their spending habits or their cash budget.

BUDGET CONTROL SCHEDULE

Name(s) Bob and Cathy Case

For the 3 Months Ended March 31, 2011

	Month:	January			Month:	February			Month:	March		
INCOME	Budgeted Amount (1)	Actual (2)	Monthly Variance (3)	Year-to-Date Variance (4)	Budgeted Amount (5)	Actual (6)	Monthly Variance (7)	Year-to-Date Variance (8)	Budgeted Amount (9)	Actual (10)	Monthly Variance (11)	Year-to-Date Variance (12)
Take-home pay	$4,775	$ 4,792	$ 17	$ 17	$4,775	$4,792	$ 17	$ 34	$ 4,775	$ 4,792	$ 17	$ 51
Bonuses and commissions			0	0								0
Pensions and annuities			0	0								0
Investment income			0	0					50	46	(4)	(4)
Other income			0	0								0
(I) Total Income	$4,775	$ 4,792	$ 17	$ 17	$4,775	$4,792	$ 17	$ 34	$ 4,825	$ 4,838	$ 13	$ 47
EXPENSES												
Housing (rent/mtge., repairs)	1,185	1,185	0	0	1,485	1,485	0	0	1,185	1,185	0	0
Utilities (phone, elec., gas, water)	245	237	(8)	(8)	245	252	7	(1)	245	228	(17)	(18)
Food (home and away)	696	680	(16)	(16)	696	669	(27)	(43)	696	571	(125)	(168)
Transportation (auto/public)	370	385	15	15	620	601	(19)	(4)	370	310	(60)	(64)
Medical/dental, incl. insurance	30	0	(30)	(30)	30	45	15	(15)	30	0	(30)	(45)
Clothing	150	190	40	40	150	135	(15)	25	470	445	(25)	0
Insurance (life, auto, home)	0	0	0	0	0	0	0	0	0	0	0	0
Taxes (property)			0	0	550	550	0	0	0	0	0	0
Appliances, furniture, and other (purchases/loans)	60	60	0	0	60	60	0	0	60	60	0	0
Personal care	100	85	(15)	(15)	100	120	20	5	100	75	(25)	(20)
Recreation and entertainment	250	210	(40)	(40)	300	290	(10)	(50)	3,200	3,285	85	35
Savings and investments	575	575	0	0	575	575	0	0	575	575	0	0
Other expenses	135	118	(17)	(17)	250	245	(5)	(22)	235	200	(35)	(57)
Fun money	230	200	(30)	(30)	230	225	(5)	(35)	230	230	0	(35)
(II) Total Expenses	$4,026	$ 3,925	$ (101)	$ (101)	$5,291	$5,252	$ (39)	$ (140)	$ 7,396	$ 7,164	$ (232)	$ (372)
											0	0
CASH SURPLUS (OR DEFICIT) [(I) – (II)]	$ 749	$ 867	$ 118	$ 118	$ (516)	$ (460)	$ 56	$ 174	$ (2,571)	$ (2,326)	$ 245	$ 419
CUMULATIVE CASH SURPLUS (OR DEFICIT)	$ 749	$ 867		$ 118	$ 233	$ 407		$ 174	$ (2,338)	$ (1,919)		$ 419

Key: Col. (3) = Col. (2) – Col. (1); Col. (7) = Col. (6) – Col. (5); Col. (11) = Col. (10) – Col. (9); Col. (4) = Col. (3); Col. (8) = Col. (4) + Col. (7); Col. (12) = Col. (8) + Col. (11).

LG6 THE TIME VALUE OF MONEY: PUTTING A DOLLAR VALUE ON FINANCIAL GOALS

Assume that one of your financial goals is to buy your first home in 6 years. Then your first question is how much do you want to spend on that home. Let's say you've done some "window shopping" and feel that, taking future inflation into consideration, you can buy a nice condominium for about $200,000 in 6 years. Of course, you won't need the full amount, but assuming that you'll make a 20% down payment of $40,000 (0.20 × $200,000 = $40,000) and pay $5,000 in closing costs, you'll need $45,000. You now have a fairly well-defined long-term financial goal: *To accumulate $45,000 in 6 years to buy a home costing about $200,000.*

The next question is how to get all that money. You'll probably accumulate it by saving or investing a set amount each month or year. You can easily estimate how much to save or invest each year if you know your goal and what you expect to earn