

San Diego Miramar College
Business 120 *Personal Financial Management*
Dr. Duane Short

COMPREHENSIVE BUDGET INSTRUCTIONS

Step 1

Open the “Financial Worksheets” Excel document and click on the “Comprehensive Budget” tab at the bottom of the screen.



Step 2

Enter your name and the date at the top of the spreadsheet under the “Comprehensive Monthly Budget” title.

Type	Description	History
Gross Income	Wages (gross)	\$3,900
Gross Income	Tips	\$104

Step 3

Review the “Historical” column for each of the budget items in the worksheet. These are the average monthly amounts of each budget item for the past year, as determined by your cash flow statement. Notice that the description of each budget line item comes from the lists you entered in the cash flow statement. Review the list to see if it appears accurate. If you need to make corrections to the budget item descriptions, do so by clicking on the “Cash Flow” tab at the bottom of the screen and making the changes to the cash flow statement. Your changes will then automatically appear on this sheet and will also be already on your cash flow statement when it comes time to create a new one for the next year.

[Enter the month here]					
Type	Description				
Gross Income	Wages (gross)				
Gross Income	Tips				
Gross Income	Interest and dividends				
Gross Income	[Enter other as needed]				
Gross Income	[Enter other as needed]	\$0			
Gross Income	[Enter other as needed]	\$0			
Gross Income		\$4,009	\$0	\$0	
Income Withholdings	Federal income tax	\$702			
Income Withholdings	State income tax	\$19			
Income Withholdings	Social Security tax	\$60			
Income Withholdings	Medicare tax	\$33			
Income Withholdings	[Enter other as needed]	\$0			

Check the descriptions and make any corrections on the cash flow statement

Step 4

Consider any new information that may change your expectations about your income or expenses in the future. (You may not have any new information right now if this is your first time creating a comprehensive budget, but you will in the future.) New information includes “micro” factors such as changes in your family structure, health, career, and age. It also might include “macro” factors such as the employment cycle, changes in the unemployment rate, or economic factors such as inflation. This new information should be used to adjust your historical budget information when creating your new budget. You’ll do this in the next step.

Step 5

Using the information in the “Historical” column as well as your expectations about changes to your income or expenses, enter a monthly budgeted amount for each item on the worksheet. As you do this, please keep in mind what we learned during this module about the importance of conservative budgeting and the reasons budgets fail. Also, please enter \$0 in the “budgeted” column of all items you are not budgeting for (in other words, do not leave blank cells; instead enter \$0).

Type	Description	Historical	Budgeted	Actual
Gross Income	Wages (gross)	\$3,900	\$3,900	
Gross Income	Tips	\$104	\$60	
Gross Income	Interest and dividends	\$5		
Gross Income	[Enter other as needed]	\$0		
Gross Income	[Enter other as needed]	\$0		
Gross Income	[Enter other as needed]	\$0		
Gross Income		\$4,009		

Enter your monthly budgeted amount for each budget item

Step 6

Note that you may have at least one budget item with a historical amount of \$0. That’s the new savings goal you created and entered into your cash flow statement in the last module, if you created a goal for something other than retirement. (You may have other budget items with a historical amount of \$0 as well.) Click on the “Savings Goal” tab at the bottom of the screen to review the monthly savings required to meet your savings goal, then enter this amount in the “Budgeted” column for the appropriate budget item. Do the same for any other new budget items.

Type	Description	Historical	Budgeted	Actual
Savings/Investment	Cash Reserves	\$50		
Savings/Investment	Savings for a mountain bike	\$0		
Savings/Investment	[Enter other as needed]	\$0		
Savings/Investment	[Enter other as needed]	\$0		

Enter the monthly savings required to meet your new goal

Step 7

Review the amounts listed in the “Total Surplus (Deficit)” row at the bottom of the spreadsheet. A surplus means you have extra income that has not been allocated in the budget. You can use this income to increase spending or to add to your savings/investments. A deficit means you have more budgeted expenses and saving/investments than you have income. In the short term you can finance this deficit by drawing from your savings/investments or by borrowing money from others (like credit cards or short term loans), but those solutions are likely to make your financial situation worse in the future. Instead, consider ways to reduce your spending. Please revisit the “Activities” section in Module 5 for ideas about how to do this.

Step 8

Bearing in mind the principles of conservative budgeting, make any needed adjustments to your budget items in order to balance your budget. (If you can’t balance your budget, then you can leave it unbalanced, but recognize that this will probably put you in a worse financial situation in the future.)

Step 9

You’re done entering data! Over the next few weeks you will track your spending and then revisit your budget to compare your actual income and spending amounts against your budgeted amounts. For now, please save the spreadsheet to your computer or electronic storage device and then upload it to the Module 5 Exercise page in Blackboard.