

## Chapter 2 - Budget Maintenance

Every time a transaction is made it needs to be recorded into a ledger-type system. For example, when using a checkbook, recording information is often performed at the checkout line. If credit or debit cards are used the information will be recorded at home. With the advancement of technology the checkbook is being used less and less due to the ability to utilize online banking and mobile apps. This allows people manage their transactions via software tools or through a spreadsheet without necessarily write down items in a traditional ledger.

The main challenge after creating the right budget is not so much tracking the known payments especially those that are auto-debited rather they are the items that are classified in the spending category. Being this category is for *free-form spending* (money to spend without a designated category) they have to be treated as a budget within a budget. Items can be tracked in the standard budget or via a separate ledger as the amount of transactions can be in the dozens in a given month. If transactions are overlooked and not recorded, this is where problems begin. A budget has only so much room for error and if overspending occurs the spending money category will be reduced or other items such as savings vehicles would be impacted.

### 2.1 Inflows and Outflows

Tracking a budget is performing *simple accounting principles* - If money is withdrawn from the bank account it has to be withdrawn from a ledger and it needs to coincide with the budget plan. It is easy to perform 200 transactions each month depending on the size of the budget consequently, recording information should be done at minimum, every few days.

*Payment method* → *Bank records transaction* → *Record in budget*

Ate at the restaurant  
for \$100 and paid  
with debit card.

Current Balance \$2,500  
**Dining Out** -\$100  
Remaining Balance \$2,400

Item	Projected	Actual
<b>Dining Out</b>	100	100

### Managing Monthly Payments

The more transactions that occur each month the likelihood increases for a potential error to occur. Jasper needs to watch out for the following items:

#### *Confirming payments*

First and foremost, paying bills on time prevents late fees. The easiest way to complete these is for Jasper to set up automatic payments to creditors. This can be performed through a business's web site such as the electric company or through the Jasper's bank online. However, not all transactions are executed through that medium; the local doctor is a common example of a business that will send a bill for payment to be mailed or called in for payment with a debit or credit card.

#### *Overcharges*

It easy to click an online payment button or write a check and not look at the amount that being authorized. In the cases where the bills are fixed, this is shouldn't occur as someone is automatically performing the transaction. However, items that may every month such as the cell phone bill, mistakes are more prevalent. Although the budget for such items tracks the average

amounts, before Jasper pays anyone he should validate the budget list to align it with the information on the bills and then investigate any discrepancies.

**Items over and under the Projected Amount**

A positive thing to watch out for are for items that didn't cost as much as the budget projected. These items can vary depending in the budget plan namely gasoline, utility bills and groceries. If items are under budget, it leaves more money under the cap to spend. On the flipside, items can come in over the projected amount which is a main reason for the Supplemental account to house money that is under project and to pay into the budget when items are over the project amount. The expenses that should be binned to Supplemental for service items such as utilities and cell phone and cable rather than items where the spending is optional where spending can be directly decided on by Jasper. Examples of this include dining out and groceries; he doesn't have to eat out or he can curb spending on groceries as he wishes.

**2.2 Adding the Tracking Columns**

When tracking all of this information a **Projected** column needs to be added which is the “budgeted” amounts. In addition, a **Remain** column has been added that tracks shortages and overages.

Bill Name	Project	Actual	Remain
Dining Out	100	65	-35
Groceries	85	80	-5
Phone Bill	85	90	+5
Total	270	235	+35

At this point Jasper’s budget spreadsheet is shaping up as every transaction will be recorded properly however, the last item that needs attention is managing the Spending money which is at \$703. The most comprehensive method to manage the spending money is to create a separate spreadsheet to track the \$703. (Some software programs can perform this task as well) The simple rule is that if an expense is not on the master budget list, then it is considered a spending item. Every time a transaction is made, it is recorded against the \$703 to keep a running total of what's left until it reaches a zero balance. Executing this is a matter of recording all of the items under \$703 cell and from there the software program perform the subtractions.

Leftovers	Amount
Spending Money	703
Flowers	-52
Baseball Game	-75
Car Wash	-8
Current Balance	568

The drawback to this plan is tracking the transactions can be cumbersome as it is a budget within a budget. Some people like to track transactions for the entire budget to know where money is being allocated to. For example, tracking dining out habits may reveal information that may lead to a change in that spending. Often when looking a year’s worth of spending it will prompt change in the budgeting choices which is the benefit of the tracking exercise. If Jasper chooses not to track the spending habits then a separate ledger is not necessary. Therefore, sticking to the

same criteria, that if an item is not on the master list then it is a leftover item, simply subtract money as it comes out. Then using the *Remain* column will reveal cash availability. So from the withdrawals from TABLE XX the *Flowers are at \$52, Baseball Game \$75 and Car Wash \$8*, equaling a total of \$135 which will simply be added to the actual column.

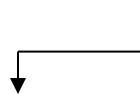
Item	Project	Actual	Remain	Due	Sent	Posted	Check/Receipt
Mortgage/Rent	\$861	\$861	\$0	8/15	8/1	8/8	X32S
Spending	<b>\$703</b>	<b>\$135</b>	<b>\$568</b>	N/A	N/A	N/A	N/A
Student Loan	\$300	\$300	\$0	8/15	8/5	8/6	125

### 2.3 Tracking Bills with the Credit Card

One of the most dangerous things when managing a budget is when paying expenses with a credit card. Mistreat it and feeling its negative effects can last for months to years. Using a credit card it can as be beneficial for many reasons. One is that credit card companies are generally flexible about removing mistakes or items on the card that were not intended to be there. This may arise when a company charged for something that wasn't authorized or the card was lost and someone ran up charges. Another reason is that companies offer rewards to customers in the form of discounts for services in addition to cash back cards on based on percentage of purchases or cards that offer airline miles for travel.

When it comes to paying bills with a credit card, it requires extreme discipline for when it is used money is added to that balance whereas with a debit card the money is withdrawn immediately. When paying for expenses by way of credit card it requires an additional line to be added to the budget. When a transaction is recorded on the credit card the affected line items in the budget are treated as normal in terms of the amounts applied to it meaning if \$100 was applied on the credit card for the Spending money category it needs to be reduced by \$100. At the same time the "Credit Card" line item increases and becomes a payable bill. This balances out the inflow and outflow. Therefore, when the numbers are modified, they're considered as a "*wash*" (when a transaction is balanced out with a credit and debit therefore, does not affect the Gain/Loss in the budget). In the table below, the leftovers had \$100 applied to it as well as the car payment and child care at \$300 respectively. From there the actual column is modified and the \$700 is pushed to the Credit Card column.

Bill Name	Project	Actual	Remain	Due Date	Sent	Posted
Spending	\$703	\$100	<i>\$603</i>	8/1	7/30	Credit card
Student Loan	\$300	\$300	\$0	8/8	8/5	Credit card
Child Care	\$300	\$300	\$0	8/3	8/2	Credit card



Bill Name	Project	Actual	Remain	Due Date	Sent	Posted
Credit Card	\$700	<b>\$0</b>	\$700	8/1	7/30	8/1

The Project column for the credit card is really a running total due to the fact determining a fixed amount each month is difficult to predict. The actual column is what has been paid at the given moment because more than one payment may be applied during a month.

## 2.4 Managing Bill Due Dates

Like many things constructing a plan on a paper is not always what occurs when practicing it. With budgeting it is not always as cut and dry when explained in book-form. Jasper's budget scenario is based on receiving checks on a biweekly basis however, when paying bills situations may arise when there is more money due than income that has been received. To manage this, Jasper needs to perform a deep dive to assess when bills are actually due to manage cash flow.

Bill Name	Amount	Due Date
Mortgage/Rent	\$861	8/1
Spending	\$703	N/A
Credit Card	\$0	8/23
Student Loan	\$300	8/15
Child Care	\$300	8/3
Groceries	\$250	N/A
Cable Bill	\$115	8/15
Cell Phone	\$115	8/1
Auto Insurance	\$105	8/1
Dining Out	\$100	8/1
Gasoline/Transit	\$85	8/1
Furniture (financed)	\$65	8/1
Bowling	\$55	8/1
Gas Utility	\$50	8/1
Electric Utility	\$50	8/1
Credit Card (fin)	\$50	8/1
Home Phone	\$45	8/1
Computer (no interest)	\$33	8/1
Health Club	\$30	8/1
Doctor Appointments	\$30	8/1
Memberships	\$26	N/A
Hair Cut	\$25	N/A
Life Insurance	\$10	N/A
<b>Supplement</b>		
Trash Service	\$15	N/A
Vitamins	\$10	N/A
Oil Change	\$10	N/A
<b>Other</b>		
Emergency Fund	\$460	N/A
Savings	\$200	N/A
Miscellaneous	\$165	N/A
Rainy Day	\$115	N/A
College Fund	\$100	N/A

On the whole bills are due at various times during the month. In Jasper's case this the budget states a total of \$1,974 in bills are due (not including Spending money) on 8/1 and the take home pay is \$2,239 for the biweekly schedule. His next paycheck may not come before all of his bills are due which presents a problem.

*(For terms of this exercise, the Jasper's budget is taken from the premise that is created from scratch however, it is important to note when starting a budget some upfront cash flow may be required which may take away money slated for savings vehicles in order to have enough cash flow to pay expenses)*

The best way to mitigate this is to know when the bills are actually due. For example, it is standard in the industry that mortgage payments are due on the first of the month yet it is not considered late until the 16<sup>th</sup> of each month. That would free up \$861 or 31.4% (\$861/\$2,735) of his income to pay off other bills. The key is to read the billing statements to be accurate as shown in the figure below that reveals when the payment is considered late.

<b>ABC Child Care</b> Service from Jan 1 <sup>st</sup> to Jan 31 <sup>st</sup>		<i>Today's Date: February 6, 2012</i>	
DESCRIPTION	DUE DATE	LATE FEE AFTER	AMOUNT
Child Care	February 2nd	February 12th	\$300

In the above figure the due date should be February 2<sup>nd</sup> however, the actual time that it is considered late is February 12<sup>th</sup>. It is common for many bills to be due at the beginning and ending of a month but it is not a standard. By performing this analysis it will leave breathing room for Jasper to maintain cash flow and reduce pressure of paying bills all at once. Additionally, all of his Supplemental and Savings vehicles total \$1,040 which can be paid at any time, as they technically have no due date.

### **2.5 Carry over Bills and Automatic Bill Pay**

Just about every bill has at least a week grace period before it is considered late. This is where utilizing online bill pay from the bank is an extremely useful tool. Rather than waiting for checks to clear in the mail, bills can be paid when desired. In the Figure above, the due date is February 2<sup>nd</sup> however, the budget calls for money through the end of the prior month (January) meaning cash will more than likely be depleted. Therefore, setting up a bill pay through the bank for as late as February 12<sup>th</sup> maintains cash flow. If cash flow is a problem another method to aid the effort is to pay the Supplemental items in arrears. This is acceptable as they don't have a due date. Seeing that cash is needed to pay the bills that have a due date in the current month, in the following month enough money will be available to pay those items off. In the bimonthly \$2,239 paycheck scenario, when the first check arrives, all of the Savings items can be paid from the prior month. In this scenario, the supplemental line items from the prior month have to be carried over to the new month. The caveat is that these carry over bills cannot go into more than one month otherwise this means the bills are not getting paid and savings are not accumulating.

Bill Name	Jan	Feb
Emergency Fund	\$460	\$920
Savings	\$200	\$400
Misc/Unforeseen	\$165	\$330
Rainy Day	\$115	\$230
College Fund	\$100	\$200

## 2.6 The Master Budget List

The most simplest and efficient method for maintaining the budget is to track income, transfer money between accounts and pay bills, through the Internet. All the information is at the fingertips. When auto payment is created for bill paying then there is no need for a “Sent” column in the budget, rather just a “Due” and “Paid” columns. (Checks appear online as well) Once all of the bills are in place then it is time keep the budget simple and to add the income and the expenses going for tracking. The Table below represents Jasper’s complete budget made from scratch.

Bill Name	Project	Actual	Remain	Due	Paid	Income	
Mortgage/Rent	\$861		\$861	8/15		Check 1	\$2,239
Spending	\$703		\$701	N/A	N/A	Check 2	\$2,239
Student Loan	\$300		\$300	8/15			
Child Care	\$300		\$300	8/3		Income / Expenses	
Groceries	\$250		\$250	N/A		To Deposit	\$4,478
Cable Bill	\$115		\$30	8/14		In Account	\$0
Cell Phone	\$115		\$115	8/1		Sub Total	\$4,478
Auto Insurance	\$105		\$105	8/8		Remain	\$4,478
Dining Out	\$100		\$100	N/A	N/A	Gain/Loss	\$0
Gas/Transit	\$85		\$85	N/A	N/A		
Furniture (fin)	\$65		\$65	8/1			
Bowling	\$55		\$55	8/12			
Gas Utility	\$50		\$50	8/1			
Electric Utility	\$50		\$50	8/12			
Credit Card (fin)	\$50		\$50	8/1			
Home Phone	\$45		\$45	8/12			
Computer (no int)	\$33		\$33	8/23			
Health Club	\$30		\$30	8/11			
Doctor Appts	\$30		\$30	N/A	N/A		
Memberships	\$26		\$26	N/A	N/A		
Hair Cut	\$25		\$30	N/A	N/A		
Life Insurance	\$10		\$10	N/A	N/A		
<b>Supplement</b>							
Trash Service	\$15		\$15	N/A	N/A		
Vitamins	\$10		\$10	N/A	N/A		
Oil Change	\$10		\$10	N/A	N/A		
<b>Other</b>							
Emergency	\$460		\$460	N/A	N/A		
Savings	\$200		\$200	N/A	N/A		
Miscellaneous	\$165		\$165	N/A	N/A		
Rainy Day	\$115		\$115	N/A	N/A		
College Fund	\$100		\$100	N/A	N/A		

The budget sheet Table below includes the Spending line item which has incurred transactions which are tracked in a separate spreadsheet. The actual reductions come from the Spending line item as a whole. Some prefer to *only* subtract money from Spending when a transaction *does not*

apply to any item in the spreadsheet and do not create line items to representing the information. When tracking Spending items, the projected and actual columns are filled in simultaneously as these items are not based on projected amounts. Doing this it creates a “wash” (balances out the transaction where and does not affect the Gain/Loss in the budget).

Bill Name	Project	Actual	Remain	Due	Paid	Income	
Mortgage/Rent	\$861		\$861	8/15		Check 1	<b>1</b>
Spending <b>2</b>	\$703	\$135	<b>\$568</b>	N/A	N/A	Check 2	\$2,239
Car Payment	\$300		\$300	8/15		Rebate Chk	\$50
Child Care	\$300		\$300	8/3			
Groceries	\$250		\$250	N/A		Income / Expenses	
Cell Phone	\$115		\$115	8/1		To Deposit	\$2,289
Auto Insurance	\$105		\$105	8/8		In Account	\$2,014
Dining Out	\$100		\$100	N/A		Sub Total	\$4,303
Student Loan	\$85		\$85	8/15		Remain	\$4,273
Gas/Transit	\$85		\$85	N/A		Gain/Loss	\$30
Furniture (fin)	\$65		\$65	8/1			
Bowling <b>3</b>	\$55	\$38	<b>\$17</b>	8/1	8/1		
Gas Utility	\$50		\$5	8/1			
Electric Utility	\$50		\$8	8/1			
Credit Card (fin)	\$50		\$50	8/1			
Home Phone	\$45	\$32	<b>\$13</b>	8/12	8/12		
Computer (fin)	\$33		\$33	8/23			
Health Club	\$30		\$30	8/11			
Doctor Appts	\$30		\$30	N/A			
Cable Bill	\$30		\$30	8/14			
Memberships	\$26		\$26	N/A	N/A		
Hair Cut	\$25		\$25	N/A			
Life Insurance	\$10		\$10	N/A	N/A		
<b>Contacts</b> <b>4</b>	\$20	\$20	<b>\$0</b>	8/1	8/1		
<b>Supplement</b>							
Trash Service	\$15		\$15	N/A	N/A		
Vitamins	\$10		\$10	N/A	N/A		
Oil Change	\$10		\$10	N/A	N/A		
<b>Other</b>							
Emergency	\$460		\$460	N/A	N/A		
Savings	\$200		\$200	N/A	N/A		
Miscellaneous	\$165		\$165	N/A	N/A		
Rainy Day	\$115		\$115	N/A	N/A		
College Fund	\$100		\$100	N/A	N/A		

## 2.7 Inflow and Outflow Scenarios in the Budget

It is important to note that unexpected items will appear often throughout a year as shown in Area 4 for the contact lenses. Simply adding a line to the spreadsheet will create tracking to follow payment for it or it can be absorbed by the Spending money, Miscellaneous or other bills come in under the projected amount. The following scenario for Areas 1-4 represents common undertakings that will occur during Jasper's monthly budgeting cycle.

Income	
Check 1	1
Check 2	\$2,239
Rebate Chk	\$50
Income / Expenses	
To Deposit	\$2,289
In Account	\$2,014
Sub Total	\$4,303
Remain	\$4,273
Gain/Loss	\$30

### Area # 1

Check 1		\$2,239 (Check 1) was added to the bank account
Check 2	\$2,239	Not received yet
Rebate Chk	\$50	Rebate check added to the projected income

### Result:

Income / Expenses		
To Deposit	\$2,289	To Deposit increases by \$50 which increases Sub Total
In Account	\$2,239	In Account increases from \$0 to \$2,239
Sub Total	\$4,528	Sub Total increases from \$4,478 to \$4,528
Remain	\$4,478	Remain column is unchanged
Gain/Loss	\$50	Increases by \$50



Spending	2	\$703	\$135	\$568
Car Payment		\$300		\$300
Child Care		\$300		\$300
Groceries		\$250		\$250
Cell Phone		\$115		\$115
Auto Insurance		\$105		\$105
Dining Out		\$100		\$100
Student Loan		\$85		\$85
Gas/Transit		\$85		\$85
Furniture (fin)		\$65		\$65
Bowling	3	\$55	\$38	\$17
Gas Utility		\$50		\$5
Electric Utility		\$50		\$8

**Area # 2 & 3**

Area 2 – Spending	\$135 withdrawn	A total of \$205 withdrawn
Area 3 - Bowling (\$55)	\$38 withdrawn	
Area 3 - Home Phone (\$45)	\$32 withdrawn	



**Result:**

Income / Expenses			
To Deposit	\$2,289	Unchanged	In account decreases by \$205 which balances the account
In Account	\$2,034	In Account decreases from \$2,239 to \$2,034	
Sub Total	\$4,323	Sub Total decreases from \$4,528 to \$4,323	
Remain	\$4,273	Remain column decreases from \$4,478 to \$4,273	
Gain/Loss	\$50	Unchanged	

<b>Contacts</b>	<b>4</b>	<b>\$20</b>	<b>\$20</b>	<b>\$0</b>
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**Area # 4**

Contacts	\$20	\$20 withdrawn
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**Result:**

Income / Expenses			
To Deposit	\$2,289	Unchanged	Contacts were an unexpected item requiring another source to cover the cost
In Account	\$2,014	In Account decreases from \$2,034 to \$2,014	
Sub Total	\$4,303	Sub Total decreases from \$4,323 to \$4,303	
Remain	\$4,283	Remain column is unchanged	
Gain/Loss	\$30	Reduced from \$50 to \$30	

In this scenario there was an additional \$50 due to the check rebate and so the additional funds available absorbed the contacts at \$20. The cells highlighted in green in areas 2, 3 & 4 reflect that these bills have been closed out for the month. At this juncture bowling, gas and electric

utilities came in under budget at combined total of \$30. When all bills are paid for the entire month, the expenses that came under budget are free to use in any area or to spend freely.

## 2.8 Closing down a Month

In this scenario Jasper's budget was actualized at a loss; the Miscellaneous category can be tapped into to offset this and balance the budget. In addition, any funds in the Miscellaneous category contained in the Supplemental account from a prior month are available to pay for items as well. This is the antithesis of why the category exists. From here Jasper needs to analyze the areas that require attention to balance it.

Bill Name	Project	Actual	Remain	Due	Paid	Income	
Mortgage/Rent	\$861	\$861	\$0	8/15	8/15	Check 1	
<b>Spending</b>	\$703	\$683	<b>\$20</b>	N/A	N/A	Check 2	
Student Loan	\$300	\$300	\$0	8/15	8/15	Rebate Chk	
Child Care	\$300	\$425	<b>-\$125</b>	8/3	8/3		
Groceries	\$250	\$250	\$0	N/A	N/A	Income / Expenses	
Cable Bill	\$115	\$30	\$0	8/14	8/14	To Deposit	\$0
<b>Cell Phone</b>	\$115	\$0	<b>\$115</b>	8/30		In Account	\$205
Auto Insurance	\$105	\$105	\$0	8/8	8/8	Sub Total	\$205
Dining Out	\$100	\$100	\$0	N/A	N/A	Remain	\$330
Student Loan	\$85	\$85	\$0	8/15	8/15	Gain/Loss	<b>-\$125</b>
Gas/Transit	\$85	\$85	\$0	N/A	N/A		
Furniture (fin)	\$65	\$65	\$0	8/1	8/1		
<b>Bowling</b>	\$55	\$38	<b>\$17</b>	8/1	8/1		
<b>Gas Utility</b>	\$50	\$50	\$0	8/1	8/1		
<b>Electric Utility</b>	\$50	\$50	\$0	8/1	8/1		
Credit Card (fin)	\$50	\$50	\$0	8/1	8/1		
<b>Home Phone</b>	\$45	\$32	<b>\$13</b>	8/12	8/12		
Computer (no int)	\$33	\$33	\$0	8/23	8/23		
Health Club	\$30	\$30	\$0	8/11	8/11		
Doctor Appts	\$30	\$30	\$0	N/A	N/A		
Memberships	\$26	\$26	\$0	N/A	N/A		
Hair Cut	\$25	\$25	\$0	N/A	N/A		
Contacts	\$20	\$20	\$0	8/1	8/1		
Life Insurance	\$10	\$10	\$0	N/A	N/A		
<b>Supplement</b>							
Trash Service	\$15	\$15	\$0	N/A	N/A		
Vitamins	\$10	\$10	\$0	N/A	N/A		
Oil Change	\$10	\$10	\$0	N/A	N/A		
<b>Other</b>							
Emergency	\$460	\$460	\$0	N/A	N/A		
Savings	\$200	\$200	\$0	N/A	N/A		
<b>Miscellaneous</b>	\$165	\$0	<b>\$165</b>	N/A	N/A		
Rainy Day	\$115	\$115	\$0	N/A	N/A		
College Fund	\$100	\$100	\$0	N/A	N/A		

As the budget has neared the end of the month the Child Care is over budget, Bowling and Home Phone are under budget, Spending has a surplus, the Cell Phone is not paid yet and the Miscellaneous category has not been paid to the Supplemental account. At this point Jasper finds out that Child Care is coming in over budget by \$125.

Bill Name	Project	Actual	Remain	Income / Expenses	
Leftovers	\$703	\$683	\$20	To Deposit	\$0
Child Care	\$300	\$0	\$300	In Account	\$630
Cell Phone	\$115	\$0	\$115	Sub Total	\$630
Bowling	\$55	\$38	\$17	Remain	\$630
Home Phone	\$45	\$32	\$13	Gain/Loss	\$0
Miscellaneous	\$165	\$0	\$165		

Accounting for the Child Care payment results in  $\$630 - \$425 = \$205$  in the bank account showing a loss of \$125. So how is this mitigated?

Bill Name	Project	Actual	Remain	Income / Expenses	
Leftovers	\$703	\$683	\$20	To Deposit	\$0
Child Care	\$425	\$425	\$0	In Account	\$205
Cell Phone	\$115	\$0	\$115	Sub Total	\$205
Bowling	\$55	\$38	\$17	Remain	\$330
Home Phone	\$45	\$32	\$13	Gain/Loss	-\$125
Miscellaneous	\$165	\$0	\$165		

The solution to balancing the budget is to draw from items that were under budget and from the Miscellaneous category.

**First: disregard the Cell Phone category as that bill has not been paid and money for that is baked into the budget.**

**Second: Leftovers, Bowling, and Home Phone equate to \$50 to pay toward Child Care so by changing the Actual column to match the Project column it leaves them with Remain at \$0.**

**Third: draw \$75 from Miscellaneous to reach the \$125 goal for Child Care.**

**Fourth: the remaining \$90 from Miscellaneous will be transferred to the Supplemental account leaving \$115 for the Cell Phone which is transferred to Jasper's next month's budget.**

Bill Name	Project	Actual	Remain	Income / Expenses	
Leftovers	\$703	\$703	\$0	To Deposit	\$0
Bowling	\$55	\$55	\$0	In Account	\$205
Gas Utility	\$50	\$50	\$0	Sub Total	\$205
Electric Utility	\$50	\$50	\$0	Remain	\$205
Child Care	\$300	\$425	-\$125	Gain/Loss	\$0
Cell Phone	\$115	\$0	\$115		
Miscellaneous	\$165	\$75	\$90		



Bill Name	Project	Actual	Remain	Due	Paid	Income	
Mortgage/Rent	\$861	\$0	\$861	8/15	8/15	Check 1	\$2,239
Leftovers	\$703	\$0	\$701	N/A	N/A	Check 2	\$2,239
Student Loan	\$300	\$0	\$300	8/15	8/15		
Child Care	\$300	\$0	\$300	8/3	8/3		
Groceries	\$250	\$0	\$250	N/A	N/A	Income / Expenses	
Cable Bill	\$115	\$0	\$115	8/14	8/14		
Cell Phone	\$230	\$0	\$230	8/30		To Deposit	\$4,478
Auto Insurance	\$105	\$0	\$105	8/8	8/8	In Account	\$115
Dining Out	\$100	\$0	\$100	N/A	N/A	Sub Total	\$4,593
Gas/Transit	\$85	\$0	\$85	N/A	N/A	Remain	\$0
Furniture (fin)	\$65	\$0	\$65	8/1	8/1	Gain/Loss	\$0
Bowling	\$55	\$0	\$55	8/1	8/1		
Gas Utility	\$50	\$0	\$50	8/1	8/1	<i>In Account is \$115 higher as with the Cell Phone at \$230 to balance the budget</i>	
Electric Utility	\$50	\$0	\$50	8/1	8/1		
Credit Card (fin)	\$50	\$0	\$50	8/1	8/1		
Home Phone	\$45	\$0	\$45	8/12	8/12		
Computer (no int)	\$33	\$0	\$33	8/23	8/23		
Health Club	\$30	\$0	\$30	8/11	8/11		
Doctor Appts	\$30	\$0	\$30	N/A	N/A		
Memberships	\$26	\$0	\$26	N/A	N/A		
Hair Cut	\$25	\$0	\$25	N/A	N/A		
Life Insurance	\$10	\$0	\$10	N/A	N/A		
<b>Supplement</b>							
Trash Service	\$15	\$0	\$15	N/A	N/A		
Vitamins	\$10	\$0	\$10	N/A	N/A		
Oil Change	\$10	\$0	\$10	N/A	N/A		
<b>Other</b>							
Emergency	\$460	\$0	\$460	N/A	N/A		
Savings	\$200	\$0	\$200	N/A	N/A		
Miscellaneous	\$165	\$0	\$165	N/A	N/A		
Rainy Day	\$115	\$0	\$115	N/A	N/A		
College Fund	\$100	\$0	\$100	N/A	N/A		

*\*Note - In Figure 2.12 the Cell Phone has not been paid, hence it is reflected in the next month's budget which will increase the cell phone to \$230 and the In Account will start with \$115.*

## 2.9 Money Transfer between Accounts

Each month will have bills with fluctuating amounts going to and from the Supplemental account and it is important that is tracked properly. This will come from the known Supplemental items and some items may come over or under budget. By tracking the money exchange it provides flexibility to have a bird's eye view of how to manage it. The Table below shows the planned items to be transferred to the Supplemental account each month.

Bill Name	Project	Actual	Remain	Due	Paid
Child Care	\$300	\$266.08	\$33.92	1/3	1/3
Gas Utility	\$50	\$81	-\$31	1/1	1/1
Trash Service	\$15	\$15	\$0	N/A	N/A
Vitamins	\$10	\$10	\$0	N/A	N/A
Oil Change	\$10	\$10	\$0	N/A	N/A
Emergency	\$460	\$460	\$0	N/A	N/A
Savings	\$200	\$200	\$0	N/A	N/A
Miscellaneous	\$165	\$165	\$0	N/A	N/A
Rainy Day	\$115	\$115	\$0	N/A	N/A
College Fund	\$100	\$100	\$0	N/A	N/A

In the Actual column Child Care is under by \$33.92 and the Gas Utility is over by \$31. The underage in Child Care will present and overage in the budget and so this money will simply be transferred over to the Supplemental account through online banking. The Gas Utility will present an overage and money will come from the Supplemental account to even out the budget.

This will be reflected as a new line item in the income and expenses portion of the budget. As utility bills are usually sent prior to the beginning of a new month this amount can be baked in at the beginning of the month.

<b>Bill Name</b>	<b>Project</b>	<b>Actual</b>	<b>Remain</b>	Check 1	\$2,239
<i>Base budget item</i>				Check 2	\$2,239
Gas Utility	\$50	\$0	\$50	Gas Utility	<b>\$31</b>
<i>Modified budget item</i>				Income / Expenses	
Gas Utility	\$50	\$81	<b>-\$31</b>		
				To Deposit	\$4,509
<i>The \$31 underage under the modified budget item is cancelled out with addition of the Gas Utility line item under Income / Expenses</i>				In Account	\$0
				Sub Total	\$4,509
				Remain	\$4,509
				Gain/Loss	\$0

Supplemental bills not paid to a creditor or service can handled at the end of the month as they have no technical due date which allows for the mandatory bills to be addresses first, however they can be paid by the budgeter's discretion.

As the Supplemental account has its own bank account it also needs its own spreadsheet. It may be used to track each month within a yearly cycle which allows for a history to see spending patterns to help aid in future decision making and it also may be used a running total. (There are no rules for governing it as long as money is transferred to and fro per the budget plan.

<b>Bill Name</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Total</b>
Child Care	\$104.92	\$40.08	\$3.08	\$61.76
Gas Utility	\$77	\$42	\$31	\$4
Trash Service	\$15	\$15	\$15	\$45
Vitamins	\$10	\$10	\$10	\$30
Oil Change	\$10	\$10	\$10	\$30
Emergency	\$460	\$460	\$460	\$1,380
Savings	\$200	\$200	\$200	\$600
Miscellaneous	\$165	\$165	\$165	\$495
Rainy Day	\$115	\$115	\$115	\$345
College Fund	\$100	\$100	\$100	\$300

In the Table below Child Care and Gas Utilities received upfront cash in the beginning of the budget plan to pay for future fluctuation payment cycles to mitigate negative balances in the accounts.

<b>Bill Name</b>	<b>Project</b>	<b>Actual</b>	<b>Remain</b>
Child Care <i>\$70.88</i>	\$300	\$266.08	\$33.92 <i>Goes to Supplemental</i>
Gas Utility <i>\$104</i>	\$50	\$81	(\$31) <i>Comes from Supplemental</i>

In the example, Child Care is given \$70.88 to start the year in addition to an underage in the January billing cycle of \$33.92 which rendered January at a \$104.92 balance. The Gas Utility was given \$104 stipend to begin the year and it also needed to pull \$31 out in the same month due to an overage in the bill. This leaves \$77 in the account. In February Child Care pulled out \$43.16 and the Gas Utility pulled out \$73 leaving them with \$61.76 and \$4 respectively.