

LUNCH -AND- LEARN

Budget Projections

March 1, 2021

CSUDH

Agenda

- I. Introduction to Projections
- II. How To Create Projections
- III. Practice Sheets
- IV. Q&A



INTRODUCTION TO PROJECTIONS



What are projections?

Projections are a forecast of future revenues and expenses. They are our best guess as to what activities will take place, and what the financial impact of those activities will be.

Short-term projections usually encompass the remainder of the fiscal year. These are the projections most often discussed and requested of the campus.

Long-term projections are typically a 3-5 year timeframe and are most often used when creating strategic plans.



When do we use projections?

At DH we most often use projections when we are trying to estimate what the financial picture will be for the remainder of the fiscal year. This analysis is most often done after the close of the first three fiscal quarters (September, December, March).

You can create projections at any point in the year to estimate the year-end balance.

We also use projections when trying to determine how much funding may be needed for a new program or project.



Why are accurate projections important?

Accurate projections are important because it allows us to use our existing resources more strategically.

If we think we will have a surplus, we can start planning how to reinvest resources and maximize impact.

If we think we will have a deficit, we can start adjusting spending and make decisions to minimize the shortfall.

Whether projecting a surplus or deficit, the sooner we have that information, the more options are available.



HOW TO CREATE PROJECTIONS



How to Project Expenses

Projections are created in 5 steps:

- 1) Run a report of current expenses
- 2) Determine average monthly spending rate
- 3) Apply spending rate to entire year
- 4) Add encumbrances
- 5) Make adjustments as necessary



Run A Report of Current Expenses

Once accounting has closed the accounting period, run a Manage My Budget - As of Period on CFS Data Warehouse (this example will assume that Accounting Period 8 has closed)

Financial Reporting Home Dashboards ▼ Open ▼

Home **Manage My Budget as of Period** Financial Summary As of Period Financial Summary Between Periods Financial Summary by Year Trial Balance Inception to Date Reports Cash Fund Balance Performance Report As of Period

▲ Report Filters

Business Unit	Fiscal Year	As of Period	Account Type	Account Category	Budget Ledger	Fund CF Status
DHCMP - CSU ▼	2020 ▼	8 ▼	50 - Revenues; ▼	--Select Value-- ▼	Budget ▼	--Select Value-- ▼
Fund	Dept	Account	Project	Program	Class	
AADHT - CSU ▼	--Select Value-- ▼	--Select Value-- ▼	--Select Value-- ▼	--Select Value-- ▼	--Select Value-- ▼	--Select Value-- ▼
NOT Fund	NOT Dept ID	NOT Account	NOT Project	NOT Program	NOT Class	NOT Acct Cat
NOT --Select Value-- ▼						
Dept Tree Name	Dept Level 1	Dept Level 2	Dept Level 3	Dept Level 4	Dept Level 5	FIRMS Object Code
--Select Value-- ▼						



Run A Report of Current Expenses

Your Report Filter should include:

Business Unit: DHCMP

Fiscal Year: 2020

As of Period: 8

Account Type: 50 – Revenues AND 60 – Expenditures

Budget Ledger: Budget

Fund: AADHT

Dept: 12345 - TEDDY TORO

NOT Account Category: 603 (All Benefits to be removed, since they are paid by Central Monitoring and the Division/department has no control over this budget)



Run A Report of Current Expenses

This is what the report looks like under the Summarized View. Download to excel format for projection modifications:

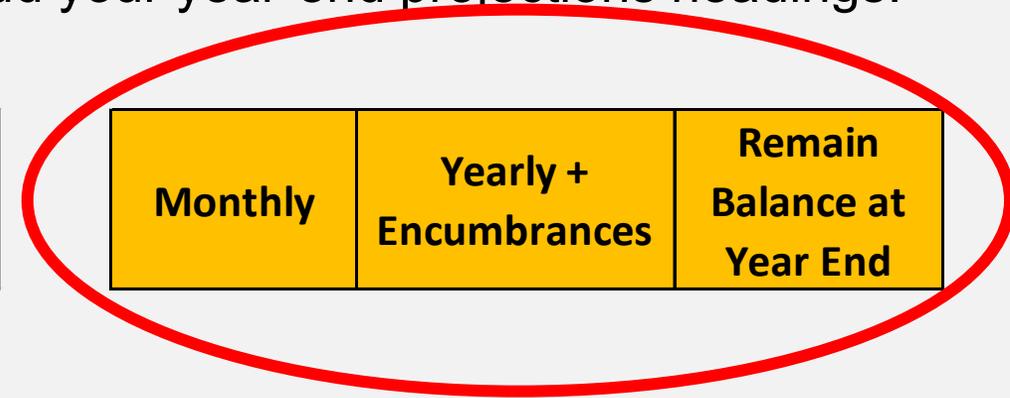
Fund Fdescr	Dept Fdescr	Acct Cat Fdescr	Current Budget	Actuals	Encumbrances	Balance Available	% Used Fiscal Year
AADHT - CSU OPERATING FUND	12345 - TEDDY TORO	580 - Other Financial Sources		(30,275.00)	0.00	30,275.00	
		601 - Regular Salaries and Wages	456,789.00	216,394.36	0.00	240,394.64	47%
		604 - Communications		720.34	0.00	(720.34)	
		606 - Travel	(38,903.00)	0.00	0.00	(38,903.00)	0%
		613 - Contractual Services Group	32,020.00	4,505.66	11,020.00	16,494.34	48%
		616 - Information Technology Costs		160.00	0.00	(160.00)	
		617 - Services from Other Funds/Agencies Group		3,840.00	0.00	(3,840.00)	
		660 - Misc. Operating Expenses	920,672.14	75,310.75	0.00	845,361.39	8%
	12345 - TEDDY TORO		1,370,578.14	270,656.11	11,020.00	1,088,902.03	21%
AADHT - CSU OPERATING FUND Total			1,370,578.14	270,656.11	11,020.00	1,088,902.03	21%
Grand Total			1,370,578.14	270,656.11	11,020.00	1,088,902.03	21%



Determine Average Monthly Spending Rate

To the right of the downloaded report, skip a column and add your year-end projections headings:

Fund Fdescr	Dept Fdescr	Acct Cat Fdescr	Current Budget	Actuals	Encumbrances	Balance Available	% Used Fiscal Year
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Here are the formulas needed on your manual projections:

Monthly	Yearly + Encumbrances	Remaining Balance at Year End
Formula= Actuals / Number of Accounting Periods Posted	Formula= (Monthly x 12 months)+ Encumbrances	Formula= Current Budget - Yearly + Encumbrances



Apply Spending Rate to Entire Year

Apply the projection formulas to all the expense categories. Ultimately you should calculate the year-end balance: (For this example we used 8 accounting periods)

Fund Fdescr	Dept Fdescr	Acct Cat Fdescr	Current Budget	Actuals	Encumbrances	Balance Available	% Used Fiscal Year
AADHT - CSU OPERATING FUND	12345 - TEDDY TORO	580 - Other Financial Sources		(30,275.00)	0.00	30,275.00	
		601 - Regular Salaries and Wages	456,789.00	216,394.36	0.00	240,394.64	47%
		604 - Communications		720.34	0.00	(720.34)	
		606 - Travel	(38,903.00)	0.00	0.00	(38,903.00)	0%
		613 - Contractual Services Group	32,020.00	4,505.66	11,020.00	16,494.34	48%
		616 - Information Technology Costs		160.00	0.00	(160.00)	
		617 - Services from Other Funds/Agencies Group		3,840.00	0.00	(3,840.00)	
		660 - Misc. Operating Expenses	920,672.14	75,310.75	0.00	845,361.39	8%
	12345 - TEDDY TORO		1,370,578.14	270,656.11	11,020.00	1,088,902.03	21%
AADHT - CSU OPERATING FUND Total			1,370,578.14	270,656.11	11,020.00	1,088,902.03	21%
Grand Total			1,370,578.14	270,656.11	11,020.00	1,088,902.03	21%

Monthly	Yearly + Encumbrances	Remain Balance at Year End
(\$3,784.38)	(\$45,412.50)	\$45,412.50
\$27,049.30	\$324,591.54	\$132,197.46
\$90.04	\$1,080.51	(\$1,080.51)
\$0.00	\$0.00	(\$38,903.00)
\$563.21	\$17,778.49	\$14,241.51
\$20.00	\$240.00	(\$240.00)
\$480.00	\$5,760.00	(\$5,760.00)
\$9,413.84	\$112,966.13	\$807,706.02
\$33,832.01	\$417,004.17	\$953,573.98



Make Adjustments As Necessary

fx $=(L9*12)+G9$

Monthly	Yearly + Encumbrances	Remain Balance at Year End
(\$3,784.38)	(\$45,412.50)	\$45,412.50
\$27,049.30	\$324,591.54	\$132,197.46
\$90.04	\$1,080.51	(\$1,080.51)
\$0.00	\$0.00	(\$38,903.00)
\$563.21	\$17,778.49	\$14,241.51
\$20.00	\$240.00	(\$240.00)
\$480.00	\$5,760.00	(\$5,760.00)
\$9,413.84	\$112,966.13	\$807,706.02
\$33,832.01	\$417,004.17	\$953,573.98

After you have calculated projections, evaluate if there are any adjustments that need to be made. For example, if Teddy Toro is not expecting any more revenue for the last 4 months of the year, he should only include 8 months in the calculation.

fx $=(L9*8)+G9$

Monthly	Yearly + Encumbrances	Remain Balance at Year End
(\$3,784.38)	(\$30,275.00)	\$30,275.00
\$27,049.30	\$324,591.54	\$132,197.46
\$90.04	\$1,080.51	(\$1,080.51)
\$0.00	\$0.00	(\$38,903.00)
\$563.21	\$17,778.49	\$14,241.51
\$20.00	\$240.00	(\$240.00)
\$480.00	\$5,760.00	(\$5,760.00)
\$9,413.84	\$112,966.13	\$807,706.02
\$33,832.01	\$417,004.17	\$953,573.98



Let's try a few examples!



Q&A

