

Georgia Fiscal Management Council Article
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Projecting Revenues and Expenditures

As the end of the fiscal year approaches, it is important that agencies stay on track in meeting budgetary compliance. For Georgia, the legal level of control is program and funding source. Legal level of control is defined as the spending authority that an agency has under the Appropriations Act. One method to assist with maintaining budgetary control is projecting revenues and expenditures.

The TeamWorks' Budget Comparison Report in Commitment Control is a good tool to use in projecting data. This report includes programmatic expenditure and encumbrance data by object class. To access this report, navigate in Commitment Control to Custom Budget Report, Budget Comparison Reporting. When entering criteria for the report, be sure to select SETID as STATE, Tree Name KK_Program, and Tree Level Program. Budget period and fiscal year should be the same.

Once the report is generated, review each object class to determine expenditures and encumbrances are within the budget limits. For example, object class 300, Personal Services expenditures, should be incurred evenly throughout the year. In December, the year-to-date expenditures should be approximately 50% of the annual budget by program. If the year-to-date expenditures are running above the amount, it is a good practice to review each account code to determine areas resulting in the overage. Strategies might include discussions with program managers regarding activities that might cause the overage and plans for correcting the spending prior to year end.

In reviewing Object class 301, Regular Operating Expenditures, the percentage of the year elapsed is another good measure of how expenditures and encumbrances to date are tracking. If the percentage is tracking high, discussions with the program manager might be helpful. In addition, analyzing account detail using the OGL076_4092X_TBL_Extract query would be useful.

Some expenditures are not incurred evenly during the year. Object classes 303, Motor Vehicle Purchases, 304 Equipment, and 309 Capital Outlay represent one-time purchases that typically are made towards the end of the fiscal year. In managing a budget, analysts often postpone one-time purchases towards the last quarter of the fiscal year to provide maximum flexibility. When reviewing the budget comparison report, one-time purchases may not yet be reflected. The projected expenditures should include the amounts that will be expended or encumbered by year end.

After reviewing the report, estimate expenditures for each object class from the current period until the end of the fiscal year. Document assumptions made during the projection. Calculate a projected total for each funding source within a program. Using the projected data, adjust spending to ensure budgetary compliance is maintained. It is important to communicate the results to program managers.

Expenditure projections would not be complete without an accompanying revenue projection. The OBD027A_PBCR_REVEST_BD_FS_TYPE query can be used for this purpose. A pivot table can be inserted to summarize revenues and expenditures by program and fund source type. This analysis allows the comparison of expenditures with recognized revenue. In order to spend funds, revenue must be

recognized. It is also important to compare revenue recognition with revenue collections. Revenue recognized in the form of accounts receivable must be collected in order to avoid cash flow problems.