

Section Budgeting:

It's not as hard as it looks

The State Bar of Nevada has put together this booklet in order to help you prepare and present your yearly section budget.

The State Bar of Nevada's accounting system is not that different than any other. As accountants, we like everything to be the same as much as possible. Keep that in mind as we go through the various steps.

What is a General Ledger (GL) account number and why do I care.

Typically, one thinks of Revenues and Expenses in their narrative form such as travel expenses, seminar revenues, printing expenses, book sales.

In a large organization such as the state bar, we need to use computers to handle the large amount of financial data that we are required to process. We have many different departments, so not only must we track printing expenses, but we need to track WHOSE printing expenses they are. We do these with GL account numbers. And to keep it simple, and this is the important part, we try to keep the GL account numbers as consistent as possible.

For example, Young Lawyers Section printing expense is

1-822-85-540

And Public Lawyers Section printing expense is

1-822-85-530

Note that the ONLY thing that changed is the last 3 digits! When you look at the section chart of accounts (appendix A) (Complete list of GL numbers for that section), the ONLY thing that changes from section to section is the last 3 numbers.

For example, ALL Young Lawyers Section accounts end in 540
All Public Lawyers accounts end in 530

Now that you know the "why" behind a chart of accounts and how they work, let's talk about putting together a budget.

A budget helps you to set your financial goals and allows you to track how well you are doing in relationship to where you thought you would be. It also allows you to track your progress year to year.

A general outline of the budgeting process

I will be referring to the Young Lawyers Sections chart of accounts. You can go to <http://www.nybar.org/sections> and click your particular section for a copy of your chart of accounts.

All sections receive membership dues. This will be an easy one.

Young Lawyers estimate about 600 members that pay \$15 each.

So 1-400-85-540 is budgeted at \$9000.00 (600 times 15)

Please see the following page.

STATE BAR OF NEVADA
 2003 BUDGET/CHART OF ACCOUNTS
 YOUNG LAWYERS SECTION - 540

ACCOUNT NUMBER	REVENUES	2003 BUDGET
1-400-85-540	Dues	\$ 9000.00
1-401-85-540	Donations	
1-402-85-540	Events	
1-403-85-540	C.L.E. Sponsorships	
1-404-85-540	Other (provide description)	
1-405-85-540	Fundraisers	
1-406-85-540	Registration Fees	
1-407-85-540	Subscriptions/Publications	
	Total Section/Division Revenues	\$
	EXPENSES	
1-750-85-540	Professional Memberships	\$
1-766-85-540	Publications	
1-770-85-540	Travel	
1-805-85-540	Meetings/Seminars	
1-809-85-540	Office Supplies	
1-822-85-540	Duplicating/Printing	
1-826-85-540	Other (provide description)	
1-835-85-540	Events	
1-861-85-540	Postage/Mailing	
1-867-85-540	Telephone/Facsimile	
	Total Section/Division Expenses	\$
	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	

To keep it simple, we will only give them one more revenue source. Let's say the section will be having a social event. They are expecting \$2000 in ticket sales, and \$1500 in costs related to the event. We will place this in the budget as follows, note that BOTH the revenue AND expense are recorded in the budget (as opposed to just \$500, the profit, in the revenue section)

**STATE BAR OF NEVADA
2003 BUDGET/CHART OF ACCOUNTS
YOUNG LAWYERS SECTION - 540**

ACCOUNT NUMBER	REVENUES	2003 BUDGET
1-400-85-540	Dues	\$ 9000
1-401-85-540	Donations	
1-402-85-540	Events	2000
1-403-85-540	C.L.E. Sponsorships	
1-404-85-540	Other (provide description)	
1-405-85-540	Fundraisers	
1-406-85-540	Registration Fees	
1-407-85-540	Subscriptions/Publications	
	Total Section/Division Revenues	\$
	EXPENSES	
1-750-85-540	Professional Memberships	\$
1-766-85-540	Publications	
1-770-85-540	Travel	
1-805-85-540	Meetings/Seminars	
1-809-85-540	Office Supplies	
1-822-85-540	Duplicating/Printing	
1-826-85-540	Other (provide description)	
1-835-85-540	Events	1500
1-861-85-540	Postage/Mailing	
1-867-85-540	Telephone/Facsimile	
	Total Section/Division Expenses	\$

**EXCESS (DEFICIENCY) OF REVENUES
OVER EXPENSES**

Now let's say that they will have \$1000 in travel costs and \$750 for printing.

The budget will now look like this:

STATE BAR OF NEVADA
2003 BUDGET/CHART OF ACCOUNTS
YOUNG LAWYERS SECTION - 540

ACCOUNT NUMBER	REVENUES	2003 BUDGET
1-400-85-540	Dues	\$ 9000
1-401-85-540	Donations	
1-402-85-540	Events	2000
1-403-85-540	C.L.E. Sponsorships	
1-404-85-540	Other (provide description)	
1-405-85-540	Fundraisers	
1-406-85-540	Registration Fees	
1-407-85-540	Subscriptions/Publications	
	Total Section/Division Revenues	\$ 11,000
	EXPENSES	
1-750-85-540	Professional Memberships	\$
1-766-85-540	Publications	
1-770-85-540	Travel	1000
1-805-85-540	Meetings/Seminars	
1-809-85-540	Office Supplies	
1-822-85-540	Duplicating/Printing	750
1-826-85-540	Other (provide description)	
1-835-85-540	Events	1500
1-861-85-540	Postage/Mailing	
1-867-85-540	Telephone/Facsimile	
	Total Section/Division Expenses	\$ 3,250
	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	7,750

Let's assume that is the final budget. You can add much more, of course, depending on what you need. The process is the same. This is the format that should be submitted to the Board of Governors for approval. I highly recommend that the section be prepared with detailed back-up.

Using the above numbers, a example of detail could be:

Young Lawyers Section Travel 1-770-85-540 \$1000.00

1st quarterly meeting \$250 to pay airfare for board
2nd quarterly meeting \$500 to pay airfare and hotel for board
3rd quarterly meeting \$0.00 (We will meet during ABA meeting)
4th quarterly meeting \$250 to pay airfare for board

Our Accounting department can get you the budget forms anyway you would prefer them. We can email you the file, mail you a disk, print and fax the form. Any way you want it. Soon, they will even be available on line.

Financial Reporting

This next section shows the various financial reports available to the sections. I will first describe what “Deferred Revenue” is and what it means.

In the above example, we said that the Young Lawyers section would have \$9000.00 in dues revenue. Well, most of that (if not all) is received early in the year. Then, all the expenses are throughout the whole year. Accountants try to match expenses with related revenue so our answer to that is to “defer” the income. Defer simply means that we take the \$9000.00 and divide it by 12 ($9000/12=750$) then “recognize” \$750 per month. This is important to you because it affects the way we present your financial statement

The State Bar of Nevada has made the following financial reports available to the sections.

GL Detail Report

This is EVERY transaction in a given account number in a given period of time.

For example, all travel expenses from March to September.

Frequently, the Accounting department prepares this report as ALL account numbers for the year. This shows EVERY transaction posted to the section for the entire year.

An example of a GL Detail report is on the next page.

State Bar Of Nevada

Analysis of General Ledger History

October 14, 2003 11:18 AM
Page 1

Account/Transaction	Ref 1	Ref 2	Ref 3	Date	JN	Debits/Credits	Period	Year-To-Date
1-822-85-540								
2/27/02 MS-CompSVY		31223		2/28/02	BF	240.00		
Dial Reprographics, Inc.				5/28/02	30	16.75		
05/09/02 Copies		050902		5/28/02	30			
Dane Anderson				5/31/02	30	4,950.00		
5/31/02YIS		54369		5/31/02	30			
Dial Reprographics, Inc.				6/30/02	30	468.15		
6/04/02Copies		060402-						
Joel A. Santos								
Account #:	1-822-85-540					5,674.90		5,674.90

Analysis of General Ledger History

October 14, 2003 11:18 AM
Page 2

Journal	30 Accounts Payable Vouchers	Debits	Credits	Difference
		5,674.90		5,674.90
		5,674.90		5,674.90

Year to Year (to Date) Report

This report compares this year to date (any requested date) to the same period last year. This is useful to not only see where you are now, but compare it to the previous year.

An example of this report is on the next page.

Year to Date (to budget)

This report compares where you are this year to date and compares it to your total budget.

Both of these reports follow the Budget Format. Remember when I said accountants like to keep things consistent?

Our Accounting department can get you these financial reports any way you want them. We will email you the file, mail you a disk, print and fax the form. Any way you want it. Soon, they will even be available on line.

STATE BAR OF NEVADA
Statement of Revenues and Expenses
(Unaudited)
For The 8 Month Period Ended Aug 31, 2003
GAMING LAW

	Actual 2002 YTD	Actual 2003 YTD
SECTION REVENUE		
Membership Fees	\$2,500.50	\$2,544.25
Donations	\$0.00	\$0.00
Events	\$0.00	\$0.00
CLE Sponsorship	\$0.00	\$0.00
Other	\$0.00	\$0.00
Fundraiser	\$17,925.00	\$19,690.00
Registration Fees	\$0.00	\$0.00
Subscriptions/Publications	\$0.00	\$0.00
Total Section Revenue	\$20,425.50	\$22,234.25
SECTION EXPENSES		
Professional Memberships	\$0.00	\$0.00
Travel	\$0.00	\$0.00
Publications	\$516.00	\$340.50
Seminars	\$0.00	\$0.00
Fundraiser	\$0.00	\$18,506.50
Supplies	\$80.73	\$0.00
Printing	\$225.00	\$0.00
Other	\$48.60	\$0.00
Events	\$17,279.67	\$340.50
Postage/Mailing	\$0.00	\$0.00
Telephone/Fax	\$54.34	\$231.04
Total Section Expenses	\$18,204.34	\$19,418.54
EXCESS (DEFICIENCY) OF SECTION REVENUE OVER EXPENSES	\$2,221.16	\$2,815.71
Remaining Deferred Revenue		\$1,255.75

How do I Contact the State Bar of Nevada Accounting Department?

Anytime you need us, we are glad to assist. Not many people like to talk about numbers as much as we do.

Feel free to contact me or my staff at anytime. We pride ourselves in getting exactly what you want, exactly when you want it.

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