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Getting control of your money #2:

Tracking Your Income and Expenses The Budget Register Way

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Of the different methods to track your income and expenses, some are detailed and time consuming and some are simple and quick. Each has advantages and disadvantages. The Budget Register Method is a comprehensive yet simple and fast method. At any time during the month, the register shows exactly how much you have spent, or have left to spend, in each expense category. (If another tracking method would be better for you, see Extension Extra 14079.)

Setting up the system

Using Examples 1a and 1b as a guide, place adhesive labels across the top of the first page in a blank check

register. You may either request a register from your financial institution or you can make one using the pattern in Figure 1.

(For a limited time and at no cost for a single copy or 15 cents each for 10 or more copies, you can order HE-471, a blank check register, from the NDSU Extension Distribution Center, Box 5655, NDSU, Fargo, ND 58105. You can also phone 701-231-7883 or e-mail slane@ndsuxt.nodak.edu to order a single copy.)

Draw as many vertical lines on a “homemade” register as needed to fit five to seven expense categories. Avoid

Example 1a. Check register before applying adhesive labels.

RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	DESCRIPTION OF TRANSACTION			PAYMENT/ DEBIT	FEE (IF ANY)	DEPOSIT/ CREDIT	BALANCE	
								\$	

Example 1b.1. Check register after applying adhesive labels – household example.

APRIL RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	Housing	Food	Transportation	Clothes; Personal Care	Medical	Credit	Set Aside	BALANCE
BUDGET									\$300.00
\$1450.00		\$508.00	\$240.00	\$145.00	\$145.00	\$116.00	\$116.00	\$130.00	

Example 1b.2. Check register after applying adhesive labels – farm business example.

APRIL RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT									
NUMBER	DATE	Feed	Fuel	Repairs	Crop Expenses	Misc.	Operating Loan Due	Veterinarian	BALANCE
BUDGET									\$150.00
\$11,650.00		\$2500.00	\$800.00	\$1000.00	\$1500.00	\$100.00	\$5000.00	\$750.00	

drawing lines in the extreme left column where the check number and date are listed, and in the extreme right column where the balance section is located.

List the expense categories across the top of the register. Write in your anticipated average monthly expenditure for each expense. When you are just beginning to budget, you will have no records for determining these amounts, so you'll have to make some educated guesses. After using the system for a few months, you'll have a more realistic idea of your spending patterns and can adjust the budgeted amounts.

Recording deposits, cash withdrawals, and cash expenses

Deposits are recorded just as they are in your regular checkbook register. First, record the date and type of transaction (deposit, cash withdrawal, etc.) in the far left column. Then write the deposit amount in the far right column and add to the balance. In Example 2, a deposit for \$1450 was made, for a balance of \$1750.

For cash withdrawals, subtract the amount from the balance column. Record the date and type of transaction in the far left column. In Example 2, a cash withdrawal (W/D) of \$50 was made, leaving a balance of \$1700.

Cash expenses are recorded by circling them and deducting them from the appropriate expense category. Cash expenditures are not subtracted from the balance column

on the far right because they were deducted from the account when the cash withdrawal was made. In Example 2, \$5 in cash was spent for lunch at Smith's. The cash expenditure was then deducted from the food budget category, leaving a balance of \$285 for the remainder of the month. The circle around the entry serves as a reminder that this was a cash expenditure.

Recording checks

After recording checks in your regular check register, record them a second time in the budget register. In Example 2, check number 601 was written to the bank for a \$390 mortgage payment, leaving \$118 in the housing budget.

If the purchase covers several categories, you can subtotal by category and then record each subtotal under the appropriate expense category. On 4/10, check number 602 was written to HyVee for groceries and personal care items, separated into \$225 from the food budget and \$25 from the personal care budget. The total purchase of \$250 was subtracted from the balance in the column on the far right, leaving a balance of \$1060. That leaves \$60 in the food budget, and since no more was spent for food this month, the \$60 can be carried forward to the following month.

After the month has ended, review your expenses. You may have been right on target with some expenses but off on others.

Example 2. Recording deposits, cash withdrawals, cash expenses, and checks.

APRIL RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT										
NUMBER	DATE	Housing	Food	Transportation	Clothing; Personal Care	Medical	Credit	Set Aside	BALANCE	
BUDGET									\$300	00
\$1450.00		\$508.00	\$290.00	\$145.00	\$145.00	\$116.00	\$116.00	\$130.00		
Deposit	4/1								1450	00
									1750	00
Cash W/D	4/5								-50	00
									1700	00
Cash Smith's	4/6		5.00							
			285.00						1700	00
601 F.N. Bank	4/6	390.00							390	00
		118.00							1310	00
602 HyVee	4/10		225.00		25.00				250	00
			60.00		120.00				1060	00
603 - NW Utilities	4/15	90.00							90	00
		28.00							970	00
604 IRS	4/15							120.00	120	00
								10.00	850	00
605 Shell Oil	4/16			65.00					65	00
				80.00					785	00
606 JC Penneys	4/20				120.00				120	00
					0.00				665	00
607 *VISA							116.00		116	00
							0.00		549	00
Ending Balance		28.00	60.00	80.00	0.00	116.00	0.00	10.00	549	00

Example 2 shows this family had \$28 left in the housing budget at the end of the month. Just because there is money left over does not necessarily mean those “extra” dollars can be spent now. Usually this money will need to be set aside so it will be available for planned budget expenses in the future. This family knows they will need those “extra” dollars next winter when the utility bills are high or when the premium on their homeowner’s policy comes due. Like this family, you can transfer excess money to an interest-bearing account for later use.

Starting a new month

Begin each month by re-labeling expense categories and drawing vertical lines. Now’s the time to make changes if the categories or planned expenditures from the previous month were unworkable.

Debt repayment

The budget register can also be used for repayment of debts. This system can be especially helpful if you have

decided to closely track credit spending.

In example 3, a special account has been earmarked for debt repayment only. Under the credit budget category, \$116 has been set aside each month to pay off two debts—on an existing VISA card balance and an installment note to the Easy Credit Appliance Store. On 5/5, check number 608 was written to VISA for \$85. The payment is subtracted from both the credit category and the balance in the far right column. The ending balance in the credit category for the month of May is \$1.

Recording new credit card purchases

It’s a good idea to deduct any new credit purchase from the budget register when the money is spent – not when the final bill arrives. This way, when the bill does arrive it will have been anticipated.

Examples 4a and 4b illustrate the process. On 5/10, \$100 was charged to VISA to pay an automobile repair bill. The transaction is first recorded in the regular check regis-

Example 3. Past debt repayment.

MAY RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT										
NUMBER	DATE	Housing	Food	Transportation	Clothing; Personal Care	Medical	Credit	Set Aside	BALANCE	
BUDGET									\$549	00
\$1450.00		\$508.00	\$290.00	\$145.00	\$145.00	\$116.00	\$116.00	\$130.00		
Balance forward		28.00	60.00	80.00	0.00	116.00	0.00	10.00	549	00
		536.00	350.00	225.00	145.00	232.00	116.00	140.00		
Deposit	5/1								1450	00
									1999	00
608 VISA	5/5						85.00		85	00
							31.00		1914	00
609 Easy CA	5/6						30.00		30	00
							1.00		1884	00
Ending Balance							1.00			

Example 4a. Recording new credit purchase in the check register.

MAY RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT										
NUMBER	DATE	DESCRIPTION OF TRANSACTION	PAYMENT/ DEBIT	FEE (IF ANY)	DEPOSIT/ CREDIT	BALANCE				
						\$1999.00				
	5/10	SHELL – Auto Repair	100 00				100 00			
*VISA							1899 00			

Example 4b. Recording new credit purchase in budget register.

MAY RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT										
NUMBER	DATE	Housing	Food	Transportation	Clothing; Personal Care	Medical	Credit	Set Aside	BALANCE	
BUDGET									\$549	00
\$1450.00		\$508.00	\$290.00	\$145.00	\$145.00	\$116.00	\$116.00	\$130.00		
Balance forward		28.00	60.00	80.00	0.00	116.00	0.00	10.00	549	00
		536.00	350.00	225.00	145.00	232.00	116.00	140.00		
Deposit	5/1								1450	00
									1999	00
*VISA	5/10			100.00					100	00
				125.00					1899	00

ter by placing the credit card initials, date, and an asterisk in the far left column. (The asterisk in examples 4a and 4b on the previous page serves as a reminder that this was a credit purchase.) The \$100 charge is then subtracted from the balance column on the far right.

Next, the credit card initials, date, and an asterisk go in the far left column of the budget register. The \$100 charge is then deducted from the transportation budget category and from the balance column on the far right.

When the final bill arrives and the check is written to VISA (as in Examples 4a and 4b on the previous page), simply record the check number above the original VISA entry in both the check register and the budget register. (Remember, the \$100 charge was already deducted from both accounts at the time the charge was made. Draw a rectangle around the amount indicating that it had previously been subtracted from the balance.) If the final bill includes a service charge, the amount of the service charge is deducted from both accounts when the check is written.

Examples 5a and 5b illustrate how the check number is put above the original VISA entry when payment is made. This example also shows how a service charge can be deducted from both check register and the budget register.

Other examples of how the budget register can be used are found in figures 2-4 at the end of this publication.

Advantages and disadvantages of the budget register method

The advantages are that it's adaptable to systems using a checking account or cash. It provides you with all of the information needed to make an on-the-spot decision about whether you can or cannot afford a purchase. Recording each transaction takes only seconds. This method can help you evaluate your spending patterns along the way. It is a convenient size (same as checkbook) and therefore easy to carry.

The disadvantage is the diligence required to keep a current and accurate account of all financial transactions. The limited number of categories and limited space may not be detailed enough for some users.

References

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- McElroy, R., R. Strickland, J. Ryan, C. McGath, R. Green, K. Erickson, W. McBride. 2002. Agricultural income and finance outlook. USDA, Economic Research Service, AIS-79.
- Utah State University, Cooperative Extension Service. 1997. Successful money management: lesson 3.

Example 5a. Recording new credit purchase payment in the check register. Check number and rectangle added.

MAY RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT										
NUMBER	DATE	DESCRIPTION OF TRANSACTION			PAYMENT/DEBIT		FEE (IF ANY)	DEPOSIT/CREDIT	BALANCE	
									\$1999.00	
*610 VISA	5/10	SHELL – Auto Repair			100	00			1899	00
610 VISA	5/10	(100.00 + 1.50) Auto Repair + Service			1	50			1	50
									1897	50

Example 5b. Recording new credit purchase payment in the budget register. Check number and rectangle added.

MAY RECORD ALL CHARGES OR CREDITS THAT AFFECT YOUR ACCOUNT										
NUMBER	DATE	Housing	Food	Transportation	Clothing; Personal Care	Medical	Credit	Set Aside	BALANCE	
BUDGET									\$549	00
\$1450.00		\$508.00	\$290.00	\$145.00	\$145.00	\$116.00	\$116.00	\$130.00		
Balance forward		28.00 536.00	60.00 350.00	80.00 225.00	0.00 145.00	116.00 232.00	0.00 116.00	10.00 140.00	549	00
Deposit	5/1								1450	00
*610 VISA-Shell	5/10			100.00 225.00					100	00
610 VISA Service Ch	5/10			1.50 123.50					1	50
									1897	50

Figure 2. Check register tracking system – household sample

Typical household expense category descriptions

Housing	Food	Transport.	Clothing/ Pers. Care	Medical	Recr.	Gifts/ Contribution
rent	groceries	gasoline	clothes	doctor	movies	gifts
water	eating out	insurance	makeup	dentist	trips	cards
electricity	snacks	oil	cleaning	glasses	hobbies	donations
trash rem.	lunches	repairs	shoes	medicine	sports	
gas	breaks	license	haircuts	insurance	club dues	
telephone		parking			children's	
cleaning					activities	

Sample check register

Expense Categories	Food	Housing	Trans.	Clothing/ Pers. Care	Medical	Recreation	Gifts/ Contribution	Balance
Budget	350	550	360	120	120	120	50	300 00
CK # Date								
Check written → 322 8/02				12 52			5 50	-18 02
Wal-Mart				107 48			44 50	281 98
Deposit in checking → Deposit 8/03								1050 80
ATM withdrawal → Cash 8/10								-40 00
Cash purchase circled → Taco Johns 8/13	4 26							1292 78
Credit card purchase (asterisk) and payment (rectangle) → * 8/15	345 74							1292 78
323 8/13	25 98	20 30		55 85				-102 13
Econofoods	319	529 70		51 63				1190 65
Ace Hardware		10 50	35 70			25 65		-71 85
324 8/20		519 20	324 30			94 35		1118 80
1 ST Bank		475 00						-475 00
325 8/22		44 20						643 80
Dr. Rodgers					56 00			-56 00
					64 00			587 80
Payment of credit card billing → 326 Visa Card		10 50	35 70			25 65		587 80
Carry Forward	319 76	44 20	324 30	51 63	64 00	94 35	44 50	587 80

Continue expense categories and new balances on next page.

Adapted from Montana State University Extension Service by Liz Gorham, Ph.D., South Dakota State University Extension Specialist, Family Resource Management.

Figure 4. Check Register Tracking System – Debt Payment

Typical farm/ranch debt expense category descriptions

Machinery	Livestock	Household	Vehicle	Real estate	Operating	
combine baler tractor	cows	credit card used car appliances	truck	80-acres north place	seed fertilizer fencing repairs chemicals vet supplies	feed supplements utilities misc. fuel trucking

Sample check register

Expense Categories	Machinery	Livestock	Household	Vehicles	Real Estate	Operating		Balance
Balance	\$80,000	\$40,000	\$22,800	\$20,000	\$35,000	\$20,000		\$222,800
Due Date	May 1	Apr 15	\$2100 Monthly	Jun 1	May 15	Feb 10	Set Aside to Pay Debts	
Annual payment	\$8,000	\$7,000	\$24,000	\$4,000	\$3,500	\$25,000		\$71,500
Item Sold	Amount Paid on Debt							
Jan 2			2100				900	3000
11 older cows			21900				900	68500
Jan. 3							10500	10500
5000 bu corn							11400	58000
Feb 1			2100			25000	32900	60000
100 calves			19800			0	44300	0
Mar			2100				5300	7400
3500 bu corn			17700				49600	0
Apr		7000	2100				0	0
debts paid		0	15600				40500	0
May	8000		2100		3500		-10600	3000
rake sold	0		13500		0		29900	0
Jun			2100	4000			-6100	0
debts paid			11400	0			23800	0
Jul			2100				-2100	0
debts paid			9300				21700	0
Aug			2100				7900	10000
customwork			7200				29600	0
<i>Carry forward</i>	<i>0</i>	<i>0</i>	<i>7200</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>29600</i>	<i>0</i>

Continue expense categories and new balances on next page.

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