

# Revenue Budgeting

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**Revenue budgets** are based on projected income and should be reviewed periodically to ensure the estimates are being met. Unlike budgets where departments are given the authority to spend a specified budget amount, revenue budgets should be monitored and adjusted as necessary to ensure the departments spending is in line with the actual revenue received.

1. Utilize Cognos for revenue analysis-There are several useful reports in the Public Folders>TTU Finance>Budget Reports folders that will show a comparison of budgeted revenue compared to actual revenue recognized to determine if the revenue is out of sync with the actual revenue collected.
2. Determine if the revenue collected and the projected receipts for the remainder of the year is on target with the original projection.
3. It may be necessary to increase the budget if receipts are more than expected. (Some funds are expected to keep spending in line with collections as they should not collect more revenue than is needed to support the activity.)
4. It may be necessary to reduce the budget if receipts are less than originally expected. The system will allow the FOP to expense the entire budget regardless of the revenue collected. If the budget is overstated as compared to collections, the fund is at risk for having deficit fund balance.

## Budget Entries

Budget Revision System Option 3 may be used to establish a new revenue budget.

- A FOP combination must be established by FST prior to submitting the budget revision.
- All revenue budgets that will reoccur in the following year should be marked as permanent in fund classes 16, 17, 18 and 31. This will ensure the budgets are reflected accurately during the annual budget prep cycle.

Budget Revision System Option 3 may be used to modify an existing revenue budgets.

- Budgets may be increased or decreased if necessary to adjust the original targeted budget. The adjustments must be reviewed and approved by Budget staff so it is important to include a justification in the description section explaining the reason for the adjustment.
- If the adjustment should be reflected in the following year, the revision should be marked as permanent for fund classes 16, 17, 18 and 31.

## Fund Balances

Fund balances should be monitored to ensure the fund maintains a positive fund balance. The fund balance is the sum of prior year fund balance *plus* current revenue collected *less* expenditures. Funds with overstated budgets are at risk of being overspent. Fund balance reports can be viewed in the following Cognos Folders.

- Public Folders >TTU Finance>Fund Balance Reports>FI009 –Statement of Changes in Fund Balance by Fund

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- Public Folders >TTU Finance>Fund Balance Reports>FI025 –Revenue Expense Budget By Fund List/Report