



### **3.1 Fund Accounting**

In order to ensure the observance of limitations and restrictions placed on the use of the available resources, the District accounts for financial activities through the use of fund accounting. Under fund accounting, revenues and expenses are grouped into similar categories based on the source of funding and restrictions on expenditures. Each fund is self-balancing and segregated from the other funds. The various funds can then be broken down into various classifications or types. Various transfers can occur between each of the funds. The transfers are considered mandatory if an external party requires the transfer and non-mandatory if the transfer is at the discretion of the District.

- 3.1.1** Current Funds include those resources of the District which are expendable for the general operations of the District and are not restricted by external sources or designated by the board for other operating purposes.
- 3.1.2** Unrestricted Current Funds are funds available for operations which have no externally imposed limitations or restrictions on their usage and are not utilized for loan, endowment or plant purpose. Any unrestricted funds designated to noncurrent sources are transferred to their respective fund as mandatory or non-mandatory transfers.
- 3.1.3** Auxiliary Current Funds are funds generated by providing a service to students. The auxiliary fund consists of programs other than instruction for which a fee is charged. The District's auxiliary enterprises include the following major categories: student activities, intercollegiate athletics, food services, bookstores, facilities rental, child development labs, fitness centers, fine arts and the print shop.
- 3.1.4** Restricted Current Funds are those funds available for operations but which are limited by donors or other external agencies to specific purposes or programs.
- 3.1.5** Quasi Endowment Funds are funds the Board of Trustees has designated to function in the same manner as an endowment. The investment earnings are eligible for expenditures but the principal is retained. The Board has the right to release these funds and expend the principal at any time.
- 3.1.6** Building Funds include all revenue and expenditures utilized for major acquisitions, large construction projects and renewal and replacement projects. The building use fees paid by students fund the renewal and replacement fund which is used to maintain campus buildings.
- 3.1.7** The Debt Service Fund accounts for all long term debt activities. Examples of these types of expenditures include principle, interest and miscellaneous expenses associated with general obligation and revenue bonds. General obligation bonds are defined as bonds in which the full faith and credit of the District are pledged. Revenue bonds designate a revenue stream as the payment source for the bonds.
- 3.1.8** The Agency Funds account is for the resources held by the District as custodian or fiscal agent for other individuals, such as student activities, student athletics, etc.

## **3.2 Reporting Guidelines**

The significant accounting policies followed by the District in preparing financial statements are in accordance with the Texas Higher Education Coordinating Board's (THECB) Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges. The District applies all applicable GASB pronouncements and all applicable Financial Accounting Standard Board (FASB) statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The District is reported as a special-purpose government engaged in business-type activities.

## **3.3 Tuition Discounting**

### **3.3.1 Texas Public Education Grants**

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. These funds, called the Texas Public Education Grant (TPEG), are shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.0333). When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount disbursed is recorded as scholarships expense.

### **3.3.2 Title IV Higher Education Authority (HEA) Program Funds**

Certain Title IV HEA Program funds (Pell grants and FSEOG) are received by the District to pass through to the student. These funds are initially received by the District and recorded as restricted revenue. When the student is awarded and uses these funds for tuition and fees, a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

### **3.3.3 Other Tuition Discounts**

The District awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as tuition and fee revenue and a corresponding amount is recorded as a tuition discount. If the amount is disbursed directly to the student, the amount is recorded as scholarships expense.

## **3.4 Basis of Accounting**

The financial statements of the District are reported using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when the liability is incurred and they have been reduced to a legal or contractual obligation to pay.

## **3.5 Budgetary Data**

Each community college district in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenses for the fiscal year beginning September 1. The District's Board of Trustees adopts the budget, which is prepared on the modified accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board (THECB), Legislative Budget

Board, Legislative Reference Library, and Governor’s Office of Budget and Planning by December 1. Board policy requires the District maintain a minimum fund balance equal to 25% of educational expenses adjusted for reserves and allocations.

**3.6 Cash and Cash Equivalents**

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The District also considers funds on deposit with TexPool, TexSTAR and TexasTerm, which are both statewide investment pools, as cash and cash equivalents.

**3.7 Investments**

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments are reported at fair market value or money market and other short-term, highly liquid investments may be reported at amortized cost, provided the fair market value is not significantly different. This GASB Statement considers U.S. Treasury and agency obligations with maturities of less than one year to be money market investments. Accordingly, the U.S. Government Agency Issues are reported at amortized cost.

Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

**3.8 Capital Assets**

Assets with a per unit purchase cost of at least \$5,000 and a useful life greater than one year are capitalized. Interest costs incurred during construction of physical plant are capitalized as incurred. Depreciation on buildings and site improvements is calculated using the half-year convention, straight-line method with residual value of 10%. Depreciation is not allocated to the functional expense categories. Expenditures for construction in progress are capitalized as incurred.

Capital assets are stated at cost. Donated capital assets are valued at their estimated fair market value on the date received. The District reports capital assets net of accumulated depreciation under a single-line item as a business-type unit. Depreciation on assets other than buildings and site improvements is computed using the straight-line method over the estimated useful lives of the assets applying the half-year convention and no residual value. The following lives are used:

Buildings	50 years
Facilities and other improvements	20 years
Library books	15 years
Furniture, machinery, vehicles and other equipment	10years

Telecommunications and peripheral equipment

5 years

### **3.9 Unearned Revenues**

Revenue is recognized on an accrual basis with the establishment of corresponding accounts receivable. The accounts receivable are recorded using the allowance method to measure bad debts. The allowance for doubtful accounts is determined based upon analysis and management's estimation of collectability of such accounts.

### **3.10 Use of Estimates**

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions affecting certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **3.11 Operating and Non-Operating Revenue and Expense**

The District distinguishes operating revenues and expenses from non-operating items. The District reports as a business type activity (BTA) and as a single proprietary fund. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues are tuition and related fees, auxiliary enterprises and federal grants and contracts, excluding Title IV financial aid programs. The major non-operating revenues consist of state appropriations, property tax collections, federal grant revenue related to Title IV financial aid programs and investment income. Operating expenses include providing educational services, administrative expenses, and depreciation on capital assets. Non-operating expenses consist of interest on capital related debt.

### **3.12 Compensated Absences**

Vacation is earned in varying amounts up to a maximum of 21 days for employees with 11 years or more of service. Unused vacation leave carried forward from one year to the next is limited to 15 days for each employee. Upon termination, employees are paid for earned but unused vacation for the current year and up to the 10 day maximum allowed for unused vacation carried over from the prior year.

District employees are entitled to sick leave, which is accumulated but does not vest. Therefore, no liability for accumulated sick leave is recorded in the financial statements.

### **3.13 Income Tax Status**

The District is exempt from income taxes under Internal Revenue Code Section 115, Income of States, Municipalities, etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511(a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc., Organizations.

### **3.14 Contract and Grant Awards**

Contract and grant awards are accounted for in accordance with the provisions of GASB Statement No. 33. Grant funds are considered to be earned when all eligibility requirements have been met and to the extent of expenses made under the provisions of the grant.

Accordingly, when such funds are received in advance, they are recorded as unearned revenue until earned. Contract and grant awards not yet funded and for which the District has not yet performed services are not included in the basic financial statements.

### **3.15 Board Designations**

The District includes in unrestricted net assets certain amounts set aside by the Board. The Board has set aside funds for the following purposes:

- Funds for maintenance and operations. Maintenance and operations costs are budgeted yearly, but this amount was set aside in case of decreased property values.
- Funds for insurance deductibles in the event of a catastrophic loss.
- Funds for a health insurance reserve to cover the decrease in state funding for employee health insurance.

### **3.16 In-Kind-Donations**

#### **Introduction**

Collin College encourages the solicitation and acceptance of tangible property to support College educational programs. Collin College will accept gifts of property for specific programs and purposes consistent with the College's mission, purposes, and priorities. Final acceptance or refusal decisions on gifts of property will be made by applicable departmental or executive leadership.

#### **3.16.1 Gift Processing**

Tangible property gifts, also referred to as in-kind gifts, will be processed through a Gifts In-Kind Contribution form (see Exhibit A), which requires the initiator to complete the form along with the assistance of the donor. After obtaining the signature of both the donor and the approving Dean/AVP on the form, it should be submitted to Business Administrative Services for processing. Business Administrative Services will sign the form to acknowledge receipt. Any capital assets (value greater than \$5,000) will be recorded in the General Ledger. A thank you letter will be provided to the donor (see Exhibit B). Business Administrative Services will provide a listing of the gifts-in-kind received each month to the President for presentation to the Board. This will serve as the official acceptance of the gifts by the College in accordance with College policy.



## Collin College Gifts In-Kind Form

### DONOR INFORMATION

This section is to be completed by Donor and is for Non-Monetary Donations

Donor Name _____			
Address _____			
City _____	State _____	Zip _____	
Contact Person _____	Title _____		_____
Phone _____	Email _____	_____	
Description of Item _____			
_____			
_____			
Condition of Item	New _____	Used _____	
Estimated Value by Donor \$ _____ *			
*Value should represent current market value. Receipt, appraisal, internet research, etc. is required to be attached for all donations with a value of \$5,000 or more.			
Donor Signature _____		Date _____	
<small>Federal income tax regulations require donors claiming deductions for charitable contributions consisting of property other than cash worth more than \$500 to file Internal Revenue Service Form 8283, "Non-cash Charitable Contribution". See IRS Publication 561, "Determining the Value of Donated Property" for detailed information. Donor will receive a thank you letter from Collin College acknowledging the receipt of goods with the value indicated for tax purposes.</small>			

### DEPARTMENT INFORMATION

This section is to be completed by the Department receiving the donation

Department Benefiting from Donation _____	Department Org # _____
Describe use to the College _____	
Contact Name _____	Contact Title _____
Approving Dean/AVP Name _____	Date _____
Approving Dean/AVP Signature _____	

### BUSINESS ADMINISTRATIVE SERVICES USE ONLY

Received in Business Admin Services by: _____	Date _____
Recorded to GL by: _____ JE # _____	Date _____
Recorded to Monthly Board file by: _____	Date _____

Completed form, along with supporting documentation, should be sent to Collin College Business Administrative Services. They may also be scanned and emailed to [ywallace@collin.edu](mailto:ywallace@collin.edu) .

Questions should be directed to Yvette Wallace ph: 972.758.3884 email: [ywallace@collin.edu](mailto:ywallace@collin.edu) or Shannon South ph: 972.599.3103 email: [ssouth@collin.edu](mailto:ssouth@collin.edu) .

Exhibit B



<Date>

<First Name> <Last Name>

<Company/Organization>

<Street Address>

<City>, <State> <Zip>

Dear <Name>:

On behalf of Collin College, I would like to thank you and <Company/Organization> for your generous donation of <in kind donation description>.

Your donation will provide students with the resources they need to receive the highest level of instruction. More importantly, upon completion of Collin College's program, they will be able to enter the workforce with the skills and knowledge to succeed thanks to your generosity.

Again, thank you for your gift and, most importantly, your support of our students, their learning and their success. Below please find an outline of your donation. Feel free to contact Collin College at 972.599.3103 with any questions.

Sincerely,

<Name>

<Title>

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**DONATION DETAILS | GIFT IN-KIND**

Donor: <Company/Organization>

<Street Address>

<City>, <State> <Zip>

Item(s): <Description from in-kind donation form>

**Fair Market Value (Established by Donor):** \$ \_\_\_\_\_ **Date:** <Date>

*Your potential tax-deduction is based on the stated value for the goods and services you provided. This letter will serve as your receipt. Collin College **Tax ID #75-2037156***

**Collin County Community College District**

Collin Higher Education Center | 3452 Spur 399, McKinney, Texas 75069

P | 972.599.3100 | www.collin.edu

CCCCD does not discriminate on the basis of race, color, religion, age, sex, national origin, disability or veteran status.