The accounting system and financial records for MCC shall be maintained in accordance with the principles of Accrual Accounting and Fund Accounting.

**Accrual Accounting** - The accounts shall be maintained and reports prepared on the accrual basis of accounting. Revenues are reported when earned and expenditures when materials and services are received. Expenses incurred at the balance sheet date are accrued and expenses applicable to future periods are deferred.

**Fund Accounting** - In Fund Accounting, funds for various purposes are classified in accordance with activities or objectives specified by donors; in accordance with regulations, restrictions, or limitations imposed by agencies outside the Institution; or in accordance with MCC policies and procedures.

In addition, financial records and reporting shall comply with guidelines issued by the Texas Higher Education Coordinating Board, Texas College and University System and by principles published by the National Association of College and University Business Officers.