OBJECTIVES

Obtain understanding of:

- **Proprietary Fund Statements**
  - Difference between Current Funds and Noncurrent Funds
  - Difference between Unrestricted and Restricted Funds
  - Three fund groups (columns) in Unrestricted Funds:
    - Educational and General
    - Designated
    - Auxiliary Enterprises
  - How/why transactions are posted to these fund groups
  - Some basic journal entries

- **Fiduciary Fund Statements**
  - Stewardship
  - 5 Types of Activities
The financial statements of the A&M System are prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) pronouncements, the requirements of the Texas Comptroller of Public Accounts, and the guidelines from the National Association of College and University Business Officers (NACUBO)

There are two fund types presented in the primary statements

- Proprietary Funds
- Fiduciary Funds
**FUND TYPES**

**Proprietary Funds** - the A&M System’s proprietary financial statements are presented using the economic resources measurement focus and the full accrual basis of accounting

- Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation is incurred
- Operating activities are distinguished from non-operating activities
  - Operating revenues and expenses result from providing services or producing and delivering goods in connection with on-going operations

**Fiduciary Funds** - the A&M System’s fiduciary financial statements are also presented using the economic resources measurement focus and the full accrual basis of accounting

- Under the accrual basis, additions are recognized when earned, and deductions are recorded when an obligation is incurred
- Under GAAP, these funds are considered Custodial Funds
Proprietary Current Funds

BY NACUBO FUND GROUPS
CURRENT FUNDS

Definitions and General Information:

- Current Funds are resources that are expendable, in the near term, for the chief missions of the institution or agency.

<table>
<thead>
<tr>
<th>Instruction</th>
<th>Research</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Service</td>
<td>Academic Support</td>
</tr>
<tr>
<td>Student Services</td>
<td>Institutional Support</td>
</tr>
<tr>
<td>Scholarships &amp; Fellowships</td>
<td>Auxiliaries</td>
</tr>
</tbody>
</table>

- These resources are available for operating purposes; therefore, Current Funds are sometimes referred to as “Operating Funds”.

CURRENT FUNDS

Definitions and General Information:

The Current Fund group includes two basic subgroups: **Unrestricted** and **Restricted**

- **Unrestricted** Current Funds include all funds received for which a donor or other external agency has not specified an expense purpose
- **Restricted** Current Funds are available for financing operations but are limited by donors and other external agencies to specific purposes, programs, departments, or schools
## UNAUDITED

### SCHEDULE III-FUND

**THE TEXAS A&M UNIVERSITY SYSTEM**

**COMBINED STATEMENT OF NET POSITION BY FUND GROUP**

**FOR THE YEAR ENDED AUGUST 31, 2020**

### CURRENT FUNDS

<table>
<thead>
<tr>
<th>Assets and Deferred Outflows</th>
<th>Educational and General</th>
<th>Designated</th>
<th>Auxiliary</th>
<th>Total</th>
<th>Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents [Sch Three-A]</td>
<td>$223,467,584.98</td>
<td>$887,014,039.05</td>
<td>$45,235,817.13</td>
<td>$1,155,717,441.16</td>
<td>$88,345,389.45</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents [Sch Three-A]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$66,472,694.54</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legislative Appropriations</td>
<td>191,474,575.22</td>
<td></td>
<td></td>
<td></td>
<td>191,474,575.22</td>
</tr>
<tr>
<td>Receivables, Net</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal</td>
<td>26,264,216.53</td>
<td>1,259,049.89</td>
<td></td>
<td>27,523,266.42</td>
<td>118,232,477.05</td>
</tr>
<tr>
<td>Other Intergovernmental</td>
<td>25,058.20</td>
<td>514,890.84</td>
<td></td>
<td>539,949.04</td>
<td>3,091,122.78</td>
</tr>
<tr>
<td>Interest and Dividends</td>
<td>107,424.05</td>
<td></td>
<td></td>
<td></td>
<td>107,424.05</td>
</tr>
<tr>
<td>Gifts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>20,152,612.84</td>
</tr>
<tr>
<td>Self-Insured Health and Dental</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student</td>
<td>11,560,409.65</td>
<td>19,906,915.19</td>
<td>9,449,106.33</td>
<td>40,916,431.17</td>
<td>2,790.11</td>
</tr>
<tr>
<td>Investment Trades</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts</td>
<td>29,295,906.58</td>
<td>43,942,235.93</td>
<td>14,774,643.72</td>
<td>88,012,786.23</td>
<td>89,316,740.00</td>
</tr>
<tr>
<td>Other</td>
<td>1,219,218.14</td>
<td>49,688.51</td>
<td>1,819,763.08</td>
<td></td>
<td>3,088,669.73</td>
</tr>
<tr>
<td>Due From Other Agencies</td>
<td>14,896,983.47</td>
<td>3,373,507.53</td>
<td></td>
<td></td>
<td>18,270,491.00</td>
</tr>
<tr>
<td>Due From Other Members</td>
<td>3,750,047.00</td>
<td>257,845,470.62</td>
<td>129,407.74</td>
<td>261,724,925.36</td>
<td>43,536,077.30</td>
</tr>
<tr>
<td>Due From Other Funds</td>
<td>3,594,813.43</td>
<td>26,131,680.40</td>
<td></td>
<td>8,100,213.39</td>
<td>37,826,707.22</td>
</tr>
<tr>
<td>Total</td>
<td>46,750,149.14</td>
<td>91,600,688.29</td>
<td></td>
<td>429,381,864.61</td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Note: The table above represents the combined statement of net position by fund group for the year ended August 31, 2020, for the Texas A&M University System. The figures are presented in dollars.*
CURRENT FUNDS—RESTRICTIONS AND PURPOSE

- Externally imposed restrictions on funds are **NOT** the same as internal designations imposed by the governing board
  - Internal designations do **not** create restricted funds
  - Removal of the designation remains at the discretion of the governing board

- When resources flow into an institution or agency, the purpose for which they are made available dictates the fund group to which they will be added
  - Any resource that could be used for operating purposes must be recorded initially as revenue in Current (Operating) Funds
  - This is true for both unrestricted and restricted funds

For example, suppose a donor stipulates his gift is to be used for the construction of a new gymnasium...since this is a non-operating purpose, it will most appropriately be recorded initially in Plant Funds as non-operating gift revenue for capital acquisition
CURRENT FUNDS-RESTRICTED

- A donor requests her donation be used “for the pharmacy department.” In this case the resources could be used for operating purposes (in the pharmacy department only) and should be recorded in Restricted Funds.
  - However, the constraint does not give a time period for the expense, so the governing board may wish to transfer the resources from Current Funds to Endowment and Similar Funds, where they will “function as an endowment”
    - If this is approved, the donor’s restriction applies to use of the income from the investment
    - The restriction will continue to apply for as long as the funds functioning as endowments exist, and
    - It would also apply to the endowment principal, if the governing board subsequently decided to liquidate the funds function as endowment and spend the principal
EXAMPLES:

A donor stipulates that his gift is to be used to construct a gymnasium

- This is a non-operating purpose
- The gift should be recorded initially in Plant Funds
EXAMPLES:

A donor requests her donation be used “for the pharmacy department”

The resources could be used for operating purposes (in the pharmacy department only)

The gift should be recorded in Restricted Funds

Restricted Funds differ from Endowment Funds
Review: Current Funds are used to support the missions of the institutions and agencies.
In addition to reporting revenues by source and expenses by classifications, transactions must be shown in the appropriate fund group. In Current Unrestricted Funds there are three fund groups:

- Educational and General funds (called “General Funds”)
- Designated Funds
- Auxiliary Enterprises funds
REVENUES

Unrestricted Current Funds are available for any current operating purpose. Because there are no external constraints on the use of these resources, unrestricted fund income is considered revenue when earned. These revenues must be reported by source in the year received on the Statement of Revenues, Expenses and Changes in Net Position (SRECNP). Examples of these sources are:

- Tuition and Fees
- Sales and Services of Hospitals, Educational Activities, or Auxiliary Enterprises
- Professional Fees
- State Appropriations (non-operating)
OPERATING EXPENSES

The *Annual Financial Report* classifies operating expenses by both **functional** and **natural** classifications. The following lists the classifications utilized.

**Functional**
- Instruction
- Research
- Public Service
- Academic Support
- Student Services
- Institutional Support
- Operations and Maintenance of Plant
- Scholarships and Fellowships
- Auxiliary
- Depreciation/Amortization

**Natural Classifications**
- Salaries and Wages
- Payroll Related Costs
- Professional Fees and Services
- Travel
- Materials and Supplies
- Repairs and Maintenance
- Communication & Utilities
- Repair & Maintenance
- Scholarships and Fellowships
- Claims & Losses
- Depreciation/Amortization
E&G Fund Revenues

Educational and General (E&G) Funds – these funds can be used for any lawful purpose. The largest revenue items in this fund include:

- Tuition & Fees
- Sales of Goods & Services
- State Grant Pass-through
- State Appropriations (non-operating)
Educational and General Fund expenses are largely attributable to:

- Instruction
- Public Service
- Academic Support
- Student Services
- Institutional Support
Designated Funds – These funds are also known as “Board-Designated Funds,” since management or the Board of Regents has internally designated them for a specific use. These internal designations are not the same as external restrictions. The internal designation may be removed or altered at management’s discretion. The major revenues reported in this fund group include:

- Statutory Tuition & Fees
- Sales and Services of Educational Activities
- Investment Income
Designated Funds Expenses

Primary uses of Designated Funds include:

- Instruction
- Research (departmental designated)
- Public Service
- Academic Support
- Student Services
- Institutional Support
- Operation and Maintenance of Plant
- Scholarships & Fellowships
Auxiliary Funds – An auxiliary fund exists to furnish goods or services to students, faculty or staff, and it assesses a charge directly related to, although not necessarily equal to, the costs of the goods or services.

Distinguishing characteristics of an auxiliary enterprise is that it is managed as a self-supporting activity, examples of auxiliary enterprises include:

- Dormitories
- Athletic programs
- Food services
- Parking facilities
- Bookstores
AUXILIARY FUNDS REVENUES

There are several revenue categories in this fund group

- Student Fees
- Auxiliary Enterprises
- Gift Revenue (non-operating)
- Investment Income (non-operating)
**JOURNAL ENTRY EXAMPLE**

To record the receipt of tuition and fees in E&G Funds:

<table>
<thead>
<tr>
<th>Account/Transaction Description</th>
<th>Dr.</th>
<th>Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational and General Funds</td>
<td></td>
<td>117,439</td>
</tr>
<tr>
<td>Cash</td>
<td>117,439</td>
<td></td>
</tr>
<tr>
<td>Tuition revenue (Increases Net Position)</td>
<td></td>
<td>117,439</td>
</tr>
</tbody>
</table>
**JOURNAL ENTRY EXAMPLE**

To record the receipt of Auxiliary Funds:

<table>
<thead>
<tr>
<th>Account/Transaction Description</th>
<th>Dr.</th>
<th>Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auxiliary Enterprise Funds</td>
<td></td>
<td>27,426</td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td>27,246</td>
</tr>
<tr>
<td>Student Service Fees (Increases Net Position)</td>
<td></td>
<td>27,246</td>
</tr>
</tbody>
</table>
TYPES OF TRANSFERS BETWEEN FUNDS

- Mandatory – Transfer required by an external source, often debt service requirements
- Non-Mandatory – Transfer based on an internal management decision
- Transfers to Other State Agencies
- Transfers to Other A&M Members
- Transfer of Capital Assets
- Legislative Transfers
Transfers Between Funds

- Transfers Between Funds – Transferring or moving money between various funds is accomplished with a transfer journal entry.

- Inter-fund transfers are classified as Non-mandatory.

- If the debt transfer is required by an external source or the A&M System (i.e., payments to bondholders) it is referred to as a Mandatory transfer.

- Non-mandatory transfer is one based on an internal management decision.

- Transfers made to meet requirements of other Texas state agencies are recorded as transfers to/from other state agencies since the A&M System is part of the State of Texas Consolidated Annual Financial Report (CAFR).
Common Transfers

- In Current Funds, a common Non-mandatory transfer would be the transfer of funds from Designated Funds to Educational and General Funds to fund various educational and general expenses.

- Another example of a Non-mandatory transfer from Current Funds would be the transfer of the Designated Tuition Fee allocated to capital projects from Designated Funds to Unexpended Plant funds.

- Transfers can include transfer from service centers to Renewals & Replacement fund group to fund future capital purchases.
**Journal Entry Example**

To record non-mandatory transfer from E&G to Designated Funds, specific FAMIS codes help to ensure the transfers stay in balance.

<table>
<thead>
<tr>
<th>Account/Transaction Description</th>
<th>Dr.</th>
<th>Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Educational and General Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interfund-Nonmandatory Transfer to Designated (Reduces Net Position)</td>
<td>4,975</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td>4,975</td>
</tr>
<tr>
<td><strong>Designated Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td>4,975</td>
</tr>
<tr>
<td>Interfund-Nonmandatory Transfer to E&amp;G (Increases Net Position)</td>
<td></td>
<td>4,975</td>
</tr>
</tbody>
</table>
Due To/Due From Other Funds

- Due to/from Other Funds are specific types of receivables and payables
  - Due from is an asset
  - Due to is a liability

- One fund may need to advance funds to another fund on a temporary basis
  - For example, a gift to the University may be contingent upon a particular building being constructed and named after the donor. Unrestricted Current Funds may be advanced to Unexpended Plant Funds to cover construction costs until receipt of the gift, at which time Unexpended Plant Funds would return the advanced funds.
### Journal Entry Example

To record Due to Designated Funds and Due from Unexpended Plant Funds

<table>
<thead>
<tr>
<th>Account/Transaction Description</th>
<th>Dr.</th>
<th>Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Designated Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due From Unexpended Plant funds (asset)</td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>Cash (No affect on Net Position)</td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Unexpended Plant Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (No affect on Net Position)</td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>Due to Designated Funds (liability)</td>
<td></td>
<td>100,000</td>
</tr>
</tbody>
</table>
RESTRICTED FUNDS

- Restricted Current Funds, which are restricted as to how they can be spent, consist primarily of:
  - Gifts and
  - Sponsored program (grant and contract) funds from federal, state, and local governments, foundations, or private donors
    - The largest donor categories are typically “private” and “federal”

- The primary purposes these funds are expended for is research and student aid
INDIRECT COST RECOVERY (IDC)

Often a portion of research grants include “indirect cost recovery” from the Donor

- Utilities or custodial services attributable to sponsored projects are examples of reimbursable indirect costs
- These expenses are generally recorded in Unrestricted Current Funds, normally in Designated Funds
- The actual expenses are not directly traced to particular sponsored projects
- Instead, an “indirect cost recovery rate” is calculated and applied to the project direct costs

For example, a National Institutes of Health grant for $100,000 direct costs with an indirect cost recovery rate of 50%, would receive a total $150,000 ($100,000, plus $100,000 x 50%)
**JOURNAL ENTRY EXAMPLE**

To record expenses for the direct and indirect expenses associated with a reimbursable federal grant

<table>
<thead>
<tr>
<th>Account/Transaction Description</th>
<th>Dr.</th>
<th>Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expenses - Direct</td>
<td>100,000</td>
<td></td>
</tr>
<tr>
<td>Cash (Reduces Net Position)</td>
<td></td>
<td>100,000</td>
</tr>
</tbody>
</table>
**JOURNAL ENTRY EXAMPLE**

To record the entry to establish a receivable from the federal government and to record indirect cost expense which is later recognized in Designated Funds.

<table>
<thead>
<tr>
<th>Account/Transaction Description</th>
<th>Dr.</th>
<th>Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Restricted Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Accounts Receivable</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td>Federal Revenue-Operating</td>
<td>-</td>
<td>150,000</td>
</tr>
<tr>
<td>(Increases Net Position)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Cost Recoveries Expense</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>(Decrease in Net Position)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td>50,000</td>
</tr>
</tbody>
</table>
**JOURNAL ENTRY EXAMPLE**

To record indirect costs recovered on federal grants as revenue in Designated Funds

<table>
<thead>
<tr>
<th>Account/Transaction Description</th>
<th>Dr.</th>
<th>Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>Indirect Costs Revenue</td>
<td></td>
<td>50,000</td>
</tr>
<tr>
<td>(Increases Net Position)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
To record the cash reimbursement received from the federal government

<table>
<thead>
<tr>
<th>Account/Transaction Description</th>
<th>Dr.</th>
<th>Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>150,000</td>
<td></td>
</tr>
<tr>
<td>Federal Accounts Receivable</td>
<td></td>
<td>150,000</td>
</tr>
</tbody>
</table>
This is an illustration of how the different types of sponsored projects affect net position:

- **Cost Reimbursement, Cash Drawdown or Milestone**:
  - Federal, State, Local, and Private
  - Does Not Increase Net Position

- **Private Donations**:
  - Cash Advances
  - Gift Contributions
  - Foundations and Private Donors
  - Generally Increases Net Position
PLEDGES-REVENUE RECOGNITION

- A private donor may pledge to give an institution a restricted gift for operating or capital construction purposes
  - Restrictions stipulated by the donor can have several forms
    - Time requirements (time period of when funds may be used) and/or
    - Purpose restrictions (purpose for which funds are required to be used)

- In some cases, the entire pledge amount (recorded at present value if a multi-year pledge and offset with an uncollectible allowance, based on past experience) of the gift pledge is recognized when all applicable requirements are satisfied or funds are received, whichever occurs first
PLEDGES-REVENUE RECOGNITION

- Restricted Net Position increases by the amount of the gift pledge receivable

- When funds are transmitted in advance of all eligibility requirements being satisfied, then Restricted Net Position does not increase because an unearned revenue liability is recognized

Note: Indirect cost recoveries do not apply to gifts and gift pledge arrangements
Pledge Example

As an example, a four-year, $1,000,000 gift pledge ($250,000 per year) is received from a private donor for student scholarships (no eligibility requirements)

- In the financial statements, the present value discounted amount would be reported as a Gift Pledge Receivable in the amount of $835,779 (present value) and gift revenue
  - The Gift Pledge Receivable will be separated into current and non-current
- As the pledge is collected, the pledge receivable is reversed and cash is recognized on the Statement of Net Position
- The difference between the present valued pledge and the cash received is recorded as gift revenue on the SRECNP
- Unlike cost reimbursement contracts and grants, gift revenues are not recognized to the extent of related expenses
PLEDGED CAPITAL ASSETS

- Gift pledges for endowments, historical treasures, and similar assets to capitalized collections are only recognized in the financials when resources are received, provided that all eligibility requirements have been met.

- The Capital Asset is recorded in Plant Funds with the Capital Contribution revenue.

- The net position must be reported as ‘restricted’ net position for as long as the provider’s purpose restrictions or time requirements remain in effect.
  - Net position is defined by the fund group.
Fiduciary Funds

CUSTODIAL FUNDS BY TYPE
Fiduciary Funds

- Fiduciary Funds were required to issue their own set of Financial Statements in FY 2020

- All Fiduciary Funds are considered custodial funds, there are no component units, pension or trust funds established

- Fiduciary activities criteria focuses on
  
  1. whether a government is controlling the assets of the fiduciary activity and
  
  2. the beneficiaries with whom a fiduciary relationship exists
Categories (columns)

- Student Organizations
- Foundations/Alumni Associations
- Public Private Partnerships (P3’s)
- Other (consortiums)
- Funds Invested for Outside Universities (System only)
Statement of Fiduciary Net Position

- Assets, Liabilities and Net Position
- Asset are reported in liquidity order
- Net Position considered Restricted
  - Restricted for Individuals, Organizations and Other Governments
Statement of Changes in Fiduciary Net Position

- Separate section for Contributions
- More focus on Investment Income to show the custodial relationship
- Subtotal for Investment Income net of Investment Fees
- Additions & Deductions are more summarized, more items included in ‘Other’

- Review Transfers
  - Allowed Between Agency and Agency, or between Fiduciary and Fiduciary
  - Not allowed between Agency and Fiduciary, or any other fund groups
  - Transfers from Other Funds and Transfers to Other Funds must match
**JOURNAL ENTRY EXAMPLE**

To record the cash contributions from Foundations/Alumni Associations

<table>
<thead>
<tr>
<th>Account/Transaction Description</th>
<th>Dr.</th>
<th>Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custodial Fund-Foundation/Alumni Associations</td>
<td></td>
<td>3,000,000</td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td>3,000,000</td>
</tr>
<tr>
<td>Contributions (Addition section)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Journal Entry Example**

To record the cash payments from Foundations/Alumni Associations accounts

<table>
<thead>
<tr>
<th>Account/Transaction Description</th>
<th>Dr.</th>
<th>Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Custodial Fund-Foundation/Alumni Associations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment Professional Services (Deduction section)</td>
<td>1,200,000</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td>1,200,000</td>
</tr>
</tbody>
</table>
**JOURNAL ENTRY EXAMPLE**

To record investment income and fees

<table>
<thead>
<tr>
<th>Account/Transaction Description</th>
<th>Dr.</th>
<th>Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fiduciary-Custodial Funds</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>2,000</td>
<td></td>
</tr>
<tr>
<td>Investment Income-Interest</td>
<td></td>
<td>500</td>
</tr>
<tr>
<td>Investment Income-Realized Gain on Sale of Investments</td>
<td></td>
<td>1,500</td>
</tr>
<tr>
<td>(Increases Net Position)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CONCLUSION

Congratulations!

You have completed Module 2

Select the next presentation to continue to learn about TAMUS and Fund Accounting