

1947

Manual of accounting procedure for federal credit unions

Federal Deposit Insurance Corporation

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Manual of
ACCOUNTING PROCEDURE
for
FEDERAL CREDIT UNIONS

FEDERAL SECURITY AGENCY
SOCIAL SECURITY ADMINISTRATION
BUREAU OF FEDERAL CREDIT UNIONS

Washington, D. C.

Manual of
**ACCOUNTING
PROCEDURE**
for
Federal Credit Unions

*This manual is the property of the
Federal Credit Union. Officials
retiring from office must leave this
maunual for their successors.*

Charter No.

**FEDERAL SECURITY AGENCY
Social Security Administration
Bureau of Federal Credit Unions
Washington, D. C.**

FOREWORD

This Manual of Accounting Procedure has been prepared in order to make it easy to keep the books of Federal credit unions uniformly, accurately, and effectively. This revision supersedes all previous issues of the manual and accounting instructions by circular letter.

It is divided into five parts as follows:

- I. GENERAL INSTRUCTIONS, pages 1 to 3
- II. ACCOUNTING RECORDS, pages 5 to 27
- III. OPERATING PROCEDURE, pages 29 to 51
- IV. OPERATION OF ACCOUNTS, pages 53 to 92
- V. SUPPLEMENT, pages 93 to 147

A thorough study of the first four parts of the manual should be made in order to get a general understanding of the system, the records used, and the accounting procedure. This is essential for all treasurers whether or not they have had previous bookkeeping experience and will serve to help them avoid accounting difficulties.

When specific accounting problems arise, consult the index at the back of the manual for the proper place to find the information needed.

If revision of any part of the manual becomes necessary, revised pages, accompanied by appropriate explanations, will be sent to each treasurer.

September, 1947

PART I. GENERAL INSTRUCTIONS

OPERATIONS UNDER LAW, BYLAWS AND REGULATIONS

Federal credit unions are corporations, organized and operated under the provisions of the Federal Credit Union Act. They are governed by the rules established in their bylaws and the regulations issued by the Bureau of Federal Credit Unions. All directors, officers, and committee members should have a general knowledge of these laws, bylaws, and regulations, and a specific knowledge of the duties required of the particular office held.

THE TREASURER

The treasurer occupies a position of considerable importance in the operation of a Federal credit union. He is sometimes referred to as the general manager. He is responsible to the board of directors. The accurate maintenance of proper records is a major responsibility. He should be familiar with all phases of the credit union's operations, and therefore should understand the following sections of the Federal Credit Union Act:

- Sec. 6 Reports and examinations
- Sec. 7(5) Interest rate on loans to members
- Sec. 7(5) Loans to directors, officers, and committee members
- Sec. 7(9) Borrowing powers of Federal credit unions
- Sec. 9 Membership fees
- Sec. 10 Ending of fiscal year and date for holding annual meeting
- Sec. 11(a) Election reports
- Sec. 11(b) Officers and surety bonds
- Sec. 12 Reserve for bad loans
- Sec. 13 Dividends
- Sec. 16(d) Books, records, and reports

The following parts of the bylaws will be of particular interest to Federal credit union treasurers:

- Art. II, Sec. 1 Who may be members
- Art. II, Sec. 2 and 3 Admission of members
- Art. III, Sec. 1 Payment of shares
- Art. III, Sec. 2 Maximum number of shares to be held
- Art. III, Sec. 3 Fines on share installments
- Art. III, Sec. 4 and 5 Transfer and withdrawal of shares
- Art. IV Passbooks
- Art. VIII, Sec. 5 Duties of treasurer
- Art. XII Loans
- Art. XIII Reserve for bad loans
- Art. XIV Dividends
- Art. XV, Sec. 1 and 2 Deposits of funds
- Art. XV, Sec. 3 Disbursements
- Art. XV, Sec. 4 Change fund
- Art. XV, Sec. 5 Investments
- Art. XIX, Sec. 2 Transactions confidential
- Art. XIX, Sec. 7 Records of credit union open to inspection by directors and committee members

ACCURATE AND CURRENT RECORDS ESSENTIAL

The records of the credit union are the source of the information necessary for the directors to properly manage the credit union and are the basis of reports to the members. It is therefore essential that records be accurate, be current, and that they show the true condition of the credit union. Prompt preparation of reports will aid the officials in achieving their goal of a credit union which fulfills the purposes for which it was formed.

MODIFIED CASH SYSTEM

The system of accounting prescribed for Federal credit unions by this manual is on a modified cash basis. In general, income is not accounted for until actually received in cash, but expenses are accounted for in the month in which they become due and payable, regardless of whether or not the cash disbursements for the expenses have been made.

RECORDS KEPT ON APPROVED FORMS

The principal records of a Federal credit union are kept on forms prescribed by the Bureau of Federal Credit Unions and illustrated in this manual.

FINANCIAL REPORTS TO BUREAU OF FEDERAL CREDIT UNIONS

Each Federal credit union is required to submit financial and statistical reports to the Bureau of Federal Credit Unions at such times and on such forms as may be prescribed by the Bureau.

INFORMATION RETURNS TO COLLECTOR OF INTERNAL REVENUE

Although Federal credit unions are exempt from Federal income tax, they are required to file an information return on forms furnished by the Collector of Internal Revenue, such form to be filed with the Collector of Internal Revenue in your district, not later than May 15th of each year.

EXEMPTION FROM SOCIAL SECURITY TAXES

Federal credit unions are not required to pay taxes under the Social Security Act.

WITHHOLDING PROVISION OF FEDERAL INCOME TAX

Federal credit unions which pay any salaries are subject to the withholding provisions of the law relating to Federal Income Taxes. If any salaries are paid it is essential that the proper forms be obtained from each employee and kept on file. If any taxes are required to be withheld, the requirements of the Collector of Internal Revenue for reporting and remitting such taxes should be carefully followed to avoid the possibility of fines and penalties being assessed against the credit union. The treasurer should obtain necessary forms and instructions from the local office of the Collector of Internal Revenue.

BASIC ACCOUNTING PRINCIPLES

A double entry bookkeeping system includes various forms and procedures, actually quite simple when a few elementary principles are understood. The system can be broken down into two distinct parts which show the inter-relationship between the forms and the services performed by each. These two parts are **RECORDS OF ORIGINAL ENTRY** and **RECORDS OF FINAL ENTRY**.

RECORDS OF ORIGINAL ENTRY are a diary of transactions as they occur. The Journal and Cash Record is the main book of original entry. To aid in making the entries in the Journal and Cash Record, the Cash Received Voucher—a memorandum record of each item of cash received—is used. Each day's cash receipts are summarized from the vouchers and entered in the Journal and Cash Record. A member's passbook provides the member with a record of his transactions with the credit union. Thus we have a running history of each day's financial transactions.

RECORDS OF FINAL ENTRY enable us to understand the effect of the transactions we have entered in the diary or books of original entry, by summarizing and analyzing the results of the financial activities in the General Ledger. The General Ledger is a record of final entry and shows the current status of the credit union.

POSTING is simply a transfer of the amounts in the books of original entry—the diary—to the books of final entry, or the ledger accounts.

Sometimes a further analysis of a particular ledger account is necessary so a **SUBSIDIARY LEDGER** is set up. The Individual Share and Loan Ledger is a subsidiary ledger showing the detailed transactions with each member.

The ledger accounts are of utmost importance because they show the history and current status—results—of all financial operations.

ASSETS are what the credit union **OWNS**, such as cash, loans to members, U. S. bonds, etc. **LIABILITIES** are what the credit union **OWES** to someone else, such as notes payable, accounts payable, etc. **OWNERSHIP** of the credit union is shown as a liability of the credit union to the members for shares and the undivided earnings and reserves.

The double entry bookkeeping system requires that for each DEBIT recorded in the books of account there must be an offsetting CREDIT. By following this rule the books can be kept in balance.

DEBITS are merely items recorded on the left side of the accounts. Cash received, other assets acquired, such as loans, U. S. bonds, etc., and liabilities paid are debits.

CREDITS are those items recorded on the right side of the accounts. Cash paid out, liabilities incurred, and assets sold or otherwise reduced are credits. The difference between debits and credits is the balance, which may be either a debit or credit balance, depending upon which is larger.

THE ACCOUNTING SYSTEM

RECORDS OF ORIGINAL ENTRY

Daily diary of transactions.

JOURNAL AND CASH RECORD

To summarize transactions in chronological order.

To provide basis for posting to general ledger accounts.

RECORDS OF FINAL ENTRY

Show results of financial operations as of a particular date.

GENERAL LEDGER

Provides a summary of credit union's financial activities—pivot of the bookkeeping set-up.

PART II. ACCOUNTING RECORDS

The accounting records prescribed for Federal credit unions are described and illustrated in this brief section of the manual in order to give treasurers an over-all picture of the accounting materials he will use. Details of each type of transaction are explained in Part III, Operating Procedure, and Part IV, Operation of Accounts.

SUBSTITUTE FORMS REQUIRE APPROVAL

The use of forms in substitution for the prescribed forms described in this section of the manual, with the exception of forms FCU 104, FCU 106-A, FCU 115, FCU 118, FCU 200, FCU 201, and FCU 203, requires the prior approval of the Bureau of Federal Credit Unions.

Requests for permission to use substituted forms should contain an explanation of the reasons substituted forms are desired and an outline of the accounting procedure to be observed in their use. Three copies of each proposed substitute form should be forwarded with the request.

SPECIAL NOTE FORMS

The promissory note form (FCU 201) which is described on pages 20 and 21 of this manual has been supplemented in certain States by special note forms which meet the requirements of the laws in those States. You may learn whether a special note form is in use in your State by writing the Regional Representative of the Bureau of Federal Credit Unions who serves the State in which your credit union is located.

MACHINE BOOKKEEPING FORMS

Accounting forms to be used by Federal credit unions in connection with machine bookkeeping systems should be submitted to the Bureau of Federal Credit Unions for approval before adoption. Requests for approval of the forms should be accompanied by a complete description of the machine accounting system to be used in each instance.

USE OF ACCOUNTING RECORDS

Each accounting record illustrated in this part of the manual serves a definite purpose which is explained with each illustration. Each record is filled out properly and will be a useful guide for the proper use of each line and column of the various forms.

JOURNAL AND CASH RECORD

(Form FCU 101)

PURPOSE

The purpose of the Journal and Cash Record is to provide an original record of all accounting transactions in the order in which such transactions occur. Transactions affecting the most active accounts of the credit union are summarized in special columns from which the monthly totals only are posted to the respective General Ledger accounts. Each item entered in the miscellaneous columns should be posted individually to the appropriate General Ledger accounts, and posting of the totals of these columns should be omitted.

FORM FCU 101

PAGE NO. 1

A.B.C.
FEDERAL CREDIT UNION

MONTH OF June 1947

JOURNAL AND CASH RECORD

DATE	BOOK NUMBER	NAME OR ITEM	CHECK NUMBER	CASH		DATE CHECK PAID	SHARES		NOTE NUMBER	LOANS		
				RECEIVED DR.	PAID OUT CR.		WITHDRAWN DR.	PAID IN CR.		LOANED DR.	REPAID CR.	
COL. 1	COL. 2	COL. 3	COL. 4	COL. 5	COL. 6	COL. 7	COL. 8	COL. 9	COL. 10	COL. 11	COL. 12	COL. 13
1	3	Treasurer of the U.S.							18 75			
2	6	General Supply Co.	1	461 75					459 25			
3		General Supply Co.			26 43							
4	7	General Supply Co.		500 25					498 00			
5	3	Jacob Schmitt	2		42 00					1	42 00	
6		Petty Cash	3		5 00							
7	17	Mary Jones	4		200 00					2	200 00	
8	15	James K. Evans	5		100 00					3	100 00	
9	7	A.B. Duncan	6		25 00					4	25 00	
10	8			550 00					548 00			
11	13			359 60					327 60			28 75
12	14			299 61					277 00			20 00
13	20	Honey J. Phillips	7		60 00					5	60 00	
14	33	Lawrence Hart	8		200 00					6	200 00	
15	31	Pearl M. Kinney	9		200 00					7	200 00	
16	35	H. A. Bilep	10		200 00					8	200 00	
17	14	Charles Hathaway	11		175 00							
18	17											
19	20			316 96					294 26			17 25
20		General Bonding Service	12		8 00	July						
21	21			1120 69					1040 00			75 00
22												
23		(Other receipts and disbursements during month not shown as they would be a repetition of above examples)										
24												
25	28			103 11					15 00			80 00
26	3	Jacob Schmitt	48		105 75	July				45	150 00	44 25
27	7	A.B. Duncan Ref. to Loans						10 00				9 85
28	30	Edie H. Smith	49		60 00	July		60 00				
29				4661 97	4309 43			70 00	4450 78		4320 00	312 75
30												
31												
32												
33												
34												
35												

A.B.C

FEDERAL CREDIT UNION

JOURNAL AND CASH RECORD

Month of June 1947

1	INTEREST PAID DR.		INTEREST RECEIVED CR.		RESERVE FOR BAD LOANS						EXPENSE CONTROL DR.	ACCOUNT	✓	MISCELLANEOUS							
	COL. 14		COL. 15		FINES	FEES	COL. 18	COL. 19	COL. 20	COL. 21				COL. 22	COL. 23		24	DR.	CR.	COL. 25	COL. 26
	COL. 14	COL. 15	COL. 16	COL. 17	COL. 18	COL. 19	COL. 20	COL. 21	COL. 22	COL. 23				COL. 24	COL. 25		COL. 26				
				6.25								Unamortized Organization Cost	✓	25.00				1			
				2.50								Unamortized Organization Cost	✓	26.43				2			
				2.25								Petty Cash	✓	5.00				3			
																		4			
																		5			
																		6			
																		7			
																		8			
																		9			
																		10			
																		11			
			75															12			
			31															13			
																		14			
																		15			
																		16			
																		17			
																		18			
											15.85	Stationery & postage - accounts payable (cont'd)	✓			15.85		19			
			170				3.75											20			
											8.00	Miscellaneous expenses (cont'd)						21			
			2.94		25		2.50											22			
																		23			
																		24			
																		25			
			7.86			25												26			
																		27			
																		28			
			15															29			
																		30			
			16.74		50		26.00				23.85					56.43	15.85	31			
																		32			
																		33			
																		34			
																		35			

GENERAL LEDGER

(Form FCU 102)

PURPOSE

The purpose of the General Ledger is to provide a summary record of all transactions which affect the assets, liabilities, and ownership of the credit union. The source of all entries in the General Ledger accounts is the Journal and Cash Record. Only one account should be opened on each General Ledger sheet. The General Ledger account balances are the source of information from which trial balances, balance sheets, and statements of income and expense are prepared.

FORM FCU 102


GENERAL LEDGER

ACCOUNT No. 101

DATE		EXPLANATORY REMARKS	FOLIO	DEBIT		CREDIT		DEBIT BALANCE	CREDIT BALANCE
1947									
	June 30		J.C. 1	4320.00		2127.75		4007.25	
	July 31		J.C. 3	7253.00		1442.75		5817.50	
	Aug 31		J.C. 5	6060.00		4667.75		10207.75	
	Sept 30		J.C. 6	4025.00		5657.75		8575.00	
	Oct 31		J.C. 8	5100.00		9362.50		10112.50	
	Nov 30		J.C. 11	6350.00		4216.25		12246.25	
	Dec 31		J.C. 13	7400.00		4437.75		15208.50	

CHART OF ACCOUNTS

Accounts will be opened in the General Ledger as needed in accordance with the account names and numbers as set forth below.

The accounts are numbered to make identification easy and to simplify the preparation of trial balances, balance sheets, and statements of income and expense. The first number from the left indicates the main group to which the account belongs, as follows:

- 1—Asset accounts
- 2—Expense accounts
- 3—Liability accounts
- 4—Income accounts

The second and third numbers from the left indicate the particular General Ledger account title. The General Ledger pages should be filed in the binder in numerical order by account numbers:

1. ASSET ACCOUNTS

- 101—Loans
- 102—Notes and Contracts Receivable
- 104—Cash
- 105—Petty Cash
- 106—Change Fund
- 107—U. S. Government Obligations
- 108—Federal Savings and Loan Association Shares
- 109—Loans to Other Credit Unions
- 110—Accrued Interest on Bonds and Securities Purchased
- 111—Assets Involved in Liquidation of Loans
- 112—Furniture, Fixtures, and Equipment
- 113—Unamortized Organization Cost
- 115—Other Assets
- 120—Insurance Premiums Receivable
- 125—Cash—U. S. Bond Installment Payments
- 126—U. S. Savings Stamps for Redemption
- 130—Account Receivable—U. S. Savings Bonds Paid

2. EXPENSE ACCOUNTS

- 201—Interest on Borrowed Money
- 202—Expense Control (See Expense Ledger form FCU 104 for accounts used as subsidiaries to this account.)
- 203—Reserve Adjustments for Bad Loans Charged Off
- 204—Cash Over and Short
- 205—Losses on Sale of Bonds and Securities
- 206—Other Losses

3. LIABILITY ACCOUNTS

- 301—Accounts Payable
- 302—Notes Payable
- 303—Matured Interest Payable
- 306—U. S. Savings Bond Remittances Payable
- 307—Dividends Authorized
- 309—Deferred Profits on Liquidation of Loans

- 310—Shares
- 311—Reserve for Bad Loans
- 312—Undivided Profits
- 313—Profit and Loss
- 316—Special Reserve for Delinquent Loans
- 325—Installment Payments on U. S. Bonds

4. INCOME ACCOUNTS

- 401—Interest on Loans
- 405—Income from Investments
- 406—Profit on Sale of Bonds and Securities
- 409—Other Income

INDIVIDUAL SHARE AND LOAN LEDGER

(Form FCU 103)

PURPOSE

The purpose of the Individual Share and Loan Ledger is to provide a record which shows in detail the business done between the credit union and individual members.

This form includes a record of both share and loan transactions. Only one account should be opened on each separate sheet. When the front is filled the reverse side is then used for the same member. The sheets should be filed in book number order unless special circumstances, such as payroll deductions, require filing in some other order. Postings are made on this form from the various vouchers and directly from entries in the Journal and Cash Record.

Optional Individual Share and Loan Ledger forms are provided for use by credit unions that prefer to keep the individual ledger accounts on forms which can be filed in loose-leaf vertical tray files or visible index file cabinets. They are illustrated and discussed on pages 93 to 97.

FORM FCU 103-REV. 2

ABC

BOOK NO. 20

FEDERAL CREDIT UNION

INDIVIDUAL SHARE AND LOAN LEDGER

NAME Henry J Phillips

ADDRESS 217 Oak Street, Smithtown, Indiana

NOTE RECORD										CO-SIGNER ON NOTES OF OTHERS				
NOTE NUMBER	DATE LOANED	AMOUNT	DATE OF 1st PAYMENT	AMOUNT OF INSTALLMENTS	INSTALLMENT DUE EACH	CO-MAKERS		OTHER SECURITY		DATE	BOOK NO.	NOTE NO.	AMOUNT	DATE PD.
5	6-15-47	\$60.00	6-20-47	\$3.00	Week					7-15-47	62	117	\$250.00	

DATE	POST REF.	SHARES LEDGER				FINES	LOANS LEDGER					DELINQUENCY CONTROL		MEMORANDUM
		PAID IN	WITHDRAWN	BALANCE	NO. OF SHRS		NOTE NO.	AMOUNT LOANED	INT. PAID	PRINCIPAL PAID	BALANCE	BALANCE SHOULD BE	ON DATE	
1947														
June 6		3.00		3.00										
13		1.00		4.00										
15	101			4.00		5	60.00			60.00				
22		50		4.50				14	3.00	57.00	57.00	6-20		
27		50		5.00	1			10	3.00	54.00	54.00	6-27		
July 3		50		5.50				13	3.00	51.00	51.00	7-3		
10		50		6.00				12	10.00	41.00	48.00	7-10		
17		50		6.50				09	3.00	38.00	45.00	7-17		
24		50		7.00						38.00	42.00	7-24		
31		50		7.50				18	5.00	33.00	39.00	7-31		
Aug 6		50		8.00				08	3.00	30.00	36.00	8-6		
13		50		8.50				07	3.00	27.00	33.00	8-13		
20		50		9.00				06	10.00	17.00	30.00	8-20		
27		100		10.00	2			04	8.00	9.00	27.00	8-27		
Sept 4		50		10.50				02	3.00	6.00	24.00	9-4		
10				10.50				01	3.00	3.00	21.00	9-10		
17		50		11.00				01	3.00		18.00	9-17		
24		3.50		14.50										
Oct 1		3.50		18.00	3									
8		3.50		21.50	4									

(Note: Entries in these columns are made in pencil)

EXPENSE LEDGER

(Form FCU 104)

PURPOSE

The purpose of this form is to provide a permanent analysis of operating expenses from which the expense distribution on periodical statements of income and expense may be readily prepared. Columnar headings are provided for the subsidiary expense classifications. The use of this form is optional. It is recommended that it be used if expense items are numerous.

USE OF COLUMNS

Columns at the left are provided to record: (1) date of expense, (2) folio (page in Journal and Cash Record from which posting was made), (3) expense total of the date to be distributed among the columns at the right. Columns at the right are provided for each of the various subsidiary expense classifications shown under account No. 202—Expense Control and explained in detail under that account in the "Operation of Accounts" section on pages 73 and 74.

RULING

When account No. 202—Expense Control is closed into the Profit and Loss account, the columns in the Expense Ledger are ruled and totaled. Subsequent entries may be made on the same page below the ruling. As most Federal credit unions will prefer to close the expense and income accounts into the Profit and Loss account on December 31 of each year, the Expense Ledger will provide a record of each year's expenses.

Form FCU 104 Rev. 1

ABC
CREDIT UNION
EXPENSE LEDGER

DATE 1947	FOLIO	EXPENSE TOTAL	DISTRIBUTION										MISCELLANEOUS GENERAL EXPENSE				
			TREAS- URER'S SALARY	OTHER SALARIES	STATION- AND SUPPLIES	COST OF SPACE OCCUPIED	EDUCA- TIONAL EXPENSE	BOB- ROWERS' INSURANCE	DEPR. FURN- ITURES & EQUIPMENT	COLLECTION EXPENSE			AMOUNT	EXPLANATION			
Jan 7	J.C. 1	1585			1585												
20	J.C. 1	800														800	Treasurer's Bond
July 5	J.C. 3	225			25											130	Telephone call to Telegram. 55
10	J.C. 3	600				600											Stamps .25
12	J.C. 3	150										150					
15	J.C. 3	2000			2000												
25	J.C. 3	1309			1309												
Aug 15	J.C. 5	1500		1500													
Sept 15	J.C. 6	150														150	Long Distance Tel. bill
Oct 20	J.C. 8	2775					2775										
Nov 15	J.C. 11	1500		1500													
16	J.C. 11	750			750												
Dec 28	J.C. 13	663						663									
31	J.C. 13	2572														2572	amortization of organizational cost
31	J.C. 13	700								700							
31	J.C. 13	1843			1843												
31	J.C. 13	150									150						
		19272		3000	7582	600	2775	663	700	300						3652	

CASH RECEIVED VOUCHER
(Form FCU 105)

PURPOSE

The Cash Received Voucher provides a form on which individual members write the amount and purpose of funds which are paid to the credit union. This form also serves as a posting medium from which entries for cash received are entered in the respective accounts of the Individual Share and Loan Ledger. It is also used to prepare a summary voucher which shows the total of the day's cash receipts for each of the various purposes against which the cash on hand is balanced at the close of each day. The summary voucher is the source of the daily entry of cash receipts in the Journal and Cash Record.

Special forms and procedures are provided for credit unions that receive payments under a payroll deduction plan, on pages 102 to 107 of this manual. If field collectors are used, see page 100 of this manual.

Form CU-105

a. B. C.

FEDERAL CREDIT UNION

CASH RECEIVED VOUCHER

BOOK NO. 20 DATE June 6, 1947
RECEIVED FROM Henry J. Phillips

	DOLLARS	CENTS
SHARES	3	00
ENTRANCE FEES		25
FINES		
INTEREST ON LOANS		
LOANS		
TOTAL	3	25

RECEIVED BY: *C.G.*

POSTED:

MEMBER'S BOOK BALANCES:

SHARES \$ 3 00

LOANS \$ —

CHECKS CREDITED SUBJECT TO COLLECTION

Form CU-105

a. B. C.

FEDERAL CREDIT UNION

CASH RECEIVED VOUCHER

BOOK NO. Various DATE June 13, 1947
RECEIVED FROM Various

	DOLLARS	CENTS
SHARES	327	60
ENTRANCE FEES		150
FINES		60
INTEREST ON LOANS		115
LOANS	28	75
TOTAL	359	60

RECEIVED BY: *C.G.*

POSTED:

MEMBER'S BOOK BALANCES:

SHARES \$ Summary

LOANS \$ Voucher

CHECKS CREDITED SUBJECT TO COLLECTION

JOURNAL VOUCHER

(Form FCU 106-A)

PURPOSE

Journal Vouchers (Form FCU 106-A) may be used as the source for all entries in the Journal and Cash Record other than cash receipts, such as cash disbursements, transfers of shares to loans and other journal entries. They are also a convenient medium for posting items individually to the Individual Share and Loan Ledgers.

Journal Vouchers are designed to serve the purposes formerly served by forms FCU 106, FCU 114 and FCU 117. Space is provided on the form for approval by the credit committee and comakers if required for share withdrawals and transfers of shares to loans.

The use of this form is optional, provided that there is some other written authorization for each disbursement, transfer of shares or other entry. Its use is recommended in order to standardize and simplify the type of authorization for disbursements, transfers and journal entries and to keep the types of posting mediums to a minimum.

Form FCU-106-A

JOURNAL VOUCHER

FEDERAL CREDIT UNION

Book No. 16 Name Erdis W. Smith Date June 30 1947

DEBIT		CREDIT
60 00	SHARES	
	CASH	60 00
	LOANS	
	INTEREST ON LOANS	

CHECK NO. 49 AMOUNT \$ 60 00 APPROVED OR AUTHORIZED BY: Credit Comm. H&W, Ahm. Received by: Erdis W. Smith
 ENTERED JCR POSTED Frank Peterson, comaker.

Form FCU-106-A

JOURNAL VOUCHER

FEDERAL CREDIT UNION

Book No. 3 Name Jacob Lehmitt Date July 28 1947

DEBIT		CREDIT
	SHARES	
	CASH	105 75
150 00	LOANS	44 25
	INTEREST ON LOANS	

CHECK NO. 48 AMOUNT \$ 105 75 APPROVED OR AUTHORIZED BY: Credit Committee Received by: Jacob Lehmitt
 ENTERED JCR POSTED

JOURNAL VOUCHER

ABC

FEDERAL CREDIT UNION

Book No. *7*

Name *A.B. Duncan*

Date *July 28* 1947

DEBIT			CREDIT	
<i>10</i>	<i>00</i>	SHARES		
		CASH		
		LOANS		<i>9 85</i>
		INTEREST ON LOANS		<i>15</i>

CHECK NO. *Transfer* AMOUNT \$ _____
 ENTERED JCR POSTED

APPROVED OR AUTHORIZED BY:
Board of Directors
Robert Thomas, Clerk

Received by: _____

CHECKS

PURPOSE

All disbursements are made by check, except those from the petty cash fund for postage and for expense items of less than \$1.00. Checks also serve as a receipt for money paid out by the credit union.

DESCRIPTION

No standard form of check is prescribed. There are certain advantages, however, to the use of checks which are printed with numbering, the credit union's name, and spaces for the signature of the treasurer and countersignature of the president.

Regardless of the form of check used, all checks should be prenumbered.

Article XV, Section 3, of the bylaws requires that all checks must be countersigned.

Spoiled checks should be mutilated, marked "Void", and filed for audit purposes in their regular numerical order.

MEMBER'S PASSBOOK (Form FCU 107)

PURPOSE

The Member's Passbook is his receipt for funds paid to the credit union and at the same time gives the member a current statement of his credit union accounts. Amounts paid to or received from members must be immediately recorded in the Member's Passbook and initialed by the person who receives or pays out the funds for the credit union.

Neither the treasurer nor any other officer or employee of the credit union who handles credit union funds is permitted to keep other members' passbooks, since this would defeat the purpose of the passbook. Members should keep their passbooks in their own possession or under their control.

Passbooks should be numbered and the same number should not be used for more than one account.

SHARES						BOOK No <u>20</u> NAME <u>Henry J. Phillips</u>	LOANS					
DATE	PAID IN	WITHDRAWN	BALANCE	FEES FINES	CASHIER	DATE	LOANED	REPAID	BALANCE	INTEREST	FINES	CASHIER
¹⁹⁴⁷ June 6	3 00		3 00	25	CH	¹⁹⁴⁷ June 15	60 00		60 00			CH
13	1 00		4 00		CH	22		3 00	57 00	14		CH
22	50		4 50		CH	27		3 00	54 00	10		CH
27	50		5 00		CH	July 3		3 00	51 00	13		CH
July 3	50		5 50		CH	10		10 00	41 00	12		CH
10	50		6 00		CH	17		3 00	38 00	09		CH
17	50		6 50		CH	31		5 00	33 00	18		CH
24	50		7 00		CH	Aug 6		3 00	30 00	08		CH
31	50		7 50		CH	13		3 00	27 00	07		CH
Aug 6	50		8 00		CH	20		10 00	17 00	06		CH
13	50		8 50		CH	27		8 00	9 00	04		CH
20	50		9 00		CH	Sept 4		3 00	6 00	22		CH
27	50		9 50		CH	10		3 00	3 00	01		CH
Sept 4	50		10 00		CH	17		3 00		01		CH

PAYROLL DEDUCTIONS—OPTIONAL FORMS FOR PASSBOOKS

Credit unions receiving payments under a payroll deduction plan should refer to pages 107 to 112 of this manual for special instructions and illustrations of optional forms of passbooks.

APPLICATION FOR MEMBERSHIP
(Form FCU 150)

PURPOSE

The Application for Membership card is used for the board of directors to act on applications for membership in the credit union, and to provide a permanent record of approved members. It also serves as a permanent record of each member's signature which can be compared with that on notes or other documents such as endorsements on checks.

If the cards are filed alphabetically they serve as a convenient cross reference to locate the account number of a member whose passbook may not be available.

The information contained on the card is an aid in determining whether a member is a minor and is also useful for identification.

Book Number	NAME (to be filled in by the treasurer)		
20	PHILLIPS, HENRY J.		
Residence or Post Office Address	217 Oak St. Smithtown, Indiana		
Occupation	Division or Department	Telephone or Ext. No.	
Laborer	Service	62	
Date of Birth	Husband's first name or wife's maiden name		
Sept 1, 1914	Henrietta Jones		
I hereby make application for membership in the			
ABC Federal			
Credit Union and agree to conform to its laws and amendments thereof and subscribe for at least one share.			
SIGNATURE:	Henry J Phillips		
This application approved by the Board of Directors and entered			
Date:	6-13-47	Clerk:	C. Garman

Form FCU-150.

JOINT SHARE ACCOUNT AGREEMENT
(Form FCU 123)

PURPOSE

The joint share account agreement is used to create a joint ownership of a member's share account and to provide that upon the death of any joint owner the survivor or survivors retain ownership.

Members may open joint accounts with any other person whether a member or not. Joint owners who are not members have none of the privileges of membership.

This agreement permits withdrawals by any one of the joint tenants without the consent of the other(s). It permits any party to the agreement to pledge the shares as collateral for a loan.

This form supersedes forms FCU 202, 202-A and 202-B.

JOINT SHARE ACCOUNT AGREEMENT

The ABC Federal Credit Union is hereby authorized to recognize any of the signatures subscribed hereto in the payment of funds or the transaction of any business for this account. The joint owners of this account, hereby agree with each other and with said Credit Union that all sums now paid in on shares, or heretofore or hereafter paid in on shares by any or all of said joint owners to their credit as such joint owners with all accumulations thereon, are and shall be owned by them jointly, with right of survivorship and be subject to the withdrawal or receipt of any of them, and payment to any of them or the survivor or survivors shall be valid and discharge said Credit Union from any liability for such payment.

Any or all of said joint owners may pledge all or any part of the shares in this account as collateral security to a loan or loans.

The right or authority of the credit union under this agreement shall not be changed or terminated by said owners, or any of them except by written notice to said credit union which shall not affect transactions theretofore made.

Dated: June 6, 1947 Henry J. Phillips
Henrietta J. Phillips } Joint Owners

Joint Account No. 20

APPLICATION FOR LOAN
(Form FCU 200)

PURPOSE

This form is used to give the credit committee adequate information to intelligently pass on the loan application. If the suggested form FCU 200 does not fill the requirements of a particular credit committee it may prepare its own forms as authorized by Section 11(d) of the Federal Credit Union Act, provided the form sets forth the purpose for which the loan is desired, the security, if any, and such other information required by the credit committee to help it determine whether the loan should be granted.

Form FCU 200-Rev.

ABC
FEDERAL Credit Union

Book No. 20
Note No. 5

APPLICATION FOR LOAN

I hereby apply for a loan of \$ 60⁰⁰ for a period of 20 ~~weeks~~ ^{months}, to be repaid in 20 ~~months~~ ^{weeks} ~~monthly~~ installments of \$ 3⁰⁰ each plus interest; I prefer the first payment to fall due on 6-20-47
I desire this loan for the following purpose (explain fully): Balance of hospital bill

Comakers or security offered Shares

I hereby certify that all statements made, including those on the reverse side hereof, are true and complete and submitted for the purpose of obtaining credit.

June 6, 1947 Date Henry J. Phillips Signature of Applicant 217 Oak St. Address

At a meeting held on June 13, 1947, we approved a loan in the amount and on the conditions requested by the above applicant, except as to the following (list any changes in amount, terms, or conditions below):
Payment of 50¢ on shares each week.

The committee's action is recorded in the minutes of June 13, 1947.
Elsie Pate W. H. Cooper
John Cherry

(All committee members present must sign.)

Credit Committee

APPLICANT'S STATEMENT

I am indebted to the following creditors (list all debts such as doctor bills, installments, loans, etc. Attach additional sheet if necessary):

Creditor	Address	Amt. Owing
<i>Queens Hospital</i>	<i>Smithtown</i>	<i>\$ 60⁰⁰</i>
		\$ _____
		\$ _____
		\$ _____
		\$ _____

Employer *Abb Co* Address *Smithtown*
 Date employed *Jan 10, 1939* Position *Laborer*
 Weekly/monthly salary \$ *9.04 hr.* Other income, annual \$ —
 Wife's/husband's name *Henietta Phillips* Dependents, No. *3*
 Is wife/husband employed? *No* Weekly/monthly salary \$ _____
 Real estate owned at reasonable market value \$ _____
 Location _____
 References *Edward Chapman*

COMAKER'S STATEMENT

Name of comaker _____
 Address _____ Phone _____
 Employer _____ Address _____
 Position _____ Weekly/monthly salary \$ _____
 Wife's/husband's name _____ Dependents, No. _____
 Real estate owned at reasonable market value \$ _____
 Location _____
 References _____

Name of comaker _____
 Address _____ Phone _____
 Employer _____ Address _____
 Position _____ Weekly/monthly salary \$ _____
 Wife's/husband's name _____ Dependents, No. _____
 Real estate owned at reasonable market value \$ _____
 Location _____
 References _____

NOTE AND PLEDGE OF SHARES
(Form FCU 201)

PURPOSE

This form is prepared for each loan made to a member to give the credit union a legally enforceable negotiable instrument as evidence of the member's obligation to the credit union.

The pledge of shares placed on the back of the form is not a part of the note. Its purpose is to put the member and comakers on notice that all shares they now have, or may have later, are pledged as security for the loan. Use of the pledge is recommended in order that each member may be fully aware of the fact that his shares are pledged as security.

Form FCU 201-Rev. 6-41

NOTE

Book No. 20

Note No. 5

\$ 60⁰⁰ For value received, I/We, jointly and severally, promise to pay to the June 15, 1947

ABC Federal Credit Union, or order, the sum of Sixty and no 100 Dollars with interest on unpaid balances at the rate of one per cent per month, payable in Twenty installments of Three and no 100 Dollars; the first payment to be made on June 22, 1947 and a like amount every week thereafter until the full amount has been paid.

Collateral: _____

In case of any default in payments as herein agreed, the entire balance of this note shall become immediately due and payable, at the option of the holder. Each party to this note, whether as maker, indorser or guarantor, severally waives presentment for payment, demand, protest and notice of protest and dishonor of the same.

It is further agreed by each party hereto, that in case payment shall not be made at maturity, he shall pay the costs of collection, and attorney's fees in an amount equal to twenty percent of the principal and interest due on this note, but such charge in no event to be less than ten dollars.

Signature of Witnesses	Signature of Maker and Comakers	Address
<u>Clarwood</u>	<u>Henry J Phillips</u>	<u>217 Oak St</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

TRIAL BALANCE OF GENERAL LEDGER ACCOUNTS

As of December 31, 19 47

ACCT. NO.	NAME OF ACCOUNT	DR. BALANCE	CR. BALANCE
ASSET ACCOUNTS			
101	Loans	15 208 50	
102	Notes and Contracts Receivable		
104	Cash	11 52 67	
105	Petty Cash	10 00	
106	Change Fund	100 00	
107	United States Government Obligations	740 00	
108	Federal Savings and Loan Association Shares	250 00	
109	Loans to Other Credit Unions	500 00	
110	Accrued Interest on Bonds and Securities Purchased		
111	Assets Involved in Liquidation of Loans		
112	Furniture, Fixtures, and Equipment	65 00	
113	Unamortized Organization Cost	25 71	
114			
115	Other Assets		
EXPENSE ACCOUNTS			
201	Interest on Borrowed Money		
202	Expense Control	192 72	
203	Reserve Adjustments for Bad Loans Charged Off		
204	Cash Over and Short	50	
205	Losses on Sale of Bonds and Securities		
206	Other Losses		
LIABILITY ACCOUNTS			
301	Accounts Payable		15 52
302	Notes Payable		2000 00
303	Matured Interest Payable		
306	U. S. Defense Bond Remittance \$ Payable		
307	Dividends Authorized		
309	Deferred Profits on Liquidation of Loans		
310	Shares		15 508 64
311	Reserve for Bad Loans		126 75
316	Special Reserve for Delinquent Loans		
312	Undivided Profits		
313	Profit and Loss		
INCOME ACCOUNTS			
401	Interest on Loans		587 69
405	Income from Investments		6 50
406	Profit on Sale of Bonds and Securities		
409	Other Income		
	Totals	18 245 10	18 245 10
EXPENSE LEDGER			YEAR TO DATE
202-1	Treasurer's Salary		
202-2	Other Salaries		30 00
202-3	Stationery and Supplies		75 82
202-4	Cost of Space Occupied		6 00
202-5	Educational Expense		27 75
202-6	Borrowers' Protection Insurance		6 63
202-7	Depreciation of Furniture, Fixtures, and Equipment		7 00
202-8	Collection Expense		3 00
202-9	Miscellaneous General Expense		36 52
	Total (Must agree with Expense Control)		192 72

BANK RECONCILEMENT

(Form FCU 108)

PURPOSE

This form is used to reconcile each month any differences which may exist between the Cash account as reflected on the books of the credit union and the balance shown on the monthly statement received from the bank.

ABC
FEDERAL CREDIT UNION
First National Bank OF Smithtown, Indiana

FORM FCU-108

BANK RECONCILEMENT

DATE December 31, 1947

Table with columns: BANK BALANCE PER BOOKS OF CREDIT UNION, BANK BALANCE PER BANK STATEMENT. Includes sub-totals, deductions, and adjusted totals.

FINANCIAL AND STATISTICAL REPORT

(Form FCU 109)

PURPOSE

This report is prepared each month and a copy is displayed so that members may have a picture of the development and financial condition of their credit union. A copy of this report is also required for the regular monthly meeting of the board of directors, so that directors will know the current condition of the credit union and thus be in a better position to properly direct and control its affairs.

FINANCIAL AND STATISTICAL REPORT

For Period Ended December 31, 19 47 Charter No. 9999

ABC

FEDERAL CREDIT UNION

Address Smithtown, Indiana

BALANCE SHEET			STATEMENT OF INCOME AND EXPENSE		
ACCT. NO.	ASSETS	END OF THIS MONTH	ACCT. NO.	INCOME	THIS YEAR TO DATE
101	Loans:		401	Interest on Loans	587.69
(a)	Current and less than 2 months delinquent	203 14,821.00	405	Income from Investments	6.50
(b)	Military Loans		406	Profit on Sale of Bonds	
	DELINQUENT:		204	Cash Over and Short	
(c)	2 months to 6 months	4 387.50	409	Other Income	
(d)	6 months to 12 months			Total Income	594.19
(e)	12 months to 18 months				
(f)	18 months and over			EXPENSES	
(g)	Total Loans	207 15,208.50	201	Interest on Borrowed Money	
102	Notes and Contracts Receivable		202-1	Treasurer's Salary	
104	Cash	1,152.67	202-2	Other Salaries	30.00
105	Petty Cash	10.00	202-3	Stationery and Supplies	75.82
106	Change Fund	100.00	202-4	Cost of Space Occupied	6.00
107	U. S. Bonds	740.00	202-5	Educational Expense	27.75
108	Federal Savings and Loan Shares	250.00	202-6	Borrowers' Insurance	6.63
109	Loans to Other Credit Unions	500.00	202-7	Depreciation of Furn., Fix. and Equip.	7.00
110	Interest Purchased on Bonds		202-8	Collection Expense	3.00
111	Assets in Liquidation		202-9	Surety Bond Premium	8.00
112	Furniture, Fixtures, and Equipment	65.00	202-9	Other Insurance	
113	Unamortized Organization Cost	25.71	202-9	Examination Fees	
115	Other Assets		202-9	Supervisory Fee	
			202-9	Miscellaneous General	28.52
			203	Reserve Adjustments for Bad Loans	
				Charged off	
			204	Cash Over and Short	50
	Total	18,051.88	205	Losses on Sale of Bonds	
	LIABILITIES		206	Other Losses	
301	Accounts Payable	15.52			
302	Notes Payable	2,000.00			
303	Matured Interest Payable				
306	U. S. Savings Bond Remittances Payable				
307	Dividends Authorized				
309	Deferred Profits on Liquidation of Loans			Total Expenses	193.22
			313	Net Profit	400.97
			313	Net Loss	
			ITEM	STATISTICAL INFORMATION	
			1.	Number of accounts at end of period	497
310	Shares	15,508.64	2.	Number of potential members	925
311	Reserve for Bad Loans	206.94	3.	Loans made since organization—No.	407
316	Special Reserve for Delinquent Loans		4.	Loans made since organization—Amt.	\$39,508.00
			5.	U. S. Savings Bonds Sold to date—No.	None
312	Undivided Profits	320.78	6.	U. S. Savings Bonds Sold to date—Amt.	None
313	Profit and Loss		7.	Loans Charged Off to date—Amt.	None
	Total	18,051.88	8.	Recoveries on Loans Ch'd. Off to date—Amt.	None

Certified correct by Clarence Garman
Treasurer

DIVIDEND WORK SHEET AND PAYMENT RECORD

(Form FCU 112)

PURPOSE

This form is designed to aid in determining the amount of dividends payable to each shareholder. It is used to determine the rate of dividends which may be paid from a given amount of undivided profits, after the books have been closed at the end of the year and after 20 percent of the net profits have been transferred to the reserve for bad loans, and any required transfer made to the special reserve for delinquent loans. The form is also used to show the method of payment of the dividends, and provides a record of the posting to the member's individual share account and the member's passbook.

Form FCU 112-Rev.

XYZ
FEDERAL CREDIT UNION

DIVIDEND WORK SHEET AND PAYMENT RECORD

Declared to Members on Record as of December 31, 19 47 Rate 3 %

MEMBER'S ACCT. NO.	NAME	NUMBER OF FULLY PAID SHARES OWNED AT END OF PREVIOUS MONTH WHICH WERE HELD CONTINUOUSLY SINCE DECEMBER 31												TOTAL SHARE MONTHS	AMT. OF DIVIDEND	PAYMENT BY CHECK		CRED. TO SHARES ACCOUNT	PASS- BOOK
		JAN.	FEB.	MAR.	APRIL	MAY	JUNE	JULY	AUGUST	SEPT.	OCT.	NOV.	DEC.			NUMBER	AMOUNT		
1	<i>George Adams</i>	1	2	2	4	7	10	13	17	20	22	25	25	148	185	100	185		
2		1	1	1	2	3	3	4	7	8	8	9	10	57	71			71	68
3		1	1	1	2	2	2	2	3	5	6	6	6	37	46			46	68
4		1	1	2	4	6	6	7	7	8	9	10	12	73	91			91	68
5		1	1	1	2	2	2	3	4	8	10	10	10	54	67			67	68
6		1	1	1	2	2	2	3	3	5	6	7	8	88	47			47	68
7			1	1	2	2	2	2	3	3	4	4	4	26	33			33	68
8			1	1	1	1	2	5	5	5	6	6	6	38	47			47	68
9			1	1	1	1	1	2	2	2	2	2	2	17	21			21	68
10		<i>Member Withdraw</i>																	
11			1	1	1	1	1	3	3	3	3	3	3	21	26			26	68
12				1	1	1	2	3	3	3	3	4	4	21	26			26	68
13				1	1	1	2	2	2	2	2	2	3	16	20			20	68
14	<i>John L. Johnson</i>			1	4	7	8	12	20	20	20	20	20	112	140	101	140		
15				1	1	1	1	1	1	1	1	2	2	10	13			13	68
16				1	1	2	2	2	2	2	2	4	4	16	20			20	68
17		<i>Member Withdraw</i>																	
18				1	1	1	1	1	2	2	2	2	2	12	15			15	68
19				1	1	1	1	2	2	2	3	4	4	16	20			20	68
20				1	1	2	3	4	5	5	5	5	5	26	33			33	68
21				1	1	1	1	1	1	1	1	2	2	9	11			11	68
22				2	2	2	2	2	2	2	3	5	5	20	25			25	68
23				2	1	1	1	1	2	2	3	3	3	13	16			16	68
24				1	1	1	1	2	2	3	3	4	4	16	20			20	68
25				1	1	3	3	3	3	3	5	5	5	21	26			26	68
26				1	1	1	1	2	2	2	2	3	3	13	15			15	68
27				1	1	1	1	2	2	2	2	3	3	11	14			14	68
28				1	1	3	5	7	7	8	8	8	8	31	39			39	68
29				1	1	1	1	2	3	4	4	4	4	12	15			15	68
30				1	1	1	2	2	2	2	2	2	2	10	13			13	68
31				1	1	1	1	1	1	1	1	2	2	6	07			07	68
32				1	1	1	1	1	1	1	1	1	1	5	06			06	68
33				1	1	1	1	1	1	1	2	2	2	7	09			09	68
34				1	1	1	1	1	1	1	1	1	1	4	05			05	68
35				1	2	3	4	4	4	4	4	4	4	10	13			13	68
36				2	4	6	8	8	8	8	8	8	8	20	25			25	68
37				1	1	2	3	3	3	3	3	3	3	6	07			07	68
38				1	1	1	2	2	2	2	2	2	2	4	05			05	68
39				1	1	2	3	3	3	3	3	3	3	3	04			04	68
40				1	1	1	1	1	1	1	1	1	1	1	01			01	68
		6	10	12	25	41	52	75	98	132	148	166	194	959	1197	325		872	

EXTENSION AGREEMENT
(Form FCU 115)

PURPOSE

This optional form is recommended for use in changing the terms of an outstanding loan so as to permit additional time or smaller repayments.

DESCRIPTION

In order for an extension agreement to be effective against all parties, it should be approved by the credit committee and any comakers.

Upon approval, the terms set forth in the extension agreement will supplant the terms of the original note and the loan will not be considered delinquent if the new terms of the extension agreement are complied with.

No entry is necessary in the Journal and Cash Record, but proper notation should be made in the note record section of the member's individual loan account and the credit committee minutes.

Form FCU-115 Rev.

EXTENSION AGREEMENT

Note Number 113

Book Number 207

WHEREAS the undersigned, Mary M. Dougal, has executed a note in favor of ABC Federal Credit Union in the original amount of \$ ~~100⁰⁰~~ and payable \$ ~~10⁰⁰~~ each month starting July 1, 1947, and which has an unpaid principal of \$ ~~30⁰⁰~~; and

WHEREAS the above borrower finds that he is unable to complete the payment of this loan on the present terms; NOW THEREFORE, he requests that relief be given in the form of an extension of time. If this extension is approved I hereby agree to pay the balance remaining due on this note at the rate of \$ ~~5⁰⁰~~ each month starting February 1, 1948, with interest at the same rate as provided in the original note, all other provisions of the original note except those changed by this agreement to remain in full force and effect.

The following co-makers on the above loan agree to the extension of the above described note on the terms given and hereby waive all claims for exemption of liability as a result of said extension:

(Signed) Mary M. Dougal
(BORROWER)

Francis Carter

Extension approved by following members of the Credit Committee on Jan 24, 1948:
J. E. Brown H. B. Farley M. A. Brunette

PART III. OPERATING PROCEDURE

This part of the manual is designed to give instruction in the accounting procedure for the usual types of operations in the average credit union. More detailed instructions are given in Part IV, Operation of Accounts, which should be studied to get a complete picture of Federal credit union accounting.

A. OPENING THE BOOKS

1. OPENING THE JOURNAL AND CASH RECORD

Before recording any transactions, enter "1" as the page number on each side of the first double page which is in view when the binder is open. Subsequent double pages are numbered consecutively with the same number on both facing pages. The name of your Federal credit union, the month and the year are written in the spaces provided. (See page 6)

2. OPENING THE GENERAL LEDGER ACCOUNTS

Only one account is opened on each General Ledger sheet. When the first page is filled with entries the same account should be continued on the reverse side. As the need arises accounts will be opened in the General Ledger in accordance with the account names and account numbers which are shown in the Chart of Accounts on pages 8 and 9. The name of your Federal Credit Union should be written on each sheet. The pages are filed in the binder in account number order rather than alphabetically.

3. OPENING THE EXPENSE LEDGER

The name of the credit union should be written in the space provided at the head of the form. Since columnar headings have been provided, no further information need be entered before the first entries are made.

4. OPENING THE INDIVIDUAL SHARE AND LOAN LEDGER ACCOUNTS

An account is opened for each member of the credit union on a separate sheet by writing the member's name, address, and passbook number in the spaces provided. The name of your credit union should be written on each page. When the front of the sheet has been filled with entries the account should be continued on the reverse side. It is recommended that the sheets be filed in numerical order by passbook number, although special circumstances may make it desirable to file them in some other order.

5. PAYMENT OF CHARTER FEE

The first entry in the Journal and Cash Record will be for the payment of the charter fee. When the organization certificate has been approved and the fee prescribed by the Federal Credit Union Act has been paid, the Unamortized Organization Cost account is debited and the Shares and Fees accounts in the General Ledger are credited as shown below:

(a) If 25 members pay \$1.00 each:

Dr.—Unamortized Organization Cost (Acct. 113) (Col. 25).....	\$25.00	
Cr.—Shares (Acct. 310) (Col. 10).....		\$18.75
Cr.—Reserve for Bad Loans—Fees (Acct. 311) (Col. 17).....		6.25

Each member's account in the Individual Share Ledger is credited for the amount each advanced.

(b) If the charter fee was donated:

Dr.—Expense Control (Acct. 202) (Col. 22).....	\$25.00	
Cr.—Other Income (Acct. 409) (Col. 26).....		\$25.00

(c) If the charter fee was advanced but is to be repaid to the lender:

Dr.—Unamortized Organization Cost (Acct. 113) (Col. 25).....	\$25.00	
Cr.—Accounts Payable (Acct. 301) (Col. 26).....		\$25.00

B. DURING THE MONTH

1. CASH TRANSACTIONS—GENERAL

WHEN CASH IS RECEIVED

- (a) Make out Cash Received Voucher.
- (b) Enter in Member's Passbook.
- (c) Summarize day's receipts on summary voucher and balance with actual cash received.
- (d) Enter summary of cash receipts in Journal and Cash Record.
- (e) Deposit cash in bank promptly.
- (f) Post individual vouchers to Individual Share and Loan Ledger accounts.
- (g) Post totals of Journal and Cash Record to General Ledger at end of month.

Form CP-100

Service Federal
CREDIT UNION

CASH RECEIVED VOUCHER

BOOK NO. 37 DATE May 26, 1947
RECEIVED FROM R. J. Black

	DOLLARS	CENTS
SHARES	10	00
ENTRANCE FEES		25
FINES		
INTEREST ON LOANS		
LOANS		
TOTAL	10	25

RECEIVED BY: E. L.

Form PCU 107

SHARES

DATE	PAID IN	WITHDRAWN	BALANCE	FINES	CASHIER
5-27-47	10.00		10.00	25	E.L.

FORM PCU 108-REV. 2

BOOK NO. 37

Service
FEDERAL CREDIT UNION

INDIVIDUAL SHARE AND LOAN LEDGER

NAME R. J. Black ADDRESS Anytown, U. S. A.

DATE	POST REF.	SHARES LEDGER			
		PAID IN	WITHDRAWN	BALANCE	NO. OF SHRS
1947					
May 26		10.00		10.00	2

THE ABOVE VOUCHER AND ALL OTHER CASH RECEIVED VOUCHERS FOR THIS DAY SUMMARIZED AS BELOW

Service
FEDERAL CREDIT UNION

CASH RECEIVED VOUCHER

BOOK NO. var DATE May 26, 1947
RECEIVED FROM various

	DOLLARS	CENTS
SHARES	112	50
ENTRANCE FEES		325
FINES		65
INTEREST ON LOANS		869
LOANS		8750
TOTAL	212	59

RECEIVED BY: E. L.

POSTED

CASH ON HAND 191.00
CURRENCY 11.34
COINS 10.25
CHECKS 10.25
TOTAL 212.59

Form PCU 101

PAGE NO. 4

Service
FEDERAL CREDIT UNION

MONTH OF May 1947

JOURNAL AND CASH RECORD

DATE	BOOK NUMBER	NAME OR ITEM	CASH		SHARES		LOANS		INTEREST	RESERVE FOR BAD LOANS	
			RECEIVED DR.	PAID IN CR.	LOAN	REPAID CR.	RECEIVED CR.	FINES	FEES		
COL. 1	COL. 2	COL. 3	COL. 4	COL. 5	COL. 6	COL. 7	COL. 8	COL. 9	COL. 10	COL. 11	COL. 12
26	various	Summary	212.59		112.50		87.50		8.69		3.25
3											
3											
4		Total for month	818.10		628.00		188.00		21.20		7.75

Form PCU 106

Service
FEDERAL CREDIT UNION

ACCOUNT NO. 310

GENERAL LEDGER

NAME OF ACCOUNT Shares

DATE	EXPLANATORY REMARKS	FOLIO	DEBIT	CREDIT	DEBIT BALANCE	CREDIT BALANCE
1947						
Apr 30		Jc 2		460.00		460.00
May 31		Jc 4	50.00	628.00		1038.00

WHEN CASH IS PAID OUT

- (a) Be sure disbursement is properly authorized.
- (b) Issue check and submit to president for countersignature.
Supporting documents should accompany the check.
- (c) Enter check in Journal and Cash Record.
- (d) Enter share withdrawals and loans made, in Member's Passbook.
- (e) Post to Individual Share and Loan Ledger accounts.
- (f) Post totals of Journal and Cash Record at end of each month.

JOURNAL VOUCHER Form FCU-100-A

FEDERAL CREDIT UNION

Book No. 17 Name Sam White Date June 29 1947

DEBIT	CREDIT
SHARES 25.00	
CASH	25.00
LOANS	
INTEREST ON LOANS	

Check No. 73 Amount \$25.00 Approved or Authorized by: EX. Received by: Sam White

ENTRUSTED FOR: POSTED:

SHARES

DATE	PAID IN	WITHDRAWN	BALANCE	PERF. SHARES	CASHER
4-17-47	5.00		5.00	25	EX.
4-24-47	15.00		20.00		EX.
5-15-47	15.00		35.00		EX.
6-29-47		25.00	10.00		EX.

FORM FCU 103-REV. 2

INDIVIDUAL SHARE AND LOAN LEDGER

NAME Sam White ADDRESS Anytown, USA

DATE	POST REF.	SHARES LEDGER		NO. OF SHARES
		PAID IN	WITHDRAWN	
Apr 17 1947		5.00		1
24		15.00		4
May 15		15.00		7
June 29	JE 6		25.00	2

ANYTOWN, TEXAS June 29 1947 No. 73

BANK OF SERVICE

PAY TO THE ORDER OF Sam White \$ 25.00

Twenty-five and 00/100 DOLLARS

COUNTERSIGNED BY: Arlene Field PRESIDENT BY: Edward Lee TREASURER

SERVICE FEDERAL CREDIT UNION

Form FCU 101

GENERAL LEDGER

ACCOUNT NO. 310

NAME OF ACCOUNT Shares

DATE 1947	EXPLANATORY REMARKS	POLIO	DEBIT	CREDIT	DEBIT BALANCE	CREDIT BALANCE
Apr 30		JC 2		460.00		460.00
May 31		JC 4	50.00	628.00		1038.00
June 30		JC 6	110.00	788.25		1716.25

Form FCU 102

JOURNAL AND CASH RECORD

MONTH OF June 1947

DATE	BOOK NUMBER	NAME OR ITEM	CHECK NUMBER	CASH PAID OUT CR.	DATE CHECK PAID	WITHDRAWN DR.	SHARES
COL. 1	COL. 2	COL. 3	COL. 4	COL. 5	COL. 6	COL. 7	COL. 8
29	17	Sam White	73	25.00	July	25.00	
				Totals for month		110.00	

2. WHEN A MEMBER IS ADMITTED

(a) An individual who is within the field of membership of the credit union, upon indicating a desire to become a member, is given an Application for Membership card (Form FCU 150, see page 16). The applicant should fill in all spaces except the top line and at the bottom the space for indicating approval and should sign the card.

(b) An entrance fee of 25c, and the initial payment on a share, should be collected with each application. A Cash Received Voucher (Form FCU 105) is made out for the cash received. (See page 12). The entrance fee is posted to the "Memorandum" column in the Individual Share and Loan Ledger and the payment on shares is posted to the appropriate columns of the Individual Share Ledger. (See page 10).

(c) A passbook is numbered and issued for each member and the number of the passbook written on the Cash Received Voucher and the Membership Application card.

(d) The date and the payment on shares made by the new member should be entered on the first line of the passbook under "Shares" and initialed by the treasurer or other authorized person receiving the cash. The passbook is then given to the member to be his official receipt and record of all his future business with the credit union. (See page 15).

(e) If the member wishes to have a joint account with some other person, a Joint Share Account Agreement (Form FCU 123) must be signed by the persons who are to be joint owners with right of survivorship. Persons not within the field of membership may become joint owners but cannot become members. They have no vote and cannot borrow. No entrance fee is charged for joint owners who are not members. If a person to become a joint owner is within the field of membership he may also become a member by filling out an Application for Membership form FCU 150 and paying a 25¢ entrance fee. It is recommended that all applicants for membership be told of the advantages of joint accounts, especially in the event of death of the member.

3. WHEN PAYMENTS ON SHARES ARE RECEIVED

(a) *Preparation of voucher.*

When cash is received for payment on shares a Cash Received Voucher form FCU 105 is prepared, usually by the member, by filling in the spaces at the top of the form with the name of the credit union (a rubber stamp is often used for this), the member's book number, the date the payment is received, and the name of the member. The amount to be credited to the member's share account is written in the space opposite "Shares". The total cash received is written in the space opposite "Total" and should equal the actual cash received. The person who received the cash for the credit union initials the voucher in the space opposite "Received By".

After the payment is entered in the member's passbook, the balance shown in the passbook should be entered in the proper spaces under "Members Book Balances" on the cash received voucher. This will serve as a comparison of the member's account with the credit union's records when posting to the Individual Share and Loan Ledger and will often show up errors which may occur, thus saving time in balancing the individual share ledgers with the General Ledger account No. 310, Shares, at the end of the month.

(b) *Entries in member's passbooks*

When cash is received from members with the accompanying cash received vouchers, the amounts received are immediately entered in the member's passbook which is then returned to the member. No further receipt is necessary.

(c) *Balancing cash received*

At the end of each day's business all the cash received vouchers for that day are totalled. This total should be the same as the cash received and on hand for that day. If it does not agree reference should be made to pages 75 and 76.

(d) *Summary Voucher*

A classification of the total amounts received for shares, etc., which must balance with the total cash received, is then made on a summary voucher, which should be attached to all the individual vouchers. The totals of the individual amounts paid in on shares, loans, interest, fees, fines, etc., may be determined by the use of a classification or analysis sheet or by adding machine. The analysis sheet or adding machine tapes should be attached to the summary voucher.

(e) Entries in Journal and Cash Record

The information contained in the summary voucher is entered at the close of each day, in the Journal and Cash Record (Form FCU 101) as a debit to Cash (Col. 6) for the total cash received, with credits to the accounts for which receipts are shown on the summary voucher, such as Shares Paid In (Col. 10). The total credits must be the same as the total debits. (See page 6).

(f) Posting to Individual Share and Loan Ledger

Each item of cash received which involves a member's share account is posted individually from the Cash Received Vouchers to the "Paid In" column of the Individual Share Ledger account of the member. (See page 10) To make posting easier it is suggested that the Cash Received Vouchers be sorted in numerical order according to passbook numbers. As each account is posted a check mark should be made in the space provided on the Cash Received Voucher. Each day's cash received vouchers should be stapled or tied together with the summary voucher on top and then filed for audit purposes.

(g) Prompt deposit of funds

It is essential that cash received by the credit union be deposited promptly in the bank as required by Article XV, Section 2, of the bylaws. Deposits in the bank should consist of an entire day's receipts as entered in the Journal and Cash Record. If the amounts are small, more than one day's total receipts may be combined in a single deposit provided that no funds are held for more than the time limit provided in the bylaws. Prompt deposits are an important safeguard for the credit union and the treasurer.

4. WHEN SHARES ARE WITHDRAWN

(a) Preparation of Journal Voucher.

When a member wishes to withdraw some of his shares, a Journal Voucher (Form FCU 106-A) should be prepared and signed by the member. If he has a loan outstanding in excess of his share balance or the withdrawal would reduce his shares below the amount of his liability to the credit union, the form must also be initialed by the chairman or secretary of the credit committee indicating the credit committee's approval. If he has comakers on a loan, their approval should be obtained by signing in the space "approved or authorized by" on form FCU 106-A, if the withdrawal will reduce the share balance below the amount of his liability to the credit union.

(b) Entries in Member's Passbook

The date and amount of the withdrawal should be entered in the member's passbook under the applicable headings "Shares", "Date", and "Withdrawn", the amount of withdrawal deducted from the balance and the new balance remaining in shares entered in the column "Balance". The entry should be initialed by the person paying out the money for the credit union. (See page 15). No withdrawal may be permitted unless the passbook is presented by the member, as required by Article IV, Section 1, of the bylaws.

(c) Entries in Journal and Cash Record

All disbursements are made by check except incidental payments for postage, and other expense items of less than \$1 which are made from the petty cash fund. All payments made by check each day must be entered that day in the Journal and Cash Record, which also serves as a check register. The use of the Journal and Cash Record as a check register eliminates the necessity of keeping check stubs and also reduces the possibility of error in entering checks from some other form of check register.

(d) Posting to Individual Share Ledger

Each item of cash paid out which involves a member's share account is posted individually from the Journal and Cash Record or a Journal Voucher, to the Individual Share Ledger account of the member. A share withdrawal is posted in the "Withdrawn" column in the Share Ledger, is deducted from the previous share balance and the new balance written in the column headed "Balance". (See page 10)

5. OTHER SHARE TRANSACTIONS

The details of other share transactions are discussed under Part IV, OPERATION OF ACCOUNTS, Account No. 310, Shares, pages 82 and 83.

6. WHEN A LOAN IS MADE OR RENEWED

(a) *Application for loan*

Since the loan application becomes a permanent record of the credit union, it is preferable to have it typed or written with pen and ink or indelible pencil. All the information called for is helpful to the credit committee and the application should be completed as fully as possible. The purpose for which the loan is made must be clearly shown and the application must be signed by the member. It is then referred to the credit committee for action. (See page 18)

(b) *Credit Committee Action*

The lower part of the form is to be completely filled out by the credit committee. This is very important since it constitutes authority for the treasurer to complete the loan in accordance with the terms stated. The committee should fill in all the information called for, state any conditions decided upon, and record the action in its minutes. Each committee member present must sign the application, indicating his approval or disapproval of the loan. After the credit committee action has been completed and the proper notations made on the application it is then given back to the treasurer to complete the loan, if approved.

(c) *Completing the Note and Pledge of Shares*

The note form (FCU 201) should be completed in ink or indelible pencil or on the typewriter. Space is provided at the top to indicate the number given to the note. The first note written should be numbered 1, the second 2, and so on. Space is also provided for the book number of the member for cross-reference purposes.

The amount of the note should be placed in the upper left corner. This amount should agree with that shown on the loan application as approved by the credit committee.

All other spaces should be fully completed and must agree with the loan application as approved by the credit committee as to terms of repayment, amount, security, and names of comakers. No changes should be made in the note after it has been executed since an alteration may affect its legality. When an error is made, a new note should be prepared in order to avoid all possibility of dispute and in order to fully protect the credit union. It is desirable to have the borrower and comakers, if members, sign the pledge of shares on the back of the note.

In cases of refinanced or renewed loans a new note should be prepared in the same amount as the approved loan application and the old note marked "Paid" and returned to the borrower. In the case of an extended loan the terms of the extension agreement supplant the terms of the original note.

A witness to each signature on the note is desirable. An official of the credit union ordinarily makes a satisfactory witness. On the back of the note, space is provided for endorsements and a record of payments. The space under "Endorsements" is used if the credit union borrows money and pledges the note with others as security for the loan, or if the note is assigned to an attorney or collection agency. The columns under "Payments" are used to record payments on the note as they are made, but the use of this record is optional. (See page 20)

(d) *Preparation of Voucher*

A Journal Voucher (Form FCU 106-A, page 13) may be prepared showing the name of the credit union, the member's book number, the date the check is issued, and the name of the borrower. The amount of the loan is shown in the debit column opposite "Loans" and the amount of the check is entered in the credit column opposite "Cash". The notation "credit comm." or "c/c" is written opposite "Approved or authorized by" and the check number and amount are written in the spaces provided. When the check is delivered to the borrower he will sign the voucher at the bottom opposite "Received by".

(e) *Entries in Member's Passbook*

Under the section of the member's passbook "Loans", the date of the loan, the amount loaned, the balance, are written and initialed by the authorized credit union official who made the entry. The passbook is then returned to the member with the check. (See page 15)

(f) *Entries in the Journal and Cash Record*

The disbursement is entered in the Journal and Cash Record on the day the disbursement is made. In column 2 of the Journal and Cash Record (Form FCU 101, pages 6 and 7) the member's book number is entered, the number of the check is written in Col. 5, the amount of the check in Col. 7, and

the amount of the loan in Col. 12. If the entries are made from a Journal Voucher the page number of the Journal and Cash Record should be entered on the Journal Voucher opposite "Entered in JCR".

(g) Posting to Individual Share and Loan Ledger

Each disbursement for a loan is posted individually from the Journal and Cash Record or a Journal Voucher to the Individual Loan Ledger account of the member. A loan made is entered on a line opposite the date which has been written in the "Date" column at the extreme left of the sheet, under the column headed "Amount Loaned" and the same amount is carried over and entered in the "Balance" column. The note number is entered in the column headed "Note Number". Under the column headed "Post Ref" is written the page in the Journal and Cash Record from which the entry is posted, such as JC 1. When the item is posted a check mark should be placed in Col. 4 of the Journal and Cash Record or in the space opposite "Posted" on the Journal Voucher. (See page 13)

The "Comaker for others" section of the Individual Share and Loan Ledger, at the top right, is used to show the member's liability for having signed as a comaker or endorser on another member's note. If there are any comakers on a note who are members of the credit union it is essential that their liability be recorded so that proper approval of the credit committee will be obtained before releasing shares below the amount of their liability.

The note record at the top of the Individual Share and Loan Ledger is optional but it is recommended that each note be recorded here so that it will not be necessary to refer to the note itself to determine the terms of repayment.

(h) Filing notes and applications

See pages 130 through 132 for suggestions as to methods of filing.

7. WHEN PAYMENTS ON LOANS ARE RECEIVED

(a) Computation of interest

Interest is usually collected at the time a repayment on the principal is made, whether weekly, biweekly, semimonthly, or monthly periods are observed.

Interest rates in no case may exceed an actual rate of 1 percent per month on unpaid balances. Interest for periods of less than 1 month should be computed for the actual number of days. Minimum interest or service charges in excess of the legal rate are not permitted by the Federal Credit Union Act.

Interest tables to aid in the figuring of interest are contained in the Supplement on pages 141 through 147.

(b) Preparation of Cash Received Voucher

When cash is received in payment on a loan, a Cash Received Voucher (Form FCU 105, page 12) is prepared by filling in the name of the credit union, the member's book number, the date the payment is received, and the name of the member. The amount to be credited to Interest on Loans, (General Ledger Account No. 401) is written opposite the space "Interest on Loans". If any fines are due and collected the amount is written in the space opposite "Fines". The amount to be credited to the member's loan account is written in the space opposite "Loans". The total of the above items plus any payment the member may have made on shares at the time of making a payment on his loan, is written opposite "Total". This amount must agree with the total cash received from the member. The person receiving the cash initials the space opposite "Received By".

(c) Entries in Member's Passbook

Cash received should be immediately entered in the member's passbook under the appropriate columns and the entry initialed by the person receiving the cash for the credit union. This is the member's receipt, therefore, the passbook should be returned to him immediately.

(d) Entries in Journal and Cash Record

At the close of the day all cash receipts are summarized on a summary voucher from which the totals received for shares, loan repayments, interest, fines, etc., are entered in the Journal and Cash Record. (See pages 6, 7, and item (d) Summary Voucher, page 32).

(e) Posting to Individual Share and Loan Ledger

Each item of cash received as payment on a member's loan account is posted individually from the Cash Received Vouchers to the Individual Share and Loan Ledger account of the member. (See page 10 and item (f) page 33).

(f) *Maintenance of Delinquency Control*

Entries in the "Delinquency Control" section of the Individual Share and Loan Ledger should be made in pencil. The loan balance which should remain unpaid on each repayment date will be entered in the "Balance Should Be" column, thus showing a schedule of reducing balances. The due date of each installment will be listed in the "On Date" column. On a \$60 loan granted on June 30 with repayment in equal installments of \$10 each on the last day of each subsequent month, the dates July 31, August 31, September 30, etc., will be entered in the "On Date" column and the balances of \$50, \$40, \$30, etc., which should remain unpaid on each of these dates will be entered on the corresponding lines of the "Balance Should Be" column.

By comparing the dates and balances in this section with the date column of the left side of the ledger sheet or card and the "Balance" column in the "Loan Ledger" section, the amount and period of delinquency may be easily determined. The total amount of delinquent installments is determined by deducting the amount in the "Balance Should Be" column as of a certain date from the actual balance on that date in the "Balance" column. To obtain the number of repayment periods represented by the amount delinquent when each installment is the same amount, divide the total amount past due (delinquent installments) by the amount of the regular installment.

For example, a \$60 loan repayable in 6 monthly installments of \$10 each, shows that on December 31 the balance should be \$20. The actual balance is \$55. The delinquent amount is \$35 (\$55—\$20). The number of delinquent installments is $3\frac{1}{2}$ ($35 \div 10$). The installments are monthly, therefore the loan would be classified as 2—6 months delinquent.

The maintenance of this delinquency control record is optional provided the Note Record is prepared.

8. OTHER LOAN TRANSACTIONS

The details of other loan transactions are discussed under Accounts, Nos. 101 and 311 in Part IV of this manual, pages 53 to 54 and 83 to 85. Whenever transactions involving loans arise which have not been covered in the manual up to this point, reference should be made to Part IV under Account No. 101 for specific instructions.

9. WHEN A PETTY CASH FUND IS ESTABLISHED

The board of directors may authorize the establishment of a petty cash fund not to exceed the amount permitted by Article XV, Section 3, of the bylaws. When such authorization by the directors has been given, a check is drawn to "Petty Cash", a Journal Voucher prepared and the check entered in the Journal and Cash Record. The amount of the check should be debited in column 25 of the Journal and Cash Record to General Ledger account No. 105, "Petty Cash". No subsequent entries are made to this account except for the purpose of increasing or decreasing the fund. For details of the operation of the petty cash fund see pages 57 to 58.

The fund is to be used only for the purpose of paying postage, and other minor expense items in amounts of less than \$1 for which checks are not issued.

C. END OF THE MONTH

1. RULING AND CHECKING JOURNAL AND CASH RECORD

(a) *Ruling*

At the end of the month, a single line is ruled across the Journal and Cash Record immediately under the last entry made. The totals of the debit and credit columns are written immediately under this line and two closely spaced lines are ruled under the totals. (See pages 6 and 7)

(b) *Checking Debits and Credits*

The amount of the items in the debit columns across each line in the Journal and Cash Record should equal the amount of the items in the credit columns across the same line. Debit columns are marked "Dr." and credit columns are marked "Cr."

Before the total of each special column is posted from the Journal and Cash Record to the respective account in the General Ledger, the grand total of all the debit columns should be compared with the grand total of all the credit columns in order to prove that equal debits and equal credits have been entered in the Journal and Cash Record. Any differences should be located and corrected before posting to the General Ledger.

2. TRANSFERRING FEES AND FINES TO RESERVE FOR BAD LOANS

At the end of each month after the Journal and Cash Record has been ruled, the totals of columns 16 and 17 are posted to Reserve for Bad Loans account No. 311 as separate items "Fines" and "Fees".

3. POSTING

(a) *Places to Which Postings From Journal and Cash Record Are Made.*

The Balances of the Journal and Cash Record are carried forward from one page to another during the month, but in no event from one month to another. All entries in the Journal and Cash Record arising from one month's operations must be posted to the General Ledger (Form FCU 102) promptly at the end of each month.

The totals of columns 6, 7, 9, 10, 12, 13, 14, 15, 16, 17, and 22 are posted to the appropriate General Ledger accounts.

Posting of each item recorded in column 22 is also made separately to the Expense Ledger (Form FCU 104) if used, and to each of the subsidiary expense accounts involved. The total of items entered in the "Expense Total" column of the Expense Ledger in any month should equal the total of the items entered in the "Expense Control" column (No. 22) of the Journal and Cash Record in the same month. The amount entered in the "Expense Total" column should be equal in amount to the amounts of classified expense items entered in one or more columns on the same line.

Each item in columns 25 and 26 of the Journal and Cash Record is posted separately to each of the General Ledger accounts involved. The totals of these two columns are not posted.

Posting of each item in columns 9 and 12 is made to the accounts of the members involved, in the Individual Share and Loan Ledger (Form FCU 103); also, those items in columns 10, 13, 15, 16 and 17 which have not been previously posted from Cash Received Vouchers are posted to the Individual Share and Loan Ledger. Posting should be done as promptly as possible to avoid the possibility of overdrafts and to reduce the time necessary to close the books at the end of the month. Journal Vouchers (Form FCU 106-A) may be used as the posting medium for the above items.

(b) *Posting to General Ledger Accounts*

Entries in the General Ledger are posted (transferred) from the Journal and Cash Record (Form FCU 101). The total of each debit and credit column in the Journal and Cash Record, other than miscellaneous columns 25 and 26, is posted to the proper account in the General Ledger promptly after the close of the month's business: the last day of the month is entered in the date column of the General Ledger, the page number of the Journal and Cash Record is entered in the folio column, and the debit or credit amount is entered in the proper money columns. (The current month and year should also be entered in the date column.) The same procedure is followed in posting each item from the miscellaneous columns 25 and 26 except that the date posted to the date column in the General Ledger is the same as the date of the entry in columns 25 and 26.

A notation should be made in the "Explanatory Remarks" column of the General Ledger of any item posted which requires description. As entries are posted to an account the balance of the account should be extended in the proper debit balance or credit balance column.

4. BANK RECONCILEMENT

(a) *Purpose*

It is necessary to reconcile the bank account every month, promptly upon receipt of the bank statement and cancelled checks, in order to be certain that no errors have been made either by the bank or the credit union. Form FCU 108 is provided for making the reconciliation and is signed by the person making the reconciliation and filed in the back of the binder. Space is provided at the top of the form to record the name and location of the bank and the date of reconciliation (the last day of the particular month involved).

(b) Bank Balance Per Books of Credit Union

The bank balance as shown on the books of the credit union in Account No. 104, "Cash" is recorded on the first line. Under the heading "Additions" any items which have been added to the credit union's bank account by the bank but not entered in the books of the credit union are itemized. The total of such items is added to the first amount entered to determine the figure shown as the "Subtotal".

Any items such as charges for service, exchange, etc., deducted by the bank but not yet entered on the books of the credit union are written in the spaces under the heading "Deductions". The total of the deductions is entered and subtracted from the subtotal to determine the adjusted total, which is then entered opposite "Adjusted Total". Such deductions should be entered in the Journal and Cash Record under the current date when the bank statement is received.

(c) Bank Balance Per Bank Statement

The bank balance as shown by the bank statement is written on the first line on the right side of the form. Checks issued by the credit union but not yet paid by the bank should be entered by number and amount in the spaces under "Deductions" and "Outstanding Checks".

Cancelled checks should be arranged in numerical order and checked off in column 8 of the Journal and Cash Record. It will then be easy to list unpaid checks by number, on the Bank Reconciliation. The total of such unpaid checks is written in the column under the bank balance according to the bank statement and subtracted from that balance to find the amount which is entered opposite "Subtotal".

Any items, such as undeposited cash receipts, added by the credit union but not yet entered on the bank's records are itemized in the spaces under "Additions". The total of such additions is added to the subtotal to obtain the adjusted total. (Items in this section will usually be cash received by the credit union on the last day of the month but not deposited until the 1st of the following month).

(d) Proof

The amount shown for "Adjusted Total" on the left side of the reconciliation should be the same as the amount shown for "Adjusted Total" on the right side of the reconciliation. If these adjusted totals are not in agreement, it indicates that an error exists in the credit union's records or in the bank statement. To locate such errors the following steps should be taken:

- (1) Check cash receipts entered in Journal and Cash Record against amounts shown as deposits on the bank statement.
- (2) Check the amount of each check charged on the bank statement against the check itself and the entry of such check in the Journal and Cash Record.
- (3) If any items remain unchecked on either the credit union records or the bank statements, determine what is the reason therefor, and enter them in the proper spaces on the bank reconciliation.

5. TRIAL BALANCE

(a) General Ledger

After all items in the Journal and Cash Record for the month have been posted to the General Ledger accounts, it is important to make sure that the accounts are in balance. A convenient form FCU 116 (see page 22) is used to write down the debit and credit balance of each account in the General Ledger. The debit or credit balance of each General Ledger account is written in the appropriate column on the line with the account number and title. After all debit and credit balances have been recorded, the "Debit Balance" and "Credit Balance" columns should be added and the total of each column should agree with the other.

If the totals do not agree, the General Ledger is not in balance and the error should be found and corrected before preparing the Financial and Statistical Report. Errors should be discovered if the bookkeeping performed up to this point is checked for accuracy. For example, the computations of the debit and credit balances should be checked, the correctness of the postings to the General Ledger accounts verified, etc. More detailed instructions for locating errors are contained on pages 113 to 115 of this manual.

(b) Expense Ledger

The section headed "Expense Ledger" at the bottom of form FCU 116 (page 22) is used for preparing the trial balance of the Expense Ledger. The trial balance of the Expense Ledger (see page 11)

is taken by recording the totals of the respective columns of the Expense Ledger in the "Year to Date" column of the Trial Balance on the lines reflecting the account numbers and titles. The total of this trial balance should agree with the debit balance for the Expense Control account (General Ledger Account No. 202), as shown on the General Ledger Trial Balance.

(c) Individual Share and Loan Ledgers

In order to prove that the accounts of individual members are in balance a trial balance is taken of the Individual Share and Loan Ledgers. This should be done each month so that if errors do occur it will only be necessary to check one month's work to locate the errors. This trial balance is taken ordinarily by listing on an adding machine tape the individual balances of the members' share accounts and on another tape the individual balances of members' loan accounts. The total of the share balances should equal the balance shown in the General Ledger account No. 310, "Shares". The total of the individual balances of members' loan accounts should equal the balance shown in the General Ledger account No. 101, "Loans". The adding machine tapes should be properly marked and kept in the credit union files.

If the totals of the individual balances for shares and loans as shown in the Individual Share and Loan Ledger do not agree with the General Ledger accounts "Shares" and "Loans" the errors should be promptly located. The following steps are suggested in locating such errors:

- (1) Be sure the General Ledger control accounts are correct.
- (2) Check back the amounts appearing on the trial balance or tape of the Individual Share and Loan Ledgers to the individual accounts to be sure the correct amounts were picked up.
- (3) Verify the additions and subtractions on each individual account to be sure the correct balance is shown on the basis of the entries posted.
- (4) Add up the total share withdrawals for the month as shown on the individual share accounts. This amount should agree with the total debit posting to the General Ledger account "Shares". If the loan accounts do not balance the same procedure should be followed except that total loans granted will be added and compared with the General Ledger account "Loans".
- (5) Check summary vouchers to be sure that the detail of the vouchers making up the summary voucher are properly shown in the summary.
- (6) Check individual postings from the Cash Received Vouchers to the Individual Share and Loan Ledger accounts to be sure all items are correctly posted.

On pages 113 to 115 of this manual, more detailed suggestions are given to aid in locating errors.

(d) Subsidiary Share and Loan Controls

If there are a large number of accounts it may be desirable to establish subsidiary share and loan control accounts for smaller groups of accounts to localize errors. Instructions for the establishment and maintenance of such controls are given on pages 97 to 99.

6. PREPARATION OF THE FINANCIAL AND STATISTICAL REPORT

(a) General

In order to provide the directors and members with facts about their credit union it is required that a monthly Financial and Statistical Report be prepared on form FCU 109 Rev. 10-1-46 (see page 24).

Space is provided at the top to show the name and charter number of the credit union and the date as of which the report is prepared.

The report is divided into three sections as follows: (1) Balance Sheet, (2) Statement of Income and Expense and (3) Statistical Information.

The report must be certified by the treasurer in the space provided for his signature on the report form.

The following detailed description of the several sections of the report is given in the order in which they should be prepared. The use of the Trial Balance (see pages 22 and 38) and the Schedule of Delinquent Loans (pages 25 and 40) should be thoroughly understood before preparing the Financial and Statistical Report.

(b) Statement of Income and Expense

The statement of income and expense reflects the profit or loss from operations for the current year to date.

The amounts received as income as shown on the Trial Balance for the year to date should be recorded in the statement on the lines reflecting the numbers and names of the accounts.

Expenses as shown on the Trial Balance for the year to date should be entered on the statement on the lines opposite the numbers and names of the accounts. The amounts to be entered on the lines for subsidiary accounts Nos. 202-1 to 202-8 should be taken from the Trial Balance of the Expense Ledger or by analysis of the details of expense items as shown in column 22 of the Journal and Cash Record. Account No. 202-9—"Miscellaneous General Expense" has been distributed over several lines in order to show separately the major items which may be charged to this account. It will be necessary to refer to the Expense Ledger or column 22 of the Journal and Cash Record to determine and record this distribution.

When the total of the income accounts exceeds the total of the expense accounts, the difference should be entered on the line "Net Profit". When the total of the expense accounts exceeds the total of the income accounts, the difference should be entered on the line "Net Loss".

(c) *Balance Sheet*

The Balance Sheet shows the financial condition of the credit union as of a given date. The assets (property) are shown in the upper portion and the liabilities (obligations) are shown in the lower portion. The total of the assets should equal the total of the liabilities.

The balance of each asset and liability account, as shown on the Trial Balance, should be written on the line opposite the number and name of the account. When an asset account has a credit balance or a liability account has a debit balance, the amount should be shown in red ink or otherwise indicated as a minus item. (Ordinarily, asset accounts do not have credit balances and liability accounts do not have debit balances; when this occurs the correctness of the account should be checked before entering the balance on the balance sheet).

The total unpaid balances to be reported for item (g) under the heading account No. 101, "Loans" is the debit balance of this account as shown on the Trial Balance; but the following information not included on the Trial Balance is also reported for this account. The total number of loans to be shown for item (g) is obtained by counting the number of balances of outstanding loans, per the monthly trial balance of the Individual Share and Loan Ledger or as shown by member's loan accounts as of the date of the report. Before the amounts to be reported for items (a) through (f) can be determined, it is necessary to classify members' loans according to delinquency as follows:

"(b) *Military Loans.*" The total number and unpaid balances of delinquent loans outstanding to persons called to active military duty are separately classified and entered on this line. This amount is determined by adding the total of column 6 on the Schedule of Delinquent Loans (Form FCU 118, page 25).

"(c) *2 months to 6 months.*" The total number and unpaid balances of loans, except military loans, on which the oldest delinquent installment is 2 months to less than 6 months past due are entered on this line. This amount is taken from the total of column 7 of the Schedule of Delinquent Loans (Form FCU 118).

"(d) *6 months to 12 months.*" The total number and unpaid balances of loans, except military loans, on which the oldest delinquent installment is 6 months to less than 12 months past due are entered on this line. This amount is taken from the total of column 8 of the Schedule of Delinquent Loans (Form FCU 118).

"(e) *12 months to 18 months.*" The total number and unpaid balances of loans, except military loans, on which the oldest delinquent installment is 12 months to less than 18 months past due are entered on this line. This amount is taken from the total of column 9 of the Schedule of Delinquent Loans (Form FCU 118).

"(f) *18 months and over.*" The total number and unpaid balances of loans, except military loans, on which the oldest delinquent installment is past due 18 months or over are entered on this line. This amount is taken from the total of column 10 of the Schedule of Delinquent Loans (Form FCU 118).

"(a) *Current and less than 2 months delinquent.*" After the information for items (b) through (f) has been filled in, the amounts to be reported for item (a) are determined. The number and unpaid balances of loans current and less than 2 months delinquent are found

by subtracting the total number and unpaid balances of loans reported for items (b) through (f) from the number and unpaid balances, respectively, of all outstanding loans reported for item (g).

Items (a) through (f) should then be proved by adding the amounts reported for these classifications. The total number and unpaid balances of loans shown for items (a) through (f) should agree with the number and unpaid balances, respectively, of all outstanding loans reported for item (g).

Delinquent military loans are reported only in class (b) regardless of the period of delinquency. The classification in which other delinquent loans are placed is determined solely by the age of the oldest delinquent installment of each loan, and for this purpose all repayments received will be considered as applying to installments in the order in which they came due. The varying ages of any other delinquent installments should be disregarded in the determining of the classification, and no loan should be shown in more than one classification.

The amount shown as the unpaid balance of each loan is the total unpaid principal, both delinquent and unmatured. Use of the Schedule of Delinquent Loans, form FCU 118 (see page 25) should be helpful in classifying delinquent loans and in giving the directors the information upon which to supervise the collection of delinquent loans.

Except on reports as of December 31, the amount entered on the "Profit and Loss" line of the Balance Sheet will be taken from the "Net Profit" or "Net Loss" line of the Statement of Income and Expense. A loss should be written in red or in parentheses.

In the report as of December 31, no amount will be entered on the "Profit and Loss" line of the Balance Sheet. The amounts entered on the "Reserve for Bad Loans" and "Undivided Profits" lines for the December report will be the balances of these respective accounts, *after* the entries have been made (1) closing the income and expense accounts into the Profit and Loss account, (2) transferring the balance of the Profit and Loss account to Reserve for Bad Loans and Undivided Profits, and (3) providing for the Special Reserve for Delinquent Loans (Account 316). (See closing entries, pages 42 to 46). Accordingly, at December 31, the amounts entered on the "Reserve for Bad Loans" and "Undivided Profits" lines should be taken from these accounts (Nos. 311 and 312) in the General Ledger and not from the Trial Balance. The balance of the Profit and Loss account transferred to Reserve for Bad Loans and Undivided Profits must agree with the amount shown in "This Year to Date" column on the "Net Profit" or "Net Loss" line of the Statement of Income and Expense.

Also, the balance reported for the "Special Reserve for Delinquent Loans" in the December report is not taken from the Trial Balance. The balance of this account, if any, is determined as of December 31 of each year in accordance with the requirements outlined under "Special Reserve for Delinquent Loans" (Account No. 316, see page 87), after all other closing entries for the current year have been made. In the report as of December 31, therefore, the amount entered on the "Special Reserve for Delinquent Loans" line of the Balance Sheet should be taken from account No. 316 in the General Ledger after the entry has been made for any necessary adjustment of this reserve for the current year.

(d) *Statistical Information*

The information for each of the items in this report may be obtained as follows:

- Item 1. Count the number of share accounts with outstanding balances, per the monthly trial balance of the Individual Share Ledger or as shown by members' share accounts.
- Item 2. If the field of membership is based upon employment, state the number of employees in the group eligible for membership in the credit union. If the field of membership is based on membership in an association, fraternity, labor union, etc., report the number of members of the association eligible for membership in the credit union. If the field of membership is based on residence in a rural or urban community report the number of adult residents who are eligible for membership in the credit union. In no instance, however, will the number of potential members be shown as less than the actual number of members at the end of the period as determined above. (See Article II, Section 1, of the bylaws for definition of the field of membership).

- Item 3. The number of loans made since organization should be the note number of the last loan made in the month for which the report is prepared. This information should be available from column 11 of the Journal and Cash Record.
- Item 4. The amount of loans made since organization is the total of debit postings to account No. 101 "Loans" in the General Ledger, unless adjustments have been made in this account. The amount of this item may also be determined by adding the amount shown for this item as of the preceding month-end and the total of column 12 in the Journal and Cash Record for the current month.
- Item 5. The number of U. S. Savings Bonds sold to date is the total of the "No." columns of form FCU 120 "Record of Cash Received from Sales of U. S. Savings Bonds."
- Item 6. The amount of U. S. Savings Bonds sold to date is the amount received from sales of bonds (at issue price) as shown by the total of credit postings to account No. 306, "U. S. Savings Bond Remittances Payable".
- Item 7. The amount of loans charged off to date is the total debit postings to account No. 311 "Reserve for Bad Loans", unless adjustments have been made in this account. The amount of this item may also be obtained by adding the amount shown for this item as of the preceding month-end to the total debit postings to account No. 311, "Reserve for Bad Loans" for the current month.
- Item 8. The amount of recoveries on loans charged off to date is the total of all recoveries represented by credits to account No. 311, "Reserve for Bad Loans". The amount of this item may be readily determined by adding the amount of the current month's recoveries to the total recoveries shown on the Financial and Statistical Report for the preceding month-end.

D. END OF THE YEAR

At the end of the year December 31, the same procedure outlined for the end of the month is followed. In addition to the usual monthly procedure there are a few other steps required. They are described in the following section of the manual.

1. ANNUAL CLOSING ENTRIES

(a) *Purpose*

The balances in income and expense accounts of a Federal credit union must be closed into the summary Profit and Loss Account at the end of each fiscal year, i.e., at December 31. This procedure is followed so that the credit union's books may show in one account (1) the determination of the net profit realized or the net loss sustained for the fiscal year and (2) the transfer of such net profit or net loss to the Undivided Profits account after giving consideration to any necessary transfers to Reserve for Bad Loans.

It is recommended that the balances of income and expense accounts be closed into the Profit and Loss account only at the end of each fiscal year, but Federal credit unions may, if they so desire, close them monthly, quarterly, or semiannually. The balance of the Profit and Loss account can be transferred to Undivided Profits and the Reserve for Bad Loans only at December 31.

(b) *Method*

A closed account has no balance—either debit or credit. Before income accounts are closed they have a credit balance and before expense accounts are closed they have a debit balance.

To close each income account, an entry in the Journal and Cash Record is made debiting the income account in the amount of its credit balance—thus closing the account—and crediting the Profit and Loss account.

To close each General Ledger expense account, an entry in the Journal and Cash Record is made crediting the expense account in the amount of its debit balance—thus closing the expense account—and debiting the Profit and Loss Account.

In this way, each income and expense account is closed and the balances are transferred to the Profit and Loss account. It is necessary to make these entries in the Journal and Cash Record since postings to General Ledger accounts are made only from the Journal and Cash Record.

The illustration shown on the following page shows how the closing entries are made in the Journal

and Cash Record using columns 23, 25, and 26. Column 24 is used for the check mark which is made when each entry is posted to the General Ledger account affected.

(c) *Examples of Closing Entries*

All income accounts (those in the "400" series in the Chart of Accounts on pages 8 and 9 of this manual) have credit balances as shown in the General Ledger accounts. To close the income accounts, each is debited in column 25 of the Journal and Cash Record to the amount of its credit balance and the Profit and Loss account is credited in column 26. The names of the accounts are written in column 23. For example, if the Interest on Loans account (No. 401) has a credit balance of \$587.69 the entry is:

Dr.—Interest on Loans (Acct. 401) (Col. 25)..... \$587.69
 Cr.—Profit and Loss (Acct. 313) (Col. 26)..... \$587.69

Entries for the other income accounts which have balances in the General Ledger are made in a similar manner. These entries are posted (transferred) from the Journal and Cash Record to the respective General Ledger accounts.

ABC
 RECORD
 Page No. 14
 Month of December 31 1947

EXPENSE CONTROL		ACCOUNT	✓	MISCELLANEOUS		
DR.				DR.	CR.	
COL. 21	COL. 22	COL. 23	24	COL. 25	COL. 26	
		Interest on Loans	✓	587.69		1
		Profit and Loss	✓		587.69	2
		Income from Investments	✓	6.50		3
		Profit and Loss	✓		6.50	4
						5
		Profit and Loss	✓	192.72		6
		Expense Control	✓		192.72	7
		Profit and Loss	✓	50		8
		Cash Over and Short	✓		50	9
		Profit and Loss	✓	80.19		10
		Reserve for Bad Loans	✓		80.19	11
		Profit and Loss	✓	320.78		12
		Undivided Profits			320.78	13
						14
						15

All expense accounts (those in the "200" series in the Chart of Accounts on pages 8 and 9 of this manual) have debit balances as shown in the General Ledger accounts. Account 204 "Cash Over and Short" may have a credit balance in which event it becomes an income account rather than an expense account. To close the expense accounts, Profit and Loss is debited in column 25 of the Journal and Cash Record and each expense account is credited in column 26. The names of the accounts are written in column 23. For example, if the Interest on Borrowed Money account has a debit balance of \$5, the entry is:

Dr.— Profit and Loss (Acct. 313) (Col. 25)..... \$5.00
 Cr.—Interest on Borrowed Money (Acct. 201) (Col. 26)..... \$5.00

Entries for the other expense accounts which have balances in the General Ledger are made in the same manner. The entries are posted (transferred) from the Journal and Cash Record to the respective General Ledger accounts.

(d) *Illustrated Closing Procedure*

For the purpose of illustrating the procedure for making closing entries at the end of the fiscal year (December 31), it has been assumed that on December 31, 1947, the ABC Federal Credit Union of Smithtown, Indiana, had a balance in certain commonly used general Ledger accounts.

Attention is called to the fact that the transactions of the ABC Federal Credit Union are also shown in the illustrations of forms in Part II, with which this illustrated closing procedure has been coordinated. The transactions shown in the forms illustrated, while correct, are necessarily exaggerated.

As a guide in following the several adjusting and closing entries, a list of account balances of this credit union, before adjusting and closing entries, follows:

NOTE: This list of account balances, which is merely for the purpose of illustration, should not be confused with the Trial Balance as shown on page 22. The Trial Balance (Form FCU 116) is prepared after the adjusting entries have been posted and is the basis for the preparation of the Statement of Income and Expense and Balance Sheet.

LIST OF ACCOUNT BALANCES
 DECEMBER 31, 1947
 ABC FEDERAL CREDIT UNION

ACCOUNT NUMBER		DEBIT BALANCE	CREDIT BALANCE
101	Loans.....	15,208.50	
104	Cash.....	1,152.67	
105	Petty Cash.....	10.00	
106	Change Fund.....	100.00	
107	U. S. Government Obligations.....	740.00	
108	Federal Savings and Loan Association Shares.....	250.00	
109	Loans to Other Credit Unions.....	500.00	
112	Furniture, Fixtures and Equipment.....	72.00	
113	Unamortized Organization Cost.....	51.43	
202	Expense Control.....	160.00	
204	Cash Over and Short.....	.50	
301	Accounts Payable.....		15.52
302	Notes Payable.....		2,000.00
310	Shares.....		15,508.64
311	Reserve for Bad Loans.....		126.75
401	Interest on Loans.....		587.69
405	Income from Investments.....		6.50
	Totals.....	18,245.10	18,245.10

(e) *Adjusting Entries*

The board of directors authorized a depreciation rate of 20 percent on the furniture, fixtures and equipment and decided to charge off one-half of the unamortized organization cost at the end of this year. The entries in the Journal and Cash Record to reflect these transactions follow:

Dr.—Expense Control (Acct. 202) (Col. 25).....	\$7.00	
Cr.—Furniture, Fixtures and Equipment (Acct. 112) (Col. 26).....		\$7.00
Dr.—Expense Control (Acct. 202) (Col. 25).....	25.72	
Cr.—Unamortized Organization Cost (Acct. 113) (Col. 26).....		25.72

After these entries are posted to the General Ledger, the debit balance of the Expense Control account will be increased to \$192.72. The credit union should, at this point, take a trial balance of its accounts before recording the closing entries. (See Trial Balance exhibit on page 22).

(f) *Closing Entries in Detail*

1. Journal entries to close the income accounts into the Profit and Loss account. (See Journal and Cash Record exhibit on page 43, and compare with Trial Balance, page 22.)
2. Journal entries to close the expense accounts into the Profit and Loss account. (See Journal and Cash Record exhibit on page 43, and compare with Trial Balance, page 22.)
3. Posting closing entries to the General Ledger Profit and Loss account. (See Profit and Loss General Ledger account exhibit, page 46. Compare with Journal and Cash Record exhibit, page 43). (Also see General Ledger account Interest on Loans exhibit, page 46, for an illustration of an income account closed out; and General Ledger account Expense Control exhibit, page 46, for an illustration of an expense account closed out.)
4. At this point the credit balance of the Profit and Loss account is \$400.97. Twenty percent of this amount is \$80.19 which should be transferred to the Reserve for Bad Loans. A journal entry is made for this transfer and posted. (See Journal and Cash Record exhibit, page 43, and Profit and Loss exhibit, page 46.)
5. At this point the credit balance of the Profit and Loss account is \$320.78. A journal entry is made to transfer this amount to the Undivided Profits account and posted. (See Journal and Cash Record exhibit, page 43.) If there is a balance in the Undivided Profits account from previous years' operations, it will be changed by this posting.
6. The credit balance of the Undivided Profits account (page 46) is the total amount available for distribution as dividends.

(g) *Closing Entries—If a loss is shown.*

If the Profit and Loss account has a debit balance after steps 1 through 3 above have been carried out, the credit union has operated at a loss. In this case, step 4 must be eliminated. The entry to close a debit balance of the Profit and Loss account into the Undivided Profits account is:

Dr.—Undivided Profits (Acct. 312) (Col. 25).....	xxx.xx	
Cr.—Profit and Loss (Acct. 313) (Col. 26).....		xxx.xx

If, after this entry is posted to the General Ledger, the Undivided Profits account has a debit balance, a dividend may not be paid.

(h) *Closing Entries—Special Reserve for Delinquent Loans*

If, after completing steps 1 through 6, it is necessary to increase or decrease the credit balance of account No. 316—"Special Reserve for Delinquent Loans" in accordance with the requirements outlined under the description of this account (see page 87), one of the following entries is made:

1. To establish or increase the reserve:

Dr.—Undivided Profits (Acct. 312) (Col. 25).....	xxx.xx	
Cr.—Special Reserve for Delinquent Loans (Acct. 316) (Col. 26).....		xxx.xx
2. To decrease or eliminate the reserve:

Dr.—Special Reserve for Delinquent Loans (Acct. 316) (Col. 25).....	xxx.xx	
Cr.—Undivided Profits (Acct. 312) (Col. 26).....		xxx.xx

In this case, the amount available for dividends is the credit balance of Undivided Profits after posting to the General Ledger the entry adjusting the Special Reserve for Delinquent Loans.

ABC
FEDERAL CREDIT UNION
GENERAL LEDGER

ACCOUNT No. 312

NAME OF ACCOUNT Undivided Profits

DATE 1947	EXPLANATORY REMARKS	FOLIO	DEBIT	CREDIT	DEBIT BALANCE	CREDIT BALANCE
Dec 31	Transferred from Profit and Loss	JC 14		320.78		320.78

ABC
FEDERAL CREDIT UNION
GENERAL LEDGER

ACCOUNT No. 313

NAME OF ACCOUNT Profit and Loss

DATE 1947	EXPLANATORY REMARKS	FOLIO	DEBIT	CREDIT	DEBIT BALANCE	CREDIT BALANCE
Dec 31	Interest on Loans	JC 14		587.69		587.69
31	Income from Investments	JC 14		6.50		594.19
31	Expense Control	JC 14	192.72			401.47
31	Cash Over and Short	JC 14		.60		402.07
31	Reserve for Bad Loans	JC 14	80.19			321.88
31	Undivided Profits	JC 14	320.78			0

ABC
FEDERAL CREDIT UNION
GENERAL LEDGER

ACCOUNT No. 401

NAME OF ACCOUNT Interest on Loans

DATE 1947	EXPLANATORY REMARKS	FOLIO	DEBIT	CREDIT	DEBIT BALANCE	CREDIT BALANCE
June 30		JC 1		16.74		16.74
July 31		JC 3		54.20		70.94
Aug 31		JC 5		102.56		173.50
Sept 30		JC 6		110.15		283.65
Oct 31		JC 8		75.35		359.00
Nov 30		JC 11		104.80		463.80
Dec 31		JC 13		103.89		567.69
31	To Profit and Loss	JC 14	587.69			0

ABC
FEDERAL CREDIT UNION
GENERAL LEDGER

ACCOUNT No. 202

NAME OF ACCOUNT Expense Control

DATE 1947	EXPLANATORY REMARKS	FOLIO	DEBIT	CREDIT	DEBIT BALANCE	CREDIT BALANCE
June 30		JC 1	28.85		28.85	
July 31		JC 3	42.84		71.69	
Aug 31		JC 5	15.00		86.69	
Sept 30		JC 6	15.00		101.69	
Oct 31		JC 8	27.75		129.44	
Nov 30		JC 11	22.60		152.04	
Dec 31		JC 13	59.28		211.32	
31	To Profit and Loss	JC 14		192.72		0

2. COMPUTING AND AUTHORIZING DIVIDENDS

(a) *Computation of share-months*

After determining the amount available for dividends, as shown in the Undivided Profits account, it is necessary for the treasurer to determine for each member the total number of share-months upon which dividends can be paid. Form FCU 112 Rev. (See page 26) is used for this purpose. Provision is made on the dividend work sheet for only the 12 months of the fiscal year. Only shares held during the current fiscal year should be considered in determining the dividend rate (explained below) or the amount of dividends to be paid members.

In using form FCU 112 Rev., the numbers of the members' passbooks (Form FCU 107), should be entered in the column at the extreme left in all cases.

It is necessary to write the members' names in the "Name" column only when payment is to be made by check.

The number of share-months shall be determined as follows:

- (1) In the December column enter the least number of fully paid shares owned by the member between November 30 and December 31, inclusive. The least number of fully paid shares owned by the member between the last day of any month and December 31 can readily be found by looking at the "Number" and "Date" columns of the shares ledger on the member's sheet in the Individual Share and Loan Ledger.
- (2) In the November column enter the least number of shares owned by the member between October 31 and December 31, inclusive.
- (3) In the October column enter the least number of shares owned by the member between September 30 and December 31, inclusive.
- (4) Continue with this procedure through August, July, June, etc., until a figure has been entered in each column or until a month is reached when the member has less than one fully paid share of \$5.00 to his credit.
- (5) No dividends may be paid on shares held previous to a month when the share balance is less than one full share.
- (6) No dividends may be paid on shares withdrawn on or before December 31.

(b) *Figuring of maximum dividend rate by treasurer*

The maximum dividend rate is determined (1) by multiplying the par value of one share (\$5.00) by the total number of share-months, and dividing the result by 12, and (2) by dividing the total amount available for dividends, i.e., the credit balance of the Undivided Profits account, by the figure obtained above. The result will be the maximum dividend rate which may be paid from the available undivided profits, *except* that, under no circumstances shall a Federal credit union pay a dividend in excess of the maximum rate of 6 percent provided for in the bylaws.

As an example of this procedure, assume the total number of share-months to be 768. The par value of each share is \$5.00. Undivided profits amount to \$12.80. Then $768 \times 5 = 3840$; $3840 \div 12 = 320$; $\$12.80 \div 320 = 4\%$.

Therefore the maximum dividend which could be paid out of undivided profits would be 4%.

(c) *Board of Directors recommends dividend rate*

After the share-months and the maximum dividend rate have been computed the treasurer prepares and submits a report to the board of directors at a meeting in January prior to the date of the annual meeting of the members. Upon this report the board of directors bases its recommendation to the members as to the rate of dividend to be paid, if any.

Consideration is often given by the board to the recommendation of a rate which not only is within the ability of the credit union to pay, but which also will be easy to figure. For example, a rate of 5% results in a dividend per share month of \$.020816 whereas the slightly lower rate of 4.8% results in a dividend per share-month of an even 2 cents, which is much easier for the treasurer to compute.

Dividend rates which lend themselves to easy computation are:

- 1.2% = 1/2 cent per share-month
- 1.8% = 3/4 cent per share-month
- 2.4% = 1 cent per share-month
- 3.0% = 1-1/4 cents per share-month
- 3.6% = 1-1/2 cents per share-month
- 4.2% = 1-3/4 cents per share-month
- 4.8% = 2 cents per share-month
- 5.4% = 2-1/4 cents per share-month
- 6.0% = 2-1/2 cents per share-month

(d) *Rate of dividend voted by members at annual meeting.*

The recommendation of the board of directors as to the rate of dividend to be paid is presented to the members at the annual meeting held in January.

The recommendation is voted upon by the members and is either accepted, a new rate voted, or the payment of dividends may be passed.

(e) *Treasurer computes dividends to be paid each month.*

Immediately following the annual meeting the treasurer figures the amount of dividends for each shareholder at the rate decided upon by the members. This is done by using the Share-Month Dividend Tables (Form FCU 111, pages 137 to 140). The amount to be paid each member is then entered in the "Amt. of Dividend" column on the Dividend Work Sheet and Payment Record (Form FCU 112-Rev.) and this column is totaled.

ILLUSTRATIONS OF ACCOUNTS TAKEN FROM THE INDIVIDUAL SHARE AND LOAN LEDGER

ACCOUNT NO. 1

Date	Paid In	Balance	Number
1/1		\$15.00	3
1/15	\$7.50	22.50	4
1/31	7.50	30.00	6
2/15	5.00	35.00	7
2/27	10.00	45.00	9
3/15	7.50	52.50	10
3/31	7.50	60.00	12
4/15	7.50	67.50	13
4/30	2.50	70.00	14
5/15	2.50	72.50	14
5/30	2.50	75.00	15
6/15	2.50	77.50	15
6/30	7.50	85.00	17
8/1	2.50	87.50	17
8/15	2.50	90.00	18
8/31	5.00	95.00	19
9/15	2.50	97.50	19
10/15	2.50	100.00	20
11/15	2.50	102.50	20
12/1	1.00	103.50	20
12/15	1.00	104.50	20

ACCOUNT NO. 2

Date	Paid In	With- drawn	Balance	Number
1/1			\$25.00	5
1/15	\$2.50		27.50	5
1/31	2.50		30.00	6
2/15	2.50		32.50	6
2/27	2.50		35.00	7
4/1	2.50		37.50	7
4/15		\$35.00	2.50	-
5/1	1.00		3.50	-
6/1	.50		4.00	-
7/1	.50		4.50	-
7/15	.50		5.00	1
8/1	.50		5.50	1
8/15	.50		6.00	1
9/1	1.00		7.00	1
9/15	.50		7.50	1
9/30	2.50		10.00	2
10/15	5.00		15.00	3
11/1	2.50		17.50	3
11/15	5.00		22.50	4
11/30	2.50		25.00	5
12/15		10.00	15.00	3

ACCOUNT NO. 3

Date	Paid In	With- Drawn	Balance	Number
2/26	\$5.00		\$5.00	1
3/15	2.50		7.50	1
3/31	2.50		10.00	2
4/15	3.00		13.00	2
4/30	2.00		15.00	3
5/15	2.00		17.00	3
5/31	4.00		21.00	4
6/15	5.00		26.00	5
7/1	2.50		28.50	5
7/31	3.50		32.00	6
9/15	2.00		34.00	6
9/30	3.00		37.00	7
10/15	2.00		39.00	7
11/1		\$5.00	34.00	6
11/15	3.00		37.00	7
12/1	2.00		39.00	7
12/15	3.50		42.50	8

ACCOUNT NO. 4

Date	Paid In	With- drawn	Balance	Number
1/1			\$40.00	8
1/31	\$15.00		55.00	11
3/1		\$25.00	30.00	6
3/15	10.00		40.00	8
4/15	10.00		50.00	10
4/30	5.00		55.00	11
5/15		40.00	15.00	3
5/30	25.00		40.00	8
6/15	5.00		45.00	9
6/30	10.00		55.00	11
7/31	15.00		70.00	14
8/31	5.00		75.00	15
10/15	20.00		95.00	19
10/31	5.00		100.00	20
12/15		100.00	-	-

Form FCU 112-Rev.

XYZ
FEDERAL CREDIT UNION

DIVIDEND WORK SHEET AND PAYMENT RECORD

Declared to Members on Record as of December 31, 19 47 Rate 4 %

MEMBERS ACCT. NO.	NAME	NUMBER OF FULLY PAID SHARES OWNED AT END OF PREVIOUS MONTH WHICH WERE HELD CONTINUOUSLY UNTIL DECEMBER 31												TOTAL SHARE MONTHS	AMT. OF DIVIDEND	PAYMENT BY CHECK		✓	CRED. TO SHARES ACCOUNT	PASS- BOOK
		JAN.	FEB.	MAR.	APRIL	MAY	JUNE	JULY	AUGUST	SEPT.	OCT.	NOV.	DEC.			NUMBER	AMOUNT			
1	Leroy Baxter	3	6	9	12	14	15	17	17	19	19	20	20	171	285	667	285	✓		
2		-	-	-	-	-	-	-	1	1	2	3	3	10	17			✓	17	285
3		-	-	1	2	3	4	5	6	6	6	6	7	46	77			✓	77	
4		Shares withdrawn before December 31												0	-					

The total amount of dividends to be paid as reflected by the total of the "Amt. of Dividend" column of the Dividend Work Sheet and Payment Record is transferred from Undivided Profits to Dividends Authorized by making an entry in the Journal and Cash Record as follows:

Dr.—Undivided Profits (Acct. 312) (Col. 25).....	\$269.33	
Cr.—Dividends Authorized (Acct. 307) (Col. 26).....		\$269.33

(f) *Methods of distribution and use of Dividend Work Sheet and Payment Record.*

(1) Payment by individual check to each member.

The name of the member is entered in the "Name" column and the number of each check issued is entered in the "Number" column under the "Payment by Check" section of the Dividend Work Sheet and Payment Record. The amount of each check need not be entered unless dividends are paid to some members by check and to others by credit to shares. (See method 3 below.) The "Check Mark" column is used to show when paid checks are returned by the bank.

Payment may not be made in cash or by drawing one check for the entire amount and disbursing the amounts due to members in cash.

The return of checks by the bank when paid should be noted in the "Check Mark" column in the same manner as in column 8 in the Journal and Cash Record.

(2) Credit of all dividends to the share accounts of the members.

In this case the amount need not be entered in "Cred. to Shares Account" column as a record of the amount has already been entered in the "Amt. of Dividend" column. A check mark should be made in the "Check Mark" column when the amounts are posted to the passbooks of the members. Reference to the "Passbook" column will enable the treasurer to determine in which passbooks dividends have not been recorded.

(3) Payment part by check and part by credit to share accounts of the members.

This procedure may be followed, for example, when the credit union desires to avoid writing checks of less than \$1.00 and therefore decides to credit all dividends of less than \$1.00 to the share accounts and to issue individual checks to members for dividends of \$1.00 or more.

When this procedure is followed, the member's name must be entered in the "Name" column for each check issued. The check number and the amount of each check are entered respectively in the "Number" and "Amount" columns. The "Check Mark" column, as under method (1) is used to indicate when paid checks are returned by the Bank. When the credits to shares are posted to the members' accounts in the Individual Share and Loan Ledger, as of date of dividend authorization, the amounts are checked in the "Check Mark" column.

As in method (2), the "Passbook" column is initialed when the member's passbook is posted as of date of dividend authorization, with the amount credited to shares. The total of the amounts in the "Payment by Check" column and the amounts in the "Cred. to Shares Account" column should agree with the total of the "Amt. of Dividend" column.

(g) *Entries in Journal and Cash Record*

If all dividends are credited to the shares accounts of the members, the total dividend is determined from the Dividend Work Sheet and Payment Record (Form FCU 112-Rev.). An entry is made in the Journal and Cash Record, debiting "Dividends Authorized" in Col. 25 and crediting "Shares" in Col. 10 as of the date the dividend was authorized at the annual meeting of members.

If dividends are paid by individual check to each member, a summary entry for the total amount of cash paid out should be made in the Journal and Cash Record. This entry will be a debit to "Dividends Authorized" (column 25) and a credit to "Cash" (column 7), as of the date the dividend checks are issued.

If some dividends are paid by check and others credited to Shares, the entry will be a combination of the entries described above. "Dividends Authorized" will be debited in column 25 for the total amount of dividends paid out by check and by credit to the members' share accounts. A credit is made to "Cash" (column 7) for the total of the "Amount" column in the "Payment by Check" section and a credit is made to "Shares" (column 10) for the total of the "Cred. to Shares Account" column. In the check number column should be indicated the check numbers of the group of checks issued to pay the dividends, for example, numbers 101 to 200.

As can be seen from the explanations above, it is not necessary to make individual entries in the Journal and Cash Record for each individual check issued to a member in payment of his dividends, when the Dividend Work Sheet and Payment Record is used. The member's account number and the name and the number and amount of the check provide a supplementary record to take the place of the individual entries in the Journal and Cash Record.

(h) Entries in Individual Share and Loan Ledger and Members' Passbooks.

If all dividends are credited to Shares, the amount of the dividend for each member is posted to his credit in his account in the Individual Share Ledger. As each posting is entered, a check mark is made in the "Check Mark" column of the Dividend Work Sheet and Payment Record. The date of posting to the Individual Share and Loan Ledger is the date the dividend was authorized at the annual meeting of the members.

As the members come in with passbooks, the dividend is recorded in the shares column, as of the date of authorization. For audit purposes and to determine what passbooks should be called in at a later date so that the dividend may be entered, the treasurer initials the dividend payment in the "Passbook" column of the Dividend Work Sheet and Payment Record. If the passbooks are being audited, it may be possible to make most of the entries in the passbooks before they are returned to the members.

If dividends are paid by individual check to each member, no entries are necessary in the Individual Share and Loan Ledger and the passbooks.

If some dividends are paid by check and others credited to Shares, both the procedures outlined above should be followed for dividends paid by check and credited to Shares.

(i) Suggestions

If dividends are credited to Shares, the next time a member comes in to make a payment on shares, he may prefer to pay an amount which added to the dividend will cause his shares balance to be an even amount.

If any member desires that the amount of his dividend be paid by check after all dividends have been credited to Shares, the procedure for shares withdrawal should be followed.

If the correct procedure is followed, the Dividends Authorized account in the General Ledger should have no balance as of January 31.

It is possible to combine the posting of the dividend in the members' passbooks with their verification by the supervisory committee.

PART IV. OPERATION OF ACCOUNTS

The accounts of Federal credit unions are maintained on a modified cash basis. In general, income is not accounted for until actually received in cash, but expenses are accounted for in the month in which they become due and payable, regardless of whether or not disbursements for the expenses have been made.

The following instructions indicate generally the debit and credit entries to the various General Ledger accounts made in the Journal and Cash Record (Form FCU 101) and posted therefrom, either individually or as column totals, to the General Ledger (Form FCU 102), the Individual Share and Loan Ledger (Form FCU 103) and the Expense Ledger (Form FCU 104).

ASSET ACCOUNTS

101—LOANS

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 12 with the full amount of new or renewal loans made to each member and the amount of collection costs incurred on loans placed in the hands of an attorney or outside collection agency.

Credit this account in column 13 with: the total of cash payments made by borrowers and endorsers; the balance of old loans included in new or renewal loans; the application of shares to loans; the amount to be credited on loans through acquisition or sale of assets involved in liquidation of loans (Account No. 111); and the charge-offs of bad loans in this account.

Entries canceling loan principal payments because of dishonored checks should be recorded in column 13 as deductions by entering the amounts involved in red figures.

POSTING TO GENERAL LEDGER

Debits and credits to this account in the General Ledger are made by posting the totals of the "Loans" columns (Nos. 12 and 13) from the Journal and Cash Record. (See page 8)

POSTING TO MEMBERS' ACCOUNTS

The items which are accumulated in the "Loaned" column (No. 12) of the Journal and Cash Record for posting to this account are also recorded individually in the Individual Loan Ledger and in the Member's Passbook. Credit entries for payments made on the loan are posted in both these records from the Cash Received Vouchers; other credit entries are posted from column 13 of the Journal and Cash Record or from Journal Vouchers. (See pages 10 and 15)

Entries showing the charge-off of a bad loan should be identified as such in the member's account in the Individual Loan Ledger. Recoveries on loans charged off should be recorded as memorandum information on the member's account. (See Account No. 311 Reserve for Bad Loans for the disposition of recoveries.)

REFINANCED, RENEWED AND EXTENDED LOANS

When a loan is to be refinanced an application should be made in an amount sufficient to repay in full the balance of the outstanding loan plus the additional amount of cash desired by the member. The purpose in such cases should be stated as "to pay balance of outstanding loan and to.....
.....(insert purpose for which the cash will be used)....."

The proper entry is illustrated in item (3) on page 54. Payment of interest is not taken into consideration in the illustrative entry, because the collection of interest which has accrued on the old loan should be a separate transaction. Since this accrued interest should not be included in the amount of the new loan or deducted from the proceeds thereof, the member should ordinarily be required to pay the total amount of interest on the old loan before it is refinanced. If this is not done, a proper notation should be made in the memorandum column of the borrower's individual ledger account or other adequate record should be maintained to assure collection of this interest at a later date.

The amount appearing in the "Loans Repaid" column should be posted first to the member's individual loan account, thereby closing out the old loan. The amount of the new loan is then entered

on the member's account with proper notation in the note record section of the account. The old loan application should then be filed with other applications on fully paid loans.

It is recommended that there be only one note outstanding against a member at any time; however, when in rare and unusual cases it is inadvisable to refinance an existing loan, it may be advisable to write a new loan as a separate transaction. In such cases the new loan should be entered on a new ledger sheet to be inserted. It will be necessary to state on each Cash Received Voucher covering repayment on either loan, to which loan such payments apply in order to keep the two transactions separate.

When it is desired to renew a loan in the same amount as the unpaid balance, the same procedure is followed as stated above for refinanced loans, except that no cash is paid out.

In the case of extended loans, a new application for loan is not necessary, but an extension agreement (Form FCU 115) must be completed and signed in accordance with the instructions and illustration on page 27.

COST OF COLLECTING LOANS

When collection costs are incurred, payable to an attorney or outside collection agency, upon a loan which has not been charged off to the reserve, such costs will be debited to the "Loan" account No. 101 in the General Ledger and to the member's individual loan ledger account. Before making any entries in connection with such loans the complete instructions relative to collection of loans on pages 115 to 118 of this manual should be carefully reviewed.

ILLUSTRATIVE ENTRIES

(1) When a loan is made to a member:

Dr.—Loans (Acct. 101) (Col. 12).....	\$100.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$100.00

(2) When an installment on the loan is repaid and interest and fines are collected:

Dr.—Cash (Acct. 104) (Col. 6).....	11.20	
Cr.—Loans (Acct. 101) (Col. 13).....		10.00
Cr.—Interest on Loans (Acct. 401) (Col. 15).....		1.00
Cr.—Fines (Acct. 315) (Col. 16).....		.20

(3) When a member has a note outstanding with a balance unpaid of \$10.00, gives a new note for \$50.00, and receives \$40.00 in cash and his old note:

Dr.—Loans (Acct. 101) (Col. 12).....	\$50.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$40.00
Cr.—Loans (Acct. 101) (Col. 13).....		10.00

NOTE: On the Journal Voucher (Form FCU 106-A), the new loan should be entered as a debit for the gross amount, the old loan as a credit item, and the voucher should indicate the net cash paid in the space opposite "Amount" in the lower left side of the form. (See page 13).

(4) When a member authorizes the credit union to apply his shares to his indebtedness:

Dr.—Shares (Acct. 310) (Col. 9).....	\$50.00	
Cr.—Loans (Acct. 101) (Col. 13).....		\$49.00
Cr.—Interest on Loans (Acct. 401) (Col. 15).....		1.00

(5) When the board of directors definitely determines that a further collection cannot be effected on a loan and authorizes charging off the loan to the Reserve for Bad Loans:

Dr.—Reserve for Bad Loans (Acct. 311) (Col. 25).....	\$25.00	
Cr.—Loans (Acct. 101) (Col. 13).....		25.00

NOTE: Only the unpaid principal, which will include collection costs, if any, which have been charged to the individual account of the borrower, will be charged off. Interest and fines due but uncollected will not be charged to the Reserve for Bad Loans.

(6) When assets are acquired under legal proceedings and the borrower is to be credited immediately on judgment for assets thus acquired:

Dr.—Assets Involved in Liquidation of Loans (Acct. 111) (Col. 25).....	\$70.00	
Cr.—Loans (Acct. 101) (Col. 13).....		\$65.00
Cr.—Interest on Loans (Acct. 401) (Col. 15).....		5.00

102—NOTES AND CONTRACTS RECEIVABLE

DEFINITION

This account will represent the unpaid balance of notes and/or contracts taken in the sale of assets acquired in liquidation of loans.

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 25 with the face amount of the note or contract.

Credit this account in column 26 with the principal payments received on notes or contracts.

POSTING TO GENERAL LEDGER

Each entry involving this account is posted individually to the General Ledger (Form FCU 102) from the "Miscellaneous" columns of the Journal and Cash Record.

POSTING TO SUBSIDIARY LEDGER

A separate sheet of form FCU 102 may be maintained for each note and contract if the number of these items necessitates a subsidiary ledger. Appropriate headings identifying the account and person concerned should be inserted. Debit entries are posted to the appropriate subsidiary account from "Miscellaneous" column 25.

Credit entries for payments are posted from Cash Received Vouchers (Form FCU 105) and other credit entries from "Miscellaneous" column 26 of the Journal and Cash Record. The total of the balances of the subsidiary accounts should equal the balance of General Ledger account No. 102, and must be proved at least monthly.

ILLUSTRATIVE ENTRIES

(1) When a note or contract is accepted in payment for assets involved in the liquidation of loans:

Dr.—Notes and Contracts Receivable	
(Acct. 102) (Col. 25).....	\$60.00
Cr.—Assets Involved in Liquidation of Loans	
(Acct. 111) (Col. 26).....	\$57.50
Cr.—Other Income (Acct. 409) (Col. 26).....	2.50

(2) When a payment in cash is received to apply on a note or contract receivable:

Dr.—Cash (Acct. 104) (Col. 6).....	\$10.00
Cr.—Notes and Contracts Receivable	
(Acct. 102) (Col. 26).....	\$10.00

(3) When an unpaid balance of a note or contract receivable becomes uncollectible and the board of directors authorizes charging off the balance to reserve for bad loans:

Dr.—Reserve for Bad Loans (Acct. 311) (Col. 25).....	\$15.37
Cr.—Notes and Contracts Receivable	
(Acct. 102) (Col. 26).....	\$15.37

104—CASH

USE OF CASH RECEIVED VOUCHER

Cash received is first recorded on the Cash Received Voucher (Form FCU 105). The total of cash received as shown by the Summary Cash Received Voucher is entered in column 6 of the Journal and Cash Record.

The items on each Cash Received Voucher are posted in the member's account in the Individual Share and Loan Ledger.

USE OF JOURNAL VOUCHER

The amount of each check issued as shown on the Journal Vouchers (Form FCU 106-A) is entered in column 7 of the Journal and Cash Record.

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 6 with all cash received, and credit it in column 7 with the amount of each check issued and such incidental charges as may be made by the bank.

Debit this account in column 6 for the amount of unpresented checks in accordance with instructions on the use of account No. 301 "Accounts Payable" on page 78.

Credit this account in column 7 upon payment of unpresented checks which have been previously transferred to account No. 301 "Accounts Payable" or to account No. 409 "Other Income", in accordance with instructions on accounts No. 301 and No. 409, on pages 78 and 91, respectively.

The credit union may issue duplicate checks to payees who have lost the original checks. In such cases, a stop order to the bank should be issued against the original check. Before a new check is issued it should be determined from the bank that the original check has not been paid. In doing so, credit unions may require an indemnity bond from the payee if circumstances warrant such action. The issuance of a duplicate check should be recorded in the Journal and Cash Record in columns 1, 2, 3, and 5, with the purpose for its issuance noted in column 3. It is suggested that a cross reference be made on the line on which the original check was entered.

If a duplicate check is issued in place of an original check still carried as outstanding in the cash account, no entry of the amount should be recorded in column 7. If a duplicate check is issued in place of an original check which was transferred to account No. 301 or account No. 409, the amount of the duplicate check should be credited in column 7 and debited to account No. 301 or account No. 409, as required, in column 25.

POSTING TO GENERAL LEDGER

When the transactions which have been entered in the Journal and Cash Record are posted to the General Ledger accounts, the Cash account is debited with the total of column 6 and credited with the total of column 7.

DEPOSITING CASH

All cash received must be deposited in the bank account within the time provided by Article XV, Section 2, of the bylaws. Deposits should be made in amounts which represent one or more day's cash collections, as shown on summary vouchers.

DISBURSEMENTS BY CHECK

All disbursements, except incidental payments for postage and for expense items of less than \$1.00 which may be made from the petty cash fund, must be made by check and entered accordingly.

ILLUSTRATIVE ENTRIES

1. Receipt of cash

(1) When entrance fees and payments on shares are received from members:

Dr.—Cash (Acct. 104) (Col. 6)	\$10.00	
Cr.—Reserve for Bad Loans—Fees (Acct. 311) (Col. 17)		\$2.00
Cr.—Shares (Acct. 310) (Col. 10)		8.00

(2) When an installment on a loan is repaid and interest and fines are collected:

Dr.—Cash (Acct. 104) (Col. 6)	\$11.20	
Cr.—Loans (Acct. 101) (Col. 13)		\$10.00
Cr.—Interest on Loans (Acct. 401) (Col. 15)		1.00
Cr.—Reserve for Bad Loans—Fines (Acct. 311) (Col. 16)20

(3) When legal and collection expenses of \$10 are deducted by attorney or collection agency from payments by borrower and balance of \$72.50 is remitted to the credit union by collection agency (loan has not been charged off):

Dr.—Cash (Acct. 104) (Col. 6)	\$72.50	
Dr.—Loans (Acct. 101) (Col. 12)	10.00	
Cr.—Loans (Acct. 101) (Col. 13)		\$75.00
Cr.—Interest on Loans (Acct. 401) (Col. 15)		7.50

(4) When a refund, recovery, or adjustment of an expense is received:		
Dr.—Cash (Acct. 104) (Col. 6).....	\$2.00	
Cr.—Expense Control (Acct. 202) (Col. 26).....		\$2.00
(5) When interest or dividends are collected on investments:		
Dr.—Cash (Acct. 104) (Col. 6).....	\$12.50	
Cr.—Income from Investments (Acct. 405) (Col. 26).....		\$12.50
(6) When income other than a refund is received from a source other than interest on loans to members and income from investments:		
Dr.—Cash (Acct. 104) (Col. 6).....	\$2.00	
Cr.—Other Income (Acct. 409) (Col. 26).....		\$2.00
2. Disbursement of Cash		
(1) When a member withdraws cash on account of his shares:		
Dr.—Shares (Acct. 310) (Col. 9).....	\$20.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$20.00
(2) When a loan is made to a member:		
Dr.—Loans (Acct. 101) (Col. 12).....	\$100.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$100.00
(3) When a member has a note outstanding with a balance unpaid of \$10.00, gives a new note for \$50.00, and receives \$40.00 in cash and his old note:		
Dr.—Loans (Acct. 101) (Col. 12).....	\$50.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$40.00
Cr.—Loans (Acct. 101) (Col. 13).....		10.00
NOTE: On the Journal Voucher (Form FCU 106-A), the new loan should be entered as a debit for the gross amount, the balance of the old loan as a credit item, and the voucher should show the net cash paid opposite "Amount" of the check.		
(4) When an expense is incurred and paid upon receipt of bill:		
Dr.—Expense Control (Acct. 202) (Col. 22).....	\$15.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$15.00
(5) When cash is withdrawn from the bank to establish a petty cash fund:		
Dr.—Petty Cash (Acct. 105) (Col. 25).....	\$10.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$10.00
(6) When dividends are distributed to the members by payment by check:		
Dr.—Dividends Authorized (Acct. 307) (Col. 25).....	\$50.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$50.00
(7) When a loan is made to another credit union on its note, interest to be paid at maturity (3-month note at 4%), and check issued:		
Dr.—Loans to Other Credit Unions (Acct. 109) (Col. 25).....	\$1,000.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$1,000.00
(8) When the change fund is set up or increased:		
Dr.—Change Fund (Acct. 106) (Col. 25).....	\$50.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$50.00
(9) When a service charge is made by the bank:		
Dr.—Expense Control (Acct. 202) (Col. 22).....	\$1.75	
Cr.—Cash (Acct. 104) (Col. 7).....		\$1.75

105—PETTY CASH

SETTING UP PETTY CASH FUND

Debit this account in column 25 of the Journal and Cash Record for the gross amount withdrawn by check from the bank to establish a petty cash fund. No subsequent debits or credits to the account are made except for the purpose of increasing or decreasing the amount of cash to be maintained in the fund. The amount set up in this fund must not exceed the maximum amount permitted by the bylaws or authorized by the board of directors, whichever is smaller.

POSTING TO GENERAL LEDGER

Posting to this account in the General Ledger is made from the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record.

PAYMENTS FROM PETTY CASH FUND

The fund is to be used for the purpose of paying postage and for other expense items in amounts of less than \$1. As payments are made out of the fund, receipts must be obtained and held with the balance of the cash in the fund in order that at all times the treasurer may have (1) actual cash and/or (2) receipts for the total amount of the fund.

REPLENISHMENT

The petty cash fund is restored in full at the end of the fiscal year (December 31) and at other times when necessary in order that expenditures made may be recorded and that the cash in the fund will be equal to the amount reflected in the General Ledger.

When replenishment of the fund is necessary, a Journal Voucher (Form FCU 106-A) will be prepared and a check drawn in favor of "Petty Cash". Upon cashing the check the treasurer will have actual cash for the total of the fund. The receipts which were taken when disbursements were made from the fund, equaling the amount of the check, will be attached to the Journal Voucher.

ENTRY IN JOURNAL AND CASH RECORD

When the petty cash fund is replenished the transaction is entered in the Journal and Cash Record by debiting account No. 202 "Expense Control" (amounts in column 22, name of subsidiary classification in column 23) and crediting the Cash account (column 7). This entry does not affect the Petty Cash account as set up by the books.

CHANGES IN AMOUNT OF FUND

If it is decided to reduce the amount of cash in the fund, a Cash Received Voucher (Form FCU 105) is prepared and at the end of the day when the cash received transactions are recorded in the Journal and Cash Record the amount is entered in the "Miscellaneous" credit column (No. 26) as received from "Petty Cash". The amount taken from the fund is deposited with other cash received that day.

If it is decided to increase the amount of cash in the fund, the same procedure is followed as when the fund was first set up.

If it is decided to eliminate the fund, a Cash Received Voucher is prepared and at the end of the day when cash received transactions are entered in the Journal and Cash Record the amount is entered in the "Miscellaneous" credit column as received from Petty Cash. The amount is deposited with other cash received on that day.

SEGREGATION OF FUND

The petty cash fund must at all times be kept physically separate from other funds of the credit union.

ILLUSTRATIVE ENTRIES

(1) When cash is withdrawn from the bank to establish a petty cash fund:

Dr.—Petty Cash (Acct. 105) (Col. 25).....	\$10.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$10.00

(2) When expenses have been paid from the petty cash fund and the fund is restored at the end of the month:

Dr.—Expense Control (Acct. 202) (Col. 22).....	3.00	
Cr.—Cash (Acct. 104) (Col. 7).....		3.00

(3) When the petty cash fund is reduced:

Dr.—Cash (Acct. 104) (Col. 6).....	5.00	
Cr.—Petty Cash (Acct. 105) (Col. 26).....		5.00

106—CHANGE FUND

GENERAL

This account is provided for those Federal credit unions which, in accordance with the bylaws, maintain a permanent cash fund for making change; also, for the change fund maintained temporarily by credit unions on certain days during the month, which fund must be deposited within the time limit specified in Article XV, Section 2, of the bylaws.

This fund may also be used to handle the purchase, sale, and redemption of U. S. Savings Stamps. The required amount of cash in the permanent change fund will be used to purchase U. S. Savings Stamps from the post office. Cash received from the sale or redemption of U. S. Savings Stamps will be returned to the change fund in place of the stamps sold or redeemed. At all times the change fund should consist of actual cash and/or U. S. Savings Stamps for the total amount of the fund.

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 25 and credit Cash in column 7 with the amount withdrawn from the bank by check to establish or to increase the fund. Credit this account in column 26 and debit Cash in column 6 with the amount of the fund redeposited.

POSTING TO GENERAL LEDGER

Entries to this account are posted individually from the "Miscellaneous" columns (No. 25 and No. 26) of the Journal and Cash Record.

VERIFICATION OF FUND

The amount of the fund should be verified by count at the end of each business day. When the fund or portions thereof are handled by more than one person, the treasurer should take such precautionary measures as will establish the responsibility of the individuals concerned.

ILLUSTRATIVE ENTRIES

(1) When the change fund is set up or increased:		
Dr.—Change Fund (Acct. 106) (Col. 25).....	\$50.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$50.00
(2) When the change fund is decreased or eliminated:		
Dr.—Cash (Acct. 104) (Col. 6).....	\$50.00	
Cr.—Change Fund (Acct. 106) (Col. 26).....		\$50.00

107—UNITED STATES GOVERNMENT OBLIGATIONS

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 25 with the costs (excluding accrued interest purchased but including any brokerage charges) of securities purchased.

When United States Savings Bonds of the appreciation type, such as Series F are owned, debit this account with the periodic increase in redemption value (credit account No. 405) in accordance with the table of redemption values on each bond. It is permissible to record this income once each year rather than every six months but the amount of income must be determined by the redemption tables.

When current income type United States Savings Bonds, such as Series G, are purchased at par and a uniform interest rate is paid during the life of the bond, no entries are necessary in this account except at the time of purchase and redemption. Although such bonds may have a schedule of redemption values which before maturity are less than cost, no adjustment should be made in this account for such redemption values. Such bonds should be carried in this account at cost regardless of redemption value.

Credit this account in column 26 with the cost of securities sold, redeemed, or disposed of otherwise. Profits or losses on sale or redemption of securities, determined by the difference between cost (excluding accrued interest purchased) and the net proceeds of sales or redemptions (excluding accrued interest at the date of sale) are shown in the accounts provided for that purpose (No. 406 "Profit on Sale of Bonds and Securities" and No. 205 "Losses on Sale of Bonds and Securities").

POSTING TO GENERAL LEDGER

Entries to this account are posted individually from the "Miscellaneous" columns (No. 25 and No. 26) of the Journal and Cash Record or from the Journal Vouchers.

Form FCU-102

ABC
FEDERAL CREDIT UNION

ACCOUNT No. 107

GENERAL LEDGER

NAME OF ACCOUNT *U.S. Government Obligations*

DATE <small>1947</small>	EXPLANATORY REMARKS	FOLIO	DEBIT	CREDIT	DEBIT BALANCE	CREDIT BALANCE
Oct 5	*1,000 U.S. Gov. Sav. Bonds #7033061	J.C. 7	7.40		7.40	

IDENTIFICATION OF SECURITIES

Securities purchased and disposed of should be clearly identified in the "Explanatory Remarks" column of the General Ledger account. It is desirable to have a record of the name of the issue, the interest rate, the maturity and the serial numbers of the bonds owned, and sold, so that this account will at all times show the actual holdings of the credit union, and thus make verification easier. If there are a large number of investments, see page 62, for a suggested form of subsidiary bond ledger.

ILLUSTRATIVE ENTRIES

(1) When the following United States Government Bond (or any other bond which is fully guaranteed by the United States Government) is purchased on March 31, 1947; par value \$1,000—interest rate 2½% payable semiannually on December 31 and June 30—purchased at 102 plus \$2.50 commission and accrued interest (cost of bond \$1,022.50; accrued interest purchased \$6.25):

Dr.—United States Government Obligations (Acct. 107) (Col. 25)	\$1,022.50
Dr.—Accrued Interest on Bonds and Securities Purchased (Acct. 110) (Col. 25)	6.25
Cr.—Cash (Acct. 104) (Col. 7)	\$1,028.75

(2) When an appreciation type United States Savings Bond, such as Series F, is purchased for investment, the redemption value of the bond increases at periodic intervals as set forth in the bond. This increase should be added to the investment in the bond and taken into income. For example, the redemption value of a bond purchased for \$74, increases 50c at the expiration of 1 year. This increase in value is recorded as follows:

Dr.—United States Government Obligations (Acct. 107) (Col. 25)	\$0.50
Cr.—Income from Investments (Acct. 405) (Col. 26)	\$0.50

NOTE: When bond is redeemed, entire redemption value is credited to account No. 107.

(3) If a current income type United States Savings Bond which was purchased at par is redeemed before maturity, the difference between the purchase price and the amount received upon redemption is charged as a loss to the account "Losses on Sale of Bonds and Securities". For example a United States Savings Bond, Series G, purchased for \$1,000 on March 1, 1941, is redeemed on March 1, 1946:

Dr.—Cash (Acct. 104) (Col. 6)	\$947.00
Dr.—Losses on Sale of Bonds and Securities (Acct. 205) (Col. 25)	53.00
Cr.—United States Government Obligations (Acct. 107) (Col. 26)	\$1,000.00

(4) If on March 31, 1948, the bond referred to in entry (1) is sold at 97½ (a loss) plus accrued interest (sales price \$975; accrued interest \$6.25):

Dr.—Cash (Acct. 104) (Col. 6)	\$981.25
Dr.—Losses on Sale of Bonds and Securities (Acct. 205) (Col. 25)	47.50
Cr.—United States Government Obligations (Acct. 107) (Col. 26)	\$1,022.50
Cr.—Income from Investments (Acct. 405) (Col. 26)	6.25

(5) If on May 15, 1947 the bond described in entry (1) was sold at 103 (a profit) plus accrued interest (sale price \$1,030; accrued interest to date \$9.38):

Dr.—Cash (Acct. 104) (Col. 6)	\$1,039.38
Cr.—United States Government Obligations (Acct. 107) (Col. 26)	\$1,022.50
Cr.—Accrued Interest on Bonds and Securities Purchased (Acct. 110) (Col. 26)	6.25
Cr.—Income from Investments (Acct. 405) (Col. 26)	3.13
Cr.—Profit on Sale of Bonds and Securities (Acct. 406) (Col. 26)	7.50

NOTE: The amount of accrued interest purchased is deducted from the first interest received before credit is made to the income account No. 405 "Income from Investments". Thereafter, the full amount of interest received will be credited to income.

.....
(Months to record interest)

.....**FEDERAL CREDIT UNION**

BOND LEDGER

Description of bonds.....
Maturity date..... Maturity value \$..... Interest rate..... %
Date purchased..... Purchase price \$..... Date authorized.....
Date redeemed..... Redemption price \$..... Date authorized.....
Premium paid \$..... Acc. Int. purchased \$..... Acc. Int. sold \$.....
Where held or pledged.....

<i>Date</i>	<i>Explanation</i>	<i>Bond Interest</i>	<i>Debit</i>	<i>Credit</i>	<i>Balance</i>

108—FEDERAL SAVINGS AND LOAN ASSOCIATION SHARES

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 25 with the amount invested in the shares of Federal Savings and Loan Associations; also, with the dividends on shares which are accumulated in the credit union's share investment account in a Federal Savings and Loan Association.

Credit this account in column 26 with the amount of withdrawals of investments in the shares of Federal Savings and Loan Associations including the withdrawal of dividends on shares previously debited to this account.

POSTINGS TO GENERAL LEDGER

Each entry involving this account is posted individually to the General Ledger (Form FCU 102) from the "Miscellaneous" columns (No. 25 and No. 26) of the Journal and Cash Record.

IDENTIFICATION OF ASSOCIATION

The name of the Federal Savings and Loan Association in the shares of which the credit union has invested funds, and any other data necessary to identify the transactions affecting the share investments should be reflected in the "Explanatory Remarks" column of the General Ledger account. In cases where the credit union has invested in the shares of two or more Federal Savings and Loan Associations and transactions are frequent, a subdivision of General Ledger account No. 108 may be made in order to account more easily for the investments in the respective associations. For example, account No. 108.1—"Richmond Federal Savings and Loan Association Shares", account No. 108.2 "First Federal Savings and Loan Association of Boston Shares", etc. The total of these accounts would represent the credit union's investment in Federal Savings and Loan Association shares and would be shown in the Balance Sheet in the monthly Financial and Statistical Report.

ILLUSTRATIVE ENTRIES

(1) When the credit union invests in Federal Savings and Loan Association shares:

Dr.—Federal Savings and Loan Association Shares		
(Acct. 108) (Col. 25).....	\$100.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$100.00

(2) When dividends on shares are credited by the association to the credit union's account:

Dr.—Federal Savings and Loan Association Shares		
(Acct. 108) (Col. 25).....	\$2.00	
Cr.—Income from Investments (Acct. 405) (Col. 26).....		\$2.00

(3) When the credit union withdraws its investment from the association:

Dr.—Cash (Acct. 104) (Col. 6).....	\$102.00	
Cr.—Federal Savings and Loan Association Shares		
(Acct. 108) (Col. 26).....		\$102.00

109—LOANS TO OTHER CREDIT UNIONS

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 25 with the amount of new and renewal loans made to other credit unions.

Credit this account in column 26 with the amounts received in part or full payment of loans made to other credit unions; also, with the unpaid balance of such loans upon renewal.

POSTINGS TO GENERAL LEDGER

Each entry involving this account is posted individually to the General Ledger (Form FCU 102) from the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record.

IDENTITY OF CREDIT UNIONS

The identity of credit unions to which loans are made should be clearly shown in the "Explanatory Remarks" column of the General Ledger account. It is also desirable to show the terms of the loan, such as rate of interest and maturity date.

When loans are made to two or more credit unions and transactions are frequent, a subdivision of General Ledger account No. 109 may be made in the General Ledger in order to account more easily for the loans to the respective credit union. For example, account No. 109.1 "Loans to Genco Employees Federal Credit Union", account 109.2 "Loans to Municipal Employees of Potsdam Credit Union", etc. The total of these accounts would represent the credit union's outstanding loans to other credit unions and is shown on the Balance Sheet in the monthly Financial and Statistical Report.

ILLUSTRATIVE ENTRIES

(1) When a loan is made to another credit union on its note, interest to be paid at maturity (3-month note at 4%), and check issued:

Dr.—Loans to Other Credit Unions (Acct. 109) (Col. 25).....	\$1,000.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$1,000.00

(2) When the above loan to another credit union is repaid with interest:

Dr.—Cash (Acct. 104) (Col. 6).....	\$1,010.00	
Cr.—Loans to Other Credit Unions (Acct. 109) (Col. 26).....		\$1,000.00
Cr.—Income from Investments (Acct. 405) (Col. 26).....		10.00

(3) When a loan to another credit union is partially renewed at maturity of the loan:

Dr.—Cash (Acct. 104) (Col. 6).....	\$410.00	
Dr.—Loans to Other Credit Unions (Acct. 109) (Col. 25).....	600.00	
Cr.—Loans to Other Credit Unions (Acct. 109) (Col. 26).....		\$1,000.00
Cr.—Income from Investments (Acct. 405) (Col. 26).....		10.00

110—ACCRUED INTEREST ON BONDS AND SECURITIES PURCHASED

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 25 with the accrued interest at the date of purchase on securities purchased by the credit union. As this interest matures and is collected, or upon disposition of the securities before collection, credit the above account in column 26 of the Journal and Cash Record.

POSTING TO GENERAL LEDGER

Entries to this account will be posted individually from the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record.

ILLUSTRATIVE ENTRIES

(1) When the following United States Government Bond (or any other bond which is fully guaranteed by the United States Government) is purchased on March 31, 1946: par value \$1,000—interest rate 2½% payable semiannually on December 31 and June 30—purchased at 102 plus \$2.50 commission and accrued interest (Cost of bond \$1,022.50; accrued interest purchased \$6.25):

Dr.—United States Government Obligations (Acct. 107) (Col. 25)...	\$1,022.50	
Dr.—Accrued Interest on Bonds and Securities Purchased (Acct. 110) (Col. 25).....	6.25	
Cr.—Cash (Acct. 104) (Col. 7).....		\$1,028.75

(2) When interest is collected on the above-mentioned bond on June 30:

Dr.—Cash (Acct. 104) (Col. 6).....	12.50	
Cr.—Income from Investments (Acct. 405) (Col. 26).....		6.25
Cr.—Accrued Interest on Bonds and Securities Purchased (Acct. 110) (Col. 26).....		6.25

111—ASSETS INVOLVED IN LIQUIDATION OF LOANS

PURPOSE

This account will be used to show the credit union's investment in assets involved in the liquidation of loans.

USE OF ACCOUNT

When assets have been acquired through legal proceedings or by voluntary transfer of title for an agreed consideration which requires immediately reducing the borrower's indebtedness, the investment in such acquired assets will represent the amount credited on the borrower's indebtedness plus the costs of acquisition and any other costs incurred prior to the sale of the assets by the credit union to a third party.

When possession of collateral or other security has been taken by the credit union under an understanding with the borrower and any comakers or endorsers that after such security is sold the borrower's indebtedness will be credited, the credit union's investment will represent the costs incurred in connection with the sale of such security only. No other entries are required.

ENTRIES IN JOURNAL AND CASH RECORD

This account is debited in column 25 with the investment in assets involved in liquidation of loans and with profits on the sale of such assets. This account is credited in column 26 with the sales of such assets and with the losses on sales.

POSTING TO GENERAL LEDGER

Debits and credits to this account are posted individually from the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record.

POSTING TO SUBSIDIARY LEDGER

When the General Ledger account contains assets involved in the liquidation of more than one loan, it is recommended that a subsidiary account be maintained on form FCU 102 with respect to each loan in order that the accounting may be made easier. When subsidiary accounts are kept, appropriate headings identifying the account and the borrower concerned should be inserted. Debit and credit entries should be posted individually to the proper subsidiary account from the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record. The total of the subsidiary account balances should equal the balance of General Ledger account No. 111, and must be proved at least monthly.

ILLUSTRATIVE ENTRIES

(1) When assets are acquired:

Dr.—Assets Involved in Liquidation of Loans		
(Acct. 111) (Col. 25).....	\$70.00	
Cr.—Loans (Acct. 101) (Col. 13).....		\$70.00

(2) When costs are incurred on assets involved in liquidation of loans:

Dr.—Assets Involved in Liquidation of Loans		
(Acct. 111) (Col. 25).....	\$10.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$10.00

(3) When those assets for which the borrower has previously received credit are sold, the sales price will be credited to this account. Any loss from such sales will be debited to account No. 311, "Reserve for Bad Loans". For example, investment in such assets \$80; sales price \$60 (borrower's indebtedness having previously been credited for such assets):

(a)		
Dr.—Cash (Acct. 104) (Col. 6).....	\$60.00	
Cr.—Assets Involved in Liquidation of Loans		
(Acct. 111) (Col. 26).....		\$60.00

(b)		
Dr.—Reserve for Bad Loans (Acct. 311) (Col. 25).....	\$20.00	
Cr.—Assets Involved in Liquidation of Loans		
(Acct. 111) (Col. 26).....		\$20.00

If such sales have been entirely for cash and the related loan has been previously charged off, any profit will be credited (1) to account No. 311 "Reserve for Bad Loans" to the extent of the related loan charged off (2) to account No. 409 "Other Income" to the extent of any profit remaining, provided the credit union is to keep the profit.

(4) When assets involved in liquidation of loans are sold for cash at a profit less than the amount of the related loan previously charged off to reserve, e.g., investment in such assets \$80; sales price \$100; loan charged off \$25 (borrower's indebtedness previously having been credited for such assets):

(a)		
Dr.—Cash (Acct. 104) (Col. 6).....		\$100.00
Cr.—Assets Involved in Liquidation of Loans (Acct. 111) (Col. 26).....		\$100.00
(b)		
Dr.—Assets Involved in Liquidation of Loans (Acct. 111) (Col. 25).....		\$20.00
Cr.—Reserve for Bad Loans (Acct. 311) (Col. 26).....		\$20.00

(5) When assets involved in liquidation of loans are sold for cash at a profit in excess of the amount of the related loan previously charged off to reserve, e.g., investment in such assets \$80; sales price \$125; loan charged off \$25 (borrower's indebtedness previously having been credited for such assets):

(a)		
Dr.—Cash (Acct. 104) (Col. 6).....		\$125.00
Cr.—Assets Involved in Liquidation of Loans (Acct. 111) (Col. 26).....		\$125.00
(b)		
Dr.—Assets Involved in Liquidation of Loans (Acct. 111) (Col. 25) ..		\$45.00
Cr.—Reserve for Bad Loans (Acct. 311) (Col. 26).....		\$25.00
Cr.—Other Income (Acct. 409) (Col. 26).....		20.00

If such sales have not been entirely for cash, any profit will be credited to account No. 309 "Deferred Profits on Liquidation of Loans".

(6) When assets involved in liquidation of loans are sold at a profit but part of consideration is a note or contract, e.g., investment in such assets \$80; sales price \$100 for which a \$60 note and \$40 cash were received (borrower's indebtedness previously having been credited for such assets):

(a)		
Dr.—Notes and Contracts Receivable (Acct. 102) (Col. 25).....		\$60.00
Dr.—Cash (Acct. 104) (Col. 6).....		40.00
Cr.—Assets Involved in Liquidation of Loans (Acct. 111) (Col. 26).....		\$100.00
(b)		
Dr.—Assets Involved in Liquidation of Loans (Acct. 111) (Col. 25).....		\$20.00
Cr.—Deferred Profits on Liquidation of Loans (Acct. 309) (Col. 26).....		20.00

If such sales have been either entirely for cash, for a note or contract receivable, or a combination of both, but the related loan has not been collected or charged off, any profit will be credited (1) to account No. 309 "Deferred Profits on Liquidation of Loans" to the extent of any outstanding balance of the related loan, and (2) to account No. 409 "Other Income" to the extent of any profit remaining, provided the credit union is to keep such profit.

(7) When assets involved in liquidation of loans are sold either for cash or under a note or contract receivable but the related loan has not been collected in full or charged off, e.g., investment in such assets \$80; sales price \$125, for which an \$85 note and \$40 cash were received (borrower's indebtedness previously having been credited for such assets):

(a)		
Dr.—Notes and Contracts Receivable (Acct. 102) (Col. 25).....		\$85.00
Dr.—Cash (Acct. 104) (Col. 6).....		40.00
Cr.—Assets Involved in Liquidation of Loans (Acct. 111) (Col. 26).....		\$125.00

(b)

Dr.—Assets Involved in Liquidation of Loans (Acct. 111) (Col. 25).....	\$45.00
Cr.—Deferred Profits on Liquidation of Loans (Acct. 309) (Col. 26).....	\$45.00

(8) When collateral or other security for which the borrower has not previously received credit is sold, a portion of the sales price equal to the costs incurred by the credit union in selling the security will be credited to this account and the remaining portion of the sales price will be credited to the borrower. For example, it is assumed that the credit union has incurred costs of \$20 which have been charged to "Assets Involved in Liquidation of Loans", account No. 111. The assets for which the borrower's indebtedness was not previously credited are sold for \$60 cash and a note for \$40:

Dr.—Notes and Contracts Receivable (Acct. 102) (Col. 25).....	\$40.00
Dr.—Cash (Acct. 104) (Col. 6).....	60.00
Cr.—Assets Involved in Liquidation of Loans (Acct. 111) (Col. 26).....	\$20.00
Cr.—Loans (Acct. 101) (Col. 13).....	77.50
Cr.—Interest on Loans (Acct. 401) (Col. 15).....	2.50

112—FURNITURE, FIXTURES, AND EQUIPMENT

DEFINITION

This account will represent the cost, less depreciation, of furniture, fixtures, and equipment. The amounts to be charged off as depreciation are determined by the board of directors. It is recommended that a depreciation policy be followed which will reduce the carrying value of these nonliquid assets in accordance with their expected useful life. Charges for depreciation may be made monthly, quarterly, semiannually, or annually at the option of the credit union. As long as these assets have a salvage or useful value, the depreciation credit to this account should not result in the assets being reflected on the credit union's books at less than \$1 per item.

ENTRIES IN JOURNAL AND CASH RECORD

This account is debited in column 25 with the cost of furniture, fixtures, and equipment purchased by the credit union.

This account is credited in column 26 with the amount of depreciation on these assets. It is also credited in column 26 with the cost, less the total amounts charged off as depreciation, of any items disposed of by sale or otherwise.

POSTING TO GENERAL LEDGER

Entries to this account are posted individually from the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record. Items recorded in this account should be concisely identified in the explanatory remarks column. A memorandum notation should be made in the explanatory remarks column of any item disposed of, the cost of which had previously been fully depreciated, so that this account will contain a record of all furniture, fixtures, and equipment acquired and disposed of.

If the items are numerous it may be desirable to establish a subsidiary ledger. A suggested form of subsidiary ledger sheet or property record which will help maintain control over furniture, fixtures and equipment is illustrated on page 68.

ILLUSTRATIVE ENTRIES

(1) When furniture, fixtures, and equipment are acquired:	
Dr.—Furniture, Fixtures and Equipment (Acct. 112) (Col. 25).....	\$50.00
Cr.—Cash (Acct. 104) (Col. 7).....	\$50.00
(2) When furniture, fixtures and equipment are depreciated:	
Dr.—Expense Control (Acct. 202) (Col. 22).....	\$10.00
Cr.—Furniture, Fixtures, and Equipment (Acct. 112) (Col. 26)....	\$10.00

FURNITURE, FIXTURES, AND EQUIPMENT LEDGER

Description of item.....Stock number.....

Depreciation schedule.....

.....

Date purchased..... Purchase price \$..... Date authorized.....

Date sold..... Sales price \$..... Date authorized.....

Where located.....

<i>Date</i>	<i>Explanation</i>	<i>Debit</i>	<i>Credit</i>	<i>Balance</i>

113—UNAMORTIZED ORGANIZATION COST

PURPOSE

The purpose of this account is to enable credit unions to charge the cost of the charter fee and original bookkeeping supplies to the expenses of more than one accounting period. Once any portion of this account has been charged to expense from this account, it may not subsequently be set up again in this account and charged to expense in later periods.

USE OF ACCOUNT

This is an asset account which may be debited with the costs of the credit union's charter and the cost of the original order of bookkeeping supplies. The charter fee should be debited to this account in every case except that in which the charter fee was donated to the credit union. When the charter fee is donated, the cost of the fee is debited directly to account No. 202 "Expense Control" and posted to subsidiary account No. 202-9 "Miscellaneous General Expense" and the donation credited to account No. 409 "Other Income".

GENERAL PROCEDURE

The Unamortized Organization Cost account is an asset account and as such is shown upon the balance sheet of the credit union. At designated times, which may be monthly, quarterly, or annually, charges to expense to reduce the amount set up as an asset are made as described below. In any event, the entire amount must be written off not later than the end of the second year following the year in which the credit union is organized. It is recommended that the entire amount be written off as soon as it can be absorbed without appreciably affecting the earnings of the credit union.

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 25 with the charter expense of \$25, and the cost of the original order for bookkeeping supplies.

Whenever it is decided to write off an amount, debit "Expense Control" (Column 22) and credit this account in column 26.

POSTING TO GENERAL LEDGER

Entries to this account are posted individually from the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record.

ILLUSTRATIVE ENTRIES

(1) When the invoice is received for the original order for bookkeeping supplies, but the check is not issued in payment until a later date:

Dr.—Unamortized Organization Cost (Acct. 113) (Col. 25).....	\$21.75	
Cr.—Accounts Payable (Acct. 301) (Col. 26).....		\$21.75

NOTE: See page 29 for various methods of handling the charter fee.

(2) When any part or the entire amount of the Unamortized Organization Cost is written off:

Dr.—Expense Control (Acct. 202) (Col. 22).....	\$12.50	
Cr.—Unamortized Organization Cost (Acct. 113) (Col. 26).....		\$12.50

115—OTHER ASSETS

PURPOSE

This account is used to record transactions involving assets for which there is no specific asset account provided.

ENTRIES IN JOURNAL AND CASH RECORD

Miscellaneous assets for which no specific account is maintained are recorded as debits in column 25 when acquired, at the cost thereof. The account is credited in column 26 when such assets are sold, depreciated, or other disposition made of them.

POSTING TO GENERAL LEDGER

Entries to this account are posted individually from the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record.

ILLUSTRATIVE ENTRIES

(1) When the premium on a surety bond is prepaid for 3 years in advance but the credit union decides to charge to expense only 1/3 of the cost in each of the 3 years covered by the bond:

Dr.—Expense Control (Acct. 202) (Col. 22).....	\$10.00	
Dr.—Other Assets (Acct. 115) (Col. 25).....	20.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$30.00

(2) When 1/3 of the cost of prepaid bond premium is charged to expense in a subsequent year:

Dr.—Expense Control (Acct. 202) (Col. 22).....	\$10.00	
Cr.—Other Assets (Acct. 115) (Col. 26).....		\$10.00

120—INSURANCE PREMIUMS RECEIVABLE

PURPOSE

This account is used to show the unpaid balance of amounts due from member-borrowers in payment of reimbursable premiums paid out by the credit union for insurance covering property accepted as security for loans and for life insurance protection (borrowers' protection insurance).

Only insurance premiums advanced for which the credit union is to be reimbursed by the borrowers are to be recorded in this account.

In those cases, where it is agreed that the borrower shall provide such insurance and continue it in force during the period the loan is unpaid, it is suggested that a written agreement to this effect containing an authorization for the credit union to advance the premium for the insurance be obtained at the time the loan is granted. This agreement may be included in the loan application, the lien instrument, or a separate contract.

GENERAL PROCEDURE

Since insurance on property accepted as security for loans is obtained primarily for the benefit of the borrower, it is appropriate to require the borrower to furnish such insurance. If he does not pay the premiums thereon when due, the credit union may advance such premiums, charge them to this account, and collect them later by reimbursement from the borrower.

In the case of life insurance protection on borrowing members (borrowers' protection insurance), such insurance is obtained primarily for the benefit of the credit union. Ordinarily, therefore, credit unions obtain borrowers' protection insurance coverage under blanket policies on all loans and the premiums for the insurance are considered an expense of operation and charged to "Expense Control—Borrowers' Protection Insurance" (Account No. 202-6). The credit union may not charge the borrower for the cost of such insurance if the interest rate charged on loans is such that the interest plus the cost of borrowers' protection insurance will exceed the maximum interest rate permitted by Section 7(5) of the Federal Credit Union Act.

If the credit union charges less than the maximum rate of interest permitted by the Federal Credit Union Act and the total charges to the borrowers inclusive of the insurance premium and all other charges do not exceed the maximum interest rate of 1 percent per month on unpaid balances, then the credit union may require the borrower to furnish borrowers' protection insurance covering his loan. If he does not pay the premiums thereon when due, the credit union may advance such premiums, charge them to this account, and collect them later by reimbursement from the borrower.

Amounts charged to this account represent amounts due from borrowers which are advanced by the credit union to continue insurance coverage when the borrower does not pay the premiums when they come due. These amounts should not be confused with amounts collected by the credit union from borrowers where the credit union later remits these funds to the insurance company on behalf of borrowers. Such amounts collected in advance are recorded in account No. 301 "Accounts Payable."

ENTRIES IN JOURNAL AND CASH RECORD

This account is debited in column 25 when a check is issued in payment of the insurance premium involved. This account is credited in column 26 with the amounts of funds received from member-borrowers in payment of insurance premiums, and with the charge-off of uncollected items remaining in the account when the related loans are either charged off or liquidated through the acquisition of chattels pledged as security therefor.

The charge-off of such items remaining in this account will be debited to account No. 206 "Other Losses." Entries reflecting the charge-off of insurance premiums receivable should be identified as such in the members' Individual Share and Loan Ledger accounts, and recoveries applicable to such items should be recorded in these accounts as memorandum information showing the amount recovered by the credit union and the date the recovery was received.

If the credit union finds that insurance advances on behalf of borrowers are rather numerous, it may wish to provide separate debit and credit columns in which to record entries to this account in the Journal and Cash Record. In such event, the credit union may use for the purpose two adjacent columns left blank on form FCU 101 and caption them with the number and title of this account, designating one a debit column and the other a credit column.

POSTING TO GENERAL LEDGER

Each entry involving this account is posted individually to the General Ledger (Form FCU 102) from the "Miscellaneous" columns of the Journal and Cash Record. The "Explanatory Remarks" column should show clearly the necessary details of entries posted to this account such as the name of the individual from whom the amount is receivable. If separate columns are used in the Journal and Cash Record for entries to this account, the total amounts of these columns will be debited and credited respectively to the Insurance Premiums Receivable account in the General Ledger at the close of each month.

POSTING TO SUBSIDIARY LEDGER

If the number of these items necessitates a subsidiary ledger, a separate sheet of form FCU 102 may be kept for each member involved. Appropriate headings identifying the account and person concerned should be written.

Debit entries are posted to the appropriate subsidiary account from "Miscellaneous" column 25, or from the "Insurance Premiums Receivable" debit column of the Journal and Cash Record, whichever column is used by the credit union for debit entries to this account.

Credit entries for amounts received in payment of premiums due from borrowers are posted from Cash Received Vouchers (Form FCU 105). Other credit entries, such as uncollected amounts charged off, are posted from "Miscellaneous" column 26 or from the "Insurance Premiums Receivable" credit column of the Journal and Cash Record, whichever column is used by the credit union for credit entries to this account.

The total of the balances of the subsidiary accounts should equal the balance of the General Ledger account No. 120 and must be proved therewith at least monthly. The monthly lists of these balances should be retained as part of the permanent records.

When there are a number of such items and a subsidiary ledger is established as outlined in the preceding paragraphs, the credit union may find it advisable to make an entry in the "Memorandum" column of the borrower's individual ledger account in order to avoid the possibility of overlooking collection of these premiums from borrowers.

ILLUSTRATIVE ENTRIES

(1) When a check is issued by the credit union in payment of premium for insurance covering chattels pledged as security for a loan or in payment of reimbursable premium for life insurance protection on borrowing members:

Dr.—Insurance Premiums Receivable (Acct. 120) (Col. 25).....	\$10.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$10.00

(2) When payment is received from member-borrower in reimbursement of insurance premium due on open account:

Dr.—Cash (Acct. 104) (Col. 6).....	\$10.00	
Cr.—Insurance Premiums Receivable (Acct. 120) (Col. 26).....		\$10.00

(3) When an insurance premium receivable is charged off:

Dr.—Other Losses (Acct. 206) (Col. 25).....	\$3.00	
Cr.—Insurance Premiums Receivable (Acct. 120) (Col. 26).....		\$3.00

125—CASH—U. S. BOND INSTALLMENT PAYMENTS

PURPOSE

This account is used only by those credit unions which handle installment payments on U. S. Bonds, in order to keep such funds in a separate trust account.

USE OF ACCOUNT

Detailed instructions for the use of this account are given on pages 122 to 124 of this manual.

126—U. S. SAVINGS STAMPS FOR REDEMPTION

PURPOSE

This account is used only by those credit unions which are issuing agents of the Treasury Department for the sale of U. S. Savings Bonds. When savings stamps are accepted in payment for bonds but are not promptly converted into cash this account should be used.

USE OF ACCOUNT

Detailed instructions for the use of this account are given on pages 121 to 122 of this manual.

130—ACCOUNT RECEIVABLE—U. S. SAVINGS BONDS PAID

PURPOSE

This account is to be used only by those credit unions which qualify as paying agents of the U. S. Treasury Department for the payment of United States Savings Bonds in accordance with instructions issued by the Treasury Department and the Bureau of Federal Credit Unions.

USE OF ACCOUNTS

Detailed instructions for the use of this account and for acting as paying agent are contained on pages 126 to 129 of this manual.

EXPENSE ACCOUNTS

The expense accounts, as well as the income accounts, must be closed into the Profit and Loss account at least annually on December 31 in accordance with the procedure described under Closing Entries on pages 42 to 46. While the annual closing of these accounts is preferable, some credit unions may desire to do this monthly, quarterly, or semiannually, which is permissible.

201—INTEREST ON BORROWED MONEY

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 14 with the interest which is paid on or prior to the end of the month in which it becomes due and payable; also, with the interest which is unpaid at the end of the month in which it becomes due and payable (credit account No. 303 "Matured Interest Payable" in column 26).

POSTING TO GENERAL LEDGER

The total of the "Interest Paid" column (No. 14) of the Journal and Cash Record is posted to the General Ledger at the end of each month.

CLOSING INTO PROFIT AND LOSS ACCOUNT

The balance of the account is closed into the Profit and Loss account at the time other expense accounts are closed.

ILLUSTRATIVE ENTRIES

(1) When the credit union borrows money on its note and interest is deducted in advance by the creditors (6-month note at 4%):

Dr.—Cash (Acct. 104) (Col. 6).....	\$980.00	
Dr.—Interest on Borrowed Money (Acct. 201) (Col. 14).....	20.00	
Cr.—Notes Payable (Acct. 302) (Col. 26).....		\$1,000.00

(2) When a note and accrued interest are paid at maturity:

Dr.—Notes Payable (Acct. 302) (Col. 25).....	\$1,000.00	
Dr.—Interest on Borrowed Money (Acct. 201) (Col. 14).....	20.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$1,020.00

(3) When interest on borrowed money matures but is not paid by the end of the month:

Dr.—Interest on Borrowed Money (Acct. 201) (Col. 14).....	\$4.50	
Cr.—Matured Interest Payable (Acct. 303) (Col. 26).....		\$4.50

202—EXPENSE CONTROL

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 22 when an expense is incurred. Credit this account in column 26 with the amount of adjustments or refunds made and with the amount of the balance when the account is closed into the Profit and Loss account.

POSTING TO GENERAL LEDGER

The total of column 22 of the Journal and Cash Record is posted to this account in the General Ledger at the end of each month. Credits to this account are posted individually from the "Miscellaneous" column (No. 26) of the Journal and Cash Record to the General Ledger.

POSTING TO EXPENSE LEDGER

If expense items are numerous the use of the subsidiary "Expense Ledger" (Form FCU 104) will be helpful in analysing expenses and preparation of the Financial and Statistical Report.

All debit items which are entered in the "Expense Control" column (No. 22) and all credits to expense accounts recorded in the "Miscellaneous" column (No. 26) of the Journal and Cash Record (Form FCU 101) are posted individually to the "Expense Ledger" (Form FCU 104). (See page 11).

The credit postings are entered in red and subtracted from the total of the other items posted to the column involved when the columns are totaled. The use of form FCU 104 is optional.

CLOSING INTO PROFIT AND LOSS ACCOUNT

The balance of the account is closed into the Profit and Loss account at the time other expense accounts are so closed.

EXPENSE CLASSIFICATION

The following items are included in this account and the entry in the Journal and Cash Record for each expense item should show the classification of such expense in column 23:

1. Treasurer's Salary

This subsidiary classification includes all compensation of the treasurer. When the members vote the treasurer compensation for services of a past period it is an expense of the period in which voted. On the other hand, where the treasurer's salary is voted in advance on a monthly or other basis, it is an expense in the period in which it becomes due and payable.

2. Other Salaries

This subsidiary classification includes the salaries of assistant treasurers, bookkeepers, or other office employees.

3. Stationery and Supplies

This subsidiary classification includes all charges for stationery, paper, printed forms, binders, pencils, calendar pads, ink, and other supplies incidental to the operations of the credit union.

4. Cost of Space Occupied

This subsidiary classification includes all charges for space occupied, including rent, heat, and light, and the costs of real property owned and occupied, such as insurance, taxes, and depreciation.

5. Educational Expense

This subsidiary classification includes the expenses incurred in education of members in the purpose and functions of the credit union. Advertising, publicity and promotional expenses generally are included.

6. Borrowers' Protection Insurance

This subsidiary classification includes the cost of premiums for life insurance protection on borrowing members.

7. Depreciation of Furniture, Fixtures, and Equipment

This subsidiary classification includes charges for depreciation of furniture, fixtures, and equipment made by a debit to this account and a credit to the asset account No. 112 "Furniture, Fixtures, and Equipment". The difference between the sales price and the cost, less depreciation, of items of furniture, fixtures, and equipment disposed of, will be debited or credited to this classification as circumstances require.

8. Collection Expense

This subsidiary classification includes only collection costs incident to the collection of delinquent loans, which have not been turned over to an attorney or person outside the credit union. Such costs are generally not recoverable from the borrower. For method of handling legal and collection costs incurred in connection with loans placed with an attorney or outside collection agency see pages 54, and 115 to 118.

9. Miscellaneous General Expense

This subsidiary classification includes miscellaneous expenses such as cost of examination, supervision fees, surety bonds, fire and other insurance, bank charges, league dues, etc., for which a separate account is not provided. The nature of the expense should be noted in the "Description" column of the Expense Ledger (Form FCU 104). See page 70 for an optional method of handling surety bond premiums paid for 3 years in advance.

ILLUSTRATIVE ENTRIES

(1) When an expense is incurred and paid upon receipt of bill:

Dr.—Expense Control (Acct. 202) (Col. 22).....	\$15.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$15.00

(2) When expenses have been disbursed from the petty cash fund and the fund is restored at the end of each month:

Dr.—Expense Control (Acct. 202) (Col. 22).....	3.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$3.00

(3) When furniture and fixtures are depreciated:

Dr.—Expense Control (Acct. 202) (Col. 22).....	\$10.00	
Cr.—Furniture, Fixtures, and Equipment (Acct. 112) (Col. 26)....		\$10.00

(4) When any part or the entire amount of the Unamortized Organization Cost account (No. 113) is written off, debit Expense Control (with appropriate expense classification in column 23) and credit Unamortized Organization Cost for the amount written off:

Dr.—Expense Control (Acct. 202) (Col. 22).....	\$12.50	
Cr.—Unamortized Organization Cost (Acct. 113) (Col. 26).....		\$12.50

(5) When an expense is incurred such as purchase of supplies and the check in payment is not immediately forwarded:

Dr.—Expense Control (Acct. 202) (Col. 22).....	\$8.50	
Cr.—Accounts Payable (Acct. 301) (Col. 26).....		\$8.50
(6) When a refund, recovery, or adjustment of an expense is received:		
Dr.—Cash (Acct. 104) (Col. 6).....	\$2.00	
Cr.—Expense Control (Acct. 202) (Col. 26).....		\$2.00

203—RESERVE ADJUSTMENTS FOR BAD LOANS CHARGED OFF

DESCRIPTION

This account will represent charges against current earnings for increases in the Reserve for Bad Loans required because of bad loans charged off in excess of the reserve provided.

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 25 with the amount necessary to increase the Reserve for Bad Loans to an amount equal to bad loans charged off.

POSTING TO GENERAL LEDGER

The debit items to this account in column 25 of the Journal and Cash Record are posted individually to account No. 203 in the General Ledger.

CLOSING INTO PROFIT AND LOSS ACCOUNT

The balance of the account is closed into the Profit and Loss account (No. 313) at the time the other expense accounts are closed.

ILLUSTRATIVE ENTRIES

When bad loans have been charged off to Reserve for Bad Loans in excess of the reserve balance:

Dr.—Reserve Adjustments for Bad Loans Charged Off (Acct. 203) (Col. 25).....	\$15.00	
Cr.—Reserve for Bad Loans (Acct. 311) (Col. 26).....		\$15.00

204—CASH OVER AND SHORT

GENERAL PROCEDURE

At the end of each day's business, the Cash Received Vouchers (Form FCU 105) are totaled and the result checked with the cash on hand.

If the cash on hand is greater than the total of the vouchers and the error is not discovered before the transactions for the day are recorded, an additional Cash Received Voucher is prepared for the amount of the overage. The words "Cash Over" are shown on the voucher in the "Received from" space. This voucher is included with other Cash Received Vouchers when preparing the summary voucher of the day's cash receipts. (See "Summary Voucher", page 12).

If the total of the vouchers is greater than the cash on hand and the error is not discovered before the transactions for the day are recorded, a Journal Voucher is prepared for the amount of the shortage. The words "Cash Short" are shown on the voucher in the "Name" space. The amount of the shortage is entered in the debit column of the voucher opposite the words "Cash Over & Short" which is written in the blank space underneath "Interest on Loans". The amount of the shortage will also be written in the credit column opposite "Cash".

Vouchers prepared for "Cash Over" or "Cash Short" are handled in the same manner as other vouchers for cash received or cash disbursed.

The search for the error must be continued after amounts of overages or shortages are recorded in this account. A Journal Voucher will be prepared when the error is discovered, to reverse the original debit or credit entry to this account by a journal entry adjusting the proper account.

ENTRIES IN JOURNAL AND CASH RECORD

Credit this account in column 26 with the amount shown as cash over on the Summary Cash Received Voucher. Debit this account in column 25 with the amount shown as cash short on the Journal Voucher.

When an error which has been recorded as a cash overage or a cash shortage is discovered, a correcting entry is made in the Journal and Cash Record. Debit this account in column 25 to correct cash overages. For instance, if it is later discovered that a cash overage resulted from failure to prepare a Cash Received Voucher in connection with a payment received on shares, debit this account in column 25 and credit "Shares" in column 10 giving proper credit also to the individual share account.

POSTING TO GENERAL LEDGER

Entries to this account are posted individually from the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record.

CLOSING INTO PROFIT AND LOSS ACCOUNT

The balance of this account is closed into the Profit and Loss account at the time when other expense and income accounts are so closed.

APPROVAL OF BOARD OF DIRECTORS

The debits and credits to this account must be referred to the board of directors for ratification at their first meeting after the month during which the shortage or overage transaction occurred.

REFLECTING ON FINANCIAL AND STATISTICAL REPORT

If this account has a credit balance at the end of the month the amount is shown as "Cash Over" in the "Income" section of the Statement of Income and Expense. A debit balance is shown as "Cash Short" under the "Expense" classification.

ILLUSTRATIVE ENTRIES

(1) When it is discovered at the end of the day that the cash receipts are in excess of the total of the details shown on the cash received vouchers and the totals of the vouchers, the following entry for a cash overage is made:

Dr.—Cash (Acct. 104) (Col. 6)	\$150.25	
Cr.—Loans (Acct. 101) (Col. 13)		\$145.00
Cr.—Interest on Loans (Acct. 401) (Col. 15)		5.00
Cr.—Reserve for Bad Loans—Fines (Acct. 311) (Col. 16)10
Cr.—Cash Over and Short (Acct. 204) (Col. 26)15

(2) When the account to which the above cash overage applies is subsequently discovered: (In the above entry it was determined the overage was an interest payment on a loan.)

Dr.—Cash Over and Short (Acct. 204) (Col. 25)	\$.15	
Cr.—Interest on Loans (Acct. 401) (Col. 15)		\$.15

(3) When it is discovered that the total of the details shown on the cash received vouchers and totals of the vouchers are in excess of the total cash receipts for the day, the following entry for a cash shortage is made:

(a) To Record Summary Voucher

Dr.—Cash (Acct. 104) (Col. 6)	\$150.10	
Cr.—Loans (Acct. 101) (Col. 13)		\$145.00
Cr.—Interest on Loans (Acct. 401) (Col. 15)		5.00
Cr.—Reserve for Bad Loans—Fines (Acct. 311) (Col. 16)10

(b) To Record Cash Short

Dr.—Cash Over and Short (Acct. 204) (Col. 25)	\$.15	
Cr.—Cash (Acct. 104) (Col. 7)		\$.15

(4) When the account to which the above cash shortage applies is subsequently discovered: (In the above entry it was determined that the shortage was overstatement of interest collected on a loan.)

Dr.—Interest on Loans (Acct. 401) (Col. 15 in red)	\$.15	
Cr.—Cash Over and Short (Acct. 204) (Col. 26)		\$.15

205—LOSSES ON SALE OF BONDS AND SECURITIES

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 25 when loss arises from the sale, redemption, or other disposition of securities. Each issue or type of security comprising a purchase is considered as a separate unit in determining the loss or gain at the time of disposition. The original cost (excluding accrued interest purchased) and the net proceeds of sale or redemption (excluding accrued interest, if any at the date of disposition) is used as a basis to determine gain or loss at the time of disposition.

POSTING TO GENERAL LEDGER

Entries to this account in the General Ledger are posted individually from column 25 of the Journal and Cash Record.

CLOSING INTO PROFIT AND LOSS ACCOUNT

The balance of this account is closed into the Profit and Loss account at the time other expense accounts are so closed.

ILLUSTRATIVE ENTRIES

(1) If a bond which was purchased for \$1,000 is later sold or redeemed at a net price of \$989 and there is no accrued interest included in the sale or redemption price:

Dr.—Cash (Acct. 104) (Col. 6)	\$989.00	
Dr.—Losses on Sale of Bonds and Securities (Acct. 205) (Col. 25)	11.00	
Cr.—United States Government Obligations (Acct. 107) (Col. 26)		\$1,000.00

206—OTHER LOSSES

ENTRIES IN JOURNAL AND CASH RECORD

Debit this account in column 25 of the Journal and Cash Record with those losses for which no other accounts are provided.

POSTING TO GENERAL LEDGER

The debit items to this account in column 25 of the Journal and Cash Record are posted individually to account No. 206 in the General Ledger.

CLOSING INTO PROFIT AND LOSS ACCOUNT

The balance of the account is closed into the Profit and Loss account (No. 313) at the time the other expense accounts are closed.

ILLUSTRATIVE ENTRIES

(1) When assets such as furniture, fixtures and equipment are sold at a loss, e.g., investment in such assets \$80 after depreciation; sales price \$60:

Dr.—Cash (Acct. 104) (Col. 6)	\$60.00	
Dr.—Other Losses (Acct. 206) (Col. 25)	20.00	
Cr.—Furniture, Fixtures and Equipment (Acct. 112) (Col. 26)		\$80.00

(2) When an insurance premium receivable is charged off:

Dr.—Other Losses (Acct. 206) (Col. 25)	\$3.00	
Cr.—Insurance Premiums Receivable (Acct. 120) (Col. 26)		\$3.00

(3) When a recovery is effected on an insurance premium receivable which was previously charged off:

Dr.—Cash (Acct. 104) (Col. 6)	\$2.00	
Cr.—Other Losses (Acct. 206) (Col. 26)		\$2.00

LIABILITY ACCOUNTS

301—ACCOUNTS PAYABLE

ENTRIES IN JOURNAL AND CASH RECORD

This account is provided to reflect amounts which are due and payable on open account. Examples of transactions which are to be recorded in the account are given below.

An item of expense for which immediate payment will not be made should be entered as a credit in column 26 with the offsetting debit entered to the "Expense Control", account No. 202, in column 22.

Amounts withheld from the salaries of the treasurer or employees to be remitted to the Collector of Internal Revenue for application to their Federal income tax should be entered as credits in column 26. The offset to these credits will be reflected in the debits to the expense accounts for salaries.

The account is debited in column 25 when a check is issued in payment of the item involved or when other disposition is made thereof.

UNPRESENTED CHECKS

A check not presented for payment after a reasonable period has elapsed (90 days or more) should be credited to the account in column 26 with an offsetting debit to "Cash", account No. 104, in column 6.

This account is debited in column 25 for the amount of an unrepresented check when the statutory period prescribed for the presentation of checks has expired, with an offsetting credit to account No. 409, "Other Income".

In the event of an abandoned property law providing for escheat to the State of outstanding checks, such items must be carried in account No. 301, until the period provided by such law has expired, after which these items must be turned over to the State.

POSTING TO GENERAL LEDGER

The debit and credit items for Accounts Payable in the "Miscellaneous" columns (Nos. 25 and 26) are posted individually to the General Ledger. The "Explanatory Remarks" column should show clearly the necessary details of entries posted to this account, such as to whom the account is payable. In the case of unrepresented checks, notation of the check number, date of check, and payee should be made in the Journal and Cash Record and in the "Explanatory Remarks" column of account No. 301 in the General Ledger.

Form FCU-102


 ACCOUNT No. 301
GENERAL LEDGER
 NAME OF ACCOUNT Accounts Payable

DATE	EXPLANATORY REMARKS	FOLIO	DEBIT	CREDIT	DEBIT BALANCE	CREDIT BALANCE
1947						
June 17	Cuna Supply Cooperative	JC 1		15.85		15.85
Aug. 10	Cuna Supply Cooperative	JC 4	15.85			0-
Dec. 6	Cuna Supply Cooperative	JC 12		15.52		15.52

When deductions from salaries for income tax purposes require an appreciable number of entries, the account may be separated into two sub-accounts numbered and entitled account No. 301.1 "Accounts Payable—General" and account No. 301.2 "Accounts Payable—Tax Deductions". The tax withholdings may be accumulated in account No. 301.2 until such time as remittance is made to the Collector of Internal Revenue.

In preparing the monthly financial and statistical report, the two sub-accounts, if maintained, should be combined as one item of Accounts Payable.

ILLUSTRATIVE ENTRIES

- (1) When the charter fee was advanced but is to be repaid to the lender:
 Dr.—Unamortized Organization Cost (Acct. 113) (Col. 25)..... \$25.00
 Cr.—Accounts Payable (Acct. 301) (Col. 26)..... \$25.00
- (2) When an expense is incurred such as purchase of supplies and the check in payment is not immediately forwarded:
 Dr.—Expense Control (Acct. 202) (Col. 22)..... \$15.00
 Cr.—Accounts Payable (Acct. 301) (Col. 25)..... \$15.00
- (3) When, at a later date a check is forwarded in payment of an open account:
 Dr.—Accounts Payable (Acct. 301) (Col. 26)..... \$15.00
 Cr.—Cash (Acct. 104) (Col. 7)..... \$15.00
- (4) When taxes are withheld from an employee's or treasurer's salary for later remittance to the Collector of Internal Revenue:
 Dr.—Expense Control (Acct. 202) (Col. 22)..... \$25.00
 Cr.—Cash (Acct. 104) (Col. 7)..... \$21.40
 Cr.—Accounts Payable—Tax Deductions (Acct. 301 or 301.2) (Col. 26)..... 3.60
- (5) When taxes withheld are remitted to the Collector of Internal Revenue:
 Dr.—Accounts Payable—Tax Deductions (Acct. 301 or 301.2) (Col. 25)..... \$10.80
 Cr.—Cash (Acct. 104) (Col. 7)..... \$10.80

302—NOTES PAYABLE

ENTRIES IN JOURNAL AND CASH RECORD

This account is credited in column 26 with the amount of notes payable which have been executed and delivered to creditors, including notes to other credit unions. The account is debited in column 25 when the liability is wholly or partially liquidated.

POSTING TO GENERAL LEDGER

The debit and credit items to this account entered in the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record are posted individually to the General Ledger.

Form FCU-108

ABC
FEDERAL CREDIT UNION
GENERAL LEDGER

ACCOUNT No. 302

NAME OF ACCOUNT *Notes Payable*

DATE	EXPLANATORY REMARKS	FOLIO	DEBIT	CREDIT	DEBIT BALANCE	CREDIT BALANCE
Dec 18 1947	X.Y.Z. Credit Union, 3%, due 5/15/48	J.C. 12		1000 00		2000 00

AUTHORIZATION

Any notes payable must be duly authorized by the board of directors of the credit union and must be in accordance with Section 7 (9) of the Federal Credit Union Act.

ILLUSTRATIVE ENTRIES

(1) When the credit union borrows money on its note and interest is deducted in advance by the creditors (1-year note at 4%):

Dr.—Cash (Acct. 104) (Col. 6).....	\$960. 00	
Dr.—Interest on Borrowed Money (Acct. 201) (Col. 14).....	40. 00	
Cr.—Notes Payable (Acct. 302) (Col. 26).....		\$1, 000. 00

(2) When the credit union borrows money on its note and agrees to pay interest thereon at maturity of the note (1 year at 4%):

Dr.—Cash (Acct. 104) (Col. 6).....	\$1, 000. 00	
Cr.—Notes Payable (Acct. 302) (Col. 26).....		\$1, 000. 00

(3) At the end of the year when the note and interest are paid:

Dr.—Notes Payable (Acct. 302) (Col. 25).....	\$1, 000. 00	
Dr.—Interest on Borrowed Money (Acct. 201) (Col. 14).....	40. 00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$1, 040. 00

(4) When the credit union pays an installment on the amount owed to the bank:

Dr.—Notes Payable (Acct. 302) (Col. 25).....	\$250. 00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$250. 00

303—MATURED INTEREST PAYABLE

ENTRIES IN JOURNAL AND CASH RECORD

This account is credited in column 26 with the interest which is unpaid at the end of the month in which it becomes due and payable. This account is debited in column 25 with the payments of such matured interest payable.

POSTING TO GENERAL LEDGER

The debit and credit items to this account entered in the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record are posted individually to the General Ledger.

ILLUSTRATIVE ENTRIES

When interest on borrowed money becomes due but is not paid by the end of the month:

Dr.—Interest on Borrowed Money (Acct. 201) (Col. 14).....	\$4. 50	
Cr.—Matured Interest Payable (Acct. 303) (Col. 26).....		\$4. 50

306—U. S. SAVINGS BOND REMITTANCES PAYABLE

PURPOSE

This account will be used only by those credit unions which qualify as issuing agents of the United States Treasury Department for the sale of U. S. Savings Bonds.

USE OF ACCOUNT

Detailed instructions for the use of this account are given on pages 120 to 121 of this manual.

307—DIVIDENDS AUTHORIZED

ENTRIES IN JOURNAL AND CASH RECORD

This account is credited in column 26 for the gross amount of dividends declared, as provided in the bylaws of the credit union.

This account is debited in column 25 with the gross amount of dividends disbursed to members and credited to members' share accounts and/or paid out by check.

The details of the dividend distribution will be recorded on the Dividend Work Sheet and Payment Record (Form FCU 112) and will support the total entries in the Journal and Cash Record.

POSTING TO GENERAL LEDGER

The debit and credit items to this account entered in the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record are posted individually to the General Ledger.

DIVIDEND PROCEDURE

For complete instructions on the dividend procedure, see Computing and Authorizing Dividends, pages 47 to 51 of this manual.

ILLUSTRATIVE ENTRIES

(1) When the payment of dividends is authorized at a meeting of the members:

Dr.—Undivided Profits (Acct. 312) (Col. 25).....	\$100.00	
Cr.—Dividends Authorized (Acct. 307) (Col. 26).....		\$100.00

(2) When dividends are distributed to the members by payment by check:

Dr.—Dividends Authorized (Acct. 307) (Col. 25).....	\$50.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$50.00

(3) When dividends are applied to the shares accounts of members:

Dr.—Dividends Authorized (Acct. 307) (Col. 25).....	\$50.00	
Cr.—Shares (Acct. 310) (Col. 10).....		\$50.00

309—DEFERRED PROFITS ON LIQUIDATION OF LOANS

PURPOSE

This account will be used to show deferred profits on sales of assets involved in the liquidation of loans, the final disposition of which has been delayed (1) because the full proceeds of sale have not been received in cash, or (2) because the related loan has not been collected in full or has not been charged off to the reserve for bad loans.

USE OF ACCOUNT

Deferred profits will be credited to this account upon the sale of the assets involved in liquidation of loans, as described on page 66 under paragraphs (4), (5) and (6).

The accounting for deferred profits resulting from the sale of assets for which the borrower's indebtedness had been credited upon the acquisition of the assets under legal proceedings or through voluntary transfer of title for an agreed consideration will be as follows: When the full proceeds of sale of the assets have been received in cash, and when the related loan has been collected in full or has been charged off to the reserve for bad loans, the deferred profits in this account will be transferred (1) to the reserve for bad loans to the extent of the amount of the principal of the loan charged off to reserve, and (2) to account No. 409 "Other Income" to the extent of any profit remaining provided the credit union is to retain such profit.

ENTRIES IN JOURNAL AND CASH RECORD

Credit this account in column 26 with the amount of deferred profits on sales of assets involved in liquidation of loans.

Debit this account in column 25 upon transfer of deferred profits to proper account in accordance with above description.

POSTING TO GENERAL LEDGER

The debit and credit items to this account entered in the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record are posted individually to account No. 309 in the General Ledger. A notation of the loan involved should be recorded in the "Explanatory Remarks" column of account No. 309.

ILLUSTRATIVE ENTRIES

- (1) Profit deferred because entire sales proceeds not received in cash: (See entry (6) page 66):
 Dr.—Assets Involved in Liquidation of Loans
 (Acct. 111) (Col. 25) \$20.00
 Cr.—Deferred Profits on Liquidation of Loans
 (Acct. 309) (Col. 26) \$20.00
- (2) Profit deferred because related loan has not been collected in full or charged off: (See entry (7) page 66).
 Dr.—Assets Involved in Liquidation of Loans
 (Acct. 111) (Col. 25) \$45.00
 Cr.—Deferred Profits on Liquidation of Loans
 (Acct. 309) (Col. 26) \$45.00
- (3) Profit transferred to Reserve for Bad Loans and Other Income, e.g., deferred profits collected in full \$45.00; balance of loan previously charged off \$25.00 (entries showing receipt of cash not shown):
 Dr.—Deferred Profits on Liquidation of Loans
 (Acct. 309) (Col. 25) \$45.00
 Cr.—Reserve for Bad Loans (Acct. 311) (Col. 26) \$25.00
 Cr.—Other Income (Acct. 409) (Col. 26) 20.00

310—SHARES

ENTRIES IN JOURNAL AND CASH RECORD

This account is credited in column 10 with the amounts collected from members as shown on summary vouchers which represent payments on shares, and with dividends credited to members' share accounts. This account is debited in column 9 when amounts are withdrawn or applied on the amounts due the credit union.

POSTING TO GENERAL LEDGER

Debits and credits to this account in the General Ledger are made by posting the totals of the "Shares" columns (Nos. 9 and 10) from the Journal and Cash Record at the end of each month.

Form FCU 102

ABC
FEDERAL CREDIT UNION
GENERAL LEDGER ACCOUNT NO. 310
 NAME OF ACCOUNT Shares

DATE	EXPLANATORY REMARKS	FOLIO	DEBIT	CREDIT	DEBIT BALANCE	CREDIT BALANCE
June 30 1947		JC 1	7 00	445 08		438 08
July 31		JC 3	304 75	346 16		753 63
Aug 31		JC 5	110 00	267 50		1010 89
Sept 30		JC 6	175 50	281 62		1116 14
Oct 31		JC 8	95 00	2544 62		12759 76
Nov 30		JC 11	679 15	2615 75		14696 36
Dec 31		JC 13	1308 22	2120 50		15505 64

ENTRIES IN MEMBER'S PASSBOOK

All payments on shares and withdrawals of shares should be entered in the Member's Passbook (Form FCU 107) at the time of the receipt of the cash or the disbursement.

POSTING TO INDIVIDUAL SHARE AND LOAN LEDGER

The items which are accumulated in the "Shares Withdrawn" column (No. 9) of the Journal and Cash Record are also recorded individually in the member's account in the Individual Share and Loan Ledger (Form FCU 103).

“Shares Paid In” entries are made in the Member’s Passbook and the Individual Share and Loan Ledger from the Cash Received Voucher (Form FCU 105).

Dividends credited to shares are posted to the member’s individual account from the Dividend Work Sheet and Payment Record (Form FCU 112), as explained on pages 46 to 51.

The total of the individual share accounts as shown in the Individual Share and Loan Ledger (Form FCU 103) should be proved with the Shares account (No. 310) in the General Ledger at least monthly as described on page 39.

ILLUSTRATIVE ENTRIES

(1) When payments on shares and entrance fees are received from members:		
Dr.—Cash (Acct. 104) (Col. 6).....	\$10.00	
Cr.—Shares (Acct. 310) (Col. 10).....		\$8.00
Cr.—Reserve for Bad Loans—Fees (Acct. 311) (Col. 17).....		2.00
(2) When a member withdraws from his share account:		
Dr.—Shares (Acct. 310) (Col. 9).....	\$20.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$20.00
(3) When a member authorizes the credit union to apply his shares to his outstanding loan:		
Dr.—Shares (Acct. 310) (Col. 9).....	\$50.00	
Cr.—Loans (Acct. 101) (Col. 13).....		\$49.00
Cr.—Interest on Loans (Acct. 401) (Col. 15).....		1.00
(4) When dividends are applied to the shares accounts of members:		
Dr.—Dividends Authorized (Acct. 307) (Col. 25).....	\$50.00	
Cr.—Shares (Acct. 310) (Col. 10).....		\$50.00

OPERATION OF JOINT ACCOUNTS

When a joint share account has been established as outlined on page 32, any one of the joint owners may make payments into the account, withdraw funds from the account, or pledge the shares as security for a loan, without the signature of the other joint owner or owners.

Upon the death of a joint owner, the survivor or survivors may withdraw the shares without the necessity of probate proceedings. Local laws, however, relating to notice by the credit union to State officials in connection with inheritance taxes should be observed.

A joint account may be terminated by the death of all but one of the joint owners, by withdrawal of all the funds by any joint owner, or by written notice to the credit union by a joint owner or joint owners.

311—RESERVE FOR BAD LOANS

PURPOSE

This account is used to show all transactions which affect the Reserve for Bad Loans:

The Reserve is Increased:

- (1) monthly by the amount of the entrance and transfer fees and fines collected during the month,
- (2) at the end of each fiscal year (December 31) by 20 percent of net earnings,
- (3) by recoveries of the principal of bad loans previously charged off to the reserve,
- (4) by the amounts charged to account No. 203 “Reserve Adjustments for Bad Loans Charged Off” to cover bad loans charged off in excess of reserve provided, and
- (5) by the amounts of undivided profits transferred to the reserve.

Transfers from Undivided Profits as in item (5) above can be made only upon authorization of the board of directors and upon its determination that the reserve provided is inadequate. Such transfers are subject to review by the members at their next annual meeting.

The reserve is charged only with the unpaid principal of bad loans which the board of directors authorizes to be charged off as uncollectible. As explained on pages 53 and 54, the unpaid principal which may be charged off may include collection costs which have been added to the principal due from the borrower.

ENTRIES IN JOURNAL AND CASH RECORD

Credit this account in columns 16 and 17 with fees and fines collected and in column 26 with any other increases in the Reserve for Bad Loans.

Debit this account in column 25 with the amount of bad loans charged off, as described above.

POSTING TO GENERAL LEDGER

The monthly totals of Fees and Fines are posted directly to this account from columns 16 and 17 of the Journal and Cash Record.

Other debit and credit items to this account are posted individually from the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record.

Form FCU-102

ABC
FEDERAL CREDIT UNION
GENERAL LEDGER

ACCOUNT No. 311

NAME OF ACCOUNT Reserve for Bad Loans

DATE	EXPLANATORY REMARKS	FOLIO	DEBIT	CREDIT	DEBIT BALANCE	CREDIT BALANCE
1947						
June 30	Fines	JC 1		50		50
30	Fees	JC 1		26 00		26 50
July 31	Fees	JC 3		18 25		44 75
Aug. 31	Fees	JC 5		14 50		59 25
Sept 30	Fees	JC 6		16 50		75 75
Oct 31	Fees	JC 8		17 00		92 75
Nov 30	Fees	JC 11		11 25		104 00
Dec 31	Fees	JC 13		22 75		126 75
31	20% of net earnings	JC 14		80 19		206 94

POSTING TO INDIVIDUAL LEDGER

Entries showing the charge off of a loan should be identified as such in the Individual Loan Ledger account of the borrower. It is suggested that the individual ledger sheets for all loans charged off be transferred to a separate section of the binder.

When recoveries are made a memorandum record should be made on the Individual Loan Ledger account to show the gross amount paid by the borrower, collection costs, if any, deducted by or paid to an outside collection agency; interest credited to "Interest on Loans" account No. 401; the net remittance received by the credit union; and the amount credited to Reserve for Bad Loans.

The illustration on the following page is one method of making memorandum entries. Because of varying practices and agreements with collection agencies, such memorandum entries will have to be adapted to fit the needs of each credit union.

COST OF COLLECTING LOANS CHARGED OFF

When payments are received on loans previously charged off to the reserve, and upon which collection costs have been incurred to an outside agency, such payments may be applied as follows:

- (1) Collection costs
- (2) Interest (and fines, if assessed)
- (3) Principal

On pages 117 to 118, further discussion of handling collection costs of loans charged off, is given.

ILLUSTRATIVE ENTRIES

(1) When the board of directors definitely determines that a further collection cannot be made on a loan and authorizes writing off of the bad loan:

Dr.—Reserve for Bad Loans (Acct. 311) (Col. 25)..... \$25.00
 Cr.—Loans (Acct. 101) (Col. 13)..... \$25.00

(2) When bad loans have been charged off to Reserve for Bad Loans in excess of the reserve balance:

Dr.—Reserve Adjustments for Bad Loans Charged Off
 (Acct. 203) (Col. 25)..... \$15.00
 Cr.—Reserve for Bad Loans (Acct. 311) (Col. 26)..... \$15.00

(3) When a recovery is made on a loan previously charged to reserve which has not been placed with an outside agency for collection:

Dr.—Cash (Acct. 104) (Col. 6) \$16.50
 Cr.—Interest on Loans (Acct. 401) (Col. 15) \$3.25
 Cr.—Reserve for Bad Loans (Acct. 311) (Col. 26) \$13.25

(4) When recovery is made on a loan previously charged to reserve which has been placed in the hands of an outside collection agency and the agency withholds its fee from the amount remitted to the credit union:

Paid by borrower, \$17.40; interest, \$2.40; principal, \$15.00. Fee withheld, 20%; remitted, \$13.92.
 Dr.—Cash (Acct. 104) (Col. 6) \$13.92
 Cr.—Interest on Loans (Acct. 401) (Col. 15) \$2.40
 Cr.—Reserve for Bad Loans (Acct. 311) (Col. 26) 11.52

NOTE: The application of the net amount received by the credit union first to interest, and the remaining amount to the reserve has the effect of applying recoveries in accordance with the priority set forth on the previous page. For a more complete discussion of handling collection costs see pages 115 to 118.

FORM FCU 103-REV. 2

XYZ

BOOK NO. 61

CREDIT UNION
 INDIVIDUAL SHARE AND LOAN LEDGER

NAME John K. Smith ADDRESS 256 Pine St., Oaklawn, Ill.

NOTE RECORD										CO-SIGNER ON NOTES OF OTHERS																																																																																																																																																																																																																																																				
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312—UNDIVIDED PROFITS

PURPOSE

This account is used to show the balance remaining from operations of the credit union which is available for dividends. This includes the earnings of prior years as well as the year just closed.

ENTRIES IN JOURNAL AND CASH RECORD

This account is credited in column 26 with the net profits transferred at the end of each fiscal year (December 31) from the Profit and Loss account.

In the event of a net loss, this account is debited in column 25 and the Profit and Loss account credited.

Expenses incurred or paid should not be charged direct to this account, but must be charged to the appropriate expense accounts during the year in which paid or incurred.

Income is not to be credited direct to this account, since it is used only to show the net results after all operating expenses are deducted from all income, and the required 20% reserve set aside in the Reserve for Bad Loans.

Transfer is made from this account to the Dividends Authorized account (No. 307) when payment of dividends has been duly authorized as provided in the bylaws.

Transfer of undivided profits may be made from this account to Reserve for Bad Loans (No. 311) upon authorization of the board of directors and upon its determination that the reserve for bad loans is inadequate. Such transfers are subject to review of the members at their next annual meeting.

At the end of each fiscal year only (December 31) transfer is made (1) from this account to account No. 316 "Special Reserve for Delinquent Loans" to establish or increase the reserve as prescribed by this manual on pages 87 and 88, and (2) from account No. 316 "Special Reserve for Delinquent Loans" to this account to decrease or eliminate the special reserve.

POSTING TO GENERAL LEDGER

Entries to this account in the General Ledger are posted individually from the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record.

ILLUSTRATIVE ENTRIES

(1) When the payment of dividends is authorized at a meeting of the members:

Dr.—Undivided Profits (Acct. 312) (Col. 25).....	\$100.00	
Cr.—Dividends Authorized (Acct. 307) (Col. 26).....		\$100.00

(2) Closing Entries. (See pages 43 and 45)

(3) When the Special Reserve for Delinquent Loans is established or increased at the end of the fiscal year only (December 31), after all other closing entries for the current year have been made:

Dr.—Undivided Profits (Acct. 312) (Col. 25).....	\$150.00	
Cr.—Special Reserve for Delinquent Loans (Acct. 316) (Col. 26)...		\$150.00

(4) When the Special Reserve for Delinquent Loans is decreased or eliminated at the end of the fiscal year only (December 31), after all other closing entries for the current year have been made:

Dr.—Special Reserve for Delinquent Loans (Acct. 316) (Col. 25)....	\$75.00	
Cr.—Undivided Profits (Acct. 312) (Col. 26).....		\$75.00

313—PROFIT AND LOSS

ENTRIES IN JOURNAL AND CASH RECORD

All operating accounts are closed into the Profit and Loss account by entries in the "Miscellaneous" columns (Nos. 25 and 26) as follows:

Income and expense accounts on the last day of the month, quarter or year at the option of the credit union.

Transfers from the Profit and Loss Account are made by entries in the "Miscellaneous" columns (Nos. 25 and 26) as follows:

1. At the end of each fiscal year 20 percent of the credit balance of this account is transferred to Reserve for Bad Loans (No. 311).
2. The net balance of this account is transferred at the end of the fiscal year (December 31) to Undivided Profits account (No. 312).

POSTING TO GENERAL LEDGER

Entries to this account are posted individually to the General Ledger. The "Explanatory Remarks" column of this account in the General Ledger is used to indicate the account affected by amounts closed into or transferred from this account.

ILLUSTRATIVE ENTRIES

Closing entries on pages 42 to 46.

316—SPECIAL RESERVE FOR DELINQUENT LOANS

PURPOSE

This account is used to show the Special Reserve for Delinquent Loans which is prescribed when the Reserve for Bad Loans is inadequate. Establishment or changes in the amount maintained in this account will only be made at the end of the fiscal year (December 31).

HOW THE REQUIRED AMOUNT IS DETERMINED

1. Loans will be classified by unpaid principal balances in accordance with the instructions for the preparation of form FCU 109 "Financial and Statistical Report", (see page 40) as follows:
 - (a) Current and less than 2 months delinquent.
 - (b) Military loans.
 - (c) Two months to less than 6 months delinquent.
 - (d) Six months to less than 12 months delinquent.
 - (e) Twelve months to less than 18 months delinquent.
 - (f) Delinquent 18 months and over.

A schedule of loans delinquent as of December 31 must be retained by the credit union with its permanent records (see page 25).

2. As of the close of business December 31, the total reserve requirement will be determined from delinquent loans in classes (c), (d), (e), and (f) as follows:

- 10 percent of the total unpaid balances of loans in class (c), plus
- 25 percent of the total unpaid balances of loans in class (d), plus
- 50 percent of the total unpaid balances of loans in class (e), plus
- 100 percent of the total unpaid balances of loans in class (f).

The total of the amounts obtained from these computations is the total reserve requirement, including the Reserve for Bad Loans (Account No. 311) and the Special Reserve for Delinquent Loans (Account No. 316).

3. From the total reserve requirement as computed in paragraph 2, deduct the balance of account No. 311 "Reserve for Bad Loans" after making all transfers thereto for the current year. The Special Reserve for Delinquent Loans will then be established by transfer from account No. 312 "Undivided Profits" for such amount, if any, by which the total reserve requirement exceeds the Reserve for Bad Loans (Account No. 311), or for an amount equal to the credit balance of Undivided Profits (Account No. 312), whichever is smaller. If the Reserve for Bad Loans (Account No. 311) is greater than the total reserve requirement, a Special Reserve for Delinquent Loans will not be required. (Note 20% of net earnings of each year is transferred to account No. 311 "Reserve for Bad Loans" in accordance with Section 12 of the Federal Credit Union Act even though this reserve is greater than the total reserve requirement).

The Special Reserve for Delinquent Loans will be established or adjusted only at the end of a fiscal year (December 31), by transfers from or to account No. 312 "Undivided Profits", in the required amount as outlined above.

If the amount carried forward from the previous year as the Special Reserve for Delinquent Loans exceeds the amount required for this special reserve as of December 31 of the current year, the excess will be returned to account No. 312 "Undivided Profits". Such excess amounts returned to Undivided Profits will not be considered as part of the net earnings of the year subject to the 20 percent Reserve for Bad Loans requirement prescribed by Section 12 of the Federal Credit Union Act.

Loans charged off as uncollectible and recoveries thereon, if any, will not be reflected in this account under any circumstances (see account No. 311 "Reserve for Bad Loans", pages 83 to 85).

ENTRIES IN JOURNAL AND CASH RECORD

Credit this account in column 26 with the amounts representing increases in the Special Reserve for Delinquent Loans as described above.

Debit this account in column 25 with the amounts representing decreases in the Special Reserve for Delinquent Loans as described above.

POSTING TO GENERAL LEDGER

The debit and credit entries to this account are posted individually from the "Miscellaneous" columns (No. 25 and No. 26) of the Journal and Cash Record.

Form FCU 102

ABC O
FEDERAL CREDIT UNION

ACCOUNT No. 316

GENERAL LEDGER

NAME OF ACCOUNT Special Reserve for Delinquent Loans

DATE	EXPLANATORY REMARKS	FOLIO	DEBIT	CREDIT	DEBIT BALANCE	CREDIT BALANCE
1947						
Dec 31	From Undivided Profits	Jc 37		237 87		237 87
Dec 31	Trans to Undivided Profits	Jc 52	116 27			121 60
Dec 31	Trans to Undivided Profits	Jc 70	121 60			0

ILLUSTRATIVE ENTRIES

(1) When the special reserve is established or increased at the end of the fiscal year only (December 31), after all other closing entries have been made for the current year:

Dr.—Undivided Profits (Acct. 312) (Col. 25)..... \$150.00
 Cr.—Special Reserve for Delinquent Loans (Acct. 316) (Col. 26)... \$150.00

(2) When the special reserve is decreased or eliminated at the end of the fiscal year only (December 31), after all other closing entries for the current year have been made:

Dr.—Special Reserve for Delinquent Loans (Acct. 316) (Col. 25).... \$75.00
 Cr.—Undivided Profits (Acct. 312) (Col. 26)..... \$75.00

(3) Closing Entries page 45.

325—INSTALLMENT PAYMENTS ON U. S. BONDS

PURPOSE

This account will be used only by those credit unions which accumulate installment payments for the purchase of U. S. Bonds, to show the liability to those persons who have made partial payments toward the purchase of bonds.

USE OF ACCOUNT

Detailed instructions for the use of this account are given on pages 124 to 126 of this manual.

INCOME ACCOUNTS

The income accounts, as well as the expense accounts, must be closed into the Profit and Loss account at least annually on December 31 in accordance with procedure described under Closing Entries on pages 42 to 46. While the annual closing of these accounts is preferable, some credit unions may desire to do this monthly, quarterly, or semiannually, which is permissible.

401—INTEREST ON LOANS

ENTRIES IN JOURNAL AND CASH RECORD

This account is credited in the "Interest Received" column (No. 15) with the interest collected on loans as shown in summary vouchers.

POSTING TO GENERAL LEDGER

The total of column 15 of the Journal and Cash Record is posted to the General Ledger.

CLOSING INTO PROFIT AND LOSS ACCOUNT

The balance of this account as shown in the General Ledger is closed into the Profit and Loss account when the other operating accounts are closed into that account.

ILLUSTRATIVE ENTRIES

When an installment on a loan is repaid and interest and fines are collected:

Dr.—Cash (Acct. 104) (Col. 6).....	\$11.10	
Cr.—Loans (Acct. 101) (Col. 13).....		\$10.00
Cr.—Interest on Loans (Acct. 401) (Col. 15).....		1.00
Cr.—Reserve for Bad Loans—Fines (Acct. 311) (Col. 16).....		.10

405—INCOME FROM INVESTMENTS

PURPOSE

This account is used to record interest or dividends received from any source other than loans to members (in cash or by addition to the investment).

ENTRIES IN JOURNAL AND CASH RECORD

This account is credited in column 26 with:

(1) The amount of each periodic increase in the redemption value of United States Savings Bonds of the appreciation type owned. The amount of such increases will be strictly in accordance with the table of redemption values which appears on each bond. A corresponding debit is made to account No. 107 "United States Government Obligations". If the credit union prefers it may make the necessary entries only at the end of each fiscal year (December 31) to record the income received by appreciation of bonds provided that such increase must be only that amount determined as of the latest increase date shown by the table of redemption values on each bond.

Dr.—United States Government Obligations (Acct. 107) (Col. 25)....	\$2.00	
Cr.—Income from Investments (Acct. 405) (Col. 26).....		\$2.00

(2) Interest collected in cash on U. S. Bonds, including interest on current income type bonds such as Series G. Interest which was charged to account No. 110 "Accrued Interest on Bonds and Securities Purchased" will be deducted from the first interest check received on the particular securities involved.

Dr.—Cash (Acct. 104) (Col. 6).....	\$25.00	
Cr.—Accrued Interest on Bonds and Securities Purchased (Acct. 110) (Col. 26).....		\$1.67
Cr.—Income from Investments (Acct. 405) (Col. 26).....		23.33

NOTE: The entire amount of interest received on current income type bonds should be credited to this account even though redemption values prior to maturity are less than original cost.

(3) Dividends received in cash for investment in shares of Federal Savings and Loan Associations.

Dr.—Cash (Acct. 104) (Col. 6)..... \$62.50
 Cr.—Income from Investments (Acct. 405) (Col. 26)..... \$62.50

(4) Dividends credited to the credit union's investment in shares of Federal savings and loan associations.

Dr.—Federal Savings and Loan Association Shares
 (Acct. 108) (Col. 25)..... \$62.50
 Cr.—Income from Investments (Acct. 405) (Col. 26)..... \$62.50

(5) Interest received on loans to other credit unions and from any sources other than loans to members, such as interest collected on Insurance Premiums Receivable (Account No. 120).

Entries same as in No. 3 above.

(6) Accrued interest received in cash upon the sale of bonds or securities. (\$1,000 bond purchased at cost, sold at cost plus accrued interest.)

Dr.—Cash (Acct. 104) (Col. 6)..... \$1,006.25
 Cr.—United States Government Obligations
 (Acct. 107) (Col. 26)..... \$1,000.00
 Cr.—Income from Investments (Acct. 405) (Col. 26)..... 6.25

POSTING TO GENERAL LEDGER

Entries to this account are posted individually from the "Miscellaneous" columns of the Journal and Cash Record to the General Ledger.

FD-902 (10-2-54)

ABC
 FEDERAL CREDIT UNION
GENERAL LEDGER

ACCOUNT NO. 405

NAME OF ACCOUNT Income from Investments

DATE	EXPLANATORY REMARKS	FOLIO	DEBIT	CREDIT	DEBIT BALANCE	CREDIT BALANCE
1947						
Dec 31	To Profit and Loss	JC 13		6.50		6.50
31		JC 14	6.50			0

CLOSING INTO PROFIT AND LOSS ACCOUNT

The balance of this account as shown in the General Ledger is closed into the Profit and Loss account at the end of each month, each quarter, or each year when other operating accounts are closed into that account.

ACCRUED INTEREST RECEIVED ON SALE OF BONDS

When bonds are sold by the credit union, distinction should be made between the amount received from the principal of the bonds and the amount received from the interest accrued since the last interest payment date. There is no accrued interest received when U. S. Savings Bonds are redeemed.

If the accrued interest purchased by the credit union when marketable bonds were purchased has been collected prior to the date of sale, account No. 405 is credited with the full amount of interest received on the bonds sold.

If the accrued interest purchased by the credit union has not been collected prior to the date the bonds are sold, account No. 110 "Accrued Interest on Bonds and Securities Purchased" is credited with the amount which was recorded as a debit therein when the bonds were acquired and account No. 405 is credited with remaining balance of interest received in the sale.

ACCRUAL OF INTEREST NOT RECEIVED NOT PERMITTED

Since the accounting system for Federal credit unions is on a modified cash basis, it is not permissible to accrue interest earned but not received on marketable securities, even though such accrued interest would be received if the credit union were to sell the bonds. The provision for recording as income the periodic increase in value of appreciation type bonds should not be confused with the accrual of interest on bonds upon which cash interest payments are made. The increase in value of such bonds in accordance with fixed tables of redemption value is treated as income actually received and reinvested, AND IS NOT merely an accrual of interest earned but not yet due or collected.

INTEREST ON INSURANCE PREMIUMS RECEIVABLE

When the credit union collects interest on reimbursable insurance premiums which have been advanced on behalf of member-borrowers (see account No. 120 "Insurance Premiums Receivable"), there should be a written agreement providing for such interest, because ordinarily an open account receivable does not automatically create a promise to pay interest. This agreement may be included in the loan application, the lien instrument, or a separate contract.

406—PROFIT ON SALE OF BONDS AND SECURITIES

ENTRIES IN JOURNAL AND CASH RECORD

Profits on securities disposed of are credited to this account in column 26. Cost at the date of purchase (exclusive of accrued interest purchased) and the net proceeds of sale (exclusive of accrued interest at the date of sale) will be the basis for determination of the loss or gain. Each type or issue of security comprising the original purchase should be considered as a unit in determining the loss or gain at the time of disposition.

POSTING TO GENERAL LEDGER

Entries to this account are posted individually from the "Miscellaneous" columns of the Journal and Cash Record to the General Ledger.

CLOSING INTO PROFIT AND LOSS ACCOUNT

The balance of this account is closed into the Profit and Loss account when the other operating accounts are closed into that account.

ILLUSTRATIVE ENTRY

A United States Treasury Bond 2½% 1967/72 was purchased at par of \$1,000 in June 1945. On March 31, 1947 this bond was sold at 103 plus accrued interest of \$6.25, less commission of \$1.25;

Dr.—Cash (Acct. 104) (Col. 6).....	\$1,035.00	
Cr.—U. S. Government Obligations (Acct. 107) (Col. 26).....		\$1,000.00
Cr.—Income from Investments (Acct. 401) (Col. 26).....		6.25
Cr.—Profit on Sale of Bonds and Securities (Acct. 406) (Col. 26)...		28.75

409—OTHER INCOME

ENTRIES IN JOURNAL AND CASH RECORD

This account is credited in column 26 with income for which no specific account is provided, such as donations, gifts, profits realized on sale of assets acquired in liquidation of loans, etc.

UNPRESENTED CHECKS

This account is also credited in column 26 for the amount of an unpresented check when the statutory period prescribed for the presentation of checks has expired, with an offsetting debit to account No. 301 "Accounts Payable". If, after an unpresented check is credited to "Other Income", circumstances arise which make it desirable for the credit union to pay the payee or a person who has presented the check and has shown good title to it, payment is recorded by a debit to this account with an offsetting credit to account No. 104 "Cash".

POSTING TO GENERAL LEDGER

Entries to this account are posted individually from the "Miscellaneous" columns of the Journal and Cash Record to the General Ledger.

CLOSING INTO PROFIT AND LOSS ACCOUNT

The balance of this account is closed into the Profit and Loss account when the other operating accounts are closed into that account.

ILLUSTRATIVE ENTRIES

(1) If the charter fee was donated:

Dr.—Expense Control (Acct. 202) (Col. 22).....	\$25.00	
Cr.—Other Income (Acct. 409) (Col. 26).....		\$25.00

(2) When assets involved in liquidation of loans are sold for cash at a profit:

Dr.—Cash (Acct. 104) (Col. 6).....	\$125.00	
Cr.—Assets Involved in Liquidation of Loans (Acct. 111) (Col. 26).....		\$80.00
Cr.—Other Income (Acct. 409) (Col. 26).....		45.00

(3) When income other than a refund is received from a source other than interest on loans to members and income from investments:

Dr.—Cash (Acct. 104) (Col. 6).....	\$2.00	
Cr.—Other Income (Acct. 409) (Col. 26).....		\$2.00

PART V.—SUPPLEMENT

OPTIONAL INDIVIDUAL SHARE AND LOAN LEDGER FORMS

Optional Individual Share and Loan Ledger forms are provided for use by the credit unions that prefer to maintain the individual ledger accounts on forms which can be filed in loose-leaf vertical file trays or visible index file cabinets.

The forms illustrated on the following pages are standardized in design as to the body of the form only, including the "Note Record" and "Liability on Endorsements for Others" sections as well as the columnar arrangement. Since the edges of forms to be used in loose-leaf vertical file trays or visible index file cabinets usually vary with the type of file equipment used in each instance, special margins for visible reference purposes or devices for attachment in the files may be added to the forms as desired.

Although space for the member's name, address, and book number and the name of the credit union, together with the title of the ledger must be provided, this information may be arranged in the manner which seems most desirable for the particular file equipment used.

Before adopting forms that contain any other changes, prior approval should be obtained in each case as provided on page 5.

LOOSE-LEAF VERTICAL FILE FORMS

1. FCU 103A—Individual Share and Loan Ledger (Combined form).

NAME Harold Reynolds ADDRESS 1330 Main St. Utica, N.Y. BOOK NO. 216
NEW
 FEDERAL CREDIT UNION

FORM FCU-103A REV. INDIVIDUAL SHARE AND LOAN LEDGER

DATE	POST REF.	SHARES LEDGER				NOTE NO.	LOANS LEDGER			FEES FINES	DELINQUENCY CONTROL		MEMORANDUM
		PAID IN	WITHDRAWN	BALANCE	NUMBER		PRINCIPAL PAID	BALANCE	INT. PAID		BALANCE SHOULD BE	ON (DATE)	
1947													
Sept 6		3 00		3 00						25			
13		1 00		4 00									
14	JCI			4 00		5	60 00						
20		50		4 50			3 00	57 00	14		57 00	9-21	
28		50		5 00	1		3 00	54 00	13		54 00	9-28	
Oct 4		50		5 50			3 00	51 00	13		51 00	10-5	
12		50		6 00			10 00	41 00	12		48 00	10-12	
18		50		6 50			3 00	38 00	10		45 00	10-19	
26		50		7 00				38 00			42 00	10-26	
Nov 2		50		7 50			5 00	33 00	18		39 00	11-2	
9		50		8 00			3 00	30 00	08		36 00	11-9	
15		50		8 50			3 00	27 00	07		33 00	11-16	
23		50		9 00			10 00	17 00	06		30 00	11-23	
30		50		9 50			8 00	9 00	04		27 00	11-30	
Dec 6		50		10 00	2		3 00	6 00	02		24 00	12-7	
13		50		10 50			3 00	3 00	01		21 00	12-14	
20		50		11 00			3 00		01		18 00	12-21	
26		25 00		36 00	7						15 00	12-28	
											12 00	1-4	
											9 00	1-11	
											6 00	1-18	
											3 00	1-25	
											-0-	2-1	
													(Should be kept in pencil)

NOTE RECORD

LIABILITY ON ENDORSEMENTS FOR OTHERS

DATE LOANED	NOTE NO.	AMOUNT	DATE OF FIRST PMT.	MATURITY DATE	DATE PAID IN FULL	TERMS OF PAYMENT	ENDORSEMENTS AND COLLATERAL		DATE	NOTE NO.	BOOK NO.	AMOUNT	DATE PAID
							BOOK NO.	DESCRIPTION					
9-14-47	5	60 00	9-21-47	2-1-48	12-20-47	\$3.00 on loans; 50¢ on share weekly	15	Comaker	12-24-47	212	98	125 00	

2. FCU 103B—Individual Share Ledger (Separate form for use with FCU 103C).

NAME Harold Reynolds ADDRESS 1330 Main St., Utica, N.Y. BOOK NO. 216
NEW
 FEDERAL CREDIT UNION

FORM FCU-103B

INDIVIDUAL SHARE LEDGER

DATE	POST REF.	PAID IN	WITHDRAWN	BALANCE	NO.	FEE FINES	DATE	POST REF.	PAID IN	WITHDRAWN	BALANCE	NO.	FEE FINES
1947													
Sept 6		3 00		3 00		25							
13		1 00		4 00									
20		50		4 50									
28		50		5 00	1								
Oct 4		50		5 50									
12		50		6 00									
18		50		6 50									
26		50		7 00									
Nov 2		50		7 50									
9		50		8 00									
15		50		8 50									
23		50		9 00									
30		50		9 50									
Dec 6		50		10 00	2								
13		50		10 50									
20		50		11 00									
26		25 00		36 00									

LIABILITY ON ENDORSEMENTS FOR OTHERS

MEMORANDUM

DATE	NOTE NO.	BOOK NO.	AMOUNT	DATE PAID	DATE	NOTE NO.	BOOK NO.	AMOUNT	DATE PAID
12-24-47	212	98	125 00						

3. Form FCU 103C—Individual Loan Ledger (Separate form for use with FCU 103B).

NAME Harold Reynolds ADDRESS 1330 Main St. Utica, NY BOOK NO. 216
NEW
 FEDERAL CREDIT UNION

FORM FCU-103C REV.

INDIVIDUAL LOAN LEDGER

DATE	POST REF.	PRINCIPAL PAID	BALANCE	INT. PAID	FINES	DELINQUENCY CONTROL		DATE	POST REF.	PRINCIPAL PAID	BALANCE	INT. PAID	FINES	DELINQUENCY CONTROL		MEMO.	
						BALANCE SHOULD BE	ON (DATE)							BALANCE SHOULD BE	ON (DATE)		
1947																	
Sept 14	JCI		6000					1947									
20		300	5700	14		5700	9-21										
28		300	5400	13		5400	9-28										
Oct 4		300	5100	13		5100	10-5										
12		1000	4100	12		4800	10-12										
18		300	3800	10		4500	10-19										
Nov 2		500	3300	18		4200	10-26										
9		300	3000	08		3900	11-2										
15		300	2700	07		3600	11-9										
23		1000	1700	06		3300	11-16										
30		800	900	04		3000	11-23										
Dec 6		300	600	02		2700	11-30										
13		300	300	01		2400	12-7										
20		300	—	01		2100	12-14										
						1800	12-21										
						1500	12-28										
						1200	1-4										
						900	1-11										
						600	1-18										
						300	1-25										
						0	2-1										
						(SHOULD BE KEPT IN PENCIL)											

NOTE RECORD

DATE LOANED	NOTE NO.	AMOUNT	DATE OF FIRST PMT.	MATUR-ITY DATE	DATE PAID IN FULL	TERMS OF REPAYMENT	ENDORSEMENTS AND COLLATERAL	
							BOOK NO.	DESCRIPTION
9-14-47	5	6000	9-21-47	2-1-48	12-20-47	#3.00 on loan, 50¢ on shares weekly	15	Comaker

VISIBLE INDEX FILE FORMS

1. Form FCU 103D—Individual Share and Loan Ledger (Combined form).

INDIVIDUAL SHARE AND LOAN LEDGER
FORM FCU 103D FEDERAL CREDIT UNION

NOTE RECORD										LIABILITY ON ENDORSEMENTS FOR OTHERS				
DATE LOANED	NOTE NUMBER	AMOUNT	DATE OF FIRST PAYMENT	MATURITY DATE	DATE PAID IN FULL	TERMS OF PAYMENT	ENDORSEMENT AND COLLATERAL		DATE	NOTE NUMBER	BOOK NUMBER	AMOUNT	DATE PAID	
							BOOK NO	DESCRIPTION						
9-14-47	5	60 00	9-21-47	2-1-48	12-20-47	3.00 on loans system ad. weekly	15	Comaker	12-24-47	212	98	125 00		

DATE	POST REF	SHARES LEDGER			LOANS LEDGER				FEES FINES	DELINQUENCY CONTROL		MEMORANDUM
		PAID IN	WITHDRAWN	BALANCE	NUMBER	NOTE NO	PRINCIPAL PAID	BALANCE		INTEREST PAID	BALANCE SHOULD BE	
1947												
9-6		3 00		3 00						25		
9-13		1 00		4 00								
9-14	JC1			4 00		5		60 00				1947
9-20		50		4 50			3 00	57 00	14		57 00	9-21
9-28		50		5 00	1		3 00	54 00	13		54 00	9-28
10-4		50		5 50			3 00	51 00	13		51 00	10-5
10-12		50		6 00			10 00	41 00	12		48 00	10-12
10-18		50		6 50			3 00	38 00	10		45 00	10-19
10-26		50		7 00				38 00			42 00	10-26
11-2		50		7 50			5 00	33 00	18		39 00	11-2
11-9		50		8 00			3 00	30 00	08		36 00	11-9
11-15		50		8 50			3 00	27 00	07		33 00	11-16

BOOK NUMBER	ADDRESS 1330 Main St.
216	Harold Reynolds

2. Form FCU 103E—Individual Share Ledger (Separate form for use with FCU 103F).
 3. Form FCU 103F—Individual Loan Ledger (Separate form for use with FCU 103E).
- (Not Illustrated)

SPECIAL PROCEDURE—SUBSIDIARY SHARE AND LOAN CONTROL ACCOUNTS

Because of the number of individual share and loan accounts maintained, some of the larger Federal credit unions have found it difficult to locate errors disclosed by checking the total of the balances of the individual accounts as shown in the Individual Share and Loan Ledger with the respective General Ledger accounts "Shares" and "Loans".

As an aid in localizing these errors, the use of control accounts is explained in the following paragraphs. The maintenance of these control accounts is optional and is only recommended to those credit unions with numerous individual accounts.

ESTABLISHMENT

At the beginning of each group of several hundred individual accounts, two general ledger sheets (Form FCU 102) will be inserted. Each sheet will be respectively captioned "Shares—Subsidiary Control No....." and "Loans—Subsidiary Control No.....".

As of the end of a month and after the individual accounts have been segregated into groups (for example, if a total of 400 individual accounts are involved, they may be divided into groups of 200 each), the total of the share and loan balances of each group of individual accounts will be determined. The combined total of the share balances of all groups must agree with the General Ledger account "Shares". Similarly, the combined total of the loan balances of all groups must agree with the General Ledger account "Loans". After these group balances have been proved with the General Ledger accounts, they will be written in the proper balance columns of the respective subsidiary control sheets, together with the date such balances were determined.

Some credit unions have found the use of control sheets similar to the illustrations below has simplified the maintenance of subsidiary controls. These control sheets may be made up on columnar sheets of a size adapted to the needs of a particular credit union. If such control sheets are used they may be substituted for the General Ledger control sheets described above. Only the control sheets for Shares are illustrated, but the same procedure may be followed on Loans.

CONTROL SHEET A—SHARE ACCOUNTS

<i>Individual Account Numbers</i>				(1)	(2)	<i>Dif- ferences (1)-(2)</i>
	<i>1-199</i>	<i>200-399</i>	<i>400-599</i>	<i>Members' Accts. Total</i>	<i>Gen.Ledger Acct. 310 Total</i>	
Balances Per Tapes 6-30-47	521.86	470.00	810.00	1,801.86	1,801.86	None
Add: July share payments per Control B	166.00	67.48	99.51	332.99	332.99	
Sub-Total	687.86	537.48	909.51	2,134.85	2,134.85	
Deduct: July share withdraw- als—Control C	20.00	33.00	175.00	228.00	228.00	
Computed Balances 7-31-47	667.86	504.48	734.51	1,906.85	1,906.85	
Balances Per Tapes 7-31-47	667.86	504.48	734.51	1,906.85	1,906.85	

(Proofs of subsequent months will be continued on this sheet)

CONTROL SHEET B—ANALYSIS OF SHARES PAID IN

<i>Date</i>	<i>1-199</i>	<i>200-399</i>	<i>400-599</i>	<i>Jr. & Cash Record (Form FCU 101) Totals (Col. 10)</i>
July 1 Various (Summary voucher)	10.00	2.00	—	12.00
2	—	7.48	3.26	10.74
3	13.00	—	23.00	36.00
30 Payroll deduction	125.00	43.00	72.00	240.00
31 Various	18.00	15.00	1.25	34.25
Totals to Control A	166.00	67.48	99.51	332.99

(Before posting to Control A ascertain that last column total agrees with column 10 of Journal and Cash Record)

The information is most easily compiled and recorded if done at time of entry to Journal and Cash Record, that is, daily.

CONTROL SHEET C—ANALYSIS OF SHARE WITHDRAWALS

Date	1-199	200-399	400-599	<i>Jr. & Cash Record (Form FCU 101) Total (Col. 9)</i>
July 1 (Inclusion of dates is optional		5.00		5.00
2 but EACH share withdrawal or			175.00	175.00
3 transfer is to be listed if form is	4.00			4.00
30 not prepared from "Summaries"	16.00			16.00
31 of vouchers.)		28.00		28.00
Totals to Control A	20.00	33.00	175.00	228.00

The analysis may be maintained daily from the journal vouchers, or from column 9 of the Journal and Cash Record. (The appropriate column of this control is determined by reference to the passbook numbers in column 2 of the Journal and Cash Record. Preparation of this control may be deferred until the end of the month and all information then may be taken from column 9 of the Journal and Cash Record.

MAINTENANCE

The procedure to be followed in maintaining the subsidiary control account is as follows:

Summary Subsidiary Control Cash Received Voucher. Cash received vouchers for each day will first be sorted into groups supporting the subsidiary control accounts of the Individual Share and Loan Ledger, and from each group of cash received vouchers a summary voucher will be prepared reflecting the distribution of cash between payments of shares and principal of loans received. These vouchers will be labeled "Summary—Subsidiary Control No....." and will be attached to the individual vouchers summarized.

In addition, the present procedure will be continued whereby the total of all cash received during a business day is recorded on a cash received voucher labeled "Summary". The subsidiary "Summaries" should be balanced each day with the "Summary" for all cash received.

Summary Subsidiary Control Journal Vouchers. After the individual journal vouchers for each day have been entered in the Journal and Cash Record, they will be sorted into groups for summarization by subsidiary control accounts, and summary journal vouchers for each group will be prepared. These vouchers will be labeled "Summary—Subsidiary Control No....." and will be attached to the individual vouchers summarized. It should be noted that only receipts, disbursements and transfers involving shares and loans will be entered on these summary subsidiary control vouchers.

In following this procedure, paid checks should be filed in numerical order and not attached to the individual journal vouchers.

Entries in Journal and Cash Record. No entries from the subsidiary control vouchers should be recorded in the Journal and Cash Record. The regular procedure for entering cash receipts and disbursements in the Journal and Cash Record, as set forth on pages 30 to 35, will be continued.

Posting Subsidiary Control Accounts. The summary subsidiary control vouchers will be posted directly to the respective subsidiary control accounts as of the date the vouchers are prepared. When non-cash transactions occur such as transfers from shares to loans, these transactions must be posted to the Subsidiary Controls as well as the Individual Share and Loan Ledger accounts.

Posting Individual Share and Loan Accounts. No change will be made in the procedure for posting these accounts.

Checking Subsidiary Control Accounts. At the end of each month, and more frequently if desirable, the total of the balances of the subsidiary control accounts will be verified with the General Ledger accounts "Shares" and "Loans". Any errors disclosed should be promptly located and corrected. Tapes of trial balances should be kept on file.

Checking Individual Share and Loan Accounts. The total of the balances for the Individual Share and Loan Ledger accounts within each subsidiary control group should be checked at least once a month with the balances of subsidiary "Shares" and "Loans" control accounts for that group. This check of each group may be done throughout the month instead of at the month's end.

ACCOUNTING FOR COLLECTIONS MADE BY FIELD COLLECTORS

Under certain conditions, it may be necessary or advantageous to have cash collections in behalf of the credit union made by field collectors. Since the treasurer of the credit union is specifically charged with the responsibility for safeguarding credit union funds, a definite control should be established for funds collected by field collectors.

Collectors handling funds should be adequately bonded and held strictly accountable for all collections made. If the number of field collectors are numerous the advantages of the blanket type of bond coverage should be carefully considered.

PROCEDURE

At the end of each day, each field collector should prepare a sheet in duplicate showing collections for the day. The Cash Received Vouchers supporting the collection sheet and the cash should be turned over to the treasurer. The duplicate copy should be verified by the treasurer, signed to indicate receipt of the funds, and returned to the field collector for his personal files. The original list should be filed by the treasurer with other credit union records so that it will be available for future reference.

SUGGESTED FORM OF COLLECTION SHEET

The following information is the minimum that should be shown on the collection sheet or list:

1. Date collections made
2. Member's passbook number
3. Total amount paid in by each member
4. Total amount of all collections
5. Space for signature of collector
6. Space for signature of treasurer

The form illustrated below is suggestive only and any suitable form may be used provided it contains the minimum information listed above.

FORM FCU 280

Service

FEDERAL CREDIT UNION

LIST OF CASH COLLECTED

BY *Frank Lee*
(Signed) Field Collector

ON *May 13*, 19*47*

Fill out in DUPLICATE—one copy to be retained by Collector, other by Treasurer.

PASSBOOK NUMBER	AMOUNT COLLECTED
<i>36</i>	<i>6 57</i>
<i>39</i>	<i>10 00</i>
<i>51</i>	<i>5 00</i>
<i>67</i>	<i>14 50</i>
<i>69</i>	<i>50</i>
<i>72</i>	<i>1 00</i>
<i>73</i>	<i>1 00</i>
<i>74</i>	<i>1 00</i>
<i>75</i>	<i>2 50</i>
TOTAL	<i>42 07</i>

Receipt is hereby acknowledged of the above-listed items
in the total amount of \$ *42 07*

On *May 14*, 19*47*

Eva Low White
(Signed) Treasurer

PAYROLL DEDUCTION PLANS

If the credit union receives funds through payroll deduction, Cash Received Vouchers may be replaced by a payroll deduction sheet for all moneys paid in by this method.

The payroll deduction sheet is used as the medium from which postings are made to members' accounts in the Individual Share and Loan Ledger and also serves as the supporting detailed record. The totals of the payroll deduction sheet provide the summary entry in the Journal and Cash Record.

Payroll deduction forms may be used by Federal credit unions without obtaining special approval, if the payroll deduction system includes the following:

1. A detailed record, the sum of which is the total amount of the payroll deductions for each pay period, must be provided in support of the summary entry in the Journal and Cash Record and the postings to the Individual Share and Loan Ledger accounts.
2. The detailed record should sufficiently identify each member for whom a deduction is made, such as the member's passbook number and name, as well as the amount of money received for each member classified by type of payment, i.e., Shares, Loans, Interest on Loans, Fines, and Fees.

Although provision for showing the payroll number is not required, a column has been provided on the forms described for use when this information is desired by the employer or the credit union.

3. The detailed record should be retained by the credit union as a part of its permanent records.
4. Cash (or check) for the total amount of deductions shown by the detailed record for the payroll period covered thereby should be transmitted to the credit union, entered in the Journal and Cash Record, and posted to the Individual Share and Loan Ledger as of the date of receipt by the credit union, which date should also be written on the payroll deduction sheet.

The following forms, which meet the above requirements, are suggested as types of payroll deduction sheets which may be used in connection with the plans outlined below without obtaining special approval:

PLAN No. 1

Periodic deductions when the amount deducted for each member is credited to Shares, Loans, Interest on Loans, Fines, and Fees immediately upon receipt.

FORM FCU 105A—"RECORD OF PAYROLL DEDUCTIONS"

Space is provided at the top of the form for the name of the credit union, the payroll period covered, date of receipt of the funds by the credit union, and the names of the persons receiving the funds and posting the payroll deduction entries. Columns are provided for members' payroll numbers (optional), passbook numbers, names, total amount of deduction which is debited to Cash and amounts credited to Shares, Loans, Interest on Loans, Fines and Fees, as well as entry of remarks.

PLAN No. 2

Weekly deductions where the amount deducted for each member is credited to Shares immediately upon receipt by the credit union and, in the case of borrowers, subsequently transferred from Shares to Loans, Interest on Loans, and Fines on a monthly basis. All loans are repayable monthly, interest charges are computed on a monthly basis, and two forms are used, one of which serves as the record of weekly payroll deductions credited directly to Shares, and another which serves as the monthly record of transfers from Shares to Loans, Interest on Loans, and Fines.

FORM FCU 105B—"RECORD OF PAYROLL DEDUCTIONS"

Space is provided at the top of the form for the name of the credit union, the payroll period covered, date of receipt of the funds by the credit union, and the names of the persons receiving the funds and posting the payroll deduction entries. Columns are provided for members' payroll numbers (optional), passbook numbers, names, and total amount of deduction which is debited to Cash and credited to Shares each week, as well as entry of remarks.

Service
FEDERAL CREDIT UNION

RECORD OF PAYROLL DEDUCTIONS FOR PERIOD ENDED May 24 19 47

DATE CASH RECEIVED May 26 19 47 RECEIVED BY EMS POSTED BY LEB

PAYROLL NO.	BOOK NO.	NAME	TOTAL DEDUCTION (CASH-DR.)	DISTRIBUTION					✓	REMARKS	
				SHARES CR.	LOANS CR.	INT. CR.	FINES CR.	FEES CR.			
3		Jacob Schmitt	500	92	300	108				✓	
7		AB Duncan	800	43	600	157				✓	
14		Charles Hathaway	400	75	300	25				✓	
15		James K. Evans	700	105	500	95				✓	
17		Mary Jones	500	100	300	76	24			✓	
20		H. K. Phillips	200	200						✓	
23		John Smith	100	100						✓	
27		William Bell	125	100					25	✓	
TOTALS			3325	815	2000	461	24	25			

Service
FEDERAL CREDIT UNION

RECORD OF PAYROLL DEDUCTIONS FOR PERIOD ENDED May 24 19 47

DATE CASH RECEIVED May 26 19 47 RECEIVED BY msd POSTED BY deB

PAYROLL NO.	BOOK NO.	NAME	TOTAL DEDUCTION (CASH - DR. SHARES CR.)	V	REMARKS
	3	Jacob Schnitt	5 00	✓	
	7	AbDuncan	8 00	✓	
	14	Charles Hathaway	4 00	✓	
	15	James K. Evans	7 00	✓	
	17	Mary Jones	5 00	✓	
	20	H. K. Phillips	2 00	✓	
	23	John Smith	1 00	✓	
	27	William Bell	1 00	✓	
TOTAL			33 00		

FORM FCU 105C—"LOANS TRANSFER SUMMARY"

This form is used for the basis of the transfers which are made monthly from Shares to Loans, Interest on Loans, and Fines. Space is provided at the top of the form for the name of the credit union, date transfers are made and the name of the person posting the entries. Columns are provided on the form for members' payroll numbers (optional), passbook numbers, names, and amounts transferred from Shares to Loans, Interest on Loans, and Fines. The totals of these amounts serve as the basis for the summary entry of transfers in the Journal and Cash Record.

PLAN No. 3

Weekly deductions where the company retains the amounts deducted each week until the last weekly payroll period of each month and then remits to the credit union the total amount of all deductions made during the month. All loans are repayable monthly, interest charges are computed on a monthly basis, and the amounts deducted during the month are recorded in total as of the date of receipt by the credit union.

Under this plan, the members must clearly understand that the employer is acting as their agent in deducting, retaining, and transmitting funds to the credit union and must willingly cooperate with the credit union because they cannot withdraw funds which have been deducted from their salaries but not yet received from the employer nor can the credit committee consider such funds as security in granting loans.

FORM FCU 105D—"RECORD OF PAYROLL DEDUCTIONS"

Space is provided at the top of the form for the name of the credit union, the payroll period covered, date of receipt of funds by the credit union, and the names of the persons receiving the funds and posting the payroll deduction entries. Columns are provided for members' payroll numbers (optional), passbook numbers, names, amount deducted each week during the month, total amount deducted during the month which is debited to Cash, and amounts credited to Shares, Loans, Interest on Loans, Fines and Fees, as well as entry of remarks.

GENERAL

The above plans are presented to illustrate the types of forms which are acceptable for use by Federal credit unions without obtaining special approval. Similar forms may be used in connection with these payroll deduction plans without obtaining special approval when slight variations in the forms are required because of the company's payroll procedure, provided, that such forms and the procedure followed satisfy the four requirements outlined at the beginning of this section on page 102. For instance, columns for fees and fines are included in the forms described herein, but either or both of the columns may be eliminated if the credit union does not collect these items through payroll deductions.

Because of differences in the payroll procedure of the various companies, some credit unions prepare the list of payroll deductions including amounts to be deducted before it is submitted to the company for use in making the deductions, while in other credit unions the list including amounts is prepared by the company, the credit union merely transmitting to the company the members' written authorizations directing that changes be made in the periodic deduction.

Under either method, corrections are made from time to time in the payroll deduction sheet by the company's payroll employees or by the credit union's employees. It is suggested that such corrections be made by drawing a line through the amounts to indicate a deletion from the list of deductions and having the correction initialed by the person making it.

Deductions from payroll are made by the employer usually upon written authorization from each member, the employer acting as the member's agent in transmitting funds to the credit union. This written statement is an authorization from the member to the employer and does not require approval of the Bureau of Federal Credit Unions.

Sevice
FEDERAL CREDIT UNION

LOANS TRANSFER SUMMARY

DATE TRANSFERRED May 26 19 47

POSTED BY LEB.

PAYROLL NO.	BOOK NO.	NAME	TOTAL AMOUNT (SHARES-DR.)	DISTRIBUTION			V	REMARKS
				LOANS CR.	INT. CR.	FINES CR.		
	3	Jacob Schmitt	1662	1200	462		✓	
	7	A.B. Duncan	3088	2400	688		✓	
	14	Charles Hathaway	1315	1200	115		✓	
	15	James K. Evans	2410	2000	410		✓	
	17	Mary Jones	1605	1200	329	76	✓	
TOTALS			10080	8000	2004	76		

Service
FEDERAL CREDIT UNION

RECORD OF PAYROLL DEDUCTIONS FOR PERIOD ENDED May 24 19 47

DATE CASH RECEIVED May 26 19 47 RECEIVED BY Els POSTED BY EEB

PAYROLL NO.	BOOK NO.	NAME	DEDUCTIONS FOR WEEK ENDED					TOTAL DEDUCTION (CASH DR.)	DISTRIBUTION					V	REMARKS	
			5/3 (DATE)	5/10 (DATE)	5/17 (DATE)	5/24 (DATE)			SHARES CR.	LOANS CR.	INT. CR.	FINES CR.	FEES CR.			
3		Jacob Schmitt	5-	5-	5-	5-	20.00	338	12-	462						
7		W. Duncan	8-	8-	8-	8-	22.00	112	24-	688						
14		Charles Hathaway	4-	4-	4-	4-	16.00	285	12-	115						
15		James K. Evans	7-	7-	7-	7-	28.00	390	20-	410						
17		Mary Jones	5-	5-	5-	5-	20.00	395	12-	329	76					
20		H. K. Phillips	2-	2-	2-	2-	8.00	8-								
23		John Smith	1-	1-	1-	1-	4.00	4-								
25		Robert Burns	3-	3-	3-		9.00	9-								See
27		William Bell				125	125	1-							25	
TOTALS			35-	35-	35-	3325	138.25	3726	8000	2004	76	25				

LOOSE-LEAF TYPE MEMBER'S PASSBOOK

Many credit unions operating under payroll deduction plans find it is difficult to obtain passbooks of the conventional type from members in order to bring the postings up to date. These credit unions may find it desirable to adopt a loose-leaf type of passbook to replace the passbook, form FCU 107, illustrated on page 15.

When a loose-leaf type of passbook is used, a statement of account in the form of a passbook insert (Form FCU 107B) which shows all transactions between the member and the credit union during the period covered, should be issued to each member not less frequently than once every 3 months, thereby bringing the member's account up to date.

In addition to the date column and columns for shares, loans, interest, fees and fines, a memorandum column is provided for identification of the type of transaction such as cash, payroll deduction, or transfer from shares to loans. Each member is supplied with a loose-leaf cover (Form FCU 107A) equipped with a suitable clamp or other fastening device in which he inserts the passbook insert, form FCU 107B, issued periodically.

FORM FCU-107A

This Book, No. 20, Certifies That
 Mr Henry J. Phillips
217 Oak Street
ADDRESS
Smithtown, Indiana
CITY STATE
 has been duly elected a member of the
ABC
 FEDERAL CREDIT UNION

NOTE RECORD

DATE OF NOTE	NOTE NO.	INTEREST RATE	TERMS OF REPAYMENT	MATURITY DATE	FACE AMOUNT	DATE PAID
9-14-47	5	1%	\$3.00 on loans; 50¢ share weekly	2-1-42	60.00	

COLLATERAL RECORD

DATE DEPOSITED	DESCRIPTION	DATE RELEASED

The periodic passbook insert, form FCU 107B, should have printed upon it instructions for the member to insert it in the passbook cover immediately upon receipt and to notify the chairman of the supervisory committee in case of error, furnishing the information necessary to make any correction.

To assure the correctness of these periodic passbook inserts (Form FCU 107B) before their issuance, it is recommended that they be compared with the members' Individual Share and Loan Ledger accounts by the supervisory committee just prior to issuance.

FORM FCU-107B

ABC
FEDERAL CREDIT UNION

NAME Henry J. Phillips BOOK NO. 20

PASSBOOK INSERT

Please place in your passbook immediately. If this statement is in error, notify the Supervisory Committee Chairman at once, and furnish the data necessary to effect correction.

DATE 1947	SHARES			LOANS			FEES FINES	MEMO*
	PAID IN	WITH- DRAWN	BALANCE	REPAID	BALANCE	INT. PAID		
9-6	3 00		3 00				25	CS
13	1 00		4 00					PD
14	-		4 00		60 00			PD
20	50		4 50	3 00	57 00	14		PD
28	50		5 00	3 00	54 00	13		PD
10-4	50		5 50	3 00	51 00	13		PD
12	50		6 00	10 00	41 00	12		PD
18	50		6 50	3 00	38 00	10		PD
26	50		7 00	-	38 00	-		PD
11-2	50		7 50	5 00	33 00	18		PD
9	50		8 00	3 00	30 00	08		PD
15	50		8 50	3 00	27 00	07		PD
23	50		9 00	10 00	17 00	06		PD
30	50		9 50	8 00	9 00	04		PD

* CS-Cash — PD-Payroll Deduction — TR-Transfer — DV-Dividend

It is necessary for the credit union to furnish members immediately with a receipt for cash transactions handled directly with the credit union. When the loose-leaf type of passbook is used, another passbook insert (Form FCU 107C) is issued to each member and fastened in the passbook cover for use in receipting for cash transactions between the member and the credit union. This insert, form FCU 107C, is appropriately printed to permit entries of the date and the amount of cash received or disbursed for shares, loans, interest, fees, and fines, and the name or initials of the person receiving or disbursing funds on behalf of the credit union in each instance.

Such cash transactions will be entered on the insert form at the time they occur as the member's receipt without indicating their effect upon the account balance, since this would necessitate recognizing the payroll deductions made after the date upon which the last periodic passbook insert was issued and would be impracticable. These cash transactions will also be posted in correct chronological order on the passbook insert (Form FCU 107B) which is issued for the next period.

FORM FCU-107C

ABC

FEDERAL CREDIT UNION

NAME Henry J. Phillips BOOK NO. 20

RECEIPT FOR CASH RECEIVED AND DISBURSED

Cash transaction will be recorded hereon immediately by the credit union teller as your receipt.

DATE	SHARES		LOANS			FEES FINES	CASHIER
	PAID IN	WITHDRAWN	LOANED	REPAID	INT. PAID		
1947							
9-6	300					25	E.L.
9-14			6000				R.M.
12-26	2500						R.M.

In lieu of a separate form for recording cash transactions occurring directly between the credit union and its members, such as form FCU 107C, the insert form issued periodically may be designed for recording these transactions by providing a separate space or "block" for this purpose on the front side or on the reverse side of the form. Optional forms FCU 107D and FCU 107E illustrated below are designed to serve this purpose.

FORM FCU-107D

ABC

FEDERAL CREDIT UNION

NAME Henry J. Phillips BOOK NO. 20

PASSBOOK INSERT

Please place in your passbook immediately. If this statement is in error, notify the Supervisory Committee Chairman at once, and furnish the data necessary to effect correction.

DATE	SHARES			LOANS			FEES FINES	MEMO*
	PAID IN	WITH. DRAWN	BALANCE	REPAID	BALANCE	INT. PAID		
1947								
9-6	3 00		3 00					Rm
13	1 00		4 00					Rm
14	-		4 00		60 00			Rm
20	50		4 50	3 00	57 00	14		E.L.
28	50		5 00	3 00	54 00	13		Rm
10-4	50		5 50	3 00	51 00	13		Rm
12	50		6 00	10 00	41 00	12		Rm
18	50		6 50	3 00	38 00	10		Rm
26	50		7 00	-	38 00			Rm
11-2	50		7 50	5 00	33 00	18		Rm
9	50		8 00	3 00	30 00	08		Rm
15	50		8 50	3 00	27 00	07		Rm
23	50		9 00	10 00	17 00	06		Rm
30	50		9 50	8 00	9 00	04		Rm

* CS-Cash — PD-Payroll Deduction — TR-Transfer — DV-Dividend

RECEIPT FOR CASH RECEIVED AND DISBURSED

DATE	SHARES		LOANS			FEES FINES	CASHIER
	PAID IN	WITHDRAWN	LOANED	REPAID	INT. PAID		
12-26-47	25 00						Rm.

CASH TRANSACTIONS OCCURRING DURING THE PERIOD SUBSEQUENT TO THAT COVERED BY THE ABOVE STATEMENT WILL BE RECORDED HEREON IMMEDIATELY BY THE CREDIT UNION TELLER AS YOUR RECEIPT.

RECEIPT FOR CASH RECEIVED AND DISBURSED

DATE	SHARES		LOANS			FEES FINES	CASHIER
	PAID IN	WITHDRAWN	LOANED	REPAID	INT. PAID		
12-26-47	25 00						R.M.

(NOTE: The other side of this form is printed with the rulings illustrated by Form FCU 107B. Form FCU 107E is printed "tumble" style.)

CASH TRANSACTIONS OCCURRING DURING THE PERIOD SUBSEQUENT TO THAT COVERED BY THE ABOVE STATEMENT WILL BE RECORDED HEREON IMMEDIATELY BY THE CREDIT UNION TELLER AS YOUR RECEIPT.

The passbook cover, form FCU 107A, the passbook insert issued periodically, form FCU 107B, and the passbook insert which serves as the receipt for cash received and disbursed, form FCU 107C, or optional forms FCU 107D or FCU 107E, together constitute the member's passbook under this plan.

The forms illustrated in this manual, FCU 107A, 107B, 107C, 107D, and 107E, are suggested forms for a loose-leaf type of passbook. These forms may be used in connection with payroll deduction plans under the conditions outlined above without special approval. Three copies of any other passbook insert forms considered for use by the credit union should be submitted to the Bureau of Federal Credit Unions for approval prior to adoption.

SUGGESTIONS FOR LOCATING DIFFERENCES

It is of the utmost importance that credit union ledgers be kept in balance. Occasionally, however, mistakes and errors do occur which throw the ledgers out of balance and require a considerable amount of time in locating and correcting them.

It is hoped that the suggestions given below will be of assistance to the credit union officials in the location of these errors and their prompt correction.

BALANCING THE GENERAL LEDGER

At the end of each month after all postings have been made from the Journal and Cash Record to the General Ledger accounts, a trial balance of the General Ledger accounts is taken as explained on page 38. If no errors have been made, the totals of those accounts having debit balances will equal those having credit balances. If, however, the balances do not agree, an error has apparently been made.

A suggested procedure in finding this error is outlined below.

1. The items comprising the trial balance should be checked back against the balances of the accounts to determine that the correct amounts were picked up. After this, the trial balance should again be added.
2. Determine that the balance of each General Ledger account has been correctly computed on the basis of the items posted to the account. Perhaps a mistake has been made in adding and subtracting the debit and credit items in arriving at the new balance of the account. If this has been done, a single line should be drawn through the balance shown in the account and the correct balance should be entered immediately above. The necessary corrections should also be made in the General Ledger Trial Balance.
3. It should be determined that the total debit items posted to the General Ledger accounts from the Journal and Cash Record equal the total credit items. This is ordinarily done *before* the items are posted at the end of the month, but even so, it is well to check this before looking further for the error. In other words, the grand total of all the debit columns in the Journal and Cash Record should be compared with the grand total of all the credit columns in order to prove that equal debits and credits have been entered in the Journal and Cash Record.
4. If the total debit and credit items agree and the error still exists, then a check should be made of the postings from the Journal and Cash Record to the General Ledger accounts. This check should be made to determine whether the correct amounts have been posted, as well as whether all items were posted to the correct side of the accounts. Any incorrect entries should be lined out as stated above and the correct entries made.
5. If, on the other hand, the total debit and credit items posted from the Journal and Cash Record do not agree, then the column totals should be verified by adding them again. After this has been done and if the debit and credit items still do not agree, each individual entry should be checked against the supporting papers to see that the entry was proper. Since each transaction or a group of similar transactions for one day (such as cash receipts) is ordinarily entered on a single line of the Journal and Cash Record, the amount of the debit items in the debit columns across each line should equal the amount of the items in the credit columns across the same line. In other words, the total debits of the entry representing each transaction or group of transactions should always equal the total credits.

A detailed check of the individual entries in the Journal and Cash Record, explained in step 5, should locate any errors that may exist in the General Ledger Trial Balance, where other methods previously discussed have failed.

BALANCING THE INDIVIDUAL SHARE AND LOAN LEDGERS

The total amounts received for shares and loans are recorded in the Shares and Loans accounts in the General Ledger (by entering daily in the Journal and Cash Record, and then posting the totals at the end of the month), while the payments made by the individual members are recorded in the Individual Share and Loan Ledgers. The total postings to the Individual Share Ledgers must therefore equal the amount recorded in the Shares account in the General Ledger. Likewise, the postings to the Individual Loan Ledgers must equal the amount entered in the Loans account.

In order to prove the accuracy of the postings to the Individual Share and Loan Ledgers, a trial balance of the individual accounts is taken and checked against the General Ledger control accounts—Shares and Loans. If this trial balance of the individual share accounts does not agree with the General Ledger Share account and/or if the trial balance of the individual loan accounts does not agree with the General Ledger Loan account, an error has undoubtedly been made. Since these balances *must* agree, if accurate records are to be maintained, a check should be promptly made to locate the errors.

The following procedure is suggested for locating these errors:

1. Be sure that the General Ledger control accounts are correct. We have already discussed the procedure in balancing the General Ledger. After the General Ledger has been brought into balance, we can, for our present purpose, consider that the General Ledger control accounts are correct.
2. Check back the amounts appearing on the trial balance of the Individual Share and Loan Ledgers to the individual accounts for the purpose of determining that the correct amounts were picked up. At the same time, the balance of each individual account should be verified by recomputing the balance on the basis of the items posted to the account. After this has been done, the trial balance should again be added.

3. If the error is not located by this procedure, the total share withdrawals, as shown on the Individual Share Ledgers for the month, should be determined. This total should agree with the total of the debit postings to the Shares account in the General Ledger for the same month. The reasons for any differences should be determined by checking the withdrawal items from column 9 of the Journal and Cash Record to the Individual Share Ledgers.

If the individual loan accounts are not in agreement with the Loan account of the General Ledger, the same procedure discussed in the preceding paragraph should be followed, except that the total loans granted will be determined instead of the share withdrawals. This total will be checked against the debit postings to the Loan account in the General Ledger. If there are any differences, the items appearing in column 12 of the Journal and Cash Record should be checked to the Individual Loan Ledgers.

4. The detailed check of the individual share and loan receipts mentioned in step 5 should locate any differences if the errors were made in connection with the postings to the individual accounts. However, it is possible that all of the individual postings were correctly made, and that an error occurred in preparing the summary voucher. For instance, the total share payments for one day's business might be shown on the summary voucher as \$150 instead of \$140, and the loan repayments might be shown as \$150 instead of \$160. The summary voucher would reflect the correct total amount of cash collected, \$300, but would have it improperly distributed between shares and loans.

Inasmuch as the total collections on shares and loans are posted to the General Ledger (through the Journal and Cash Record), the above example would result in both control accounts (Shares and Loans) being out of balance with the subsidiary or individual ledgers in the amount of \$10. Consequently, the amount of shares and loans on the individual Cash Received Vouchers for each day's business should be totaled and checked against the amount shown on the summary voucher.

5. When the differences still exist, a detailed check should be made of the postings to the "Paid In" column of the Individual Share Ledgers and/or the "Principal Paid" column of the Individual Loan Ledgers. In other words, the share and loan items on the individual Cash Received Vouchers for the month should be traced to the Individual Share and Loan Ledgers.

ESTABLISH A SYSTEMATIC PROCEDURE

In making the several verifications and checks that have been discussed, and in adjusting the errors, a systematic procedure should be followed. This should be done in order that assurance can be given that all errors have been located when the verification work is completed. The following points should be considered in establishing such a procedure.

1. If the records have been out of balance for several months, an attempt should not be made to balance all of the work at one time. Instead, each month's work should be balanced individually, starting with the first month following the last date upon which the books were in balance.

By checking and balancing month by month, you can be sure that you have found all of the errors for a particular month before going on to the next month. If several months are checked at one time and all of the errors are not found, it might be necessary to re-check the entire work, since you would not know in what month or months the errors were made that were not located by the first check.

2. A check mark should be placed beside each entry on the Cash Received Voucher and/or in the Journal and Cash Record, and beside the postings to the individual accounts as each item is verified.
3. Postings not made in the individual accounts for which there are entries on the Cash Received Voucher and/or in the Journal and Cash Record should be listed on a work sheet in order that they may be recorded at the completion of the verification.
4. Postings that have been made to the individual accounts for which there are no entries on the Cash Received Vouchers and/or in the Journal and Cash Record, should also be listed on a work sheet for correction later.

The adjustments mentioned in paragraphs 3 and 4 above, after they have been properly entered in the accounts, should be sufficient to bring the Individual Share and Loan Ledgers into agreement with the General Ledger control account.

In completing the verification of the accounts, it might be advisable to call in the members' pass-books, although this is not essential. The subsidiary ledgers and the control accounts should be in balance or should be brought into balance from the records retained by the credit union, since the information shown in both is derived from the same sources. The differences should therefore not be charged off to Expense or Income, inasmuch as we know that they were caused by errors and can be located by following a systematic procedure of verification.

In searching for the past differences, it is essential to maintain the present records up to date and in balance. When the checking necessary to locate the errors may take considerable time, a pencil notation of the amount of the differences should be made in the explanation column of the control account at the end of the month in which the differences were found to exist. This amount should be taken into consideration when the control accounts are balanced with the individual accounts at the end of each subsequent month until the errors have been located and corrected. The differences between the control accounts and the individual accounts should remain constant each month until the errors have been found and the necessary correcting entries made.

If the differences do not remain constant, it is an indication that errors have been made in the current month's work and steps should also be taken at once to locate them.

ACCOUNTING FOR COSTS OF COLLECTING LOANS

COST OF COLLECTING LOANS NOT CHARGED TO RESERVE

When the credit union incurs legal and collection costs in connection with loans (not previously charged off to reserve), which are turned over to an attorney or outside collection agency such costs will be added to the amount due from the borrower.

Collection expense chargeable to "Loans" will include only the fees and court costs incurred by the employment of an attorney or collection agency and will not include expenses of such persons as the treasurer, credit committee member or credit union collector which may be incurred in efforts to collect loans.

PRIORITY OF APPLICATION OF PAYMENTS

When payments are received either from the collection agency or direct from the borrower (after the note has been placed with an attorney or collection agency), the application of payments will be as follows:

- (1) Collection costs
- (2) Interest (and fines if assessed)
- (3) Principal

ILLUSTRATIONS

(1) *Legal and collection fees advanced.* When the credit union advances legal and collection costs to an attorney or outside collection agency in whose hands a loan (not previously charged to reserve) has been placed for collection, such costs may be charged to account No. 101 "Loans" and added to the amount due from the borrower as shown on his account in the Individual Loan Ledger. If the entire amount of costs, interest and principal are not eventually recovered from the borrower, the balance to be charged to reserve will in effect result in charging collection costs to the reserve.

For example, a loan with an unpaid balance of \$60 (not previously charged to reserve) is turned over to a collection agency. Suit is filed against the borrower and the credit union advances \$6.25 court costs:

Dr.—Loans (Acct. 101) (Col. 12).....	\$6.25	
Cr.—Cash (Acct. 104) (Col. 7).....		\$6.25

The borrower's account in the Individual Loan Ledger is charged with \$6.25 thus making the unpaid balance of the loan \$66.25. Interest will not be charged on the collection costs advanced unless included in a judgment upon which interest is collectible. Therefore, payments made by the borrower will be applied first to the costs advanced before any credit to interest.

(2) *Collection costs deducted from remittance.* When payments are received from an attorney or outside collection agency on a loan (not previously charged to reserve), from which collection or attorney's fees are deducted; e.g., \$10 paid to agency, \$2 collection fee withheld, \$8 remitted to credit union, \$1 interest paid:

Dr.—Cash (Acct. 104) (Col. 6).....	\$8.00	
Dr.—Loans (Acct. 101) (Col. 12).....	2.00	
Cr.—Interest on Loans (Acct. 401) (Col. 15).....		\$1.00
Cr.—Loans (Acct. 101) (Col. 13).....		9.00

The borrower's account in the Individual Loan Ledger will be charged with the collection fee and credited with the total payment made by him, less interest and fines (if assessed) due.

(3) *Collection costs not deducted from remittance.* When payments are received from an attorney or outside collection agency on a loan (not previously charged to reserve), from which collection fees due have not been deducted, e. g., payment to agency \$10, remitted to credit union \$10, collection fee due \$2, interest due \$1, the following entries will be made:

Dr.—Cash (Acct. 104) (Col. 6).....	\$10.00	
Dr.—Loans (Acct. 101) (Col. 12).....	2.00	
Cr.—Accounts Payable (Acct. 301) (Col. 26).....		\$2.00
Cr.—Interest on Loans (Acct. 401) (Col. 15).....		1.00
Cr.—Loans (Acct. 101) (Col. 13).....		9.00

The account payable is the amount due the collection agency and will be debited when payment is made by the credit union to the agency.

Entries should be made in the borrower's Individual Loan Ledger account to show the details of the above entry and to show the balance due from the borrower.

(4) *Payment by borrower direct to credit union.* When payments on loans (not previously charged to reserve), which have been placed with an attorney or agency for collection, are offered by the borrower or someone acting for him, direct to the credit union, the credit union will owe the agency the collection fee on any payments accepted.

If such payments are accepted the credit union should make it clear to the borrower that his loan is subject to the collection costs according to the note (or judgment) and that the borrower must pay such costs, even though he makes payment direct to the credit union.

The entries for handling such payments will be the same as in (3) above. It is important to make sure the credit union's records and the borrower's receipts (passbook generally) are in agreement to avoid any misunderstanding with the borrower.

(5) *Collection fees in excess of amount recoverable from borrower.* When payments are received from an attorney or collection agency and fees in excess of the amount recoverable from the borrower under the terms of the note (or judgment) are deducted from the remittance, the entries will be the same as in (2) above. This will result in an over statement of the amount which can be recovered from the borrower so that when the borrower has paid all that can be collected from him,

the unpaid balance may be charged to Reserve for Bad Loans. This procedure has the effect of permitting collection costs to be charged to the reserve, rather than as an operating expense.

In order to know the amount which is due from the borrower and for the purposes of calculating interest on each payment, it will be necessary to keep a memorandum record on the borrower's Individual Loan Ledger account showing the application of payments figured on the maximum fee collectible according to the note (or judgment).

COST OF COLLECTING LOANS CHARGED TO RESERVE

When the credit union incurs legal and collection costs in connection with loans charged to the Reserve for Bad Loans, which are placed with an attorney or outside collection agency, such costs may be charged to the Reserve for Bad Loans.

Collection costs chargeable to the Reserve for Bad Loans will include only the fees and court costs incurred by the employment of an attorney or collection agency and will not include expenses of such persons as the treasurer, credit committee member or credit union collector which may be incurred in efforts to collect loans.

PRIORITY OF APPLICATION OF PAYMENTS

When payments are received either from the collection agency or direct from the borrower (after the note has been placed with an attorney or collection agency), the application of payments will be as follows:

- (1) Collection costs
- (2) Interest (and fines, if assessed)
- (3) Principal

ILLUSTRATIONS

(1) *Legal and collection fees advanced.* When the credit union advances legal and collection costs to an attorney or outside collection agency in whose hands a loan (previously charged to reserve) has been placed for collection, such costs may be charged to account No. 311 "Reserve for Bad Loans". A memorandum entry of such costs should be made on the borrower's Individual Loan Ledger sheet.

For example, a loan with an unpaid balance of \$75 which has been charged off to the Reserve for Bad Loans is turned over to a collection agency. Suit is filed against the borrower and the credit union advances \$10 court costs:

Dr.—Reserve for Bad Loans (Acct. 311) (Col. 25).....	\$10.00	
Cr.—Cash (Acct. 104) (Col. 7).....		\$10.00

A memorandum entry is made on the borrower's Individual Loan Ledger account showing the \$10 collection costs advanced. Interest will not be charged on the collection costs advanced unless included in a judgment upon which interest is collectible. Therefore, payments made by the borrower will be applied first to the costs advanced before any credit to interest.

(2) *Collection costs deducted from remittance.* When payments are received from an attorney or outside collection agency on a loan which has been previously charged to reserve, and collection or attorney's fees are deducted from the remittance; e.g., \$10 paid to agency, \$2 collection fee withheld, \$8 remitted to credit union, \$1 interest due:

Dr.—Cash (Acct. 104) (Col. 6).....	\$8.00	
Cr.—Interest on Loans (Acct. 401) (Col. 15).....		\$1.00
Cr.—Reserve for Bad Loans (Acct. 311) (Col. 26).....		7.00

The borrower's memorandum individual loan ledger account will be credited with the net payment received from the agency less the amount of interest credited.

(3) *Collection costs not deducted from remittance.* When payments are received from an attorney or outside collection agency on a loan previously charged to reserve, from which collection fees due have not been deducted, the following entries will be made:

Dr.—Cash (Acct. 104) (Col. 6).....	\$10.00	
Cr.—Accounts Payable (Acct. 301) (Col. 26).....		\$2.00
Cr.—Interest on Loans (Acct. 401) (Col. 15).....		1.00
Cr.—Reserve for Bad Loans (Acct. 311) (Col. 26).....		7.00

The account payable is the amount due the collection agency and will be debited when payment is made by the credit union to the agency.

Entries should be made in the memorandum individual loan ledger account of the borrower to show the details of the above entry and to show the balance due from the borrower.

(4) *Payment by borrower direct to credit union.* When payments on loans previously charged to reserve, which have been placed with an attorney or agency for collection, are offered by the borrower or someone acting for him, direct to the credit union, the credit union will owe the agency the collection fee on any payments accepted.

If such payments are accepted the credit union should make it clear to the borrower that his loan is subject to the collection costs according to the note (or judgment) and that the borrower must pay such costs, even though he makes payment direct to the credit union.

The entries for handling such payments will be the same as in (3) above. It is important to make sure the credit union's records and the borrower's receipts (passbook generally) are in agreement to avoid any misunderstanding with the borrower and the agency.

(5) *Collection fees in excess of amount recoverable from borrower.* When payments are received from an attorney or collection agency and fees in excess of the amount recoverable from the borrower under the terms of the note (or judgment) are deducted from the remittance, the entries will be the same as in (2) above. Thus, when the borrower has paid all that can be collected from him, the unrecovered collection costs will represent the loss which has been charged to the Reserve for Bad Loans, rather than to operating expenses.

In order to know the amount which is due from the borrower and for the purpose of calculating interest on each payment, it will be necessary to keep a memorandum record on the borrower's Individual Loan Ledger account showing the application of payments figured on the maximum fee collectible according to the note (or judgment). (See page 85).

ISSUING AGENT FOR SALE OF UNITED STATES SAVINGS BONDS

GENERAL

It is essential for credit unions which have qualified as issuing agents for the U. S. Treasury Department in the sale of U. S. Savings Bonds to properly account for the receipt, sale and remittance for bonds sold.

RECORD OF BONDS RECEIVED

Form FCU 119 "Record of U. S. Savings Bonds Received" may be used to record bonds received from the Federal reserve bank, bonds spoiled, and bonds received in exchange for spoiled bonds. The invoices received from the Federal reserve bank may be used as a substitute for form FCU 119 if properly filed.

FORM FCU 119
5-8-41

XYZ

Federal Credit Union, as Issuing Agent

RECORD OF U. S. DEFENSE BONDS RECEIVED

DATE BONDS RECEIVED	MATURITY VALUE - \$25				MATURITY VALUE - \$50				MATURITY VALUE - \$100				MATURITY VALUE - \$500				MATURITY VALUE - \$1,000			
	NO. OF BONDS REC'D	SERIAL NUMBERS		NO. OF BONDS REC'D	SERIAL NUMBERS		NO. OF BONDS REC'D	SERIAL NUMBERS		NO. OF BONDS REC'D	SERIAL NUMBERS		NO. OF BONDS REC'D	SERIAL NUMBERS		NO. OF BONDS REC'D	SERIAL NUMBERS			
		FROM	TO		FROM	TO		FROM	TO		FROM	TO		FROM	TO					
1947																				
June 5	25	9131869541	131869585	25	1522267755	226799	10	077869229	77869238	5	D10110251	10110255	5	M13667419	13667423					
26	25	9133125001	133125025																	
July		D19131869541																		

The name of the credit union is entered at the top of the form. The date of receipt, the number of bonds and the first and last serial numbers running consecutively in each denomination are entered in the appropriate columns for each consignment of bonds received. A letter, invoice, or other advice will be transmitted by the Federal reserve bank which will indicate the serial numbers of bonds included in each shipment. The bonds should be compared with these advices for correctness of quantity, serial numbers, and denominations, and the advices should be retained as part of the permanent records in support of these entries.

The date of shipment, the number of bonds and serial numbers in each denomination are entered in red ink or otherwise indicated as minus items for each shipment of spoiled bonds returned to the Federal reserve bank. Advices transmitted to the credit union from the Federal reserve bank acknowledging receipt of spoiled bonds should be retained as part of the permanent records in support of these entries.

In each denomination, the total number of bonds received, less spoiled bonds returned, is obtained from the sum of the "No. of Bonds Rec'd" column for the respective denomination. The totals of these columns should be carried forward from page to page.

Entries on this form are for memorandum purposes. No entries are made in the Journal and Cash Record or General Ledger accounts to record receipt of bonds or return of spoiled bonds.

RECORD OF CASH RECEIVED FROM SALES OF U. S. SAVINGS BONDS

Form FCU 120 "Record of Cash Received from Sales of U. S. Savings Bonds" provides a memorandum record of each savings bond sold by the credit union as issuing agent of the Treasury Department. It also serves as a detailed record in support of the credit balance of account No. 306—"U. S. Savings Bond Remittances Payable."

FORM FCU 120
5-8-41

XYZ

Federal Credit Union, as Issuing Agent

RECORD OF CASH RECEIVED FROM SALES OF U. S. DEFENSE BONDS

DATE CASH RECEIVED	NAME OF PURCHASER	MATURITY VALUE - \$25 (Issue price - \$18.75)		MATURITY VALUE - \$50 (Issue price - \$37.50)		MATURITY VALUE - \$100 (Issue price - \$75.00)		MATURITY VALUE - \$500 (Issue price - \$375.00)		MATURITY VALUE - \$1,000 (Issue price - \$750.00)		AMOUNT RECEIVED	DATE PROCEEDS REMITTED
		NO.	SERIAL NUMBERS	NO.	SERIAL NUMBERS	NO.	SERIAL NUMBERS	NO.	SERIAL NUMBERS	NO.	SERIAL NUMBERS		
1947	Jacob Johnmitt			1	L 52 226 775	1	C 77 869 229					11250	
	Mary Jones	1	G 131 869 561									1875	
	James K. Evans	1	G 131 869 562	1	L 52 226 776							5625	6-7-47
	A. B. Dungan							1	D 10 110 251			37500	
	Henry Phillips	2	G 131 869 563/4									3750	
	Lawrence Hart	1	G 131 869 565									1875	6-14-47
	Pearl McKinney			2	L 52 226 774/7							7500	
	H. A. Giles					2	C 77 869 230/1					15000	
	Jay Higdon								1	M 13 667 419		75000	6-20-47
	Charles Hathaway	3	G 131 869 564/8									5625	6-27-47
	Jan Crawford	1	G 131 869 569									1875	
	James Coate	2	G 131 869 570/1									3750	
	Jack Dublin			1	L 52 226 778							3750	7-5-47

USE OF FORM

The name of the credit union is entered at the top of the form. The date of receipt, name of purchaser, number of bonds sold and serial numbers of bonds issued according to denomination, amount

received, and the date of remittance to the Federal reserve bank are entered in appropriate columns for cash received from each sale of bonds.

A Treasury Department form—"Application for United States Savings Bonds—Series E", which is furnished by the Federal reserve bank, will be used to record cash received from each sale of bonds, and this form may be used in place of the Cash Received Voucher (Form FCU 105) if desired.

The date of receipt, name of purchaser, number of bonds sold in each denomination, and amount received from each sale are posted to form FCU 120 from the registration stubs which are prepared when the bonds are issued. When bonds are issued immediately upon receipt of payment, however, the serial numbers may be noted on the applications and posted with the other information thereon to form FCU 120, if the credit union prefers.

Cash received from sales of bonds should be recorded on form FCU 120 chronologically and, as far as practicable, should be listed under each date in sequence by serial numbers.

In each denomination, the total number of bonds sold is obtained from the sum of the "No." column for the respective denominations. The totals of these columns should be carried forward from page to page.

The number of bonds in each denomination which should be on hand may be determined by adding the number of bonds sold in each denomination as shown by the "No." columns for form FCU 120 and subtracting the sums thereof from the total number of bonds received, less spoiled bonds returned, in the same denomination as shown by the "No. of Bonds Rec'd" columns of form FCU 119, making adjustments for those cases, if any, where cash has been received for bonds which have not yet been issued.

The result should be proved at the close of each month by actual count of the number of bonds in possession of the credit union.

The total of the "open" amounts received as shown by this form, or by the unremitted registration stubs, i.e., amounts received from sales of bonds which have not been remitted to the Federal reserve bank, should equal the credit balance of account No. 306—"U. S. Savings Bond Remittances Payable." The total of these amounts should be proved with the balance of this account at the close of each month in the same manner that the Individual Share and Loan Ledger accounts are proved with their control accounts in the General Ledger (see page 39). The monthly lists of these amounts should be retained permanently in the files of the credit union.

The copy of the registration stub which is retained by the credit union may be used as a substitute for form FCU 120, provided that such stubs are filed in a manner which will provide adequate information to prove the credit union's accountability for bonds received and that all cash for bonds sold has been remitted to the Federal reserve bank.

306—U. S. SAVINGS BOND REMITTANCES PAYABLE

DESCRIPTION

This account will reflect the liability of the credit union as issuing agent of the United States Treasury Department for the proceeds received from sales of United States Savings Bonds of Series E. The credit balance of this account represents the total amount received from sales of bonds which has not been remitted to the Federal reserve bank.

ENTRIES IN JOURNAL AND CASH RECORD

Credit this account in column 26 with the total amount received daily from sales of bonds as shown on the summary voucher.

Debit this account in column 25 with the total amount of each remittance of proceeds to the Federal reserve bank as shown on the Journal Vouchers (Form FCU 106-A) or other authorization for the disbursements.

If there are frequent sales of bonds and remittances of proceeds, it is suggested that columns 18 and 19 (or columns 20 and 21) of the Journal and Cash Record be entitled "U. S. Savings Bond Remittances Payable" and used to record debits and credits, respectively, to this account.

POSTING TO GENERAL LEDGER

The debits and credits to this account are posted individually from the "Miscellaneous" columns (Nos. 25 and 26) of the Journal and Cash Record; however, if columns 18 and 19 (or columns 20 and 21) of the Journal and Cash Record are used as suggested above, postings to this account are made at the close of each month from the totals of these columns.

ENTRIES IN RECORD OF CASH RECEIVED FROM SALES OF U. S. SAVINGS BONDS

The amounts which are entered in total in column 26 (or optional columns 19 or 21) of the Journal and Cash Record are also entered individually in the Record of Cash Received from Sales of U. S. Savings Bonds (Form FCU 120) from the "Applications for United States Savings Bonds—Series E".

The dates of remittances to the Federal reserve bank which are entered in total in column 25 (or optional columns 18 or 20) of the Journal and Cash Record are entered individually in the "Date Proceeds Remitted" column of the "Record of Cash Received from Sales of U. S. Savings Bonds" (Form FCU 120).

The total of the "open" amounts, i.e., amounts received which have not been remitted, as reflected in the Record of Cash Received from Sales of U. S. Savings Bonds (Form FCU 120), or the total of unremitted registration stubs, should be proved with the credit balance of the U. S. Savings Bond Remittances Payable account (No. 306) in the General Ledger at least monthly as described on page 120.

ILLUSTRATIVE ENTRIES

(1) When the daily total of cash received from sales as issuing agent for United States Savings Bonds of Series E is entered in the Journal and Cash Record:

Dr.—Cash (Acct. 104) (Col. 6)	\$75.00	
Cr.—U. S. Savings Bond Remittances Payable (Acct. 306) (Col. 26)		\$75.00

(2) When proceeds received from sales as issuing agent for United States Savings Bonds of Series E are remitted to the Federal reserve bank:

Dr.—U. S. Savings Bond Remittances Payable (Acct. 306) (Col. 25)	\$75.00	
Cr.—Cash (Acct. 104) (Col. 7)		\$75.00

126—U. S. SAVINGS STAMPS FOR REDEMPTION

PURPOSE

This account may be established to show the transactions pertaining to the receipt and disposition of U. S. Savings Stamps taken in payment for U. S. Savings Bonds. Credit unions which do not follow the practice of immediately converting into cash the U. S. Savings Stamps accepted as payment for bonds issued should use this account.

The balance of this account should be shown in the asset section of the monthly Financial and Statistical Report (Form FCU 109). The stamps received in payment for the issuance of bonds are not to be confused with the stamps the credit union may have purchased for resale. U. S. Savings Stamps purchased for resale will be handled through the change fund as discussed on page 59, under account No. 106 "Change Fund".

ENTRIES IN JOURNAL AND CASH RECORD

The total amount of U. S. Savings Stamps accepted in payment for U. S. Savings Bonds each day will be entered in column 25 as a debit to account No. 126 "U. S. Savings Stamps for Redemption", and in column 26 as a credit to account No. 306 "U. S. Savings Bond Remittances Payable".

When the stamps are remitted to the Federal reserve bank, the amount of such remittance will be entered in column 25 as a debit to account No. 306 "U. S. Savings Bond Remittances Payable", and in column 26 as a credit to account No. 126 "U. S. Savings Stamps for Redemption".

If the stamps are redeemed at the local post office instead of remitting them to the Federal reserve bank, the amount of such stamps redeemed will be entered in column 6 as a debit to account No. 104 "Cash", and in column 26 as a credit to account No. 126 "U. S. Savings Stamps for Redemption."

If there are frequent transactions in savings stamps it is suggested that columns 18 and 19 or 20 and 21, if they are not already in use, be used to record the debits and credits, respectively, to account No. 126 "U. S. Savings Stamps for Redemption."

POSTING TO GENERAL LEDGER

Entries to this account will be posted individually from columns 25 and 26 of the Journal and Cash Record. If columns 18 and 19 or 20 and 21 are used, postings to this account may be made at the close of the month from the totals of these columns.

The debit balance of this account will represent the amount of savings stamps that has been received in payment for savings bonds and that has not been remitted to the Federal reserve bank or has not been converted into cash at the local post office. This balance should be proved, at the end of each month, with the actual amount of stamps on hand for redemption.

ILLUSTRATIVE ENTRIES

(1) When U. S. Savings Stamps are received as payment for bonds:

Dr.—U. S. Savings Stamps for Redemption (Acct. 126) (Col. 25)	\$18.75
Cr.—U. S. Savings Bond Remittances Payable (Acct 306) (Col. 26)	\$18.75

(2) When U. S. Savings Stamps are remitted to the Federal reserve bank in payment for bonds issued:

Dr.—U. S. Savings Bond Remittances Payable (Acct. 306) (Col. 25)	\$56.25
Cr.—U. S. Savings Stamps for Redemption (Acct. 126) (Col. 26)	\$56.25

(3) When U. S. Savings Stamps are converted into cash:

Dr.—Cash (Acct. 104) (Col. 6)	\$37.50
Cr.—U. S. Savings Stamps for Redemption (Acct. 126) (Col. 26)	\$37.50

HANDLING INSTALLMENT PAYMENTS ON U. S. BONDS

GENERAL

Federal credit unions which are qualified as issuing agents for the sale of United States Savings Bonds may accept installment payments towards the purchase of such bonds both from members and nonmembers.

The funds received from these installment payments are not to be commingled with other credit union funds. Therefore credit unions which accept installment payments on bonds must deposit the funds in a separate bank account and maintain records of such transactions as provided in the following sections of this manual. Accounts will be opened in the General Ledger, No. 125 "Cash—U. S. Bond Installment Payments", and No. 325 "Installment Payments on U. S. Bonds".

125—CASH—U. S. BOND INSTALLMENT PAYMENTS

BANK ACCOUNT

The title of the bank account opened for the deposit and remittance of proceeds of installment payments should be sufficiently descriptive to avoid any confusion with the regular account of the credit union. It is suggested that a name such as "ABC Federal Credit Union—U. S. Bond Installment Payments" may be used satisfactorily. The name of this separate bank account should of course appear on all checks written against the account.

RECORDS FOR PAYMENTS RECEIVED

In a further discussion of the accounting for these installment payments on page 125 the use of a subsidiary record to show individual account balances is prescribed. As a posting medium for

entries in the individual accounts and in the Journal and Cash Record either payroll deduction forms or cash received vouchers may be used.

In those credit unions which receive installment payments through payroll deductions, provision may be made on the forms already in use to show the collections applicable toward the purchase of bonds.

Cash received vouchers bearing an appropriate notation of the nature of the collection should be prepared when installment payments are received in cash. Vouchers applicable to this type of collection should be kept separate from those prepared for regular credit union receipts and should be summarized separately for entry in the Journal and Cash Record.

RECEIPTS FOR INSTALLMENT PAYMENTS

Those credit unions collecting installment payments in cash direct from the subscriber should provide a receipt for each payment received. The form of receipt for nonmembers may be a duplicate cash received voucher and for members a memorandum entry in the back of the passbook. When payments equal the purchase price of the bond for which the member or other person has subscribed, the bond should be issued. If memorandum entries have been made in the passbook, a notation should be made therein of the date the bond was issued and the amount thereof.

Ordinarily when collections are made by payroll deductions, it will not be necessary to issue a receipt for each installment received. The record of deductions from salaries or wages as furnished by the company to its employees may be regarded as sufficient receipt until such time as the bond is issued. The credit union should be prepared to furnish any subscriber a statement of installment payments received, if one is requested.

ENTRIES IN THE JOURNAL AND CASH RECORD

The preferable procedure with respect to this account is to use two adjacent blank columns in the Journal and Cash Record for entry of the debits and credits. Either columns 18 and 19 or 20 and 21 may be designated if not otherwise in use. If the blank columns are not available, columns 25 and 26 may be used.

When payments are received from the subscriber toward the purchase of bonds, account No. 125 will be debited in the column designated for its use and account No. 325 "Installment Payments on U. S. Bonds" will be credited in the column designated for its use. The entry will be based on a summary cash received voucher applicable to installment payments on bonds or a payroll deduction sheet.

Remittance to the Federal reserve bank for bonds sold by the installment method will be made from this account. When checks are issued the account will be credited in the designated column and account No. 306 "U. S. Savings Bond Remittances Payable" will be debited. (The liability for the bond proceeds is transferred from account No. 325 to account No. 306 as described on page 126.)

POSTING TO GENERAL LEDGER

When columns 18 and 19 or 20 and 21 of the Journal and Cash Record are used for recording the transactions, the totals of the debit column and the credit column should be posted respectively to the debit and credit of the account in the General Ledger. If columns 25 and 26 are used, each entry must be posted individually to the General Ledger account.

DEPOSITING CASH

The cash received as installment payments on bonds must be deposited in the special bank account herein prescribed and within the time limit provided in the bylaws for depositing of regular credit union receipts. Deposits should be made in amounts which can be identified with the installment collections on one or more business days as shown by the summary vouchers or payroll deduction sheets.

DISBURSEMENTS

The disbursements are to be made by check and will be limited to remittances for bonds issued and to withdrawals by subscribers of installments paid. A person should only be permitted to withdraw these payments prior to their reaching the amount agreed upon for the issuance of a bond, and only then upon termination of employment or the cancellation of the authorization for the purchase of bonds either by the person or the credit union. In such an event, the amount of the accumulated

payments may be returned and the individual account closed. A receipt should be obtained from the person receiving the accumulated funds and the Journal Voucher (Form FCU 106-A) may be used for this purpose. The credit union should also obtain for its files a release from members as well as nonmembers when authorizations for payroll deductions applicable to bond purchases are cancelled.

RECONCILING BANK ACCOUNT

The balance of the account as shown by the monthly statement received from the bank should be reconciled with the balance shown by the books of the credit union. Form FCU 108, the regular bank reconciliation form, may be used.

In view of the nature of the account, arrangements can very probably be made with the bank to impose no service charges on the transactions handled. However, if service charges are incurred the account is to be reimbursed from the regular funds of the credit union.

ILLUSTRATIVE ENTRIES

(1) When cash is received from the employer under a payroll deduction plan, or from individuals as partial payment toward the purchase of a U. S. Savings Bond:

Dr.—Cash—U. S. Bond Installment Payments	
(Acct. 125) (Col. 25)	\$337.50
Cr.—Installment Payments on U. S. Bonds	
(Acct. 325) (Col. 26)	\$337.50

(2) When a remittance is made to the Federal reserve bank for bonds issued under the installment plan: (the liability for the bonds issued having been previously transferred from account No. 325 Installment Payments on U. S. Bonds to account No. 306 U. S. Savings Bond Remittances Payable):

Dr.—U. S. Savings Bond Remittances Payable	
(Acct. 306) (Col. 25)	\$750.00
Cr.—Cash—U. S. Bond Installment Payments	
(Acct. 125) (Col. 26)	\$750.00

(3) When a subscriber's authorization for purchase of bonds on installments is canceled and he withdraws the balance to his credit toward the purchase of a bond:

Dr.—Installment Payments on U. S. Bonds	
(Acct. 325) (Col. 25)	\$6.25
Cr.—Cash—U. S. Bond Installment Payments	
(Acct. 125) (Col. 26)	\$6.25

DISPLAY ON FINANCIAL AND STATISTICAL REPORT

The balance of account No. 125 should be shown in the asset section of the monthly financial and statistical report (Form FCU 109). The balance of this account should not be combined with the general fund bank account No. 104 "Cash", but should be shown as a separate item on one of the blank lines.

325—INSTALLMENT PAYMENTS ON U. S. BONDS

DESCRIPTION

This account will show the liability of the credit union for installment payments received both from members and nonmembers for application toward the purchase of U. S. Savings Bonds of Series E. The credit balance of the account represents the total of such payments received and not yet applied to the purchase of bonds.

These installment payments on U. S. Bonds are not the equivalent of payments on "Shares" and no interest or dividends will be paid thereon. Furthermore these payments are not to be considered as security for loans and the approval of the credit committee for withdrawals is not necessary.

ENTRIES IN JOURNAL AND CASH RECORD

Credit this account in column 26 with the total of cash received as installment payments on U. S. Bonds as shown by cash summary vouchers or payroll deduction sheets.

ISSUANCE OF BONDS

Bonds are issued whenever the installment payments by a subscriber or group of subscribers reach the designated purchase price. Upon issuance of bonds this account should be debited in column 25 with the total amount of the sales and account No. 306, "U. S. Savings Bond Remittances Payable" credited. Entries for the bonds issued should also be made in the Record of Cash Received from Sales of U. S. Savings Bonds (Form FCU 120), if this form is used.

POSTING TO GENERAL LEDGER

The debits and credits to this account are posted individually from the "Miscellaneous" columns (Nos. 25 and 26).

RECORDS OF INSTALLMENT PAYMENTS

Credit unions which receive installment payments on bonds through payroll deductions should obtain from the subscribers an authorization for such deductions and for application thereof to the purchase of bonds. The authorization should be addressed to both the employer and the credit union. The United States Treasury Department issues a standard card form "Pay Roll Authorization for Purchase of Series E Savings Bonds", which may be used in this connection. Certain changes in the form are necessary to include the credit union as a party to the agreement.

Credit unions receiving installment payments direct from subscribers should likewise have an authorization for application of the payments to the purchase of bonds. The Treasury Department form will be of assistance in preparing the authorization.

A subsidiary ledger should be established to account for the installment payments received from each person. The reverse side of the Treasury Department form provides a record on which payments may be entered and purchases of bonds noted. Withdrawals, if any, can be indicated on the form. The payroll authorization cards are available without cost through the State Administrator of the Treasury Department's Savings Bond Staff. The card will serve both as authority for the transactions and as an accounting record and its use by credit unions receiving payroll deductions will prove convenient and economical.

Other types of ledger forms may be used provided that in all cases the following information is shown:

1. Name and address of subscriber.
2. Date and amount of payments received.
3. Date and amount of withdrawals or amounts applied to issuance of bonds.
4. Balance to credit of subscriber.

Credit unions receiving payments in cash direct from subscribers should use a ledger form showing the above information.

SUBSIDIARY LEDGER—ARRANGEMENT AND POSTING

The individual accounts for installment payments will ordinarily be filed separately from the individual share and loan ledgers. The arrangement may be in alphabetical order or such order as is suitable to the receipts as listed on the payroll deduction sheets or cash received vouchers.

Postings from the payroll deduction sheets or cash received vouchers to the individual installment accounts will be made in the same manner as postings to the individual share and loan accounts. The individual installment account balances should be totaled at least at the end of each month and the total compared with the balance shown by General Ledger account No. 325. Any differences between the balance of the general ledger account and the total of the individual accounts should be promptly located and necessary corrections made.

The monthly tapes of the individual accounts should be kept for audit purposes in the same manner as the tapes for the monthly proof of the individual share and loan accounts with the general ledger controls.

ILLUSTRATIVE ENTRIES

(1) When payments are received for installment purchases of U. S. Savings Bonds:

Dr.—Cash—U. S. Bond Installment Payments	
(Acct. 125) (Col. 25).....	\$122.50
Cr.—Installment Payments on U. S. Bonds	
(Acct. 325) (Col. 26).....	\$122.50

(2) When a bond is fully paid for and is issued:

Dr.—Installment Payments on U. S. Bonds	
(Acct. 325) (Col. 25).....	\$150.00
Cr.—U. S. Savings Bond Remittances Payable	
(Acct. 306) (Col. 26).....	\$150.00

(3) When an authorization is cancelled and the subscriber withdraws the balance of his installment account:

Dr.—Installment Payments on U. S. Bonds	
(Acct. 325) (Col. 25).....	\$12.50
Cr.—Cash—U. S. Bond Installment Payments	
(Acct. 125) (Col. 26).....	\$12.50

(4) When remittance is made to the Federal reserve bank for bonds issued under the installment payment plan:

Dr.—U. S. Savings Bond Remittances Payable	
(Acct. 306) (Col. 25).....	\$150.00
Cr.—Cash—U. S. Bond Installment Payments	
(Acct. 125) (Col. 26).....	\$150.00

DISPLAY ON FINANCIAL AND STATISTICAL REPORT

The balance of account No. 325 should be shown in the liability section of the financial and statistical report (Form FCU 109) as a separate item. One of the blank spaces may be used for this purpose.

PAYING AGENTS FOR U. S. SAVINGS BONDS

GENERAL

When a Federal credit union qualifies as a paying agent of the United States Treasury Department in accordance with Treasury Department regulations and instructions from the Federal reserve bank, the following accounting procedure applies.

Credit unions which are qualified as paying agents may wish to handle payments in one of three ways: (1) payment by check or share credit; (2) payment in cash; (3) payment in cash, by check, or by share credit at the option of the bondholder. From the standpoint of the accounting work involved, the payment of bonds by method (1) or method (2) will be preferable to method (3).

PROCEDURE FOR PAYMENT OF BONDS BY CHECK

When the credit union restricts payments to persons who will accept a check or share credit for the value of their bonds the procedure will be to establish in the General Ledger, account No. 130 "Account Receivable—United States Savings Bonds Paid."

ENTRIES IN JOURNAL AND CASH RECORD

Debits to this account will be made when checks are issued in payment of bonds or when share credit is given therefor.

Credits will be made to account No. 130 when a remittance is received from the Federal reserve bank for the value of the various shipments of bonds.

Checks issued in payment of bonds will be recorded in the Journal and Cash Record in the usual manner.

Debits to account No. 130 "Account Receivable—United States Savings Bonds Paid", may be entered in column 25 and posted individually to the general ledger account. Credits to this account may be entered in column 26 and likewise posted individually to the General Ledger. If it is anticipated that bond payments will be handled in volume or if a volume of such transactions develops, columns 18 and 19 or 20 and 21 of the Journal and Cash Record, if not otherwise in use, may be used to record the debits and credits, respectively, to account No. 130—"Account Receivable—United States Savings Bonds Paid". The totals of these columns may be posted to the General Ledger in lieu of individual postings.

PREPARATION OF JOURNAL VOUCHER

A journal voucher should be prepared in connection with each payment of a bond or bonds by check. This voucher should show the usual information and in addition should show the serial number of the bond or bonds paid. The voucher, after signature by the person receiving payment, should be filed with other journal vouchers of the month.

CASHING CHECKS

Credit unions may be requested, in some instances, to cash checks issued in payment of bonds. No charge shall be made for such an accommodation when it is extended. It is required that the owners receive full value of their bonds from the paying agent.

ILLUSTRATIVE ENTRIES

(1) When a check is issued in payment of Series E Bond of \$25 denomination and having a current redemption value of \$19.50:

Dr.—Account Receivable—United States Savings Bonds Paid (Account 130) (Col. 25).....	\$19.50	
Cr.—Cash (Acct. 104) (Col. 7).....		\$19.50

(2) When a remittance is received from the Federal reserve bank for the value of paid bonds shipped:

Dr.—Cash (Acct. 104) (Col. 6).....	\$195.00	
Cr.—Account Receivable—United States Savings Bonds Paid (Acct. 130) (Col. 26).....		\$195.00

PROCEDURE FOR PAYMENT OF BONDS BY SHARE CREDIT

Bond payments by credits to shares will be recorded by individual entry in the Journal and Cash Record.

ENTRIES IN JOURNAL AND CASH RECORD

Each entry in the Journal and Cash Record will include, in column 3, the name of the member receiving the share credit and the serial number of the bond or bonds paid.

Debit account No. 130, "Account Receivable—United States Savings Bonds Paid" for the value of any bonds paid by credit to shares. Credit this account for remittances received from the Federal reserve bank.

Credit account No. 310 "Shares" for the value of any bond or bonds paid by credit to shares.

POSTING

Debits to account No. 130 will be posted individually from the Journal and Cash Record if column No. 25 is used. If transactions are numerous and column 18 or 20 is used only the total of such column will be posted at the end of the month.

Credits to account No. 130 will be posted individually from the Journal and Cash Record from column 26, unless column 19 or 21 is used because of numerous transactions.

Postings of the share credits will be made direct from the Journal and Cash Record to the member's individual share account. When postings are made a check mark should be placed to the right of the figure and at the left edge of column 11.

ILLUSTRATIVE ENTRIES

(1) When payment of a Series E Bond of \$25 denomination and having a current redemption value of \$19.50 is made by a credit to the member's share account:

Dr.—Account Receivable—United States Savings Bonds Paid	
(Acct. 130) (Col. 25).....	\$19.50
Cr.—Shares (Acct. 310) (Col. 10).....	\$19.50

(2) When payment is received from the Federal reserve bank for bonds paid by share credit the entry will be the same as when such bonds were paid by check. (See (2) page 127)

APPLICATION IN PART OF BOND PROCEEDS TO SHARE ACCOUNT

A member may wish to apply part of the proceeds of a bond to his share account and have a check issued for the remainder. In order to keep the record clear on full payment of the bond, the credit union may follow one of two alternatives: (1) allow share credit for the full redemption value of the bond and treat the check issued as a share withdrawal; or (2) issue a check for the full redemption value of the bond and by cashing the check allow the member to make the share payment desired.

RECORDING PAYMENT DATA ON BONDS

Paying agents will be required to record certain payment information on the bonds paid. One of the requirements is that the amount paid be recorded. It is preferable that credit unions making payments by check or share credit obtain permission from the Federal reserve bank to indicate on the bond the method of payment.

When a bond is paid a notation such as "Ck. No." or "by share credit" can be made next to the amount received by the owner. The date of payment is a further requirement for recording and with the addition of the aforementioned notation the identification of a bond as to the manner and time of payment will be facilitated.

Credit unions may elect, under existing instructions from the Federal reserve banks, to indicate in the payment data the person making payment of the bond. This information may be reflected either by the written initials or signature of the person making payment or by a symbol representing this person. It is suggested that credit unions will find it desirable to follow this practice.

SHIPMENT OF PAID BONDS TO FEDERAL RESERVE BANK

Shipment of paid bonds to the Federal reserve bank will be supported by letters of transmittal in accordance with instructions from the respective banks. It will be preferable for purposes of identification and balancing of accounts to have the shipments include all bonds paid on one or more business days.

The debit balance in account No. 130 "Account Receivable—United States Savings Bonds Paid" at any given date will represent the total value of paid bonds on hand plus the value of bonds shipped to the Federal reserve bank for which remittance has not been received.

Copies of letters transmitting shipments of bonds should be retained and files maintained thereon. One file should include copies of letters on shipments for which remittance has been received and another current file should include letters covering shipments for which payment has not been made by the bank. The current file on shipments not paid for and the paid bonds on hand pending shipment will constitute the support for the ledger balance of the account receivable from the Federal reserve bank.

Instructions will be given by the Federal reserve bank concerning the information to be shown in a letter of transmittal covering a shipment of bonds. In keeping with these instructions, and for the benefit of the records of the credit union, a letter of transmittal should contain the following information with respect to each bond included in the shipment which the letter covers:

1. The date the bond was paid.
2. The serial number of the bond.
3. The name of the person to whom payment was made.
4. The amount paid.

It is permissible under instructions of the Federal reserve bank to list in groups all bonds paid for the same amount. Federal credit unions will not exercise this option but will list bonds separately in accordance with the foregoing instructions.

The transmittal letter should also show, in keeping with instructions of the Federal reserve bank,

the name of the credit union, the date the shipment was forwarded, the total amount paid on bonds in the shipment, the total number of bonds in the shipment, and the manner in which remittance shall be made to the credit union.

COMPENSATION FOR SERVICE AS PAYING AGENT

The compensation received for serving as a paying agent, which is determined by the number of bonds handled, will be credited to account No. 409 "Other Income." This credit will be made at the time the remittance is received from the Federal reserve bank.

Forms will be supplied by the Federal reserve bank for presenting claim for the compensation and the credit union should retain in its files a copy of each claim submitted. The copies of the compensation claims will be filed in the folder with the copies of the transmittal letters on bond shipments for which reimbursement has been received. Each compensation claim will be based on the total number of paid bonds shipped within a calendar quarter. Therefore the copies of the transmittal letters applicable to shipments during each calendar quarter should be so segregated and attached to the copy of the claim for compensation on bonds paid in that quarter.

ADJUSTMENTS FOR LOSSES

Adjustments for losses in shipment or for erroneous payments of bonds will be made in accordance with instructions from the Federal reserve bank and the Treasury Department. If any losses occur for which a credit union as paying agent is held responsible, the Regional Representative of the Bureau of Federal Credit Unions serving the credit union should be informed and instructions requested as to the disposition to be made of the loss.

PAYMENTS INVOLVING DISBURSEMENTS IN CASH

Since payment of bonds in cash will require an amendment of the bylaws, the procedure to be followed in handling transactions of this nature will be supplied by the Regional Representative of the Bureau of Federal Credit Unions when the necessary bylaw amendments are approved.

The instructions supplied will cover payments in cash only or by cash, check and share credit. In submitting a request for information on the amendments to be made to the bylaws, the intention of the credit union as to the manner of payment to be followed should be indicated.

PRESENTATION OF ACCOUNT No. 130 IN FINANCIAL STATEMENTS

Account No. 130, "Account Receivable—United States Savings Bonds Paid," should be shown as a separate item in the asset section of the monthly and annual financial and statistical reports prepared by the treasurer.

SUGGESTIONS FOR EFFECTIVE FILING SYSTEMS

GENERAL

The supreme test of the effectiveness of any filing system is the ability to find papers in the file promptly when they are wanted. A simple and natural arrangement of the files is necessary if such effectiveness is to be attained.

One cardinal principle of arrangement is to place like things together by separating the material to be filed into groups or—as the filing expert would say—classify. Classification may be by the kind of record to be handled. Further classification may be made by current or inactive groupings, alphabetical, numerical, or chronological sequences.

No system of filing is prescribed for Federal credit unions, because the needs of each group vary. It is essential, however, that each credit union have a planned filing system.

Plan a well-coordinated filing system that will serve your own credit union adequately, yet without duplication of effort.

SUBJECT FOLDERS

File folders, usually inexpensive manila type, should be set up for each important subject such as Delinquent Loans; Regulation W; Expense Vouchers and Invoices; Trust Accounts; Joint Accounts; Annual Meetings; Circular Letters from the Bureau of Federal Credit Unions; Minutes; Examination Reports; Charter and Bylaws; and Financial and Statistical Reports.

CORRESPONDENCE

The credit union should set up folders labeled with the name of the persons or organizations with which it regularly corresponds, such as Bureau of Federal Credit Unions, State Credit Union League, CUNA Supply Cooperative (or other supply houses), so that all letters with these organizations may be filed together where they may be easily located.

A pending or tickler folder is suggested for letters that require an answer or other action before being permanently filed.

File letters in the folders in date sequence with the latest date on top. Copies of all letters written by the credit union should be kept for the correspondence file. Letters on particularly important subjects may be cross-referenced to a subject folder, if the credit union prefers. Plainly labeled index guides are used to indicate major groupings of material in the files.

COMMITTEES

The various committees and officers of the credit union also may desire a separate folder in the file cabinet where copies of material particularly applicable to their own functions may be placed together. Folders labeled Board of Directors, Credit Committee, Supervisory Committee, Educational Committee, President, and Treasurer, will usually be sufficient for this purpose.

Care should be taken that such confidential records or documents as the supervisory committee's Record of Passbook Verifications are not accessible to unauthorized persons.

LOAN PAPERS

Loan applications, notes, collateral, mortgages, and other loan papers are important records entrusted to credit union officials. They are the legal evidence of the credit union's interest in what is usually its most valuable assets. They contain confidential information and, in many cases, personal documents of value which must be kept both confidential and readily available if the credit union is to serve its borrowers in a business like manner.

The following suggestions are given for methods of filing loan papers.

INDIVIDUAL FOLDERS USED

One practical and efficient method of filing loan applications, notes, chattel lien instruments, stock certificates, insurance policies, and other related loan papers is to prepare a manila file folder for each borrower and keep all papers pertaining to his loan in that folder.

These folders can then be filed for convenient reference in the order in which the individual ledger accounts are filed. It is usually desirable to maintain two files of these loan folders, one of which con-

tains the folders for accounts of members with outstanding unpaid loans, and the other being a file of inactive paid loan accounts. Under this plan, only one folder is prepared for each member and this folder is transferred from the inactive to the active file and vice versa depending upon the status of his loan account.

Loan applications for paid-up loans are filed in the member's individual folder. In addition to the papers mentioned above, such other loan papers as receipts for releases or return of collateral, copies of delinquent loan letters and notices, and statements regarding loan repayment records of the member, may all be filed in these folders, in order that the complete history of each member's loan transactions will be contained in one place.

CARD FILE USED

Another plan, commonly used when there are relatively few collateral loans requiring additional papers, is to clip the loan application to the note and file the two together in a 5 by 8 inch card file in the same order that individual ledgers are filed.

In this case, the chattel liens, insurance policies, stock certificates, and receipts for collateral returned to borrowers, may be filed separately in the correspondence file, under the particular subject heading in the same order that the individual ledger accounts are filed. If the note and loan application file is not made too bulky, these papers may be folded and filed with the notes.

If these important documents cannot be safely kept in the credit union's filing cabinets, it may be advisable to place them in a safe or safety deposit box in a bank with other valuable papers, such as bonds.

After loans are paid in full the loan applications for these paid loans should be retained in an inactive file by book numbers or in such other order as the individual ledgers are filed.

Paid notes should be returned to borrowers promptly. In exceptional cases, the former borrower may have left the field of membership and cannot be located. Since there may be a forwarding address for his mail, it is suggested that such notes be marked "Paid" and mailed to the last-known address of the maker. If the envelope is returned undelivered by the post office, file the envelope with the paid note in the member's individual loan folder or in the correspondence file in a separate folder labeled "Paid notes not returnable", pending possible location of addressee in future.

UNCOLLECTIBLE LOANS

Notes for uncollectible loans charged off to the reserve should be retained in the member's individual loan folder or in a separate folder appropriately tabbed, since they are still evidence of unpaid debts due the credit union.

INSURANCE ON CHATTELS

The credit committee may approve certain loans secured by chattels upon condition that insurance, such as fire and theft insurance be obtained by the borrower and kept in force during the life of the loan. Usually, the premium paid when the loan is granted is sufficient to retain the insurance for a period of one year. In these cases it is desirable for the credit union to follow up prior to the end of the year when the insurance expires to see that the insurance is renewed. It is recommended that this be done for all such loans even though the repayment schedule calls for full payment in less than one year, because the loan may become delinquent and may not be actually paid within the time specified in the note.

FOLLOW-UP PLAN—INSURANCE ON CHATTELS

A good follow-up plan is obtained by preparing 3 by 5 inch cards for such loans giving the required information about the insurance and maintaining these cards in a tickler file by months. For example, 12 index guides labeled for each month of the year are prepared and filed in chronological order.

If a loan is granted in January upon condition that insurance be obtained and kept in force, a card is prepared for that borrower and filed behind the December guide, and cards for other similar loans are prepared and filed in a like manner.

At the beginning of each month, December in this instance, the cards behind the index guide for that month are removed from the tickler file and used in following up to see that the insurance is renewed. Please notice that the card is filed behind the index guide for the month *prior* to the month in which the insurance expires so that there will be ample time to contact the borrower before the expiration date of the insurance.

NONMEMBER COMAKER'S LIABILITY

The "Comaker for Others" section of the standard individual ledger form provides a record of the contingent liability of members on loans to other members. Frequently, nonmembers are also accepted as endorsers, comakers, or guarantors on loans to members. It is, of course, necessary for the credit committee to know the existing contingent liability of such nonmembers on other loans before accepting their signature as adequate security on a prospective loan. In other words "How many notes has this nonmember already cosigned?"

A 3 by 5 inch card form, ruled in the same way as the "Comaker for Others" section of the standard individual ledger form for the recording of this information, is suggested.

These cards should be filed alphabetically according to the name of the nonmember comaker so that his total contingent liability to the credit union may be easily referred to when he is being considered as a prospective comaker on a new loan. Some credit unions, particularly those operating machine bookkeeping systems, maintain the contingent liability of both members and nonmembers in the form of a card file of this kind.

EXTENSION AGREEMENT

The Extension Agreement, Form FCU 115, is universally filed by fastening it to the original note, the terms of which it modifies.

LOAN APPLICATIONS IN PROCESS

Applications for loans are generally received in the office of the credit union by the treasurer and held by him until the next regular meeting of the credit committee when they are presented for their approval or rejection. This is also true of applications for share withdrawals that require approval of the credit committee.

It is suggested that the treasurer prepare a folder or envelope labeled "For Credit Committee Action" in which such loan applications and applications for share withdrawals may be held pending the date of the next meeting of the committee.

After being acted upon by the credit committee the approved loan applications are turned over to the treasurer for preparation of the note and check before the loan is granted. In some cases, the borrower must satisfy certain prerequisites set up by the credit committee before the loan check can be properly given to him. In other cases, the treasurer might have to prepare an insurance or chattel mortgage tickler card before the note and loan applications are permanently filed.

To prevent overlooking these details, separate folders tabbed "Awaiting Loan Check" or "Note to be Filed" may serve as a suspense file for these loans. One "Loans-Suspense" folder should suffice for all such cases in smaller credit unions.

This suspense file idea has helped many treasurers to eliminate exceptions to loans resulting from the fact that the treasurer forgot to do something after filing the loan papers in the permanent file.

MONTHLY SCHEDULE OF DELINQUENT LOANS

The monthly Schedule of Delinquent Loans, form FCU 118, may be filed in consecutive order by months in a separate correspondence folder or may be filed with the financial and statistical report for the respective month.

DELINQUENT LOAN NOTICES

Delinquent loan notices or letters are written in triplicate under one method. The original, of course, is sent to the delinquent borrower. The duplicate copy is filed in the loan folder for that member when the individual folder plan described above is followed or else is filed in book number order in a correspondence folder marked "Delinquent Notices". The triplicate copy is filed in a tickler file tabbed 1 to 30 under an appropriate follow-up date in order that further action may be taken with respect to that delinquent loan if not paid by that date. It is suggested that delinquency notices always be prepared at least in duplicate so that one copy of all notices or letters sent to each member will be on file in the credit union.

REPORTS

The monthly financial and statistical reports are ordinarily filed in a small post binder or correspondence folder in chronological order. The monthly trial balances are filed with the financial and statistical reports for the respective months or may be kept together by months.

The original copy of the Supervisory Committee Audit Report (Form FCU 110) should be kept by the supervisory committee and filed in order according to the period covered by the audit. A duplicate copy of each audit report should be submitted to the board of directors and may be filed with the minutes of the board meeting at which the report was considered.

Examination reports should be kept in a separate folder and filed according to the date of examination.

RECORD OF PASSBOOK VERIFICATIONS

The supervisory committee's record of passbook verifications (see sample form illustrated in the Manual of Procedure for Supervisory Committees of Federal Credit Unions) is a confidential record that should be kept at all times in the custody of the supervisory committee. This does not necessarily mean that it has to be in the personal possession of a member of the committee, but it should be filed where it is accessible only to the committee members.

MANUALS

Two copies of the Manual of Accounting Procedure for Federal Credit Unions are transmitted to each credit union. These should be kept where they will be readily available to the treasurer and to the supervisory committee for reference purposes. This manual is subject to revision from time to time and the revised pages submitted should be promptly inserted in their appropriate space in the manual. Superseded pages should be removed from the manual at this time. It is suggested that these pages be retained by the credit union and filed together in a folder marked "Superseded Manual Pages".

The Manual of Procedure for Supervisory Committees of Federal Credit Unions should be kept with the committee's copy of the Manual of Accounting Procedure after they have been studied by the members of this committee, so that they will be at hand when needed for reference. A separate folder marked "Supervisory Committee" may be used for filing this committee's instructive material.

PAMPHLETS AND HANDBOOKS

From time to time pamphlets and handbooks are issued to aid officials of the credit union in performing their duties effectively. These should be read carefully and then filed in appropriate folders for ready reference when questions arise affecting the work of the various officials.

SURETY BONDS AND INSURANCE

Surety bonds and insurance policies protecting the funds of the credit union against fire, burglary, and so forth, should be preserved in a safe place.

The faithful performance bond on the treasurer should be kept in a secure place accessible for audit purposes.

Canceled bonds should be retained by the credit union in custody of appropriate officials because there is always the possibility of making claim on the surety for defalcations discovered after the cancellation date which occurred during the period the canceled bond was in force.

Borrowers' protection insurance policies or certificates should also be kept in a secure place.

FILING EQUIPMENT

In new and smaller groups a small metal transfer case is generally adequate to meet correspondence filing requirements. A low cost metal filing cabinet that is supposed to meet all the filing needs of these small credit unions has been purchased by some of these groups.

New credit unions with large potential memberships and the older medium and large size groups should plan for the future before investing large sums in their filing equipment. Equipment of standard sizes that may be added to as the filing requirements of the group expand is flexible and also economical from a long-range viewpoint if care is used to prevent obsolescence of equipment previously acquired.

File trays on wheels for records constantly in use, such as Individual Share and Loan Ledgers, are helpful in permitting the file to be moved to the several positions in which they are most frequently used.

Colored index guides to indicate special characteristics are used to assist in locating material in the files. Other devices of varying degrees of cost and usefulness are offered by particular manufacturers of equipment. A great deal of sales resistance is often necessary to prevent being "oversold" on such equipment, but many good ideas may be obtained by a visit to one or two office equipment and supply houses.

Where space is an important consideration, it is well to remember that counter-height file cabinets may serve a double purpose while conserving space.

IMPORTANCE OF SAFEGUARDING RECORDS

It is important that outstanding notes, collateral, documents representing investments, undeposited cash receipts, petty cash and change funds, United States Savings Bonds received by the credit union on consignment from the Federal reserve bank be carefully filed and properly safeguarded against fire, theft, access by unauthorized persons and other hazards. This also applies to records of a permanent nature difficult to replace including the charter, bylaws, minutes, surety bonds, journals, and ledgers.

Safes, file cabinets, or similar equipment with key or combination locks and features protecting against fire, dust, and vermin should be obtained when possible for these funds and important papers.

DESTRUCTION OF OBSOLETE RECORDS

GENERAL

After a period of years, a credit union's files become crowded and the question arises whether certain records are any longer of value. It is rightly thought that material which occupies space unnecessarily is costly and hampers the finding of essential material. Efficiency requires that all records no longer useful be discarded, just as both efficiency and safety require that useful records be preserved and kept readily available.

The destruction of any record of a Federal credit union, regardless of how inconsequential it may seem or how old it may have become, is a matter requiring careful consideration and specific authorization by the board of directors.

Before a decision is reached to destroy any record, its potential future value and the risk involved by its destruction should be fully explored. If, however, it becomes necessary to destroy certain records, the following guide will enable you to determine which records may be destroyed.

RECORDS WHICH MAY NOT BE DESTROYED—GENERAL

No records may be destroyed with respect to any member's active account unless that account has been verified by the supervisory committee within the last two years in accordance with one of the methods prescribed in the Manual of Procedure for Supervisory Committees of Federal Credit Unions.

No records may be destroyed with respect to any member's closed account unless that account has been verified by the supervisory committee either while it was an open or active account or after the account was closed.

MINIMUM TIME WITHIN WHICH RECORDS MAY NOT BE DESTROYED

All records should be retained for five years or the period prescribed by the statute of limitations of the State in which the credit union is located whichever is longer. Legal advice with respect to the application of the statute of limitations is necessary for a full consideration of this subject.

RECORDS WHICH MAY BE DESTROYED

The following records may be destroyed upon authorization by the board of directors:

1. Cash Received Vouchers (Form FCU 105) and Cash Collection and Payroll Deduction Sheets (Forms FCU 105A, 105B, 105C, and 105D).
2. Cash Disbursed Vouchers (Form FCU 106).
3. Journal Vouchers (Form FCU 106-A).
4. Paid notes, bills, and invoices.
5. Applications for Share Withdrawals (Form FCU 114).
6. Authorization for Application of Shares to Loans (Form FCU 117).
7. Loan Applications (Form FCU 200).
8. Voided and canceled checks.
9. Examination reports received from the Farm Credit Administration, the Federal Deposit Insurance Corporation, and the Bureau of Federal Credit Unions.
10. Used bank books and duplicate copies of bank deposit slips.
11. Bank statements.
12. Dividend Work Sheet and Payment Records (Form FCU 112).
13. Monthly proof tapes of individual share and loan ledgers.
14. Trial Balances (Form FCU 116).
15. Monthly Financial and Statistical Reports (Form FCU 109).
16. Schedules of Delinquent Loans (Form FCU 118).
17. Used or canceled passbooks returned by members.
18. Correspondence of a general nature, except official instructions or documents permanent in character; e. g., letters and approved copies of samples received from the Farm Credit Administration, the Federal Deposit Insurance Corporation, and the Bureau of Federal Credit Unions covering the use of special forms.

RECORDS WHICH MAY NEVER BE DESTROYED

The following may not be destroyed but must be permanently retained in the files of the credit union:

1. Charter, bylaws, and amendments.
2. Certificates authorizing permanent change funds.
3. Certifications to act as issuing agent for the sale of U. S. Savings Bonds.
4. Licenses to operate under Regulation W.
5. Documents evidencing the investment of funds of the credit union.
6. Documents evidencing the pledge of assets with third persons.
7. Manuals, circular letters, and other official instructions and correspondence of a permanent character received from the Bureau of Federal Credit Unions, the Federal Deposit Insurance Corporation, the Farm Credit Administration, the Board of Governors of the Federal Reserve System, or the Federal Reserve Bank of the district in which the credit union is located.
8. Minutes of meetings of the members, board of directors, credit committee, and supervisory committee (including the supervisory committee's record of passbook verifications).
9. One copy of each Supervisory Committee Audit Report (Form FCU 110).
10. One copy of each annual (December 31) Financial and Statistical Report (Form FCU 109).
11. Signature cards (Applications for Membership—Form FCU 150).
12. Joint Membership Agreements (Form FCU 202, 202A, and 202B), and Joint Share Account Agreements (Form FCU 123).
13. Applications for trust account.
14. Journal and Cash Record (Form FCU 101).
15. General Ledger (Form FCU 102).
16. Individual Share and Loan Ledger (Form FCU 103, 103A, 103B, 103C, 103D, 103E, and 103F) and any other subsidiary ledgers supporting control accounts in the General Ledger.
17. Expense Ledger (Form FCU 104).
18. Record of U. S. Savings Bonds Received (Form FCU 119).
19. Record of Cash Received from Sales of U. S. Savings Bonds (Form FCU 120).
20. Bank Reconcilements (Form FCU 108).

Any records not listed should be made the subject of special correspondence with the Regional Representative of the Bureau of Federal Credit Unions before destruction is decided upon.

SHARE MONTH DIVIDEND TABLES
AMOUNT OF DIVIDEND PER SHARE MONTH

AT 2% PER YEAR				AT 2½% PER YEAR			
Share Month	Dividend	Share Month	Dividend	Share Month	Dividend	Share Month	Dividend
1	.01	58	.48	1	.01	58	.60
2	.02	59	.49	2	.02	59	.61
3	.02	60	.50	3	.03	60	.62
4	.03	61	.51	4	.04	61	.63
5	.04	62	.52	5	.05	62	.65
6	.05	63	.52	6	.06	63	.66
7	.06	64	.53	7	.07	64	.67
8	.07	65	.54	8	.08	65	.68
9	.07	66	.55	9	.09	66	.69
10	.08	67	.56	10	.10	67	.70
11	.09	68	.57	11	.11	68	.71
12	.10	69	.57	12	.12	69	.72
13	.11	70	.58	13	.14	70	.73
14	.12	71	.59	14	.15	71	.74
15	.12	72	.60	15	.16	72	.75
16	.13	73	.61	16	.17	73	.76
17	.14	74	.62	17	.18	74	.77
18	.15	75	.62	18	.19	75	.78
19	.16	76	.63	19	.20	76	.79
20	.17	77	.64	20	.21	77	.80
21	.17	78	.65	21	.22	78	.81
22	.18	79	.66	22	.23	79	.82
23	.19	80	.67	23	.24	80	.83
24	.20	81	.67	24	.25	81	.84
25	.21	82	.68	25	.26	82	.85
26	.22	83	.69	26	.27	83	.86
27	.22	84	.70	27	.28	84	.87
28	.23	85	.71	28	.29	85	.88
29	.24	86	.72	29	.30	86	.90
30	.25	87	.72	30	.31	87	.91
31	.26	88	.73	31	.32	88	.92
32	.27	89	.74	32	.33	89	.93
33	.27	90	.75	33	.34	90	.94
34	.28	91	.76	34	.35	91	.95
35	.29	92	.77	35	.36	92	.96
36	.30	93	.77	36	.37	93	.97
37	.31	94	.78	37	.39	94	.98
38	.32	95	.79	38	.40	95	.99
39	.32	96	.80	39	.41	96	1.00
40	.33	97	.81	40	.42	97	1.01
41	.34	98	.82	41	.43	98	1.02
42	.35	99	.82	42	.44	99	1.03
43	.36	100	.83	43	.45	100	1.04
44	.37	200	1.67	44	.46	200	2.08
45	.37	300	2.50	45	.47	300	3.12
46	.38	400	3.33	46	.48	400	4.16
47	.39	500	4.17	47	.49	500	5.20
48	.40	600	5.00	48	.50	600	6.24
49	.41	700	5.83	49	.51	700	7.28
50	.42	800	6.67	50	.52	800	8.32
51	.42	900	7.50	51	.53	900	9.36
52	.43	1000	8.33	52	.54	1000	10.40
53	.44	2000	16.67	53	.55	2000	20.80
54	.45	3000	25.00	54	.56	3000	31.20
55	.46	4000	33.33	55	.57	4000	41.60
56	.47	5000	41.67	56	.58	5000	52.00
57	.47			57	.59		

AMOUNT OF DIVIDEND PER SHARE MONTH

AT 3% PER YEAR				AT 3½% PER YEAR			
Share Month	Dividend	Share Month	Dividend	Share Month	Dividend	Share Month	Dividend
1	.01	58	.73	1	.01	58	.85
2	.03	59	.74	2	.03	59	.86
3	.04	60	.75	3	.04	60	.87
4	.05	61	.76	4	.06	61	.89
5	.06	62	.77	5	.07	62	.90
6	.07	63	.79	6	.09	63	.92
7	.09	64	.80	7	.10	64	.93
8	.10	65	.81	8	.12	65	.95
9	.11	66	.83	9	.13	66	.96
10	.13	67	.84	10	.15	67	.98
11	.14	68	.85	11	.16	68	.99
12	.15	69	.86	12	.17	69	1.01
13	.16	70	.87	13	.19	70	1.02
14	.17	71	.89	14	.20	71	1.04
15	.19	72	.90	15	.22	72	1.05
16	.20	73	.91	16	.23	73	1.06
17	.21	74	.93	17	.25	74	1.08
18	.23	75	.94	18	.26	75	1.09
19	.24	76	.95	19	.28	76	1.11
20	.25	77	.96	20	.29	77	1.12
21	.26	78	.97	21	.31	78	1.14
22	.27	79	.99	22	.32	79	1.15
23	.29	80	1.00	23	.34	80	1.17
24	.30	81	1.01	24	.35	81	1.18
25	.31	82	1.03	25	.36	82	1.20
26	.33	83	1.04	26	.38	83	1.21
27	.34	84	1.05	27	.39	84	1.22
28	.35	85	1.06	28	.41	85	1.24
29	.36	86	1.07	29	.42	86	1.25
30	.37	87	1.09	30	.44	87	1.27
31	.39	88	1.10	31	.45	88	1.28
32	.40	89	1.11	32	.47	89	1.30
33	.41	90	1.13	33	.48	90	1.31
34	.43	91	1.14	34	.50	91	1.33
35	.44	92	1.15	35	.51	92	1.34
36	.45	93	1.16	36	.52	93	1.36
37	.46	94	1.17	37	.54	94	1.37
38	.47	95	1.19	38	.55	95	1.39
39	.49	96	1.20	39	.57	96	1.40
40	.50	97	1.21	40	.58	97	1.41
41	.51	98	1.23	41	.60	98	1.43
42	.53	99	1.24	42	.61	99	1.44
43	.54	100	1.25	43	.63	100	1.46
44	.55	200	2.50	44	.64	200	2.92
45	.56	300	3.75	45	.66	300	4.38
46	.57	400	5.00	46	.67	400	5.84
47	.59	500	6.25	47	.69	500	7.30
48	.60	600	7.50	48	.70	600	8.76
49	.61	700	8.75	49	.71	700	10.22
50	.63	800	10.00	50	.73	800	11.68
51	.64	900	11.25	51	.74	900	13.14
52	.65	1000	12.50	52	.76	1000	14.60
53	.66	2000	25.00	53	.77	2000	29.20
54	.67	3000	37.50	54	.79	3000	43.80
55	.69	4000	50.00	55	.80	4000	58.40
56	.70	5000	62.50	56	.82	5000	73.00
57	.71			57	.83		

AMOUNT OF DIVIDEND PER SHARE MONTH

AT 4% PER YEAR				AT 4½% PER YEAR				AT 4.8% PER YEAR			
Sh. Mo.	Div.	Sh. Mo.	Div.	Sh. Mo.	Div.	Sh. Mo.	Div.	Sh. Mo.	Div.	Sh. Mo.	Div.
1	.02	58	.97	1	.02	58	1.09	1	.02	58	1.16
2	.03	59	.98	2	.04	59	1.11	2	.04	59	1.18
3	.05	60	1.00	3	.06	60	1.13	3	.06	60	1.20
4	.07	61	1.02	4	.08	61	1.14	4	.08	61	1.22
5	.08	62	1.03	5	.09	62	1.16	5	.10	62	1.24
6	.10	63	1.05	6	.11	63	1.18	6	.12	63	1.26
7	.12	64	1.07	7	.13	64	1.20	7	.14	64	1.28
8	.13	65	1.08	8	.15	65	1.22	8	.16	65	1.30
9	.15	66	1.10	9	.17	66	1.24	9	.18	66	1.32
10	.17	67	1.12	10	.19	67	1.26	10	.20	67	1.34
11	.18	68	1.13	11	.21	68	1.28	11	.22	68	1.36
12	.20	69	1.15	12	.23	69	1.29	12	.24	69	1.38
13	.22	70	1.17	13	.24	70	1.31	13	.26	70	1.40
14	.23	71	1.18	14	.26	71	1.33	14	.28	71	1.42
15	.25	72	1.20	15	.28	72	1.35	15	.30	72	1.44
16	.27	73	1.22	16	.30	73	1.37	16	.32	73	1.46
17	.28	74	1.23	17	.32	74	1.39	17	.34	74	1.48
18	.30	75	1.25	18	.34	75	1.41	18	.36	75	1.50
19	.32	76	1.27	19	.36	76	1.43	19	.38	76	1.52
20	.33	77	1.28	20	.38	77	1.44	20	.40	77	1.54
21	.35	78	1.30	21	.39	78	1.46	21	.42	78	1.56
22	.37	79	1.32	22	.41	79	1.48	22	.44	79	1.58
23	.38	80	1.33	23	.43	80	1.50	23	.46	80	1.60
24	.40	81	1.35	24	.45	81	1.52	24	.48	81	1.62
25	.42	82	1.37	25	.47	82	1.54	25	.50	82	1.64
26	.43	83	1.38	26	.49	83	1.56	26	.52	83	1.66
27	.45	84	1.40	27	.51	84	1.58	27	.54	84	1.68
28	.47	85	1.42	28	.53	85	1.59	28	.56	85	1.70
29	.48	86	1.43	29	.54	86	1.61	29	.58	86	1.72
30	.50	87	1.45	30	.56	87	1.63	30	.60	87	1.74
31	.52	88	1.47	31	.58	88	1.65	31	.62	88	1.76
32	.53	89	1.48	32	.60	89	1.67	32	.64	89	1.78
33	.55	90	1.50	33	.62	90	1.69	33	.66	90	1.80
34	.57	91	1.52	34	.64	91	1.71	34	.68	91	1.82
35	.58	92	1.53	35	.66	92	1.73	35	.70	92	1.84
36	.60	93	1.55	36	.68	93	1.74	36	.72	93	1.86
37	.62	94	1.57	37	.69	94	1.76	37	.74	94	1.88
38	.63	95	1.58	38	.71	95	1.78	38	.76	95	1.90
39	.65	96	1.60	39	.73	96	1.80	39	.78	96	1.92
40	.67	97	1.62	40	.75	97	1.82	40	.80	97	1.94
41	.68	98	1.63	41	.77	98	1.84	41	.82	98	1.96
42	.70	99	1.65	42	.79	99	1.86	42	.84	99	1.98
43	.72	100	1.67	43	.81	100	1.88	43	.86	100	2.00
44	.73	200	3.33	44	.83	200	3.75	44	.88	200	4.00
45	.75	300	5.00	45	.84	300	5.63	45	.90	300	6.00
46	.77	400	6.67	46	.86	400	7.50	46	.92	400	8.00
47	.78	500	8.33	47	.88	500	9.38	47	.94	500	10.00
48	.80	600	10.00	48	.90	600	11.25	48	.96	600	12.00
49	.82	700	11.67	49	.92	700	13.13	49	.98	700	14.00
50	.83	800	13.33	50	.94	800	15.00	50	1.00	800	16.00
51	.85	900	15.00	51	.96	900	16.88	51	1.02	900	18.00
52	.87	1000	16.67	52	.98	1000	18.75	52	1.04	1000	20.00
53	.88	2000	33.33	53	.99	2000	37.50	53	1.06	2000	40.00
54	.90	3000	50.00	54	1.01	3000	56.25	54	1.08	3000	60.00
55	.92	4000	66.67	55	1.03	4000	75.00	55	1.10	4000	80.00
56	.93	5000	83.33	56	1.05	5000	93.75	56	1.12	5000	100.00
57	.95			57	1.07			57	1.14		

AMOUNT OF DIVIDEND PER SHARE MONTH

AT 5% PER YEAR				AT 5½% PER YEAR				AT 6% PER YEAR			
Sh. Mo.	Div.	Sh. Mo.	Div.	Sh. Mo.	Div.	Sh. Mo.	Div.	Sh. Mo.	Div.	Sh. Mo.	Div.
1	.02	58	1.21	1	.02	58	1.33	1	.03	58	1.45
2	.04	59	1.23	2	.05	59	1.35	2	.05	59	1.48
3	.06	60	1.25	3	.07	60	1.38	3	.08	60	1.50
4	.08	61	1.27	4	.09	61	1.40	4	.10	61	1.53
5	.10	62	1.29	5	.11	62	1.42	5	.13	62	1.55
6	.13	63	1.31	6	.14	63	1.44	6	.15	63	1.58
7	.15	64	1.33	7	.16	64	1.47	7	.18	64	1.60
8	.17	65	1.35	8	.18	65	1.49	8	.20	65	1.63
9	.19	66	1.38	9	.21	66	1.51	9	.23	66	1.65
10	.21	67	1.40	10	.23	67	1.54	10	.25	67	1.68
11	.23	68	1.42	11	.25	68	1.56	11	.28	68	1.70
12	.25	69	1.44	12	.28	69	1.58	12	.30	69	1.73
13	.27	70	1.46	13	.30	70	1.60	13	.33	70	1.75
14	.29	71	1.48	14	.32	71	1.63	14	.35	71	1.78
15	.31	72	1.50	15	.34	72	1.65	15	.38	72	1.80
16	.33	73	1.52	16	.37	73	1.67	16	.40	73	1.83
17	.35	74	1.54	17	.39	74	1.70	17	.43	74	1.85
18	.38	75	1.56	18	.41	75	1.72	18	.45	75	1.88
19	.40	76	1.58	19	.44	76	1.74	19	.48	76	1.90
20	.42	77	1.60	20	.46	77	1.76	20	.50	77	1.93
21	.44	78	1.63	21	.48	78	1.79	21	.53	78	1.95
22	.46	79	1.65	22	.50	79	1.81	22	.55	79	1.98
23	.48	80	1.67	23	.53	80	1.83	23	.58	80	2.00
24	.50	81	1.69	24	.55	81	1.86	24	.60	81	2.03
25	.52	82	1.71	25	.57	82	1.88	25	.63	82	2.05
26	.54	83	1.73	26	.60	83	1.90	26	.65	83	2.08
27	.56	84	1.75	27	.62	84	1.93	27	.68	84	2.10
28	.58	85	1.77	28	.64	85	1.95	28	.70	85	2.13
29	.60	86	1.79	29	.66	86	1.97	29	.73	86	2.15
30	.63	87	1.81	30	.69	87	1.99	30	.75	87	2.18
31	.65	88	1.83	31	.71	88	2.02	31	.78	88	2.20
32	.67	89	1.85	32	.73	89	2.04	32	.80	89	2.23
33	.69	90	1.88	33	.76	90	2.06	33	.83	90	2.25
34	.71	91	1.90	34	.78	91	2.09	34	.85	91	2.28
35	.73	92	1.92	35	.80	92	2.11	35	.88	92	2.30
36	.75	93	1.94	36	.83	93	2.13	36	.90	93	2.33
37	.77	94	1.96	37	.85	94	2.15	37	.93	94	2.35
38	.79	95	1.98	38	.87	95	2.18	38	.95	95	2.38
39	.81	96	2.00	39	.89	96	2.20	39	.98	96	2.40
40	.83	97	2.02	40	.92	97	2.22	40	1.00	97	2.43
41	.85	98	2.04	41	.94	98	2.25	41	1.03	98	2.45
42	.88	99	2.06	42	.96	99	2.27	42	1.05	99	2.48
43	.90	100	2.08	43	.99	100	2.29	43	1.08	100	2.50
44	.92	200	4.17	44	1.01	200	4.58	44	1.10	200	5.00
45	.94	300	6.25	45	1.03	300	6.87	45	1.13	300	7.50
46	.96	400	8.33	46	1.05	400	9.17	46	1.15	400	10.00
47	.98	500	10.42	47	1.08	500	11.46	47	1.18	500	12.50
48	1.00	600	12.50	48	1.10	600	13.75	48	1.20	600	15.00
49	1.02	700	14.58	49	1.12	700	16.04	49	1.23	700	17.50
50	1.04	800	16.67	50	1.15	800	18.33	50	1.25	800	20.00
51	1.06	900	18.75	51	1.17	900	20.62	51	1.28	900	22.50
52	1.08	1000	20.83	52	1.19	1000	22.92	52	1.30	1000	25.00
53	1.10	2000	41.67	53	1.21	2000	45.83	53	1.33	2000	50.00
54	1.13	3000	62.50	54	1.24	3000	68.75	54	1.35	3000	75.00
55	1.15	4000	83.33	55	1.26	4000	91.67	55	1.38	4000	100.00
56	1.17	5000	104.17	56	1.28	5000	114.58	56	1.40	5000	125.00
57	1.19			57	1.31			57	1.43		

**INTEREST TABLE FOR USE OF
FEDERAL CREDIT UNION TREASURERS**

Amounts of interest to collect on unpaid balances of \$500.00 or less,
for periods of 1 week, 1/2 month, and 1 month where interest charged
is equal to rate of 1% per month on unpaid balances

<i>When Unpaid Portion Of Loan Is</i>	<i>Interest At The Rate Of 1% Per Month Is</i>			<i>When Unpaid Portion Of Loan Is</i>	<i>Interest At The Rate Of 1% Per Month Is</i>			<i>When Unpaid Portion Of Loan Is</i>	<i>Interest At The Rate Of 1% Per Month Is</i>				
	(b)	(c)	(d)		(a)	(b)	(c)		(d)	(a)	(b)	(c)	(d)
	<i>For 1 Week</i>	<i>For 1/2 Month</i>	<i>For 1 Month</i>			<i>For 1 Week</i>	<i>For 1/2 Month</i>		<i>For 1 Month</i>		<i>For 1 Week</i>	<i>For 1/2 Month</i>	<i>For 1 Month</i>
\$500	\$1.17	\$2.50	\$5.00	\$69	\$.16	\$.35	\$.69	\$34	\$.08	\$.17	\$.34		
400	.93	2.00	4.00	68	.16	.34	.68	33	.08	.17	.33		
300	.70	1.50	3.00	67	.16	.34	.67	32	.07	.16	.32		
200	.47	1.00	2.00	66	.15	.33	.66	31	.07	.16	.31		
100	.23	.50	1.00	65	.15	.33	.65	30	.07	.15	.30		
99	.23	.50	.99	64	.15	.32	.64	29	.07	.15	.29		
98	.23	.49	.98	63	.15	.32	.63	28	.07	.14	.28		
97	.23	.49	.97	62	.14	.31	.62	27	.06	.14	.27		
96	.22	.48	.96	61	.14	.31	.61	26	.06	.13	.26		
95	.22	.48	.95	60	.14	.30	.60	25	.06	.13	.25		
94	.22	.47	.94	59	.14	.30	.59	24	.06	.12	.24		
93	.22	.47	.93	58	.14	.29	.58	23	.05	.12	.23		
92	.21	.46	.92	57	.13	.29	.57	22	.05	.11	.22		
91	.21	.46	.91	56	.13	.28	.56	21	.05	.11	.21		
90	.21	.45	.90	55	.13	.28	.55	20	.05	.10	.20		
89	.21	.45	.89	54	.13	.27	.54	19	.04	.10	.19		
88	.21	.44	.88	53	.12	.27	.53	18	.04	.09	.18		
87	.20	.44	.87	52	.12	.26	.52	17	.04	.09	.17		
86	.20	.43	.86	51	.12	.26	.51	16	.04	.08	.16		
85	.20	.43	.85	50	.12	.25	.50	15	.04	.08	.15		
84	.20	.42	.84	49	.11	.25	.49	14	.03	.07	.14		
83	.19	.42	.83	48	.11	.24	.48	13	.03	.07	.13		
82	.19	.41	.82	47	.11	.24	.47	12	.03	.06	.12		
81	.19	.41	.81	46	.11	.23	.46	11	.03	.06	.11		
80	.19	.40	.80	45	.11	.23	.45	10	.02	.05	.10		
79	.18	.40	.79	44	.10	.22	.44	9	.02	.05	.09		
78	.18	.39	.78	43	.10	.22	.43	8	.02	.04	.08		
77	.18	.39	.77	42	.10	.21	.42	7	.02	.04	.07		
76	.18	.38	.76	41	.10	.21	.41	6	.01	.03	.06		
75	.18	.38	.75	40	.09	.20	.40	5	.01	.03	.05		
74	.17	.37	.74	39	.09	.20	.39	4	.01	.02	.04		
73	.17	.37	.73	38	.09	.19	.38	3	.01	.02	.03		
72	.17	.36	.72	37	.09	.19	.37	2	.01	.01	.02		
71	.17	.36	.71	36	.08	.18	.36	1	.01	.01	.01		
70	.16	.35	.70	35	.08	.18	.35						

NOTE: To compute interest for periods of time other than those indicated above, divide the figure in column (d), the "one month" figure, by 30 and multiply by the number of days for which interest is to be collected.

**INTEREST TABLE FOR USE OF
FEDERAL CREDIT UNION TREASURERS**

Amounts of interest to collect on unpaid balances of \$500.00 or less,
for periods of 1 week, 1/2 month, and 1 month where interest charged
is equal to rate of 5/6 of 1% per month on unpaid balances

When Unpaid Portion Of Loan Is	Interest At The Rate Of 5/6 Of 1% Per Month Is			When Unpaid Portion Of Loan Is	Interest At The Rate Of 5/6 Of 1% Per Month Is			When Unpaid Portion Of Loan Is	Interest At The Rate Of 5/6 Of 1% Per Month Is					
	(a)	(b)	(c)		(d)	(a)	(b)		(c)	(d)	(a)	(b)	(c)	(d)
	For 1 Week	For 1/2 Month	For 1 Month		For 1 Week	For 1/2 Month	For 1 Month		For 1 Week	For 1/2 Month	For 1 Month			
\$500	\$.96	\$2.09	\$4.17	\$69	\$.13	\$.29	\$.58	\$34	\$.07	\$.14	\$.28			
400	.77	1.67	3.33	68	.13	.29	.57	33	.06	.14	.28			
300	.58	1.25	2.50	67	.13	.28	.56	32	.06	.14	.27			
200	.38	.84	1.67	66	.13	.28	.55	31	.06	.13	.26			
100	.19	.42	.83	65	.13	.27	.54	30	.06	.13	.25			
99	.19	.42	.83	64	.12	.27	.53	29	.06	.12	.24			
98	.19	.41	.82	63	.12	.27	.53	28	.05	.12	.23			
97	.19	.41	.81	62	.12	.26	.52	27	.05	.12	.23			
96	.18	.40	.80	61	.12	.26	.51	26	.05	.11	.22			
95	.18	.40	.79	60	.12	.25	.50	25	.05	.11	.21			
94	.18	.39	.78	59	.11	.25	.49	24	.05	.10	.20			
93	.18	.39	.78	58	.11	.24	.48	23	.04	.10	.19			
92	.18	.39	.77	57	.11	.24	.48	22	.04	.09	.18			
91	.18	.38	.76	56	.11	.24	.47	21	.04	.09	.18			
90	.17	.38	.75	55	.11	.23	.46	20	.04	.09	.17			
89	.17	.37	.74	54	.10	.23	.45	19	.04	.08	.16			
88	.17	.37	.73	53	.10	.22	.44	18	.03	.08	.15			
87	.17	.37	.73	52	.10	.22	.43	17	.03	.07	.14			
86	.17	.36	.72	51	.10	.22	.43	16	.03	.07	.13			
85	.16	.36	.71	50	.10	.21	.42	15	.03	.07	.13			
84	.16	.35	.70	49	.09	.21	.41	14	.03	.06	.12			
83	.16	.35	.69	48	.09	.20	.40	13	.03	.06	.11			
82	.16	.34	.68	47	.09	.20	.39	12	.02	.05	.10			
81	.16	.34	.68	46	.09	.19	.38	11	.02	.05	.09			
80	.15	.34	.67	45	.09	.19	.38	10	.02	.04	.08			
79	.15	.33	.66	44	.08	.19	.37	9	.02	.04	.08			
78	.15	.33	.65	43	.08	.18	.36	8	.02	.04	.07			
77	.15	.32	.64	42	.08	.18	.35	7	.01	.03	.06			
76	.15	.32	.63	41	.08	.17	.34	6	.01	.03	.05			
75	.14	.32	.63	40	.08	.17	.33	5	.01	.02	.04			
74	.14	.31	.62	39	.08	.17	.33	4	.01	.02	.03			
73	.14	.31	.61	38	.07	.16	.32	3	.01	.01	.02			
72	.14	.30	.60	37	.07	.16	.31	2	.01	.01	.02			
71	.14	.30	.59	36	.07	.15	.30	1	.01	.01	.01			
70	.13	.29	.58	35	.07	.15	.29							

NOTE: To compute interest for periods of time other than those indicated above, divide the figure in column (d), the "one month" figure, by 30 and multiply by the number of days for which interest is to be collected.

INTEREST TABLE FOR USE OF FEDERAL CREDIT UNION TREASURERS

Amounts of interest to collect on unpaid balances of \$500.00 or less,
for periods of 1 week, 1/2 month, and 1 month where interest charged
is equal to rate of 3/4 of 1% per month on unpaid balances

When Unpaid Portion Of Loan Is	Interest At The Rate Of 3/4 Of 1% Per Month Is			When Unpaid Portion Of Loan Is	Interest At The Rate Of 3/4 Of 1% Per Month Is			When Unpaid Portion Of Loan Is	Interest At The Rate Of 3/4 Of 1% Per Month Is					
	(a)	(b)	(c)		(d)	(a)	(b)		(c)	(d)	(a)	(b)	(c)	(d)
		For 1 Week	For 1/2 Month		For 1 Month		For 1 Week		For 1/2 Month	For 1 Month		For 1 Week	For 1/2 Month	For 1 Month
\$500	\$.88	\$1.88	\$3.75	\$69	\$.12	\$.26	\$.52	\$34	\$.06	\$.13	\$.26			
400	.70	1.50	3.00	68	.12	.26	.51	33	.06	.12	.25			
300	.53	1.13	2.25	67	.12	.25	.50	32	.06	.12	.24			
200	.35	.75	1.50	66	.12	.25	.50	31	.05	.12	.23			
100	.18	.38	.75	65	.11	.24	.49	30	.05	.11	.23			
99	.17	.37	.74	64	.11	.24	.48	29	.05	.11	.22			
98	.17	.37	.74	63	.11	.24	.47	28	.05	.11	.21			
97	.17	.37	.73	62	.11	.23	.47	27	.05	.10	.20			
96	.17	.36	.72	61	.11	.23	.46	26	.05	.10	.20			
95	.17	.36	.71	60	.11	.23	.45	25	.04	.09	.19			
94	.17	.36	.71	59	.10	.22	.44	24	.04	.09	.18			
93	.16	.35	.70	58	.10	.22	.44	23	.04	.09	.17			
92	.16	.35	.69	57	.10	.21	.43	22	.04	.08	.17			
91	.16	.34	.68	56	.10	.21	.42	21	.04	.08	.16			
90	.16	.34	.68	55	.10	.21	.41	20	.04	.08	.15			
89	.16	.34	.67	54	.10	.20	.41	19	.03	.07	.14			
88	.15	.33	.66	53	.09	.20	.40	18	.03	.07	.14			
87	.15	.33	.65	52	.09	.20	.39	17	.03	.06	.13			
86	.15	.33	.65	51	.09	.19	.38	16	.03	.06	.12			
85	.15	.32	.64	50	.09	.19	.38	15	.03	.06	.11			
84	.15	.32	.63	49	.09	.18	.37	14	.03	.05	.11			
83	.14	.31	.62	48	.08	.18	.36	13	.02	.05	.10			
82	.14	.31	.62	47	.08	.18	.35	12	.02	.05	.09			
81	.14	.31	.61	46	.08	.17	.35	11	.02	.05	.08			
80	.14	.30	.60	45	.08	.17	.34	10	.02	.04	.08			
79	.14	.30	.59	44	.08	.17	.33	9	.02	.03	.07			
78	.14	.30	.59	43	.07	.16	.32	8	.01	.03	.06			
77	.14	.29	.58	42	.07	.16	.32	7	.01	.03	.05			
76	.13	.29	.57	41	.07	.15	.31	6	.01	.02	.05			
75	.13	.28	.56	40	.07	.15	.30	5	.01	.02	.04			
74	.13	.28	.56	39	.07	.15	.29	4	.01	.02	.03			
73	.13	.28	.55	38	.07	.14	.29	3	.01	.01	.02			
72	.13	.27	.54	37	.07	.14	.28	2	.01	.01	.02			
71	.12	.27	.53	36	.06	.14	.27	1	.01	.01	.01			
70	.12	.26	.53	35	.06	.13	.26							

NOTE: To compute interest for periods of time other than those indicated above, divide the figure in column (d), the "one month" figure, by 30 and multiply by the number of days for which interest is to be collected.

**INTEREST TABLE FOR USE OF
FEDERAL CREDIT UNION TREASURERS**

Amounts of interest to collect on unpaid balances of \$500.00 or less,
for periods of 1 week, 1/2 month, and 1 month where interest charged
is equal to rate of 2/3 of 1% per month on unpaid balances

When Unpaid Portion Of Loan Is	Interest At The Rate Of 2/3 Of 1% Per Month Is			When Unpaid Portion Of Loan Is	Interest At The Rate Of 2/3 Of 1% Per Month Is			When Unpaid Portion Of Loan Is	Interest At The Rate Of 2/3 Of 1% Per Month Is				
	(b)	(c)	(d)		(a)	(b)	(c)		(d)	(a)	(b)	(c)	(d)
	For 1 Week	For 1/2 Month	For 1 Month		For 1 Week	For 1/2 Month	For 1 Month		For 1 Week	For 1/2 Month	For 1 Month		
\$500	\$.77	\$1.67	\$3.33	\$69	\$.11	\$.23	\$.46	\$34	\$.05	\$.12	\$.23		
400	.62	1.34	2.67	68	.10	.23	.45	33	.05	.11	.22		
300	.46	1.00	2.00	67	.10	.23	.45	32	.05	.11	.21		
200	.31	.67	1.33	66	.10	.22	.44	31	.05	.11	.21		
100	.15	.34	.67	65	.10	.22	.43	30	.05	.10	.20		
99	.15	.33	.66	64	.10	.22	.43	29	.04	.10	.19		
98	.15	.33	.65	63	.10	.21	.42	28	.04	.10	.19		
97	.15	.33	.65	62	.10	.21	.41	27	.04	.09	.18		
96	.15	.32	.64	61	.09	.21	.41	26	.04	.09	.17		
95	.15	.32	.63	60	.09	.20	.40	25	.04	.09	.17		
94	.14	.32	.63	59	.09	.20	.39	24	.04	.08	.16		
93	.14	.31	.62	58	.09	.20	.39	23	.04	.08	.15		
92	.14	.31	.61	57	.09	.19	.38	22	.03	.08	.15		
91	.14	.31	.61	56	.09	.19	.37	21	.03	.07	.14		
90	.14	.30	.60	55	.08	.19	.37	20	.03	.07	.13		
89	.14	.30	.59	54	.08	.18	.36	19	.03	.07	.13		
88	.14	.30	.59	53	.08	.18	.35	18	.03	.06	.12		
87	.13	.29	.58	52	.08	.18	.35	17	.03	.06	.11		
86	.13	.29	.57	51	.08	.17	.34	16	.02	.06	.11		
85	.13	.29	.57	50	.08	.17	.33	15	.02	.05	.10		
84	.13	.28	.56	49	.08	.17	.33	14	.02	.05	.09		
83	.13	.28	.55	48	.07	.16	.32	13	.02	.05	.09		
82	.13	.28	.55	47	.07	.16	.31	12	.02	.04	.08		
81	.12	.27	.54	46	.07	.16	.31	11	.02	.04	.07		
80	.12	.27	.53	45	.07	.15	.30	10	.02	.04	.07		
79	.12	.27	.53	44	.07	.15	.29	9	.01	.03	.06		
78	.12	.26	.52	43	.07	.15	.29	8	.01	.03	.05		
77	.12	.26	.51	42	.06	.14	.28	7	.01	.03	.05		
76	.12	.26	.51	41	.06	.14	.27	6	.01	.02	.04		
75	.12	.25	.50	40	.06	.14	.27	5	.01	.02	.03		
74	.11	.25	.49	39	.06	.13	.26	4	.01	.02	.03		
73	.11	.25	.49	38	.06	.13	.25	3	.01	.01	.02		
72	.11	.24	.48	37	.06	.13	.25	2	.01	.01	.01		
71	.11	.24	.47	36	.06	.12	.24	1	.01	.01	.01		
70	.11	.24	.47	35	.05	.12	.23						

NOTE: To compute interest for periods of time other than those indicated above, divide the figure in column (d), the "one month" figure, by 30 and multiply by the number of days for which interest is to be collected.

**INTEREST TABLE FOR USE OF
FEDERAL CREDIT UNION TREASURERS**

Amounts of interest to collect on unpaid balances of \$500.00 or less,
for periods of 1 week, 1/2 month, and 1 month where interest charged
is equal to rate of 1/2% per month on unpaid balances

<i>When Unpaid Portion Of Loan Is</i>	<i>Interest At The Rate Of 1/2% Per Month Is</i>			<i>When Unpaid Portion Of Loan Is</i>	<i>Interest At The Rate Of 1/2% Per Month Is</i>			<i>When Unpaid Portion Of Loan Is</i>	<i>Interest At The Rate Of 1/2% Per Month Is</i>				
	(b)	(c)	(d)		(a)	(b)	(c)		(d)	(a)	(b)	(c)	(d)
	<i>For 1 Week</i>	<i>For 1/2 Month</i>	<i>For 1 Month</i>		<i>For 1 Week</i>	<i>For 1/2 Month</i>	<i>For 1 Month</i>		<i>For 1 Week</i>	<i>For 1/2 Month</i>	<i>For 1 Month</i>		
\$500	\$.58	\$1.25	\$2.50	\$69	\$.08	\$.17	\$.35	\$34	\$.04	\$.09	\$.17		
400	.47	1.00	2.00	68	.08	.17	.34	33	.04	.08	.17		
300	.35	.75	1.50	67	.08	.17	.34	32	.04	.08	.16		
200	.23	.50	1.00	66	.08	.17	.33	31	.04	.08	.16		
100	.12	.25	.50	65	.08	.16	.33	30	.04	.08	.15		
99	.12	.25	.50	64	.07	.16	.32	29	.03	.07	.15		
98	.11	.25	.49	63	.07	.16	.32	28	.03	.07	.14		
97	.11	.24	.49	62	.07	.16	.31	27	.03	.07	.14		
96	.11	.24	.48	61	.07	.15	.31	26	.03	.07	.13		
95	.11	.24	.48	60	.07	.15	.30	25	.03	.06	.13		
94	.11	.24	.47	59	.07	.15	.30	24	.03	.06	.12		
93	.11	.23	.47	58	.07	.15	.29	23	.03	.06	.12		
92	.11	.23	.46	57	.07	.14	.29	22	.03	.06	.11		
91	.11	.23	.46	56	.07	.14	.28	21	.02	.05	.11		
90	.11	.23	.45	55	.06	.14	.28	20	.02	.05	.10		
89	.10	.22	.45	54	.06	.14	.27	19	.02	.05	.10		
88	.10	.22	.44	53	.06	.13	.27	18	.02	.05	.09		
87	.10	.22	.44	52	.06	.13	.26	17	.02	.04	.09		
86	.10	.22	.43	51	.06	.13	.26	16	.02	.04	.08		
85	.10	.21	.43	50	.06	.13	.25	15	.02	.04	.08		
84	.10	.21	.42	49	.06	.12	.25	14	.02	.04	.07		
83	.10	.21	.42	48	.06	.12	.24	13	.02	.03	.07		
82	.10	.21	.41	47	.05	.12	.24	12	.01	.03	.06		
81	.09	.20	.41	46	.05	.12	.23	11	.01	.03	.06		
80	.09	.20	.40	45	.05	.11	.23	10	.01	.03	.05		
79	.09	.20	.40	44	.05	.11	.22	9	.01	.02	.05		
78	.09	.20	.39	43	.05	.11	.22	8	.01	.02	.04		
77	.09	.19	.39	42	.05	.11	.21	7	.01	.02	.04		
76	.09	.19	.38	41	.05	.10	.21	6	.01	.02	.03		
75	.09	.19	.38	40	.05	.10	.20	5	.01	.01	.03		
74	.09	.19	.37	39	.05	.10	.20	4	.01	.01	.02		
73	.09	.18	.37	38	.04	.10	.19	3	.01	.01	.02		
72	.08	.18	.36	37	.04	.09	.19	2	.01	.01	.01		
71	.08	.18	.36	36	.04	.09	.18	1	.01	.01	.01		
70	.08	.18	.35	35	.04	.09	.18						

NOTE: To compute interest for periods of time other than those indicated above, divide the figure in column (d), the "one month" figure, by 30 and multiply by the number of days for which interest is to be collected.

**INTEREST TABLE FOR USE OF
FEDERAL CREDIT UNION TREASURERS**

Amounts of interest to collect on unpaid balances of \$500.00 or less,
for periods of 1 week and 2 weeks, when interest charged on the unpaid
balances is 20c per \$100.00 per week, or 10.4% per annum.

When Unpaid Portion Of Loan Is	Interest At The Rate of 20c Per \$100 Per Week Is		When Unpaid Portion Of Loan Is	Interest At The Rate of 20c Per \$100 Per Week Is		When Unpaid Portion Of Loan Is	Interest At The Rate of 20c Per \$100 Per Week Is	
	(a)	(c)		(a)	(c)		(b)	(c)
	For 1 Week	For 2 Weeks		For 1 Week	For 2 Weeks		For 1 Week	For 2 Weeks
\$500	\$1.00	\$2.00	\$69	\$.14	\$.28	\$34	\$.07	\$.14
400	.80	1.60	68	.14	.27	33	.07	.13
300	.60	1.20	67	.13	.27	32	.06	.13
200	.40	.80	66	.13	.26	31	.06	.12
100	.20	.40	65	.13	.26	30	.06	.12
99	.20	.40	64	.13	.26	29	.06	.12
98	.20	.39	63	.13	.25	28	.06	.11
97	.19	.39	62	.12	.25	27	.05	.11
96	.19	.38	61	.12	.24	26	.05	.10
95	.19	.38	60	.12	.24	25	.05	.10
94	.19	.38	59	.12	.24	24	.05	.10
93	.19	.37	58	.12	.23	23	.05	.09
92	.18	.37	57	.11	.23	22	.04	.09
91	.18	.36	56	.11	.22	21	.04	.08
90	.18	.36	55	.11	.22	20	.04	.08
89	.18	.36	54	.11	.22	19	.04	.07
88	.18	.35	53	.11	.21	18	.04	.07
87	.17	.35	52	.10	.21	17	.03	.07
86	.17	.34	51	.10	.20	16	.03	.06
85	.17	.34	50	.10	.20	15	.03	.06
84	.17	.34	49	.10	.20	14	.03	.06
83	.17	.33	48	.10	.19	13	.03	.05
82	.16	.33	47	.09	.19	12	.02	.05
81	.16	.32	46	.09	.18	11	.02	.04
80	.16	.32	45	.09	.18	10	.02	.04
79	.16	.32	44	.09	.18	9	.02	.04
78	.16	.31	43	.09	.17	8	.02	.03
77	.15	.31	42	.08	.17	7	.01	.03
76	.15	.30	41	.08	.16	6	.01	.03
75	.15	.30	40	.08	.16	5	.01	.02
74	.15	.30	39	.08	.16	4	.01	.02
73	.15	.29	38	.08	.15	3	.01	.01
72	.14	.29	37	.07	.15	2	.01	.01
71	.14	.28	36	.07	.14	1	.01	.01
70	.14	.28	35	.07	.14			

NOTE: To compute interest for periods of time other than those indicated above, divide the figure in column (c), the "two week" figure, by 14 and multiply by the number of days for which interest is to be collected.

**INTEREST TABLE FOR USE OF
FEDERAL CREDIT UNION TREASURERS**

Amounts of interest to collect on unpaid balances of \$500.00 or less,
for periods of 1 month and ½ month when interest charged on the outstanding
balances is 80c per month per \$100.00, 4/5 of 1% per month, 9.6% per annum.

When Unpaid Portion Of Loan Is	Interest At The Rate of 80c Per \$100 Per Month Is		When Unpaid Portion Of Loan Is	Interest At The Rate of 80c Per \$100 Per Month Is		When Unpaid Portion Of Loan Is	Interest At The Rate of 80c Per \$100 Per Month Is	
	(a)	(c)		(a)	(c)		(b)	(c)
	For 1 Month	For ½ Month		For 1 Month	For ½ Month		For 1 Month	For ½ Month
\$500	\$4.00	\$2.00	\$69	\$.55	\$.28	\$34	\$.27	\$.14
400	3.20	1.60	68	.54	.27	33	.26	.13
300	2.40	1.20	67	.54	.27	32	.26	.13
200	1.60	.80	66	.53	.26	31	.25	.12
100	.80	.40	65	.52	.26	30	.24	.12
99	.79	.40	64	.51	.26	29	.23	.12
98	.78	.39	63	.50	.25	28	.22	.11
97	.78	.39	62	.50	.25	27	.22	.11
96	.77	.38	61	.49	.24	26	.21	.10
95	.76	.38	60	.48	.24	25	.20	.10
94	.75	.38	59	.47	.24	24	.19	.10
93	.74	.37	58	.46	.23	23	.18	.09
92	.74	.37	57	.46	.23	22	.18	.09
91	.73	.36	56	.45	.22	21	.17	.08
90	.72	.36	55	.44	.22	20	.16	.08
89	.71	.36	54	.43	.22	19	.15	.08
88	.70	.35	53	.42	.21	18	.14	.07
87	.70	.35	52	.42	.21	17	.14	.07
86	.69	.34	51	.41	.20	16	.13	.06
85	.68	.34	50	.40	.20	15	.12	.06
84	.67	.34	49	.39	.20	14	.11	.06
83	.66	.33	48	.38	.19	13	.10	.05
82	.66	.33	47	.38	.19	12	.10	.05
81	.65	.32	46	.37	.18	11	.09	.04
80	.64	.32	45	.36	.18	10	.08	.04
79	.63	.32	44	.35	.18	9	.07	.04
78	.62	.31	43	.34	.17	8	.06	.03
77	.62	.31	42	.34	.17	7	.06	.03
76	.61	.30	41	.33	.16	6	.05	.02
75	.60	.30	40	.32	.16	5	.04	.02
74	.59	.30	39	.31	.16	4	.03	.02
73	.58	.29	38	.30	.15	3	.02	.01
72	.58	.29	37	.30	.15	2	.02	.01
71	.57	.28	36	.29	.14	1	.01	.01
70	.56	.28	35	.28	.14			

NOTE: To compute interest for periods of time other than those indicated above, divide the figure in column (b), the "one month" figure, by 30 and multiply by the number of days for which interest is to be collected.

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