



DCU BULLETIN

Division of Credit Unions

Washington State Department of Financial Institutions

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General Ledger Treatment of Official Checks

Our examiners have recently identified several credit unions who have been reporting official checks, that were drawn on themselves, as contra-assets in the “Cash and Due From” section of the balance sheet. Such treatment is acceptable when the credit union’s official checks are drawn on another financial institution.

However, when drawn on the credit union, any outstanding unpaid checks must be reported as a liability of the credit union. Such a check immediately becomes a liability of the credit union when the member legally purchases it. Under normal circumstance it never becomes reportable on the asset side of the credit union balance sheet. Stale dated official checks are also subject to escheatment to the State of Washington and should be handled just as you would handle an inactive share or deposit account.

Any questions should be directed to Mike Delimont, Examiner Supervisor, at (360) 902-8790.