Extension
University of Missouri

Petty Cash Fund

Some offices have small expenses that are paid in cash; for example, to pay postage, office supplies, and other small items. An amount of cash kept on hand and used for making small payments is called a ***Petty Cash Account****.* The Petty Cash Account is considered an **asset** account. It is recommended that establishment of a Petty Cash Account be approved by the Extension Council.

When money is removed from the Petty Cash box, a **receipt for the amount used should be placed in the Box**. As disbursements occur, they should be recorded immediately in the QuickBooks (QB) Petty Cash Register.

The Issue with Class Codes

Class codes are NOT identified in the Petty Cash Register. Specify Class codes only when writing the check from the Checking Account to replenish the Petty Cash Account. Follow the outline below and the details in appropriate sections of this document. *The recommended procedures for recording petty cash expenditures and replenishing the Petty Cash Box will prevent overstatement of Expenses.*

In the Checking Register, you will …
- use **7001-Petty Cash Disbursement** (or another 7xxx expense account)
- record amount in payment column
- use appropriate Class code(s)
- See section "Replenish the Petty Cash Register"

In the Petty Cash Register, you will..
To show the Deposit to petty Cash from Checking Account
- Create a Deposit transaction using 7001 (or another 7xxx expense account)

To Record Petty Cash expenses as they occur..
- use the appropriate Expense account (i.e. 5100, 3600….)
- record amount in payment column
- **not use** Class code
- see section "Record Expenditures in the Petty Cash Register"

Create a Petty Cash Account

- Under **Chart of Accounts**, Click the **Account** button at bottom of screen.
- Click **New**.
- Place checkmark preceding **Other Account Types**.
- Select **Other Current Asset**.

- In the **Number** field, enter **1450**
- Enter *Petty Cash* in the **Name** field.
- The remaining fields may be left blank. ***Do NOT enter opening balance in this screen!***

Create a Petty Cash Disbursement Expense Account

- Under **Chart of Accounts**, Click the **Account** button at bottom of screen.
- Click **New**.
- Select "**Expense**".
- In the **Number** field, enter **7001 (or another 7xxx number)**
- Enter **Petty Cash Disbursement** in the **Name** field.
- Place a checkmark preceding **"Subaccount"**
- Select **7000** after "Subaccount of"
- The remaining fields may be left blank.

If your office already has an existing Petty Cash fund, then go to **Section A. *Establish Opening Balance for an Existing Petty Cash Fund.***

If your office is creating a Petty Cash Fund for the first time, then go to Section B**. *Establish Opening Balance for New Petty Cash Fund.***

Section A. -- Establish Opening Balance for an Existing Petty Cash Fund

Note: This assumes that there is cash already in the Petty Cash Box!
1. Under the **Chart of Accounts**, double-click on **1450-Petty Cash Account.**
2. Enter the **date** of the opening balance transaction.
3. In the **Increase column,** enter the balance of the Petty Cash Account as of the date specified.
4. Place a checkmark in the checkmark column.
5. In the **Account** field, select **1600-Balance Transfers**
6. In the **Memo** field, describe the transaction as "Opening Balance."
Note: Do NOT enter a Class code !
7. Click the **RECORD button** at lower right of Register screen.

For future deposits to the Petty Cash Fund, go to section "**Replenish the Petty Cash Register**."

Note: Do NOT use a Class Code for the Opening Balance transaction.

Date	Ref	Payee		Decrease	✓	Increase	Balance
	Type	Account	Memo				
12/01/2000					✓	22.00	22.00
	DEP	1600 · Balance Transfers	Opening Balance				

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Section B. - Establish Opening Balance for New Petty Cash Fund.

Note: This assumes that your Office wishes to establish a new Petty Cash Fund. You will write a check from the Checking Account (under the Write Checks screen) and create a Deposit Transaction (under the Petty Cash Register screen).

Create a Check Transaction in Checking Account - part 1...

Account	Amount	Memo	Customer:Job		Class
7000 · Miscellaneous:7001 · Pett	3.74	Certified/Return receipt mail ch			1000 County Approp
7000 · Miscellaneous:7001 · Pett	8.71	Refreshments for 2/22 Reg. Sta			2000 Center Operatio
7000 · Miscellaneous:7001 · Pett	3.38	2 bags kitty litter			3000 Education and

1. Select **Write Checks**.
2. Enter **Date** of check.
3. Select a **Vendor** name (or create a Petty Cash Vendor name as illustrated)
4. Describe transaction in **Memo** field.
5. Select **7001-Petty Cash Disbursement** (or another 7xxx expense account)
6. Enter the amount of the Check.
7. Describe transaction in second **Memo** field.
8. Specify a **Class** code.
9. Click **Save and Close**.
10. Print the Check.   **(go to part 2)**

Then Create a Deposit Transaction in the Petty Cash Register - part 2
1. Under the **Chart of Accounts**, double-click on **1450-Petty Cash Account.**
2. Enter the **date** of the transaction (use same date as Check date in Checking Account).
3. In the **Increase column,** enter the total amount of the Deposit.
4. Place a checkmark in the checkmark column.
5. In the **Account** field, select **7001-Petty Cash Disbursement (or another 7xxx expense account)**
6. In the **Memo** field, describe the transaction as "Transfer from Checking."
7. Note: Do NOT enter a Class code !
8. Click the **RECORD button** at lower right of Register screen.

Record Expenditures in the Petty Cash Register
As disbursements are made from the Petty Cash Account, record the expenses in the Petty Cash Account Register.   The disbursements are recorded in the Petty Cash Account for tracking purposes - similar to the handwritten method.   A **Quick Report** can be generated from the Chart of Accounts Screen and placed in the Petty Cash Fund box.
1. Place Purchase **Receipt** in Petty Cash Box.
2. Open the QB **Petty Cash Register** under Chart of Accounts.
3. Enter **Date** of disbursement.
4. Enter **Payee**
5. Enter the amount in the **Decrease** column.
6. Enter a checkmark in the checkmark column.
7. Select appropriate **Expense account (i.e. 5100, 3600...)**
8. Describe purchase in **Memo** field.
9. Do **NOT** specify a Class code!!!!
10. Click **Record** button.

See sample transactions below. No Class code is specified in the Petty Cash Account.

Date	Ref	Payee		Decrease	✓	Increase	Balance
	Type	Account	Memo				
12/01/2000					✓	22.00	22.00
	DEP	1600 · Balance Transfers	Opening Balance				
12/08/2000		Mail Carrier		1.25	✓		20.75
	GENJRNL	3600 · Postage	Postage due on package				
12/11/2000		Grace Food Service		5.45	✓		15.30
	GENJRNL	5100 · Supplies/Services	Food items for Summer Veg.Class				
12/15/2000		Burris, Donna (v)		12.00	✓		3.30
	GENJRNL	4800 · Reproduction/Copy Services	Special copy services for Real Estate Cl				

A Class code is specified only when a check is written from the checking account to replenish the petty cash account.
To replenish the Petty Cash, see next section**.**

Replenish the Petty Cash Account

When the Petty Cash balance is low, **write a Check from the Checking account** and **record the transaction as a Deposit in the Petty Cash Register.**

Create a Check Transaction in Checking Account - part 1..
1. Use the **Write Check Screen** to generate and print the Check.
2. Enter the **Date**.
3. Enter the **Payee**, for example **"Petty Cash - *Staff name*"**
4. Describe transaction in **Memo** field.
5. Select **7001-Petty Cash** Disbursement (or another 7xxx expense account)
6. Enter Amount.
7. Describe transaction in second **Memo** field.
8. Select appropriate **Class** code(s).
9. Click **Save and Close**.
10. Print the Check.

Note: **Class code** is identified only when Writing a Check from the Checking Account. Class Codes are NOT used when recording deposit or expense transactions in the Petty Cash Register. This method prevents duplication of expense transactions in the Class codes and avoids overstatement of year-to-date expenses.

			No. 10076	
			Date 10/31/2000	
Pay to the Order			$ 21.01	

Twenty-one and 01/100× ×× Dollars

Yvonne Dobey/Petty Cash
260 Brown Road
Address   St. Peters, MO 63376

Memo   Reimb. for supplies

Expenses $21.01 | Items | $0.00 | ☐ To be printed

Account	Amount	Memo	Customer:Job		Class
7000 · Miscellaneous:7001 · Pett	5.17	Supplies/staff conf. on 10/6			1000 County Approp
7000 · Miscellaneous:7001 · Pett	2.38	Supplies/staff conf. on 10/6			1000 County Approp
7000 · Miscellaneous:7001 · Pett	6.48	Supplies/staff conf. on 10/6			1000 County Approp
7000 · Miscellaneous:7001 · Pett	6.98	Supplies/Character Education			1000 County Approp

Create a Deposit in the Petty Cash Register - part 2
1. Under the **Chart of Accounts**, double-click on **1450-Petty Cash Account.**
2. Enter the **date** of the transaction (use same date as Check date in Checking Account).
3. In the **Increase column,** enter the total amount of the Deposit.

4. Place a checkmark in the checkmark column.
5. In the **Account** field, select **7001-Petty Cash Disbursement (or another 7xxx expense account)**
6. In the **Memo** field, describe the transaction as "Transfer from Checking."
7. Note: Do NOT enter a Class code !
8. Click the **RECORD button** at lower right of Register screen.

10/31/2000	Ref	Payee		Decrease	✓	21.01
	DEP	7000 · Miscellaneous:7001 · Petty C.	Transferred from Checking			

Transfer Petty Cash Balance to Checking Bank Account.

In Petty Cash Register, create a transaction to remove the balance.

- Use **1600-**Balance Transfer account
- **No class code**.
- Enter amount in Decrease column.
- Explain in Memo where the money will go.
- Record.

Date	Ref	Payee		Decrease	✓	Increase	Balance
	Type	Account	Memo				
01/01/2012	2					50.00	50.00
	GENJRNL	7000 · Miscellaneous:7001 · Petty (					
01/04/2012	3			20.00			30.00
	GENJRNL	3600 · Postage					
01/10/2012	4			30.00			0.00
	GENJRNL	1600 · Balance Transfers	Transfer Petty Cash bal to Checking				

In Checking Register, enter the amount in the Deposit transaction to **add the amount to other money** that will be deposited in the checking account.

- Use **1600**-**Balance Transfer account.**
- **Select** a class code that will receive the money
- Enter amount in the Amount field
- Explain in Memo where the money came from.
- Record.

Received F...	From Account	Memo	Chk No.	Pmt M...	Class	Amount
	1600 · Balance Transfers	Transferred from Petty Cash		Cash	2000-Center Operations	30.00
	0900 · Resales/Educ Services F...	soil test	12345	Check	3000-Education and Services:3100...	20.00

Reconcile the following reports to be certain the above transactions were created correctly.

Funds Class Balance Report
Balance Sheet Report
Unclassified Transactions Report