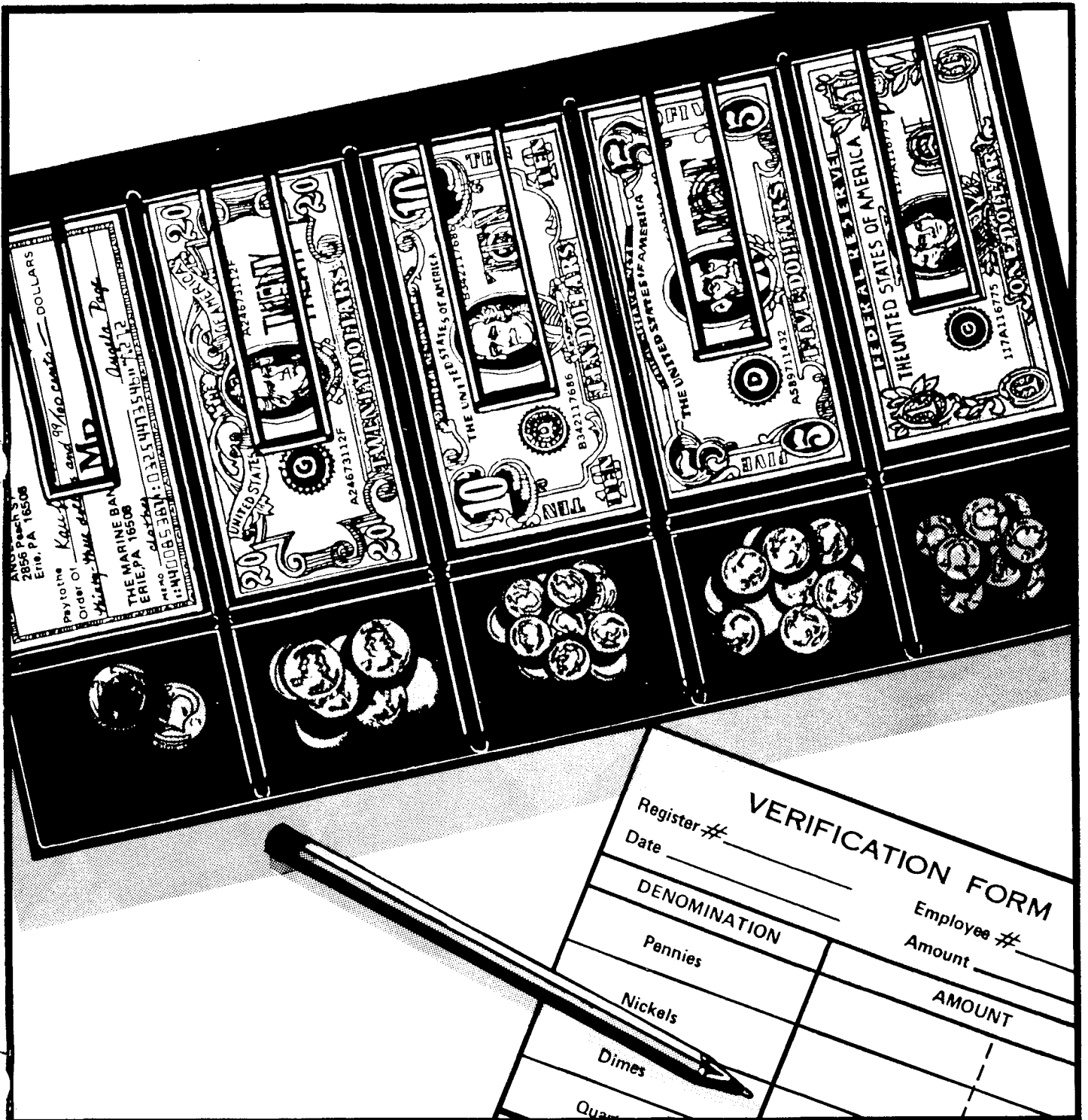


PREPARING CASH DRAWERS

KEY TOPICS

- Change Fund Definition
- Rolled Coins
- Change Fund Verification
- Cash Drawer Arrangement

Mathematics LAP 47
(Career-Sustaining Level)



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OBJECTIVES

- A Accurately verify a change fund.
- B Properly arrange a cash drawer.

Competency Number: MA:388

INSTRUCTIONS:

Individual Activities: The learning activities begin on the next page. Read the information sheets and respond to the review questions. When you have finished, ask your instructor for a copy of a project assignment.

Glossary: A glossary which defines all key terms used in this LAP is provided on page 7.

Practice Test: A test is included on the last page of the LAP so that you can determine whether or not you are capable of achieving the stated objectives. This test can be taken either before or after completing any of the learning activities contained in the LAP.

VERIFYING CHANGE FUNDS

Chuck, a cashier in a local store, begins his work day by preparing his cash register for use. To do this, Chuck obtains his opening change fund, verifies the amount of the change fund, and places the money in the cash drawer.

What is a change fund? Why does Chuck need one? How can he keep enough change in the cash drawer to make change for customers? Is there a proper way for Chuck to place the money in the cash drawer?

The **change fund** is money placed in a cash drawer at the beginning of each work day or each shift to enable cashiers to make change easily. For example, a customer's purchase totals \$2.48; however, the smallest denomination of currency the customer has is a five dollar bill. In order for you to give the customer the correct change, a change fund is needed. Depending on the individual store policy, the change fund may be in the



cash register when you arrive at work, or it may be picked up from the head cashier or supervisor who is responsible for the store's money.

How large are change funds? The amount of the change fund in most stores is determined by the head cashier or manager. Common amounts of change funds are \$50 and \$100. The amount of the change fund can vary from store to store and from cashier to cashier depending on the number and the size of sales expected. Once established, however, the change fund for a cashier will not vary frequently.

Causes for variation in the amount of change funds are

- changes in the number of customers expected in the store and
- customer habits.

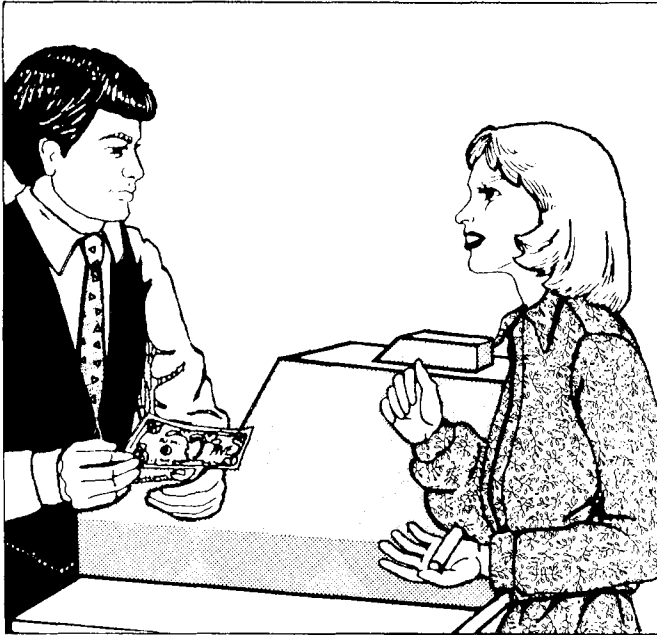
In many stores, the size of the change fund is increased when more customers are expected. For example, change funds might be increased around Christmas or during special sales events. Customer habits can affect the size of change funds. For example, stores get more business on paydays than on other days of the month. Thus, change funds will be increased to accommodate the increased customer spending.



What denominations of money should you expect to find in a change fund? Coins and small denominations of currency usually make up a change fund. The make-up of the change fund does not vary much from day to day. Head cashiers or managers determine the make-up of

the change fund by considering the prices of items sold by the store. For example, if the store sells merchandise for odd amounts such as \$.38 or \$.68, the change fund would require more pennies and small change rather than large bills. On the other hand, if anticipated sales are of items which cost even dollar amounts such as \$2.00, \$8.00, or \$15.00, more small bills would be needed rather than coins.

Throughout the day, check your supply of change to be sure that it is adequate. By doing this, you will know when you need more change. Therefore, you can obtain more change from the head cashier or another cashier before customers have to wait unnecessarily at your cash register. This process of exchanging one denomination of money for a different denomination of equal value is called **buying change**. To buy change, you take currency from the cash register in the amount of change needed and exchange it for the denomination needed. For example, if you are running out of dimes, you could take a five dollar bill from the cash drawer and exchange it for a roll of dimes with the head cashier.



When buying coins, the usual procedure is to buy coins in rolls rather than as loose, individual coins. Coins are sorted by denomination, counted, and inserted into paper wrappers. A standard number of coins of each denomination constitutes a roll of coins. These are as follows:

- 50 pennies per roll = \$.50
- 50 dimes per roll = \$ 5.00
- 40 nickels per roll = \$2.00
- 40 quarters per roll = \$10.00

By knowing the number of coins in a roll and its dollar value, you can increase your efficiency in handling money. For example, rather than unwrapping a roll of nickels and counting each one, you know that you've purchased 40 nickels which equals \$2.00. Thus, your speed in buying and counting change is increased.

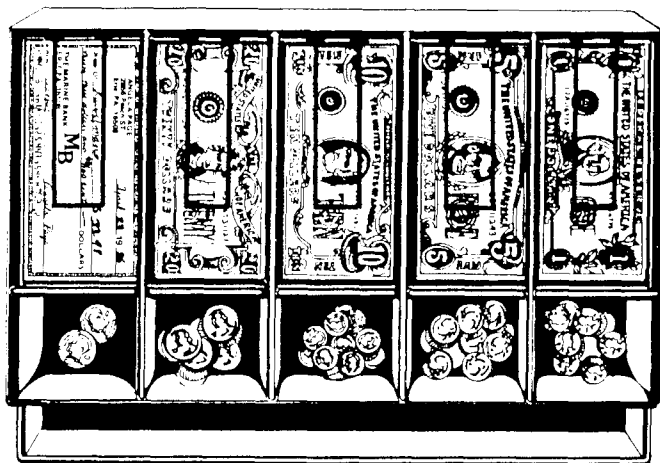
When you receive a change fund from the head cashier or manager, you should verify or recount the fund. This can be done by emptying the contents of the change fund container on a flat counter. If counter space is not available, place a stiff piece of cardboard over the open cash drawer. Once space is prepared, use the following steps to verify your change fund:

1. Count each denomination of coin.
2. Record each amount on a form provided by your business or on the back of a No Sale receipt. The form provided may be similar to the following:

VERIFICATION FORM		
Register #	Employee #	
Date	Amount	
DE NOMINATION	AMOUNT	
Pennies		
Nickels		
Dimes		
Quarters		
\$1 Bills		
\$5 Bills		
\$10 Bills		
\$20 Bills		
TOTAL		
Balance	Over Amount	Under Amount

3. Place coins in proper cash drawer compartments.
4. Repeat steps 1 - 3 for each denomination of currency.
5. Total and compare to the change fund amount. The amounts should be the same. If they are not the same, check your store policy. The store policy will indicate whether to contact the supervisor or to record the difference on a cash account form.

Change funds enable cashiers to make change for customers. The size and make-up of the change fund vary from store to store. Once established, change funds do not vary a great deal for a cashier. Adequate amounts of change should be kept in the cash register. Before the amount of change becomes inadequate, the cashier should buy change from the head cashier or another cashier. Coins are purchased in rolls. A standard number of coins is wrapped in a roll for each denomination. Verify the change fund before placing the change fund in the cash drawer.

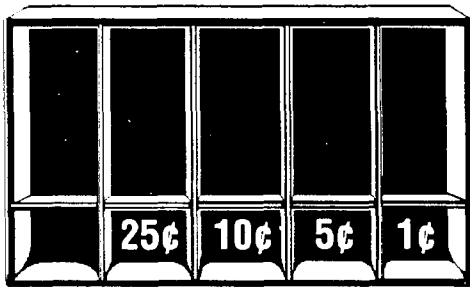


1. What is a "change fund"?
2. Two common amounts of change funds are _____ and _____.
3. Identify two causes for changes in the size of change funds.
4. Why is it important to maintain an adequate amount of change in the cash drawer?
5. What is "buying change"?
6. Explain the process of buying change.
7. Identify the number and total amount of coins in each of the following rolls:
 _____ pennies per roll = \$ _____
 _____ nickels per roll = \$ _____
 _____ dimes per roll = \$ _____
 _____ quarters per roll = \$ _____
8. List five steps in verifying a change fund.

ARRANGING THE CASH DRAWER

One of your steps in verifying the change fund requires you to place the coins and the currency in the appropriate cash drawer compartments. Which ones are they? A cash drawer is divided into ten compartments. The five compartments in the front of the drawer are for coins. These compartments are smaller than the ones in the rear and have rounded bottoms at the front of the compartments. This shape makes removing coins from the drawer easier. The five compartments at the rear of the drawer are for currency. These compartments often have a weight of some type to keep the currency flat.

To arrange a cash drawer, the front section should be arranged with the lowest denomination of coin in the far right-hand compartment. Therefore, place your pennies in the front compartment at the right end of the cash drawer. Coins should be placed in the cash drawer by increasing monetary value from right to left. In other words, place nickels next to pennies, then dimes, and finally quarters.

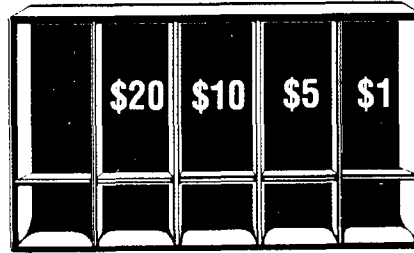


← Increasing Monetary Values

Notice that the compartment on the far left side is empty. This compartment can be used for storing half dollars or unopened rolls of coins. Be sure that you open a roll of coins only when it is needed. This makes it easier to count the change at the end of the day.

Now, let's arrange the currency in the rear section of the cash drawer. Once again, the smallest denomination, \$1 bills, is placed in the compartment at the right. The monetary value of the currency should increase as

you move right to left across the drawer. Therefore, you will end up with currency arranged in the following way:



← Increasing Monetary Values

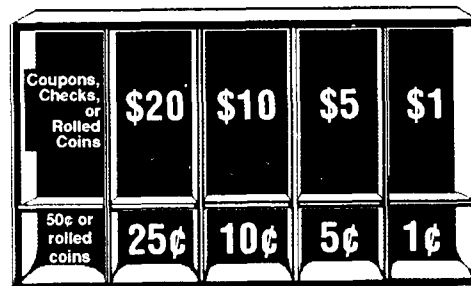
Again, the extreme left-hand compartment is empty. It can be used for store coupons, rolled coins, or checks. Currency larger than \$20 bills should be placed under the cash drawer for security purposes. Check with your supervisor to determine the store's procedures for using the left-hand compartment and for handling large denominations of currency.

When placing currency in the appropriate compartments, be sure that

- the bills are not crumpled — straighten all edges, and
- the bills are facing the same direction.

These practices will help you to make change accurately and quickly.

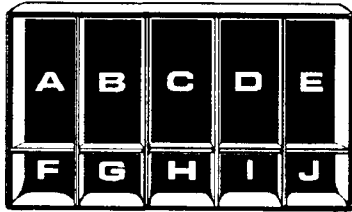
Your cash drawer is ready for operation when it is arranged as in the following illustration:



By arranging coins and currency in a certain order, you become a more efficient change maker.

GLOSSARY

1. Into how many compartments is a cash drawer divided?
2. The front compartments are used for storing _____.
3. The back compartments are used for storing _____.
4. Identify the denomination of money which should be placed in each of the labeled compartments.



- A. _____ F. _____
B. _____ G. _____
C. _____ H. _____
D. _____ I. _____
E. _____ J. _____
5. Identify two steps to follow in placing currency in a cash drawer compartment.
 6. Why should you place money in the cash drawer in a certain order?

1. **BUYING CHANGE:** The process of exchanging one denomination of money for an equal value of another denomination
2. **CASH DRAWER:** The part of the cash register in which money is stored
3. **CASH DRAWER COMPARTMENT:** A division of the cash drawer used to separate denominations of money. Cash drawers are usually divided into ten compartments.
4. **CHANGE FUND:** The money placed in the cash drawer at the beginning of each work day or shift to enable cashiers to make change easily
5. **COINS:** Metallic money
6. **CURRENCY:** Paper money
7. **DENOMINATION:** The value assigned money. Examples of denominations are pennies, quarters, \$1 bills, and \$20 bills.
8. **ROLLED COINS:** A denomination of coin which has been counted and placed in a paper wrapper. The number of coins in a wrapper is determined by the coin's denomination.
9. **VERIFY:** To count or to check the accuracy