

COLLEGE PAYROLL ACCOUNTING (130)

—Post-secondary—

REGIONAL – 2019

Multiple Choice & Short Answer Section:

Multiple Choice (17 @ 2 points each) _____ (34 points)

Short Answers (18 @ 2 points each) _____ (36 points)

Production Portion:

Problem 1: Payroll Items _____ (16 points)

Problem 2: Gross Wage Calculation _____ (40 points)

Problem 3: Hourly with OT Wage Calculation _____ (32 points)

Problem 4: Journal Entry _____ (22 points)

TOTAL POINTS _____ **(180 points)**

Failure to adhere to any of the following rules will result in disqualification:

- 1. Contestant must hand in this test booklet and all printouts. Failure to do so will result in disqualification.**
- 2. No equipment, supplies, or materials other than those specified for this event are allowed in the testing area. No previous BPA tests and/or sample tests or facsimile (handwritten, photocopied, or keyed) are allowed in the testing area.**
- 3. Electronic devices will be monitored according to ACT standards.**

No more than ten (10) minutes orientation
No more than ninety (90) minutes testing time
No more than ten (10) minutes wrap-up

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Workplace Skills Assessment Program competition.

General Instructions

You have been hired as a Financial Assistant and will be keeping the accounting records for Professional Business Associates, located at 5454 Cleveland Avenue, Columbus, Ohio 43231. Professional Business Associates provides accounting and other financial services for clients. You will complete jobs for Professional Business Associates' own accounting records, as well as for clients.

You will have ninety (90) minutes to complete your work. The test is divided into two parts. The multiple choice and short answer questions should be completed first, and then the accounting problems may be completed in any order.

Your name and/or school name should *not* appear on any work you submit for grading. Write your contestant number in the provided space. Staple all pages in order before you turn in your test.

Assumptions to make when taking this assessment:

- Calculate all calculations to four (4) decimals, then round to the nearest cent.
- 2018 Payroll Tax Rules Apply
- Social Security (OASDI): 6.2% on the first \$128,700
- Medicare (HI): 1.45%
- FUTA: .6% on first \$7,000 of employee wages
- SUTA: Information is in each question
- Overtime paid as time and a half unless otherwise noted

MULTIPLE CHOICE (34 points, 2 each)

Identify the letter of the choice that best completes the statement or answers the question.

1. U.S. Citizenship and Immigration Services requires the _____ form to be filled out by each employee.
 - a. W-4
 - b. I-9
 - c. W-2
 - d. SS-4

2. If an employee has gross wages of \$452.38 and the employee earns \$11.75 per hours, how many hours did the employee work?
 - a. 36
 - b. 38.75
 - c. 37
 - d. 38.50

3. The Federal minimum hourly wage for an employee in 2018 was
 - a. \$10.00
 - b. \$7.50
 - c. \$8.25
 - d. \$7.25

4. The Internal Revenue Service requires the _____ form to be filled out by each employee.
 - a. W-4
 - b. I-9
 - c. W-2
 - d. SS-4

5. What does FUTA stand for?
 - a. Federal Unemployment Tax Assessment
 - b. Federal Unemployment Tax Act
 - c. Federal Unemployment Tariff Act
 - d. Federal Unemployment Tariff Assessment

6. _____ are the state and federal taxes that you, as an employer, are required to withhold and/or to pay on behalf of your employees.
 - a. Federal unemployment taxes
 - b. State unemployment taxes
 - c. Payroll taxes
 - d. Both a and b

7. Social Security and Medicare Taxes are paid by _____.
 - a. Employee
 - b. Employer
 - c. Federal government
 - d. Both employee and employer

8. FLSA stands for
 - a. Federal Leave Standards Act
 - b. Federal Leave and Security Act
 - c. Federal Labor Standards Act
 - d. None of the above

9. Mickey Mouse is a salaried employee whose annual salary is \$42,125. How much is his semi-monthly salary?
 - a. \$1,620.19
 - b. \$1,755.21
 - c. \$810.10
 - d. \$1,685.00

10. Donald Duck works at an hourly job and makes \$11.22 per hour. If Donald works 40 hours in one week, what is Donald's FICA withholding?
 - a. \$34.33
 - b. \$27.83
 - c. \$6.51
 - d. \$22.44

11. An example of a required payroll tax deduction on a paystub is:
 - a. 401(K)
 - b. FUTA
 - c. Medical Insurance
 - d. FICA

12. If you employ an independent contractor, how much must they earn in a year for you to issue a 1099MISC?
 - a. \$750
 - b. \$1,000
 - c. \$650
 - d. \$600

Answer Questions #13-17 for the Mouse Corporation with this data: Mouse has 5 employees; 2 earn \$10.25 per hour, 1 is on salary for \$43,200 per year, 2 earn \$14.80 per hour. All employees work 40 hours per week and are paid bi-weekly.

13. What are the bi-weekly gross wages for the Mouse employees?
 - a. \$5,669.54
 - b. \$5,808.00
 - c. \$2,834.77
 - d. None of the above

14. What will the HI Liability be for Mouse's portion of Medicare Tax?
 - a. \$84.21
 - b. \$351.51
 - c. \$82.21
 - d. \$175.76

- 15. What will the OASDI Liability be for Mouse's portion of Social Security Tax?
 - a. \$84.21
 - b. \$351.51
 - c. \$82.21
 - d. \$360.10

- 16. What is Mouse's FUTA liability for the first pay period of the year?
 - a. \$340.17
 - b. \$34.85
 - c. \$34.02
 - d. \$170.09

- 17. What is Mouse's SUTA Liability for the first pay period of the year if the SUTA rate is 2.76%?
 - a. \$160.30
 - b. \$340.17
 - c. \$1564.79
 - d. \$156.48

SHORT ANSWERS:

1. (14 POINTS, 2 POINTS EACH)

Clayton Corporation has 5 employees that each earn \$582.50 per week. All employees are paid weekly. Calculate Clayton's gross wages and employer tax liabilities assuming it is the first pay week of the year and the SUTA rate is 3.2% on the first \$8,000 of wages. Finally calculate how many weeks Clayton will pay FUTA & SUTA.

Gross Wages	_____
<i>Employer's Tax Liabilities-</i>	
Social Security	_____
Medicare	_____
SUTA	_____
FUTA	_____
# of weeks FUTA will be paid	_____
# of weeks SUTA will be paid	_____

2. (12 POINTS, 2 POINTS EACH)

Daisy Duck works an hourly job. She gets paid \$12.78 per hour, and worked 46.75 hours this week. Calculate Daisy’s gross pay, withholdings, and net pay for the weekly pay period. She is single and has 1 dependent. Use the Percentage Method – table below. Weekly withholding allowance = \$79.80 for each allowance.

Gross Pay _____

Taxes Withheld-

Federal Tax _____

Social Security _____

Medicare _____

State Tax (5%) _____

Net Pay _____

Percentage Method Tables for Income Tax Withholding
(For Wages Paid in 2018)

TABLE 1—WEEKLY Payroll Period

(a) SINGLE person (including head of household)—				(b) MARRIED person—			
If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:		If the amount of wages (after subtracting withholding allowances) is:		The amount of income tax to withhold is:	
Not over \$71		\$0		Not over \$222		\$0	
Over—	But not over—		of excess over—	Over—	But not over—		of excess over—
\$71	—\$254	\$0.00 plus 10%	—\$71	\$222	—\$588	\$0.00 plus 10%	—\$222
\$254	—\$815	\$18.30 plus 12%	—\$254	\$588	—\$1,711	\$36.60 plus 12%	—\$588
\$815	—\$1,658	\$85.62 plus 22%	—\$815	\$1,711	—\$3,395	\$171.36 plus 22%	—\$1,711
\$1,658	—\$3,100	\$271.08 plus 24%	—\$1,658	\$3,395	—\$6,280	\$541.84 plus 24%	—\$3,395
\$3,100	—\$3,917	\$617.16 plus 32%	—\$3,100	\$6,280	—\$7,914	\$1,234.24 plus 32%	—\$6,280
\$3,917	—\$9,687	\$878.60 plus 35%	—\$3,917	\$7,914	—\$11,761	\$1,757.12 plus 35%	—\$7,914
\$9,687		\$2,898.10 plus 37%	—\$9,687	\$11,761		\$3,103.57 plus 37%	—\$11,761

3. (10 POINTS, 2 POINTS EACH)

Minnie Mouse is employed as a retail employee and earns an hourly rate of \$13.50 with a commission of 5% of personal sales over \$1,350.00 per month. Calculate Minnie’s bi-weekly pay, with the following information:

- Week 1 – 35 hours, \$350.00 in sales
- Week 2 – 37 hours, \$400.00 in sales
- Week 3 – 41 hours, \$625.00 in sales
- Week 4 – 40 hours, \$425.00 in sales

Hourly Pay – Week 1 _____

Hourly Pay – Week 2 _____

Hourly Pay – Week 3 _____

Hourly Pay – Week 4 _____

Commission Earned – _____

PROBLEMS:

1. (16 POINTS, 2 POINTS EACH)

For each of the payroll items in the table, place an “x” in the column that best describes the type of deduction.

Payroll Items	Required	Voluntary	Neither
OASDI			
HI			
Federal Withholding			
State Withholding			
FUTA			
Medical Insurance			
401 (K)			
Charitable Contributions			

2. (40 POINTS, 2 POINTS EACH)

Complete the following gross wage calculations for each scenario. Round each calculation to the nearest cent.

Employee	Annual Salary	Weekly	Bi-Weekly	Semi-Monthly	Monthly
Mickey	\$68,300.00				
Donald	\$47,800.00				
Minnie	\$37,600.00				
Daisy	\$52,100.00				
Goofy	\$42,400.00				

3. (32 POINTS, 2 POINTS EACH)

Calculate the hourly employees below. All employees received time and a half for hours worked over 40 hour and are paid weekly.

Employee	Hourly Wage	Hours Worked	Overtime Rate	Regular Wages	Overtime Wages	Total Wages
Huey	\$14.27	42.25				
Dewy	\$14.72	45.00				
Louie	\$16.55	41.75				
Scrooge	\$17.36	43.50				

4. (22 POINTS, 2 POINTS EACH)

Journalize the Employer's Payroll Taxes for the employees in Problem #3. Assume no one is over the FUTA and SUTA limit. Use 2.76% as a SUTA rate and January 15, 2018 for the date.

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DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT