

COLLEGE PAYROLL ACCOUNTING (130) —Post-secondary— REGIONAL – 2016

Part 1:

- Multiple Choice (15 @ 2 points each) _____ (30 points)
- Salary Conversion (20 @ 2 points each) _____ (40 points)
- Short Answer (11 @ 2 points each) _____ (22 points)

Part 2:

- Problem #1: Table and Journal Entry _____ (37 points)
- Problem #2: Table and Journal Entry _____ (18 points)
- Problem #3: FUTA and SUTA Calculations and Journal Entry _____ (20 points)

TOTAL POINTS _____ **(167 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 90 minutes testing time
No more than ten (10) minutes wrap-up

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General Instructions:

You will have 90 minutes to complete your work. The test is divided into two parts. The multiple choice, journal entry, matching, and problems may be completed in any order. All calculations should be calculated using 3 decimals and rounded to 2 decimals; example $34.655 = 34.66$.

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:

- Round all calculations to two decimal places
- Assume employees earn overtime for any hours worked over 40 hours in a week unless otherwise instructed
- All time calculations are rounded to the nearest quarter hour
- Income Tax Withholding Tables are provided at the end of the assessment
- Use 6.2% for Social Security Tax on the first \$117,000 in wages
- 1.45% for Medicare Tax for all wages
- Use 5.4% for State Unemployment Tax on first \$8,000 of wages and 0.6% for Federal Unemployment Tax on first \$7,000 of wages
- Assume that no employee has accumulated earnings in excess of the social security tax, SUTA, or FUTA base unless otherwise indicated

Multiple Choice (30 points, 2 points each)

1. Take home pay is commonly known as
 - a. Gross Pay
 - b. Net Pay
 - c. Overtime Pay
 - d. Job Compensation

2. A payroll clerk's responsibilities may *not* include which of the following:
 - a. Collect time worked data
 - b. Conduct pay-rate changes and monitor tax-rate changes
 - c. Gather new employee information
 - d. Screening and hiring new employees

3. FICA stands for
 - a. Future Incidents Can Alarm
 - b. Federal Insurance Contributions Act
 - c. Fair Insurance Contributions Act
 - d. Federal Interest Contributions Academy

4. What number of hours worked over this amount is (typically) used for determining if overtime needs to be paid?
 - a. 36
 - b. 38
 - c. 40
 - d. 35

5. The Payroll Register for each payroll gives us our
 - a. Journal Entries for the current payroll
 - b. Cumulative payroll information
 - c. IRS Form 941 information
 - d. Quarterly earnings report

6. The Employee's Earnings Report gives information in producing
 - a. 1099s for employees
 - b. W-2 statements for employees
 - c. IRS Form 941
 - d. All of the above

7. FUTA consists of which of the following?
 - a. Old-Age & Survivor's Disability Insurance
 - b. Federal Withholding
 - c. Federal Unemployment Tax
 - d. Both b and c

8. The Equal Employment Opportunity Act is the commonly known name for
 - a. Davis-Bacon Act
 - b. American Disabilities Act
 - c. Anti-Age Discrimination Act
 - d. Title VII of the Civil Rights Act of 1964

9. Which of the following 1965 Acts set a minimum wage for service employees for federal government contracts?
 - a. Davis-Bacon
 - b. Walsh-Healey
 - c. McNamara-O'Hara
 - d. None of the above

10. Which formula is *true*?
 - a. $\text{Gross Pay} + \text{Deductions} = \text{Net Pay}$
 - b. $\text{Gross Pay} + \text{Net Pay} = \text{Deductions}$
 - c. $\text{Gross Pay} = \text{Net Pay} - \text{Deductions}$
 - d. $\text{Gross Pay} - \text{Net Pay} = \text{Deductions}$

11. Employers are *not* responsible for paying for which of these benefits
 - a. One-half of FICA tax
 - b. Federal unemployment tax
 - c. Employee's federal withholding
 - d. All or some of State unemployment tax

12. The act that covers discrimination on the basis of an employee's age is
 - a. USERRA
 - b. ADEA
 - c. FMLA
 - d. ERISA

13. Which of the following is a mandated employment benefit?
 - a. Sick Pay
 - b. Holiday Pay
 - c. One-half payment of FICA tax
 - d. Overtime for white collar workers

14. One of the laws put in place is designed to expand health insurance coverage for Americans working in companies with 50+ employees. This act is the
 - a. Americans with Disabilities Act
 - b. Affordable Health Insurance Act
 - c. Family Medical Leave Act
 - d. Affordable Care Act of 2010

15. Which of the following can be asked on an application for employment?
- Employment experience
 - Educational background
 - Name, address, phone number
 - All of the above

SHORT ANSWER (20 @ 2 Points Each)

Pay Rate Conversions: *The following is a list of salaries and wages; convert these to the corresponding rates for each case given based on 40-hour work week.*

<u>SALARY</u>	<u>EQUIVALENT RATE PER HOUR</u>	<u>EQUIVALENT YEARLY SALARY</u>
\$695 per week	_____	_____
\$1,155 biweekly	_____	_____
\$2,703 monthly	_____	_____
\$2,844 semi-monthly	_____	_____
\$9,557 quarterly	_____	_____
	<u>EQUIVALENT YEARLY SALARY</u>	<u>EQUIVALENT BI-WEEKLY PAY</u>
\$14.16	_____	_____
\$8.50	_____	_____
\$14.60	_____	_____
\$21.22	_____	_____
\$23.32	_____	_____

SHORT ANSWER CALCULATIONS (11 @ 2 Points Each)

- Batman pays Robin semi-monthly. His yearly salary is \$65,016 and is paid time and a half for any hours worked over 40 in a weekly period. During the payroll period, he had 5 hours of overtime. Calculate Robin's regular pay and overtime rate for the semi-monthly period.

Regular Salary \$ _____

Overtime Rate \$ _____

Overtime Pay \$ _____

Gross Pay \$ _____

- Fred Sanford is paid every week and works 8 hour days. His hourly rate of pay is \$10.90 per hour. Fred is expected to produce 200 units per day. For every unit produced over 200, he receives an incentive of \$.65 per unit and is not docked pay for under producing. Last week Fred produced the following units in his 40-hour work week:

Monday	Tuesday	Wednesday	Thursday	Friday	Total Regular Pay	Incentive Pay
235	194	224	200	204		

What were Fred's Total Earnings before taxes for the week?

\$ _____

- Thor, God of Thunder, is a salaried sales person with a bonus incentive plan for sales above his quota. His quota for sales is \$5,700,000 per year. At his present position he gets 2% on all sales above this quota and his yearly sales are \$9,600,000 with a base salary of \$82,000 per year. Calculate his total yearly earnings?

\$ _____

If another company offered him a similar position with the same amount of sales but no base salary (commission on sales only), what percent commission must he receive in order to earn at least his present total yearly earnings?

_____ %

4. Your current job paid you gross pay of \$507.26 for a 44.5 hour work week. If you are an hourly paid employee that received time and a half for all hours worked over 40 in a work week, calculate your regular rate of pay and your overtime rate of pay?

Regular pay rate \$_____ per hour

Overtime pay rate \$_____ per hour

Problem #3

On March 7, 2015 Simpson Company paid its Ninth (9th) weekly payroll of the year. Calculate the FUTA and SUTA liabilities for the 9th and 10th payrolls assuming Simpson has 8 employees and all employees make \$825 per week.

<u>PAYROLL #</u>	<u>WEEKLY</u>	<u>TAXABLE</u>		<u>TAXABLE</u>	
	<u>TOTAL WAGES</u>	<u>FUTA WAGES</u>	<u>FUTA TAX</u>	<u>SUTA WAGES</u>	<u>SUTA TAX</u>
11	_____	_____	_____	_____	_____
12	_____	_____	_____	_____	_____

JOURNALIZE THE ENTIRE EMPLOYER'S TAX LIABILITY FOR THE 9TH PAYROLL BELOW
