

# COLLEGE PAYROLL ACCOUNTING (130)

—Post-secondary—

## REGIONAL – 2017

### Multiple Choice, Matching, & Short Answer Section:

Multiple Choice (15 @ 2 points each) \_\_\_\_\_ (30 points)  
Matching (10 @ 2 points each) \_\_\_\_\_ (20 points)  
Short Answer: Pay Conversions (20 @ 2 points each) \_\_\_\_\_ (40 points)

### Production Portion:

Job 1: Journal Entries (37 @ 1 point each) \_\_\_\_\_ (37 points)  
Job 2: FUTA/SUTA Calculation & Entry (19 @ 1 point each) \_\_\_\_\_ (19 points)

**TOTAL POINTS** \_\_\_\_\_ **(146 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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## 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 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:

- 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 unless otherwise instructed
- Income Tax Withholding Tables are provided at the end of the assessment
- Use 6.2% for Social Security Tax on the first \$118,500 in wages
- 1.45% for Medicare Tax for all wages
- Use 5.4% for State Unemployment Tax and 0.6% for Federal Unemployment Tax
- Taxable limits on SUTA is the first \$10,000 of wages and for FUTA it is the first \$7,000 of wages

**Multiple Choice:** 30 Points, 2 points each

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

1. Net pay is commonly known as \_\_\_\_\_.
  - a. gross pay
  - b. take home pay
  - c. salary compensation
  - d. payroll expense
  
2. Gross Earnings - \_\_\_\_\_ = Net Pay is a basic formula to determine net pay for each employee for each pay period
  - a. Penalties and Interest
  - b. Personal Obligations
  - c. Deductions
  - d. Taxes
  
3. This form is known as the Summary for all company Wage & Tax Statements.
  - a. Form I-9
  - b. Form W-4
  - c. Form W-3
  - d. Form W-2
  
4. Social Security Tax is also called \_\_\_\_\_.
  - a. Federal Income Tax
  - b. Medicare Tax
  - c. State Income Tax
  - d. Old Age & Survivor's Disability Insurance
  
5. FUTA is the acronym for \_\_\_\_\_.
  - a. State Unemployment Tax
  - b. Federal Income Tax
  - c. Federal Unemployment Tax
  - d. Federal Insurance Contributions Act Tax
  
6. The Employee's Earnings Record has all the Employee's yearly information *except* \_\_\_\_\_.
  - a. paycheck amounts for each payroll period
  - b. total interest earned on CDs
  - c. total health insurance premiums deducted for the year
  - d. amount of 401K deductions for the year
  
7. The Payroll Register is primarily used for \_\_\_\_\_.
  - a. completing Form W-2
  - b. completing Form W-4
  - c. pay period journal entries
  - d. cumulative amounts deducted for garnishments

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8. Which employee will have more FIT taken out of their paycheck if these are amounts on their W-4?
  - a. Married with 0 allowances
  - b. Single with 0 allowances
  - c. Married with 1 allowance
  - d. Single with 1 allowance
  
9. The more allowances an employee claims on their W-4, the \_\_\_\_\_.
  - a. higher their Gross Pay will be
  - b. lower their Gross Pay will be
  - c. more Federal Income Taxes will be withheld
  - d. less Federal Income Taxes will be withheld
  
10. Which of the following is a *mandated* benefit for employees?
  - a. holiday pay compensation
  - b. work breaks every four hours
  - c. personal day compensation
  - d. state unemployment insurance
  
11. The 1970 act that is designed to provide a safe and healthful workplace is \_\_\_\_\_.
  - a. EEOC
  - b. OSHA
  - c. ADA
  - d. FICA
  
12. Social security taxes and Medicare taxes are commonly known as \_\_\_\_\_.
  - a. SECA
  - b. IRCA
  - c. FMLA
  - d. FICA
  
13. The last estimated payment date for self-employed persons for 2015 would be \_\_\_\_\_.
  - a. December 31, 2015
  - b. April 15, 2016
  - c. January 15, 2016
  - d. January 31, 2016
  
14. If an employee earns \$9,000 for the calendar year, the FUTA liability for the employer would be \_\_\_\_\_.
  - a. \$54.00
  - b. \$42.00
  - c. \$56.00
  - d. none of these are correct
  
15. Which of following taxes have taxable maximum dollar amounts for employers?
  - a. Federal Unemployment Tax
  - b. State Unemployment Tax
  - c. Social Security Tax
  - d. all of above

**Part 1: Matching** 20 points, 2 points each

From the lettered list at the bottom of the page, match the definition with the term listed below.

1. \_\_\_ Biweekly
2. \_\_\_ Commission Earnings
3. \_\_\_ Tipped Employee
4. \_\_\_ Common-law Relationship
5. \_\_\_ Gross Earnings
6. \_\_\_ Individual employee coverage
7. \_\_\_ Overtime Rate
8. \_\_\_ Exempt for Employees
9. \_\_\_ Piece-rate System
10. \_\_\_ Semimonthly

- A. Remuneration paid twice per month
- B. Exempt for some or all of the FLSA requirements
- C. Employee engages in interstate commerce or produces goods for such commerce
- D. Remuneration paid every two weeks
- E. Employer has the right to control both what work will be done and how it will be done
- F. Engaged in a job in which tips of more than \$30 per month are regularly received
- G. Payment to employees based on stated percentage of revenue (sales)
- H. Regular earnings plus overtime earnings
- I. Pay system based on an amount paid to the employee per units produced
- J. One and one-half the regular rate

**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>
\$780 per week	_____	_____
\$1,274 biweekly	_____	_____
\$3,866 monthly	_____	_____
\$1,899 semi-monthly	_____	_____
\$9,485 quarterly	_____	_____
	<u>EQUIVALENT YEARLY SALARY</u>	<u>EQUIVALENT BI-WEEKLY PAY</u>
\$14.74	_____	_____
\$9.55	_____	_____
\$13.63	_____	_____
\$26.44	_____	_____
\$32.66	_____	_____



**Job #2: FUTA/SUTA Calculations and Employer Entry (19 @ 1 point each)**

On April 17, 2015 Simpson Company paid its 16<sup>th</sup> weekly payroll of the year. Calculate the FUTA and SUTA liabilities for the 15th and 16th payrolls assuming Simpson has 6 employees and all employees make \$640 per week.

<u>PAYROLL #</u>	<u>WEEKLY TOTAL WAGES</u>	<u>TAXABLE FUTA WAGES</u>	<u>FUTA TAX</u>	<u>TAXABLE SUTA WAGES</u>	<u>SUTA TAX</u>
15	_____	_____	_____	_____	_____
16	_____	_____	_____	_____	_____

JOURNALIZE THE **ENTIRE** EMPLOYER'S TAX LIABILITY FOR THE 16th PAYROLL BELOW

DATE	ACCOUNT DESCRIPTION	DEBIT	CREDIT