

Member ID: \_\_\_\_\_

Time: \_\_\_\_\_

Rank: \_\_\_\_\_



# Payroll Accounting

## (125)

## REGIONAL 2025

### Multiple Choice & Short Answer Section:

Multiple Choice (15 @ 2 points each) \_\_\_\_\_ (30 points)

Short Answer (12 @ 2 points each) \_\_\_\_\_ (24 points)

### Production Portion:

Job 1: Salaried Employees (20 @ 1 point each) \_\_\_\_\_ (20 points)

Job 2: Payroll Register (40 @ 1 point each) \_\_\_\_\_ (40 points)

Job 3: Payroll Entry (15 @ 1 point each) \_\_\_\_\_ (15 points)

***TOTAL POINTS*** \_\_\_\_\_ (***129 points***)

**Test Time: 60 minutes**

## General Instructions

You have been hired as a Payroll Clerk and will be keeping the accounting records for Digital Solutions, located at 700 Morse Road, Suite 201, Columbus, Ohio 43214. Digital Solutions provides accounting and other financial services for clients. You will complete jobs for Digital Solutions' own accounting records, as well as for clients.

You will have 60 minutes to complete your work. The test is divided into two parts: concept knowledge and application knowledge.

Your name and/or school name should *not* appear on any work you submit for grading. Write your Member ID 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 decimals
- Assume employees earn an overtime rate of 1 ½ times for any hours worked over 40 in a week unless otherwise instructed (This includes Multiple Choice, Short Answer and Jobs)
- All time calculations are rounded to the nearest quarter hour
- Use 6.2% for Social Security Tax on the first \$118,500 in wages
- Use 1.45% for Medicare Tax for all wages
- Use 5.4% for State Unemployment Tax and 0.8% for Federal Unemployment Tax (\$7,000 ceiling)
- Assume that no employee has accumulated earnings in excess of the social security tax, SUTA, or FUTA base unless otherwise indicated.

**MULTIPLE CHOICE**

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

1. Take home pay is commonly known as \_\_\_\_\_.
  - A. gross pay
  - B. net pay
  - C. salary compensation
  - D. payroll expense
2. Which of the following taxes does *not* have a wage limit per calendar year?
  - A. Federal Unemployment Tax
  - B. State Unemployment Tax
  - C. Social Security Tax
  - D. Medicare Tax
3. The number of withholding allowances an employee claims will affect \_\_\_\_\_.
  - A. social security taxes withheld
  - B. Medicare taxes withheld
  - C. state unemployment tax withheld
  - D. federal income tax withheld
4. According to the Fair Labor Standards Act overtime is paid when employees work \_\_\_\_\_.
  - A. any hours in excess of 8 in a day
  - B. 40 hours per week
  - C. a minimum of 44 hours in a week
  - D. in excess of 40 hours per week
5. When health insurance premiums are submitted to the health insurance carrier, the journal entry would include a \_\_\_\_\_.
  - A. debit to Health Insurance Premiums Payable and a credit to Cash.
  - B. debit to cash and a credit to Health Insurance Premiums Payable.
  - C. debit to Health Insurance Expense and a credit to cash.
  - D. debit to Health Insurance Premiums Payable and a credit to Health Insurance Expense.
6. The gross earnings of 6 employees at a retail establishment for a week were: \$620, \$524, \$715, \$670, \$588, and \$675. What was the average amount earned for the week by these employees?
  - A. \$632
  - B. \$634
  - C. \$642
  - D. \$648

7. The federal form an employee must fill out before they can receive a paycheck is a \_\_\_\_\_.
  - A. W-2
  - B. W-3
  - C. W-4
  - D. W-1099
  
8. The Salary Expense account is used to record the \_\_\_\_\_.
  - A. employer's payroll tax liabilities
  - B. employer's state tax liabilities
  - C. employees' total net earnings
  - D. employees' total gross earnings
  
9. The formula for calculating net pay is \_\_\_\_\_.
  - A. gross earnings minus total voluntary deductions
  - B. gross earnings minus total taxes and voluntary deductions
  - C. net earnings minus total voluntary deductions
  - D. net earnings minus total taxes and voluntary deductions
  
10. The source of information for journalizing the payroll entries each pay period is the \_\_\_\_\_.
  - A. timecards
  - B. IRS tables
  - C. employees' earnings record
  - D. payroll register
  
11. Federal unemployment tax is paid by \_\_\_\_\_.
  - A. the employee
  - B. the employer
  - C. both
  - D. neither
  
12. What type of payroll period consists of 26 pay periods?
  - A. semi-monthly
  - B. bi-weekly
  - C. monthly
  - D. bi-yearly
  
13. The total earnings of an employee for a pay period is called \_\_\_\_\_.
  - A. take-home pay
  - B. net pay
  - C. pay, net of taxes
  - D. gross pay

14. Wages, hours worked, and regulations for minors in the workplace are set by?
- A. Occupational Safety and Health Administration (OSHA)
  - B. Fair Labor Standards Act (FLSA)
  - C. Fair Wage and Tax Law (FWTL)
  - D. Family Medical Leave Act (FMLA)
15. When journalizing the employer's payroll taxes, which account should be debited?
- A. Salaries Expense
  - B. Cash
  - C. Wages Payable
  - D. Payroll Taxes Expense

**SHORT ANSWER**

1. An employee is paid \$12.40 an hour for regular-time work.
- a. What is the employee's time-and-a-half pay rate per hour? \_\_\_\_\_
  - b. What is the employee's double-time pay rate per hour? \_\_\_\_\_
2. An employee is paid an annual salary of \$62,800. The employee is paid bi-weekly. What is the employee's gross pay per pay period? \_\_\_\_\_
3. An employee is paid semi-monthly as an assistant fashion designer. The employee makes \$2,420 gross earnings per pay period. What is the employee's annual salary? \_\_\_\_\_
4. An employee worked 54 hours last week. Of those hours, 40 hours were paid at the regular-time rate of \$11.60 an hour, 9 hours at the time-and-a-half rate, and 5 hours at the double-time rate.
- a. What were the employees' regular gross wages for the week? \_\_\_\_\_
  - b. What were the employees' overtime wages for the week? \_\_\_\_\_
  - c. What were the employees' total gross wages for the week? \_\_\_\_\_

5. Justin works as a freelance artist. He has been hired by a museum to update the murals on their walls. They have agreed to pay Justin \$10,600 for the job. He can set his own hours as long as the job is completed in two months. Justin anticipates that it will take him 23 days to complete the work. What will Justin make per day if he completes the work in the 23 days?

\_\_\_\_\_

6. During the pay period, an employee worked 40 hours. The employee's hourly rate is \$15.50. The employee's earnings are subject to Social Security tax and Medicare tax. The employee also has deductions of \$72 for Federal Income tax and \$42 for health insurance.

a. What is the employee's gross pay for the pay period?

\_\_\_\_\_

b. What is the total of the employee's deductions for the pay period?

\_\_\_\_\_

c. What is the employee's net pay for the pay period?

\_\_\_\_\_

7. John is a waiter at a local restaurant. On Friday, he waited on 12 groups of customers who spent an average of \$156 per group. His tips averaged 20% of the total amount spent by all the groups of customers that day. What were John's tip earnings for Friday?

\_\_\_\_\_

### JOB 1—SALARIED EMPLOYEES (20 Points)

For each annual salary, find the equivalent monthly, semi-monthly, bi-weekly, weekly, and hourly gross wages to the nearest cent. Base all calculations on the annual salary.

Annual Salary	Monthly Salary	Semi-Monthly Salary	Bi-Weekly Salary	Weekly Salary	Hourly Rate
\$ 64,800					
\$ 42,740					
\$108,630					
\$ 59,820					

**JOB 2—PAYROLL REGISTER (40 Points)**

Complete the payroll register below for the pay period ending January 12, 2024. Regular and overtime earnings have already been figured out for you. Federal Income Tax and Health Insurance premiums have been entered for you. The State Income Tax rate is 5.5 percent.

Employee	EARNINGS			Federal Income Tax	State Income Tax	Social Security Tax	Medicare Tax	Health Insurance	Total Deductions	Net Pay
	Regular	Overtime	Total							
1	\$1,840	0		\$192				\$240		
2	1,560	\$122		165				100		
3	1,775	268		178				165		
4	1,490	0		134				75		
5	2,200	\$188		221				180		
<b>TOTALS</b>										

**JOB 3—PAYROLL ENTRY (15 Points)**

Using the information from Job 2 and the general journal provided, journalize the payment of the employees' payroll for the pay period.

GENERAL JOURNAL				
DATE	DESCRIPTION	POST REF	DEBIT	CREDIT