

SFCC Corporation has 8 employees. Information about the October payroll follows:

| Name        | Hours Worked | Pay Rate           | Federal Income Tax Withheld |
|-------------|--------------|--------------------|-----------------------------|
| Breschi, K  | 95           | \$12 per hour      | \$200                       |
| Carballo, P | n/a          | \$3,000 per month  | \$850                       |
| Dangelo, J  | 180          | \$14 per hour      | \$625                       |
| Gaines, T   | n/a          | \$4,500 per month  | \$1,100                     |
| Goseco, M   | n/a          | \$10,100 per month | \$3,575                     |
| Skolnick, J | 180          | \$12 per hour      | \$480                       |
| Williams, R | 172          | \$9 per hour       | \$140                       |
| Wong, O     | 195          | \$16 per hour      | \$800                       |

Additional information is as follows:

SFCC is in a state without an income tax. Employees' federal income tax withholdings depend on various factors, and the amounts are as indicated in the above table.

No employees worked overtime, with the exception of Oscar Wong, who worked 15 hours of overtime. Overtime is paid at 150% of the normal hourly rate.

Assume that gross pay is subject to social security taxes at a 6.5% rate, on an annual base of \$100,000. Assume that Medicare/Medicaid taxes are 1.5% of gross earnings. These taxes are matched by the employer. Only Marcia Goseco had earned more than \$90,000 during the months leading up to October. She had earned \$90,900 during that time period.

SFCC has 100% participation in a \$10 per month employee charitable contribution program. These contributions are withheld from monthly pay.

SFCC pays for workers' compensation insurance at a 2% of gross pay rate. None of this cost is paid by the employee.

SFCC provides employees with a group health care plan, however the cost is fully paid by employees. The rate is \$250 per month, per employee.

SFCC's payroll is subject to federal (0.5%) and state (1.5%) unemployment taxes on each employee's gross pay, up to \$8,000 per year. All employees had earned in excess of \$8,000 in the months leading up to October, with the exception of Karen Breschi. Karen was first employed during the month of October.

SFCC contributes 5% of gross pay to an employee retirement program. Employees do not contribute to this plan.

- Complete the payroll schedule on the accompanying blank worksheet.
- Prepare journal entries for SFCC's payroll and the related payroll expenses.