

Lawrence Bodine is employed by Baylor Health Systems. During the month of June, Lawrence worked 195 hours. 15 of these hours were overtime, and were required to be paid at 150% of the normal hourly rate. Lawrence's hourly rate is \$12.

Lawrence is single, and had \$400 of federal income tax withheld from his pay. Baylor is in a state without an income tax.

Lawrence's pay is subject to social security taxes at an (assumed) 6.5% rate and Medicare/Medicaid at an (assumed) 1.5% rate. He has not exceeded the annual base for social security taxes.

Baylor pays for workers' compensation insurance at a 4% rate. None of this cost is paid by the employee.

Baylor provides its employees with health care insurance, and pays 90% of the \$500 per employee monthly premium. The other 10% is paid by employees via payroll withholdings.

Lawrence participates in a tax-sheltered deferred savings plan and has 8% of his gross pay withheld each month. Baylor Health Systems provides a 75% matching contribution. In other words, for every dollar that Lawrence saves, Baylor will contribute an additional 75 cents.

Baylor'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. Lawrence had \$6,000 of gross earnings in the months prior to June.

Lawrence participates in the Community Chest fund drive each month, via a \$25 contribution that is withheld from his pay.

- (a) Complete Lawrence's paycheck and the remittance advice (i.e., "paycheck stub"). The blank worksheet will be very helpful for this portion of the assignment.
- (b) Prepare journal entries for Lawrence's pay and the related payroll expenses.
- (c) What is the total cost to Baylor for Lawrence's services during June?