

Analyzing a Payroll Time Card

The money paid for employee services is called either a **salary** (a fixed amount of money paid for a period of time) or **wages** (money paid on an hourly basis). The period of time covered by a salary or wage payment is called a **pay period**. A business may decide to pay an employee every week (weekly), every two weeks (biweekly), twice a month (semimonthly), or once a month (monthly).

The total amount earned by all employees for a pay period is called a **payroll**. The payroll is reduced by state and federal taxes and other deductions, such as health insurance, to determine the amount paid to all employees. Special payroll records (called a **payroll register**) support the recording of payroll transactions in a journal.

A payroll system must include an accurate record of the time each employee has worked. There are many possible methods, but one of the most frequently used is a **time card**. Time cards are used as the basic source of information to prepare a payroll.

Once the total regular and overtime hours are determined on the time card, employee earnings can be calculated. The total pay due for a pay period before deductions is called **total earnings**. Total earnings are sometimes referred to as gross pay or gross earnings.

When analyzing an employee's payroll time card in this class, we will make several assumptions (however, keep in mind that each company in the real world handles payroll differently):

1. Employees are paid semimonthly (twice a month): on the 15th and on the last day of the month.
2. Morning and afternoon times in and out are shown separately (which indicates when employees go out to lunch, which is unpaid time).
3. You will need to round each arrival and departure time to the nearest quarter hour.
4. Employees are paid overtime (1½ their regular rate) for more than 8 hours worked in one day.

Employee No.		<i>1</i>					
Employee Name		<i>John Smith</i>					
Pay Period Ended		<i>April 15, 2019</i>					
MORNING		AFTERNOON		OVERTIME		HOURS	
IN	OUT	IN	OUT	IN	OUT	REG	OT
<i>7:58</i> <i>8:00</i>	<i>12:02</i> <i>12:00</i>	<i>12:59</i> <i>1:00</i>	<i>5:06</i> <i>5:00</i>			<i>8</i>	
<i>8:23</i> <i>8:30</i>	<i>12:01</i> <i>12:00</i>	<i>12:57</i> <i>1:00</i>	<i>5:02</i> <i>5:00</i>			<i>7½</i>	
<i>8:01</i> <i>8:00</i>	<i>11:59</i> <i>12:00</i>	<i>1:01</i> <i>1:00</i>	<i>5:00</i> <i>5:00</i>	<i>5:00</i> <i>5:00</i>	<i>6:34</i> <i>6:30</i>	<i>8</i>	<i>1½</i>
		HOURS		RATE		AMOUNT	
REGULAR		<i>23½</i>		<i>\$ 10.00</i>		<i>\$ 235.00</i>	
OVERTIME		<i>1½</i>		<i>\$ 15.00</i>		<i>\$ 22.50</i>	
TOTAL HOURS		<i>25</i>		TOTAL EARNINGS		<i>\$ 257.50</i>	

Pluto's Closet

PROBLEM 1: COMPLETING A TIMECARD

Now it's your turn. Complete the timecard below for Alotta Dough, an employee at Pluto's Closet. Remember to round the hours worked to the nearest quarter hour. Alotta makes \$9.00 per hour and earns time and a half for more than 8 hours worked each day. Calculate the total earnings for Alotta. Follow the example of the first page of this packet.

Employee No.		2					
Employee Name		Alotta Dough					
Pay Period Ended		April 15, 2019					
MORNING		AFTERNOON		OVERTIME		HOURS	
IN	OUT	IN	OUT	IN	OUT	REG	OT
9:02	12:05	12:55	6:01				
8:03	12:01	1:00	5:00	5:00	5:59		
8:59	11:58	12:44	4:29				
10:02	1:45	2:14	6:30	6:30	7:01		
8:57	12:55	1:54	5:56				
		HOURS		RATE		AMOUNT	
REGULAR							
OVERTIME							
TOTAL HOURS				TOTAL EARNINGS			

PROBLEM 2: CALCULATING TOTAL EARNINGS

Complete the chart below using the summary information provided about employees 3, 4, 5, and 6.

Employee Number	Hours Worked		Regular Rate	Earnings		Total Earnings
	Regular	Overtime		Regular	Overtime	
3	40	5	\$9.00			
4	40	3	\$12.50			
5	30	0	\$9.75			
6	40	2	\$11.00			