



AGENDA
CITY OF TAYLOR, TEXAS
CITY COUNCIL MEETING
CITY HALL, COUNCIL CHAMBERS, 400 PORTER STREET
MARCH 27, 2025, 6:00 PM

CALL TO ORDER AND DECLARE A QUORUM

INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATIONS/RECOGNITIONS

- National Crime Victims' Rights Week Proclamation
- Better Day Bags Proclamation

CITIZENS COMMUNICATION

(The City Council welcomes public comments on items not listed on the agenda. However, the Council cannot respond until the item is posted on a future meeting agenda. Public comments are limited to 3 minutes.)

CONSENT AGENDA

(The Consent Agenda includes non-controversial and routine items that the Council may act on with one single vote. Any Council member may pull any item from the Consent Agenda to discuss and act upon individually on the Regular Agenda.)

1. Consider approval of the minutes from the March 13, 2025, regularly scheduled City Council meeting. *Lucy Aldrich*
2. Consider approving Resolution R25-07 Authorizing representatives on the City's investment and bank accounts. *Robert Powers*
3. Authorize the City Manager or designee to submit a Williamson County Community Development Block Grant application for one of the water projects identified as potential grant options. *Jeffery Jenkins*
4. Authorize the City Manager or designee to sign an Agreement with Williamson County for the use of Community Development Block Grant Funds. *Jeffery Jenkins*
5. Consider approval of a Collateral Assignment with Park at 79 Commerce and authorize the City Manager or his designee to sign related contractual documents. *Mark Schroeder*

REGULAR AGENDA; REVIEW/DISCUSS AND CONSIDER ACTION

6. Receive the Annual Comprehensive Financial Report for Fiscal Year 2024. *Robert Powers*

7. Consider and approve changes to the Personnel Policy Manual. *LaShon Gros*
8. Receive an update and provide direction to staff on the Downtown Plan and the Downtown and Tourism Department Staff Position. *Carly Kehoe Pearson*

EXECUTIVE SESSION

The Council may vote and/or act upon each of the items listed in this Agenda. The Council reserves the right to retire into executive session concerning any of the items listed on this Agenda, whenever it is considered necessary and legally justified under the Open Meetings Act including: Section 551.071 (Consult with attorney); Section 551.072 (Real Property); Section 551.073 (Gifts and Donations); Section 551.074 (Personnel Matters); Section 551.076 (Security Devices); and Section 551.087 (Economic Development).

- a. Section 551.071; Consultation with City Attorney on proposed 3811 North Main Planned Development Agreement
- b. Section 551.071; Consultation with City Attorney on proposed Domestic Wastewater Permit from South Central Water Company, Texas Pollutant Discharge Elimination System (TPDES) Permit No. WQ0016503001, EPA I.D. No. TX0145751
- c. Section 551.071; Consultation with City Attorney regarding EPCOR
- d. Section 551.071; Consultation with City Attorney regarding tax credit and bond funding agreement request from The Foundry Development
- e. Section 551.087; Economic Development
 - o Project Goal
 - o Project Paul
- f. Section 551.074; Personnel Matters - City Attorney Evaluation

Reconvene into open session and take any action.

ADJOURN

I certify that the notice of meeting was posted in the Taylor City Hall Lobby before 6:00 p.m. on March 24, 2025, and remained posted for at least 72 hours continuously before the scheduled time of said meeting. I further certify that the following news media was notified of this meeting: Taylor Press.

In compliance with the ADA the City Hall and Council Chambers is wheelchair accessible. Reasonable accommodations will be provided for persons attending city council meetings in need of special assistance. Please contact the City Clerk at least 24 hours prior to the meeting for special assistance.

Posted by: Lucy Aldrich Date: March 24, 2025

Proclamation

National Crime Victims' Rights Week April 6-12, 2025

Whereas, Americans are the victims of 20 million crimes each year, affecting individuals and our communities; and

Whereas, providing services to meet the needs of victims of crime is essential to supporting our communities; and

Whereas, we all must make an effort to expand the circle of those who provide support to victims in need and provide them with the resources needed; and

Whereas, healthcare professionals, community leaders, faith organizations, educators, and businesses can provide links between victims and services that improve their quality of life; and

Whereas, National Crime Victims' Rights Week provides an opportunity to remind us to continue to support our victim responders and continue to expand the circle and network to reach all victims.

Now, therefore, I, Dwayne Ariola, as Mayor of the City of Taylor, Texas, do hereby proclaim the week of April 6-12, 2025, as

Crime Victims' Rights Week

and reaffirm our commitment to support services to assist all victims of crime during Crime Victims' Rights Week and throughout the year.

PROCLAIMED this on the 27th day of March 2025.

Dwayne Ariola, Mayor
City of Taylor, Texas

Proclamation

BETTER DAY BAGS

WHEREAS, first responders, including paramedics, firefighters, and law enforcement officers, play a vital role in ensuring the safety and care of our community members, including individuals with autism who may experience unique challenges during emergencies; and

WHEREAS, autistic children and adults may have heightened sensitivities to sensory stimuli, difficulty with communication, and struggle with social interactions, which may complicate emergency situations for both the individuals and first responders; and

WHEREAS, The Good Life has initiated a compassionate project to provide first responders with specially designed autism bags, which include sensory tools, communication cards, and other resources that will help de-escalate potentially stressful situations and ensure the safety and dignity of individuals with autism; and

WHEREAS, by promoting awareness and understanding of autism within the first responder community, this project will foster greater collaboration, create safer environments, and enhance the overall health and safety of individuals with autism in emergency settings.

NOW, THEREFORE, I, Dwayne Ariola, Mayor of the City of Taylor Texas, do hereby recognize April 2, 2025, as Better Day Bags Day in the City of Taylor and encourage all residents to support and recognize the invaluable contributions of this initiative.

Signed this 27th day of March 2025.

Dwayne Ariola, Mayor
City of Taylor



City Council Meeting March 27, 2025 Transmittal Letter

STRATEGIC PILLAR

Agenda Item Number: 1.

Agenda Title: Consider approval of the minutes from the March 13, 2025, regularly scheduled City Council meeting.

Council Action to be Taken: Approve as submitted or amend with changes noted.

Department Submitted: City Clerk

Staff Contact: Lucy Aldrich, City Clerk

1. PURPOSE / DESCRIPTION

Pursuant to the Open Meetings Law, Chapter 551, Local Government Code and in accordance with the authority contained in Section 551.021 and the City Charter, the Minutes of each City Council meeting must be recorded, compiled and approved by the City Council in subsequent meetings. The purpose of this item is to conform to these legal requirements.

2. STAFF ANALYSIS / BACKGROUND / PRIOR COUNCIL ACTIONS

NA

3. PROS and CONS

<u>PROS</u>	<u>CONS</u>
•	•

4. RECOMMENDATION

Approve as submitted or amend with changes noted.

5. FUNDING SOURCE

NA

6. TIMELINE

NA

7. OTHER OPTIONS

NA

8. ATTACHMENTS

1. March 13, 2025 Meeting Minutes

City of Taylor
Regularly Scheduled City Council Meeting Minutes
Taylor City Hall, Council Chambers, 400 Porter Street
March 13, 2025 at 6:00 p.m.

Mayor Ariola declared a quorum and called the meeting to order at 6:00 p.m. with the following present:

Mayor Pro-Tem Kelly Cmerek
Council Member Robert Garcia
Council Member Shelli Cobb
Council Member Gerald Anderson
Mayor Dwayne Ariola

Brian LaBorde, City Manager
Jeff Jenkins, Deputy City Manager
Carly Pearson, Assistant City Manager
Mark Schroeder, City Attorney
Lucy Aldrich, City Clerk

INVOCATION

PLEDGE OF ALLEGIANCE

CITIZENS COMMUNICATION

Robert Beard expressed concerns he has with junk vehicles in the area of Frink Street, Oscar Street, and Porter Street.

Mayor Ariola announced that City Council will not be going into Executive Session and offered for anyone who would like to speak on that agenda item to be recognized. No one spoke on the agenda item.

CONSENT AGENDA

1. **Approve minutes from the February 27, 2025, regular City Council meeting.**
2. **Consider approval of Resolution R25-06, a resolution authorizing the City of Taylor to purchase 0.873 acres in the Parthinia Coursey Survey Abstract No. 131 Williamson County.**
3. **Consider approval of Task Order 56 Amendment 1 with HDR Engineering, Inc., reducing scope and removing fee**

Motion was made by Councilmember Anderson to approve the consent agenda items as presented. Motion was seconded by Councilmember Garcia. Motion carried unanimously.

Before moving on, Mr. Jeff Jenkins introduced the new Chief Financial Officer, Robert Powers.

REGULAR AGENDA; REVIEW/DISCUSS AND CONSIDER ACTION

4. **Receive an update presentation from Williamson County and Cities Health District.**
Jeff Jenkins, Deputy City Manager, introduced Dr. Caroline Hilbert, the District's Executive Director, who gave a brief presentation providing information on the Williamson County and Cities Health District, the programs offered and information regarding services provided in Taylor. Dr. Hilbert and Lori Murphy, also with Williamson County and Cities Health District, were available to answer questions and provide additional information.
Motion was made by Councilmember Garcia to receive the update as presented. Motion was seconded by Councilmember Anderson. Motion carried unanimously.

5. **Consideration and possible action on awarding the 2024 Street Maintenance Project bid to Texas Road, LLC.**

Jacob Walker, City Engineer with HDR, reviewed the project scope and presented the results of the 2024 Street Maintenance Project bid opening. Staff recommends City Council award the 2024 Street Maintenance Construction Project including the base bid and both additive alternates to Texas Road, LLC.

The following individuals spoke on this agenda item: Gail Samuels, Lisa Drummond, Justin Irving, and Monica Zavala.

Motion was made by Councilwoman Cobb to award the 2024 Street Maintenance Project bid, including the base bid and both alternatives to Texas Road, LLC.; and authorize the City Manager, or his designee to enter into the contract. Motion was seconded by Councilmember Anderson. Motion carried 4 to 1 with Councilmember Garcia in opposition.

6. **Consideration and possible action to enter into a Construction Materials Engineering and Testing contract with Raba Kistner Consultants, Inc, to accompany the 2024 Street Maintenance Project**

Jim Gray, Director of Public Works presented the agenda item noting that the street maintenance construction materials will need to be tested to ensure a quality project. Raba Kistner will provide testing to confirm materials used in construction are up to specifications.

Motion was made by Councilmember Anderson to approve the contract with Raba Kistner as presented and authorize the City Manager, or his designee, to enter into the contract. Motion was seconded by Councilmember Garcia. Motion carried unanimously.

7. **Consideration and possible action on Task Order 65 with HDR Engineering, Inc., to perform Construction Administration services on the 2024 Street Maintenance Project**

Jim Gray, Director of Public Works, presented the agenda item. This task order is for the scope and fees for project management services provided by HDR through the construction of the street maintenance project.

Motion was made by Councilmember Anderson to approve Task Order 65 with HDR as presented and authorize the City Manager, or his designee, to enter into the contract. Motion was seconded by Councilmember Garcia. Motion carried unanimously.

City Council **DID NOT** adjourn into Executive Session.

EXECUTIVE SESSION

The Council may vote and/or act upon each of the items listed in this Agenda. The Council reserves the right to retire into executive session concerning any of the items listed on this Agenda, whenever it is considered necessary and legally justified under the Open Meetings Act including Section 551.071 (Consult with attorney); Section 551.072 (Real Property); Section 551.073 (Gifts and Donations); Section 551.074 (Personnel Matters); Section 551.076 (Security Devices); and Section 551.087 (Economic Development).

- a. Project Ford
 - Section 551.071 (Consult with Attorney)
 - Section 551.072 (Real Property)

Regular City Council Meeting Minutes

March 13, 2025

3

ADJOURN

With no further business Mayor Ariola declared the meeting adjourned at 6:52 p.m.

Dwayne Ariola, Mayor

ATTEST:

Lucy Aldrich, City Clerk



City Council Meeting March 27, 2025 Transmittal Letter

STRATEGIC PILLAR

Economic Vitality

Agenda Item Number: 2.

Agenda Title: Consider approving Resolution R25-07 Authorizing representatives on the City's investment and bank accounts.

Council Action to be Taken: Approve Resolution R25-07 by consent

Department Submitted: Finance

Staff Contact: Robert Powers, Chief Financial Officer

1. PURPOSE / DESCRIPTION

The purpose of this item is to update the list of authorized representatives on the City's depository accounts and accounts related to the investment of local funds. This update will designate the new Chief Financial Officer to the list of authorized representatives.

2. STAFF ANALYSIS / BACKGROUND / PRIOR COUNCIL ACTIONS

This resolution will allow the City to formally update the representatives that are authorized to withdraw funds from time to time, to issue letters of instruction and to take all other actions deemed necessary or appropriate for the management and investment of local funds.

This is a simple housekeeping matter that will occur anytime there is a change in pertinent personnel or Mayor.

3. PROS and CONS

<u>PROS</u>	<u>CONS</u>
Keeping the list of authorized representatives current allows for efficient banking operations and money management	None

4. RECOMMENDATION

Staff recommends approval of Resolution R25-07 as part of the consent agenda

5. FUNDING SOURCE

N/A

6. TIMELINE

Immediate consideration is needed so the banks and investment firms can be notified of the updated authorized representatives.

7. OTHER OPTIONS

N/A

8. ATTACHMENTS

1. Resolution R25-07 Bank Representatives

RESOLUTION NO. R25-07

THE CITY OF TAYLOR, TEXAS IS A LOCAL GOVERNMENT OF THE STATE OF TEXAS AND IS EMPOWERED TO DELEGATE TO FINANCIAL INSTITUTIONS THE AUTHORITY TO INVEST FUNDS, TO ACT AS CUSTODIAN OF INVESTMENTS PURCHASED WITH LOCAL FUNDS, AND BE DESIGNATED AS A DEPOSITORY OF THE CITY.

WHEREAS, the City of the City of Taylor, 400 Porter Street; Taylor, Texas 76574 is a local government of the State of Texas and is empowered to delegate to financial institutions the authority to invest funds, to act as custodian of investments purchased with local funds, and to be designated as a depository of the City; and

WHEREAS, it is in the best interest of the City of Taylor to invest local funds in investments that are consistent with the City's Investment Policy and the Public Funds Investment Act; and

WHEREAS, the Texas Local Government Investment Pool, TexPool, TexStar, Citizens National Bank, City National Bank, Texas Class and PNC Bank are qualified financial institutions to invest funds, to act as custodian of investments purchased with local funds, and/or to be designated as a depository of the City;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TAYLOR, TEXAS:

- A. The individuals whose signatures appear in this Resolution are Authorized Representatives of the City of Taylor for all financial institutions including the Texas Local Government Investment Pool, TexPool, TexStar, Citizens National Bank, City National Bank, Texas Class and PNC Bank; and are hereby authorized to open and close accounts, to deposit and withdraw funds, to sign checks and other instruments and withdrawal orders, to perform online transactions of both domestic and foreign destination, to issue letters of instruction, to transmit funds for investment, and to take all other actions deemed necessary or appropriate for the management and investment of local funds;
- B. That an Authorized Representative of the City of Taylor may be deleted by a written instrument signed by all remaining Authorized Representatives provided that the individuals, whose signatures appear in this Resolution, are (1) deemed by the City's Management to no longer require access to the City of Taylor's financial accounts or (2) are no longer employed by the City of Taylor;
- C. That the City of Taylor may, by amending this Resolution, add an Authorized Representative provided the additional Authorized Representative is an officer, employee or agent of the City of Taylor;
- D. This Resolution shall be effective March 27, 2025.

The following is a list of the Authorized Representatives of the City of Taylor:

ORIGINALS REQUIRED

- | | | |
|----|--------------------------|---------------------------------------|
| 1. | _____ | Title: <u>Mayor</u> |
| | <u>Dwayne Ariola</u> | Phone: <u>512-352-3675 ext. 14</u> |
| 2. | _____ | Title: <u>City Manager</u> |
| | <u>Brian LaBorde</u> | Phone: <u>512-352-3677</u> |
| 3. | _____ | Title: <u>Deputy City Manager</u> |
| | <u>Jeffery Jenkins</u> | Phone: <u>512-352-6475</u> |
| 4. | _____ | Title: <u>Chief Financial Officer</u> |
| | <u>Robert Powers</u> | Phone: <u>512-309-6168</u> |
| 5. | _____ | Title: <u>Senior Accountant</u> |
| | <u>Lindsay Strothman</u> | Phone: <u>512-309-6167</u> |

The named Authorized Representative listed above that will have primary responsibility for performing transactions and receiving confirmations and monthly statements under the Operation Agreement with the named financial institution is:

Name: Lindsay Strothman, Senior Accountant

Email: lindsay.strothman@taylortx.gov Fax: 512-352-8483

The following is an additional Authorized Representative designated to perform only inquiries of selected information. This limited representative cannot perform transactions.

- | | | |
|----|---------------------|--------------------------|
| 6. | _____ | Title: <u>City Clerk</u> |
| | <u>Lucy Aldrich</u> | |

This Resolution and its authorization shall continue in full force and effect until amended or revoked by the City of Taylor and written notice of the amendment or revocation is delivered to any named financial institution. This resolution is hereby introduced and adopted by the City of Taylor at its regular meeting held on this the 27th day of March, 2025.

NAME OF PARTICIPANT: City of Taylor, Texas

By: _____
Dwayne Ariola, Mayor
City of Taylor, Texas

ATTEST:

Lucy Aldrich, City Clerk
City of Taylor, Texas

This document supersedes all prior Authorized Representative designations.



City Council Meeting March 27, 2025 Transmittal Letter

STRATEGIC PILLAR

Streets/Infrastructure

Agenda Item Number: 3.

Agenda Title: **Authorize the City Manager or designee to submit a Williamson County Community Development Block Grant application for one of the water projects identified as potential grant options.**

Council Action to be Taken: Authorize the City Manager or designee to submit a WILCO CDBG grant application for one of projects identified on the potential project list.

Department Submitted: City Management

Staff Contact: Jeffery Jenkins, Deputy City Manager

1. PURPOSE / DESCRIPTION

Each year, Williamson County receives funding to distribute through the Williamson County Community Block grant program. Council will need to authorize staff to submit a grant application on behalf of the City of Taylor.

2. STAFF ANALYSIS / BACKGROUND / PRIOR COUNCIL ACTIONS

Williamson County provides funding for infrastructure projects in areas with low-mod census block areas within communities. The project would cost between \$450k-\$575k and is located within a low-mod census block. This year, from the Water Capital Improvement Plan, two waterline projects were identified as potential projects: 5th Street from Fowzer to Vance, and Annie Street from 4th to 7th.

W. 5th Waterline Replacement

- **Description:** The project is to replace approximately 400 linear feet (LF) of 2" waterline with 8" waterline. The existing line has a history of breaks requiring frequent repairs and severely limits the capacity and function of the water distribution system in this area. The undersized line does not meet the City's minimum requirements and poses and threat to providing adequate fire flow capacity and pressure in this area.

- Cost: \$450,000.

Annie Street between 7th and 4th

- Description: The proposed water improvements would replace existing undersized 2-inch water mains, which do not meet current standards. These mains break often and require frequent repairs. The new waterline will be approximately 910 linear feet (LF) of 8-inch water line
- Cost: Total estimate project cost is: \$572,800

Both projects have merit for the funding and our grant team is evaluating which one would work best with the County funding available. The total amount we will request will be \$450,000 to \$572,800. This cost provides for engineering and the only additional cost is the grant administration if awarded. The grant administration is a 5% fee of the amount awarded. The application must be submitted by April 10th. Therefore, staff is requesting the Council to authorize the City Manager to apply for this grant and allow staff to continue to evaluate which project works best, and submit an application for one of these two projects.

3. PROS and CONS

<u>PROS</u>	<u>CONS</u>
• Possible funding for a CIP water project	• May not be selected

4. RECOMMENDATION

Authorize the City Manager or designee to submit for one of the two projects as presented.

5. FUNDING SOURCE

No cost to apply and grant funds would pay for most of the project except grant admin.

6. TIMELINE

Submit application April 10th

7. OTHER OPTIONS

Submit for another project not listed
Don't apply this year.

8. ATTACHMENTS

1. Wilco CDBG grant applicaiton

Consider applying for Williamson County CDBG Funding

March 27, 2025 City
Council Meeting

Current Status

- **Williamson County has issued a call for grant applications**
 - Area must be within a low-mod census block
 - Water/WW lines eligible projects
 - Full Application due April 10th
- **Staff identified two projects:**
 - W. 5th Street Waterline Replacement, cost \$450,000
 - Annie Street between 7th and 4th Waterline Replacement, cost \$572,800
- Staff is evaluating with our consultant which project to apply towards
- Staff requesting Council authorize submitting for one of these two projects

Projects

W. 5th Waterline Replacement

Description: The project is to replace approximately 400 linear feet (LF) of 2" waterline with 8" waterline. The existing line has a history of breaks requiring frequent repairs and severely limits the capacity and function of the water distribution system in this area. The undersized line does not meet the City's minimum requirements and poses and threat to providing adequate fire flow capacity and pressure in this area.

Cost: \$450,000



DAVIS ST

W 6TH ST

W 5th St. from Fowzer St.
to Vance St. (400 LF)
Replace 2" line with 8" line
Approximately \$450,000

FOWZER ST

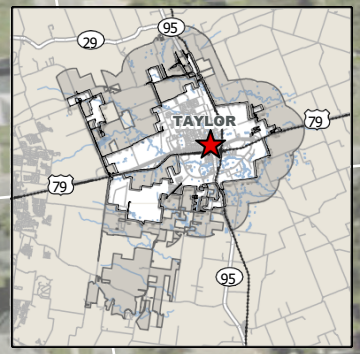
W 5TH ST

DAVIS ST

TALBOT ST

VANCE ST

W 4TH ST

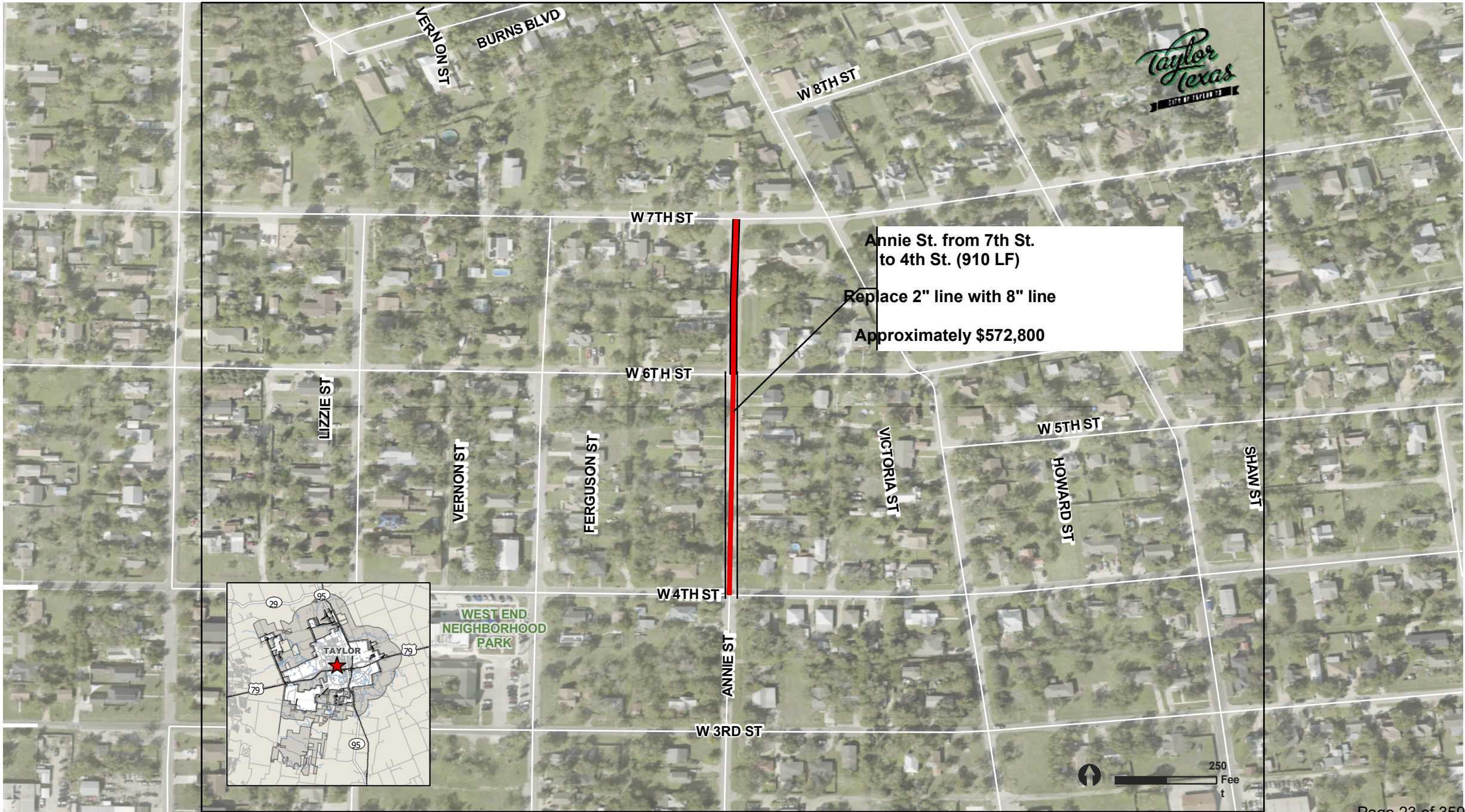


Projects

Annie Street between 7th and 4th

Description: the proposed water improvements would replace existing undersized 2-inch water mains, which do not meet current standards. These mains break often and require frequent repairs. The new waterline will be approximately 910 linear feet (LF) of 8-inch water line

Cost: Total estimate project cost is: \$572,800



Next Steps

- Authorize the City Manager or designee to submit a grant application for one of the projects identified
- Total Cost \$450,000 to \$572,800. Grant admin would be only additional cost if awarded. Grant admin is 5% over the total cost

Questions?



City Council Meeting March 27, 2025 Transmittal Letter

STRATEGIC PILLAR

Streets/Infrastructure

Agenda Item Number: 4.

Agenda Title: **Authorize the City Manager or designee to sign an Agreement with Williamson County for the use of Community Development Block Grant Funds.**

Council Action to be Taken: Authorize the City Manager or designee to sign agreement.

Department Submitted: City Management

Staff Contact: Jeffery Jenkins, Deputy City Manager

1. PURPOSE / DESCRIPTION

Last year, the City Council approved the city to apply for Wilco CDBG grant funding. The City was awarded \$659,000 for the waterline improvements. The County requires an agreement between the County and City prior to releasing the funds for usage. This item allows the City Manager or designee to sign the agreement, and start the timeline for getting the project completed.

2. STAFF ANALYSIS / BACKGROUND / PRIOR COUNCIL ACTIONS

Williamson County awarded Taylor a Community Development Block Grant for \$659,000. The project award was for the water line improvements at 5th and Murphy, which would replace existing 2-inch waterlines with 8-inch waterlines.

The County requires an agreement between the County and City prior to releasing the funds for usage. This item allows the City Manager or designee to sign the agreement, which will start the timeline for getting the project constructed. The construction would likely occur between October 2025-May 2026.

3. PROS and CONS

<u>PROS</u>	<u>CONS</u>
Provides funding for Waterline project	

4. RECOMMENDATION

Authorize the City Manager or designee to sign agreement.

5. FUNDING SOURCE

Grant funded. Grant admin fee will be paid out of General fund.

6. TIMELINE

County approve the contract from March-April 2025

Design April 2025-September 2025

Construction October 2025-May 2026

7. OTHER OPTIONS

NA

8. ATTACHMENTS

1. CDBG Agreement Taylor Water FY24 (002)

**AGREEMENT BETWEEN WILLIAMSON COUNTY
AND THE CITY OF TAYLOR
FOR THE USE OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS
FISCAL YEAR 2024 FUNDING**

THIS AGREEMENT, entered into this ____ day of _____, 2025, by and between Williamson County ("County"), and the City of Taylor ("Subrecipient");

WHEREAS, the County is the recipient of Community Development Block Grant (CDBG) funds granted by the U.S. Department of Housing and Urban Development (HUD) under Title I of the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5301) and under the 1990 National Affordable Housing Act (Public Law 102-550); and

WHEREAS, the County wishes to utilize CDBG funds to assist Subrecipient in the construction of water line improvements to replace existing undersized, 2-inch water mains, which do not meet current standards. Waterline will be approximately 1,100 linear feet (LF) of 8" waterline. The project will improve conditions to benefit households in the project vicinity, 5th and Murphy in Taylor TX.; and

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

PART I

1. PURPOSE AND SCOPE OF SERVICES:

- A. Subrecipient will perform the services described in Exhibit A attached to this Agreement pursuant to the project description, timeline and budget.
- B. Upon request, the County will provide technical assistance to the subrecipient concerning compliance with the terms of this Agreement. The subrecipient shall be responsible for all bidding procedures and subcontractual arrangements. All procedures shall be carried out in accordance with all Federal, State and local standards, and shall be monitored by the County.
- C. The Project shall be completed in compliance with all applicable state and local codes. Upon completion, this Project shall be operated in compliance with all applicable federal, state and local laws. Subrecipient agrees the funding shall be used solely for the purpose of costs as detailed in Part I.1.A. of this Agreement.

2. TIME OF PERFORMANCE:

Subrecipient shall perform according to the schedule described in Exhibit A. The schedule for performance is subject to change by mutual agreement of both parties in writing.

3. **PROPOSED PROJECT BUDGET**

See attached budget in Exhibit A.

4. **Objective and Outcome Statement: Sustainability for the purpose of creating suitable living environments.**

5. **Project Indicators:**

Indicators will be requested of the Subrecipient by the Williamson County Community Development Administrator and could include but is not limited to such items as amount of money leveraged; number of persons, households, businesses, unit or beds assisted, as appropriate; income levels of persons or households; race, ethnicity, and disability data. Subrecipient agrees to fulfill the Community Development Administrator's request in a reasonable time but not to extend past 15 days after request.

6. **COMPENSATION AND METHOD OF PAYMENT:**

The County shall pay and Subrecipient agrees to accept in full \$659,000 (Grant Amount – Six Hundred Fifty Nine Thousand Dollars and no/100) (hereinafter "Grant") for performance under this Agreement, as follows:

- A. Based on the approved budget, partial payments shall be made upon presentation of (i) architect's Certificates for Payment for applicable labor and construction materials and supplies purchased or billed from the contractor for progress payments for project work completed, and/or (ii) purchase agreements, invoices, executed lien waivers, and other supporting documents covering all amounts to be paid, and/or (iii) time sheets and other source documents. Payments will be made for eligible expenses actually incurred by Subrecipient, and not to exceed actual cash requirements.
- B. All payments under this agreement are subject to receipt by the County of sufficient federal funds for the CDBG program. CDBG funds shall be drawn from the U.S. Treasury by the County through the Integrated Disbursement and Information System (IDIS). The County shall retain exclusive direct access rights to the IDIS system. All access to the IDIS system will be by duly authorized persons designated by the County as approved by HUD. Any termination, reduction or delay of receipt of CDBG funds to the County shall, at the sole option of the County, result in the termination, reduction or delay of CDBG funds to the subrecipient.
- C. Subrecipient shall not hold funds. Any funds not immediately disbursed by the subrecipient shall be returned to the County and will be deposited in the U.S. Treasury, CDBG Trust Account. Any interest earned on cash advances from the U.S. Treasury and/or County of less than one hundred dollars (\$100.00) per year may be retained by the subrecipient and used for project expenses. Any interest in excess of one hundred dollars (\$100.00) per year shall be remitted promptly to the County.
- D. Subrecipient shall report all program income as defined at 24 CFR 570.500(a) generated by activities carried out with CDBG funds made available under this Agreement. The use of program income by Subrecipient shall comply with the

requirements set forth at 24 CFR 570.504. Subrecipient may use such income during the contract period for activities permitted under this Agreement and shall reduce requests for additional funds by the amount of any such program income balances on hand. All unused program income shall be returned to the County at the end of the Agreement period. Any interest earned on cash advances from the U.S. Treasury is not program income and shall be remitted promptly to the County.

7. **TERMS AND CONDITIONS:**

- A. Subrecipient agrees to comply with all applicable federal, state, and local laws and regulations governing the funds provided under this Agreement.
- B. The County shall have no responsibility or liability for the maintenance, operation or program funding for Subrecipient.
- C. Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. Subrecipient shall at all times remain independent with respect to the services to be performed under this Agreement. The County shall be exempt from payment of all unemployment compensation, FICA, retirement, life and/or medical insurance and workers' compensation insurance.
- D. During the period of this Agreement, effective as of the start of the Project, the Subrecipient and/or contractor and/or subcontractor performing any portion of the work on the Project that involves any construction trade (hereinafter collectively referred to in this provision as "Construction Trade Participant(s)") shall, at their own expense, procure and maintain all-risk property damage and liability insurance. For the term of this Agreement, Construction Trade Participant(s) shall list the County as an additional insured on said all-risk property damage and liability insurance. Property damage coverage shall not be less than the current market value of the property. Liability coverage shall include contractual insurance as well as comprehensive form insurance, and shall provide coverage of not less than \$1,000,000 bodily injury per person, \$1,000,000 bodily injury per occurrence, and \$500,000 property damage. Subrecipient, on behalf of itself and on behalf of any other Construction Trade Participant(s), shall furnish the County with a certificate of insurance before any work is started by any such party. The certificate of insurance shall include a statement guaranteeing that the insurance policy shall not be cancelled, non-renewed or materially changed without thirty (30) days advance written notice being given to the Community Development Administrator. Construction Trade Participant(s) shall provide Workers' Compensation Insurance coverage as required by Texas law for all employees involved in the performance of this Agreement. The insurance company providing the insurance must be licensed to do business in the State of Texas and rated as A or better by A.M. Best. The Subrecipient hereby acknowledges and agrees that it shall be the responsibility of the Subrecipient to ensure that all Construction Trade Participant(s) comply with the herein stipulated minimum insurance requirements. Furthermore, the Subrecipient hereby agrees to include and require that the language of this provision be included in all contracts or subcontracts relating to the Project.

- E. Until at least the date determined in Exhibit A of this Agreement (Monitoring Period), Subrecipient shall fulfill its stated purpose in a manner satisfactory to the County as outlined in Exhibit A (Project Description and Scope of Services) of this Agreement and provide continued service. All records and public information created in connection with this Agreement or the Project shall be retained by Subrecipient until at least the date determined in Exhibit A (Monitoring Period).
- F. In the event Subrecipient discontinues its services and/or the Project funded under this Agreement prior to the date determined in Exhibit A (Monitoring Period) of this Agreement, the value of the pro-rated portion of real and personal property (tangible and intangible) secured with the CDBG funds, if applicable, under this Agreement shall revert to the County. If said property has been disposed of, then the County will be reimbursed in the amount of the current fair market value of the property less any portion of the fair market value attributable to non- County CDBG funds. (Personal property includes, but is not limited to, equipment, furnishings, and vehicles.)
- G. Except as provided herein, the terms of this Agreement shall be effective from the date of execution through and including the date determined in Exhibit A of this Agreement (Monitoring Period).

PART II

1. PERFORMANCE AND REPORTING:

- A. Subrecipient shall direct all notices, reports, insurance policies, and other communications related to or required by this Agreement to the office of the Williamson County Community Development Administrator, 710 Main Street, Ste 101 Georgetown, TX 78626. Notice by both Subrecipient and County shall be given by ordinary mail. All reports shall comply with relevant state and federal regulations, including but not limited to 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- B. Until the completion of the Project and expenditure of all CDBG funds disbursed under this Agreement, Subrecipient shall submit monthly reports describing progress of the project activities.
- C. Not later than date determined in Exhibit A of this Agreement (Project Completion Date), Subrecipient shall provide the County with a Certified Statement of the Expenditure of Funds disbursed under this Agreement.
- D. Following completion of the Project, Subrecipient shall submit annual reports by the first day of October of each contract year until the date determined in Exhibit A (Monitoring Period) of this Agreement. The annual report shall, at a minimum, include statistics pertaining to the number, race, disability, household income, household size and place of residence of clients served at Subrecipient's Facility.

- E. No reporting requirements shall extend beyond the date determined in Exhibit A of this Agreement (Monitoring Period).

2. **OTHER REPORTS, AUDITS AND INSPECTIONS:**

- A. Subrecipient shall promptly furnish the County or HUD with such statements, records, data and information as the County or HUD may reasonably request pertaining to this Agreement.
- B. During the term of this Agreement, any time during normal business hours, Subrecipient shall make available to the County, HUD and/or the Comptroller General of the United States, or their duly authorized representatives, all of Subrecipient's records in order to permit examination of any audits, invoices, materials, payrolls, personnel records, conditions of employment, and other data relating to all matters covered by this Agreement.
- C. Subrecipient shall retain financial records, supporting documents, statistical records, and all other records pertaining to expenditures under this Agreement until the date determined in Exhibit A.

3. **ADMINISTRATIVE REQUIREMENTS AND AUDIT REQUIREMENTS:**

A. Financial Management

1. Accounting Standards

Subrecipient agrees to comply with Subpart E of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and agrees to adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred. All financial transactions and documentation must comply with the audit requirements in 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Procedures for Accounts Payable, Purchasing, and other accounting functions must meet all standards established by the Williamson County Auditor, and Subrecipient will provide any reports required by those standards.

2. Uniform Administrative Requirements

Subrecipient will comply with 24 CFR 570.502, Applicability of Uniform Administrative Requirements, Section (a), recipients and subrecipients that are governmental entities (including public agencies) and Section (b), subrecipients, except subrecipients that are governmental entities.

Subrecipients shall comply with the requirements and standards of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

3. Audit Requirements

Subrecipient agrees to comply with the Williamson County Community Development Block Grant Audit Requirements attached as Exhibit B to this Agreement.

Subrecipients shall comply with the requirements and standards of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Subrecipient agrees to furnish County with a current Financial Report (financial statements) within six (6) months from the end of its fiscal year covering the period of this Agreement that includes detailed receipts and disbursement of payments to Subrecipient hereunder. **Grant funds will automatically be forfeited if the SUBRECIPIENT fails to submit a Financial Report.**

However, if Subrecipient expends Seven Hundred Fifty Thousand Dollars (\$750,000.00) or more in federal funds (all sources), Subrecipient must, within nine (9) months from the end of its fiscal year, supply County with a single audit and is required to submit their audit report to the Federal Audit Clearinghouse (FAC) within the earlier of 30 days after the receipt of the auditor's report, or within 9 months after the end of the audit period. **Grant funds will automatically be forfeited if the SUBRECIPIENT fails to submit an audit within the allotted time.**

If the Subrecipient expends less than Seven Hundred Fifty Thousand Dollars (\$750,000.00) a year in federal funds (all sources), then they are exempt from Single Audit requirement for that year; however, records must be available for review or audit by appropriate officials of the federal agency, pass-through entity and the General Accounting Office.

Subrecipient is required to submit a 990 Tax Return (Return of Organization Exempt from Income Tax) for the most recent fiscal year within six (6) months if submitting a Financial Report or within nine (9) months if submitting a Financial Audit. If the Subrecipient is not classified as an exempt entity as defined in 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Subrecipient will not be awarded grant funds.

If applicable, Subrecipient agrees to cooperate with County relating to any inquiries regarding the Financial Audit or Financial Report and Subrecipient acknowledges that a Financial Audit or Financial Report shall be provided to County at the expense of the Subrecipient. Financial Audit or Financial Report shall be available to County staff, and any and all applicable federal agencies, and be of unrestricted access, as listed in 24 CFR Part 85.42.

4. Cost Principles

Subrecipient shall administer its program in conformance with 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as applicable, for all costs incurred whether charged on a direct or indirect basis.

B. Documentation and Record-Keeping

1. Records to Be Maintained

Subrecipient shall maintain all records that are pertinent to the activities to be funded under this Agreement, including but not limited to:

- a. Records providing a full description of each activity undertaken;
- b. Records required to document the acquisition, improvement, use or disposition of real property acquired or improved with CDBG assistance;
- c. Records documenting compliance with the fair housing and equal opportunity components of the CDBG program; and
- d. Financial records as required by 24 CFR 570.502, and 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

2. Client Data

Subrecipient shall maintain client data demonstrating client eligibility for services provided. Such data shall include, but not be limited to a signed and dated verification of income statement, or other basis for determining eligibility, and description of service provided. Such information shall be made available to County monitors or their designees for review upon request.

3. National Objectives

Subrecipient agrees to maintain documentation that demonstrates that the activities carried out with funds provided under this Agreement benefit low/moderate income persons, as defined in 24 CFR 570.208.

C. Procurement

1. Compliance

Subrecipient shall comply with current County policy concerning the purchase of equipment and shall maintain an inventory record of all non-expendable personal property as defined by such policy as may be procured with funds provided herein. All program assets (unexpended program income, property, equipment, etc.) shall revert to the County upon termination of this Agreement. As necessary, the procurement procedures and related documents involving all purchases with grant funds are subject to review and oversight by the County's Contract Audit, Legal, and Purchasing Department.

2. OMB Standards

Subrecipient shall procure materials in accordance with the requirements of 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Procurement Standards, and shall subsequently follow, Property Management Standards, covering utilization and disposal of property. Copies of said circulars are provided and by execution of this Agreement, Subrecipient acknowledges their receipt.

D. Amendments

The County or Subrecipient may amend this Agreement at any time provided that such amendments are executed in writing and signed by a duly authorized representative of both organizations.

4. **NON-DISCRIMINATION:**

No person shall be excluded from or denied the benefits of Subrecipient's service on the basis of age, race, color, religion, creed, national origin, gender identity, sex, marital status, disability, sexual orientation or, with respect to the sale, lease, rental, use or occupancy of real property or housing accommodations, the presence or absence of dependents, familial status or public assistance source of income. All current and prospective project beneficiaries must, however, be persons in need of the programs provided by Subrecipient.

5. **SECTION 504 COMPLIANCE:**

No otherwise qualified individual with handicaps shall, solely by reason of his/her handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance. This includes, but is not limited to, programs and/or activities related to housing, employment, and the delivery of services.

6. **EQUAL EMPLOYMENT OPPORTUNITY, FAIR HOUSING AND DRUG-FREE WORKPLACE:**

The subrecipient certifies that it is an "Equal Opportunity Employer" and that it will comply with the Texas Human Rights Commission Act, and all applicable HUD regulations pertaining to equal opportunity and affirmative action in employment. Further, the SUBRECIPIENT shall ensure that all contracts for work under this Agreement contain appropriate equal employment opportunity statements.

SUBRECIPIENT shall comply with all provisions of 24 CFR Part 100-115, which implement the Fair Housing Act. This Act prohibits discrimination in the sale or rental of housing, the financing of housing or the provision of brokerage services against any person on the basis of race, color, religion, sex, national origin, handicap or familial status.

In addition, SUBRECIPIENT certifies it will provide a drug-free workplace as defined in 24 CFR Part 24, subpart F and/or follow the requirements of 24 CFR 92.350.

7. **SECTION 3:**

Subrecipient agrees to comply with Section 3 requirements, the regulations set forth in 24 CFR 135, and to include the following language in all subcontracts executed under this Agreement:

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3 shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate actions, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contract is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.
- G. With respect to work performed in connection with Section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of

contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

8. **WOMEN AND MINORITY-OWNED BUSINESS ENTERPRISES:**

Subrecipient will use its best efforts to afford minority and women-owned business enterprises (at least fifty-one (51) percent owned and controlled by minority group members or women) the maximum practicable opportunity to participate in the performance of this Agreement.

9. **LABOR:**

Construction projects funded under the CDBG program in excess of \$2,000 shall comply with the labor provisions outlined in 24 CFR 570.603. Subrecipient will comply with Davis-Bacon Act (40 U.S.C. 276a-276a-5). Such contracts must also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332). The Subrecipient agrees to adhere to said provisions and will not use suspended or debarred contractors.

10. **ENVIRONMENTAL ASSESSMENT AND HISTORIC PRESERVATION:**

Subrecipient shall assist the County in complying with all applicable environmental assessment and historic preservation requirements of HUD and the State Historic Preservation Officer of Texas.

11. **LEAD-BASED PAINT POISONING PREVENTION:**

Subrecipient shall comply with requirements of Section 302 of the Lead-Based Paint Poisoning Prevention Act and HUD regulations thereunder (24 CFR Part 570) insofar as they apply to the performance of this Agreement.

12. **ELIGIBILITY RESTRICTIONS FOR CERTAIN RESIDENT ALIENS (570.613):**

1. Restriction The subrecipient agrees to comply with 24 CFR 570.613, which states that certain newly legalized aliens, as described in 24 CFR part 5 subpart E are not eligible to apply for benefits under covered activities funded by the County's CDBG programs. "Benefits" under this section means financial assistance, public services, jobs and access to new or rehabilitated housing and other facilities funded through the County's CDBG programs. "Benefits" do not include relocation services and payments to which displacees are entitled by law.

2. Covered Activities "Covered activities" under this section means activities meeting the requirements of Sec. 570.208(a) that either:

- a. Have income eligibility requirements limiting the benefits exclusively to low and moderate income persons; or
- b. Are targeted geographically or otherwise to primarily benefit low and moderate income persons (excluding activities serving the public at large, such as sewers,

roads, sidewalks, and parks), and that provide benefits to persons on the basis of an application.

3. Limitation on Coverage

The restrictions under this section apply only to applicants for new benefits not being received by covered resident aliens as of the effective date of this agreement.

4. Compliance

Compliance can be accomplished by the subrecipient obtaining certification as provided in 24 CFR part 5 subpart E evidencing citizenship or eligible immigration status.

13. **TERMINATION OF AGREEMENT FOR CAUSE:**

If Subrecipient fails to fulfill its obligations under this Agreement in a timely and proper manner, or if Subrecipient violates any of the terms, agreements or stipulations of this Agreement, the County shall thereupon have the right to terminate this Agreement by giving written notice to Subrecipient of such termination, specifying the default or defaults, and stating that this Agreement shall be terminated 30 days after the giving of such notice unless such default or defaults are remedied within such cure period. The County shall be obligated to make no payment due hereunder after it gives said notice unless the defaults are remedied with said 30-day period. In the event of such termination, Subrecipient shall promptly repay to the County the full grant amount or that portion of the amounts that have been disbursed to Subrecipient prior to such termination.

14. **TERMINATION OF AGREEMENT FOR CONVENIENCE:**

This Agreement may be terminated in whole or in part upon the mutual agreement of the parties hereto, in which case the County and Subrecipient shall agree upon the termination conditions, including the effective date, the disposition of contract amounts, and in the case of partial termination, the portion to be terminated. However, if, in the case of partial termination, the County determines that the remaining portion of the award will not accomplish the purposes for which the award was made, and the award is terminated in its entirety, Subrecipient shall promptly repay to the County the full grant amount or that portion of the amount which has been disbursed to Subrecipient prior to such termination.

15. **INTEREST OF CERTAIN FEDERAL AND OTHER OFFICIALS:**

- A. No member or delegate to the Congress of the United States, and no resident Commissioner, shall be admitted to any share or part of this Agreement, or to any benefit to arise herefrom.
- B. No member of the governing body of the County, no officer, employee, official or agent of the County, or other local public official who exercises any functions or responsibilities in connection with the review, approval or carrying out of the Project to which this Agreement pertains, shall have any private interest, direct or indirect, in this Agreement.

- C. No federal funds appropriated under this Agreement shall be paid, by or on behalf of Subrecipient, to any person for influencing or attempting to influence a member of Congress, an officer or employee of Congress or any federal agency in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or agreement.
- D. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal agreement, Subrecipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- E. Subrecipient shall require that the language of this certification be included in the award documents for all sub-Subrecipients and that all sub-Subrecipients shall certify and disclose accordingly.

16. **CONFLICT OF INTEREST:**

Subrecipient covenants that it has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of the services to be undertaken through this Agreement. Subrecipient further covenants that in the performance of this Agreement, no person having such an interest shall be employed by Subrecipient.

17. **GRANTOR RECOGNITION:**

All activities, facilities, and items utilized pursuant to this Agreement shall be prominently labeled as CDBG funded. In addition, Subrecipient will include a reference to the support provided herein in all publications made possible with funds made available under this Agreement.

18. **ASSIGNABILITY:**

Subrecipient shall not assign or transfer any interest in this Agreement without the prior written approval of the County. Any assignment made without such consent shall be void. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

19. **HOLD HARMLESS PROVISION:**

Subrecipient shall indemnify, defend and hold harmless the County, its officers, employees and agents from all liability, loss, cost, damage and expense (including reasonable attorney's fees and court costs) resulting from or incurred by reason of any actions based upon the negligent acts or omissions of Subrecipient's employees or agents during the performance of this Agreement.

20. **SEVERABILITY CLAUSE:**

By: _____
Brian LaBorde
City Manager

ACKNOWLEDGMENT

On this _____ day of _____, 2025, before me, the undersigned, a Notary Public in and for the State of Texas, personally appeared _____ and _____, to me personally known, who being by me duly sworn, did say that they are the _____ and _____, respectively, of the City of Taylor executing the foregoing instrument; that the seal affixed hereto is the seal of said city; that the instrument was signed on behalf of the city by proper authority; that _____ and _____ acknowledged the execution of the instrument to be the voluntary act and deed of the city, by it and by them voluntarily executed.

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EXHIBIT A

TO AGREEMENT BETWEEN WILLIAMSON COUNTY AND THE CITY OF TAYLOR FOR THE USE OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS FISCAL YEAR 2024 FUNDING

1. PROJECT DESCRIPTION AND SCOPE OF SERVICES:

A. Subrecipient will utilize CDBG funds for the construction of water line improvements to replace existing undersized, 2-inch water mains, which do not meet current standards. Waterline will be approximately 1,100 linear feet (LF) of 8" waterline. The project will improve conditions to benefit households in the project vicinity, 5th and Murphy in Taylor TX.

B. Upon request, the County will provide technical assistance to the subrecipient concerning compliance with the terms of this Agreement. The subrecipient shall be responsible for all bidding procedures and subcontractural arrangements. All procedures shall be carried out in accordance with all Federal, State and local standards, and shall be monitored by the County.

C. The Project shall be completed in compliance with all applicable state and local codes. Upon completion, this Project shall be operated in compliance with all applicable federal, state and local laws. Subrecipient agrees the funding shall be used solely for the purpose of costs as detailed in Part I.1.A. of this Agreement.

2. TIME OF PERFORMANCE:

Subrecipient shall perform according to the following schedule:

Program Element

- | | |
|---------------------------|--|
| 1. March 2025 | Award of funds and contract with Williamson County |
| 2. March-May 2025 | Environmental Assessment |
| 3. April-September 2025 | Project design and plan/specs preparation |
| 4. September-October 2025 | Bid/award of construction contract |
| 5. October 2025-May 2026 | Construction |
| 6. Monitoring Period | To be determined based on statement below |

Records are to be retained for four years from the date of submission of the County's CAPER in which the specific activity is reported for the last time, unless there is litigation, claims, audit, negotiation, or other actions involving the records, which has started before expiration of the four year period. In such cases, the records must be retained until completion of the action and resolution of all issues which arise from it or the end of the regular four year period, whichever is longer.

3. PROPOSED PROJECT BUDGET (see attached HUD budget):

	<u>CDBG Amount</u>	<u>Subrecipient Amount</u>
A. <u>Construction\Rehabilitation\Installation</u>	\$659,000	_____
B. <u>Eligible equipment</u> (as outlined in 24 CFR 570.207(1))	_____	_____
C. <u>Engineering, planning & administrative costs</u>	_____	_____
D. <u>Property Acquisition</u>	_____	_____
 CDBG Grant	 \$659,000	

EXHIBIT B
Williamson County Community Development Block Grant Audit Requirements

Williamson County Subrecipients will adhere to the following guidelines with regards to audit requirements:

Subrecipient agrees to comply with the applicable requirements and standards as set forth in 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Subrecipient agrees to furnish County with a current Financial Report (financial statements) within six (6) months from the end of its fiscal year covering the period of this Agreement that includes detailed receipts and disbursement of payments to Subrecipient hereunder. Future and unused grant funds will automatically be forfeited if the Subrecipient fails to submit a Financial Report.

However, if Subrecipient expends Seven Hundred Fifty Thousand Dollars (\$750,000.00) or more in federal funds (all sources), Subrecipient must, within nine (9) months from the end of its fiscal year, supply County with a single audit and is required to submit their audit report to the Federal Audit Clearinghouse (FAC) within the earlier of 30 days after the receipt of the auditor's report, or within 9 months after the end of the audit period. Grant funds will automatically be forfeited if the Subrecipient fails to submit an audit within the allotted time.

If the Subrecipient expends less than Seven Hundred Fifty Thousand Dollars (\$750,000.00) a year in federal funds (all sources), then they are exempt from the Single Audit requirements for that year; however, records must be available for review or audit by appropriate officials of the federal agency, pass-through entity and the General Accounting Office.

If applicable, Subrecipient is required to submit a 990 Tax Return (Return of Organization Exempt from Income Tax) for the most recent fiscal year within six (6) months if submitting a Financial Report or within nine (9) months if submitting a Financial Audit. If the Subrecipient is not classified as an exempt entity as defined in 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Subrecipient will not be awarded grant funds.

If applicable, Subrecipient agrees to cooperate with County relating to any inquiries regarding the Financial Audit or Financial Report and Subrecipient acknowledges that a Financial Audit or Financial Report shall be provided to County at the expense of the Subrecipient. Financial Audit or Financial Report shall be available to County staff, and any and all applicable federal agencies, and be of unrestricted access, in accordance with 24 CFR Part 85.42 and 24 CFR Part 84.53 as applicable.

The Williamson County CDBG office will issue letters to remind Subrecipients of the audit requirements and request timely submission. Letters will be issued on or around January 5 of each year. If no response is received, a second letter will be issued on or around February 15 of each year. If no response is received, a third request will be made approximately two weeks following. If no response is received by March 15, a final notification will be issued advising the subrecipient of suspension of reimbursement and future funding pending receipt of requested information.

Failure to follow these guidelines could result in the forfeit of future Williamson County CDBG funds and/or repayment of Williamson County CDBG funds already utilized.

Upon receipt of the required audit documents, the Williamson County Community Development Block Grant office will do an initial review to identify findings that affect the Williamson County CDBG program

or any cross-cutting findings that could affect future funding. The CDBG office will also request a review by the Williamson County Auditor's office.

In the event of a finding, Williamson County will issue a letter requesting additional information regarding the finding and the intentions of the Subrecipient to remedy the finding. Working with the Williamson County Auditor's office, the CDBG office will determine next steps to ensure that all federal, state, or local laws/statutes are met.

If a Subrecipient is unable to provide required audit documentation and has utilized CDBG funding, Williamson County will have the option to request repayment and recapture unused funds. If a Subrecipient is unable to provide required audit documentation and has not utilized CDBG funding, Williamson County will not issue funding until requirements are met or will reallocate funds to an alternate project if necessary.



City Council Meeting March 27, 2025 Transmittal Letter

STRATEGIC PILLAR

Economic Vitality

Agenda Item Number: 5.

Agenda Title: Consider approval of a Collateral Assignment with Park at 79 Commerce and authorize the City Manager or his designee to sign related contractual documents.

Council Action to be Taken: Approve on consent.

Department Submitted: City Attorney

Staff Contact: Mark Schroeder, City Attorney

1. PURPOSE / DESCRIPTION

The document is giving the lender a security interest in the receivables under the PID reimbursement agreement and the right to step into the shoes of the borrower and collect the funds borrower receives under the PID reimbursement agreement – but only if the borrower defaults under the loan documents.

The lender wants the City to sign the Collateral Assignment to acknowledge that the City will recognize the Lender as borrower's assignee/successor if the lender ever forecloses and direct reimbursements to the lender (as the owner of the property).

This Collateral Assignment is related to the Park 79 PID, which was created by the City Council by Resolution R23-43 on Nov. 16, 2023. The Park 79 project is a 70-acre industrial project with three large-format warehouses at 139,889, 122,633, and 99,669 square feet each, along with associated public and private improvements. The public improvements include the extension of CR 401 north of US 79, Wing Street, and extensions and oversizing of water and wastewater utilities to serve the development and adjacent tracts.

2. STAFF ANALYSIS / BACKGROUND / PRIOR COUNCIL ACTIONS

These assignments are standard for PIDs and city is required to consent to the assignment under the PID agreements.

3. PROS and CONS

<u>PROS</u>	<u>CONS</u>
• N/A	• N/A

4. RECOMMENDATION

Staff recommends approval.

5. FUNDING SOURCE

N/A

6. TIMELINE

N/A

7. OTHER OPTIONS

N/A

8. ATTACHMENTS

1. Consent to Collateral Assignment of PID(578480.1)

CONSENT TO COLLATERAL ASSIGNMENT OF PARK79 COMMERCE PUBLIC
IMPROVEMENT DISTRICT FINANCING AGREEMENT

DATE: _____, 2025

DEVELOPER: PARK79 COMMERCE CENTER LLC, a Delaware limited liability company, as successor-in-interest to TAYLOR 79, LLC, a Colorado limited liability company

LENDER: VERITEX COMMUNITY BANK

CITY: THE CITY OF TAYLOR, TEXAS

REIMBURSEMENT AGREEMENT: Park79 Commerce Public Improvement District Financing Agreement dated “_____, 2025,” by and between Developer and City

1. Lender has made, or intends to hereinafter make, a loan to Developer for the purposes of, among other things, financing development in the City (the “**Loan**”) and such loan is or will be evidenced by a Loan Agreement by and between Lender and Developer (the “**Loan Agreement**”) and secured by Developer’s interest in certain real property located in the City (the “**Developer Property**”) as well as various other personal property of Developer pursuant to the terms of various security and/or pledge agreements and any mortgage or deed of trust (collectively, the “**Security Documents**”).

2. In connection with the Loan, Developer has granted, or will grant, Lender a security interest (“**Security Interest**”) in all revenues, moneys, proceeds, benefits and payments accruing and to accrue, and all sums payable and to be payable, to Developer and to which Developer is or might be entitled to receive, including, without limitation, the right to receive Special Assessment Revenues (as defined in the Reimbursement Agreement) and PID Bond (as defined in the Reimbursement Agreement) proceeds or from whatever other source under, by virtue of or arising as a result of the Reimbursement Agreement (collectively, the “**Reimbursements**”) and any other agreements between Developer and the City that may be entered into in the future regarding improvements to the Developer Property.

3. In connection with the Loan, Developer has also collaterally assigned, or will collaterally assign, the Reimbursement Agreement to Lender; provided, however that until such time as Lender assumes ownership of the Developer Property or forecloses (via judicial or non-judicial foreclosure, deed in lieu of foreclosure or otherwise) on the Developer Property and the Security Interest, Developer shall remain obligated to perform and comply with all provisions of the Reimbursement Agreement.

4. The City hereby consents, to the extent required under Section 4.05 of the Reimbursement Agreement, to (i) the assignment of the Reimbursement Agreement to Lender as described herein; and (ii) the granting of the Security Interest to Lender as described herein, and hereby agrees to recognize Lender or its designated successor as the owner of the Developer Property (or relevant portion thereof) and as the “**Developer**” for all purposes under the Reimbursement Agreement from and after the effective date of any foreclosure or deed in lieu thereof that includes the Reimbursement Agreement; provided that Lender or its designated successor, as applicable, expressly agrees to assume and perform all of the duties and obligations

of the “**Developer**” under the Reimbursement Agreement. The City agrees that upon receipt of written notice from the Lender, the Reimbursements shall be paid to Lender.

5. To facilitate execution, this instrument may be executed in any number of counterparts, and it will not be necessary that the signatures of all parties be contained on any one counterpart. All executed counterparts of this document will be deemed to be originals, but all such counterparts, when taken together, will constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof. This instrument and any disputes, claim or controversy arising out of or relating to this instrument shall be governed by the laws of the State of Texas without regard to conflict of law principles.

LENDER:

VERITEX COMMUNITY BANK

By: _____
Name: _____
Title: _____

DEVELOPER:

PARK79 COMMERCE CENTER LLC,
a Delaware limited liability company

By: QP TX Taylor, LLC, a Colorado limited liability company
Its: Manager

By: QP TX Industrial JV, LLC, a Colorado limited liability company
Its: Manager

By: QPFI-TX Industrial, LLC, a Colorado limited liability company
Its: Manager

By: _____
Name: G. Douglas Wiley, II
Title: President

CITY:

THE CITY OF TAYLOR TEXAS

By: _____

Name: _____

Title: _____

NOTICE ADDRESS:



City Council Meeting March 27, 2025 Transmittal Letter

STRATEGIC PILLAR

Economic Vitality

Agenda Item Number: 6.

Agenda Title: Receive the Annual Comprehensive Financial Report for Fiscal Year 2024

Council Action to be Taken: Receive Presentation and Accept Report

Department Submitted: Finance

Staff Contact: Robert Powers, Chief Financial Officer

1. PURPOSE / DESCRIPTION

Texas state law requires that all general-purpose local governments publish a complete set of financial statements within six months of the close of each fiscal year, and such statements be presented in conformity with the generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants. Pursuant to the statutory requirement and the requirement of Section 10.3 of the City Charter, we hereby issue the Annual Comprehensive Financial Report of the City of Taylor for the fiscal year ended September 30, 2024.

Mike Brooks of the accounting firm BrooksWatson & Company PLLC will present an overview of the financial audit.

2. STAFF ANALYSIS / BACKGROUND / PRIOR COUNCIL ACTIONS

The financial report is published to provide interested parties with detailed information concerning the financial condition and activities of the City of Taylor. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. Responsibility for the accuracy of the data and the fairness of its presentation rests with the City.

The City of Taylor's financial statements have been audited by the certified public accountants of BrooksWatson & Company, PLLC. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the stated amounts

and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

3. PROS and CONS

PROS

- An independent audit ensures that the City is properly reporting its financial transactions
- Independent auditors are obligated to report any deficiencies and make recommendations as they feel are necessary for the betterment of the City's operations and to prevent fraudulent activities
- This audit complies with statutory and local requirements
- No cons to having an independent third-party review of our financial transactions and reporting

CONS

4. RECOMMENDATION

Staff recommends that the Council receive and accept the report as presented.

5. FUNDING SOURCE

Funds are budgeted annually to cover the cost of the financial audit.

6. TIMELINE

Immediate consideration to comply with state law.

7. OTHER OPTIONS

N/A

8. ATTACHMENTS

1. Draft ACFR 9.30.2024

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

of the

City of Taylor, Texas

**For the Year Ended
September 30, 2024**

Prepared by:
Finance Department

Robert G. Powers
Chief Financial Officer



City of Taylor, Texas

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September 30, 2024

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INTRODUCTORY SECTION





March 21, 2025

To the Honorable Mayor, Members of the City Council and Citizens of the City of Taylor:

Texas state law requires that all general-purpose local governments publish a complete set of financial statements within six months of the close of each fiscal year, and such statements be presented in conformity with the generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants. Pursuant to that requirement and the requirement of Section 10.3 of the City Charter, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the City of Taylor for the fiscal year ended September 30, 2024.

This report is published to provide the City Council, city staff, citizens of Taylor, representatives of financial institutions, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City. Responsibility for the accuracy of the data and the fairness of its presentation rests solely with the City of Taylor. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. Because the cost of internal controls should not outweigh their benefits, the City of Taylor's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The City of Taylor's financial statements have been audited by the certified public accountants of BrooksWatson & Company, PLLC. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of this ACFR.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Profile of the Government

The City of Taylor was incorporated in 1876 and is in eastern Williamson County, which is part of the central region of the State of Texas. It is located approximately 29 miles northeast of Austin and 7 miles east of State Highway 130 and 17 miles east of Interstate Highway 35. State Highway 95 and U.S. Highway 79 intersect in downtown Taylor. The city currently occupies a land area of 22.69 square miles and services an estimated population of 17,337 residents, based on the July 1, 2023 Census Bureau data. The City of Taylor is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City of Taylor operated under a Commission-Manager form of government from 1926 to 2001. In an election held on May 5, 2001, a charter amendment was approved that changed the city governance to a Council-Manager form of government. Policy-making and legislative authority are vested in the City Council consisting of the Mayor and four Council members. The City Council is primarily responsible for setting policy, passing ordinances, adopting the annual budget, appointing committee members, and appointing the City Manager, City Attorney and Municipal Court Judge.

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and appointing the heads of the various departments. The Council is elected on a non-partisan basis. City Council members serve three-year staggered terms. The three-year election cycle consists of two members being elected in consecutive years and a single member being elected in the third year of the cycle. Four of the City Council members are elected by district with the remaining council member being elected at-large. In May 2024, voters approved a change to the City's Charter to provide that the Councilmember elected to the at-large position shall also serve as Mayor.

The City of Taylor provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; recreational activities and cultural events; and development services. Solid waste collection and water treatment are outsourced to Waste Connection of Texas and Brazos River Authority (BRA), respectively. Wastewater collection and treatment is provided by the City through city-owned facilities. In addition, the City of Taylor is also financially accountable for a legally separate economic development corporation, which is reported separately with the City of Taylor's financial statements. Additional information on this legally separate entity can be found in the Notes to the Financial Statements.

Long-Term Financial Planning

The City of Taylor utilizes long-term revenue and expenditure forecasts and a Capital Improvements Schedule to plan for projects and initiatives that promote the City's strategic pillars. These planning tools are utilized to focus on improvements in the following areas: Neighborhoods/Diversity & Population Size, Public Safety, Infrastructure/Transportation/City

Facilities, Economic Vitality/Financial Health, Community Engagement, Customer Service, Arts, and Parks, Trails & Open Spaces.

The City's fund balance/operating position continues to be an important factor in policy decisions. The City's Fund Balance Policy requires a minimum unassigned fund balance in an amount equal to 25% of annual general fund operating expenditures. These resources allow the City to avoid disruptions in services during economic downturns and to ensure that there will be adequate liquid resources to serve as a financial cushion against the potential shock of unanticipated events.

The information presented in the financial statements is perhaps best understood when it is considered from a broader perspective of the specific environment within which the City of Taylor operates. The City Council adopted a strategic Plan in 2020 to guide city staff in developing programs and strategies for the good of the community. Future management of growth issues and budget decisions will be guided by the goals and strategies contained in the Strategic Plan. The following goals are used in the development and management of the City's operational focus:

- ❖ **Financial** – To be good stewards of the City's resources.
- ❖ **Customer** – Our residents and businesses are proud to call Taylor home.
- ❖ **Internal Process** – Our clearly defined processes and procedures make it easy to do business with the city.
- ❖ **Employee** – Our knowledgeable, engaged employees deliver an exceptional customer experience by doing a job they love.
- ❖ **Culture** – Our friendly, welcoming environment attracts residents, businesses, and visitors.

The City Council and City staff continue to work to ensure completion of ongoing projects that will provide infrastructure improvements to the City's roadways, downtown area, drainage systems, water/wastewater systems, municipal airport, and parks.

Other Information

Fund Accounting: The City's accounting system is organized and operated on a "fund basis." Each fund is a distinct, self-balancing entity. A description of the various major funds and fund types is contained in the Notes of the financial statements. A description of each individual non-major fund is contained at the beginning of its related combined financial statement.

Basis of Accounting: The City's accounting records for all governmental funds are maintained on the modified accrual basis of accounting. This method recognizes revenue when it is measurable and available and expenditures when goods or services are received. All proprietary funds are accounted for using the accrual basis of accounting where revenue is recognized when it is earned, and expenses are recognized when they incur.

Budgetary Control: The annual budget serves as the foundation for the City of Taylor's financial planning and control. The operating budget includes anticipated revenues and expenditures for the General Fund, Special Revenue Funds, the Debt Service Funds, and Proprietary Funds. The budget is a planning device that defines the type, quality, and quantity of City goods and services that will be provided to our citizens. The budget is also a control device that serves as a system of "checks and balances" between levels of City government. The budgetary system ensures that individual departments contain their expenditures within limitations set by the City management, and that City management contains expenditures for the entire City within limitations set by the City Council.

All units and departments of the City of Taylor are required to submit requests for appropriations to the City Manager. The City Manager and Finance Department staff use these requests as the starting point for developing a proposed budget. The City Manager then presents a proposed budget to the City Council for review and budget workshops are scheduled. The City Council is required to hold a public hearing on the proposed budget and then adopt the final budget no later than September 15th.

The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may authorize transfers of appropriations within a department and between departments within a fund. Increases of appropriations to a fund, however, requires approval of an ordinance by the City Council that formally amends the adopted budget.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statement for the governmental funds. For other governmental funds with annual budgets, this comparison is presented in the governmental fund subsection of the report.

Internal Control: City Management is responsible for establishing and maintaining a system of internal controls. This system is designed to provide a reasonable assurance that: (1) City assets are protected from loss, theft, or misuse; and (2) City financial records and data are accurate and reliable. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from it, and that the evaluation of cost and benefits requires estimates and judgments by management.

Acknowledgements

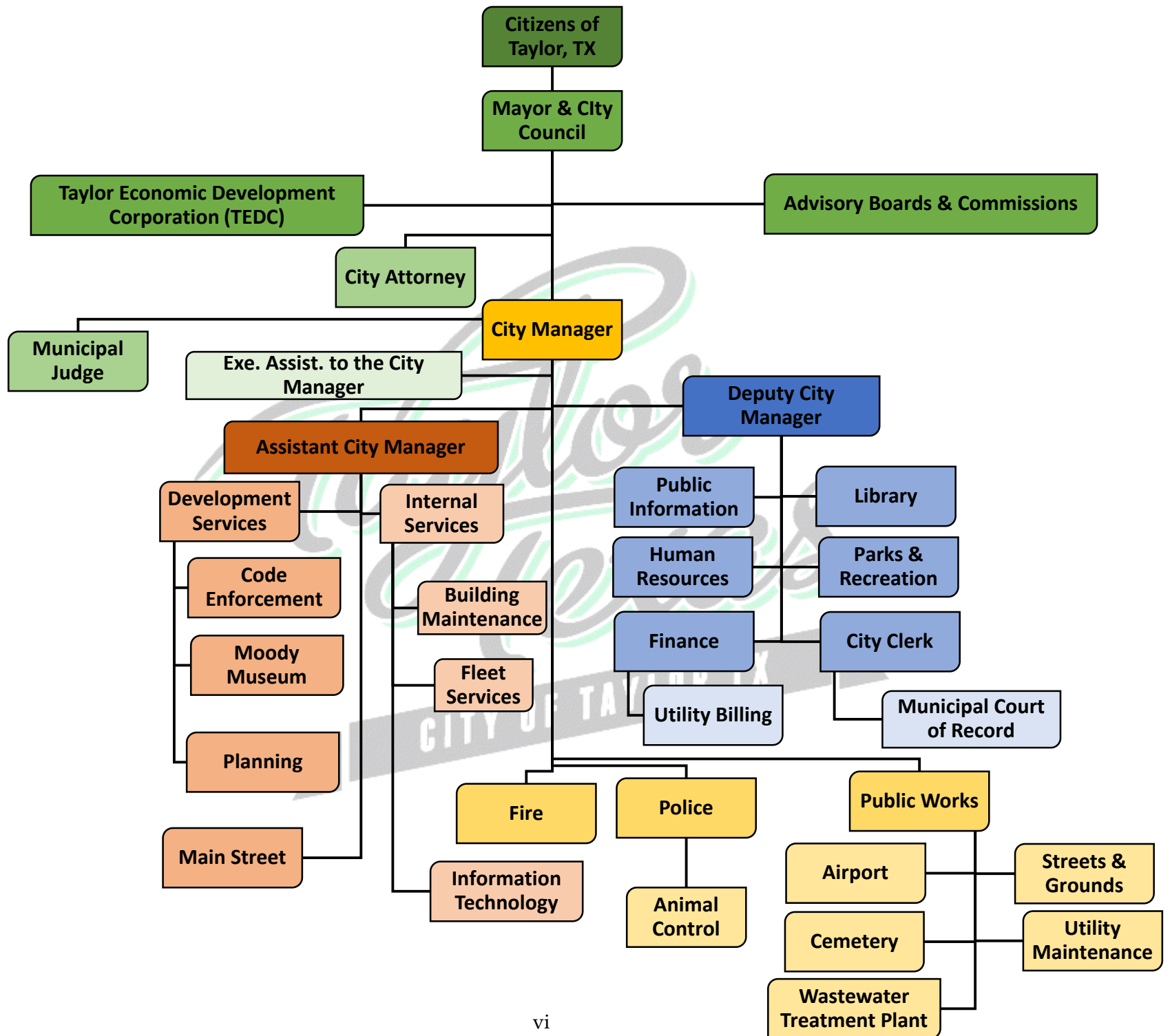
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Taylor for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. This was the 16th consecutive year that the City of Taylor has received this prestigious award. To be awarded a Certificate of Achievement, a local government must publish an Annual Comprehensive Financial Report that is easy to read and well organized, as well as meeting both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current Annual Comprehensive Financial Report continues to meet the requirements of the Certificate of Achievement Program and we will submit it to the GFOA for certification.

The presentation of this report could not have been accomplished without the dedicated services of the entire staff of the City's Finance Department and my predecessor, Jeffrey Wood. I would also like to thank the Mayor and the City Council for their continued support in maintaining the highest standards of professionalism in the management of the City of Taylor's financial operations. Furthermore, I would like to acknowledge the work of the independent auditors from BrooksWatson & Company, PLLC, who have diligently examined the City's financial activities.

Respectfully submitted,

Robert G. Powers
Chief Financial Officer



City of Taylor, Texas

PRINCIPAL OFFICIALS

September 30, 2024

City Council

Dwayne Ariola.....	Mayor	Term Expires May 2026
Kelly Cmerek.....	Mayor Pro Tem	Term Expires May 2026
Gerald Anderson.....	Council Member	Term Expires May 2025
Shelli Cobb.....	Council Member	Term Expires May 2026
Robert Garcia.....	Council Member	Term Expires May 2025

City Staff

Brian LaBorde.....	City Manager
Jeffery Jenkins.....	Deputy City Manager
Carly Pearson.....	Asst. City Manager
Rocio Lopez	Executive Assistant to the City Manager
Mark Schroeder.....	City Attorney
Lucy Aldrich.....	City Clerk
Robert Powers.....	Chief Financial Officer
Daniel Baum.....	Fire Chief
Karen Ellis.....	Library Director
Scott Dunlop.....	Director of Development Services
LaShon Gros.....	Director of Human Resources
James Gray.....	Director of Public Works
Nicole Oman.....	Director of Internal Services
Daniel Seguin.....	Director of Communications
Henry Fluck.....	Police Chief
Vacant.....	Main Street Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Taylor
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Taylor, Texas:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Texas (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Taylor, Texas, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Taylor, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note V.H. to the financial statements, the City restated beginning net position/fund balance within the general fund and governmental activities due to the correction of an error related to assets. In addition, the TIRZ No. 2 fund classification was changed from a discretely presented component until to blended. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, the budgetary comparison, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, and schedule of changes in the other postemployment benefits liability and related ratios, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Taylor, Texas's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the supplemental schedules, and the schedule of expenditures

of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Brooks Watson & Co.

Brooks Watson & Co., PLLC
Certified Public Accountants
Houston, Texas
March 21, 2025

Draft

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***



City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

As management of the City of Taylor, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2024 by \$151,724,795.
- The City's total net position increased by \$26,641,013. The majority of the City's net position is invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$120,205,596 at September 30, 2024, an increase of \$23,060,685 from the prior fiscal year; this includes an increase of \$5,755,059 in the general fund, an increase of \$15,982,729 in the capital improvements fund and a decrease of \$3,129 in the I&S fund.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$21,625,378 or 65% of total general fund expenditures.
- The City's outstanding bonds, tax notes, and certificates of obligations increased by \$23,660,000 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$150,500,000.
- The City's net pension liability totaled \$6,110,818 as of year-end.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, culture and recreation, community development, public safety, and public works. The business-type activities of the City include water and sewer, airport, and cemetery operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Taylor Economic Development Corporation and Tax Increment Financing Zones for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 22-27 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental* activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital improvements fund, the I&S for CO bonds fund, and the transportation user fee fund (a special revenue fund), which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, I&S for CO Bonds, capital improvements, and special revenue funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with their respective budget.

The basic governmental fund financial statements can be found on pages 28-32 of this report.

Proprietary Funds

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its public utilities, airport, cemetery operations and sanitation. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the maintenance and purchase of equipment.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund since it is considered a major fund of the City.

The basic proprietary fund financial statements can be found on pages 36-45 of this report.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

Component Units

The City maintains the accounting and financial statements for three component units. The Taylor Economic Development Corporation and the Tax Increment Financing Funds are discretely presented component units displayed on the government-wide financial statements. The TIRZ No. 2 fund is blended and presented as a special revenue fund.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-100 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's changes in net pension liability and employer contributions to the plan.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Taylor, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by \$151,724,795 as of September 30, 2024, in the primary government.

The largest portion of the City's net position, \$108,669,616, reflects its investments in capital assets (e.g., land, city hall, police station, streets, and drainage systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Total current and other assets for the City increased by \$30,584,143 or 23% primarily due to greater cash on hand from unspent bond proceeds in the current year.

Total long-term liabilities for the City increased by \$22,972,698 or 17% when compared to the prior year. The increase is directly related to debt issuances in the current year.

Total capital assets increased by \$21,171,803 or 15% due to continued investment in the City's growing infrastructure as well as developer contributions to the public works and utility infrastructure totaling \$4,472,785 and \$5,426,443, respectively, during the year.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2024

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 129,233,159	\$ 33,552,217	\$ 162,785,376	\$ 104,816,763	\$ 27,384,470	\$ 132,201,233
Capital assets, net	90,384,310	72,279,516	162,663,826	77,944,738	63,547,285	141,492,023
Total Assets	219,617,469	105,831,733	325,449,202	182,761,501	90,931,755	273,693,256
Deferred Outflows of Resources	3,274,679	762,814	4,037,493	3,142,168	873,428	4,015,596
Other liabilities	11,896,711	5,025,704	16,922,415	9,981,523	4,773,640	14,755,163
Long-term liabilities	123,965,907	36,444,426	160,410,333	107,385,470	30,052,165	137,437,635
Total Liabilities	135,862,618	41,470,130	177,332,748	117,366,993	34,825,805	152,192,798
Deferred Inflows of Resources	319,063	110,089	429,152	342,255	90,017	432,272
Net Position:						
Net investment in capital assets	59,607,686	49,061,930	108,669,616	50,703,446	39,549,225	90,252,671
Restricted	7,813,410	2,082,864	9,896,274	5,779,676	6,513,184	12,292,860
Unrestricted	19,289,371	13,869,534	33,158,905	11,711,299	10,826,952	22,538,251
Total Net Position	\$ 86,710,467	\$ 65,014,328	\$ 151,724,795	\$ 68,194,421	\$ 56,889,361	\$ 125,083,782

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

Statement of Activities:

The following table provides a summary of the City's changes in net position:

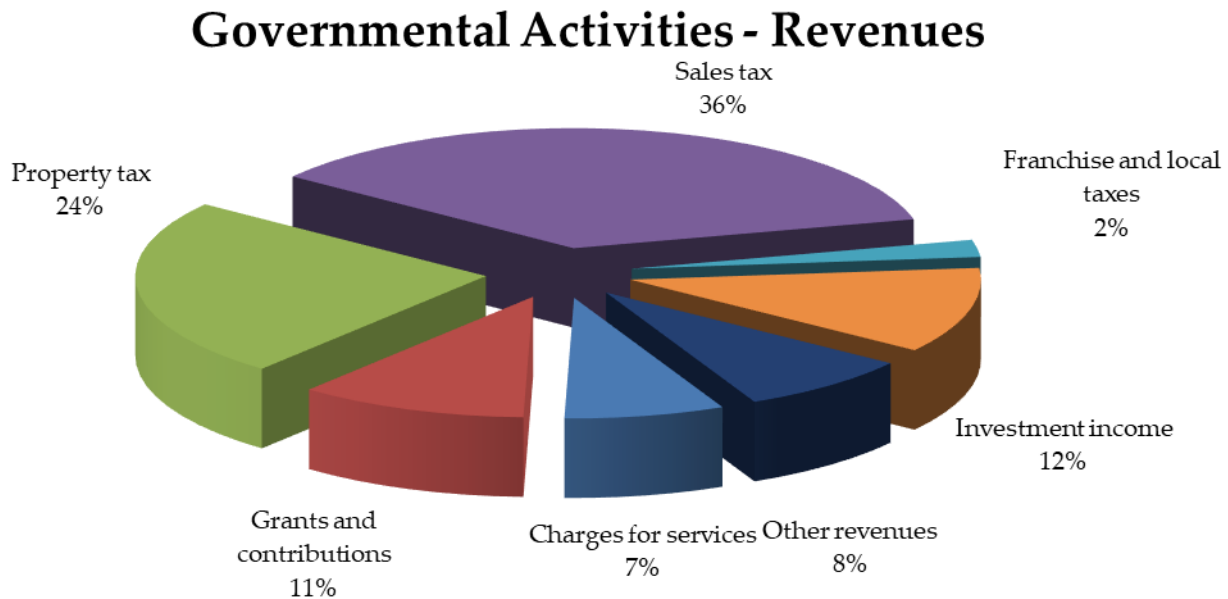
	For the Year Ended September 30, 2024			For the Year Ended September 30, 2023		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 4,252,174	\$ 20,010,536	\$ 24,262,710	\$ 4,163,672	\$ 16,851,447	\$ 21,015,119
Operating grants	754,359	-	754,359	1,414,135	-	1,414,135
Capital grants	5,305,280	6,142,657	11,447,937	1,434,311	432,552	1,866,863
General revenues:						
Property tax	14,444,113	-	14,444,113	12,651,196	-	12,651,196
Sales tax	20,695,250	-	20,695,250	18,640,704	-	18,640,704
Franchise and local taxes	1,330,384	-	1,330,384	1,284,366	-	1,284,366
Investment income	6,655,349	952,239	7,607,588	2,363,285	1,031,741	3,395,026
Other revenues	4,658,297	173,381	4,831,678	2,819,532	122,424	2,941,956
Total Revenues	58,095,206	27,278,813	85,374,019	44,771,201	18,438,164	63,209,365
Expenses						
General government	13,198,493	-	13,198,493	12,783,759	-	12,783,759
Culture and recreation	2,374,774	-	2,374,774	1,828,400	-	1,828,400
Community develop.	5,767,245	-	5,767,245	5,935,803	-	5,935,803
Public safety	10,398,513	-	10,398,513	9,888,753	-	9,888,753
Public works	7,041,422	-	7,041,422	6,535,021	-	6,535,021
Interest & fiscal chrgs.	4,018,356	1,052,543	5,070,899	2,791,725	1,172,937	3,964,662
Public utility	-	12,371,109	12,371,109	-	8,642,116	8,642,116
Airport	-	544,235	544,235	-	593,898	593,898
Cemetery operating	-	329,359	329,359	-	295,823	295,823
Sanitation	-	1,636,957	1,636,957	-	1,650,275	1,650,275
Total Expenses	42,798,803	15,934,203	58,733,006	39,763,461	12,355,049	52,118,510
Change in Net Position						
Before Transfers	15,296,403	11,344,610	26,641,013	5,007,740	6,083,115	11,090,855
Transfers	3,219,643	(3,219,643)	-	(25,664)	25,664	-
Total	3,219,643	(3,219,643)	-	(25,664)	25,664	-
Change in Net Position	18,516,046	8,124,967	26,641,013	4,982,076	6,108,779	11,090,855
Beginning Net Position	68,194,421	56,889,361	125,083,782	63,212,345	50,780,582	113,992,927
Ending Net Position	\$ 86,710,467	\$ 65,014,328	\$ 151,724,795	\$ 68,194,421	\$ 56,889,361	\$ 125,083,782

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

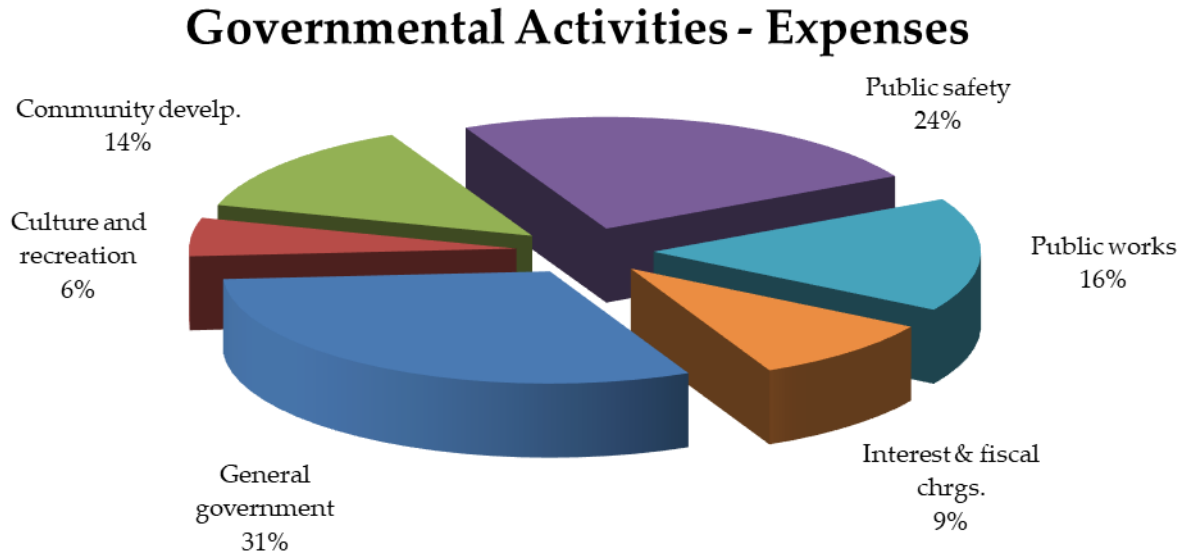
Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.



For the year ended September 30, 2024, revenues from governmental activities totaled \$58,095,206. Property tax, charges for services, capital grants, and sales tax are the City's largest general revenue sources. Overall revenue increased \$13,324,005 or 30% from the prior year. Total grants and contributions increased by \$3,211,193 or 113% primarily due to nonrecurring developer contributions of infrastructure received in the current year. Property tax revenue increased \$1,792,917 or 14% due to greater property values and a growing tax base. Sales tax revenue increased by \$2,054,546 or over 100% due to construction and development related to the Samsung semiconductor facility. Charges for services increased \$88,502 or 2% due to greater plan review fees and subdivision fees resulting from new construction and local growth. Investment income increased by \$4,292,064 or over 100% due to rising interest rates and greater interest-bearing account balances. Other revenues increased by \$1,838,765 or 65% primarily due to greater roadway impact fees collected and nonrecurring funding received for the Samsung Semiconductor project in the current year. All other revenues remained relatively stable when compared to the previous year.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2024

This graph shows the governmental function expenses of the City:

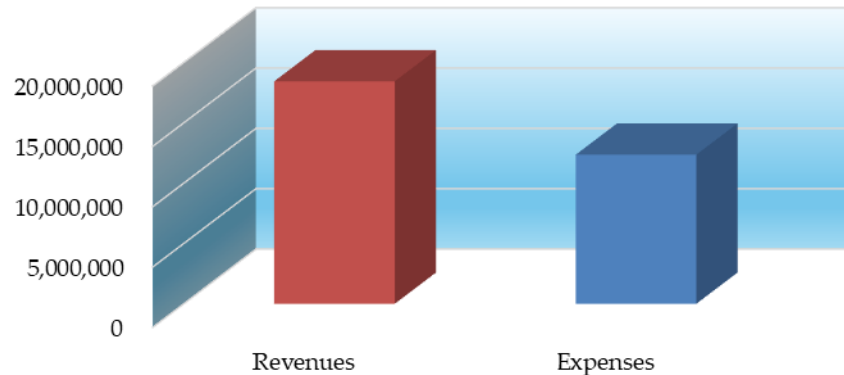


For the year ended September 30, 2024, expenses for governmental activities totaled \$42,798,803. This represents an increase of \$3,035,342 or 8% from the prior year. The City's largest functional expense is general government totaling \$13,198,493. General government expenses increased by \$414,734 or over 3% due to additional salary and wage expenses. Public safety expenses totaled \$10,398,513 and increased \$509,760 or 5% when compared to the prior year. This was primarily due to greater personnel costs related to an increase in wages and new hires in the current year. Community development expenses decreased by \$168,558 or 3% primarily as a result of greater engineering costs related to the Samsung Semiconductor project in the prior year. Culture and recreation increased by \$546,374 or 30% primarily due to nonrecurring maintenance and repair expenses incurred in the current year. Public works increased by \$506,401 or 8% resulting from current year raises and greater engineering service costs for city projects over the course of the year. In addition, the City incurred greater replacement fund costs related to equipment purchases in the current year. Interest and fiscal charges increased by \$1,226,631 or over 100% primarily due to nonrecurring bond issuance costs, accrued interest on new debt, and interest paid on debt issued in the prior year. All remaining expenses remained relatively consistent with the previous year.

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2024

Business-type activities are shown comparing operating costs to revenues generated by related services.

**Business-Type Activities -
Revenues and Expenses**



For the year ended September 30, 2024, charges for services by business-type activities totaled \$20,010,536. This is an increase of \$3,159,089, or 19%, from the previous year. This increase is primarily attributed to the 8% increase in water and sewer service rates during the year. In addition, local growth resulted in new connections, increased consumption, and overall utility customers were up as of the end of the year. Grants and contributions increased \$5,710,105 due to developer contributions of \$5,426,443 during the year.

Total expenses increased \$3,579,154 or 29% to a total of \$15,934,203. Public utility expenses totaled \$12,371,109, while airport, cemetery operations, and sanitation totaled \$544,235, \$329,359, and \$1,636,957, respectively. The largest increase was seen in public utility expenses. This increase was mainly attributed to personnel costs related to salary increase due to inflation, pump and water line repairs, and water treatment expenses. Interest and fiscal charges decreased by \$120,394 or 10% primarily due to paydown of debt and the transfers of principal and interest payments between funds.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At September 30, 2024, the City's governmental funds reported combined fund balances of \$120,205,596, an increase of \$23,060,685 in comparison with the prior year. Approximately 18% of this

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2024

amount, \$21,625,378, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable, restricted or committed* to indicate that it is 1) not in spendable form \$745,748, 2) committed \$2,872,739 or 3) restricted for particular purposes \$94,961,731.

As of the end of the year the general fund reflected a total fund balance of \$23,498,776. Of this, \$1,873,398 is considered restricted and \$21,625,378 is unassigned. General fund balance increased by \$5,755,059. This increase is primarily due to greater than anticipated sales tax, charges for services, investment income and other revenues.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$21,625,378 is 65% of total general fund operating expenditures. Sales tax increased \$2,054,546 from the prior year contributing to the current year increase in fund balance. In addition, other revenue increased \$1,285,639, primarily due to increased funding related to the Samsung semiconductor plant.

The capital improvements fund had an ending fund balance of \$90,635,417 as of yearend. Total fund balance increased by \$15,982,729 from the prior year primarily due to proceeds from bond issuances in the current year. During the year, the City expended \$11,839,744 on various capital improvement projects recorded in this fund.

The I&S for CO bonds fund had an ending fund balance of \$1,307,065 at September 30, 2024, a decrease of \$3,129 when compared to the previous year. During the year, the fund recorded total principal and interest payments of \$6,610,416 and property tax revenue of \$6,380,523.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the City's largest proprietary fund, the public utility fund, totaled \$58,564,145. Unrestricted net position at the close of the fiscal year amounted to \$12,508,856, and net position had total increase of \$4,175,260 from the previous year. Total investment in capital assets, net of related debt of was \$43,972,425, and capital assets, net of depreciation totaled \$66,474,572.

GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental budget amendments were approved during the fiscal year increasing total budgeted expenditures by \$1,611,236 and increasing total revenues by \$10,213,498 resulting in a net increase in budgeted fund balance of \$9,900,023. The primary reasons for the budget revision were due to higher than expected sales taxes, as well as higher than expected investment income and funding received from local grants and reimbursements. Expenditures were amended to account for general revisions to reflect actual operating results. Total budgeted revenues of \$36,521,398 were less than actual revenues of \$38,419,331, resulting in a total positive revenue variance of \$1,897,933. Total budgeted expenditures

City of Taylor, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2024

of \$30,360,013 were less than actual expenditures of \$33,303,148, resulting in a total negative expenditure variance of \$2,943,135.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$90,384,310 in a variety of capital assets and infrastructure, net of accumulated depreciation including assets recorded in the internal service funds of \$2,115,164. The City's business-type activities funds had invested \$72,279,516 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

Major capital asset additions during the current year include the following:

- 2025 Freightliner M2-106 - \$131,824
- Contributed Asset - Spring Creek PH 1 - \$2,574,555
- Contributed Asset - Castlewood PH 1 - \$1,898,230
- Pickleball Courts - \$185,400
- Bull Branch Park Playground Equipment - \$243,845
- Mustang Creek Tributary - \$165,546
- Downtown Signage and Streets - \$34,161
- Heritage Park Splashpad - \$687,920
- Animal Shelter Remodel - \$666,806
- Justice Center - \$1,538,157
- Bull Branch/Donna Channel Drainage - \$537,503
- Electrical Improvements/Building Generators - \$22,230
- 2022 Street Maintenance (Upgrades) - \$4,146,949
- Travis/Franklin Street Drainage - \$185,979
- Wellness/Recreation Center - \$31,234
- Fire Stations 1 & 2 - Design Phase - \$285,601
- 2024 Street Maintenance - \$80,907
- Mauldin 1860 Track Paver - \$247,698
- 2025 Freightliner M2-106 - \$113,993
- 2025 Freightliner M2-106 - \$130,732
- Land - 4.887 Acres Drainage Easement - \$1,095,618
- Mustang Creek WWTP Improvements - \$952,570
- Airport Lift Station - \$380,633
- Highland Dr. Waterline - \$311,333
- FM 973 & CR 401 Water and Wastewater Improvements - \$690,151
- North Pump Station Improvements (w/ Generator) - \$119,375
- Airport Sewer - \$668,737
- TxDOT Airport Project - \$300,000
- Airport Fuel Facility - \$334,632

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

More detailed information about the City's capital assets is presented in note IV. D to the financial statements.

LONG-TERM DEBT

The City's outstanding bonds, tax notes, and certificates of obligation payable net of all premiums and discounts increased by \$24,032,742 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were \$156,463,301, net of all premiums and discounts. All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions.

More detailed information about the City's long-term liabilities is presented in note IV. F to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The tax base for the City of Taylor continues to expand, increasing by \$647,000,000 or 26.8%, from \$2.4 billion to \$3.1 billion in 2024 as compared to 2023. In 2024, the City issued \$29,250,000 in certificates of obligation to fund needed water and wastewater projects, roadway, drainage and transportation projects, improvements to parks and athletic facilities, and public safety facilities.

The property tax rate for tax year 2024 (fiscal year 2025) is \$0.591368 per \$100 valuation, a decrease of 3.7406 cents from the previous year. Approximately 52 percent of this rate, or \$0.310021, is utilized for General Fund maintenance and operations. The remaining 48 percent, or \$0.281347, is used for debt service. The General Fund's portion of property tax revenue for fiscal year 2025 is estimated to be \$7,850,000. Sales tax revenue for fiscal year 2025 is budgeted at \$16,340,000.

The City of Taylor continues to seek and attract industrial businesses. RCR Taylor Logistics Park, a master planned rail-served logistic & industrial park broke ground in 2019 and continues to develop and market the property. In Q4 2021, Samsung Semiconductor announced plans to build a 6,000,000 square foot, \$17 billion semiconductor manufacturing facility in Taylor. Construction of this facility began in early 2022 and is ongoing. Thousands of construction jobs have been created and the first fabrication plant will provide 1,800 permanent jobs.

In addition to Samsung, other major employers within Taylor include the Electric Reliability Council of Texas (ERCOT), which has 600 employees and manages the electric power grid for about 90 percent of the state's electric load. Other large employers include the Taylor Independent School District (TISD), Wal-Mart and Durcon Manufacturing.

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

Recent major developments during the past year include the following:

Soulbrain Holdings Co., Ltd, a manufacturer of phosphoric acid, a key component in the making of semiconductor chips, secured a 10-year economic development agreement with Williamson County to complement previous agreements it reached with the City of Taylor and the Taylor EDC to begin construction on its 85-acre site in Taylor. Phase 1 is expected to bring \$200 million in investment and create 50 jobs. Phase 2 is anticipated to create an additional \$400 million investment and 50 jobs.

iMarket is in the planning stages to build 2.2 million square-feet of industrial space on 211 acres near the Samsung plant.

BPP Data Center is estimated to include \$1 billion in capital investment over 10 years in servers and equipment.

Taylor Industrial Park is a 20-acre site, and has announced plans to begin construction on a 51,000 square foot office/warehouse shell building.

The University of Texas acquired a 68-acre tract located near the Samsung plant from Temple College of Taylor Foundation. The university is currently evaluating which programs would be best fits for its new Taylor Center.

The City's Fund Balance Policy requires that the General Fund maintain a minimum of three months of operating expenditures as unassigned reserves. The unassigned fund balance for the General Fund can be found in the Financial Highlights section of the Management Discussion and Analysis (MD&A). It is intended that the available fund balance beyond the minimum will be used for capital outlay and emergency expenditures. We anticipate that revenues and expenditures for fiscal year 2025 will allow fund balance to remain at adequate levels to meet these stated goals and objectives.

The largest revenue source for the Utilities Fund is water and wastewater user fees, accounting for 95 percent of utility revenues. A water and sewer rate study was completed and adopted by the City Council in 2021. Rate increases for both water and sewer rates have occurred in FY 2022 through FY 2024. A five percent increase to water rates and three percent increase to sewer rates was approved for fiscal year 2025.

Water and sewer rate increases are used to cover increasing operational costs, to fund capital improvements and to build up reserves in the Public Utilities Fund. The current rate system, which focuses on water conservation, implements an increasing tier rate which charges a higher price for water at higher levels of consumption. An update to the rate study will begin in FY 2025.

In 2016, the City Council approved an ordinance establishing a Transportation User Fee (TUF) that applies to properties within the City of Taylor. A flat fee of \$8.00 per equivalent residential unit is assessed, with commercial customers being assessed at 6 different tier levels that ranged from \$25 to

City of Taylor, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (*Continued*)

September 30, 2024

\$133 per month. The total annual revenue generated from the TUF is projected to be \$876,000 for the fiscal year 2025. The TUF was designed to address a portion of the street repair and maintenance expenses for Taylor's aged infrastructure but is not enough to meet the demands of all the lower rated streets.

The City of Taylor assesses a Municipal Drainage Utility System (MDUS) fee to provide funding for the maintenance and improvement of the City's drainage system. The fee for residential dwellings remains at \$3.00 per equivalent residential unit per month in fiscal year 2025. The fee for non-residential properties remains at \$3.00 per 2,500 square feet of impervious area. The total annual revenue generated from the MDUS fee is projected to be \$663,500 for the fiscal year 2025.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the Department of Finance at 400 Porter St., Taylor Texas 76574 or call (512) 352-5997.

FINANCIAL STATEMENTS

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 1 of 2) September 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 115,646,987	\$ 28,121,508	\$ 143,768,495
Investments	3,971,045	-	3,971,045
Restricted cash	7,043,846	2,670,761	9,714,607
Receivables, net	2,461,132	2,630,810	5,091,942
Lease receivable	27,780	39,080	66,860
Due from primary government			
Other assets	-	-	-
Inventories	-	57,237	57,237
Total Current Assets	129,150,790	33,519,396	162,670,186
Land held for investment	-	-	-
Lease receivable	82,369	32,821	115,190
Capital assets:			
Non-depreciable	15,954,236	27,604,328	43,558,564
Net depreciable capital assets	74,430,074	44,675,188	119,105,262
Total Noncurrent Assets	90,466,679	72,312,337	162,779,016
Total Assets	219,617,469	105,831,733	325,449,202
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	60,000	316,775	376,775
Pension outflows	2,532,986	444,241	2,977,227
OPEB outflows TMRS	10,019	1,798	11,817
OPEB outflows Retiree Healthcare	671,674	-	671,674
Total Deferred Outflows of Resources	3,274,679	762,814	4,037,493

Component Units		
Taylor	Tax Increment	
EDC	Financing	
\$ 14,224,082	\$ 865,942	
-	-	
-	-	
467,252	-	
-	-	
2,160	-	
1,553	-	
-	-	
14,695,047	865,942	
259,299	-	
-	-	
54,355	-	
39,203	-	
352,857	-	
15,047,904	865,942	
-	-	
-	-	
-	-	
-	-	
-	-	
-	-	

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2024

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<u>Liabilities</u>			
Accounts payable and accrued liabilities	5,911,409	1,634,362	7,545,771
Due to component unit	2,160	-	2,160
Customer deposits	-	587,897	587,897
Compensated absences, current	1,161,046	32,019	1,193,065
Accrued interest payable	627,283	201,426	828,709
Long-term debt due within one year	4,154,813	2,570,000	6,724,813
OPEB liability - Retiree healthcare, current	40,000	-	40,000
Total Current Liabilities	11,896,711	5,025,704	16,922,415
Noncurrent liabilities:			
Net pension liability	5,199,005	911,813	6,110,818
OPEB liability TMRS	410,195	73,550	483,745
OPEB liability Retiree healthcare	1,567,494	-	1,567,494
Compensated absences, noncurrent	129,006	3,558	132,564
Advances payable	1,402,313	-	1,402,313
Debt due in more than one year	115,257,894	35,455,505	150,713,399
Total Noncurrent Liabilities	123,965,907	36,444,426	160,410,333
Total Liabilities	135,862,618	41,470,130	177,332,748
<u>Deferred Inflows of Resources</u>			
Lease related	86,010	69,398	155,408
Pension inflows	138,869	24,356	163,225
OPEB inflows TMRS	91,100	16,335	107,435
OPEB inflows Retiree healthcare	3,084	-	3,084
Total Deferred Inflows of Resources	319,063	110,089	429,152
<u>Net Position</u>			
Net investment in capital assets	59,607,686	49,061,930	108,669,616
Restricted for:			
Debt service	1,307,065	-	1,307,065
Capital projects	3,537,952	2,082,864	5,620,816
Community development	-	-	-
Cemetery land purchase	139,641	-	139,641
Moody museum	246,628	-	246,628
Library bequest funds	347,021	-	347,021
Cemetery - nonexpendable	745,748	-	745,748
Municipal court	124,516	-	124,516
Peg fees	372,618	-	372,618
Weatherization	66,135	-	66,135
Tourism	191,049	-	191,049
Other purposes	735,037	-	735,037
Unrestricted	19,289,371	13,869,534	33,158,905
Total Net Position	\$ 86,710,467	\$ 65,014,328	\$ 151,724,795

See Notes to Financial Statements.

Component Units	
Taylor EDC	Tax Increment Financing
114,865	18,249
-	-
-	-
21,178	-
-	-
-	-
-	-
136,043	18,249
-	-
-	-
-	-
2,354	-
-	-
-	-
2,354	-
138,397	18,249
-	-
-	-
-	-
-	-
-	-
39,203	-
-	-
-	-
14,870,304	847,693
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
\$ 14,909,507	\$ 847,693

City of Taylor, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 13,198,493	\$ 3,285,511	\$ 602,241	\$ -
Culture and recreation	2,374,774	-	-	223,200
Community development	5,767,245	-	-	-
Public safety	10,398,513	283,133	152,118	-
Public works	7,041,422	683,530	-	5,082,080
Interest and fiscal charges	4,018,356	-	-	-
Total Governmental Activities	<u>42,798,803</u>	<u>4,252,174</u>	<u>754,359</u>	<u>5,305,280</u>
Business-Type Activities				
Public Utility	13,389,753	17,050,752	-	6,142,657
Airport	578,134	471,632	-	-
Cemetery Operating	329,359	249,792	-	-
Sanitation	1,636,957	2,238,360	-	-
Total Business-Type Activities	<u>15,934,203</u>	<u>20,010,536</u>	<u>-</u>	<u>6,142,657</u>
Total Primary Government	<u>\$ 58,733,006</u>	<u>\$ 24,262,710</u>	<u>\$ 754,359</u>	<u>\$ 11,447,937</u>
Component Units				
Taylor Economic Development Corporation	\$ 4,116,271	\$ -	\$ -	\$ -
Tax Increment Financing	674,308	-	-	-
Total Component Units	<u>\$ 4,790,579</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Taxes
 Property tax
 Sales tax
 Franchise and local taxes
 Investment income
 Gain on sale of capital asset
 Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Taylor EDC	Tax Increment Financing
\$ (9,310,741)	\$ -	\$ (9,310,741)	\$ -	\$ -
(2,151,574)	-	(2,151,574)	-	-
(5,767,245)	-	(5,767,245)	-	-
(9,963,262)	-	(9,963,262)	-	-
(1,275,812)	-	(1,275,812)	-	-
(4,018,356)	-	(4,018,356)	-	-
(32,486,990)	-	(32,486,990)	-	-
-	9,803,656	9,803,656	-	-
-	(106,502)	(106,502)	-	-
-	(79,567)	(79,567)	-	-
-	601,403	601,403	-	-
-	10,218,990	10,218,990	-	-
(32,486,990)	10,218,990	(22,268,000)	-	-
			(4,116,271)	-
			-	(674,308)
			(4,116,271)	(674,308)
14,444,113	-	14,444,113	-	574,976
20,695,250	-	20,695,250	6,900,769	-
1,330,384	-	1,330,384	-	-
6,655,349	952,239	7,607,588	594,253	45,570
-	-	-	421,707	-
4,658,297	173,381	4,831,678	-	347,238
3,219,643	(3,219,643)	-	-	-
51,003,036	(2,094,023)	48,909,013	7,916,729	967,784
18,516,046	8,124,967	26,641,013	3,800,458	293,476
68,194,421	56,889,361	125,083,782	11,109,049	554,217
\$ 86,710,467	\$ 65,014,328	\$ 151,724,795	\$ 14,909,507	\$ 847,693

City of Taylor, Texas

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2024

	General	Capital Improvements	I & S for CO Bonds
<u>Assets</u>			
Cash and cash equivalents	\$ 23,365,578	\$ 86,083,308	\$ 459,433
Restricted cash	793,305	6,250,541	-
Investments	3,293,544	-	-
Receivables, net	1,887,145	231,613	106,220
Lease receivable	110,149	-	-
Due from other funds	167,856	-	847,632
Total Assets	\$ 29,617,577	\$ 92,565,462	\$ 1,413,285
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 5,002,254	\$ 1,922,927	\$ -
Due to other funds	845,838	7,118	-
Due to component unit	2,160	-	-
Total Liabilities	5,850,252	1,930,045	-
<u>Deferred Inflows of Resources</u>			
Lease related	86,010	-	-
Unavailable revenue - property taxes	182,539	-	106,220
Total Deferred Inflows of Resources	268,549	-	106,220
<u>Fund Balances</u>			
Nonspendable:			
Permanent fund	-	-	-
Restricted for:			
Debt service	-	-	1,307,065
Capital projects	72,549	90,635,417	-
Library donation fund	347,021	-	-
Roadway impact fund	724,055	-	-
Special revenue	-	-	-
Moody museum	246,628	-	-
Peg fees	372,618	-	-
LaFrance donations	13,323	-	-
Weatherization	66,135	-	-
Seized funds (police)	11,069	-	-
Animal shelter donations	20,000	-	-
Committed for:			
Drainage	-	-	-
Road maintenance	-	-	-
Unassigned reported in:			
General fund	21,625,378	-	-
Total Fund Balances	23,498,776	90,635,417	1,307,065
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 29,531,567	\$ 92,565,462	\$ 1,413,285

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,130,185	\$ 114,038,504
-	7,043,846
677,501	3,971,045
236,154	2,461,132
-	110,149
-	1,015,488
<u>\$ 5,043,840</u>	<u>\$ 128,640,164</u>

\$ 116,970	\$ 7,042,151
162,532	1,015,488
-	2,160
<u>279,502</u>	<u>8,059,799</u>

-	86,010
-	288,759
<u>-</u>	<u>374,769</u>

745,748	745,748
-	1,307,065
661,391	91,369,357
-	347,021
-	724,055
484,460	484,460
-	246,628
-	372,618
-	13,323
-	66,135
-	11,069
-	20,000
819,916	819,916
2,052,823	2,052,823
-	21,625,378
<u>4,764,338</u>	<u>120,205,596</u>
<u>\$ 5,043,840</u>	<u>\$ 128,554,154</u>

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City of Taylor, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2024

Fund Balances - Total Governmental Funds	\$	120,205,596
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		15,796,071
Capital assets - net depreciable		72,473,075
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
		288,759
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.		
Deferred charge on refunding		60,000
Pension Outflows-TMRS		2,499,983
OPEB Outflows-TMRS		9,886
OPEB Outflows-Retiree healthcare		671,674
Internal service funds are used by management to charge the cost of equipment services and replacement to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		
Net position - governmental activities		1,737,444
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.		
Pension Inflows-TMRS		(137,060)
OPEB Inflows-TMRS		(89,886)
OPEB Inflows-Healthcare		(3,084)
Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.		
Net pension liability		(5,131,265)
OPEB liability-Supplemental Death Fund		(404,731)
OPEB liability-Retiree Healthcare		(1,607,494)
Accrued interest		(627,283)
Bond premium		(4,141,461)
Compensated absences		(1,285,107)
Non-current liabilities due in one year		(3,719,941)
Non-current liabilities due in more than one year		(109,884,709)
Net Position of Governmental Activities	\$	86,710,467

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE GOVERNMENTAL FUNDS

For the Year Ended September 30, 2024

	General	Capital Improvements	I & S for CO Bonds
<u>Revenues</u>			
Property tax	\$ 7,519,412	\$ -	\$ 6,380,523
Sales tax	20,695,250	-	-
Franchise and local taxes	964,531	-	-
License and permits	1,093,356	-	-
Charges for services	1,305,786	-	-
Fines and forfeitures	255,180	-	-
Intergovernmental	553,611	763,373	338,600
Investment income	1,974,251	4,503,880	136,914
Other revenues	4,057,954	479,193	-
Total Revenues	38,419,331	5,746,446	6,856,037
<u>Expenditures</u>			
Current:			
General government	10,381,922	-	-
Culture and recreation	2,985,025	-	-
Community development	4,890,769	-	-
Public safety	10,242,838	-	-
Public works	4,708,478	-	-
Debt service:			
Principal retirement	81,966	-	2,955,000
Interest and fiscal charges	12,150	-	3,655,416
Bond issuance costs	-	370,567	-
Capital outlay	-	11,839,744	-
Total Expenditures	33,303,148	12,210,311	6,610,416
Excess of Revenues Over (Under)			
Expenditures	5,116,183	(6,463,865)	245,621
<u>Other Financing Sources (Uses)</u>			
Transfers in	1,986,843	1,583,485	-
Transfers (out)	(1,347,967)	(3,518)	(248,750)
Bond issuance	-	20,320,000	-
Bond premium	-	546,627	-
Total Other Financing Sources (Uses)	638,876	22,446,594	(248,750)
Net Change in Fund Balances	5,755,059	15,982,729	(3,129)
Beginning fund balances	17,743,717	74,652,688	1,310,194
Ending Fund Balances	\$ 23,498,776	\$ 90,635,417	\$ 1,307,065

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 525,838	\$ 14,425,773
-	20,695,250
365,853	1,330,384
-	1,093,356
1,569,899	2,875,685
27,953	283,133
29,956	1,685,540
27,804	6,642,849
56,851	4,593,998
<u>2,604,154</u>	<u>53,625,968</u>
623,331	11,005,253
-	2,985,025
-	4,890,769
-	10,242,838
415,694	5,124,172
-	3,036,966
-	3,667,566
-	370,567
21,090	11,860,834
<u>1,060,115</u>	<u>53,183,990</u>
1,544,039	441,978
18,184	3,588,512
(236,197)	(1,836,432)
-	20,320,000
-	546,627
<u>(218,013)</u>	<u>22,618,707</u>
1,326,026	23,060,685
3,438,312	97,144,911
<u>\$ 4,764,338</u>	<u>\$ 120,205,596</u>

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City of Taylor, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 23,060,685
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	11,315,627
Contributed capital	4,472,784
Depreciation expense	(3,648,067)
Net effect of capital disposals	(8,423)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(80,345)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Pension expense	69,135
OPEB expense	(68,974)
Compensated absences	(104,236)
Accrued interest	(160,354)
Amortization of deferred charges on refunding	(25,704)
Amortization of bond premium and discounts	268,893
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal payments	3,036,966
Bonds issued	(20,320,000)
Premiums on debt issued	(546,627)
Internal service funds are used by management to charge the cost of equipment services and replacement to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	
	1,254,686
Change in Net Position of Governmental Activities	\$ 18,516,046

See Notes to Financial Statements.

City of Taylor, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2024

	Business-Type Activities Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 26,431,907	\$ 533,425	\$ 268,928
Restricted cash:			
Customer deposits	587,897	-	-
Capital improvements	2,082,864	-	-
Receivables, net	2,142,374	20,653	19,230
Lease receivable	16,781	22,299	-
Inventories	57,237	-	-
Total Current Assets	31,319,060	576,377	288,158
<u>Noncurrent Assets</u>			
Lease receivable	17,452	15,369	-
Capital assets:			
Non-depreciable	25,995,753	1,551,975	56,600
Net depreciable capital assets	40,478,819	4,158,534	37,835
Total Noncurrent Assets	66,492,024	5,725,878	94,435
Total Assets	97,811,084	6,302,255	382,593
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	316,775	-	-
Pension outflows	392,026	26,043	26,172
OPEB outflows TMRS	1,587	105	106
Total Deferred Outflows of Resources	710,388	26,148	26,278

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ 887,248	\$ 28,121,508	\$ 1,608,483
-	587,897	-
-	2,082,864	-
448,553	2,630,810	-
-	39,080	-
-	57,237	-
<u>1,335,801</u>	<u>33,519,396</u>	<u>1,608,483</u>
-	32,821	-
-	27,604,328	158,165
-	44,675,188	1,956,999
<u>-</u>	<u>72,312,337</u>	<u>2,115,164</u>
<u>1,335,801</u>	<u>105,831,733</u>	<u>3,723,647</u>
-	316,775	-
-	444,241	33,003
-	1,798	133
<u>-</u>	<u>762,814</u>	<u>33,136</u>

City of Taylor, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2024

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable	1,322,705	72,360	64,162
Customer deposits	587,897	-	-
Current maturities of long-term debt	2,500,000	70,000	-
Compensated absences, current	28,294	-	3,725
Accrued interest	196,904	4,522	-
Total Current Liabilities	4,635,800	146,882	67,887
<u>Noncurrent Liabilities</u>			
Long-term debt	34,380,608	1,074,897	-
Compensated absences, noncurrent	3,144	-	414
Net pension liability	804,642	53,453	53,718
OPEB liability TMRS	64,905	4,312	4,333
Total Noncurrent Liabilities	35,253,299	1,132,662	58,465
Total Liabilities	39,889,099	1,279,544	126,352
<u>Deferred Inflows of Resources</u>			
Lease related	32,320	37,078	-
Pension inflows	21,493	1,428	1,435
OPEB Inflows TMRS	14,415	958	962
Total Deferred Inflows of Resources	68,228	39,464	2,397
<u>Net Position</u>			
Net investment in capital assets	43,972,425	5,051,670	37,835
Restricted for capital improvements	2,082,864	-	-
Unrestricted	12,508,856	(42,275)	242,287
Total Net Position	\$ 58,564,145	\$ 5,009,395	\$ 280,122

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
175,135	1,634,362	271,571
-	587,897	-
-	2,570,000	434,872
-	32,019	4,450
-	201,426	-
175,135	5,025,704	710,893
-	35,455,505	1,231,724
-	3,558	495
-	911,813	67,740
-	73,550	5,464
-	36,444,426	1,305,423
175,135	41,470,130	2,016,316
-	69,398	-
-	24,356	1,809
-	16,335	1,214
-	110,089	3,023
-	49,061,930	469,192
-	2,082,864	-
1,160,666	13,869,534	1,268,252
\$ 1,160,666	\$ 65,014,328	\$ 1,737,444

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2024

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Operating Revenues</u>			
Water revenue	\$ 11,552,379	\$ -	\$ -
Sewer revenue	5,498,373	-	-
Airport services	-	471,632	-
Cemetery services	-	-	249,792
Sanitation	-	-	-
Other income	97,811	23,990	4,823
Charges for services	-	-	-
Rents and royalties	46,757	-	-
Total Operating Revenues	17,195,320	495,622	254,615
<u>Operating Expenses</u>			
Personnel services	2,424,093	126,954	170,542
Contractual services	7,656,912	242,256	122,822
Material and supplies	639,435	8,995	33,670
Depreciation	1,485,304	166,030	2,325
Total Operating Expenses	12,205,744	544,235	329,359
Operating Income (Loss)	4,989,576	(48,613)	(74,744)
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	908,191	43,548	500
Interest expense	(1,018,644)	(33,899)	-
Total Nonoperating Revenues (Expenses)	(275,818)	9,649	500
Income Before Transfers & Capital Contributions	4,713,758	(38,964)	(74,244)
<u>Transfers and Capital Contributions</u>			
Capital grants	716,214	-	-
Developer contributions	5,426,443	-	-
Transfers in	-	47,125	132,042
Transfers (out)	(3,234,610)	-	-
Change in Net Position	7,621,805	8,161	57,798
Beginning net position	50,942,340	5,001,234	222,324
Ending Net Position	\$ 58,564,145	\$ 5,009,395	\$ 280,122

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ -	\$ 11,552,379	\$ -
-	5,498,373	-
-	471,632	-
-	249,792	-
2,238,360	2,238,360	-
-	126,624	72,722
-	-	1,575,434
-	46,757	-
2,238,360	20,183,917	1,648,156
-	2,721,589	158,507
1,636,957	9,658,947	824,931
-	682,100	-
-	1,653,659	827,037
1,636,957	14,716,295	1,810,475
601,403	5,467,622	(162,319)
-	952,239	12,500
-	(1,052,543)	(63,058)
-	(265,669)	(50,558)
601,403	5,201,953	(212,877)
-	716,214	-
-	5,426,443	-
-	179,167	1,467,563
(164,200)	(3,398,810)	-
437,203	8,124,967	1,254,686
723,463	56,889,361	482,758
\$ 1,160,666	\$ 65,014,328	\$ 1,737,444

City of Taylor, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2024

	Business-Type Activities Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 17,225,680	\$ 475,781	\$ 245,514
Payments to suppliers and contractors	(8,329,780)	(236,755)	(50,710)
Payments to employees for salaries and benefits	(2,431,285)	(111,910)	(164,102)
Net Cash Provided (Used) by Operating Activities	6,464,615	127,116	30,702
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer in	-	47,125	132,042
Transfer (out)	(3,234,610)	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(3,234,610)	47,125	132,042
<u>Cash Flows from Capital and Related Financing Activities</u>			
Capital grants	716,214	-	-
Purchases of capital assets	(4,268,216)	(634,631)	(56,600)
Proceeds from capital debt	9,170,225	-	-
Principal paid on capital debt	(2,350,000)	(70,000)	-
Interest paid on capital debt	(1,048,360)	(35,388)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	2,054,498	(740,019)	(56,600)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	908,191	43,548	500
Net Cash Provided (Used) by Investing Activities	908,191	43,548	500
Net Increase (Decrease) in Cash and Cash	6,192,694	(522,230)	106,644
Beginning cash and cash equivalents	22,909,974	1,055,655	162,284
Ending Cash and Cash Equivalents (Including Restricted Cash)	\$ 29,102,668	\$ 533,425	\$ 268,928

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ 2,148,384	\$ 20,095,359	\$ 1,648,156
(1,633,080)	(10,250,325)	(825,466)
-	(2,707,297)	(179,015)
515,304	7,137,737	643,675
-	179,167	1,467,563
(164,200)	(3,398,810)	-
(164,200)	(3,219,643)	1,467,563
-	716,214	-
-	(4,959,447)	(916,893)
-	9,170,225	-
-	(2,420,000)	(445,304)
-	(1,083,748)	(67,447)
-	1,257,879	(1,429,644)
-	952,239	12,500
-	952,239	12,500
351,104	6,128,212	694,094
536,144	24,664,057	914,389
\$ 887,248	\$ 30,792,269	\$ 1,608,483

City of Taylor, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2024

	Business-Type Activities		
	Enterprise Funds		
	Public Utilities	Airport	Cemetery Operating
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income (Loss)	\$ 4,989,576	\$ (48,613)	\$ (74,744)
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	1,485,304	166,030	2,325
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	39,968	(19,251)	(9,101)
Inventory	-	-	54,000
Lease receivable	(12,002)	(590)	-
Deferred Outflows of Resources:			
Pension outflows	74,117	(9,016)	(1,269)
OPEB outflows	160	(41)	(13)
Increase (Decrease) in:			
Accounts payable	(33,433)	14,496	51,782
Customer deposits	2,394	-	-
Net pension liability	(104,171)	20,257	5,165
OPEB liability	8,080	2,236	1,297
Deferred Inflows of Resources:			
Pension inflows	21,493	180	(175)
OPEB inflows	(6,871)	1,428	1,435
Net Cash Provided (Used) by Operating Activities	\$ 6,464,615	\$ 127,116	\$ 30,702
<u>Schedule of Non-Cash Capital and Related</u>			
<u>Financing Activities</u>			
Developer contributions	\$ 5,426,443	\$ -	\$ -

See Notes to Financial Statements.

Business-Type Activities Enterprise Funds		Governmental Activities
Sanitation	Total	Internal Service
\$ 601,403	\$ 5,467,622	\$ (162,319)
-	1,653,659	827,037
(89,976)	(78,360)	-
-	54,000	-
-	(12,592)	-
-	63,832	24,116
-	106	81
3,877	36,722	(535)
-	2,394	-
-	(78,749)	(43,621)
-	11,613	(1,499)
-	21,498	1,809
-	(4,008)	(1,394)
<u>\$ 515,304</u>	<u>\$ 7,137,737</u>	<u>\$ 643,675</u>

\$ -	\$ 5,426,443	\$ -
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City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City of Taylor, Texas is a municipal corporation incorporated under *Article XI, Section 5* of the *Constitution of the State of Texas (Home Rule Amendment)* in 1914. The City operates under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Taylor Economic Development Corporation (the "TEDC") and the Tax Increment Financing Fund (the "TIF"), although legally separate, are considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Blended Component Units

Tax Increment Reinvestment Zone No. 2

The Tax Increment Reinvestment Zone No. 2 ("TIRZ"), is legally separate from the City and was created to encourage and accelerate planned development within the City limits. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. The tax increment is derived from the difference in appraised value between the year in which the reinvestment zone is established (base year) and each year the reinvestment zone is in existence. The City will participate in the Zone by contributing annually up to 93.5% of the City's tax increment from real property ad valorem taxes in the Zone assessed and collected for tax years beginning January 1, 2021, and continuing until termination of the Zone. The Board of Directors shall consist of at least five members, but no more than fifteen members including any members appointed by the City Council. The current Board is comprised entirely of City Council members. Therefore, blended presentation is appropriate. Separately issued audited financial statements are not available.

Discretely Presented Component Units

Taylor Economic Development Corporation

The Taylor Economic Development Corporation (the "TEDC") serves all citizens of the City and is governed by a five member board of directors appointed by the Taylor City Council. An Executive Director is appointed by the TEDC board to carry out the Board's administrative and policy initiatives. The TEDC is a 4A Corporation and is supported by a half-cent sales tax voted by referendum in 1994. The scope of public service of the TEDC benefits the government and its citizens and is operated primarily within geographic boundaries of the City.

Separately issued audited financial statements are available from TEDC, 111 West 3rd St, Suite 100, Taylor, TX 76574.

Tax Increment Financing Fund

The Tax Increment Financing fund No. 1, is legally separate from the City and was created to encourage and accelerate planned development within the City limits. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. The tax increment is derived from the difference in appraised value between the year in which the reinvestment zone is established (base year) and each year the reinvestment zone is in existence. The Board of Directors shall consist of at least five members, but no more than

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

fifteen members including any members appointed by the participating taxing units, and that the Taylor Main Street Advisory Board is appointed to serve as the Board of Directors. The current Board is not primarily comprised of City Council members. Therefore, discrete presentation is appropriate. Separately issued audited financial statements are not available. However, the fund's government wide presentation represents a complete presentation of the entity's activity.

Separately issued audited financial statements are not available. However, the fund's government wide presentation represents a complete presentation of the entity's activity.

C. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has two discretely presented component units and are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

Expenditures include general government, public safety, public works, culture and recreation, and community development.

Capital Improvements Fund

The capital improvements fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

I&S for CO Bonds Fund

The City accounts for the accumulation of financial resources for the payments of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the I & S for CO Bonds fund is restricted exclusively for debt service expenditures.

The government reports the following major enterprise funds:

Public Utilities Fund

Water and wastewater services provided by the City are accounted for in the public utilities fund. Activities of the fund include administration, operation and maintenance of the water and wastewater system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

Airport

The Airport fund accounts for the administration, operation, and maintenance of the municipal airport.

Cemetery Operating Fund

The Cemetery operating fund accounts for the administration, operation, and maintenance of the cemetery.

Sanitation Fund

The Sanitation fund accounts for the operation and maintenance of the sanitation department.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

Additionally, the government reports the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of the hotel/motel tax, Texas capital, main street revenue, cemetery land purchases, municipal court special fee, and drainage funds.

Internal Service Funds

Revenues and expenses related to services provided to organizations inside the City on a cost reimbursement basis are accounted for in an internal service fund. The City's internal service funds include the equipment services and equipment replacement funds.

Transportation User Fee Fund

The transportation user fee fund collects revenues used to fund street maintenance and reconstruction of streets related expenditures and projects.

Permanent Fund

Chapter 6 Section 6-8 of the City Code establishes a cemetery trust fund subject to control of the City Council. Interest income from the investment of the permanent fund is to be used for beautification and upkeep of the cemetery. The City's only permanent fund is the cemetery permanent fund.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

E. Assets, Liabilities, Deferred Outflows / Inflows, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

reported as “due to/from other funds” in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as “due to/from component unit/primary government.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). Inventories of supplies are reported at cost, whereas inventories held for resale are reported at lower of cost or market. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and capital items received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	5 to 10 years
Machinery and equipment	5 to 10 years
Infrastructure	5 to 30 years
Buildings and improvements	25 years

6. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has two items that qualify for reporting in this category. It is the deferred charge on refunding and deferred pension/OPEB outflows reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

8. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

The government has adopted a policy to maintain a minimum reserve of unassigned fund balance in the general fund at an amount equal to or greater than 25% of operating expenditures of that fund.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

11. Leases

Lessee: The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount Rte. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for a noncancellable lease of cell towers and a road tolling system. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

12. Subscription Based Information Technology Arrangements (“SBITA”)

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements (“SBITA”). The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of an SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

13. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is \$7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

In addition to the contributions made to TMRS, the City provides certain other post-employment benefits to its retirees and dependents. Full time City of Taylor employees who retire from the City under the Texas Municipal Retirement System on or after January 1, 2000, and who are covered by the City of Taylor group hospitalization and medical insurance at the time of retirement, will be eligible to receive the current health plan which is an 80/20 HMO insurance plan that includes a \$500 deductible for individual and a \$1,000 deductible for family medical insurance provided by the City to its employees, from the date of retirement until the 5th anniversary date after retirement.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

15. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

The Property Tax Code provides for county-wide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board responsible for appraising property for all taxing units within the county. The appraisal of property within the City of Taylor is the responsibility of the Williamson Central Appraisal District. With the exception of certain state mandated limitations on the valuation of residential homestead property, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

market value and is prohibited from applying any assessment ratios. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three years.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

(i) “voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate.”

(ii) “de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

(iii) “no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city’s adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city’s voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City’s ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City’s tax-supported debt obligations.

3. Compensated Absences

City employees earn vacation and sick leave, which may either be taken or accumulated, up to certain amounts, until retirement or termination. In the event of termination, resignation or retirement, all full-time employees, other than policeman and firemen, will be reimbursed for accrued vacation time up to 120 hours. Policeman and firemen, upon termination, resignation or retirement, will be reimbursed for accrued sick and vacation time according to

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

civil service regulations. For all other employees, sick leave is not paid at termination or retirement.

All vacation and qualifying sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave and compensated leave of government-wide and proprietary funds are recognized as an expense and liability of those funds as the benefits accrue to employees.

It is the City's policy to liquidate compensated absences with future revenues rather than with currently available expendable resources. Accordingly, the City's governmental funds recognize accrued compensated absences when it is paid.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the public utility fund, airport fund, cemetery operating, and sanitation funds are charges to customers for sales and services. The public utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.”

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, I&S for CO bonds, hotel/motel tax, main street revenue, municipal court security and technology, tax increment fund, drainage, transportation user fee, cemetery permanent, and enterprise funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without City Council approval. Appropriations lapse at the end of the year. Several supplemental budget appropriations were made during the year.

A. Expenditures Over Appropriations

For the year ended September 30, 2024, expenditures exceeded appropriations at the legal level of control as follows:

General Fund:	
Total expenditures	\$ 2,942,135
Hotel/Motel Tax Revenue:	
Total expenditures	\$ 44,797

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

B. Restricted/Committed Fund Equity

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of fund balances restricted/committed by the City:

	<u>Restricted</u>	<u>Committed</u>
Debt service	\$ 1,307,065	\$ -
Capital projects	91,369,357	-
Cemetery land purchase	139,641	-
Municipal court	* 124,516	-
Moody museum	246,628	-
Library bequest funds	347,021	-
Roadway impact fees	724,055	-
PEG Fees	372,618	-
Public safety	11,069	-
Donations	33,323	-
Weatherization	66,135	-
Tourism	191,049	-
Main street	25,002	-
Other purposes	4,252	-
Drainage	-	819,916
Road maintenance	-	2,052,823
Total	<u><u>\$ 94,961,731</u></u>	<u><u>\$ 2,872,739</u></u>

* Restricted by enabling legislation

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2024, the primary government had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating</u>
Municipal bonds	\$ 3,971,045	0.50	AAA
External investment pools	110,380,052	0.10	AAAm
Total fair value	<u><u>\$ 114,351,097</u></u>		
Portfolio weighted average maturity		0.11	

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

As of September 30, 2024, the component units had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)	Credit Rating
External investment pools	\$ 589,593	0.08	AAAm
Total fair value	<u>\$ 589,593</u>		
Portfolio weighted average maturity		0.08	

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average of maturity not to exceed five years; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk: The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2024, the City's investment in investment pools were rated AAAm by Standard & Poor's.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2024, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. At September 30, 2024, the fair value of the portion in TexPool approximates fair value of the shares. There were no limitations or restrictions on withdrawals.

TexSTAR

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAM by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

Texas CLASS

MBIA is a participant of the Texas CLASS program. Texas CLASS has been established for governmental entities pursuant to the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Texas CLASS is supervised by a Board of Trustees who are elected by the Participants. The Board of Trustees supervises the Trust and its affairs and acts as the liaison between the Participants, the Custodian and the Program Administrator. The Board administers the affairs of the Trust and enters into contracts and agreements on behalf of the Trust in order to effectuate the terms of the Trust Agreement. It also selects consultants for Texas CLASS, including the Program Administrator and the Custodian. MBIA's Texas CLASS is rated AAA by Fitch. There were no limitations or restrictions on withdrawals.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

B. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are remeasured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The City's financial instruments consist of cash and cash equivalents, investments in certificates of deposits maturing in greater than three months, and accounts receivable. The estimated fair value of cash, cash equivalents, investments, and accounts receivable approximate their carrying amounts due to the short-term nature of these instruments.

The following table sets forth by level, within the fair value hierarchy, the City's fair value measurements at September 30, 2024.

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Municipal Bonds	\$ 3,971,045	\$ 3,971,045	\$ -	\$ -
Total Assets at fair value	\$ 3,971,045	\$ 3,971,045	\$ -	\$ -

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

C. Receivables

The following comprise receivable balances of the primary government at year end:

	Governmental Activities				Total
	General	I&S for CO Bonds	Capital Improvements	Nonmajor Governmental	
Property taxes	\$ 237,150	\$ 124,897	\$ -	\$ -	\$ 362,047
Sales tax	1,371,821	-	-	-	1,371,821
Franchise taxes	263,661	-	-	-	263,661
Accounts	-	-	-	252,277	252,277
Other	69,124	-	231,613	320	301,057
Allowance	(54,611)	(18,677)	-	(16,443)	(89,731)
	<u>\$ 1,887,145</u>	<u>\$ 106,220</u>	<u>\$ 231,613</u>	<u>\$ 236,154</u>	<u>\$ 2,461,132</u>

	Business-Type Activities				Total
	Public Utilities	Airport	Cemetery Operating	Sanitation	
Accounts	\$ 2,147,678	\$ 20,653	\$ 19,230	\$ 449,372	\$ 2,636,933
Allowance	(5,304)	-	-	(819)	(6,123)
	<u>\$ 2,142,374</u>	<u>\$ 20,653</u>	<u>\$ 19,230</u>	<u>\$ 448,553</u>	<u>\$ 2,630,810</u>

The Taylor Economic Development Corporation receivables consisted of sales tax totaling \$467,252.

Lease Receivables

The City is the lessor of three contracts in which the City receives lease payments from lessees. This includes two separate cell phone companies for the use of existing water tower antenna space and two tolling equipment companies. The cell tower leases commenced in 2018 and 2021 and are renewable in 5-year increments. Annual lease payments of \$18,150 will be received from AT&T through September 2026. Monthly lease payments of \$2,133.75 will be received from Verizon through December 2023. This lease was completed during the 2024 fiscal year. The City has a lease agreement with Kapsch for the use and access of roadway to test an open road tolling system. Monthly lease payments of \$2,640 will be received from Kapsch through June 2028. The airport has a lease agreement to lease hanger space with a lessee for \$1,950 per month through May of 2026. As of September 30, 2024, the lease receivable and offsetting deferred inflows amounted to \$34,233 and \$32,320, respectively, for the cell tower leases. The lease receivable and offsetting deferred inflows amounted to \$110,149 and \$86,010, respectively, for the new tolling company roadway lease. The lease

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

receivable and offsetting deferred inflows amounted to \$37,668 and \$37,078, respectively, for the airport hanger lease.

The annual principal and interest payments to be received are as follows:

Year ending September 30,	Business-Type Activities	
	Principal	Interest (4%)
2025	\$ 39,080	\$ 2,470
2026	32,821	930
	<u>\$ 71,901</u>	<u>\$ 3,400</u>

Year ending September 30,	Governmental Activities	
	Principal	Interest (4%)
2025	\$ 27,780	\$ 3,900
2026	28,911	2,769
2027	30,089	1,591
2028	23,369	391
	<u>\$ 110,149</u>	<u>\$ 8,651</u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

D. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 4,008,188	\$ 1,957,803	\$ -	\$ 5,965,991
Construction in progress	6,232,542	8,536,778	(4,781,076)	9,988,244
Total capital assets not being depreciated	<u>10,240,730</u>	<u>10,494,581</u>	<u>(4,781,076)</u>	<u>15,954,235</u>
Capital assets, being depreciated:				
Streets and bridges	62,400,392	4,472,785	1,806,258	68,679,435
Parks and dams	21,645,430	565,731	741,152	22,952,313
Sidewalks, curbs and gutters	3,789,523	-	-	3,789,523
Buildings and improvements	12,529,407	21,015	2,225,243	14,775,665
Operating equipment	6,213,827	289,298	(320,443)	6,182,682
Right-of-use assets	462,308	-	-	462,308
Equipment in internal service funds	8,961,103	1,079,689	-	10,040,792
Total capital assets being depreciated	<u>116,001,990</u>	<u>6,428,518</u>	<u>4,452,210</u>	<u>126,882,718</u>
Less accumulated depreciation				
Streets and bridges	24,312,770	1,619,125	-	25,931,895
Parks and dams	6,204,538	776,069	-	6,980,607
Sidewalks, curbs and gutters	1,057,924	94,738	-	1,152,662
Buildings and improvements	5,190,309	431,983	-	5,622,292
Operating equipment	4,136,045	645,418	(320,443)	4,461,020
Right-of-use assets	95,662	95,394	-	191,056
Equipment in internal service funds	7,300,734	812,377	-	8,113,111
Total accumulated depreciation	<u>48,297,982</u>	<u>4,475,104</u>	<u>(320,443)</u>	<u>52,452,643</u>
Net capital assets being depreciated	<u>67,704,008</u>	<u>1,953,414</u>	<u>4,772,653</u>	<u>74,430,075</u>
Total Capital Assets	<u><u>\$ 77,944,738</u></u>	<u><u>\$ 12,447,995</u></u>	<u><u>\$ (8,423)</u></u>	<u><u>\$ 90,384,310</u></u>

Depreciation was charged to governmental functions as follows:

General government	\$ 307,827
Community development	462,429
Public safety	883,691
Public works	1,994,120
Internal service funds	827,037
Total Governmental Activities Depreciation Expense	<u><u>\$ 4,475,104</u></u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 2,050,412	\$ 1,095,618	\$	\$ 3,146,030
Construction in progress	24,250,723	3,863,830	(3,656,255)	24,458,298
Total capital assets not being depreciated	<u>26,301,135</u>	<u>4,959,448</u>	<u>(3,656,255)</u>	<u>27,604,328</u>
Capital assets, being depreciated:				
Plant distribution and collection	54,223,389	5,426,442	3,557,579	63,207,410
Buildings	10,718,045	-	98,676	10,816,721
Runway	2,238,416	-	-	2,238,416
Equipment	1,482,531	-	-	1,482,531
Total capital assets being depreciated	<u>68,662,381</u>	<u>5,426,442</u>	<u>3,656,255</u>	<u>77,745,078</u>
Less accumulated depreciation				
Plant distribution and collection	25,073,231	1,224,856	-	26,298,087
Buildings	4,381,359	250,042	-	4,631,401
Runway	1,080,773	55,960	-	1,136,733
Equipment	880,868	122,801	-	1,003,669
Total accumulated depreciation	<u>31,416,231</u>	<u>1,653,659</u>	<u>-</u>	<u>33,069,890</u>
Net capital assets being depreciated	<u>37,246,150</u>	<u>3,772,783</u>	<u>3,656,255</u>	<u>44,675,188</u>
Total Capital Assets	<u><u>\$ 63,547,285</u></u>	<u><u>\$ 8,732,231</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 72,279,516</u></u>

Depreciation was charged to business-type activities as follows:

Public Utilities	\$ 1,485,304
Airport	166,030
Cemetery	2,325
Total Business-type Activities Depreciation Expense	<u><u>\$ 1,653,659</u></u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

A summary of changes in discretely presented component unit capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 54,355	\$ -	\$ 54,355
Total capital assets not being depreciated	<u>107,417</u>	<u>54,355</u>	<u>-</u>	<u>54,355</u>
Capital assets, being depreciated:				
Leasehold improvements	26,261	-	-	26,261
Commercial sign	17,244	-	(17,244)	-
Office Equipment	59,279	12,236	-	71,515
RTU Asset	85,552	-	(85,552)	-
Total capital assets being depreciated	<u>188,336</u>	<u>12,236</u>	<u>(102,796)</u>	<u>97,776</u>
Less accumulated depreciation				
Leasehold improvements	8,827	1,751	-	10,578
Commercial sign	12,212	718	(12,930)	-
Office Equipment	43,584	4,411	-	47,995
RTU Asset	47,529	28,517	(76,046)	-
Total accumulated depreciation	<u>112,152</u>	<u>35,397</u>	<u>(88,976)</u>	<u>58,573</u>
Net capital assets being depreciated	<u>76,184</u>	<u>(23,161)</u>	<u>(13,820)</u>	<u>39,203</u>
Total capital assets	<u><u>\$ 183,601</u></u>	<u><u>\$ 31,194</u></u>	<u><u>\$ (13,820)</u></u>	<u><u>\$ 93,558</u></u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

E. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general and enterprise funds to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 1,180,871	\$ 1,166,653	\$ (1,062,417)	\$ 1,285,107	\$ 1,156,596
Compensated Absences in internal service funds	3,259	4,657	(2,971)	4,945	4,450
Total Governmental Activities	<u>\$ 1,184,130</u>	<u>\$ 1,171,310</u>	<u>\$ (1,065,388)</u>	<u>\$ 1,290,052</u>	<u>\$ 1,161,046</u>
Business-Type Activities:					
Compensated Absences	\$ 35,803	\$ 40,651	\$ (40,877)	\$ 35,577	\$ 32,019
Total Business-Type Activities	<u>\$ 35,803</u>	<u>\$ 40,651</u>	<u>\$ (40,877)</u>	<u>\$ 35,577</u>	<u>\$ 32,019</u>
Component Unit Activities - Taylor EDC					
Compensated Absences	\$ 26,633	\$ 26,000	\$ (29,101)	\$ 23,532	\$ 21,178
Total Component Unit Activities	<u>\$ 26,633</u>	<u>\$ 26,000</u>	<u>\$ (29,101)</u>	<u>\$ 23,532</u>	<u>\$ 21,178</u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

F. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2024. In general, the City uses the debt service fund and general fund to liquidate governmental long-term liabilities and pension liabilities, respectively.

	Beginning Balance	Additions	Refunds/ Payments	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 6,280,000	\$ -	\$ (985,000)	\$ 5,295,000	\$ 845,000
Combination Tax and Revenue Certificates of Obligation	84,485,000	20,320,000	(1,870,000)	102,935,000	2,285,000
Revenue Certificates of Obligation - ISF	1,125,000	-	(215,000)	910,000	215,000
Limited Tax Note	5,230,000	-	(100,000)	5,130,000	505,000
Less deferred amounts:					
For premiums	3,894,451	546,627	(273,282)	4,167,796	-
Total Bonds Payable	101,014,451	20,866,627	(3,443,282)	118,437,796	3,850,000
Note Payable - internal service fund	815,834	-	(168,709)	647,125	157,633
Lease - internal service fund	144,730	-	(61,595)	83,135	62,149
Lease - governmental activities	122,018	-	(28,434)	93,584	29,358
SBITA - governmental activities	204,599	-	(53,532)	151,067	55,673
Total Governmental Activities	\$ 102,301,632	\$ 20,866,627	\$ (3,755,552)	\$ 119,412,707	\$ 4,154,813
Long-term liabilities due in more than one year				\$ 115,257,894	
Business-Type Activities:					
General Obligation Bonds	\$ 6,870,000	\$ -	\$ (375,000)	\$ 6,495,000	\$ 535,000
Combination Tax and Revenue Certificates of Obligation	22,850,000	8,930,000	(2,045,000)	29,735,000	2,035,000
Less deferred amounts:					
For premiums	1,696,108	240,225	(140,828)	1,795,505	-
Total Bonds Payable	31,416,108	9,170,225	(2,560,828)	38,025,505	2,570,000
Total Business-Type Activities	\$ 31,416,108	\$ 9,170,225	\$ (2,560,828)	\$ 38,025,505	\$ 2,570,000
Long-term liabilities due in more than one year				\$ 35,455,505	

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

Long-term debt applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities. Leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset. Assets under lease have a net book value of \$164,223 of year end. Assets financed through notes payable have a book value of \$574,728. SBITA assets have a book value of \$163,680 as of year end.

	Beginning Balance	Additions	Reductions	Ending Balance	Due in one Year
Component Unit - Taylor EDC					
Building lease	\$ 40,772	\$ -	\$ (40,772)	\$ -	\$ -
Total Component Unit Activities	<u>\$ 40,772</u>	<u>\$ -</u>	<u>\$ (40,772)</u>	<u>\$ -</u>	<u>\$ -</u>
Lease Liabilities Due in More than One Year				<u>\$ -</u>	

In February 2022, the Corporation signed a noncancelable lease for an office building. The lease term is for 3 years with monthly payments of \$2,380, \$2,500, & \$2,650, respectively, in twelve-month increments. There is no stated interest rate in the lease. The Corporation has utilized our incremental borrowing rate which was determined to be 5.5% on the date of the agreement. The original lease ran through January 31, 2025 however the Corporation terminated the lease early as of September 30, 2024. The Taylor EDC has an unused line of credit totaling \$3,500,000.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

Long-term debt at year end was comprised of the following debt issues:

	Governmental Activities	Business - Type Activities	Total
General Obligation Bonds:			
\$4,595,000 General Obligation Refunding Bonds, Series 2015, due in installments through 2025, interest at 2.9%	\$ 300,000	\$ 405,000	\$ 705,000
\$8,010,000 General Obligation Refunding Bonds, Series 2016, due in installments through 2034, interest at 4%	2,945,000	5,065,000	8,010,000
\$3,020,000 General Obligation Refunding Bonds, Series 2017, due in installments through 2029, interest at 2% to 4%	785,000	1,025,000	1,810,000
\$4,035,000 General Obligation Refunding Bonds, Series 2021, due in installments through 2032, interest at 3%	1,265,000	-	1,265,000
Total General Obligation Bonds	\$ 5,295,000	\$ 6,495,000	\$ 11,790,000
Combination Tax and Revenue Certificates of Obligation:			
\$4,200,000 Combination Tax and Revenue Certificates of Obligation, Series 2006, due in annual installments through 2026, interest at 4.45%	\$ -	\$ 1,190,000	\$ 1,190,000
\$10,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2007, due in annual installments through 2027, interest at 3.83%	1,800,000	2,445,000	4,245,000
\$3,000,000 Combination Tax and Revenue Certificates of Obligation, Series 2013, due in annual installments through 2033, interest at 4%	2,650,000	-	2,650,000
\$5,340,000 Combination Tax and Revenue Certificates of Obligation, Series 2017, due in annual installments through 2037, interest at 2.9-3.25%	950,000	3,300,000	4,250,000
\$5,440,000 Combination Tax and Revenue Certificates of Obligation, Series 2018, due in annual installments through 2030, interest at 3%	2,755,000	-	2,755,000
\$12,590,000 Combination Tax and Revenue Certificates of Obligation, Series 2019, due in annual installments through 2044, interest at 2.75%	6,490,000	3,900,000	10,390,000
\$22,910,000 Combination Tax and Revenue Certificates of Obligation, Series 2022, due in annual installments through 2042, interest at 3%	11,805,000	9,970,000	21,775,000
\$5,090,000 Combination Tax and Revenue Certificates of Obligation, Series 2023, due in annual installments through 2053, interest at 0%	4,920,000	-	4,920,000
\$52,155,000 Combination Tax and Revenue Certificates of Obligation, Series 2023, due in annual installments through 2053, interest at 4-5%	52,155,000	-	52,155,000
\$29,250,000 Combination Tax and Revenue Certificates of Obligation, Series 2024, due in annual installments through 2054, interest at 4-5%	20,320,000	8,930,000	29,250,000
Total Combination Tax and Revenue/Certificates of Obligation	\$ 103,845,000	\$ 29,735,000	\$ 133,580,000

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

	Governmental Activities	Business - Type Activities	Total
Tax Notes:			
\$5,325,000 Limited Tax Note			
Series 2022, due in annual installments through 2029, interest at 2.77%	5,130,000	-	5,130,000
Total Tax Notes	\$ 5,130,000	\$ -	\$ 5,130,000
Less deferred amounts:			
Discounts and premiums	\$ 4,167,796	\$ 1,795,505	\$ 5,963,301
Notes Payable			
\$406,7220 Note Payable to Government Capital, due in annual installments of \$88,844 through October 2025, interest at 2.49%	165,114	-	165,114
\$1,030,100 lease payable to Community Leasing, due in annually installments of \$91,322 through 2030, interest at 3.79%	482,011	-	482,011
\$72,164 lease payable to John Deere, due in monthly installments of \$1322.5 through 2028, interest at 3.25%	36,265	-	36,265
\$232,528 lease payable to US Bank, due in annual installments of \$17,634 through 2018, interest at 2.79%	46,870	-	46,870
\$147,329 Lease payable to Avaya Financial, due in monthly installments of \$2,700 through 2028, interest at 3.25%	93,584	-	93,584
SBITA:			
\$50,229 SBITA payable to Axon, due in annual installments of \$11,283 through 2027, interest at 4%	31,311	-	31,311
\$82,739 SBITA payable to Axon, due in annual installments of \$22,720 through 2027, interest at 4%	42,852	-	42,852
\$123,372 SBITA payable to Axon, due in annual installments of \$27,713 through 2027, interest at 4%	76,904	-	76,904
Total Notes, SBITA and Leases Payable	974,911	-	974,911
Total Debt	\$ 119,412,707	\$ 38,025,505	\$ 157,438,212

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

The annual requirements to amortize the City's long-term activities debt issues outstanding at year ending were as follows:

General Obligation Bonds

Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 845,000	\$ 187,417	\$ 535,000	\$ 252,060
2026	575,000	163,400	530,000	238,400
2027	265,000	142,700	1,255,000	217,200
2028	475,000	134,400	1,950,000	167,000
2029	525,000	117,800	330,000	89,000
2030	535,000	99,300	355,000	75,800
2031	555,000	80,400	360,000	61,600
2032	575,000	59,450	380,000	47,200
2033	465,000	37,800	395,000	32,000
2034	480,000	19,200	405,000	16,200
Total	\$ 5,295,000	\$ 1,041,867	\$ 6,495,000	\$ 1,196,460

Tax Notes

Year Ending	Governmental Activities	
	Principal	Interest
2025	\$ 505,000	\$ 142,101
2026	355,000	128,113
2027	1,180,000	118,279
2028	1,590,000	85,593
2029	1,500,000	41,550
Total	\$ 5,130,000	\$ 515,636

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

Certificates of Obligation

Year Ending	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 2,500,000	\$ 4,372,581	\$ 2,035,000	\$ 1,231,141
2026	3,955,000	4,076,423	2,220,000	1,060,493
2027	4,095,000	3,921,305	1,595,000	972,221
2028	3,530,000	3,749,118	1,025,000	903,523
2029	3,440,000	3,597,333	1,060,000	857,943
2030	3,340,000	3,450,853	1,110,000	812,268
2031	3,145,000	3,307,528	1,155,000	764,353
2032	3,285,000	3,167,658	1,205,000	714,393
2033	3,290,000	3,033,688	1,255,000	672,793
2034	3,070,000	2,890,938	1,300,000	623,903
2035	3,195,000	2,762,838	1,340,000	578,923
2036	3,325,000	2,628,988	1,395,000	532,448
2037	3,475,000	2,489,188	1,445,000	483,988
2038	3,615,000	2,346,338	1,130,000	434,663
2039	3,760,000	2,197,188	1,165,000	395,363
2040	3,610,000	2,058,481	1,210,000	354,531
2041	3,735,000	1,929,869	1,245,000	314,694
2042	3,870,000	1,796,544	1,290,000	273,694
2043	3,130,000	1,658,106	585,000	231,169
2044	3,250,000	1,540,756	610,000	209,681
Thereafter	35,230,000	7,772,569	4,360,000	1,102,313
Total	\$ 103,845,000	\$ 64,748,283	\$ 29,735,000	\$ 13,524,492

The City entered into one certificate of obligation during the 2024 year, Series 2024 totaling \$29,250,000. Interest rates ranged from 4-5% and both are due in annual installments through 2054.

The annual requirements to amortize leases outstanding at year ending were as follows:

Year ending September 30,	Governmental Activities		Total
	Principal	Interest	
2025	\$ 91,507	\$ 4,910	\$ 96,417
2026	45,481	2,788	48,269
2027	37,702	1,310	39,012
2028	2,029	85	2,114
Total	\$ 176,719	\$ 9,093	\$ 185,812

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

The annual requirements to amortize SBITAs outstanding at year ending were as follows:

<u>SBITA</u>			
<u>Year ending September 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 55,673	\$ 6,043	\$ 61,716
2026	57,900	3,816	61,716
2027	37,494	1,500	38,994
Total	<u><u>\$ 151,067</u></u>	<u><u>\$ 11,359</u></u>	<u><u>\$ 162,426</u></u>

The City recognized SBITA issuances in the current year per the new GASB 96 standard issue during the year. The City currently has three agreements with Axon for various software or IT related items.

The annual requirements to amortize notes and other obligations payable outstanding at year ending were as follows:

<u>Year ending September 30,</u>	<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2025	\$ 157,633	\$ 22,533	\$ 180,166
2026	156,356	17,658	174,014
2027	78,696	12,626	91,322
2028	81,679	9,643	91,322
2029	84,774	6,548	91,322
2030	87,987	3,335	91,322
Total	<u><u>\$ 647,125</u></u>	<u><u>\$ 72,343</u></u>	<u><u>\$ 719,468</u></u>

G. Deferred Charges on Refunding

Deferred charges (gains) resulting from the issuance of series 2010, 2012, 2015, 2016, 2017, and 2021 general obligation refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding bonds. Current year balances for governmental and business-type activities totaled \$60,000 and \$316,775, respectively. Current year amortization expense for governmental and business-type activities totaled \$25,704 and \$46,676, respectively.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

H. Interfund Transactions

Transfers between the primary government funds during the 2024 year were as follows:

Transfer out:	Transfer In:						Total
	General	Capital Improvements	Nonmajor Governmental	Cemetery Operating	Airport	Equipment Replacement	
General	\$ -	\$ -	\$ 13,184	\$ 68,845	\$ 47,125	\$ 1,218,813	\$ 1,347,967
Capital Improvements	3,518	-	-	-	-	-	3,518
I&S for CO Bonds	-	-	-	-	-	248,750	248,750
Nonmajor Governmental	228,000	-	5,000	3,197	-	-	236,197
Public Utilities	1,591,125	1,583,485	-	60,000	-	-	3,234,610
Sanitation	164,200	-	-	-	-	-	164,200
Total	\$ 1,986,843	\$ 1,583,485	\$ 18,184	\$ 132,042	\$ 47,125	\$ 1,467,563	\$ 5,235,242

Transfers between general and capital improvements were primarily to support capital projects. Transfers between the enterprise funds to the general fund were for franchise fees and contributions for operations. Transfers between to I&S CO Bonds were for debt service payments. Transfers to the equipment replacement fund were for equipment purchases.

During the year, the Tax Increment Financing discretely present component unit contributed \$170,840, \$338,600 and \$13,456 to the General, I&S for CO Bonds and Main Street Revenue funds, respectively, for debt service and capital funding.

The compositions of interfund balances as of the year ended September 30, 2024 were as follows:

Payable Fund:	Receivable Fund:		
	General	I&S For CO Bonds	Total
General	\$ -	\$ 845,838	845,838
Capital projects	5,324	1,794	7,118
Nonmajor governmental	162,532	-	162,532
Total	\$ 167,856	\$ 847,632	\$ 1,015,488

Interfund receivables and payables relate to various amounts used to cover operational and capital expenditures. All balances are expected to be resolved in the subsequent year.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Commitments and Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

Development Review Reimbursement Agreement ("DRRA")

The City entered into a Development Review Costs and Services contract in order to expedite the development review and approval of the construction and development of a semiconductor production fabrication plant on land that will be utilized for a manufacturing facility. This agreement includes funding for City development review costs and services as well as costs of 3rd party contractors. The City is to repay all amounts funded for direct City costs associated with the project, as defined in the agreement. The City is not required to repay amounts provided and expended for 3rd party review charges and costs. The Company provided a total of \$1,402,313 during the year which was placed in escrow and utilized as necessary to complete the City's development review. Subsequent replenishments will be made upon request, if necessary. This balance and subsequent advances will be paid back in annual payments starting in 2027. The amount reported as payable under this agreement totaled \$1,402,313 as of September 30, 2024. During the year, the Company has also funded City \$3,080,952 for 3rd party review costs.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

Project Funding Agreement

The City entered into a project funding agreement with a manufacturing company that requires the construction of water and wastewater facilities to land that will be utilized for construction of a manufacturing facility. In order to expedite the construction of these facilities, the Company will contribute toward the cost of the various phases of the project. The balance of unspent contributions remaining at year end totaled \$2,082,864.

C. Construction Commitments

The City of Taylor has active construction projects as of September 30, 2024. The projects include improvements for parks, the animal shelter facility, the intersection at 2nd and Main streets, downtown roads, and water and wastewater infrastructure.

At year end, the City of Taylor's commitments with contractors are as follows:

<u>Project</u>	<u>Authorized Contract Award</u>	<u>Remaining Commitment</u>
TRP & Doak Park	\$ 1,575,550	\$ 264,216
Mustang Creek WWTP Improvements Train 2 Rehab	5,339,000	331,677
Northside Pump Station Improvements	2,124,640	103,142
Total	\$ 19,672,233	\$ 699,035

D. Defined Benefit Pension Plans

1. Plan Description

The City of Taylor, Texas participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

2. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2023</u>	<u>Plan Year 2022</u>
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	30% of CPI	30% of CPI
Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	131
Inactive employees entitled to but not yet receiving benefits	164
Active employees	<u>177</u>
Total	<u>472</u>

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

3. Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Taylor, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Taylor, Texas were 12.94%, 12.70% and 12.69% in calendar years 2024, 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were \$1,787,449, and were equal to the required contributions.

4. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60 to 11.85%, including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the period ending December 31, 2023. They were adopted in 2022 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2027 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public/Private Markets	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmr.com.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/22	\$ 40,620,192	\$ 33,692,854	\$ 6,927,338
Changes for the year:			
Service cost	2,077,338	-	2,077,338
Interest	2,757,259	-	2,757,259
Change in benefit terms	-	-	-
Difference between expected and actual experience	947,583	-	947,583
Changes of assumptions	(230,954)	-	(230,954)
Contributions – employer	-	1,605,732	(1,605,732)
Contributions – employee	-	885,050	(885,050)
Net investment income	-	3,901,945	(3,901,945)
Benefit payments, including refunds of emp. contributions	(1,621,172)	(1,621,172)	-
Administrative expense	-	(24,808)	24,808
Other changes	-	(173)	173
Net changes	3,930,054	4,746,574	(816,520)
Balance at 12/31/23	<u>\$ 44,550,246</u>	<u>\$ 38,439,428</u>	<u>\$ 6,110,818</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 12,710,616	\$ 6,110,818	\$ 726,888

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

5. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of \$1,710,944.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and investment earnings	\$ 889,614	\$ -
Changes in actuarial assumptions	-	(163,225)
Differences between expected and actual economic experience	697,495	-
Contributions subsequent to the measurement date	1,390,118	-
Total	\$ 2,977,227	\$ (163,225)

The City reported \$1,390,118 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2024	\$ 477,664
2025	498,420
2026	773,334
2027	(325,534)
2028	-
Thereafter	-
	\$ 1,423,884

E. Other Post-Employment Benefits

Supplemental Death Benefits Fund

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City offers supplemental death to:	Plan Year 2022	Plan Year 2023
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and the fund is considered to be unfunded.

Employees covered by benefit terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	81
Inactive employees entitled to but not yet receiving benefits	27
Active employees	177
Total	285

The City's contributions to the TMRS SDBF for the years ended 2024, 2023 and 2022 were \$16,197, \$16,840, and \$15,029, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates (*RETIREE-only portion of the rate*)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2022	0.13%	0.13%	100.0%
2023	0.14%	0.14%	100.0%
2024	0.11%	0.11%	100.0%

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2023, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.6% to 11.85%, including inflation per year
Discount rate	3.77%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 3.77%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

1% Decrease 2.77%	Current Single Rate Assumption 3.77%	1% Increase 4.77%
\$ 579,199	\$ 483,745	\$ 409,581

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/22	\$ 433,145
Changes for the year:	
Service Cost	22,758
Interest	17,645
Difference between expected and actual experience	3,110
Changes of assumptions	24,788
Benefit payments	(17,701)
Net changes	50,600
Balance at 12/31/23	\$ 483,745

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the City recognized OPEB expense of \$13,487.

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (27,676)
Change in assumptions	-	(79,759)
Contributions subsequent to measurement date	11,817	-
Total	\$ 11,817	\$ (107,435)

The City reported \$11,817 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2025.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:		
2024	\$	(26,258)
2025		(36,673)
2026		(43,182)
2027		(3,575)
2028		2,253
Thereafter		-
	\$	<u>(107,435)</u>

Health Care Benefit Provided by Plan

In addition to the contributions made to TMRS, the City provides certain other post-employment benefits to its retirees and dependents. This plan is considered a single-employer defined benefit plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 and the fund is considered to be unfunded. Full time City of Taylor employees who retire from the City under the Texas Municipal Retirement System on or after January 1, 2000, and who are covered by the City of Taylor group hospitalization and medical insurance at the time of retirement, will be eligible to receive current health plan which is an 80/20 HMO insurance plan that includes a \$500 deductible for individual and a \$1,000 deductible for family medical insurance provided by the City to its employees, from the date of retirement until the 5th anniversary date after retirement. The City will pay the full premiums for the HMO insurance coverage for any retiree who retired between January 1, 2000 and August 11, 2005 until the 5th anniversary date after retirement unless anyone of the three events listed below, also pertaining to retirements after August 11, 2005, occurs. Employees retiring after August 11, 2005, shall not receive full premium payment from the City. The City will pay only the premium amount paid by the City for its active employees provided the retiree pays the difference, if any, between the amount paid by the City for active employees and the full premium required for the retiree HMO insurance coverage.

Payments by the City will continue until the 5th anniversary date after retirement unless any one of the following three events occurs:

1. The retiree attains the age of 65 years, or;
2. The retiree becomes eligible for hospitalization and medical insurance coverage by virtue of other employment; or
3. The retiree becomes eligible for disability retirement provided by the Federal Government that is paid for less than a 100% disability of the retiree.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

Deferred Retirement Benefits

Employees who terminate their employment but do not formally retire under the Texas Municipal Retirement System are not eligible for retiree health care benefits. An employee must be covered by the City of Taylor's health insurance plan at the time of retirement.

Duty Death in Service Retirement Benefits

With the passage of SM 872, the City of Taylor will be required to do the following:

1. To provide health benefit coverage to the surviving spouse of a peace officer or firefighter killed in the line of duty at the same rate paid by current employees;
2. Allows an eligible survivor up to 180 days to apply for health coverage;
3. To provide an eligible surviving spouse coverage until the surviving spouse becomes eligible for federal Medicare benefits;
4. To provide an eligible minor coverage until the minor turns 18.

Non-duty in Service Retirement Benefits

Survivors of employees who die while actively employed are not eligible for retiree health care benefits.

Duty and Non-duty Disabled Retirement Benefits

Employees who retire under a disability retirement are eligible for retiree health care benefits as long as they are covered on the health insurance plan at the time of retirement and meet the criteria as listed under the normal retirement benefits.

Benefits for Spouses of Retired Employees

Retiree may purchase retiree health care coverage for eligible spouses and dependents at their own expense. Surviving spouses and dependents of deceased retired member's insurance coverage will terminate the end of the month the retiree dies.

Non-Medicare and Medicare-Eligible Provisions

City of Taylor coverage ceases when the retiree becomes eligible for Medicare coverage. Retirees are required to enroll in Medicare once they are eligible. Retiree pays full Medicare premiums.

Vision Coverage

Vision coverage is part of the health insurance plan at no extra cost.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

Dental Coverage

City of Taylor does not offer dental coverage for retirees or their dependents. This is offered as Cobra insurance. If the retiree is interested then the retiree pays the premium.

Life Insurance Coverage

Life insurance coverage is part of the Pension plan at \$7,500 for retirees and one times the annual salary for active employees.

Retiree Opt-Out

Retirees who decide to opt-out of the retiree health care plan will not be eligible to opt back in when coverage from cobra or another entity ceases. There is no additional premium payment provided for those who opt out of the retiree health care plan.

Benefits Paid By the Plan

Retiree medical coverage is the same coverage provided to active City of Taylor employees in accordance with the term and conditions of the current City's health plan. Employees retiring after August 11, 2005 the City of Taylor will play only the premium amount paid by the City for its active employees provided the retiree pays the difference.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.06%. The discount rate was based on the Bond Buyer GO Bond 20 Year Index rate as of September 30, 2024, date of the actuarial valuation.

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.06%, as well as what the City's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.06%) or 1-percentage-point higher (5.06%) than the current rate:

1% Decrease (3.06%)	Current Single Rate Assumption 4.06%	1% Increase (5.06%)
\$ 1,742,519	\$ 1,607,494	\$ 1,485,539

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

Healthcare Cost Trend

1% Decrease (3.5%)	Current Healthcare Cost Trend (4.5%)	1% Increase (5.5%)
\$ 1,485,539	\$ 1,607,494	\$ 1,790,028

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at 9/30/2023	\$ 776,642
Changes for the year:	
Service Cost	45,192
Interest	36,610
Difference between expected and actual experience	785,058
Changes of assumptions	-
Benefit payments	72,636
Net changes	(108,644)
Balance at 9/30/2024	<u>\$ 830,852</u>
	<u>\$ 1,607,494</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2024, the City recognized OPEB expense of \$182,379

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 671,674	\$ -
Change in assumptions	-	(3,084)
Total	<u>\$ 671,674</u>	<u>\$ (3,084)</u>

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:		
2025	\$	100,577
2026		100,577
2027		100,577
2028		85,711
2029		86,615
Thereafter		194,533
	\$	<u>668,590</u>

Employees covered by benefit terms

At the September 30, 2024 valuation date, the following employees were covered by the benefit terms:

<u>Status</u>	<u>Employee</u>	<u>Employee & Spouse</u>
Inactive employees or beneficiaries currently receiving benefits	6	1
Active employees	142	21
Total	148	22

Funding Status and Funding Progress

Actuarial valuations of an ongoing program involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Program, assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The current valuation dated September 30, 2024 and measured as of September 30, 2024 uses the mortality table: RPH 2014 Total Table with Projection MP-2021 and turnover: rates varying based on genera, age, and select and ultimate at 9 years. Rates based on the TMRS actuarial assumptions from the 2017 retirement plan valuation report.

Actuarial Methods and Assumptions

The discount rate for the current valuation was lowered from 4.77% to 4.09%. the City began using the active premium rates for retirees. Previously the City had separate rates for retirees. This valuation reflects a change in premium rates so the cost is higher due to the

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

cost of the implicit premiums being reflected. Also there was over a 14% increase in the number of plan participants from 149 in fiscal year 2022 to 170 in the current year. These are the major contributing factors related to the greater experience loss and the increase in the NOL. There have been no other substantive changes in the retiree plan since the last full valuation.

Projections of benefits for financial reporting purposes are based on the substantive program (the program as understood by the employer and the Program members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Program members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level Percent-of-Payroll
Asset Valuation Method	N/A
Discount Rate	4.09%
Inflation Rate	2.5%
Salary Growth	3.0%
Healthcare Cost Trend Rate (Initial/Ultimate)	4.5% for medical

The amount of OPEB expenses during the year were \$13,487 and \$182,379 for the SDB and Retiree Healthcare plans, respectively, totaling \$195,866.

F. Deferred Compensation Plan

The City has established a deferred compensation plan (the 457 plan) in accordance with Internal Revenue Code, Section 457. The 457 plan, available to all employees, permits them to defer a portion of their salaries until future years. The benefits of the plan are not available to employees until termination, retirement, or unforeseeable emergency. Benefits are available to employee's beneficiaries in case of death.

All amounts of compensation deferred under the 457 plan, all property rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the City (without being restricted to the provisions of benefits under the plan) subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of the general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

City of Taylor, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

It is the opinion of the City that the City has no liability for investment losses under the 457 plan, but does have the duty of due care that would be required of an ordinary prudent investor. The City believes that it is unlikely that it will use the 457 plan assets to satisfy the claims of general creditors in the future.

The City's deferred compensation plan is administered by a private corporation under contract with the City. Participant and City contributions totaled \$185,797 for the year ended September 30, 2024.

G. Tax Abatement Disclosures

The City of Taylor negotiates property tax abatement agreements on an individual basis. The City has tax abatement agreements with three entities as of September 30, 2024:

<u>Purpose</u>	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year Property Tax	Amount of Taxes Abated during the Fiscal Year Sales Tax
Construction of a 20,000 data information facility to create positive economic benefits through employment and tax revenue.	75%	\$ 42,757	\$ -
Construction of a 60,000 sf regional manufacturing and retail facility to create positive economic benefits through employment and tax revenue.	50%	-	59,648
Construction of a semiconductor manufacturing facility to create positive economic benefits through employment and tax revenue.	50%	-	4,778,770
Total		<u><u>\$ 42,757</u></u>	<u><u>\$ 4,838,418</u></u>

Each agreement was negotiated under Article III, Section 52-a, Texas Constitution, and Chapter 380, Texas Local Gov't Code, stating that the City may establish and provide for the administration of a program for making loans and grants of public money to promote state or local economic development and to stimulate business and commercial activity in the municipality. The agreement is in accordance with Section 501.103, Texas Local Gov't Code. Taxes were abated through a rebate of taxes received. Recipients of the sales tax abatements agree to operate within the City limits through the term of their agreement.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities. The City has chosen to disclose information about its tax abatement agreements individually. It established a quantitative threshold of 100% percent of the total dollar amount of taxes abated during the year.

City of Taylor, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

H. Restatements

The City restated beginning fund balance and net position for general fund and governmental activities due to a correction in assets. In addition, the City restated governmental activities, nonmajor governmental funds, and the tax increment financing discretely presented component unit due to a change in presentation of the TIRZ no. 2 fund from discrete to blended presentation. The summary of restatements is as follows:

	Governmental Activities	General	Nonmajor Governmental	Discretely Presented Component Unit- TIF
Prior year ending fund balance/net position as reported	\$ 67,939,542	\$ 17,634,897	\$ 3,292,253	\$ 700,276
Correction to assets	108,820	108,820	-	-
Component unit change from discretely presented to blended	146,059	-	146,059	(146,059)
Restate beginning fund balance/net position	<u>\$ 68,194,421</u>	<u>\$ 17,743,717</u>	<u>\$ 3,438,312</u>	<u>\$ 554,217</u>

I. Subsequent Events

There were no material subsequent events through March 21, 2025, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 8,055,000	\$ 7,989,412	\$ 7,519,412	\$ (470,000)
Sales tax	14,200,000	21,695,501	20,695,250	(1,000,251)
Franchise and local taxes	918,000	933,023	964,531	31,508
License and permits	1,201,500	1,093,356	1,093,356	-
Charges for services	755,300	1,305,786	1,305,786	-
Fines and forfeitures	179,500	255,180	255,180	-
Intergovernmental	128,100	341,161	553,611	212,450
Investment income	405,000	1,902,450	1,974,251	71,801
Other revenues	465,500	1,005,529	4,057,954	3,052,425
Total Revenues	26,307,900	36,521,398	38,419,331	1,897,933
Expenditures				
Current:				
General government				
City council	446,569	356,198	391,069	(34,871)
City management	752,267	970,333	987,905	(17,572)
Public information	225,338	289,715	292,991	(3,276)
Human resources	453,357	468,383	473,027	(4,644)
Financial services	1,065,831	922,108	924,231	(2,123)
Municipal court	385,381	421,940	422,894	(954)
Building maintenance	900,758	738,939	739,961	(1,022)
Information technology	296,936	288,123	262,266	25,857
Nondepartmental	5,089,600	5,669,549	5,677,401	(7,852)
City clerk	206,640	204,402	210,177	(5,775)
Total general government	9,822,677	10,329,690	10,381,922	(52,232)
Culture and recreation				
Moody museum	22,225	15,393	15,007	386
Public library	687,234	618,441	626,869	(8,428)
Parks and recreation	2,595,310	2,324,528	2,343,149	(18,621)
Total culture and recreation	3,304,769	2,958,362	2,985,025	(26,663)

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Community development				
Planning and development	\$ 1,958,310	\$ 1,932,578	\$ 4,696,841	\$ (2,764,263)
Main Street program	200,132	191,881	193,928	(2,047)
Total community development	2,158,442	2,124,459	4,890,769	(2,766,310)
Public safety				
Fire department	4,190,606	4,387,031	4,415,869	(28,838)
Police department	5,282,612	5,398,070	5,385,249	12,821
Animal control	383,221	438,509	441,720	(3,211)
Total public safety	9,856,439	10,223,610	10,242,838	(19,228)
Public works				
Maintenance	2,706,450	3,127,849	3,148,136	(20,287)
Engineering and inspection	900,000	1,596,043	1,560,342	35,701
Total public works	3,606,450	4,723,892	4,708,478	15,414
Total Expenditures	28,748,777	30,360,013	33,303,148	(2,943,135) *
Revenues Over (Under) Expenditures	(2,440,877)	6,161,385	5,116,183	(1,045,202)
Other Financing Sources (Uses)				
Transfers in	2,432,435	2,450,405	1,986,843	(463,562)
Transfers (out)	(2,733,010)	(1,453,219)	(1,347,967)	105,252
Total Other Financing Sources (Uses)	(300,575)	997,186	638,876	(358,310)
Net Change in Fund Balance	\$ (2,741,452)	\$ 7,158,571	5,755,059	\$ (1,403,512)
Beginning fund balance			17,743,717	
Ending Fund Balance			<u>\$ 23,498,776</u>	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

City of Taylor, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Total pension liability				
Service cost	\$ 2,077,338	\$ 1,692,580	\$ 1,544,110	\$ 1,445,657
Interest	2,757,259	2,571,320	2,401,979	2,285,948
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	947,583	(4,285)	217,930	(434,362)
Changes of assumptions	(230,954)	-	-	-
Benefit payments, including refunds of participant contributions	(1,621,172)	(1,773,534)	(1,685,453)	(1,569,543)
Net change in total pension liability	3,930,054	2,486,081	2,478,566	1,727,700
Total pension liability - beginning	40,620,192	38,134,111	35,655,545	33,927,845
Total pension liability - ending (a)	44,550,246	40,620,192	38,134,111	35,655,545
Plan fiduciary net position				
Contributions - employer	\$ 1,605,732	\$ 1,326,691	\$ 1,264,770	\$ 1,138,244
Contributions - members	885,050	731,814	671,769	627,378
Net investment income	3,901,945	(2,631,197)	4,130,252	2,222,717
Benefit payments, including refunds of participant contributions	(1,621,172)	(1,773,534)	(1,685,453)	(1,569,543)
Administrative expenses	(24,808)	(22,762)	(19,104)	(14,376)
Other	(173)	27,162	129	(561)
Net change in plan fiduciary net position	4,746,574	(2,341,826)	4,362,363	2,403,859
Plan fiduciary net position - beginning	33,692,854	36,034,680	31,672,317	29,268,458
Plan fiduciary net position - ending (b)	\$ 38,439,428	\$ 33,692,854	\$ 36,034,680	\$ 31,672,317
Fund's net pension liability - ending (a) - (b)	\$ 6,110,818	\$ 6,927,338	\$ 2,099,431	\$ 3,983,228
Plan fiduciary net position as a percentage of the total pension liability	86.28%	82.95%	94.49%	88.83%
Covered payroll	\$ 12,643,564	\$ 10,454,481	\$ 9,596,703	\$ 8,962,539
Fund's net pension liability as a percentage of covered payroll	48.33%	66.26%	21.88%	44.44%

12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
\$ 1,401,414	\$ 1,182,552	\$ 1,041,311	\$ 968,428	\$ 969,566	\$ 849,391
2,112,720	2,033,920	1,924,860	1,820,956	1,807,443	1,722,971
(645,002)	-	-	-	-	-
368,547	(21,953)	(109,310)	(103,381)	(453,575)	(316,854)
239,530	-	-	-	67,202	-
(1,586,423)	(1,396,663)	(1,226,886)	(1,139,378)	(1,327,734)	(889,978)
1,890,786	1,797,856	1,629,975	1,546,625	1,062,902	1,365,530
32,037,059	30,239,203	28,609,228	27,062,603	25,999,701	24,634,171
33,927,845	32,037,059	30,239,203	28,609,228	27,062,603	25,999,701
\$ 1,035,374	\$ 963,711	\$ 865,382	\$ 823,209	\$ 856,984	\$ 816,847
610,069	567,366	508,931	472,404	477,619	443,939
3,916,028	(778,480)	3,147,066	1,428,482	31,157	1,123,153
(1,586,423)	(1,396,663)	(1,226,886)	(1,139,378)	(1,327,734)	(889,978)
(22,115)	(15,038)	(16,304)	(16,128)	(18,976)	(11,725)
(664)	(786)	(826)	(867)	(937)	(964)
3,952,269	(659,890)	3,277,363	1,567,722	18,113	1,481,272
25,316,189	25,976,079	22,698,716	21,130,994	21,112,881	19,631,609
\$ 29,268,458	\$ 25,316,189	\$ 25,976,079	\$ 22,698,716	\$ 21,130,994	\$ 21,112,881
\$ 4,659,387	\$ 6,720,870	\$ 4,263,124	\$ 5,910,512	\$ 5,931,609	\$ 4,886,820
86.27%	79.02%	85.90%	79.34%	78.08%	81.20%
\$ 8,715,264	\$ 8,105,224	\$ 7,246,423	\$ 6,748,626	\$ 6,823,122	\$ 6,341,992
53.46%	82.92%	58.83%	87.58%	86.93%	77.05%

City of Taylor, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Actuarially determined employer contributions	\$ 1,787,449	\$ 1,551,989	\$ 1,345,915	\$ 1,215,943
Contributions in relation to the actuarially determined contribution	\$ 1,787,449	\$ 1,551,989	\$ 1,345,915	\$ 1,215,943
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 13,871,386	\$ 12,222,528	\$ 10,499,551	\$ 9,316,011
Employer contributions as a percentage of covered payroll	12.89%	12.70%	12.82%	13.05%

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes

Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.

Mortality

Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes

There were no benefit changes during the year.

<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>
\$ 1,113,923	\$ 1,015,485	\$ 939,599	\$ 853,691	\$ 812,004	\$ 830,507
<u>\$ 1,113,923</u>	<u>\$ 1,015,485</u>	<u>\$ 939,599</u>	<u>\$ 853,691</u>	<u>\$ 812,004</u>	<u>\$ 830,507</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,711,109	\$ 8,545,927	\$ 7,900,339	\$ 7,124,866	\$ 6,602,710	\$ 6,572,876
12.79%	11.88%	11.89%	11.98%	12.30%	12.64%

City of Taylor, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS PLAN

Year Ended:

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>
Total OPEB liability				
Service cost	\$ 22,758	\$ 42,863	\$ 38,387	\$ 27,784
Interest	17,645	12,348	11,888	14,499
Differences between expected and actual experience	3,110	(38,952)	18,429	(48,165)
Changes of assumptions	24,788	(225,947)	21,159	79,500
Benefit payments, including refunds of participant contributions	(17,701)	(13,591)	(17,274)	(6,274)
Net change in total OPEB liability	<u>50,600</u>	<u>(223,279)</u>	<u>72,589</u>	<u>67,344</u>
Total OPEB liability - beginning	<u>\$ 433,145</u>	<u>\$ 656,424</u>	<u>\$ 583,835</u>	<u>\$ 516,491</u>
Total OPEB liability - ending	<u><u>\$ 483,745</u></u>	<u><u>\$ 433,145</u></u>	<u><u>\$ 656,424</u></u>	<u><u>\$ 583,835</u></u>
 Covered employee payroll	 \$ 12,643,564	 \$ 10,454,481	 \$ 9,596,703	 \$ 8,962,539
City's total OPEB liability as a percentage of covered employee payroll	 3.83%	 4.14%	 6.84%	 6.51%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u> ¹
\$ 22,660	\$ 24,316	\$ 19,565
15,985	14,756	14,401
(21,171)	(17,300)	-
82,525	(29,995)	33,502
(6,101)	(5,674)	(4,348)
<u>93,898</u>	<u>(13,897)</u>	<u>63,120</u>
<u>\$ 422,593</u>	<u>\$ 436,490</u>	<u>\$ 373,370</u>
<u>\$ 516,491</u>	<u>\$ 422,593</u>	<u>\$ 436,490</u> ²
\$ 8,715,264	\$ 8,105,224	\$ 7,246,423
5.93%	5.21%	6.02%

City of Taylor, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS RETIREE HEALTHCARE

Year Ended:

	<u>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>
Total OPEB liability			
Service cost	\$ 45,192	\$ 45,192	\$ 67,723
Interest	36,610	36,264	21,094
Differences between expected and actual experience	785,058	-	(47,941)
Changes of assumptions	72,636	-	(153,989)
Benefit payments, including refunds of participant contributions	(108,644)	(39,752)	(43,477)
Net change in total OPEB liability	<u>830,852</u>	<u>41,704</u>	<u>(156,590)</u>
Total OPEB liability - beginning	<u>776,642</u>	<u>734,938</u>	<u>\$ 891,528</u>
Total OPEB liability - ending (a)	<u>1,607,494</u>	<u>776,642</u>	<u>\$ 734,938</u>
 Covered employee payroll	 \$ 10,454,481	 \$ 10,454,481	 \$ 9,225,768
 City's total OPEB liability as a percentage of covered employee payroll	 15.38%	 7.43%	 7.97%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u> ¹
\$ 67,723	\$ 44,401	\$ 44,401	\$ 42,669
20,010	28,470	25,128	25,079
-	46,574	-	-
-	77,880	-	-
(35,616)	(29,465)	(33,771)	(13,977)
<u>52,117</u>	<u>167,860</u>	<u>35,758</u>	<u>53,771</u>
<u>\$ 839,411</u>	<u>\$ 671,551</u>	<u>\$ 635,793</u>	<u>\$ 582,022</u>
<u>\$ 891,528</u>	<u>\$ 839,411</u>	<u>\$ 671,551</u>	<u>\$ 635,793</u> ²
\$ 7,633,382	\$ 7,206,702	\$ 6,466,936	\$ 6,466,936
11.68%	11.65%	10.38%	9.83%

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***COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES***

City of Taylor, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2024

	<u>Hotel/ Motel Tax</u>	<u>Texas Capital</u>	<u>Main Street Revenue</u>	<u>Cemetery Land</u>	<u>Municipal Court Security/Tech</u>
<u>Assets</u>					
Cash and cash equivalents	\$ 218,163	\$ 4,252	\$ 30,600	\$ 251,490	\$ 124,516
Investments	-	-	-	-	-
Accounts receivable, net	24,520	-	-	-	-
Total Assets	\$ 242,683	\$ 4,252	\$ 30,600	\$ 251,490	\$ 124,516
<u>Liabilities</u>					
Accounts payable	\$ 51,634	\$ -	\$ 5,598	\$ -	\$ -
Due to other funds	-	-	-	111,849	-
Total Liabilities	51,634	-	5,598	111,849	-
<u>Fund Balances</u>					
Nonspendable	-	-	-	-	-
Restricted	191,049	4,252	25,002	139,641	124,516
Committed	-	-	-	-	-
Total Fund Balances	191,049	4,252	25,002	139,641	124,516
Total Liabilities and Fund Balances	\$ 242,683	\$ 4,252	\$ 30,600	\$ 251,490	\$ 124,516

<u>Drainage</u>	<u>TIRZ No. 2</u>	<u>Total Nonmajor Special Revenue</u>	<u>Transportation User Fee</u>	<u>Cemetery Permanent Fund</u>	<u>Total Nonmajor Governmental</u>
\$ 744,591	\$ 661,391	\$ 2,035,003	\$ 1,976,572	\$ 118,610	\$ 4,130,185
-	-	-	-	677,501	677,501
87,337	-	111,857	123,977	320	236,154
<u>\$ 831,928</u>	<u>\$ 661,391</u>	<u>\$ 2,146,860</u>	<u>\$ 2,100,549</u>	<u>\$ 796,431</u>	<u>\$ 5,043,840</u>
\$ 12,012	\$ -	\$ 69,244	\$ 47,726	\$ -	\$ 116,970
-	-	111,849	-	50,683	162,532
<u>12,012</u>	<u>-</u>	<u>181,093</u>	<u>47,726</u>	<u>50,683</u>	<u>279,502</u>
-	-	-	-	745,748	745,748
-	661,391	1,145,851	-	-	1,145,851
819,916	-	819,916	2,052,823	-	2,872,739
<u>819,916</u>	<u>661,391</u>	<u>1,965,767</u>	<u>2,052,823</u>	<u>745,748</u>	<u>4,764,338</u>
<u>\$ 831,928</u>	<u>\$ 661,391</u>	<u>\$ 2,146,860</u>	<u>\$ 2,100,549</u>	<u>\$ 796,431</u>	<u>\$ 5,043,840</u>

City of Taylor, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended September 30, 2024

	Hotel/ Motel Tax	Texas Capital	Main Street Revenue	Cemetery Land	Municipal Court Security/Tech
<u>Revenues</u>					
Hotel occupancy tax	\$ 365,853	\$ -	\$ -	\$ -	\$ -
Property tax	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and fees	-	-	-	-	27,953
Intergovernmental	-	-	13,456	-	-
Other revenue	-	-	56,851	-	-
Investment income	-	-	-	5,237	-
Total Revenues	365,853	-	70,307	5,237	27,953
<u>Expenditures</u>					
General government	300,379	-	125,035	-	8,848
Public works	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	300,379	-	125,035	-	8,848
Revenues Over (Under)					
Expenditures	65,474	-	(54,728)	5,237	19,105
<u>Other Financing Sources</u>					
<u>(Uses)</u>					
Transfers in	-	-	18,184	-	-
Transfers (out)	(5,000)	-	-	-	-
Total Other Financing					
Sources (Uses)	(5,000)	-	18,184	-	-
Net Change in Fund					
Balances	60,474	-	(36,544)	5,237	19,105
Beginning fund balances	130,575	4,252	61,546	134,404	105,411
Ending Fund Balances	\$ 191,049	\$ 4,252	\$ 25,002	\$ 139,641	\$ 124,516

Drainage	TIRZ No. 2	Total Nonmajor Special Revenue	Transportation User Fee	Cemetery Permanent Fund	Total Nonmajor Governmental
\$ -	\$ -	\$ 365,853	\$ -	\$ -	\$ 365,853
-	525,838	525,838	-	-	525,838
683,530	-	683,530	876,066	10,303	1,569,899
-	-	27,953	-	-	27,953
-	-	13,456	16,500	-	29,956
-	-	56,851	-	-	56,851
-	17,494	22,731	-	5,073	27,804
<u>683,530</u>	<u>543,332</u>	<u>1,696,212</u>	<u>892,566</u>	<u>15,376</u>	<u>2,604,154</u>
189,069	-	623,331	-	-	623,331
-	-	-	415,694	-	415,694
21,090	-	21,090	-	-	21,090
<u>210,159</u>	<u>-</u>	<u>644,421</u>	<u>415,694</u>	<u>-</u>	<u>1,060,115</u>
473,371	543,332	1,051,791	476,872	15,376	1,544,039
-	-	18,184	-	-	18,184
<u>(100,000)</u>	<u>(28,000)</u>	<u>(133,000)</u>	<u>(100,000)</u>	<u>(3,197)</u>	<u>(236,197)</u>
<u>(100,000)</u>	<u>(28,000)</u>	<u>(114,816)</u>	<u>(100,000)</u>	<u>(3,197)</u>	<u>(218,013)</u>
373,371	515,332	936,975	376,872	12,179	1,326,026
446,545	146,059	1,028,792	1,675,951	733,569	3,438,312
<u>\$ 819,916</u>	<u>\$ 661,391</u>	<u>\$ 1,965,767</u>	<u>\$ 2,052,823</u>	<u>\$ 745,748</u>	<u>\$ 4,764,338</u>

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL I&S FOR CO BONDS

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 5,998,500	\$ 5,910,523	\$ 6,380,523	\$ 470,000
Investment income	90,000	136,914	136,914	-
Intergovernmental	338,600	338,600	338,600	-
Total Revenues	6,427,100	6,386,037	6,856,037	470,000
<u>Expenditures</u>				
Debt service:				
Principal retirement	3,170,000	3,170,000	2,955,000	215,000
Interest and fiscal charges	3,672,978	3,448,416	3,655,416	(207,000)
Total Expenditures	6,842,978	6,618,416	6,610,416	8,000
Excess of Revenues Over (Under) Expenditures	(415,878)	(232,379)	245,621	478,000
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	(240,750)	(248,750)	(8,000)
Total Other Financing Sources (Uses)	-	(240,750)	(248,750)	(8,000)
Net Change in Fund Balance	\$ (415,878)	\$ (473,129)	(3,129)	\$ 470,000
Beginning fund balance			1,310,194	
Ending Fund Balance			\$ 1,307,065	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL HOTEL/MOTEL TAX

For the Year Ended September 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Hotel occupancy tax	\$ 310,000	\$ 365,853	\$ 365,853	\$ -
Total Revenues	<u>310,000</u>	<u>365,853</u>	<u>365,853</u>	<u>-</u>
<u>Expenditures</u>				
General government	291,000	255,582	300,379	(44,797)
Total Expenditures	<u>291,000</u>	<u>255,582</u>	<u>300,379</u>	<u>(44,797) *</u>
Excess of Revenues Over (Under) Expenditures	<u>19,000</u>	<u>110,271</u>	<u>65,474</u>	<u>(44,797)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(5,000)	(5,000)	(5,000)	-
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 14,000</u>	<u>\$ 105,271</u>	<u>60,474</u>	<u>\$ (44,797)</u>
Beginning fund balance			130,575	
Ending Fund Balance			<u>\$ 191,049</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL MAIN STREET REVENUE

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 13,456	(61,544)
Other revenue	32,600	56,851	56,851	\$ -
Total Revenues	107,600	131,851	70,307	(61,544)
<u>Expenditures</u>				
General government	188,700	150,035	125,035	25,000
Total Expenditures	188,700	150,035	125,035	25,000
Excess of Revenues Over (Under) Expenditures	(81,100)	(18,184)	(54,728)	(36,544)
<u>Other Financing Sources (Uses)</u>				
Transfers in	81,100	18,184	18,184	-
Transfers (out)	-	(61,544)	-	61,544
Total Other Financing Sources (Uses)	81,100	(43,360)	18,184	61,544
Net Change in Fund Balance	\$ -	\$ (61,544)	(36,544)	\$ 25,000
Beginning fund balance			61,546	
Ending Fund Balance			\$ 25,002	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL MUNICIPAL COURT SECURITY AND TECHNOLOGY For the Year Ended September 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Charges for services	\$ 12,850	\$ 27,953	\$ 27,953	\$ -
Total Revenues	<u>12,850</u>	<u>27,953</u>	<u>27,953</u>	<u>-</u>
<u>Expenditures</u>				
General government	31,642	8,848	8,848	-
Total Expenditures	<u>31,642</u>	<u>8,848</u>	<u>8,848</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (18,792)</u>	<u>\$ 19,105</u>	19,105	<u>\$ -</u>
Beginning fund balance			105,411	
Ending Fund Balance			<u>\$ 124,516</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

TIRZ No. 2

For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property tax	\$ 500,000	\$ 525,838	\$ 525,838	\$ -
Investment income	-	17,494	17,494	-
Total Revenues	<u>500,000</u>	<u>543,332</u>	<u>543,332</u>	<u>-</u>
<u>Expenditures</u>				
General government	495,300	-	-	-
Total Expenditures	<u>495,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>4,700</u>	<u>543,332</u>	<u>543,332</u>	<u>-</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(28,000)	(28,000)	(28,000)	-
Total Other Financing Sources (Uses)	<u>(28,000)</u>	<u>(28,000)</u>	<u>(28,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (23,300)</u>	<u>\$ 515,332</u>	<u>515,332</u>	<u>\$ -</u>
Beginning fund balance			146,059	
Ending Fund Balance			<u>\$ 661,391</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DRAINAGE

For the Year Ended September 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Charges for services	\$ 563,500	\$ 669,947	\$ 683,530	\$ 13,583
Total Revenues	<u>563,500</u>	<u>669,947</u>	<u>683,530</u>	<u>13,583</u>
<u>Expenditures</u>				
General government	304,398	189,097	189,069	28
Capital outlay	145,000	21,090	21,090	-
Total Expenditures	<u>449,398</u>	<u>210,187</u>	<u>210,159</u>	<u>28</u>
Excess of Revenues Over (Under) Expenditures	<u>114,102</u>	<u>459,760</u>	<u>473,371</u>	<u>13,611</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 14,102</u>	<u>\$ 359,760</u>	<u>373,371</u>	<u>\$ 13,611</u>
Beginning fund balance			446,545	
Ending Fund Balance			<u>\$ 819,916</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TRANSPORTATION USER FEE For the Year Ended September 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Charges for services	\$ 859,900	\$ 870,787	\$ 876,066	\$ 5,279
Intergovernmental	-	16,500	16,500	-
Total Revenues	<u>859,900</u>	<u>887,287</u>	<u>892,566</u>	<u>5,279</u>
<u>Expenditures</u>				
Public works	758,893	417,160	415,694	1,466
Total Expenditures	<u>758,893</u>	<u>417,160</u>	<u>415,694</u>	<u>1,466</u>
Excess of Revenues Over (Under) Expenditures	<u>101,007</u>	<u>470,127</u>	<u>476,872</u>	<u>6,745</u>
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 1,007</u>	<u>\$ 370,127</u>	<u>376,872</u>	<u>\$ 6,745</u>
Beginning fund balance			1,675,951	
Ending Fund Balance			<u>\$ 2,052,823</u>	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CEMETERY PERMANENT

For the Year Ended September 30, 2024

	Original & Final Budget	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Charges for services	\$ 9,000	\$ 10,303	\$ 10,303	\$ -
Investment income	5,000	5,073	5,073	-
Total Revenues	14,000	15,376	15,376	-
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	(5,000)	(3,197)	(3,197)	-
Total Other Financing Sources (Uses)	(5,000)	(3,197)	(3,197)	-
Net Change in Fund Balance	\$ 9,000	\$ 12,179	12,179	\$ -
Beginning fund balance			733,569	
Ending Fund Balance			\$ 745,748	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Taylor, Texas
STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2024

	<u>Equipment Services</u>	<u>Equipment Replacement</u>	<u>Total</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 470,654	\$ 1,137,829	\$ 1,608,483
Total Current Assets	<u>470,654</u>	<u>1,137,829</u>	<u>1,608,483</u>
<u>Noncurrent Assets</u>			
Capital assets:			
Non-depreciable	-	158,165	158,165
Net depreciable capital assets	-	1,956,999	1,956,999
Total Noncurrent Assets	<u>-</u>	<u>2,115,164</u>	<u>2,115,164</u>
Total Assets	<u>470,654</u>	<u>3,252,993</u>	<u>3,723,647</u>
<u>Deferred Outflows of Resources</u>			
Pension outflows	33,003	-	33,003
OPEB outflows	133	-	133
Total Deferred Outflows of Resources	<u>33,136</u>	<u>-</u>	<u>33,136</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accounts payable and accrued liabilities	34,001	237,570	271,571
Current maturities of			
long-term debt	-	434,872	434,872
Compensated absences, current	4,450	-	4,450
Total Current Liabilities	<u>38,451</u>	<u>672,442</u>	<u>710,893</u>
<u>Noncurrent Liabilities</u>			
Long-term debt	-	1,231,724	1,231,724
Compensated absences, noncurrent	495	-	495
OPEB liability	5,464	-	5,464
Net pension liability	67,740	-	67,740
Total Liabilities	<u>112,150</u>	<u>1,904,166</u>	<u>2,016,316</u>
<u>Deferred Inflows of Resources</u>			
Pension inflows	1,809	-	1,809
OPEB inflows	1,214	-	1,214
Total Deferred Inflows of Resources	<u>3,023</u>	<u>-</u>	<u>3,023</u>
<u>Net Position</u>			
Net investment in capital assets	-	469,192	469,192
Unrestricted	388,617	879,635	1,268,252
Total Net Position	<u>\$ 388,617</u>	<u>\$ 1,348,827</u>	<u>\$ 1,737,444</u>

City of Taylor, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS

For the Year Ended September 30, 2024

	Equipment Services	Equipment Replacement	Total
<u>Operating Revenues</u>			
Charges for services	\$ 1,296,699	\$ 278,735	\$ 1,575,434
Other revenue	-	72,722	72,722
Total Operating Revenues	1,296,699	351,457	1,648,156
<u>Operating Expenses</u>			
Personnel services	158,507	-	158,507
Contractual services	702,508	122,423	824,931
Depreciation	-	827,037	827,037
Total Operating Expenses	861,015	949,460	1,810,475
Operating Income (Loss)	435,684	(598,003)	(162,319)
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	-	12,500	12,500
Interest expense	-	(63,058)	(63,058)
Total Nonoperating Revenues (Expenses)	-	(50,558)	(50,558)
<u>Transfers</u>			
Transfers in	-	1,467,563	1,467,563
Total Transfers	-	1,467,563	1,467,563
Change in Net Position	435,684	819,002	1,254,686
Beginning net position	(47,067)	529,825	482,758
Ending Net Position	\$ 388,617	\$ 1,348,827	\$ 1,737,444

City of Taylor, Texas
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 1 of 2)
For the Year Ended September 30, 2024

	Equipment Services	Equipment Replacement	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 1,296,699	\$ 351,457	\$ 1,648,156
Payments to suppliers and contractors	(703,043)	(122,423)	(825,466)
Payments to employees for salaries and benefits	(179,015)	-	(179,015)
Net Cash Provided (Used) by Operating Activities	414,641	229,034	643,675
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfer in	-	1,467,563	1,467,563
Net Cash Provided (Used) by Noncapital Financing Activities	-	1,467,563	1,467,563
<u>Cash Flows from Capital and Related Financing Activities</u>			
Purchases of capital assets	-	(916,893)	(916,893)
Principal paid on capital debt	-	(445,304)	(445,304)
Interest paid on capital debt	-	(67,447)	(67,447)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,429,644)	(1,429,644)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	-	12,500	12,500
Net Cash Provided by Investing Activities	-	12,500	12,500
Net (Decrease) in Cash and Cash Equivalents	414,641	279,453	694,094
Beginning cash and cash equivalents	56,013	858,376	914,389
Ending Cash and Cash Equivalents	\$ 470,654	\$ 1,137,829	\$ 1,608,483

City of Taylor, Texas
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 2 of 2)
For the Year Ended September 30, 2024

	<u>Equipment Services</u>	<u>Equipment Replacement</u>	<u>Total</u>
<u>Reconciliation of Operating (Loss)</u>			
<u>to Net Cash Provided by Operating Activities</u>			
Operating Income (Loss)	\$ 435,684	\$ (598,003)	\$ (162,319)
Adjustments to reconcile operating income to net cash provided (used):			
Depreciation	-	827,037	827,037
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Deferred Outflows of Resources:			
Pension outflows	24,116	-	24,116
OPEB outflows	81	-	81
Increase (Decrease) in:			
Accounts payable	(535)	-	(535)
Net pension liability	(43,621)	-	(43,621)
OPEB liability	(1,499)	-	(1,499)
Deferred Inflows of Resources:			
OPEB inflows	(1,394)	-	(1,394)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 414,641</u></u>	<u><u>\$ 229,034</u></u>	<u><u>\$ 643,675</u></u>

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STATISTICAL SECTION

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	132
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	142
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	148
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	155
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	158
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

City of Taylor, Texas
NET POSITION BY COMPONENT
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Governmental activities				
Net investment in capital assets	\$ 59,607,686	\$ 50,703,446	\$ 50,598,045	\$ 49,829,796
Restricted	7,813,410	5,633,617	6,845,822	5,609,894
Unrestricted (Deficit)	<u>19,289,371</u>	<u>11,711,299</u>	<u>5,513,599</u>	<u>30,318</u>
Total governmental activities net position	<u><u>\$ 86,710,467</u></u>	<u><u>\$ 68,048,362</u></u>	<u><u>\$ 62,957,466</u></u>	<u><u>\$ 55,470,008</u></u>
Business-type activities				
Net investment in capital assets	\$ 49,061,930	\$ 39,549,225	\$ 29,452,808	\$ 20,501,993
Restricted	2,082,864	6,513,184	12,233,931	-
Unrestricted (Deficit)	<u>13,869,534</u>	<u>10,826,952</u>	<u>9,093,843</u>	<u>5,923,180</u>
Total business-type activities net position	<u><u>\$ 65,014,328</u></u>	<u><u>\$ 56,889,361</u></u>	<u><u>\$ 50,780,582</u></u>	<u><u>\$ 26,425,173</u></u>
Primary government				
Net investment in capital assets	\$ 108,669,616	\$ 90,252,671	\$ 80,050,853	\$ 70,331,789
Restricted	9,896,274	12,146,801	19,079,753	5,609,894
Unrestricted	<u>33,158,905</u>	<u>22,538,251</u>	<u>14,607,442</u>	<u>5,953,498</u>
Total primary government net position	<u><u>\$ 151,724,795</u></u>	<u><u>\$ 124,937,723</u></u>	<u><u>\$ 113,738,048</u></u>	<u><u>\$ 81,895,181</u></u>

Source: City Audited Financials.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 47,078,362	\$ 44,951,472	\$ 45,342,543	\$ 42,810,269	\$ 41,563,836	\$ 41,623,407
3,514,866	3,241,616	3,580,816	2,627,354	3,248,859	2,787,325
<u>378,302</u>	<u>(438,125)</u>	<u>(1,490,350)</u>	<u>(812,248)</u>	<u>(1,790,067)</u>	<u>(1,155,715)</u>
<u><u>\$ 50,971,530</u></u>	<u><u>\$ 47,754,963</u></u>	<u><u>\$ 47,433,009</u></u>	<u><u>\$ 44,625,375</u></u>	<u><u>\$ 43,022,628</u></u>	<u><u>\$ 43,255,017</u></u>
\$ 17,661,875	\$ 16,703,213	\$ 16,205,762	\$ 13,463,393	\$ 13,597,654	\$ 13,247,923
-	-	-	-	-	-
<u>6,900,236</u>	<u>6,294,388</u>	<u>4,248,544</u>	<u>2,719,836</u>	<u>658,527</u>	<u>220,034</u>
<u><u>\$ 24,562,111</u></u>	<u><u>\$ 22,997,601</u></u>	<u><u>\$ 20,454,306</u></u>	<u><u>\$ 16,183,229</u></u>	<u><u>\$ 14,256,181</u></u>	<u><u>\$ 13,467,957</u></u>
\$ 64,740,237	\$ 61,654,685	\$ 61,548,305	\$ 56,273,662	\$ 55,161,490	\$ 54,871,330
3,514,866	3,241,616	3,580,816	2,627,354	3,248,859	2,787,325
<u>7,278,538</u>	<u>5,856,263</u>	<u>2,758,194</u>	<u>1,907,588</u>	<u>(1,131,540)</u>	<u>(935,681)</u>
<u><u>\$ 75,533,641</u></u>	<u><u>\$ 70,752,564</u></u>	<u><u>\$ 67,887,315</u></u>	<u><u>\$ 60,808,604</u></u>	<u><u>\$ 57,278,809</u></u>	<u><u>\$ 56,722,974</u></u>

City of Taylor, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2024	2023	2022	2021
Expenses				
Governmental activities:				
General government	\$ 13,198,493	\$ 12,783,759	\$ 5,318,826	\$ 5,580,982
Culture and recreation	2,374,774	1,828,400	1,416,522	1,747,219
Community services	5,767,245	5,935,803	3,650,230	1,694,206
Public safety	10,398,513	9,888,753	6,853,371	7,299,018
Public works	7,041,422	6,535,021	4,413,144	3,932,205
Interest on long-term debt	4,018,356	2,791,725	1,256,670	1,040,215
tal governmental activities expenses	42,798,803	39,763,461	22,908,763	21,293,845
Business-type activities:				
Public utilities fund	12,371,109	8,642,116	8,355,013	6,832,860
Airport fund	544,235	593,898	669,811	494,656
Cemetery operating fund	329,359	295,823	243,933	231,953
Sanitation fund	1,636,957	1,650,275	1,597,481	1,478,975
Interest on long-term debt	1,052,543	1,172,937	861,921	873,547
tal business-type activities expenses	15,934,203	12,355,049	11,728,159	9,911,991
Total primary government expenses	\$ 58,733,006	\$ 52,118,510	\$ 34,636,922	\$ 31,205,836
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 3,285,511	\$ 3,399,160	\$ 2,873,499	\$ 2,137,115
Public safety	283,133	162,559	186,683	177,717
Public works	683,530	601,953	529,511	511,844
Operating grants and contributions	754,359	1,414,135	801,854	873,523
Capital grants and contributions	5,305,280	1,434,311	3,221,103	3,101,919
Total governmental activities				
program revenues	10,311,813	7,012,118	7,612,650	6,802,118
Business-type activities:				
Charges for services:				
Public utilities fund	17,050,752	14,001,188	12,653,974	10,749,796
Airport fund	471,632	484,614	611,153	444,814
Cemetery fund	249,792	305,721	249,062	308,766
Sanitation fund	2,238,360	2,059,924	1,824,157	1,708,962
Capital grants and contributions	6,142,657	432,552	22,351,425	181,985
Total business-type activities				
program revenues	26,153,193	17,283,999	37,689,771	13,394,323
Total primary government program				
revenues	\$ 36,465,006	\$ 24,296,117	\$ 45,302,421	\$ 20,196,441

2020	2019	2018	2017	2016	2015
\$ 4,261,634	\$ 5,012,235	\$ 3,365,998	\$ 3,903,456	\$ 3,647,370	\$ 4,860,808
1,395,692	1,359,674	1,252,029	1,266,740	1,132,102	1,098,786
1,831,618	1,371,973	833,796	854,916	866,779	628,159
6,694,441	6,924,255	6,404,119	5,987,519	5,292,525	5,233,324
3,611,256	3,915,394	3,230,070	3,012,792	2,767,401	2,839,114
1,114,377	1,013,513	983,114	931,650	946,971	911,760
18,909,018	19,597,044	16,069,126	15,957,073	14,653,148	15,571,951
6,431,671	5,918,157	5,418,007	5,036,902	5,287,437	5,167,958
450,818	405,680	369,772	380,583	386,176	407,521
156,441	175,801	160,970	172,778	178,182	146,682
1,429,656	1,427,419	1,403,324	1,378,240	1,362,258	-
974,782	882,959	891,073	932,864	861,912	1,067,397
9,443,368	8,810,016	8,243,146	7,901,367	8,075,965	6,789,558
\$ 28,352,386	\$ 28,407,060	\$ 24,312,272	\$ 23,858,440	\$ 22,729,113	\$ 22,361,509
\$ 1,867,402	\$ 1,589,404	\$ 1,348,310	\$ 1,433,520	\$ 795,794	\$ 1,732,647
203,814	335,026	373,280	279,426	248,042	266,967
499,559	491,082	486,165	332,653	326,121	299,593
608,967	527,698	204,610	126,478	498,965	141,889
1,865,681	1,238,407	1,319,107	2,166,109	353,415	470,172
5,045,423	4,181,617	3,731,472	4,338,186	2,222,337	2,911,268
10,279,494	10,118,130	9,756,417	9,081,323	7,804,655	6,300,263
395,988	419,847	413,634	364,728	426,245	450,606
220,123	197,994	158,910	86,733	145,705	117,340
1,650,438	1,632,265	1,608,016	1,642,591	1,638,338	-
-	156,197	2,263,131	-	24,580	530,695
12,546,043	12,524,433	14,200,108	11,175,375	10,039,523	7,398,904
\$ 17,591,466	\$ 16,706,050	\$ 17,931,580	\$ 15,513,561	\$ 12,261,860	\$ 10,310,172

City of Taylor, Texas
CHANGES IN NET POSITION (Continued)
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net (Expenses) Revenue				
Governmental activities	\$ (32,486,990)	\$ (32,751,343)	\$ (15,296,113)	\$ (14,491,727)
Business-type activities	10,218,990	4,928,950	25,961,612	3,482,332
tal primary government net expense	<u>\$ (22,268,000)</u>	<u>\$ (27,822,393)</u>	<u>\$ 10,665,499</u>	<u>\$ (11,009,395)</u>
General Revenues and Other				
Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	\$ 14,444,113	\$ 12,651,196	\$ 11,059,357	\$ 10,250,945
Sales taxes	20,695,250	18,640,704	6,433,466	4,312,637
Franchise taxes	1,330,384	1,284,366	1,238,812	1,033,733
Investment earnings	6,655,349	2,363,285	234,574	20,767
Other revenues	4,658,297	2,819,532	1,904,649	1,593,623
Transfers	3,219,643	(25,664)	1,912,713	1,778,500
Total governmental activities	<u>51,003,036</u>	<u>37,733,419</u>	<u>22,783,571</u>	<u>18,990,205</u>
Business-type activities:				
Investment earnings	952,239	1,031,741	187,444	4,010
Miscellaneous	173,381	122,424	119,066	155,220
Transfers	(3,219,643)	25,664	(1,912,713)	(1,778,500)
Total business-type activities	<u>(2,094,023)</u>	<u>1,179,829</u>	<u>(1,606,203)</u>	<u>(1,619,270)</u>
Total primary government	<u>\$ 48,909,013</u>	<u>\$ 38,913,248</u>	<u>\$ 21,177,368</u>	<u>\$ 17,370,935</u>
Change in Net Position				
Governmental activities	\$ 18,516,046	\$ 4,982,076	\$ 7,487,458	\$ 4,498,478
Business-type activities	8,124,967	6,108,779	24,355,409	1,863,062
Total primary government	<u>\$ 26,641,013</u>	<u>\$ 11,090,855</u>	<u>\$ 31,842,867</u>	<u>\$ 6,361,540</u>

Source: City Audited Financials.

2020	2019	2018	2017	2016	2015
\$ (13,863,595)	\$ (15,415,427)	\$ (12,337,654)	\$ (11,618,887)	\$ (12,430,811)	\$ (12,660,683)
3,102,675	3,714,417	5,956,962	3,274,008	1,963,558	609,346
<u>\$ (10,760,920)</u>	<u>\$ (11,701,010)</u>	<u>\$ (6,380,692)</u>	<u>\$ (8,344,879)</u>	<u>\$ (10,467,253)</u>	<u>\$ (12,051,337)</u>
\$ 9,918,365	\$ 8,885,991	\$ 8,270,706	\$ 7,655,907	\$ 7,247,922	\$ 6,858,118
3,795,264	3,438,534	3,244,108	2,989,454	2,962,203	2,952,740
989,105	958,665	1,001,000	938,187	939,301	1,087,771
318,116	518,264	259,866	110,551	38,666	19,475
306,007	476,896	495,695	603,343	251,452	626,032
1,753,305	1,437,725	1,873,913	1,493,201	1,416,323	1,251,871
<u>17,080,162</u>	<u>15,716,075</u>	<u>15,145,288</u>	<u>13,790,643</u>	<u>12,855,867</u>	<u>12,796,007</u>
93,775	128,330	48,199	24,796	2,825	465
121,365	138,273	139,829	174,389	208,164	423,418
(1,753,305)	(1,437,725)	(1,873,913)	(1,493,201)	(1,386,323)	(1,251,871)
<u>(1,538,165)</u>	<u>(1,171,122)</u>	<u>(1,685,885)</u>	<u>(1,294,016)</u>	<u>(1,175,334)</u>	<u>(827,988)</u>
<u>\$ 15,541,997</u>	<u>\$ 14,544,953</u>	<u>\$ 13,459,403</u>	<u>\$ 12,496,627</u>	<u>\$ 11,680,533</u>	<u>\$ 11,968,019</u>
\$ 3,216,567	\$ 300,648	\$ 2,807,634	\$ 2,171,756	\$ 425,056	\$ 135,324
1,564,510	2,543,295	4,271,077	1,979,992	788,224	(218,642)
<u>\$ 4,781,077</u>	<u>\$ 2,843,943</u>	<u>\$ 7,078,711</u>	<u>\$ 4,151,748</u>	<u>\$ 1,213,280</u>	<u>\$ (83,318)</u>

City of Taylor, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)

	2024	2023	2022	2021
General Fund				
Restricted	\$ 1,873,398	\$ 1,438,488	\$ 2,425,608	\$ 1,429,986
Committed	-	-	-	399,300
Assigned	-	-	-	-
Unassigned	21,625,378	16,305,229	8,543,460	6,473,119
Total general fund	\$ 23,498,776	\$ 17,743,717	\$ 10,969,068	\$ 8,302,405
All Other Governmental Funds				
Non-spendable	\$ 745,748	\$ 733,569	\$ 723,054	\$ 713,268
Restricted	93,088,333	76,399,070	22,178,696	6,251,959
Committed	2,872,739	2,122,496	1,810,252	1,668,731
Total all other governmental funds	\$ 96,706,820	\$ 79,255,135	\$ 24,712,002	\$ 8,633,958

Source: City Audited Financials.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,668,247	\$ 1,557,807	\$ 1,955,258	\$ 1,133,876	\$ 1,223,913	\$ 865,526
379,300	460,085	10,785	10,785	10,785	10,785
-	-	-	-	-	-
5,173,649	3,956,675	3,481,297	3,427,943	3,285,095	3,216,861
<u>\$ 7,221,196</u>	<u>\$ 5,974,567</u>	<u>\$ 5,447,340</u>	<u>\$ 4,572,604</u>	<u>\$ 4,519,793</u>	<u>\$ 4,093,172</u>
\$ 697,390	\$ 688,074	\$ 679,385	\$ 670,852	\$ 703,783	\$ 697,882
6,622,430	7,236,120	4,973,144	3,944,577	4,422,813	5,058,875
4,444,149	5,363,476	884,560	1,388,667	697,454	450,768
<u>\$ 11,763,969</u>	<u>\$ 13,287,670</u>	<u>\$ 6,537,089</u>	<u>\$ 6,004,096</u>	<u>\$ 5,824,050</u>	<u>\$ 6,207,525</u>

City of Taylor, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2024	2023	2022	2021
Revenues				
Taxes	\$ 36,451,407	\$ 32,538,931	\$ 18,755,067	\$ 15,569,103
Licenses, permits, and fees	1,093,356	1,699,205	1,340,385	922,614
Charges for services	2,875,685	2,301,908	2,062,625	1,726,345
Fines and forfeitures	283,133	162,559	186,683	177,717
Intergovernmental	1,685,540	3,249,761	3,522,957	3,793,457
Investment earnings	6,642,849	2,353,130	233,156	20,631
Other revenues	4,593,998	2,815,730	1,899,361	1,568,392
Total Revenues	53,625,968	45,121,224	28,000,234	23,778,259
Expenditures				
Current:				
General government	11,005,253	11,590,518	4,600,751	4,476,878
Culture and recreation	2,985,025	1,865,071	1,937,243	1,755,704
Community development	4,890,769	5,068,328	2,965,621	1,315,181
Public safety	10,242,838	9,392,230	7,728,914	7,474,861
Public works	5,124,172	4,596,439	2,784,307	2,482,449
Debt Service:				
Principal retirement	3,036,966	2,451,784	2,550,000	2,115,000
Interest and fiscal changes	3,667,566	1,604,620	924,903	991,187
Bond issuance costs	370,567	1,061,564	300,475	91,158
Capital outlay:	11,860,834	5,378,708	5,834,562	6,747,701
Unrealized loss on investments	-	-	-	-
Total Expenditures	53,183,990	43,009,262	29,626,776	27,450,119
Excess of Revenues Over (Under)				
Expenditures	441,978	2,111,962	(1,626,542)	(3,671,860)
Other financing sources (uses)				
Transfers in	3,560,512	2,161,146	2,503,873	5,230,567
Transfers (out)	(1,808,432)	(2,431,710)	(843,824)	(3,698,667)
Debt issuance	20,320,000	57,245,000	17,660,000	-
Premium on debt issuance	546,627	1,801,634	1,051,200	222,178
Refunding debt issuance	-	-	-	3,660,000
Payments to escrow agent	-	-	-	(3,791,020)
Lease issuance	-	320,930	-	-
Total Other Financing Sources (Uses)	22,618,707	59,097,000	20,371,249	1,623,058
Net Change in Fund Balances	\$ 23,060,685	\$ 61,208,962	\$ 18,744,707	\$ (2,048,802)
Debt service as percentage of noncapital expenditures	16.0%	10.5%	14.8%	15.3%

Source: City Audited Financials.

2020	2019	2018	2017	2016	2015
\$ 14,674,092	\$ 13,283,190	\$ 12,484,783	\$ 11,583,548	\$ 11,297,631	\$ 10,880,953
840,831	492,187	280,039	331,723	282,906	214,560
1,526,130	1,588,299	1,554,436	1,434,450	839,009	1,817,680
203,814	335,026	373,280	279,426	248,042	266,967
1,585,353	1,766,105	1,523,717	2,292,587	673,865	612,061
309,315	476,346	253,842	110,548	40,324	19,256
317,886	299,600	798,161	227,976	505,598	601,386
19,457,421	18,240,753	17,268,258	16,260,258	13,887,375	14,412,863
3,860,922	3,605,447	3,106,456	3,620,828	3,031,068	4,132,938
1,579,745	1,485,635	1,308,251	1,255,298	1,141,441	1,099,300
1,190,988	1,097,759	829,836	828,646	841,276	632,021
6,686,089	7,004,920	6,333,181	5,705,113	5,134,332	5,174,338
2,155,670	2,629,260	1,494,728	1,304,925	1,153,524	1,252,245
1,845,000	1,655,000	1,455,000	1,290,000	1,494,972	1,271,180
1,146,154	761,379	689,374	725,728	692,008	861,304
-	120,931	112,216	34,807	95,074	-
2,787,805	2,840,031	5,538,230	4,348,143	794,863	3,253,720
-	-	557	35,019	-	-
21,252,373	21,200,362	20,867,829	19,148,507	14,378,558	17,677,046
(1,794,952)	(2,959,609)	(3,599,571)	(2,888,249)	(491,183)	(3,264,183)
3,563,626	1,964,603	3,576,414	2,441,818	2,029,948	1,822,939
(2,057,621)	(729,574)	(2,098,750)	(987,462)	(1,054,459)	(747,349)
-	8,165,000	4,825,000	1,620,000	5,845,000	-
-	816,082	249,402	46,750	544,267	-
-	-	-	-	-	-
-	-	(1,544,766)	-	(6,152,746)	-
-	-	-	-	-	-
1,506,005	10,216,111	5,007,300	3,121,106	1,212,010	1,075,590
\$ (288,947)	\$ 7,256,502	\$ 1,407,729	\$ 232,857	\$ 720,827	\$ (2,188,593)
16.6%	13.2%	14.1%	13.6%	16.1%	14.6%

City of Taylor, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

(amounts expressed in thousands)

Fiscal Year Ended Sept 30	Real Property			Personal Property	Less Exemptions Real Property
	Residential Assessed Value	Commercial Assessed Value	Agriculture	Personal	
2015	\$ 526,702	\$ 248,870	\$ 44,524	\$ 148,777	\$ 30,906
2016	579,978	264,734	48,240	155,488	34,349
2017	678,682	275,597	50,185	156,899	37,156
2018	737,483	291,010	52,915	154,804	43,906
2019	807,773	316,189	63,127	164,307	53,831
2020	814,077	340,511	66,323	161,119	60,414
2021	948,520	382,170	96,247	179,810	71,891
2022	987,380	283,838	97,900	178,767	74,450
2023	1,339,526	322,203	286,167	191,020	112,038
2024	1,440,601	572,950	270,234	231,244	133,407

Notes: The appraisal of property within the City is the responsibility of the Williamson County Appraisal District. The Appraisal District is required under the Texas Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal, and the market data comparison basis of appraisal, and the method considered most appropriate by the chief appraiser is to be used. The value placed upon property within the Appraisal District is subject to review by a three member Appraisal Review Board.

Source: Williamson County Appraisal District.

Total Assessed Value	Tax Rate	Estimated Tax Value	Ratio of Total Assessed Value to Total Estimated Actual Value
\$ 937,967	\$ 0.81389	\$ 937,967	100.0%
1,014,091	0.81389	1,014,091	100.0%
1,124,207	0.80389	1,124,207	100.0%
1,192,307	0.79800	1,192,307	100.0%
1,297,565	0.78800	1,297,565	100.0%
1,321,616	0.80922	1,321,616	100.0%
1,534,856	0.80922	1,534,856	100.0%
1,473,435	0.76512	1,473,435	100.0%
2,026,878	0.64895	2,026,878	100.0%
2,381,622	0.59137	2,381,622	100.0%

City of Taylor, Texas
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years (Unaudited)

Fiscal Year	CITY OF TAYLOR			WILLIAMSON COUNTY			
	Operating	Debt Service	Total Rate	Operating	Debt Service	RD/FM Operating	Total Rate
2015	\$ 0.59344	\$ 0.22045	\$ 0.81389	\$ 0.27403	\$ 0.16750	\$ 0.04000	\$ 0.48153
2016	0.59344	0.22045	0.81389	0.26903	0.16750	0.04000	0.47653
2017	0.59949	0.20441	0.80389	0.26903	0.16750	0.04000	0.47653
2018	0.60178	0.19622	0.79800	0.25903	0.16750	0.04000	0.46653
2019	0.59600	0.19200	0.78800	0.25153	0.16750	0.04000	0.45903
2020	0.61155	0.19766	0.80922	0.25153	0.16719	0.04000	0.45872
2021	0.61376	0.19546	0.80922	0.25153	0.16719	0.04000	0.45872
2022	0.56964	0.19548	0.76512	0.23585	0.16500	0.04000	0.44085
2023	0.45338	0.19557	0.64895	0.20422	0.14458	0.03749	0.38629
2024	0.31002	0.28135	0.59137	0.21177	0.14390	0.04433	0.399999

The entire City was located in Williamson County and within the Taylor Independent School District.

Source: Williamson County Tax Collector.

TAYLOR SCHOOL DISTRICT

Operating	Debt Service	Total Rate	Total Direct & Overlapping Rates
\$ 1.17000	\$ 0.28000	\$ 1.45000	\$ 2.74542
1.17000	0.40000	1.57000	2.86042
1.17000	0.40000	1.57000	2.85042
1.17000	0.40000	1.57000	2.83453
1.17000	0.40000	1.57000	2.81703
1.06830	0.40000	1.46830	2.73623
1.03080	0.37250	1.40330	2.67123
0.96030	0.37250	1.33280	2.53877
0.94290	0.34250	1.28540	2.32064
0.75750	0.34250	1.10000	2.09137

City of Taylor, Texas
PRINCIPAL PROPERTY TAX PAYERS
Current and Nine Years Ago (Unaudited)

Taxpayer	2024			2015		
	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation	Assessed Valuation	Rank	Percentage of Total City Assessed Valuation
Samsung Austin Semiconductor LLC	\$ 424,400,400	1	28.87%	-	-	-
Yates Construction	53,255,324	2	3.62%	-	-	-
Electric Reliability Council of Texas, Inc	47,500,000	3	3.23%	-	-	-
RCR Taylor Rail LP	45,469,521	4	3.09%	-	-	-
Oncor Electric Delivery Company	41,124,043	5	2.80%	-	-	-
Corecivic	31,950,969	6	2.17%	-	-	-
Buckner Heavylift Cranes LLC	21,627,553	7	1.47%	-	-	-
Texas Cotton Growers Coop Assoc	18,042,996	8	1.23%	-	-	-
Durcon Laboratory Tops Inc	17,562,852	9	1.19%	-	-	-
Taylor CPB Proprty LLC	16,123,156	10	1.10%	-	-	-
Electric Reliability Council of TX	-	-	-	\$ 30,858,685	1	3.56%
ERCOT	-	-	-	13,012,491	2	1.50%
CCA Properties of Texas	-	-	-	11,669,997	3	1.35%
HEB Grocery Company	-	-	-	11,950,547	4	1.38%
Walmart Real Estate Business Trust	-	-	-	11,304,383	5	1.30%
Oncor Electric Delivery Company	-	-	-	10,576,188	6	1.22%
Union Pacific RR Co.	-	-	-	9,787,725	7	1.13%
Durcon Laboratory Tops Inc	-	-	-	8,288,558	8	0.96%
Clark Travel Charter Bus Service	-	-	-	7,395,760	9	0.85%
Walmart Stores East Inc	-	-	-	5,787,192	10	0.67%
Total	\$ 717,056,814			\$ 120,631,526		

Source: Williamson County Tax Collector.

City of Taylor, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2015	\$ 6,797,312	\$ 6,723,090	98.9%	\$ 69,459	\$ 6,792,549	99.9%
2016	7,318,681	7,245,999	99.0%	66,619	7,312,618	99.9%
2017	7,754,442	7,678,073	99.0%	69,092	7,747,165	99.9%
2018	8,377,844	8,274,955	98.8%	91,593	8,366,548	99.9%
2019	8,978,568	8,881,948	98.9%	80,416	8,962,364	99.8%
2020	9,988,936	9,894,518	99.1%	70,503	9,965,021	99.8%
2021	10,453,052	10,342,047	98.9%	85,157	10,427,203	99.8%
2022	11,298,250	11,184,793	99.0%	87,671	11,272,464	99.8%
2023	13,165,841	13,018,618	98.9%	108,211	13,126,829	99.7%
2024	14,986,646	14,804,820	98.8%	-	14,804,820	98.8%

Source: Williamson County Appraisal District Reports.

City of Taylor, Texas
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Governmental Activities							
	General Obligation Bonds	Certificates of Obligation	Premiums/ Discounts	Contractual Obligation	Limited Tax Note	Lease	SBITA	Note Payable
2015	\$ 7,059,764	\$ 15,796,861	\$ 241,626	\$ 43,221	\$ -	\$ 379,215	\$ -	\$ 285,899
2016	11,871,687	10,230,646	737,333	-	-	1,425,252	-	228,547
2017	10,205,000	11,490,000	710,249	-	-	1,310,951	-	424,225
2018	10,635,000	15,010,000	929,110	-	-	1,232,192	-	582,657
2019	9,680,000	22,335,000	1,644,956	-	-	1,181,458	-	391,289
2020	8,705,000	21,275,000	1,476,711	-	-	1,078,203	-	210,440
2021	9,275,000	18,265,000	1,446,051	-	-	223,175	-	1,324,478
2022	7,585,000	29,545,000	2,306,044	-	5,325,000	227,980	-	1,036,909
2023	6,280,000	85,610,000	3,894,451	-	5,230,000	266,748	204,599	815,834
2024	5,295,000	103,845,000	4,167,796	-	5,130,000	176,719	151,067	647,125

Notes: Details regarding the City's outstanding debt can be found in the notes to financial statements.

Business-type Activities						
Combination		General		Total	Percentage	Per
Tax & Revenue		Obligation	Premiums/	Primary	of Personal	Capita
Bonds		Bonds	Discounts	Government	Income	
\$ 20,650,000	\$	4,178,042	\$ 123,043	\$ 48,757,671	15.01%	3,126
13,280,000		10,759,095	1,004,096	49,536,656	13.73%	3,005
16,690,000		8,685,000	956,162	50,471,587	12.49%	2,851
14,025,000		9,790,000	1,063,146	53,267,105	13.65%	3,137
17,560,000		9,105,000	1,270,965	63,168,668	15.08%	3,680
16,560,000		8,410,000	1,166,509	58,881,863	12.99%	3,387
15,265,000		7,900,000	1,059,941	54,758,645	12.91%	3,366
24,495,000		7,385,000	1,836,936	79,742,869	13.71%	4,698
22,850,000		6,870,000	1,696,108	133,717,740	25.30%	8,278
29,735,000		6,495,000	1,795,505	157,438,212	25.66%	9,081

City of Taylor, Texas
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Premiums/ Discounts	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value¹ of Property	Per Capita²
2015	\$ 11,237,806	\$ 366,392	\$ 185,697	\$ 11,418,502	1.22%	732
2016	22,630,782	1,752,228	276,695	24,106,315	2.38%	1,462
2017	18,890,000	1,609,052	387,965	20,111,087	1.79%	1,136
2018	20,425,000	1,808,742	573,932	21,659,810	1.82%	1,275
2019	18,785,000	1,653,335	645,602	19,792,733	1.53%	1,153
2020	17,115,000	1,435,049	719,638	17,830,411	1.35%	1,026
2021	17,175,000	1,503,315	811,158	17,867,157	1.16%	1,098
2022	14,970,000	1,503,315	922,185	15,551,130	1.06%	916
2023	13,150,000	1,326,638	932,562	13,544,076	0.67%	838
2024	11,790,000	1,155,370	459,433	12,485,937	0.52%	720

¹See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics.

Note:

Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Taylor, Texas
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of September 30, 2024 (Unaudited)

	Debt Outstanding	Estimated Percentage Applicable¹	Estimated Share of Overlapping Debt
Governmental Unit			
Debt repaid with property taxes:			
Williamson County	\$ 1,308,835,000	1.89%	\$ 24,736,982
Taylor ISD	\$ 127,799,916	83.09%	106,188,950
Subtotal, overlapping debt			<u>130,925,932</u>
 City of Taylor	 \$ 119,412,707	 100%	 <u>119,412,707</u>
 Total direct and overlapping debt			 <u><u>\$ 250,338,639</u></u>

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping by the residents and businesses of Statistical. This process recognizes that, when considering the city's ability governments that is borne to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply the every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: Data from Texas Municipal Advisory Council

City of Taylor, Texas

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years (Unaudited)

(amounts expressed in thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Debt limit	\$ 628,757	\$ 534,729	\$ 386,971	\$ 401,687
Total net debt applicable to limit	<u>156,979</u>	<u>132,785</u>	<u>78,821</u>	<u>53,947</u>
Legal debt margin	<u>\$ 471,778</u>	<u>\$ 401,944</u>	<u>\$ 308,151</u>	<u>\$ 347,739</u>

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed value	\$ 2,381,622
Add back: exempt real property	<u>133,407</u>
Total assessed value	<u>2,515,029</u>
Debt limit (10% of total assessed value)	628,757
Debt applicable to limit:	
Total Debt	Total Debt
	157,438
Less: Amount set aside for repayment of general obligation debt	<u>(459)</u>
Total net debt applicable to limit	<u>156,979</u>
Legal debt margin	<u>\$ 471,778</u>

Note: There is no direct debt limitation in the City Charter or under state law. The City operates under a Home Rule Charter (Article XI, Section 5, Texas Constitution), that limits the maximum tax rate, for all city purposes, to \$2.50 per \$100 assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 345,508	\$ 337,849	\$ 309,053	\$ 290,341	\$ 262,110	\$ 242,218
58,162	62,523	30,850	29,915	25,164	37,137
<u>\$ 287,345</u>	<u>\$ 275,326</u>	<u>\$ 278,203</u>	<u>\$ 260,426</u>	<u>\$ 236,946</u>	<u>\$ 205,082</u>

City of Taylor, Texas
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years (Unaudited)

Fiscal Year	Water Revenue Bonds						
	Utility	Less:	Net				Coverage
	Service	Operating	Available	Debt Service			
	Charges	Expenses	Revenue	Principal	Interest		
2015	\$ 6,300,263	\$ 3,824,509	\$ 2,475,754	\$ -	\$ -	100.0%	
2016	7,804,655	3,917,205	3,887,450	-	-	100.0%	
2017	9,081,323	3,769,347	5,311,976	-	-	100.0%	
2018	9,756,417	4,105,939	5,650,478	-	-	100.0%	
2019	10,118,130	4,617,540	5,500,590	-	-	100.0%	
2020	10,279,494	5,209,488	5,070,006	-	-	100.0%	
2021	10,749,796	5,562,854	5,186,942	-	-	100.0%	
2022	12,653,974	6,747,442	5,906,532	-	-	100.0%	
2023	14,001,188	7,212,455	6,788,733	-	-	100.0%	
2024	17,050,752	10,720,440	6,330,312	-	-	100.0%	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest or depreciation.

City of Taylor, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population¹	Personal Income³	Per Capita⁵ Personal Income	School Enrollment⁴	Unemployment Rate²
2015	15,595	\$ 324,891	\$ 20,833	4,333	3.4%
2016	16,483	360,763	21,887	4,547	3.3%
2017	17,701	404,149	22,832	4,249	2.8%
2018	16,982	390,263	22,981	4,368	2.8%
2019	17,167	418,823	24,397	3,894	2.6%
2020	17,383	453,210	26,072	3,399	5.9%
2021	16,267	424,113	26,072	2,973	4.7%
2022	16,975	581,479	34,255	3,061	2.8%
2023	16,154	528,543	32,719	3,200	3.3%
2024	17,337	613,504	35,387	3,200	3.4%

Data Sources:

- ¹ Texas State Data Center & Office of the State Demographer
- ² State Department of Labor and City-Data.com
- ³ US Census adjusted by CPI for inflation, expressed in thousands
- ⁴ Taylor Independent School District
- ⁵ U. S. Census Bureau American Fact Finder

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City of Taylor, Texas

PRINCIPAL EMPLOYERS

Current and Nine Years Ago (Unaudited)

Employer	2024		2015	
	No. Employees *	Rank	No. Employees **	Rank
Electric Reliability Council of Texas (ERCOT)	600+	1	-	
Taylor ISD	500+	2	-	
Durcon, Inc	400+	3	-	
E.R. Carpenter Co	200+	4	-	
Baylor, Scott & White	180+	5	-	
Corrections Corp. of America (T. Don Hutto)	160+	6	-	
HEB Grocery Company, LP	160+	7	-	
City of Taylor	150+	8	-	
Wal-Mart	125+	9	-	
Floydco, Inc	120+	10	-	
ERCOT	-		500+	1
Taylor ISD	-		500+	2
Durcon Laboratory Tops	-		200-500	3
Corrections Corp of America	-		200-500	4
Scott & White	-		100-200	5
H.E.B.	-		100-200	6
City of Taylor	-		100-200	7
Floyd Co. (Floyd's Glass)	-		100-200	8
Wal-Mart	-		100-200	9
Burrows Cabinets	-		100-200	10
Total	2,495		3,200	

* Source: www.tayloredc.org

** Source: www.mactexas.com.

City of Taylor, Texas

FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function / Program	2024	2023	2022	2021	2020
General Government					
Management services	4	3	5	4	4
Public information	2	1	1	1	1
Human resources	3	2	6	2	2
City clerk	2	2	-	-	-
Finance	6	6	5	5	5
Municipal court	3	5	10	4	4
C D - planning	10	10	1	8	8
Main street	2	2	4	1	1
Building	4	4	-	3	3
General services	-	-	-	-	1
Information technology	-	-	-	1	1
Other	-	-			
Police					
Officers	33	30	30	30	30
Civilians	10	10	10	10	10
Animal control	5	3	2	3	3
Fire					
Firefighters and officers	27	24	23	23	23
Civilians	1	1	1	1	1
Other Public Works					
Engineering/inspection	-	-	-	-	-
Street maintenance	16	16	16	16	16
Parks and recreation	11	8	8	8	8
Library	8	8	8	7	7
Water	18	16	15	15	15
Wastewater	6	5	5	4	3
Utilities admin.	7	7	6	6	6
Airport	2	2	2	1	1
Cemetery	2	2	2	2	2
Fleet services	3	2	2	2	2
Municipal Drainage Utility System (MDUS)	4	4	-	-	-
Transportaiton User Fee (TUF)	3	3	-	-	-
Total all governmental funds	192	175	161	157	157

Source: City records.

2019	2018	2017	2016	2015	2014
5	5	4	4	4	4
1	1	1	1	1	-
2	2	2	2	2	2
-	-	-	-	-	-
5	5	4	4	4	4
5	5	4	3	4	5
8	7	7	6	5	6
1	1	1	1	1	1
3	3	3	3	3	3
1	1	1	1	1	1
1	1	1	1	1	1
-	1	1	1	1	1
29	29	27	27	27	27
10	10	8	9	9	8
3	4	3	2	1	2
23	23	23	23	23	23
1	1	1	1	1	1
1	1	1	1	1	2
16	15	14	14	14	14
8	6	6	6	6	6
8	8	9	8	7	7
14	14	14	14	14	14
4	4	3	3	3	2
6	6	6	6	6	6
2	2	2	2	2	2
2	2	2	2	2	2
2	2	2	2	2	2
-	-	-	-	-	-
-	-	-	-	-	-
160	158	150	147	145	146

City of Taylor, Texas

OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function/Program	2024	2023	2022	2021
General government				
Building permits issued	966	1,179	274	222
Building inspections conducted	outsourced	outsourced	8,295	outsourced
Public Safety				
Police:				
Physical arrests	327	31	187	334
Parking violations	2	5	3	18
Traffic violations	4785	3,079	2,083	5,489
Fire:				
Emergency responses	2964	2,920	2,447	2,498
Fires extinguished	86	145	134	203
Inspections	688	532	156	134
Highways and streets				
Street resurfacing (miles)	4	5	2	3
Potholes repaired	2271	1,776	1,000	1,003
Recreation				
Athletic field permits issued	488	29	15	22
Library				
Volumes in collection	60,520	59,079	59,200	24,330
Total volumes borrowed	30,426	32,245	36,708	55,679
Water				
New connections	138	885	874	393
Water main breaks	337	314	15	27
Average daily consumption				2.45
(millions of gallons)	2.4	3	2	4
Peak daily consumption				
(millions of gallons)	3.3	4	2	2
Wastewater				
Average daily treatment				
(millions of gallons)	2	2	3	40
Airport				18
LL fuel (thousand gallon)	20	26	45	20
Jet A fuel (thousand gallon)	0	7	18	
Landings / Take off (thousand)	48	26	16	135
Cemetery				
Lots sold	67	74	65	1340
Municipal Court				
Cases processed	2530	1,438	1,121	
General Services		-	472	472
Facilities				
Work orders	1062	964	786	866
Fleet				
Work orders	977	1045	850	185
Information Technology				331
Personal computers / laptops	244	268	241	186
Service requests	2838	1172	400	448

Source: City records.

2020	2019	2018	2017	2016	2015
188 outsourced	155 outsourced	70 outsourced	95 outsourced	94 outsourced	63 outsourced
394	561	708	573	813	722
23	53	15	37	36	33
3,922	6,073	7,436	4,546	3,429	1,543
2,282	2,096	2,118	2,281	2,127	2,036
93	78	80	82	44	64
206	266	343	329	361	359
n/a	3	1	-	15	17
n/a	1,097	240	130	741	777
27	39	41	30	32	33
54,947	57,129	55,098	54,117	53,011	50,223
32,937	63,645	61,669	74,872	78,368	75,581
300	227	190	137	160	50
85	385	360	353	222	235
2	2	2	2	2	3
3	3	3	3	3	2
2	2	1	1	2	2
38	40	43	46	59	48
9	10	11	14	27	29
19	20	17	14	12	9
79	65	144	33	77	66.5
1,567	2,858	3,393	2,675	1,876	2,113
410	708	629	577	645	553
816	880	870	941	834	903
186	180	180	171	155	152
448	565	629	475	415	407

City of Taylor, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function	2024	2023	2022	2021
Police				
Number of stations	1	1	1	1
Zone Officers	30	30	29	29
Number of patrol units	25	25	24	24
Fire				
Number of stations	2	2	2	2
Streets and Grounds				
Streets (miles)	120	120	120	120
Streetlights	1,203	1,203	1,119	1,119
Traffic signals	14	14	14	14
Recreation				
Acreage	463	463	463	463
Playgrounds	8	8	8	8
Baseball/softball diamonds	22	22	22	22
Swimming pools	1	1	1	1
Splash Pads	2	2	2	2
Skate park	1	1	1	1
Tennis courts	8	8	8	8
Pickleball Courts	3	3	3	3
Community Center	1	1	1	1
Pavilion	4	4	4	4
Water				
Water mains	135	135	131	131
Fire hydrants	834	834	725	696
Storage capacity	5	5	5	5
Wastewater				
Treatment capacity	4	4	4	4
Sanitary sewer (miles)	115	115	112	112
Storm sewers (miles)	21	21	21	21
Airport				
Runway length (ft)	4,000	4,000	4,000	4,000
Hangar spaces	64	64	64	64
Tie-downs	27	27	27	27
Cemetery				
Acreage	135	135	135	135
General Services				
Facilities	23	23	23	23
Fleet vehicles	222	222	214	192
Network servers	7	7	7	7

Source: City records.

2020	2019	2018	2017	2016	2015
1	1	1	1	1	1
28	29	29	27	27	27
25	25	23	15	15	15
2	2	2	2	2	2
114	114	114	106	106	106
1,114	1,114	1,114	1,114	1,114	1,113
14	14	14	12	12	12
463	463	463	462	462	462
8	8	8	7	7	7
20	20	20	20	20	20
1	1	1	2	2	2
-	-	-	-	-	-
1	1	1	-	-	-
8	8	8	8	8	8
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
130	128	123	118	125	121
685	652	619	808	808	604
5	5	5	5	5	5
4	4	4	4	4	4
110	110	91	95	95	90
20	18	6	6	6	5
4,000	4,000	4,000	4,000	4,000	4,000
64	64	64	52	52	52
27	27	27	27	27	27
135	135	135	135	135	135
20	19	19	19	19	19
176	171	171	168	165	164
7	7	7	7	7	7



City Council Meeting March 27, 2025 Transmittal Letter

STRATEGIC PILLAR

Quality of Life

Agenda Item Number: 7.

Agenda Title: Consider and approve changes to the Personnel Policy Manual.

Council Action to be Taken: Consider and approve changes to the Personnel Policy Manual

Department Submitted: Human Resources

Staff Contact: LaShon Gros, Director

1. PURPOSE / DESCRIPTION

The purpose of this agenda item is for Council to consider approving recommended changes to the City of Taylor Personnel Policy Manual.

2. STAFF ANALYSIS / BACKGROUND / PRIOR COUNCIL ACTIONS

The City of Taylor Personnel Policy Manual was last revised by Council action on March 1, 2025. The staff reviewed the policy manual for outdated policies, procedures, language, and readability.

Policies have been reviewed and changes made to address these issues:

- Updated policies to ensure compliance with applicable laws
- Added policies updated or approved previously
- Provide New City Procedure / Policy (not previously covered) to provide uniform direction and procedures for employees and supervisors
- Simplify / Update Current Policy Language

3. PROS and CONS

<u>PROS</u>	<u>CONS</u>
• Update policies	•

4. RECOMMENDATION

Staff recommends approving changes to City of Taylor Personnel Policy Manual

5. FUNDING SOURCE**6. TIMELINE**

Staff recommends changes are effective April 1, 2025.

7. OTHER OPTIONS

N/A

8. ATTACHMENTS

1. Personnel Policy Changes 2025
2. Policies and Procedures Manual
3. Personnel Policy Manual Update

General Office Policies – made language clearer, more concise

Uniforms – added failure to return uniforms will result in garnishment of final pay

Smoking – made language clearer, more concise

Standard work week/work schedule – made language clearer

Remote work – added language “must comply with computer use policy.”

Operation of City Owned Personally Owned and Rental Vehicles of City Business – added language requiring use of hand free devices when driving and prohibiting texting while driving

Driver’s Record – added timeline for reverification of driver’s records

Non-Exempt/Exempt vehicles – made language cleared

Computer and Phone Use – added prohibitions to include Tik Tok as required by state Legislature

Alcohol and Drug Testing – made language clearer, corrected grammatical error

Fraud – made language clearer

Ethical Standard – made language clearer

Hiring Procedure – made language clearer

Personnel and Salary Actions – added missing word

Interim Pay – added policy outlining how pay would be handled when an employee is appointed to an interim position due to a vacancy.

Employee Benefits – reorganized this section for better flow, added language to make the policy clearer

Retiree Coverage Insurance – added language “must serve with City for 5 years.”

Deferred Compensation – added language to clarify benefit

Workers’ Compensation – added language to explain process for Temporary Income Benefit Checks

Holiday pay – made language clearer

Holiday Leave for Patrol Officers, Firefighters, and Communication Officers – updated policy with new procedures

PTO- increased payout upon separation by 20 hours per tier

Sick leave – made language clear

Parental Leave – added policy allowing 3 weeks of paid parental leave for birth, fostering, or adoption of a child aged 17 or younger

FMLA – added language to clarify and align with the federal law; clarifies missed benefit payments while on unpaid leave

Quarantine Leave Policy – added to the manual, previously approved mandated policy

Tuition Reimbursement – added timeline for applications to assist with budgeting

Longevity Pay – made language clear

Training Reimbursement – add language that requires a minimum time to be sent with city or reimbursement to the city for any training that results in license or certification such as CDL

Grievance Policy – made policy less cumbersome, language more concise

Add Discipline Appeal Policy – 3-person panel – HR, 2 department heads other than the department the former employee came from. Work for ACM, DCM, CM no appeal



PERSONNEL POLICY MANUAL

Effective ~~March 1, 2023~~ April 1, 2025

FOREWARD

AUTHORITY

These policies are established by the City Council, and any deletions, amendments, revisions, or additions to the policies must be approved by the City Council. These policies completely replace and supersede any and all personnel policies previously adopted, individually or as a set of policies, by the City Council. **The policies should not be considered an employee contract** between the employer and any of its employees, but rather, are intended as guidelines for personnel administration. In addition to these personnel policies, department heads may establish departmental rules and regulations that relate specifically to their departments, as long as they do not conflict with these policies. If there is a conflict between a departmental rule or policy and these policies or any future amendments to these policies, the terms of these policies shall prevail. Additionally, departmental rules and regulations must be approved by the City Manager.

These personnel policies are not intended to be a contract for employment or a legal document. At the time of hiring, all employees are required to acknowledge in writing that they are employees-at-will of the City of Taylor and employment is subject to termination at any time, for any reason, with or without notice, and with or without cause.

All employees must become familiar with and abide by these policies. The City reserves the right to revise or rescind any policy at any time. The City also reserves the right to make final decisions as to the interpretation and intent of all information contained in the Personnel Policies.

The City Council reserves the right to interpret, change, suspend or cancel, with or without notice, all or any part of these policies, or procedures or benefits discussed herein.

IMPLEMENTATION

The City Manager is responsible for the administration of the personnel policies and procedures. The City Manager may delegate authority to appropriate staff members, including department heads, to act ~~in~~ on his or her behalf in the administration of these policies and procedures. With the exception of matters of appointments and other personnel actions reserved to the City Council by statute or charter provision, final authority, in the form of review and ~~approval~~approval, is reserved to the City Manager with regard to all personnel matters and subjects covered by these regulations.

These policies completely replace and supersede any and all personnel policies previously adopted, individually or as a set of policies, by the City Council. In addition to these Human Resources policies, departments may establish departmental rules and regulations that relate specifically to their departments, as long as they do not conflict with these policies and are not less stringent than these policies. You should refer to those documents for specific information.

PURPOSE

These policies set forth guidelines for the City. They have been prepared and adopted in order to promote consistent and effective practices by both employees and supervisors that will result in high quality public service to the citizens of the City of Taylor.

APPLICABILITY

These personnel policies apply equally to all employees of the City unless a class of employees is specifically exempted by these policies. In cases where federal or state laws or regulations supersede local policy for specific groups of employees, such laws or regulations will substitute for these personnel policies only insofar as necessary for compliance.

APPROVAL

_____ signature on file _____
~~Brandt Rydell~~ Dwayne Ariola, Mayor

Date

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Chapter I

GENERAL INFORMATION

SECTION 1: EMPLOYMENT AT-WILL

Employment At-Will

These policies are not contractual in nature. The City of Taylor operates under the legal doctrine of “*employment-at-will*”. Neither this policy manual nor any other City document confers upon an employee any contractual right, either expressed or implied, to remain in the City’s employment. Employment is not for any specific time and may be terminated by the City at will, with or without cause and without prior notice, and an employee may resign for any reason at any time. No supervisor or other representative of the City has the authority to enter into any agreement for employment for any specified ~~period of time~~period or to make any contrary representation to any employee.

SECTION 2: GENERAL OFFICE POLICIES

Office Hours

All City offices are to be open between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday, except on authorized holidays. Adjustments to the normal hours of operation of City facilities or departments may be made by the City Manager or designee.

Lunch Time

Employees are entitled to unpaid time off for meals during each eight-hour shift. The uninterrupted meal period ~~should~~must not be less than thirty minutes, nor more than one hour, as established by the supervisor and employee depending on workload needs. Generally, the lunch hour is not intended to be taken at the start or end of the day.

Breaks

Morning and afternoon breaks of fifteen (15) minutes each are available to each employee, but this time does not accumulate if not taken, and this time cannot be used to alter an employee’s work hours.

Nursing mothers will be provided break times and areas to express breast milk for her nursing child for one (1) year after the birth of the child. The area will be a place, other than a bathroom, that is shielded from view and free from intrusion from coworkers and the public.

Pay Period

The pay period starts on Monday at 7:00 a.m. and ends on Monday at 6:59 a.m. of the second week. The payday for the City is bi-weekly (once every two weeks). Checks are issued on alternate Fridays for each 14-day period. If payday falls on a bank observed holiday, checks will be issued on the last working day preceding the holiday.

Pay Overage/Pay Shortage

Employees are expected to review their paystub after a change in pay occurs to ensure accuracy. In the event a pay overage or pay shortage occurs on an employees' pay, it is the employee's responsibility to notify HR regarding the issue. In some cases, HR may identify the issue and contact the employee. For pay shortages, the City will issue reimbursements to the employee the pay period after being notified of the issue.

For pay overages, the City may deduct the full amount over multiple pay periods after either identifying or being notified of the error. The number of pay periods for the deduction will be determined by the amount owed the City. Employees authorize the City to take deductions from their paycheck until the amount of the overpayment is paid in full.

No reimbursements/deductions will exceed twelve (12) months from the date the pay overage/shortage is reported to or discovered by HR.

Uniforms

Some employees are required to wear uniforms. For employees who are required to wear uniforms, the City furnishes appropriate uniforms and replaces them as necessary. No City employee is authorized to wear City uniforms off duty without prior approval from the department head. Failure to return uniforms will result in garnishment of final pay.

Smoking

The City of Taylor is a smoke-free workplace. Employees and visitors are prohibited from smoking inside City buildings and outside within twenty-five (25) feet of any entrance, ~~or~~ open window of public place~~s~~ or designated smoking area-public gathering. Employees are also prohibited from smoking in City vehicles. Employees may smoke in designated smoke areas.

The use of tobacco products (i.e. chewing tobacco, snuff, etc.) or electronic cigarettes is prohibited in City owned vehicles, public areas or where groups of people frequently gather. These include reception areas, meeting/conference rooms, training rooms, offices, restrooms, and break rooms.

Violation of this policy may result in disciplinary actions, up to and including termination. Additionally, an employee may be held financially responsible for deterioration or destruction of City owned vehicles or property resulting from the use of tobacco products.

Employment Verifications

All requests for references or verifications of past or present employment history shall be referred to the Human Resources Department (HRD). Employees are not authorized to comment on other employees' (past or present) work history, job performance, eligibility for re-hire, etc. If any governmental representative visits an office in person, notify HRD for instructions on how to proceed. This does not include requests for background checks.

Standard Workweek

The standard workweek The official work period for employees in City departments for which separate work periods are not established, either elsewhere in these policies or in written memorandum form approved by the City Manager, is a seven (7)-day period beginning at 7:00 a.m. on Monday and ending at ~~7:00~~6:59 a.m. on the following Monday. Adjustments to the normal hours of operation of City facilities or departments may be made by the City Manager in order to serve the public better. Offices may be required to remain open during the noon hour, and lunch periods for some employees may be staggered according to the requirements of the City.

Work Schedule Police Department

The Police Chief sets the work schedule for police personnel and notifies them in writing of their work schedule assignments. Depending upon personnel available, the Police Chief may establish different work schedules for personnel for temporary periods of time until the ~~personnel shortage~~need has been eliminated.

Through execution of a waiver executed by a majority of police officers pursuant to Chapter 142-0015(j), The City has established the following work period for its police officers:

1. The official work period for police officers consists of fourteen (14) days/ eighty (80) hours worked per work period.
2. For police officers, the work period begins on Monday and ends on Monday, fourteen (14) day cycles. The Chief of Police or the Chief's designee will establish work schedules.

Work Schedule Fire Department

The Fire Chief sets the work schedule for fire personnel and notifies them of their work schedule assignments. Depending upon personnel available, the Fire Chief may establish different work schedules for personnel for temporary periods of time until the ~~personnel shortage~~need has been eliminated.

In accordance with the exception allowable under Section 207(k) of the Fair Labor Standards Act (F.L.S.A.) and 29 C.F.R, the City has established a 14-day work period for its firefighters.

The official work period consists of 14 days with each shift consisting of 48 scheduled hours, followed by 96 hours off.

Each firefighter on each shift reports for duty at the beginning of the scheduled shift, and is on duty, including meal breaks, for the entire ~~24~~48

hours. Hours worked more than 106 hours per 14-day work period will be paid at one and one-half times the regular rate of pay.

Remote Work

The City of Taylor allows remote work as a scheduling option for employees to support improved productivity, work-life balance, and support employee recruiting and retention. Remote work allows employees in applicable positions to work up to (2) days per workweek ~~from an approved site away from their assigned location.~~ Remote location must comply with Computer Use Policy.

Remote work may be used for an extended period under extraordinary circumstances or as temporary accommodation. Remote work under extraordinary circumstances may be approved by the department head. The department head must notify their direct city management team member. Remote work as an accommodation must go through the accommodation process.

SECTION 3: HEALTH AND SAFETY

Safety Policy

Actions that cause or contribute to any unsafe and/or unhealthy working conditions or create a hostile work environment by presenting direct or indirect acts of physical or verbal violence against employees, visitors, or other individuals on City property, at service locations, or while carrying out City business, will not be tolerated.

Employees are responsible for notifying their supervisor and Human Resources Department (HRD) of any threats which they have witnessed, received or have been told that another person has witnessed or received. This includes behavior that could be interpreted as threatening.

Any person who makes a substantial threat, exhibits threatening behavior, or engages in violent acts on City property shall be removed from the premises as quickly as safety permits and shall remain off City premises pending the outcome of an investigation.

Employees shall follow safe working practices, obey adopted health and safety rules and regulations, and work in a way that maintains the highest safety and health standards developed and sanctioned by the City.

Employees must report all hazardous or potentially hazardous situations and unsafe working conditions to their immediate supervisor.

Health & Safety Program

City Departments shall develop and implement programs and guidelines in accordance with the City Safety Manual, the applicable regulatory standards, and related industry practices to achieve competency and satisfaction and to ensure that all City employees are fit for duty.

City Departments shall take the initiative to conduct an assessment to identify relevant employee needs.

Department Directors shall appoint individuals to serve on the Safety Committee.

Accident & Injury Reporting

All accidents/incidents must be reported using the City of Taylor Incident Report which is available on the Human Resources portal/intranet. This completed form should be forwarded to HRD and will be used by safety staff to assist them in eliminating hazards and preventing similar accidents.

Operation of City Owned, Personally Owned and Rental Vehicles for City Business

The following is applicable to all employees of the City of Taylor who drive a City, personal or rental vehicle while conducting official City business:

- must be at least 18 years old;
- all employees must have a current Texas driver's license that is appropriate for the vehicle they are operating;
- all occupants shall use safety belts while the vehicle is in motion;
- all speed limits shall be observed, and speed should be reduced to a safe driving speed during inclement weather;
- drivers shall use good defensive driving techniques;
- employees should never drive while under the influence of medication, alcohol or drugs which cause drowsiness, or while in poor health which could endanger their lives or the lives of others;
- drivers are representatives of the City of Taylor and are expected to drive courteously;
- any traffic violation involving a City of Taylor vehicle must be reported immediately to their supervisor. It is the responsibility of the employee to pay traffic violations, including parking tickets. Failure to resolve such traffic violations will result in disciplinary action, up to and including termination;
- drivers of City of Taylor vehicles are responsible for conducting a pre-trip inspection including checking for body damage, oil level, coolant level, and other under-the-hood maintenance during fuel stops or on a daily basis and must remove all debris from the vehicle at the end of the day; and
- drivers of City of Taylor vehicles are expected to accurately reflect trip records and mileage.
- employees shall use hand free devices when conducting phone calls and will not text while driving

Traffic Accidents

In the event of a traffic accident:

- employee should not leave the scene of the accident until instructed by a police officer or the employee's supervisor;
- employees should make no comment or statement other than that required by law enforcement officers;
- activate warning/safety lights on the vehicle;
- any traffic accident involving a City of Taylor vehicle must be reported immediately to the local police or highway patrol, and as soon as possible to their supervisor; and
- employee injuries occurring during the course of work, including travel, must be reported within 24 hours to HRD.

Driver's Record

A prospective employee's driver's record will be checked when a job is offered that requires operating a vehicle or piece of equipment on City business. The City ~~will~~ may verify ~~recheck~~ an employee's driving record every six months, as ~~needed after employment in such a capacity.~~

Use and Care of City Property

City property and equipment shall be used for official business only. The use of any City equipment outside of official business purposes will be grounds for disciplinary action, up to and including termination.

City-owned or leased property and equipment is defined as all tools, equipment, (including vehicles, computers, phones and mobile equipment), and materials/supplies intended for use on official business for the City of Taylor. Personal use should be kept to a minimum.

Examples of City property and equipment include, but are not limited to:

- Tools-such as hand tools (hammers, wrenches, shovels/rakes, etc.) and power tools (circular saws, drills, belt sanders, etc.);
- Equipment-such as gas-powered equipment (chainsaws, weed eaters, generators, etc.) and mobile equipment (lawnmowers, tractors, gators, etc.);
- Materials/Supplies-such as bolts/nuts, topsoil/sod, paper/office supplies, and other associated work items; and
- Office equipment (copiers, shredders, audio/visual, etc.).

Official business is defined as all work performed by employees for City directed purposes.

Responsibilities

Employees are responsible for the care and maintenance of all City property and equipment assigned to them. Employees shall not entrust

City property and equipment to anyone to be used for any reason other than City directed purposes.

Employees observing the use of City property and equipment outside of official City business and in conflict with this policy must report the incident to their supervisor immediately.

Supervisors are responsible for maintaining inventory lists and monitoring the usage of all City property and equipment assigned to their employees. If a supervisor determines that an employee has misused City property and equipment in such a way that conflicts with this policy, the Supervisor must immediately report the incident to the Department Director for further action.

Loss Prevention

City employees must report all accidents and unusual events resulting in loss or damage to City property or private property due to individual accidental losses and losses that are of a catastrophic nature.

All employees must protect and preserve the City's assets, resources and service capabilities from loss, damage, theft, destruction or depletion.

Enforcement

Employees may be held financially responsible for the misuse, loss, deterioration, and destruction of City property and equipment.

Violation of this policy shall be grounds for disciplinary action, up to and including termination. Violations may also be subject to legal action.

SECTION 4: TAKE HOME VEHICLE POLICY

Policy

A City vehicle may be assigned to a position or employee when it is more economical than payment of a car allowance or mileage reimbursement or as is necessary to protect the public health, safety, and welfare. The employee is the only operator of the vehicle unless public safety needs dictate differently.

The purpose of this policy is to establish the rules and procedures governing the assignment, use and reporting requirements of City take-home vehicles. This policy implements federal- and state-mandated regulations and City policy and procedures. This policy applies to all City of Taylor employees. A list of vehicles designated as take-home vehicles will be provided to the Director of Internal Services.

Eligibility

The following is the eligibility criteria for a take home vehicle.

- The employee resides within 60 miles of Taylor city limits; the City Manager may consider mileage outside of the set limit on a case-by-case basis.

- The employee is authorized to drive a City vehicle¹⁷.
- The employee has not had driving privileges revoked or suspended¹⁷.
- Vehicle is to be used to respond to emergencies or as a part of a designated employee's "on-call" responsibilities.¹
- The employee does not receive a car allowance; and
- The employee's supervisor and Department Head's supervisor recommend approval.

Non-Exempt/Exempt Vehicles

Non-Exempt Vehicles. The City's vehicles are classified as either "exempt" or "non-exempt" as prescribed by law. Employees to whom a "non-exempt" vehicle is assigned for take-home will incur a federal income tax liability for the fringe benefit of commuting to and from work unless it is for temporary on-call purposes only. Most pickups, vans, and automobiles are classified as "non-exempt" vehicles.

Exempt Vehicles. Police and fire vehicles used by employees on call 24-hours are normally exempt from the fringe benefit tax liability. According to federal guidelines, exempt vehicles have no impact on the taxable income of the employee to whom the use of the vehicle is assigned. ~~Below is a list of some examples of vehicles~~Vehicles that are considered exempt areas outlined in the Internal Revenue Service Code (26 CFR).

SECTION 5: OFFICIAL CITY COMMUNICATION

Media Inquiries

Communication with the public and the media about City issues or problems is the responsibility of the City Manager or the City Manager's designee. Employees are to refer members of the news media to the Communications Director if a question is non-routine, controversial, or outside the scope of the employee's normal duties, and are to notify the Communications Director of scheduled interviews with the news media.

Employee Responsibility

A City employee who is contacted by the news media shall notify their supervisor and all staff who might be affected by the inquiry, giving them the details of the situation and possible implications.

Social Media

City employees wanting to create and maintain Department-specific social media applications separate from the City's applications must obtain approval from the Department Director and the Communications Director.

Departments must provide specific reasons for maintaining separate social media applications. If approved, the Department Director and Communications Director will periodically review each application. Those

that do not meet the City's intended goals and objectives may be removed at any time.

SECTION 5: COMPUTER & PHONE USE

Information Technology

The City provides access to communication and technology systems including but not limited to the internet, computers, tablets, phones, email, and other hardware and software (collectively referred to in this policy as "Information Technology Systems" or "Systems") for use by City employees in the performance of their job duties.

Management reserves the right to access and review any user's information maintained on the Information Technology Systems without prior notice, including internet browser histories, emails, messages, and any other data files.

Employees shall exercise care in personal use of any Information Technology Systems and should not expect their personal information stored in these systems to be kept private. All information, personal or business, loaded, stored, or transferred using the City systems and computers becomes a public record and must be maintained in accordance with the City's Records Management Policy. The City strongly discourages storage of personal information and data on the City's Information and Technology Systems.

Employees are responsible for electronic equipment, passwords, and other systems that are assigned to the employee for the performance of their job duties.

Any violation of this policy may result in disciplinary action up to and including termination.

Acceptable Use

Acceptable uses of the Information Technology Systems are limited to those activities that support the user's ability to perform their job responsibilities. Incidental, occasional, or infrequent use of the City's communication and information systems for personal use is permitted as long as such use does not interfere with the employee's work or the work of any other employee or with the equipment operations. However, no matter how minimal, any information transmitted using City equipment may subject the information to public disclosure pursuant to Texas law.

Movement of Equipment	All movement or relocation of any computer equipment is to be handled by the Internal Services Department. The proposed movement or relocation of computers, printers, telephones, etc. must be coordinated in advance.
System Passwords	Employees are not to disclose any password(s) for which they are responsible, or use any transaction, software, files, or resources to bypass security controls.
Email	All information created, sent, or received via the City's electronic systems become a public record. It is the employee's responsibility to comply with applicable open records retention schedules and backup messages that they wish to keep for more than six months.
Physical Device Security	Physical security is defined as taking the appropriate measures to protect the City issued equipment itself and the data that is on it. Examples of City issued equipment, include but is not limited to, laptops, tablets, mobile phones, etc. It is the employee's responsibility to follow the City's guidelines, <u>as outlined below</u>, to ensure City equipment is properly protected. • Avoid leaving City issued equipment in the car. If you must leave equipment in a vehicle unattended, place it in the trunk or somewhere out of sight. • Do not leave City issued equipment unattended in public places, such as restaurants, airports, and hotels. • Avoid storing passwords and pin numbers with your device. • Ensure that the device is configured to auto-lock and requires a password to login and access data. If your City issued equipment is stolen or lost, please contact the Internal Services/IT Department immediately so appropriate action can be taken.
Cybersecurity Awareness	All city employees are required to complete <u>mandatory required</u> Cybersecurity Awareness Training provided by Information Technology Services. Training will consist of an online training module and test. If an employee fails to complete the training, their City login account will be suspended. Once an employee's account is suspended, they will need to contact IT and complete the training within 24 hours to get their account reinstated.
Prohibitions	<u>To ensure protection of the City's sensitive information and critical infrastructure from technology that poses a threat to the City, the City of Taylor shall enforce a ban against any video-sharing applications from any foreign owned social media such as TikTok from all City-owned and</u>

City-issued devices and networks to prevent foreign government's ability to use the application for potential surveillance.

The City of Taylor shall ban and prevent the download or use of prohibited technologies on any city-issued device. This includes all city-issued cell phones, laptops, desktop computers, tablets, or any other devices of capable internet connectivity. The only exception to this policy is usage by the Police Department in relation to their duties investigating crime.

To provide protection against ongoing and emerging technology threats to the City's sensitive information and critical infrastructure, technologies will be regularly monitored and evaluated.

Violations of this policy shall result in disciplinary action up to termination.

Misuse of Information Technology resources may result in the restriction of computing privileges and/or disciplinary action. All existing laws or policies apply, not just those specific to technology, but also those applying to personal conduct.

Examples of misuse include, but are not limited to, the following:

- Attempting to monitor or tamper with another user's electronic communications, or reading, copying, changing, or deleting another user's files or software without the explicit agreement of the owner;
- Using a computer account, you are not authorized to use;
- Obtaining a password for an account without permission of the owner;
- Gaining unauthorized access to any computer systems;
- Knowingly performing an act which will interfere with technology operations;
- Violating terms of applicable software licensing agreements or copyright laws; and
- Deliberately wasting computing resources.

SECTION 6: CITY IDENTIFICATION

Identification (ID) Badge	The City of Taylor photo ID badge will be issued to all full-time and part-time City employees to be worn while on official business for the City of Taylor. Photo ID badges must be worn in accordance with departmental directives or carried on the employee in situations where wearing/displaying the identification badge poses a hazard to personal safety.
New ID Badge	Photographs for ID badges will be taken, and the ID badge will be issued by Human Resources on the employees' first day of work. ID badges for Police Department employees will be issued at the department.
ID Badge for Contractor/Temps and Interns	ID badges will have an expiration date. Director approval is required for length of time the badge will be in service. ID badges must be turned in to Human Resources on the last day of work.
ID Misuse	Employees are responsible for the care and proper use of City issued photo ID badges.
ID Use	City ID badges are issued for official use only and are not to be used for obtaining special privileges other than local merchant-sponsored discounts, etc.
ID Abuse	Photo ID badges shall not be altered or defaced in any manner including affixing stickers or tags. Photo ID badges shall not be lent to others. Abuse, tampering, altering, or unauthorized use of the City photo ID badge may result in disciplinary action, up to and including termination.
Replacement ID	Lost and damaged badges must be immediately reported to the supervisor, who will then contact Human Resources for replacement.
Surrender Upon Termination	Employees shall surrender their ID badge upon termination to their supervisor <u>or Human Resources</u>. ID badges must be turned in to Human Resources on the last day of work.

SECTION 7: INCLEMENT WEATHER

Policy	In the event of inclement weather, the City Manager will determine whether to declare an inclement weather emergency and direct only emergency services personnel <u>to</u> report or remain at work.
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The City will report the closing/reopening of City offices on the City Website and with local media outlets. Employees will be notified via phone call, text message and/or email.

In absence of a delay/closing announcement employees are expected to report for duty at the hour regularly assigned for their workday. If weather conditions are such that personal judgment prevents the employee from coming to work or causes them to be late, the employee should notify the supervisor a minimum of 30 minutes prior to the start of the workday.

It is the employee's responsibility to periodically check to determine if the City offices have closed/reopened and to receive instructions on returning to work.

Absences from Work

If City offices are open and weather conditions cause employees to lose time, the supervisor may account for the absence by:

- Authorizing leave time for which the employee is eligible (i.e., PTO, comp time); or
- Authorizing leave without pay.

City Offices Closed

If City offices are closed due to adverse weather conditions:

- Non-emergency services personnel scheduled to work will not report to work or remain at work, but will be paid administrative leave during the hours City offices were closed; and
- Emergency services personnel will be expected to report as scheduled unless otherwise notified by their supervisors.
- Emergency services personnel who are unable to report to work or remain at work during an emergency will be required to use PTO or compensatory time.

Emergency Services Personnel

For purposes of this policy "Emergency Services Personnel" are defined as:

- Police Officers, Firefighters, ~~and~~ Communications Operators, and Animal Control Personnel who are scheduled to work during the hours City offices are closed due to inclement weather; and
- Public Works Personnel who are regularly scheduled to work during the hours City offices are closed due to inclement weather; and
- Employees whose regular duties require them to respond to emergency situations to take corrective actions and who are regularly scheduled to work during the hours that City offices are closed due to inclement weather.

Emergency Services Personnel reporting to work as scheduled will be paid at their normal rate of pay and will receive overtime pay only for actual hours worked beyond the normal work week.

Emergency Services Personnel who were scheduled to work and worked during the emergency will receive administrative leave hours in a bank equivalent to the hours they were scheduled to work.

Non-Emergency Personnel

Non-exempt, Non-Emergency Services Personnel who are not scheduled to work during the hours that City offices are closed due to inclement weather, but who are called to report for work during an emergency, will receive their normal rate of pay for those hours and will receive overtime pay only for actual hours worked beyond the normal work week.

Non-Emergency Services Personnel who are not called to report for work during the hours that City offices are closed due to inclement weather, but who report to work anyway, will receive their normal rate of pay for those hours and will receive overtime pay only for actual hours worked beyond the normal work week.

Employees already out on scheduled leave on the day(s) emergency conditions arise will be charged appropriate leave for the day.

SECTION 8: TRAVEL GUIDELINES

Policy

Employees who travel on official City business or to promote the interest of the City are to be reimbursed for necessary and reasonable travel-related expenses. The nature of such travel includes attendance at professional association meetings, representing the City at various governmental and/or regulatory bodies, participating in professional development educational activities, and involvement with other agencies performing similar tasks.

Employees may be reimbursed for personal items that are stolen while they are on a City authorized trip up to a maximum total value of \$500. Requests for reimbursement must be accompanied by an itemized list and official police report from the city where the theft occurred.

Travel Time

Normal commuting time from home to work and from work to home is not hours of work. On one day assignments out of the city where an employee does not spend the night, travel time is work time. The time the employee would have spent in normal commuting will be deducted from the travel time. With travel overnight away from home, travel is only compensable to the extent that it cuts across the employee's normal work schedule, unless the employee is engaged in travel to and from the travel destination.

Authorization

Employees must have approval prior to travel. Employees who travel on City business and incur expenses are eligible to receive expense reimbursement subject to approval in accordance with the Taylor Travel Policy. Costs of personal entertainment, spouse's expenses, social activities, alcoholic beverages, and traffic citations are not allowable for reimbursement.

Employees who travel in a City-owned vehicle should use the fuel card provided with that vehicle. When traveling out of town in a City-owned vehicle, employees will be reimbursed for the documented actual cost of fuel, oil, or other expenses related to the safe operation of the vehicle.

When two or more employees travel in a personal automobile, only one employee will receive per-mile or other automobile reimbursements.

Relocation Reimbursement

The City Manager may approve travel and/or moving expenses involving applicants, new employees, or transferred employees for reimbursement.

Reimbursements are determined on a case-by-case basis and approval is dependent on market demands and business needs of the City. Applicants or new employees who are traveling to Taylor to interview for a specific position or who are moving to Taylor for the express purpose of commencing employment with the City may be considered for reimbursement.

The City Manager may determine applicability and maximum allowable amounts on a case-by-case basis.

Chapter II

STANDARDS OF CONDUCT

SECTION 1: GENERAL EXPECTATIONS

Employee Conduct

As a public service organization, City employees are held to a high standard of ethical conduct. Employees should conduct themselves in a manner that ensures those high standards are met, avoiding even the appearance of impropriety. Employees are expected to deal officially with the public in a manner that will enhance the public confidence in the employees and the City.

Standards

Employees while on duty are always individually responsible for conducting themselves in a professional and ethical manner and for treating coworkers and members of the public with respect and dignity. The intent of this policy is to make a clear statement that unprofessional and abusive behavior will not be tolerated in the workplace.

The following list establishes *minimal requirements* which are not to be considered all inclusive. The absence of a specific rule covering any act discrediting an employee or the City does not mean that the act is permissible.

The following are causes for discipline

- Falsification of document or records.
- Endangering the safety of the employee and/or other persons through negligent or willful acts.
- Engaging in acts of dishonesty, fraud, theft, or sabotage toward the property of the City or others.
- Lying
- Threatening, intimidating, coercing conduct, and/or using abusive or vulgar language.
- Use of drugs or intoxicants in violation of City policy.
- Intentional bodily injury to any person.
- Unauthorized absence or repeated tardiness.

- Insubordination or refusal to comply with instructions or failure to perform reasonable duties as assigned.
- Unauthorized use of City material, time, equipment, or property
- Damaging or destroying City property through careless or willful acts.
- Discourteous treatment of the public or other employees.
- Conduct which the City feels reflects adversely on the employee or City, (when conduct occurs off duty, the nature, severity, and publicity will be reviewed on a case-by-case basis as a possible cause for discipline.
- Violation of departmental rules, regulations, and/or codes of conduct, or this handbook.

Prohibitions

Employees whose conduct is in violation of standards of conduct are subject to disciplinary action ~~including and~~ up to and including termination.

SECTION 2: POLITICAL ACTIVITIES

Policy

Employees of the City are encouraged to vote and to exercise other prerogatives of citizenship consistent with state and federal law and these policies.

No person may coerce an employee to participate in, or to refrain from participating in, a political campaign. No one may require an employee to contribute to any political fund, render any political service, or support any political election. No one may punish an employee in any way for refusing to do so.

Civil Service employees' political activities are governed by Chapter 143.086 of the Texas Local Government Code.

Prohibitions

An employee, in his or her official capacity, may not:

- use his or her official authority or influence to interfere with or affect the result of an election or nomination for office;
- directly or indirectly coerce, attempt to coerce, command, or advise a local or state officer or employee to pay, lend or contribute anything of value to a party, committee, organization, agency or person for a political purpose;

- use funds provided by the State of Texas to influence the passage or defeat of any legislative measure in the Texas legislature or the outcome of any election; or
- use his or her working time or City resource to participate in any political campaign.

In addition, any City employee who is subject to the provisions of the federal Hatch Act may not be a candidate for elective office in a partisan election. (A partisan election is an election in which candidates are to be nominated or elected to represent a party whose candidates for presidential electors received votes in the last preceding election at which presidential electors were selected.) City employees are subject to this additional Hatch Act restriction if their principal employment is in connection with an activity, which is financed in whole or in part by loans or grants made by the federal government.

All City employees are prohibited from participating in any way in any political activity while wearing a City uniform, regardless of whether the employee is on duty or on his or her own time. In addition, no City employee may use City-owned property, (i.e. vehicle, building, and/or office), for displaying campaign materials or for conducting any political activity.

An employee's political activity, not in violation of this section, shall not be considered in determining his or her compensation, eligibility for promotion or demotion, work assignment, leave or travel request, or in application of other employment practices to the employee.

Election to Other Political Office

Any City employee wishing to file for political office other than the Taylor City Council must notify their Department Director and the City Manager prior to filing. No political activity, including campaigning, shall be conducted during work hours or while in a City uniform or a City vehicle. Additionally, any employee who is being considered for an appointment to any political office shall notify the City Manager prior to the acceptance of such appointment. The City Manager may review this matter to determine if potential conflicts of interest or other concerns exist. An employee who runs for election to an elected office is encouraged, but not required, to take a leave of absence beginning upon filing for elected office and ending upon qualification for the office.

SECTION 3: CONFLICTS OF INTEREST

Policy

No City employee shall have financial interests in the profits of any contract, service, or other work performed for the City nor derive personal profit directly or indirectly from any contract, purchase, sale, or service between the City and any person or company. An employee may not:

1. Solicit or accept or agree to accept a financial benefit, other than from the City, that might reasonably tend to influence his or her performance of duties for the City or that he or she knows or should know is offered with intent to influence the employee's performance;
2. Accept employment or compensation that might reasonably induce him or her to disclose confidential information acquired in the performance of official duties;
3. Accept outside employment or compensation that might reasonably tend to impair independence of judgment in performance of duties for the City;
4. Make any personal investment that might reasonably be expected to create a substantial conflict between the employee's private interest and duties for the City; or
5. Solicit or accept or agree to accept a financial benefit from another person in exchange for having performed duties as a City employee in favor of that person.

Criminal Offense

Specifically, with reference to contracts, no City employee who exercises any functions or responsibilities in the review or approval of an undertaking or the carrying out of one of the City's contracts shall participate in any decision relating to that contract if the decision affects the individual's personal pecuniary interest. Governing details of this policy are found in "Conflict of Interest – Chapter 171 of the Local Government Code," and made a part of these policies by reference, and as subsequently amended.

SECTION 4: SOLICITATION AND/OR ACCEPTANCE OF GIFTS

Policy

Under no circumstances shall a City officer or employee request or accept any gifts or free or discounted services from contractors, vendors, or other persons that might tend to influence the employee's official actions or impair the employee's independence or judgment in performance of duties for the City. In addition, the City expects an employee to avoid any gift, food, entertainment, honoraria, transportation, or lodging that might appear to or tend to affect the employee's official actions or to exceed the limitations on gifts and benefits prescribed by the Texas Penal Code.

Appearance of Impropriety

Guidelines to avoid perceptions of improper influence or conflicts of interest include the following:

- City employees shall not accept gifts from any person or entity actively seeking to do business with the City or currently under regulatory review (for example, a vendor trying to contract with the City).
- City employees shall not accept gifts from any person or entity that might tend to influence the employee's official actions or impair the employee's independence or judgment in performance of duties for the City or have the appearance of same (for example, someone with a pending application or permit subject to review offering an employee a discount for goods or services).
- City employees shall not accept gifts in the form of cash or check of any value. City employees shall not accept gift cards, unless falling under the exception below.
- Acceptable gifts that are permissible based on these standards:
 - Gifts shall be limited to items worth less than \$50 in fair market value.
 - Gifts in the form of a gift card of a value of less than \$50 shall not be convertible to cash and shall only be redeemable with the donor.
 - Gifts made to an employee may be permissible, including food, beverages, entertainment, lodging or transportation provided the employee accepts such gifts as a guest. For something to be "accepted as a guest" it must be enjoyed within the presence of the donor. For example, if a vendor has two tickets to a sporting event, the employee shall not accept both tickets for personal use, but the employee may attend as the guest of the vendor.
 - Gifts and/or donations made to the City are acceptable. Such gifts to the City shall be accepted by the department director or designee and documented as a donation. Gifts and donations made to the City will be distributed at the discretion of the department director or city manager. For example, a donation of a food basket may be shared within the department.
 - Gifts from family or close friends, if there is an independent relationship not related to the employment status or work of the city employee.

SECTION 5: CONFIDENTIAL/OFFICIAL INFORMATION

Subject Information	Information concerning any employee or vendor which may come to an employee's knowledge is to be held in strict confidence. No information disclosed in a court case, investigation, audit report, personnel or vendor files may be disclosed except as provided in the Texas Public Information Act. The Texas Public Information Act prohibits the distribution of information deemed confidential under its terms. This office has interpreted this provision to prohibit the disclosure of information made confidential by the constitution, a statute, or a judicial decision. Violations are punishable by law. Any questions regarding disclosure of any information, confidential or otherwise, should be directed to the City Clerk, who is the designated open records coordinator.
Misuse of Official Information	Employees commit an illegal act if they use official information, which has not been made public, to benefit or aid themselves or another.

SECTION 6: NOTIFICATION OF ARREST

Notification Requirement	An employee who is arrested and/or charged with a crime involving alleged dishonesty, theft, DUI/DWI/BWI, embezzlement, violence (including domestic violence) or other serious violations, must notify his/her Department Director or designee in writing within 24 hours of the arrest or at the earliest possible opportunity. The employee must report what he/she was charged with. The Department Director must notify the Director of Human Resources the next business day regarding the arrest. Failure of an employee to comply with this policy is misconduct and could result in termination from the City.
Management Discretion	An employee who is arrested and/or charged with a crime involving dishonesty, theft, embezzlement, violence (including domestic violence), etc., or a crime directly related to the employee's ability to perform his or her job duties, may result in disciplinary action, including termination. If an employee is found guilty of a crime, disciplinary action up to and including termination, may result.

SECTION 7: WEAPONS

Policy	Employees may not possess or use a weapon while on duty unless the weapon is required by the employee's job. This policy does not apply to firearms or ammunition lawfully owned and possessed by an employee that is stored in a locked, privately owned motor vehicle while the vehicle is in a City parking facility. An employee
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who stores a firearm or ammunition in their vehicle must conceal the firearm or ammunition and keep the vehicle locked at all times.

The City has no duty to patrol or otherwise inspect parking facilities for compliance with the weapon policy. The City also has no duty to investigate vehicles to determine if employees are complying with laws relating to the ownership or possession of firearms or ammunition.

Definition

As used in this policy a “weapon” is anything designed, adapted or used to threaten or cause harm to people, animals or property.

The following are not considered “weapons” for the purposes of this policy but could become weapons if used to threaten or harm a person, animal or property:

- Pocket knives with folding blades less than 5.5 inches in length;
- Fixed blade knives used in food preparation or food service, or used as a regular tool in the performance of the employee’s duties; or
- Pepper spray in a dispenser commercially available to the general public and intended for personal protection.

Employees who violate this policy may be subject to discipline in accordance with the City’s disciplinary policy up to and including immediate termination.

SECTION 8: ~~WORKPLACE:~~ WORKPLACE VIOLENCE

Policy

The City of Taylor is committed to ensuring a safe working environment and to reducing the risk of violence for all employees. Violence or the threat of violence has no place in any of the City’s work locations. The City will not tolerate any conduct or behavior, whether intended as joking or not, that is found to be threatening, intimidating, or coercive. Employees who violate this policy shall receive disciplinary action, up to and including termination.

Prohibited Conduct

Violent behavior includes, but is not limited to:

- Causing ~~physical injury to another person~~ or attempting to cause physical injury to another person;
- Possession of a weapon, as defined by the penal code, on one’s person ~~or vehicle~~ while on City property or while on City business (this includes employees with concealed weapons permits) unless properly authorized by the City;

- Aggressive or hostile behavior which creates a reasonable fear of injury to another person or subjects another individual to emotional distress;
- Making threatening remarks expressing intent to do harm to another person and/or making veiled threats of physical harm or similar intimidation;
- Surveillance without proper authorization;
- Stalking;
- Intentional damage, destruction, or threat of destruction of City property, the property of another employee, or any person's personal property;
- Acting in a hostile manner, expressing unusual agitation or excitement which may be accompanied by incoherent and/or irrational behavior or harassment;
- Expression of suicidal or homicidal intent or thoughts.

Reporting Procedures Any potentially dangerous situations must be reported immediately to a supervisor or HRD. Reports can be made anonymously, and all reported incidents will be investigated. Reports or incidents warranting confidentiality will be handled appropriately and information will be disclosed to others only on a need-to-know basis. The City will actively intervene at any indication of a possibly hostile or violent situation.

Enforcement Threats, threatening conduct, or any other acts of aggression or violence in the workplace will not be tolerated. Any employee determined to have committed such acts will be subject to disciplinary action, up to and including termination. Non-employees engaged in violent acts or threats on the City's premises or while attending to City related business will be reported to the proper authorities.

SECTION 9: ALCOHOL AND DRUG TESTING

Policy The City of Taylor has zero tolerance with respect to alcohol and drugs. An employee shall not use, possess, sell, or provide alcohol or controlled substances to any other employee or to any person while such an employee is on duty. four (4) hours before reporting for duty or on-call unless the employee is required as a part of his or her job to legally possess alcohol or controlled substances.

An employee shall not report for duty, or remain on duty, when using or testing positive for any controlled substance (except under instructions of

a physician who has advised the employee that the substance does not adversely affect the employee's ability to perform his or her job safely).

Employees violating this policy will be subject to disciplinary action, up to and including termination.

Guidelines

A supervisor having reasonable suspicion that an employee is using, possessing, selling or providing alcohol or controlled substances to any other employee or to any person while such an employee is on duty or on call shall not permit the employee to perform or continue to perform any duties.

A supervisor having actual knowledge that an employee is under the influence, or a reasonable suspicion that an employee is under the influence of alcohol or drugs, shall not permit the employee to perform or continue to perform any duties.

A supervisor having a reasonable suspicion that an employee has used alcohol or drugs within four (4) hours prior to coming on duty shall not permit the employee to perform or continue to perform any duties. The supervisor should notify HRD for authorization to initiate testing for alcohol and controlled substances. The supervisor should transport the employee to the testing facility.

Testing

Pre-employment- Applicants who receive a conditional offer of employment are required to take a controlled substances screening test.

Post-Accident- Any employee involved in vehicle accidents while driving a City vehicle or driving a private vehicle while on City business may be subject to post accident testing. Employees must immediately report to their supervisor any accidents that occur while operating City-owned vehicles or equipment. Post-accident drug screening must be performed immediately after the accident. The supervisor must escort the employee to the drug test.

An employee shall always be tested for alcohol and drugs if any one or more of the following apply:

- The accident results in death of any person;
- The employee gets a ticket, and a vehicle is towed away; or
- The employee gets a ticket and there is an injury treated away from the scene of an accident

Accidents Not Involving a Vehicle – A post-accident drug and/or alcohol test must be performed on an employee who is involved in a work-related accident if the accident involves injury to any person that requires that an injury be treated away from the scene of an accident and if there is reasonable suspicion that the employee was under the influence of alcohol or an illegal drug.

Random- Employees who are required by their job description to hold a Commercial Driver's License (CDL), heavy equipment operators, and personnel who perform safety-sensitive functions are subject to random testing for alcohol and controlled substances.

Reasonable Suspicion- Employees are subject to reasonable suspicion testing for controlled substances and alcohol abuse. This will be based on objective facts and/or observable on duty behavior sufficient to lead a trained, reasonably prudent supervisor to suspect that an employee is under the influence of controlled substances and/or alcohol so that an employee's ability to perform the functions of the job is impaired or so that the ability to perform the job safely is reduced.

Employees tested for reasonable suspicion will be placed on paid administrative leave pending the results of the test and are not able to return to work until authorized.

Follow-Up- Supervisors will be notified of test results. If an employee tests positive for alcohol or a controlled substance, he or she will be contacted by the Medical Review Officer (MRO). HRD will take the appropriate action based on the information provided by the MRO and the employee.

Self-Declaration

An employee may voluntarily notify the supervisor or HR representative that they need assistance with alcohol or drug use. Such declaration may not be made after being notified of the need to take a scheduled alcohol or drug test.

Employees who initiate self-disclosure to the City will not be disciplined for the disclosure or for obtaining counselling and rehabilitation through a program approved by the City. The City will not pay or reimburse for any treatment or facility expenses related to counseling or rehabilitation programs. An employee may be placed on leave of absence to participate in a rehabilitation or treatment program. The City reserves the right to determine the reasonable timeframe for rehabilitation.

Refusal to Test

An employee's refusal to complete a requested alcohol or drug screen will be grounds for immediate termination. Refusal to submit a test will include the following:

- Refusal to take a required test; or
- Failure to provide enough breath, urine, or blood to be tested and it has been determined by the MRO through a required medical evaluation that there was no adequate medical explanation for the failure; or
- Tampering or attempting to adulterate a specimen or connection collection procedure

Positive Test Results

Applicants will be denied employment with the City if the applicant's drug test results have been confirmed positive. Applicants with confirmed positive drug test results will not be considered eligible for employment for one year.

Employees with confirmed positive test results may be referred or disciplined or both. The City reserves the right to mandate participation in a substance abuse or rehabilitation program before considering whether to return the employee to work. An employee who has completed a substance abuse or rehabilitation treatment will be required to pass drug and/or alcohol testing prior to returning to duty.

SECTION 10: OUTSIDE EMPLOYMENT

Policy

Employees may not engage in any outside employment, including self-employment, where such activity would (1) be inconsistent or incompatible with employment with the City; or (2) affect the employee's job performance adversely.

For purposes of this policy, outside or self-employment includes a job, activity, or enterprise (including self-employment) which constitutes a form of employment or business outside the responsibilities of employment with the City. This policy is not intended to cover volunteer work with a non-profit organization, such as United Way, Boy/Girl Scouts, American Heart Association, faith-based activities or similar activities where compensation is neither expected nor paid in the ordinary course of operations.

Guidelines

City employees may engage in outside or self-employment provided it is not a conflict of interest and does not interfere with duties and responsibilities with the City of Taylor. If it is determined that an employee's outside employment interferes with the effective performance of assigned City duties, appropriate action will be taken, which may include requiring the employee to terminate the outside employment or resign from the City's employment.

On-the-Job Injury

If a City employee is injured in the course of outside employment, the employee may not file a Workers' Compensation claim against the City for benefits related to the injury, regardless of the fact the outside employment has been approved by his/her supervisor.

The filing of a Workers' Compensation claim in this situation will be considered falsification of documents and is grounds for disciplinary action, up to and including termination.

Under no circumstances may an employee on FMLA leave, sick leave, disability leave, workers' compensation leave, or an unpaid leave of

absence, engage in outside or self-employment, as defined in this policy, unless expressly authorized in writing by the Department Director and the Human Resources Director.

Chapter III

EMPLOYMENT PRACTICES

SECTION 1: EQUAL EMPLOYMENT OPPORTUNITY (EEO)

EEO Policy Statement

The City is an equal opportunity employer. The City does not allow discrimination against any person in job structuring, recruitment, examination, selection, appointment, placement, training, upward mobility, discipline, or any other aspect of employment on the basis of race, color, religion, national origin, sex or gender, sexual orientation, disability, age, veteran's status, genetic information, or any other manner that violates the law.

The City prohibits retaliation or discrimination against any employee for opposing an unlawful or discriminatory employment practice, or for alleging or participating in an investigation of an allegation of discrimination.

Discrimination and Harassment

All employees, applicants, vendors, volunteers, and unpaid interns are eligible to file a discrimination and/or harassment complaint. The City takes all complaints seriously. Acts of discrimination and harassment by any employee are prohibited. Employees and supervisors should make every effort to resolve problems or issues informally through discussion and consultation. If these efforts do not resolve the problems or issues, the employee may initiate proceedings as specified in this policy in order to resolve those matters.

All supervisors should be familiar with the complaint policy and have primary responsibility for resolving disputes. Employees are encouraged to seek resolution of a complaint through the chain of command.

All supervisors are responsible for promptly addressing complaints of discrimination or harassment filed by or against their employees. Supervisors must ensure immediate and appropriate action is taken if any allegation is made or a situation involving discrimination or harassment is brought to their attention.

Supervisors have an affirmative duty to respond as soon as he or she knows that discriminatory conduct may be occurring, regardless of whether or not a formal complaint has been filed.

Supervisors must notify HRD immediately upon becoming aware of a situation in which discrimination or harassment may have occurred.

Supervisors in consultation with the Department Director and HRD shall take immediate action while the investigation proceeds. Examples of such action may range from temporarily reassigning the employees involved pending the investigation, to immediately placing one or more of the parties involved on administrative leave, if needed.

Retaliation against an employee for attempting to resolve a dispute, filing a complaint or for participating in any way in an investigation of a complaint will not be tolerated. Employees shall report such reprisal and/or retaliation to the Department Director and/or Human Resources Department. Supervisors will take appropriate corrective action in consultation with the Department Director and HRD to address any violations of law or policy that are discovered during an investigation.

Confidentiality shall be maintained by all parties involved in a complaint and in the investigation of a complaint.

SECTION 2: AMERICANS WITH DISABILITIES ACT (ADA)

Policy

The City of Taylor does not discriminate on the basis of disability in employment or in the provision of services, programs, or activities, in accordance with the ADA.

The “Act” is a Federal Statute designed to remove barriers preventing qualified, disabled individuals from enjoying the same employment opportunities available to individuals without disabilities. The “Act” prohibits discrimination in all employment practices, including job application procedures, hiring, termination, advancement, compensation, training, and other terms, conditions, and privileges of employment. Also, it applies to recruitment, advertising, tenure, layoff, fringe benefits, and all other employment-related activities.

Definitions

Disability- the Americans with Disabilities Act Amendments Act (ADAAA) defines a disability as:

- a physical or mental impairment that substantially limits a major life activity; or
- a record of a physical or mental impairment that substantially limited a major life activity; or
- when an employer takes an action prohibited by the ADA based on an actual or perceived impairment.

Major Life Activity (MLA):

MLAs include “major bodily functions,” such as functions of the immune system, normal cell growth, digestive, bowel, bladder, neurological, brain,

circulatory, respiratory, endocrine, hemic, lymphatic, musculoskeletal, special sense organs and skin, genitourinary, and cardiovascular systems, and reproductive functions.

MLAs also include: caring for oneself, performing manual tasks, seeing, hearing, eating, sleeping, walking, standing, lifting, bending, speaking, breathing, learning, reading, concentrating, thinking, communicating, sitting, reaching, interacting with others, and working.

Impairment- a physiological disorder affecting one or more of a number of body systems or a mental or psychological disorder.

Reasonable Accommodations- the modification or an adjustment to a job or the work environment that will enable a qualified applicant or employee with a disability to perform essential job functions, or to have equal opportunity in the employment process.

Undue Hardship- extensive difficulty or expense in relation to the size of the entity, the resources available, and the nature of activities or program. Accommodations that impose undue hardship would be unduly costly, extensive, substantial, disruptive, or would fundamentally alter the nature or operation of the business or program.

The “Act” permits employers to establish qualification standards that will exclude individuals who pose a direct threat to the health and safety of the individual or of others, if that risk cannot be lowered to an acceptable level by reasonable accommodations.

ADA Coordinator

The Human Resources Director serves as the City’s designated ADA Coordinator. The responsibilities for this role include:

- Providing assistance on clarification and guidance to City departments;
- Providing clarification and guidance on the City’s implementation of the act;
- Overseeing the handling of employee requests for reasonable accommodations at a department level;
- Communicating with the involved and affected employee;
- Tracking and monitoring all ADA-related activities in the City;
- Communicating with affected Department Directors on related issues; and
- Maintaining and ensuring confidentiality of information and related documentation.

Request for Accommodation

An employee or his/her representative requesting a reasonable accommodation must initiate the request to his or her supervisor or to the Human Resources Director. The request need not be in writing, but a written confirmation of the request will be sent to the employee.

Immediate supervisors must report the situation, with adequate and relevant background documentation, to the ADA Coordinator for review and further assistance.

The ADA Coordinator engages in an informal process with the requesting employee to clarify his/her needs and identifies possible reasonable accommodations.

Request Review

A request for reasonable accommodation is evaluated on a case- by-case basis. The ADA coordinator and the supervisor must consider the circumstances of the employee's situation. However, all reasonable accommodations must:

- Be job related;
- Be effective enough to overcome the individual's physical or mental limitation;
- Enable the individual to perform the essential functions of the job; and
- Not impose any undue hardship on the City's operations and services.

Job Function Analysis is the key mechanism for defining the mental, physical, and environmental demands of the position.

The ADA Coordinator and appropriate staff evaluate the situation and provide the affected department with a plan for guidance, further evaluation, and final determination.

The affected employee will be notified verbally and in writing when a determination has been made regarding the request for reasonable accommodations.

If the requesting employee qualifies, the immediate supervisor coordinates with the ADA Coordinator and the employee to implement the accommodations as soon as possible. Reasonable accommodation may require additional resources, and/or equipment.

Appeal Process

If the employee is not satisfied with the determination, the employee may appeal to the Deputy City Manager.

Prohibited Actions

The ADA prohibits discrimination based on the knowledge of an employee or applicant's relationship or association with an individual with a disability. This known relationship or association may be a family member or any social or business relationship or association.

It is a violation of this policy, and state/or federal law for any employee, supervisor, or manager of the City to:

- Discriminate on the basis of disability against an employee who is a qualified individual with a disability under the ADA in regard to:

- job assignments, job classifications, organizational structures, position descriptions, lines of progression, and seniority lists;
 - leaves of absences, sick leave, or any other leave;
 - upgrading, promotion, award of tenure, demotion, transfer, layoff, termination, right of return from layoff, and rehiring;
 - rates of pay or any other form of compensation, changes in compensation, and fringe benefits available;
 - selection and financial support for training; or
 - social and recreational activities.
- Limit, segregate, or classify a job applicant or employee in a way that adversely affects his or her employment opportunities or status on the basis of disability.
 - Require a medical examination of an employee who is disabled as defined under the ADA unless the medical examination is job-related and consistent with business necessity.
 - Make inquiries as to whether an employee is an individual with a disability or as to the nature or severity of such disability, unless such inquiry is job-related and consistent with business necessity.

Confidentiality

HRD ensures that all related ADA documentation and information remains confidential and separate from the individual personnel file. This includes any medical statements from treating physicians, leave forms, or any other information that pertains to the medical condition or history of an employee.

SECTION 3: SEXUAL HARASSMENT POLICY

Policy

The City of Taylor is committed to providing a work environment free from harassment, offensive behavior or intimidation on the basis of a person's sex. This policy affirms the City of Taylor's position against sexual harassment and ensures that all employees, applicants, vendors, volunteers and interns are provided a work environment free of sexual harassment, as well as to provide a procedure for reporting allegations of sexual harassment.

The City of Taylor will ensure swift and appropriate action is taken in response to any allegation of sexual harassment. Acts of sexual harassment by any employee are prohibited. Sexual harassment on the part of an employee will result in disciplinary action up to and including termination.

Definition

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and any other unwelcome verbal or physical conduct

of a sexual nature, which is offensive or objectionable to the recipient and/or an observer. This includes, but is not limited to, any derogatory or suggestive verbal comments or physical conduct. Sexual harassment has occurred when:

- submission to such conduct is made either explicitly or implicitly as a term or condition of an individual's employment;
- submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting an individual; and/or
- such conduct interferes with a person's work performance or creates an intimidating, hostile or offensive work environment.

A hostile work environment may also be created by non-sexual behavior directed at an individual because of their gender (e.g., using derogatory terms to refer to men or women), or sexual conversation or activity not directed at a particular individual, but which adversely affects working conditions (e.g., telling offensive jokes in the presence of others or which can be overheard by others).

Sexual harassment also includes sexually suggestive or obscene materials, such as visual materials, music, computer software or literature, which may create an offensive or hostile work environment.

Isolated incidents of sexually oriented misconduct, which is unwelcome and offensive, as well as continual or repeated incidents of such behavior, may also constitute sexual harassment.

Sexual harassment toward another person of the same sex is also strictly prohibited by this policy.

Reporting Allegations

An employee should report allegations of sexual harassment to his/her immediate supervisor or the Human Resources Director, except as indicated below:

- An employee should not attempt to informally resolve disputes with any supervisor if the dispute relates to allegations of sexual harassment on the part of that supervisor. In those instances, the employee may address the issues with a supervisor in his/her chain of command or contact HRD.
- Supervisors are required to report complaints to the Human Resources Director as soon as possible after the act or event prompting the complaint has occurred. The complaint may be made in writing or orally. If the complaint is made orally, it will be reduced to writing by the Human Resources Director or designee and reviewed and approved by the complainant prior to the investigation.

Employee Protection

Retaliation against an employee for attempting to resist sexual harassment, filing a complaint, attempting to stop sexual harassment against another employee or for participating in any way in an investigation of a sexual harassment complaint will not be tolerated. Employees should report such reprisal and/or retaliation to the Human Resources Director. Management will take appropriate corrective action for any violations of law or policy that are discovered in the course of an investigation.

Confidentiality

All complaints of sexual harassment are addressed in a confidential manner. Each allegation is documented and retained in a confidential file within HRD.

Confidentiality shall be maintained by all parties involved in a sexual harassment complaint, or in the investigation of a sexual harassment complaint. However, confidential information may be subject to disclosure in the following instances:

- in the event of legal proceedings or as otherwise required by law;
- information regarding an investigation of a sexual harassment incident may be released to persons within the City on a “need to know” basis (e.g., the parties’ supervisors); and/or
- identity of the complainant and any witnesses in a sexual harassment investigation shall remain confidential unless and until disclosure of identities becomes necessary. Such disclosure may become necessary if the complainant or witnesses testify against a respondent to a sexual harassment complaint claim that has requested a hearing pursuant to the City’s appeal procedures.

Retaliation

Any employee who retaliates, in any form, against an employee for making a complaint of sexual harassment, will be in violation of the City’s sexual harassment policy, and is subject to disciplinary action, up to and including termination. However, disciplinary action against employees who have violated City policy or who are not performing up to acceptable standards will not be stayed merely by the filing of a complaint.

SECTION 4: BULLYING

Policy

The City of Taylor prohibits bullying by City employees. Bullying is defined as repeated, health-harming mistreatment of one or more people by one or more perpetrators. Examples of prohibited conduct that violates the City’s policy against bullying include, but are not limited to:

- Threatening, humiliating or intimidating behaviors.
- Work interference/sabotage that prevents work from getting done.
- Verbal bullying including slandering, ridiculing or maligning a person or his or her family.

- Persistent name-calling that is hurtful, insulting or humiliating.
- Using a person as the basis of jokes; abusive and offensive remarks.
- Physical bullying including pushing, shoving, kicking, poking, tripping, assault or threat of physical assault, damage to a person's work area or property.
- Gesture bullying including nonverbal gestures that can convey threatening messages.
- Exclusion, including socially or physically excluding or disregarding a person in work-related activities.

Procedure	An employee who feels they have experienced bullying should immediately report this to their supervisor or to Human Resources Department. All employees are strongly encouraged to report any bullying conduct they experience or witness as soon as possible. Failure of a supervisor to report allegations of bullying will lead to disciplinary action if it is determined that the supervisor had knowledge but did not report the information immediately to the appropriate management. Retaliation against an individual for reporting bullying or for participating in an investigation or a claim of bullying is a serious violation of this policy and, like bullying itself, is prohibited. Acts of retaliation should be reported immediately to the supervisor and/or Human Resources Director and will be promptly investigated and addressed.
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SECTION 5: WHISTLEBLOWER POLICY

Policy	The City will not suspend, terminate, or otherwise discriminate against an employee who appropriately reports a violation of law to an appropriate authority if the employee report is made in good faith.
Employee Rights	No employee will be harassed, suspended, terminated, or otherwise discriminated against for exercising their rights. Employee rights include: • right and/or duty to report violations of law; • right to report unsafe act or condition; • right to file a Workers' Compensation Claim; • right to file a grievance; and • right to file a complaint of alleged discrimination.
Supervisor Responsibility	Supervisors are responsible for reporting any violation of this policy to the Department Director, Human Resources Director and/or City Manager.

SECTION 6: FRAUD

Policy

All employees are expected to maintain a high level of personal and professional conduct on the job. As a public service organization and stewards of public funds, the City holds its employees to a high standard of ethical conduct relating to the use of City resources.

All employees shall avoid fraud and are expected to report possible fraudulent activity or any internal and/or external practices that may allow for or facilitate fraudulent activities. Supervisors and managers have a greater responsibility to uphold this policy. They are expected to initiate appropriate preventive measures, implement the necessary controls and initiate investigations by promptly reporting allegations.

Reports of fraud can be made to the City's Finance Director, City Manager, Deputy City Manager, Assistant City Manager, Human Resources Director, or the employee's supervisor or Department Director.

The City considers the following list of actions to be fraud

- Forgery or alteration of any document (including timesheets) or account belonging to the City
- Forgery or alteration of a check, bank draft or any other financial document representing funds belonging to the City
- Intentionally filing inaccurate reports or claims for payment for monetary gain
- Misappropriation of funds, securities, supplies, or other assets of the City
- Impropropriety in the handling or reporting of money or financial transactions involving the City and any other entity
- Profiteering as a result of insider knowledge of City activities
- Removal or inappropriate use of records, furniture, fixtures, and equipment belonging to the City
- Embezzlement, larceny, or any other misapplication of City funds.
- Any official misconduct including the misapplication or misuse of City funds or property.

Procedure

An employee shall immediately report concerns of possible fraud to the employee's supervisor for appropriate action. Immediately shall mean as soon as the employee has the means to contact the supervisor, but shall be no longer than 24 hours after the employee becomes aware of the suspected fraud. As an alternative, an employee can report suspected fraud directly to the employee's Department Director, the Finance Director, the Human Resources Director, ~~thean~~ Assistant City Manager, the Deputy City Manager, or the City Manager. An employee who provides information in good faith will be protected from retaliation.

An employee who is contacted by a citizen with evidence or written allegations of fraud shall immediately report it.

Allegations of fraud shall be investigated by an “investigation committee”, a standing committee responsible for responding to fraud allegations through the coordination of necessary resources and determining a course of action regarding the investigation.

The investigation committee will be composed of a representative from Finance and Human Resources and a representative of the department where the suspected fraud occurred, as designated by the City Manager. If the committee believes that alleged conduct may be criminal in nature, then the committee will recommend that the allegation be referred to the Police Department. All findings of the committee will be communicated to the City Manager’s Office.

All employees are required to cooperate fully during any City review or investigation of an allegation of fraud. Anyone informed of an investigation in progress shall ensure that strict confidentiality is observed as to not prejudice the investigation or the city’s rights and integrity.

Employees who intentionally or knowingly make false accusations and / or provide false information concerning instances of fraud will be subject to disciplinary action up to and including termination.

An employee may not be retaliated against for reporting an alleged violation of a law to an appropriate law enforcement authority if the employee’s report is made in good faith.

SECTION 7: ETHICAL STANDARD

Policy

All employees are expected to maintain a high level of personal and professional conduct. Employees should conduct themselves in a manner that ensure those high standards are met, avoiding even the appearance of impropriety. Actions in violation of conduct standards include, but are not limited to:

- Use of an employee’s official position to secure special privileges or exemptions, whether direct or indirect, for ~~them self~~themselves or others.
- Disclose any confidential information gained by reason of the employee’s position concerning the property, operations, policies or affairs of the City or use such confidential information to advance any personal interest, financial or otherwise, of the employee or others.
- Commit actions to be considered fraud as defined in these policies

- Provide false information and / or make false accusations.
- Participate in any improper secret agreement between two or more entities, to defraud or deprive others of their property or rightful share, or to otherwise indulge in a forbidden, illegal or illegitimate activity.
- Behave in any manner which causes discredit to the employee and / or places the City in disrepute. The commission and/ or convictions, including deferred adjudication or deferred prosecution, of any crime other than minor traffic violations will be reviewed as a possible violation of this policy based on the nature of the offence and the relativity to the employee's job responsibilities.
- If an employee is involved in any of the acts listed above, on or off the job, they must report it to their supervisor and/or the Human Resources Department immediately. In addition, employees required to operate a City vehicle as a part of their job should report all moving violations.

This list is not all-inclusive. Any conduct of an employee that disrupts the work environment or places the personal interest of the employee above those of the City or the public may be treated as a violation of the public trust.

SECTION 8: HIRING PROCEDURE

Policy

When a vacancy occurs, the appropriate supervisor and human resources representativeHRD will work together to develop a job posting and to identify appropriate recruitment methods.

Recruitment and Selection

The City of Taylor has three methods of recruiting and selecting persons to fill vacancies:

1. Internal posting of jobs to allow for competitive consideration of applications for promotion or transfer.
2. Public announcement and competitive consideration of applications for employment.
3. Selection from a valid eligibility list for Police Officers and Firefighters

The Department Director determines the method(s) of selection to be used in filling each vacancy.

The City only accepts applications for posted positions. Job vacancies will be posted on the City website, social media outlets, and other related web sites.

Minimum Qualifications

The City maintains a job description for each position which establishes the required knowledge, skills, abilities and the acceptable levels of experience and training required. The job description sets forth the minimum acceptable qualifications to fill each position.

To be considered for a position, an applicant must submit a City job application. An applicant must apply for a specific job on the City's current vacant job list. The City will not accept applications for anything other than a current open, posted position. An applicant must submit a separate application and related attachments for each position for which they are applying. All materials submitted for consideration will be considered the property of the City of Taylor and cannot be returned.

Except as otherwise protected by law or regulation, the information contained in the application is not confidential and may be used by the City of Taylor.

Evaluation of Applicants

Reference checks, interviews, medical examinations, background checks, job related testing, and/or other screening procedures may be used as appropriate.

Applicants shall be required to provide any information and undergo any examination necessary to demonstrate competency and ability to perform the requirements of the position.

Testing

Except for drug, physical ability and psychological tests for certified police and fire employees and any other tests that may be required by state law, the only performance tests administered for employment or promotion are specifically job related ("piece-of-the-job") tests (e.g., typing, operating a computer, operating a piece of equipment, lifting a heavy item which is regularly required to be lifted in the job, tabulating columns of numbers, providing writing samples, etc.). The City conducts pre-employment qualification testing for certain jobs. The tests vary based on the required qualifications for the job. Reasonable accommodations will be made for applicants with a disability if a request for such an accommodation is made in advance of a test.

Offers of employment will be conditioned upon the applicant's successfully passing a drug test and a criminal background check. All required psychological, drug, and physical tests are paid for by the City. Any subsequent services needed as a result of the tests, however, is the full responsibility of the applicant or employee.

Disqualification

An applicant is disqualified from consideration if he or she:

- does not meet the minimum qualification necessary for performance of the duties of the position involved;

- has knowingly made a false statement on the application and/or any materials submitted for consideration for employment;
- has committed or attempted to commit a fraudulent act during the selection process;
- is not legally permitted to hold the position;
- has failed to submit the application correctly or within the prescribed time limit;
- is not the most closely matched candidate in the pre-determined criteria; or
- violated the Department of Transportation (DOT) alcohol and drug testing policy in the past three (3) years.

Employment of Minors

Individuals must be at least eighteen (18) years of age to be employed by the City in a regular position or in any position requiring the operation of a motorized vehicle or equipment owned by or operated on behalf of the City of Taylor. Persons under the age of eighteen (18) but at least sixteen (16) years of age may be employed in seasonal positions.

Required Permission

Minors must have parental permission before they can begin work with the City. The permit shall be filed in HRD.

Probationary Period

Employees will serve a six (6) month probationary period upon hire. Firefighters and Police Officers will serve a one (1) year probationary period. The probationary period is a time to determine whether the job is what was expected and for the department to determine if it is a good fit. Failure to successfully complete the probationary period may result in termination.

SECTION 9: TRANSFERS

Policy

A transfer is the movement of an employee between positions within the City. Transfers may be made within the same department or between departments if a vacant position is available and the employee can perform the essential functions of the position, with or without reasonable accommodation. An employee who is transferred is subject to the one hundred and eighty (180) day probationary period and may be returned to the employee's former position, if available, at any time during the probationary period.

Eligibility

All employees are eligible for transfer.

Between Departments

An employee wishing to transfer from one department to another must apply for existing vacancies. Employees wishing to transfer between departments for a position in the same classification will do so with no increase in salary.

Notice Between Departments

Employees who apply for, and are offered jobs in other departments, will be required to remain in their current department for a three (3) week period to give their current department ample time to post for the vacancy. This requirement may be waived at the discretion of the current Director or designee. City manager may determine a longer period is needed for business necessity.

SECTION 8: SEPARATION PROCEDURES

Resignation Policy

Employment with the City of Taylor may be ended by termination, reduction in force, resignation, retirement, or death.

An employee must give written notice of at least two weeks to be considered to have resigned in good standing. A signed resignation letter should be submitted to the Director and a copy of the letter must be attached to the separation PAF. Department Directors or designee should provide an Acceptance of Resignation letter to the employee confirming the resignation has been accepted and steps to out process. An employee giving less than a two (2) week notice will not receive their accrued PTO payout. Payout may occur in this instance, if mutually agreed upon between the employee and department management, that two (2) weeks' notice is waived.

Reduction in Force

An employee may be separated when his or her position is eliminated or not funded. When non-civil service employee reductions in force are necessary, decisions on individual separations will be made after considering (1) the relative necessity of each position to the department and the City, (2) the performance record of each employee, (3) transferability of the employee's skills to remaining positions with the City, and (4) the employee's length of service with the City. Civil service employee reduction in force will be in accordance with Chapter 143 of the Local Government Code and local civil service rules. Employees who have been laid off may reapply to the City for other positions.

Death

If a City employee dies, the employee's estate receives all pay due and any earned and payable benefits as of the date of death. Payable benefits include PTO and sick leave accrued.

Retirement Information

Employees planning on retiring should follow the procedure outlined by the Texas Municipal Retirement System (TMRS).

COBRA Privileges

An employee who has group insurance coverage at the time of separation has conversion privileges for health and dental insurance. The employee can assume full payment of the premiums and continue the coverage for up to 18 months. The conversion privileges also apply to dependents that are covered at the time of the employee's separation.

Retirement Refund	An employee who is separating may request a refund of retirement contributions from the Texas Municipal Retirement System.
Separation PAF	A Personnel Action Form (PAF) for employees separating from the City must be generated as soon as it is known that an employee is leaving the City. Failure to do so may jeopardize the timeliness of the employee's final paycheck/direct deposit. Based on business necessity, a Director may request the exiting employee's emails be forwarded to their supervisor.
City Property	On the last day of employment, the employee is required to return all City property <u>s</u> uch as cellphones, identification badges, uniforms, keys, credit card-(s), vehicles and an <u>y</u> other City owned equipment and property to their supervisor. Failure to return City property may result in loss of benefits and potentially criminal charges.
Rehire Eligibility	Former employees applying to be rehired may be considered for employment as members of the public. However, special consideration will be given to past job performance, circumstances surrounding termination of previous employment, and the former employee's knowledge, skills and experience with City procedures and functions. Employees re-hired within thirty (30) consecutive calendar days after separation will have their service bridged as if there is no break in service. Employees rehired after a break in service of more than thirty (30) consecutive calendar days will receive a new date of hire. Employees rehired after a thirty (30) daybreak in service will be considered the same as new employees for all benefits, unless approved in advance by the City Manager.

SECTION 9: NEPOTISM

Policy	Nepotism is the showing of favoritism toward a relative. The City forbids the practice of nepotism in hiring personnel or awarding contracts. <u>Relatives of Officials</u> No person related within the second degree by affinity or within the third degree by consanguinity, as outlined in the Relationship Charts, to the Mayor or any member of the City Council or City Manager should be employed or appointed to any office, position or clerkship of the City. This prohibition shall not apply, however, to any person who have been employed by the City at least 1. thirty (30) days prior if the officer or member is appointed by the council 2. six (6) months if the officer or member is elected.
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Relatives of City Employees

No employee may directly or indirectly supervise or be supervised by a spouse or a member of his/her family who is related as defined in the Relationship Charts.

No employee may hold a job where the employee exercises supervisory authority over the work, assignments, working conditions, and/or compensation/benefits of any individual who is related as defined in the Relationship Charts.

No employee may hold a position where the employee shares the same supervisor with an individual who is related within the same division/department as defined in the Relationship Chart.

In no instance, may an individual be promoted to a position wherein that person would directly or indirectly supervise or be supervised by a relative as defined in the Relationship Charts.

Relationship Charts	
Relationship to: Employee/Officer/Firefighter Consanguinity Kinship ↓ Blood	1st Degree: Father, Mother, Daughter, Son 2nd Degree: Brother, Sister, Grandfather, Grandmother, Granddaughter, Grandson 3rd Degree: Uncle, Aunt, Niece, Nephew, Great Grandfather, Great Grandmother, Great Granddaughter, Great Grandson
Relationship to: Employee/Officer/Firefighter's Spouse Affinity Kinship ↓ Marriage	1st Degree: Father, Mother, Daughter, Son 2nd Degree: Brother, Sister, Grandfather, Grandmother, Granddaughter, Grandson

SECTION 10: PERFORMANCE MANAGEMENT

Policy

The City of Taylor will provide a uniform and equitable process of communicating to employees the performance expectations, their actual achievements, and recommendations for improving performance. Performance Management Processes are critical because employees need to know areas in which they are having success as well as areas where they should improve to meet performance standards and/or career enhancement goals.

It is the duty of each employee to maintain high standards of productivity, cooperation, efficiency, and economy in his/her work for the City. Supervisors shall organize and direct the work of their departments/divisions to achieve these objectives. Employees are obligated to follow directions given by their supervisors to achieve departmental/divisional goals and objectives.

If work habits, behavior, production or personal conduct of an employee falls below appropriate standards, supervisors should point out the deficiencies at the time they are observed. Counseling and warning the employee in sufficient time for improvement shall customarily precede formal actions as stated in other policies.

Performance Improvement Plan (PIP)

A PIP may be initiated after an employee's performance has been evaluated and deemed to be unsuccessful. If an employee receives an overall Performance Appraisal Rating of Needs Improvement on the annual appraisal, a PIP must be implemented or if the employee is not meeting the performance standards for a particular task at any time during the appraisal period, the supervisor has the option of placing the employee on a PIP. Supervisors must apply the same practice to all similarly situated employees.

The plan shall identify deficiencies, provides a methodology for improvement, and establishes a timetable in which performance must be improved. Usually, the maximum period for a PIP is ninety (90) calendar days.

The original plan remains with the supervisor until the completion of the PIP period and a copy is given to the employee. The original plan must be attached to the appraisal document that is submitted to HRD.

SECTION 11: HUMAN RESOURCES ADMINISTRATION

Master Personnel File

The Human Resources Department (HRD) is the repository for the City of Taylor master personnel files. The original of all documents will be forwarded to HRD for inclusion in the master personnel files.

Most of the required personnel information for inclusion in the master personnel file will be collected prior to, or on, the employee's first day of employment. Department Directors are responsible for forwarding any additional documentation and/or information as it occurs, or as required.

Human Resources Director Responsibility	The Human Resources Director is the custodian of, and responsible for, all documentation and information included in the master personnel files. The Human Resources Director is also the final authority in determining what documentation and/or information is irrelevant or inappropriate to be included in the master personnel files and will ensure that HR records will be maintained in accordance with the City's adopted record retention plan.
Security Measures	The following security measures are enforced to safeguard master personnel files in HRD: • Master personnel files will be stored either in lock-type file cabinets, or in a room that is to be locked when not in use; • No personnel files are to be removed from HRD; • If access to view personnel files is necessary during litigation or investigation of complaints, HRD will make arrangements for access; • Copies of information needed from a personnel file shall be made by a HRD employee; • Any employee desiring to have information placed in his/her personnel file must submit the documents to his/her Department Director or designee. The Department Director or designee will forward the documents to the Human Resources Director requesting inclusion; • Employees may review their file in HRD with the presentation of proper photo identification (Note: Files may not be removed from HRD). A HRD employee will always be present to ensure safeguarding of the records. If an employee desires a copy of information maintained in the file a HRD employee will make the copy. Employees are not allowed to remove or place any documents in their own file; and • The employee or a designated representative will be allowed access to all information contained in the employee's personnel file. The employee's designated representative, however, must have written approval from the employee and present proper photo identification.
Department Files	Department Directors may maintain a desk file for each employee in their department. They must ensure, however, that control measures are established to safeguard the files.
Disciplinary Action	The unauthorized removal or placement of materials in a personnel file is grounds for disciplinary action, up to and including termination.
Responding to Inquiries	All verbal and written requests for information regarding employees or former employees should be immediately referred to HRD. The following information will be furnished by HRD to general telephone inquiries received from the public regarding employment verifications for active or separated employees: • employee name; • employment dates;

- work address;
- work telephone number;
- gross salary (if quoted); and
- official job classification or title.

Open Records Act

Any request for additional information regarding employees not covered in the preceding paragraph must be submitted in writing under provisions of the Texas Open Records Act. Only information not excluded from provisions of the act will be released.

Under Texas Government Code Sec. 552.024, an employee may elect to keep his/her home address, home telephone number, social security number and family member information confidential from public access. If an employee desires to change the access to this information, he/she must submit a written request to HRD.

Since an employee's supervisor and Department Director are not considered "the public," the home address and home telephone number of an employee will be provided to the supervisor or Director upon request.

Chapter IV

SALARY ADMINISTRATION

SECTION 1: POSITION CLASSIFICATION

Policy The City will maintain a compensation and salary administration system, which is internally equitable and externally competitive based on market.

Pay and Classification Plan The City maintains a Pay and Classification Plan which assigns each job title to a pay grade based on the principle of equity among positions requiring similar knowledge, skills, and abilities and having similar levels of responsibility.

Employee Type

Regular Full time –an employee who works 30 or more hours in a budgeted position. Regular full-time employee will serve a probationary period upon employment with the City.

Regular Part time – an employee who works 29 hours or less in a budgeted position. Regular part time employee will serve a probationary period upon employment with the City.

Temporary employee – is not assigned a probationary period upon employment with the City. Temporary employees are employed to accomplish specific, short-term, or seasonal assignments. Most temporary employees will complete assignments within six months. However, in some specialized positions, a Department Director may decide whether to retain an employee longer than six months with review and approval of the Human Resources Director. A temporary employee who is hired into a regular budgeted position must serve a probationary period of six (6) months.

Official Job Titles and Codes

All positions shall be designated by official job titles and codes. These official titles shall be used on all official records, payroll and communications.

Exemption Status

Exempt employees are not eligible to earn overtime pay as established by the Fair Labor Standards Act (FLSA).

Non-exempt employees are eligible to earn overtime at time and one half their rate of pay as established by FLSA.

Overtime Eligibility

Overtime commences after 40 hours per seven-day workweek for all public service employees; 80 hours per 14-day work period for patrol officers; and 106 hours per 14-day work period for firefighting employees.

Compensatory Time

Compensatory time in lieu of overtime pay is offered by the City. Compensatory time shall be granted at the discretion of the department head. The department head shall tell the employee if overtime will be paid in cash or compensatory time before the work is started. Any compensatory time earned must be used or paid within the fiscal year in which the overtime was worked. As a rule, no more than thirty-six (36) hours of compensatory time (representing twenty-four (24) overtime hours worked) should be allowed to accumulate for non-civil service employees and no more than sixty (60) hours (representing approximately forty (40) hours worked) for civil service employees.

If compensatory time is not used during the fiscal year in which it is earned, the compensatory time will be paid at the employee's regular, straight-time rate of pay for the total number of hours on the employee's compensatory time record at the end of the fiscal year.

On-Call Pay

The city may compensate employees who are required to be in a scheduled "on-call" status for delivery of essential City services outside of their normal scheduled hours of work. Exempt employees are not eligible to receive on-call pay.

Pay Grades

Pay grades are established by use of market data and internal value to the organization. When the results of a market study are implemented, a position may be reallocated based on current market data.

Pay Ranges

Each pay grade has been assigned a salary range based on a range around market averages or median for similar positions. Within this framework, a new employee's salary will be determined by their qualifications at the start of employment.

Within the general guidelines of the plan and the budget, the City Manager or designee is authorized to determine the appropriate pay grade to which each job title is allocated.

Maintenance of the Plan

The Plan will be reviewed each year to determine its adequacy for business conditions and a recommendation will be made to the City Manager. Adjustments will be made to the Plan as required.

SECTION 2: PERSONNEL AND SALARY ACTIONS

**PAF Required for
Personnel Actions**

A Personnel Action Form-(PAF) must be completed on any personnel action that affects employee's title, classification, pay rate, or status (i.e. promotion, reclassification, demotion, transfer, separation). The PAF must be approved by HR before the personnel action is official.

Employee Notification

Promotions or salary increases will not be processed unless approved at all levels (Department Management, HRD and Executive Management, if applicable).

SECTION 3: PROMOTIONS

Promotion Defined

A promotion is a change in duty assignment of an employee from a position in one classification to a position in another classification in a higher salary group requiring higher qualifications, such as greater skill or more experience, **and** involving a higher level of responsibility.

Evaluation Period

Except for civil service employees, each employee who is promoted shall serve a six-month evaluation period in his/her new position. Any employee who fails to perform satisfactorily during his/her evaluation period may be demoted, transferred, reassigned, or terminated.

SECTION 4: DEMOTIONS & REASSIGNMENTS

Demotion Defined

A demotion is defined as a change in duty assignment of an employee from a position in one classification to a position in another classification in a lower salary group.

Demotions may occur for the following reasons:

- Reassignment in lieu of layoff due to a reduction in workforce.
- Sustained inadequate performance or voluntary (employee initiated) demotion; employee's salary will be decreased.
- Selection of a current employee, through a competitive posting, for a position in a lower pay grade. However, the employee's salary will be reduced. The employee's new salary must not exceed the maximum of the pay grade or fall below the pay grade minimum.

**Reassignment
Defined**

Reassignment may be initiated by a Department Director when the best interests of the City are served by such action. It may be necessary to reassign employees to other classifications with changes in title and pay for non-performance related reasons. This could result from a reduction in force when an employee's original position is eliminated, and the City offers to reassign rather than lay off the employee. Voluntary reassignment may be requested by an employee.

SECTION 5: RECLASSIFICATIONS

Reclassification Defined

Reclassification shall not be interpreted to mean a change in the employee's work assignment, but a proper definition of classification based on current duties. A reclassification may occur when, over a period an employee's key areas or responsibility change significantly enough to warrant a change in classification. A position may be reclassified to another class in the same pay grade or to a higher or lower pay grade. An employee whose position is reclassified to a higher pay grade may receive an increase to at least the minimum of the new pay grade. If a position is reclassified and assigned ~~to the~~ to a lower grade, pay will be frozen if it is above the maximum rate of the new pay group.

Supervisors are required to review significant proposed changes in key duties with HRD prior to discussion with the employee.

SECTION 6: INTERIM POSITIONS

Purpose

To fill position vacancies temporarily until such time as the incumbent returns from extended leave or an applicant best suited to the requirements of the position can be hired. This applies to all regular, full-time positions. Civil Service employees will be handled in accordance with Texas Local Government Code, Chapter 143.

Policy

Positions anticipated to be vacant for 30 days or more may be considered for interim appointment. The 30-day duration applies to extended leaves of absences as well as vacancies.

The City Manager will approve all interim positions appointments and their duration.

People appointed to an interim position will receive the beginning salary for that position, but not less than 10% of the employee's current salary, unless otherwise approved by the City Manager.

Non-exempt employees holding an exempt interim position will be treated as exempt employees with regard to overtime.

Appointment into an interim position is not a guarantee or entitlement for permanent appointment into the position.

Upon return of the incumbent or the selection of a candidate for the vacant position, the interim position will end the day before the return of the incumbent or new employee's first day of work.

Upon closure of the interim position, the employee shall be returned to the pay grade equal to that which would have been received if the employee had remained in the regular position, taking into account any salary adjustments that would have occurred during the interim period due to annual appraisals, COLAs, or for other reasons.

SECTION 6: MANDATORY PAYROLL DEDUCTIONS & DIRECT DEPOSIT

Federal Income Tax	The percentage deducted for federal income tax varies with the salary and W-4 (Employee's Withholding Allowance Certificate) of an employee.
Social Security Tax	A total of 7.65 percent will be deducted from each employee's salary over an annual period for FICA and Medicare. (Note: Amounts deducted for FICA and Medicare is governed by federal law and is subject to change.)
Employee Retirement	Full time and part time City employees working a standard twenty (20) hour work week are required to become a member of the Texas Municipal Retirement System (TMRS) on the first day of City employment. The employee's contribution is deducted from each paycheck. Contributions to an employee's retirement account are based on gross salary: • 7% is contributed by the employee, and • 14% is contributed by the City.
Direct Deposit	• All employees are required to participate in payroll direct deposit. This means that your pay will be deposited directly into your account(s) at a participating institution each payday.

Chapter V

EMPLOYEE BENEFITS

SECTION 1: INSURANCE COVERAGE

Group Insurance Plan	The City pays the premium for employee health, dental and vision coverage for full-time active employees. Full time employees are those working thirty (30) hours or more. Eligible employees may add dependent coverage at the employee's expense. Insurance plans include: • Health Insurance • Dental Insurance • Vision Insurance • Basic Life Insurance
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- Long Term Disability

Supplemental Coverage

The City offers voluntary supplemental insurance through a third-party administrator. Supplemental coverage includes:

- Optional Life Insurance
- Short Term Disability
- Legal Protection Plan

Workers' Compensation

Employees are covered by the Workers' Compensation Insurance Program. This program provides medical and salary continuation payments to employees and/or qualified volunteers who receive bona fide, on-the-job, work-related injuries.

~~Affected employees will receive Temporary Income Benefits (TIBS) checks from the City's insurance carrier (Texas Municipal League). Employees who are expected to be off work longer than eight (8) days must endorse and return the first TIBS check to HRD immediately.~~

Retirement Plan

~~The City of Taylor is a member of the Texas Municipal Retirement System (TMRS), a cooperative organization of Texas cities and towns formed and operating under the provisions of state law. TMRS membership is a condition of employment for all employees who work at least 1000 hours per year.~~

~~The plan requires a contribution be made by the City and the employee. The employee's contribution rate is 7% and is made through a tax deferred payroll deduction. The City matches the employee's contribution based on requirements set out by the plan on an annual basis. Vesting occurs when an employee has made deposits into TMRS for five (5) years. Employees may retire with TMRS benefits after five (5) years of service at age 60 or at any age if the employee has twenty (20) or more years of service.~~

~~TMRS provides an **Occupational Disability** benefit. If the employee become disabled in a manner likely to be permanent and that prevents the employee from performing their job with the city, the employee may be eligible to retire immediately. The employee's benefit will be based on their member deposits and interest, the city's matching funds, and any other credits the employee has earned.~~

~~TMRS provides a supplemental death benefit which, in the event of the employee's death, is paid to the beneficiary. This Supplemental Death Benefit is one year salary for an employee and \$7,500 for a Retiree. The employee is responsible for designating a beneficiary.~~

Deferred Compensation

~~The City offers a supplemental deferred compensation program, which allows employees to defer a portion of their expendable gross earnings up to an established maximum per year. Under this plan, the amount of salary, which is deferred, is not taxed in the current year. Both the salary~~

~~deferred and the earnings it generates are permitted to accumulate without being subject to taxes until the employee receives payments from his or her account.~~

Flexible Spending Accounts

The City offers flexible spending accounts for dependent childcare reimbursement and unreimbursed medical expenses. This program allows employees to be reimbursed for dependent childcare expenses and for out-of-pocket health care expenses. Employees elect to contribute money to one or both accounts on a pre-tax basis through payroll deduction.

Premium Payment While on Leave Without Pay

Employees on Leave Without Pay for a full calendar month must pay the total amount of their insurance premiums unless the absence is due to circumstances associated with the Family and Medical Leave Act (FMLA). Arrangements for payment may be made by contacting HRD. Arrangements for payment should be made before going on Leave Without Pay whenever possible. **Failure to pay premiums in a timely manner could result in cancellation of insurance coverage.**

Employees on FMLA Leave

Employees on FMLA leave are entitled to the City's contribution and may keep the coverage they had while working. ~~Also, employees on FMLA leave are responsible for paying their portion of the insurance premiums on the first of each month. (For more information see Section 13: FMLA)~~

Protected Health Information

The privacy of protected health information will be maintained in accordance with HIPAA laws and the regulations specified in Standards for Privacy of Individually Identifiable Health Information, as well as applicable state laws governing the use and disclosure of health information.

The Human Resources Director is designated as the City's Privacy Officer for the health plan. Any questions regarding the policies and procedures in this directive shall be directed to the Human Resources Director's attention. Concerns and issues regarding violations of the terms of this policy or your rights as described in the Privacy Notice should be reported immediately.

Employees may contact HRD concerning issues involving claims for health care expenses. All employees enrolled in the City's health plan must diligently protect the privacy of personally identifiable health information.

SECTION 2: RETIREMENT BENEFITS

Retirement Plan

The City of Taylor is a member of the Texas Municipal Retirement System (TMRS), a cooperative organization of Texas cities and towns formed and operating under the provisions of state law. TMRS membership is a

condition of employment for all employees who work at least 1000 hours per year.

The plan requires a contribution be made by the City and the employee. The employee's contribution rate is 7% and is made through a tax deferred payroll deduction. The City matches the employee's contribution based on requirements set out by the plan on an annual basis. Vesting occurs when an employee has made deposits into TMRS for five (5) years. Employees may retire with TMRS benefits after five (5) years of service at age 60 or at any age if the employee has twenty (20) or more years of service.

TMRS provides an **Occupational Disability** benefit. If the employee become disabled in a manner likely to be permanent and that prevents the employee from performing their job with the city, the employee may be eligible to retire immediately. The employee's benefit will be based on their member deposits and interest, the city's matching funds, and any other credits the employee has earned.

TMRS provides a supplemental death benefit which, in the event of the employee's death, is paid to the beneficiary. This Supplemental Death Benefit is one year salary for an employee and \$7,500 for a Retiree. The employee is responsible for designating a beneficiary.

Retirement Eligibility

A Texas Municipal Retirement System (TMRS) member who has service credit in the system is eligible to retire and receive a service retirement annuity if the member is:

- at least 60 years old and has at least 5 years of service credit with TMRS; or
- at least 20 years of service credit with TMRS, regardless of age.

Retirement Benefits

The monthly retirement benefit amount is based on several factors such as total member deposits plus interest, city matching funds and other credits granted, life expectancy of the member and beneficiary, future interest (assumed), the monthly payment plan chosen by the member, and whether a partial lump sum distribution is taken. For a true estimate of benefits or any other questions regarding retirement, employees may contact TMRS or the Benefits Division in HRD.

Retiree Insurance Coverage

Full-time employees retiring from the City under the Texas Municipal Retirement System (TMRS) and that have 5 years of service with the City on or after January 1, 2000 and are covered by the City's medical insurance at the time of retirement may be eligible to receive insurance coverage.

Contingent upon funding availability, all or a portion of premiums or opt-payments for the retiree may be paid by the City for five (5) years unless any one of the following conditions occur:

1. the retiree attains the age 65, or
2. the retiree becomes eligible for hospitalization and medical insurance coverage by virtue of other employment, or
3. the retiree becomes eligible for disability retirement provided by the Federal Government.

~~3.~~

In the event any of the conditions set forth in 1, 2 or 3 above occurs, the City shall have and reserves the right to immediately terminate both the coverage and premium payment for City ~~group hospitalization and medical~~ insurance that would otherwise be provided for the retiree.

SECTION 3: DEFERRED COMPENSATION

~~Voluntary Salary~~ ~~Deferment~~Deferred Compensation

The City of Taylor offers a deferred compensation plan to City employees: Deferred Compensation Plan (IRS Code Section 457). The plan administrator is a third-party vendor. Employees may participate voluntarily in the plan.

The plan allows an employee to defer part of their salary before income tax is deducted up to maximum each year established by the IRS. The amounts deferred are not considered wages for federal income tax but are considered wages for Social Security taxes. The purpose of these plans is to allow employees to establish supplemental retirement funds to provide additional income upon retirement or separation from City employment. Federal income tax liability is deferred on this income until a distribution is received.

SECTION 4: WORKERS' COMPENSATION

Policy

In the event of an occupational injury or illness due to a work-related incident, the City makes every effort to provide immediate assistance to the affected employee in accordance with the Texas Workers' Compensation Commission Rules on the injured worker rights and responsibilities.

Guidelines

City employees must report any work-related injury, illness, and exposure to the immediate supervisor as soon as the incident occurs.

The supervisor must immediately report the injury or illness to the HRD for guidance and to initiate the process. Assistance for immediate medical attention must be provided to the injured worker as appropriate.

The supervisor must conduct an initial investigation of the incident and then complete an Incident Report form with the affected worker.

The completed and signed Incident Report form, with relevant statements and reports, must be forwarded immediately to HRD in order to complete and submit the Division of Workers' Compensation (DWC) Employer's First Report of Injury or Illness form DWC-1. The completed form DWC-1 is forwarded by HRD to the designated insurance carrier for further eligibility evaluation and determination.

The designated insurance carrier notifies DWC and the injured worker (claimant) of actions taken, reasons for such actions, and/or any events affecting the claim and/or benefits.

Injured Worker Rights

An injured City worker may have the right to receive benefits. An injured City worker has the right to:

- receive reasonable and necessary medical care;
 - receive assistance from appropriate, qualified DWC staff; and
 - confidentiality within the scope of proper case management and legal constraints.
- Affected employees will receive Temporary Income Benefits (TIBS) checks from the City's insurance carrier (Texas Municipal League). Employees who are expected to be off work longer than eight (8) days must endorse and return the first TIBS check to HRD immediately. The city will continue to pay employees through the payroll system.

Injured Worker Responsibilities

An injured City worker has the responsibility to:

- report to the immediate supervisor all work-related injuries and illnesses;
- attend all scheduled medical appointments;
- tell the treating physician how the worker was injured and if the worker believes the injury may be work-related;
- inform DWC and the insurance carrier how to contact him or her; and
- immediately provide Workers Compensation liaison with a copy of any and all discharge notes/reports.

City's Rights

The City has the right to:

- contest the compensability of a claim;
- be informed by the insurance carrier of any dispute resolutions or court proceedings;
- attend any dispute resolution proceeding related to a claim;
- present any relevant evidence about a disputed issue;
- report suspected workers' compensation fraud to DWC and the insurance carrier; and
- review any and all discharge notes/reports.

City's Responsibilities	The City has the responsibility to: • report work-related injuries and illnesses including supplemental reports; • report an injured worker's wages and other compensation to the insurance carrier; • report any changes in an injured worker's pay or employment; • keep a record of work-related injuries, illnesses, and fatalities; and • provide workers with notice of coverage and responsibilities.
Prohibited Actions	It is a violation of City policy, procedures and state and federal law for any employee, supervisor, or manager of the City to discharge, discipline or in any other manner, discriminate against an employee of the City because the employee: • files a workers' compensation claim in good faith; • hires a lawyer to represent the employee in a workers' compensation claim; • institutes or causes to be instituted in good faith a proceeding under the Texas Workers' Compensation Act; or • testifies or is about to testify in a proceeding under the Texas Workers' Compensation Act.
Fraudulent Claims	Evidence and information indicating that a claim was submitted for workers' compensation leave, benefits, and medical treatment, and was established through fraudulent acts or deceptive practices, shall be investigated by the City and the insurance carrier. Results of investigations will be evaluated and actions will be taken in accordance with DWC Rules on Compliance and Practices.
Pre-existing Injuries	City employees must report any signs of complications that may be related to a previously reported and managed work-related injury or illness. The immediate supervisor must consult with HRD for further evaluation and determination. A new Incident Report Form is required.

SECTION 5: RETURN TO WORK POLICY - WORKERS' COMPENSATION

Policy	If a City employee sustains a work-related injury or illness and is released back to work by the treating physician to perform restricted duties, the employee is assigned to modified duties suitable to his or her physical ability and condition.
Guidelines	Supervisors must provide the injured worker with a statement of his or her essential job functions. The injured employee must share the essential job functions with the treating physician for evaluation and determination.

A release authorization and clarification of any restrictions is needed from the treating physician with respect to employee work restrictions and essential job functions. The Injured employee must provide HRD with the statement/document of release provided by the treating physician.

HRD will review and evaluate the provided release authorization for appropriate actions and assignments and inform the supervisor of restrictions.

HRD will forward a Supplemental Report of Injury to the insurance carrier indicating any changes in the injured employee's duty status.

The injured and released employee must comply with the recommendations of the treating physician, and the work plan as established by the employee's immediate supervisor in support of the intent and benefit of restricted duty status.

If the injured employee refuses to accept the reasonably modified duties, and willingly fails to comply with the plan, the employee will be referred to HRD for further case management and possible disciplinary action up to and including termination and loss of salary continuation benefit.

SECTION 6: RETURN TO WORK POLICY – NON-WORK RELATED INJURY & ILLNESS

Policy	City employees must report all serious injuries, illnesses, and exposures which occurred away from work, even if the event did not occur during the performance of activities related to the course and scope of their duties.
Guidelines	City employees must report off duty injuries and illnesses to the immediate supervisor. The supervisor will notify the employee of FMLA and refer them to HRD for further guidance. Employees with a medical statement recommending three or more consecutive sick leave days will be designated FMLA if eligible.
Off the Job Injury or Illness	Off the job injuries, illnesses, and exposures with potential health effects, which may impact the employee's ability to perform the essential job functions must be reported to the immediate supervisor. The immediate supervisor and the affected employee must consult with the Human Resources Department for further guidance and proper case management.

Employees who require accommodations based on a non-work-related injury will be evaluated with department management and HRD to determine if the request can be approved.

SECTION 7: EMPLOYEE ASSISTANCE PROGRAM

Employee Assistance Program

The City has an Employee Assistance Program (EAP) to help employees and their families resolve personal problems that may be affecting the employee's performance and ability to work. Employees may participate in the EAP:

- voluntarily by self-referral or by their family; or
- as suggested by their employer.

Confidentiality

Confidentiality for participants in the EAP is guaranteed by law. The program will not reveal to others, including City management officials, the diagnosis or particular problem, nor will such information be allowed to become part of the City personnel records.

SECTION 8: HOLIDAYS

Policy

The City is committed to providing a competitive benefit to recognize traditional holidays preserving the rich heritage and traditions of our community and enhancing the quality of life.

Designated Holidays

The City Council designates holidays for City employees. The following days are observed as paid holidays:

- New Year's Day
- Martin Luther King Jr. Day
- President's Day
- Good Friday
- Memorial Day
- Juneteenth
- Independence Day
- Labor Day
- Patriot's Day (Firefighter Only)*
- Veteran's Day
- Thanksgiving
- Friday after Thanksgiving
- Christmas Eve
- Christmas Day

If the holiday falls on a Saturday, the preceding Friday shall be observed.
If a holiday falls on a Sunday, the following Monday shall be observed.

Additionally, ~~September 11~~Patriot's Day is designated as a paid holiday for Firefighters. However, the ~~September 11~~Patriot's Day holiday must be taken in lieu of another holiday designated above.

Eligibility

Regular full-time employees and part-time employees who are normally scheduled to work at least twenty (20) hours per week are paid for holidays. Payment is based on the number of hours they would have worked if the holiday had not occurred. However, employees will not receive more than eight hours leave time for the holiday. Temporary employees or employees who are normally scheduled to work fewer than twenty (20) hours per week are not paid for holidays except for holiday hours actually worked.

An employee who is absent without approved leave or is on unapproved leave without pay on the workday immediately preceding or following a holiday will not be paid for the holiday.

Business Necessity

It is not always feasible to grant holidays at the scheduled time, especially for employees who are assigned shifts on an "around-the-clock" operation. Additionally, with the approval of the City Manager, a Department Director that finds it a business necessity to do so may direct some or all employees of the department to report for work on a holiday.

Holiday Pay

~~Full-time n~~Non-exempt employees who work on a holiday will be paid for the hours worked at straight time and will receive eight (8) hours of holiday pay. Part-time non-exempt employees will be paid for the numbers of hours the employee would have normally been scheduled to work.

Employees who are sick on a holiday for which they are scheduled to work will document the leave as holiday leave rather than ~~PTO.sick leave.~~

If an official holiday falls within an employee's PTO, the employee will be granted the holiday and not charged for a day of PTO.

If an emergency necessitates that the employee be called in to work during holiday leave all or part of that day, then the employee will be compensated. The employee will be granted either equivalent holiday time off during the same official work period or paid for the number of holiday hours actually worked.

Holiday Leave for Patrol Officers, ~~and~~ Firefighters, an

Since police patrol and fire protection must be provided around-the-clock and year-round, they remain open on holidays. To provide equivalent holiday leave time to these employees, the City has established policies for holiday leave accrual and usage for these departments.

~~Since police and fire protection must be provided around-the-clock and year-round, those City departments cannot close on holidays. To provide equivalent holiday leave time to these employees, the City has~~

~~established policies for holiday leave accrual and usage for these departments much like the City's paid time off policy. Police officers earn holiday leave credits at the rate of 8.0 hours per holiday, the same amount of holiday time off as provided to other City employees. This leave can be used in one-day or multiple-day increments with the approval of the employee's supervisor and department head. Firefighters earn holiday leave credits at the rate of 12.0 hours per holiday. Holiday time cannot be taken until it is accrued.~~

At the start of the fiscal year, police officers will receive 8 hours and firefighters will receive 12 hours of holiday leave per designated holiday. Police officers and firefighters hired during the fiscal year will receive a pro-rated amount of holiday hours.

Holiday leave time, up to 48 hours for fire, and up to 32 hours for police, and communication officers not used by September 30th-October 30th of the fiscal year will be paid at the employee's hourly rate. Any ~~holiday leave not used beyond 48 hours will expire after October 30th; additional leave will expire.~~

SECTION 9: ACCOUNTING FOR LEAVE

Leave Records

The City of Taylor is required to keep a record of time and attendance, the paid time off and sick leave accrual and absences of each employee, and reasons for the employee absences whether from sickness, PTO, other paid leave, or leave without pay.

All employees are required to report hours worked and leave taken accurately and meet the established deadlines. A deliberate misrepresentation of hours worked, leave taken, or an unauthorized absence will result in disciplinary action up to and including termination. The employee's supervisor must approve all leave time taken within the established deadlines. Leave taken may be paid or unpaid.

Unauthorized Absence

An unauthorized absence occurs when an employee:

- takes leave without prior approval as required; or
- is absent from work and fails to notify the supervisor within the established time frame.

Leave Balances

Upon approval by the supervisor, the employee may use any available holiday or PTO leave time.

~~Sick leave may only be used for illness of the employee or immediate family members.~~

Negative leave balances are not allowed.

Supervisor's Responsibility

Supervisors are responsible for determining that leave has been accrued and is available for use in the amounts requested by an employee. Department Directors are responsible for ensuring that all leave taken is recorded in the system used for recording time and approved within the established deadlines.

Medically Related Absence

If an absence is medically related, the leave request form must include a reason or explanation (ex. Dr. appt, child sick, self-sick, etc.) for the absence and is to be submitted promptly to the immediate supervisor.

Excessive Absenteeism

Disciplinary action, up to and including termination, could result from excessive absenteeism. This is evident when an employee is unable to adequately perform his/her job due to absenteeism, or when the normal day-to-day work activities of the office are disrupted due to excessive and/or unscheduled leave by the employee.

Absent Without Authorization

An employee who fails to report to or remain at work, or who fails to return to work upon expiration of approved leave, may be considered absent without authorization (AWL). Unless the employee produces a satisfactory explanation for the unauthorized absence, disciplinary action, up to and including termination, will result.

Job Abandonment

An employee who fails to report to work without notifying their supervisor of the absence for three (3) consecutive days will be considered to have abandoned his or her position with the City.

SECTION 10: PAID TIME OFF

Policy

City of Taylor recognizes that employees have diverse needs for time off from work and, as such, has established this paid time off (PTO) policy. The benefits of PTO are that it promotes a flexible approach to time off by combining vacation, sick and floating holiday allowing employees to use time off for their specific needs. Employees are accountable and responsible for managing their own PTO hours to allow for adequate reserves if there is a need to cover PTO, illness or disability, appointments, emergencies, or other situations that require time off from work. Police Officers and Firefighters will maintain a separate sick leave accrual bank in accordance with TLGC 143.

Eligibility

All regular full-time and regular part-time City employees who work at least twenty (20) hours per week are eligible to accrue PTO.

Regular part-time employees with work schedules less than forty (40) but at least twenty (20) hours per week earn PTO at one-half the regular, full-time accrual rate.

Temporary employees (full-time or part-time) and regular part-time employees who work fewer than twenty (20) hours per week do not earn personal leave.

Employees are encouraged to use PTO at least annually. PTO is accrued bi-weekly.

A break in continuous service with the City of more than 30 days forfeits leave benefits accrued prior to the break, and accrual rates for leave purposes are the same as for new employees.

City Manager may grant additional personal leave for the recruitment, retention and hiring of executive level staff.

Accumulation and Payout of Paid Time Off

PTO accruals are available for use in the pay period following the pay period in which they are accrued.

Length of service determines the rate at which the employee will accrue PTO. PTO does not accrue on unpaid leaves of absence.

Payment Upon Separation

Upon separation from City employment, a regular, full-time, non-probationary employee, in good standing will be paid for accrued and unused PTO up to a maximum of 120 hours depending on years of service.

Fire civil service employees will be paid up to ~~180~~200 hours depending on years of service.

Police civil service employees will be paid ~~120~~140 hours.

Payment for PTO will be included in the employee's final paycheck. The following chart outlines employee accruals and payouts.

Length of Service	Personal Leave Earned	Maximum Accumulation	Maximum Payout
Regular, full-time, non-firefighting employees earn personal leave as follows:			
One year but less Less than 5 years	184 hours per year (7.08 hours bi-weekly)	552 hours	100 <u>80</u> hours
Five years but less than 10 years	208 hours per year (8.00 hours bi-weekly)	624 hours	120 <u>100</u> hours

Ten years of service and longer	248 hours per year (9.54 hours bi-weekly)	744 hours	140 120 hours
Regular Police Officers and Recruits earn personal (PTO) leave as follows:			
Probationary Period	104 hours per year (4.00 hours bi-weekly)	104 hours	80 hours
Civil Service	168 hours per year (6.46 hours bi-weekly)	504 hours	140 20 hours
Regular full-time firefighters earn personal (PTO) leave as follows:			
One month but less than 12 months <u>Less than one year</u>	107 hours per year (4.12 hours bi-weekly)	107 hours	80 hours
One year but less than 5 years	188 hours per year (7.23 hours bi-weekly)	564 hours	140 20 hours
Five years but less than 10 years	212 204 hours per year (8.15 hours bi-weekly)	612 hours	160 40 hours
Ten years of service and longer	236 hours per year (9.08 hours bi-weekly)	708 hours	200 180 hours

**part-time accrual rates will be prorated*

**PTO hours will not accrue beyond the maximum accruals listed*

**PTO is considered vacation hours for civil service employees*

Use and Scheduling of PTO

Employees are required to use available PTO when taking time off from work. PTO may be taken in increments of 15 minutes.

Whenever possible, PTO must be scheduled in advance. PTO is subject to supervisory approval, department staffing needs and established departmental procedures. Unscheduled absences will be monitored. An employee will be counseled when the frequency of unscheduled absences adversely affects the operations of the department. The supervisor may request that the employee provide a statement from a health care provider concerning the justification for an unscheduled absence.

When PTO is used, an employee is required to use PTO hours according to his or her regularly scheduled workday. For example, if an employee works a six-hour day, he or she would request six hours of PTO when taking that day off. PTO is paid at the employee's straight time rate. PTO is not part of any overtime calculation.

Employees may not borrow from their PTO banks; therefore, no advance leave will be granted.

Consecutive Days of PTO due to illness or injury

An employee must provide his or her supervisor with a doctor's certificate to return to work when absent for ~~five~~three or more consecutive days due to injury or illness. All other relevant medical information or FMLA documents shall be submitted to HRD.

SECTION 11: SICK LEAVE (Civil Service Only)

Policy

Civil Service police officers and firefighters are eligible to accrue and use paid sick leave.

Sick Leave Accrual for Civil Service Employees

Regular full-time firefighting employees accrue 3.81 hours bi-weekly for the first eleven (11) months of service and 6.92 hours bi-weekly after twelve (12) months of service, with no maximum accrual limits. Probationary Police Officer or Police Recruit employees accrue 3.08 hours bi-weekly. Civil Service Police employees accrue 4.62 hours bi-weekly, with no maximum accrual limits.

Use of Sick Leave

An employee with accrued sick leave may use it if the employee is absent from work due to:

1. Personal illness or physical or mental incapacity;
2. Medical, dental, or optical examinations or treatments;
3. Medical quarantine resulting from exposure to a contagious disease; or
4. Illness of a member of the employee's immediate family who requires the employee's personal care and attention.

For this purpose, immediate family includes: spouse, child, parent, mother-in-law, father-in-law, daughter-in-law or son-in-law of the employee or any relative living in the employee's household.

Employees using sick leave are charged with the actual number of hours taken. Use of sick leave for less than a full workday should be recorded in increments of 15 minutes.

Consecutive Days of Sick Leave

An employee must provide his or her supervisor with a doctor's certificate to return to work when absent for three or more consecutive workdays due to injury or illness. All other relevant medical information or FMLA documents shall be submitted to HRD.

Misuse of Sick Leave

Use of sick leave for a purpose other than that for which it was approved, requested, or intended is misuse.

Employees who are disciplined for abusing sick leave may be required to bring a doctor's statement when using sick leave.

Illness While on PTO Leave

When an illness or physical incapacity occurs during the time an employee is on PTO leave, accrued sick leave may be granted to cover the period of illness or incapacity and the charge against PTO leave reduced proportionately. A medical statement must be presented to the supervisor to be eligible for adjusted leave.

Payment upon Separation

Fire and Police civil service employees will be paid sick leave according to TLGC 143, Sections 143.045 and 143.046.

Exhausted Leave

Sick leave can be used only after its accrued. An employee who has exhausted accrued sick leave benefits must request to use other accumulated accrual balances PTO. If all sick and PTO accrual balances are exhausted, the employee may request a leave without pay. No advance of unearned sick leave benefits will be made for any reason. Qualifying employees may request leave from the Catastrophic Leave Pool in advance of their absence.

SECTION 12: CATASTROPHIC LEAVE POOL

Policy

Employees may donate leave to the Catastrophic Leave ("Pool") so that eligible employees will be able to remain on a paid status for a longer period of time when they have exhausted all leave balances. The amount of leave for the Pool is dependent upon the donations by employees.

Eligibility

For an employee to be eligible to receive hours from the Pool, the employee must have a qualifying event which is estimated to last for at least five (5) calendar days from onset of qualifying event. In addition, the following requirements must also be met:

- The employee must be regular full-time or regular part-time status;
- The employee must have at least six months of employment with the City of Taylor;
- The employee must have exhausted all paid leave balances; and
- The employee must not have been disciplined for leave abuse during the 12-month period immediately preceding the qualifying event.

The City Manager has the discretion to waive the eligibility criteria at any time.

Donations	Donations to the Pool are strictly voluntary and are at the discretion of the employee. Donations can be made as follows: • Employees who donate hours from PTO must have a minimum remaining balance of eighty (80) hours. • Donations may be made once per quarter and are irrevocable. • Employees may not designate who the recipient of their donated hours will be; hours from the Pool will be distributed to employees who apply and are eligible. • Employees separating service from the City of Taylor are strongly encouraged to donate their PTO to the Pool. Such donation may not exceed 120 hours. Should the balance of the Pool fall below 960 hours, the City may request donations from employees.
Application Guidelines	Employees who have exhausted all paid leave due to a qualifying event must follow the application process to request leave from the Pool. Employees experiencing an FMLA qualifying event who are not able to complete the application process may appoint a designee to initiate and complete the process.
General Guidelines	All applications must be submitted to the HR Director for review and authorization of leave from the Pool. All Pool hours must be used on a continuous and uninterrupted basis until the earliest of the following occurs: • The qualifying event is resolved or terminated; • The employee is released to return to work; • The employee's employment terminates; or • The Pool is exhausted. All requests submitted to the HR Director will be considered on a first come/first-served basis, with priority given in the following manner: • First priority: applications involving eligible employees who themselves are experiencing an FMLA qualifying event. • Second priority: applications from employees who are experiencing an FMLA qualifying event based on the condition or status of an eligible family member.
Maximum Hours	Eligible employees may not receive more than • 160 hours per calendar year • 800 hours during their tenure with the City of Taylor.

SECTION 13: PARENTAL LEAVE

Policy

Full-time employees are eligible to receive up to a maximum of three continuous weeks of Paid Parental Leave (PPL) at their regular rate of pay after the birth or initial placement of a child in connection with adoption or fostering. The leave may only be used once in a 12-month period and must be used within the 12 calendar months following the birth or new placement of a child. PPL and FMLA will run concurrently.

Eligibility

For an employee to be eligible to receive parental leave, the following criteria must be met:

- Be a full-time employee
- Birthing or non-birthing parent
- Employee must be listed on the birth certificate or adoption/foster paperwork
- Must be a new placement of a child aged 17 or younger as an adoption or foster
- Birth or new placement of a child must take place while the employee is actively employed with the City

Process

Employees must request PPL through the Human Resources Department. Employees requesting PPL must also request FMLA, when eligible, as outlined in the Family and Medical Leave Policy. Requests for PPL must be received by the HR Department at least 30 days prior to the date the employee expects the birth or placement of a child to occur, or as soon as possible if the event is not foreseeable. HR will review and decide on approval of the PPL. HR has the right to terminate PPL requests if it is discovered the leave does not meet the eligibility requirements.

For timekeeping purposes if a Holiday falls while an employee is out on PPL the time shall be coded as a Paid Holiday. This does not extend the leave period. Employees on PPL will continue to accrue annual and personal leaves and receive holiday pay where eligible.

SECTION 143: ~~FAMILY~~: FAMILY AND MEDICAL LEAVE ACT (FMLA)

Policy

The City of Taylor will provide twelve (12) weeks of paid or unpaid leave for a FMLA qualifying event to eligible employees. FMLA leave runs concurrently with other types of leave.

Eligibility

To be eligible for FMLA leave, an employee must have worked for the City for 12 months and have worked at least 1,250 hours during the 12

months immediately before the date when the leave is requested to begin. The 12 months need not have been consecutive.

An eligible employee is entitled to 12 workweeks of paid or unpaid leave during a rolling 12-month period for the following purposes:

- (1) birth of a son or daughter of the employee and in order to care for such son or daughter;
- (2) placement of a son or daughter with the employee for adoption or foster care;
- (3) in order to care for the spouse, or a son, daughter, or parent of the employee if such spouse, son, daughter or parents has a serious health condition;
- (4) a serious health condition that makes the employee unable to perform the functions of the position of such employee, or;
- (5) due to any qualifying exigency arising out of the fact that the spouse, or a son, daughter, or parent of the employee is on active duty (or has been notified of an impending call to order to active duty) in the Armed Forces in support of a contingency operation.

An eligible employee who is the spouse, son, daughter, parent or next of kin of a covered service member is entitled to 26 workweeks of paid or unpaid leave during a single 12-month period to care for the service member.

Definitions

The FMLA provides the following definitions:

- "Son or daughter" means a biological, adopted, or foster child, a stepchild, a legal ward, or a child of a person standing in the place of a parent. The child must be under 18 years of age or an individual 18 years of age or older who is incapable of self-care because of a mental or physical disability.
- "Spouse" means a husband or wife as defined or recognized under state law for purposes of marriage, including common law marriage. "Spouse" also includes individuals in lawfully recognized same-sex and common law marriages and marriages that were validly entered into outside of the United States if they could have been entered into in at least one state.
- "Parents," means biological, adoptive, step or foster father or mother or someone who was the employee's legal guardian, or stood in loco parentis to the employee was a son or daughter as defined above. This does not include parents "in-law".
- "Covered Service member" means (1) a member of the Armed Forces. Including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness, or (2) a covered

veteran who is undergoing medical treatment, recuperation, or therapy for a serious injury or illness.

- “Outpatient Status” with respect to a covered service member, means status of a member of the Armed Forces assigned to:
 - (A) a military medical treatment facility as an outpatient; or
 - (B) a unit established for the purpose of providing command and control of members of the Armed Forces receiving medical care as outpatients.
- “Next of Kin” used with respect to an individual, means the nearest blood relative of that individual.
- “Serious Injury or Illness” in the case of a member of the Armed Forces, including a member of the National Guard or Reserves, means an injury or illness incurred by the member in line of duty or active duty in the Armed Forces that may render the member medically unfit to perform the duties of the member’s office, grade, rank or rating.
- “Serious Health Condition” means an illness, injury, impairment, or physical or mental condition that involves:
 - (A) Inpatient care in a hospital, hospice, or residential medical care facility or;
 - (B) Continuing treatment by a health care provider.
- “Genetic Information” includes an individual’s family medical history, the results of an individual or family member’s genetic tests, the fact that an individual or a family member sought or received genetic services, and genetic information of a fetus carried by an individual or a family member or an embryo lawfully held by an individual or family member receiving assistive reproductive services.

“Rolling” 12 Month Period

The “rolling” 12-month period is measured starting from the date an employee’s first FMLA leave begins. Subsequent qualifying period of FMLA leave are measured from the end of the previous FMLA event.

Limits of Benefits

If spouses are employed by the City and the qualifying event is related to the birth or placement of a child, or a serious health condition of a parent, 12 workweeks of leave is given to both employees.

If spouses are employed by the City, and the qualifying event is related to care for a covered service member, 26 workweeks of leave is given to both employees.

Use of Paid and Other Leave	An employee will be required to use accrued paid leave for any part of a family/medical leave.
Intermittent Leave or Reduced Work Schedule	FMLA Leave may be taken on an intermittent basis or an employee may request a reduced work schedule as determined by the certification. The City and the employee must mutually agree to a schedule.
Status & Benefits Protection	An employee on FMLA leave does not lose any previously accrued seniority or employment benefits but does not earn any leave or other benefits during the unpaid portion of the leave. While an employee is on FMLA leave, the City will continue the employee's health benefits during the leave period at the same level and under the same conditions as if the employee had continued to work. While on paid leave, the City will continue to make payroll deductions to collect the employee's share of the premium. While on unpaid leave, the employee must continue to make this payment, either in person or by mail, by the due date required by the City. If the payment is more than thirty (30) days late, the employee's health care coverage may be dropped for the duration of the leave. The City will provide fifteen (15) days' notice prior to the employee's loss of coverage. <u>If the employee misses a payment while on unpaid leave, the City will recoup missing payments upon return.</u>
Extension of Leave after FMLA	Extensions of leave after the FMLA 12 or 26 workweek period expires may be authorized by the City Manager and the employee's Department Director in no more than one-month intervals. A careful review must be conducted prior to authorizing any extension. The reason(s) for granting the extension must be documented in the employee's medical file.
Documentation	All documentation regarding FMLA leave will be filed in the employee's medical file, which is maintained separate from the personnel files and is accessible by individuals only on a "need-to-know" basis or as otherwise required by law.
Return to Work	After completion of FMLA leave, an employee will be returned either to the same position he or she held before the leave began or to a position equivalent to the previously held position in pay, benefits, and other terms and conditions of employment. This policy may be modified for "key employees," defined as those salaried employees in the highest paid 10 percent of the City's workforce. Key employees will be notified in advance of their status. Regardless of whether the FMLA leave period is paid, unpaid, or a combination of both, the employee's health insurance coverage will be continued in the same manner and at the same level as prior to the FMLA leave period. Should the employee decide at any time after FMLA leave begins, that he or she will not return to work at the City, the employee must reimburse

the City for health coverage premiums paid by the City unless the reason for not returning to work is the continuation, recurrence, or onset of a serious health condition, or other circumstances beyond the employee's control. Medical condition is subject to certification.

Notice

Employees must provide their Department Director or the Human Resources Department with at least 30 days' advance notice when the need for FMLA leave is foreseeable.

If the need for FMLA leave is not foreseeable, employees must provide their Department Director or the Human Resources Department with as much advance notice as practicable. The employee must also provide an explanation as to why the employee was unable to provide at least 30 days' advance notice of the need for leave.

FMLA Fraud

An employee who fraudulently obtains FMLA leave is not protected by the FMLA's job restoration or maintenance of health benefits provisions. An employee who fraudulently obtains FMLA is subject to disciplinary actions up to and including dismissal.

SECTION 154: EMERGENCY LEAVE

Policy

The City may provide paid absences for a death in an employee's immediate family and or serious illness of a family member. In the event of serious illness of a member of the employee's family, who requires the employee's personal care and attention, emergency leave may be granted if all other accrued paid leave is exhausted. The length of time granted (number of hours or days) for a specific emergency leave must be approved by the City Manager or designee in advance and will depend on the circumstances. The terms of, reasons, and length of leave time approved for the leave must be documented.

For purposes of emergency leave, "family" includes spouse, child, parent, brother, sister, grandparents, grandchild of an employee or employee's spouse, or any relative living in the employee's household.

Five (5) Day Maximum

Emergency Leave should be submitted to the Department Director or his/her designee in advance. Normally, up to five (5) days will be approved. An employee may use PTO for additional time off, with Director approval.

Other Reasons

The City Manager or his/her designee may grant Emergency Leave for reasons other than bereavement if the employee shows good cause. (e.g., house fire, flood, tornado, etc.) The granting of such leave is at the sole discretion of the City Manager and is granted only if it is determined to be in the best interest of the City and if PTO is exhausted. These requests should be directed to the Human Resources Director.

SECTION 165: MILITARY LEAVE

Policy

The City is committed to protecting the rights of employees absent on military leave. In accordance with federal and state law, no employee or prospective employee will be subjected to any form of discrimination on the basis of that person's membership in or obligation to perform service for any of the Uniformed Services of the United States. Specifically, no person will be denied:

- employment,
- reemployment,
- promotion, or
- other benefit of employment on the basis of such membership.

Furthermore, no person will be subjected to retaliation or adverse employment action because such person has exercised his or her rights under applicable law or this policy.

Eligibility

Employees performing military duties are eligible for benefits under this policy. Such military duties include leaves of absence taken by members of the uniformed services, including Reservists, National Guard members for training, periods of active military service, and funeral honors duty, as well as time spent being examined to determine fitness to perform such service. Subject to certain exceptions under the applicable laws, these benefits are generally limited to five years of leave of absence.

Authorized Training for Duty

An eligible employee who is called to active duty or authorized training as a member of the Texas National Guard or any of the reserve components of the United States Armed Forces is entitled to a leave of absence from his or her respective duties for fifteen (15) days in a fiscal year without loss of time, performance rating, PTO time, or salary. The fifteen (15) days need not be consecutive.

After exhausting the fifteen (15) days of military leave, the employee may use accrued PTO leave, with Director approval, to the extent available or be placed in a leave without pay status (or combination of the two) for the remainder of the active-duty period.

Benefits

If an employee is absent from work due to military service, the employee must visit with HRD prior to the leave. Benefits will continue as follows:

1. An employee on extended military leave may elect to continue group health insurance coverage for the employee and covered dependents under the same terms and conditions for a period not to exceed 31 days from the date the military leave of absence begins. The employee must pay, per pay period, the premium

normally paid by the employee. After the initial 31-day period, the employee and covered dependents can continue group health insurance up to 24 months at the COBRA rate.

2. Employees do not accrue PTO or sick leave while on unpaid military leave of absence status.
3. With respect to the City's retirement plan, upon reemployment, employees who have taken military leave will be credited for purposes of vesting with the time spent in military service and will be treated as not having incurred a break in service. Immediately upon reemployment, the employee may, at the employee's election, make any or all employee contributions that the employee would have been eligible to make had the employee's employment not been interrupted by military service. Such contributions must be made within a period that begins with the employee's reemployment and that is not greater in duration than three times the length of the employee's military service. Employees will receive all associated City match for such contributions.

Re-Employment

Employees returning from military leave shall be reinstated to the position they left without competitive process, if the employee:

1. Receives an honorable discharge, and
2. Remains physically and mentally able to perform the essential functions of the position they left, as determined by appropriate medical personnel; and remains otherwise eligible for the position (e.g., certifications, criminal history, driving record, physical/drug screens, etc.), and
3. After serving a military service period of 31-180 days, submits an application for reemployment through the City's Human Resources Department no later than 14 days from discharge; or
4. After serving a military service period of 181 days or more, submits an application for reemployment through the City's Human Resources Department no later than 90 days from discharge.
5. Civil Service personnel will be handled according to Texas Local Government Code Chapter 143.

Benefits upon Re-Employment

Employees re-employed following military leave will receive seniority and other benefits determined by seniority that the employee had at the beginning of the military leave, plus any additional seniority and benefits the employee would have attained, with reasonable certainty, had the individual remained continuously employed. An employee's time spent on active military duty will be counted toward their eligibility for FMLA leave once they return to their job at the City.

Exceptions to Re-Employment

In addition to the employee's failure to apply for re-employment in a timely manner, an employee is not entitled to reinstatement as described above if any of the following conditions exist:

1. The City's circumstances have so changed as to make re-employment impossible or unreasonable;
2. Re-employment would pose an undue hardship upon the City of Taylor;
3. The employee's employment prior to the military service was merely for a brief, non-recurrent period and there was no reasonable expectation that the employment would have continued indefinitely or for a significant period; or
4. The employee did not receive an honorable discharge from military service.

Documentation

HRD, upon the employee's application for re-employment, will request that the employee provide the City with military discharge documentation to establish the timeliness of the application for re-employment, the duration of the military service, and the honorable discharge from the military service.

SECTION 176: MILITARY LEAVE TIME ACCOUNTS

Policy

In accordance with Texas Local Government Code, Section 143.075, this policy establishes "Military Leave Time Accounts." The City shall maintain two separate military leave time accounts; one for eligible Civil Service fire department personnel and one account for eligible Civil Service police department personnel. Inter-departmental commingling of these two separate accounts in regard to donations and usage is not permitted.

Eligibility

To be eligible to use leave hours from the military leave time account, a firefighter or police officer must meet the following criteria:

1. Must not be in a probationary period in the fire or police department as a firefighter, police officer or academy trainee;
2. Is a member of the Texas National Guard or the Armed Forces Reserves of the United States;
3. Was called to active federal military duty while serving as a firefighter or police officer for the City of Taylor;

4. Has served on active duty for a period of 3 continuous months or longer; and
5. Has exhausted the balance of the person's vacation, holiday, and compensatory leave time accumulation

Guidelines

Civil Service employees who would like to donate leave time hours (vacation, holiday, civil service sick or compensatory leave time) to the military leave time account must complete the "Authorization to Transfer Annual Leave/ Compensatory Time Form".

Hours must be donated in increments of not less than 15 minutes. Any combination of PTO, holiday, sick, or compensatory leave time may be donated to the military leave time account.

Probationary Fire and Police department employees are not eligible to donate hours to the military leave time accounts.

Leave time donated to a military leave time account is irrevocable.

Distribution of accumulated hours in the military leave time account will be divided equally among all eligible firefighters or police officer beneficiaries of that account at the end of the departments' regular scheduled pay period. Donations and disbursements to the military leave account are made on an hourly basis regardless of the cash value of the time donated or used.

The Human Resources Department is responsible for receiving requests for donations of hours, maintaining account balances and ensuring distribution of paid hours is in compliance with this policy.

Procedures

Civil Service Fire Department Employees

1. Fire Civil Service employees may donate ~~PTO~~~~vacation~~, holiday, civil service sick, or compensatory leave time hours to the fire department military leave time account by completing the "Authorization to Transfer Annual Leave/Compensatory Time Form" and submitting the form to Human Resources.
2. Eligible Fire Civil Service employees may use the military leave time account only after they have exhausted all of their own ~~vacation~~,~~PTO~~ holiday and compensatory leave time and been on continuous active military duty of ~~12-3~~ continuous months or longer. A "Request to Use Hours from the Military Leave Time Account form" must be completed. Hours will be used in increments of not less than 15 minutes.

3. At the end of each pay period, the Human Resources Department will divide the hours in the account equally among all eligible fire department employees; the maximum hours used to authorize pay to each eligible person is 96 or 120 hours per pay period depending upon which shift they would have worked.

Civil Service Police Department Employees

1. Police Civil Service employees may donate ~~vacation~~ PTO, holiday, civil service sick, or compensatory leave time hours to the police department military leave time account by completing the "Authorization to Transfer Annual Leave/Compensatory Time form" and submitting the form to Human Resources.
2. Eligible Police Civil Service employees may use the military leave time account only after they have exhausted all of their own vacation, holiday and compensatory leave time and been on continuous active military duty of ~~12-3~~ continuous months or longer. A "Request to Use Hours from the Military Leave Time Account form" must be completed. Hours will be used in increments of not less than 15 minutes.
3. At the end of each pay period, the Human Resources Department will divide the hours in the account equally among all eligible police department employees; the maximum hours used to authorize pay to each eligible person is 80 hours per pay period.

SECTION ~~18~~7: ADDITIONAL LEAVE

Policy

The City's policy is to provide paid leave outside of accrued leave in certain circumstances.

Jury Duty

Employees are entitled to leave with pay for jury duty and for serving as a subpoenaed witness in an official proceeding.

When an employee has completed jury duty, he or she must report to the City for duty for the remainder of the workday. If the employee will be absent from work for more than one workday on jury duty, he or she must notify the appropriate supervisor daily. Documentation verifying your participation on a jury or as a witness must be submitted to HRD.

Voting

Employees will be granted up to two (2) hours of administrative leave to vote in national, state and/or local elections if needed

SECTION: 19 Quarantine Leave for Firefighters and Police Officers

PurposePolicy

To provide paid leave to sworn police and firefighters who are ordered to quarantine or isolate by the City's health authority or authority appointed by City Council due to a possible or known exposure to a communicable disease while on duty, in accordance with Texas House Bill 2073.

Definitions

"Fire fighter" means a paid employee of a municipal fire department or emergency services district who:

(A) Holds a position that requires substantial knowledge of firefighting;

(B) Has met the requirements for certification by the Texas Commission on Fire Protection under Chapter 419, Government Code; and

(C) Performs a function listed in Section 143.003 (4) (A).

"Health authority" has the meaning assigned by Section 121.021, Health and Safety Code.

"Peace officer" means an individual described by Article 2.12, Code of Criminal Procedure, who is elected for, employed by, or appointed by a political subdivision.

Policy

The use of quarantine leave must be granted after a Fire Fighter or Peace Officer has had a possible or known exposure to a communicable disease while on duty for which the health authority has ordered quarantine or isolation. The City's health authority will determine when a threat of a communicable disease is immediately present and may release orders for applicable workers to follow general quarantine protocols. When this occurs, department supervisors will allow for the use of quarantine leave based on the health authority's protocols for appropriately dealing with the disease and/or its prevention of community spread. Employees will be released from quarantine leave based on guidance from the local health authority. Applicable employees on paid quarantine leave will continue to be eligible for all employment benefits and compensation, including continuing their leave accrual, pension benefits and eligibility for health benefit plan benefits for the duration of the leave. While on quarantine leave, the City will not reduce a fire fighter's or peace officer's sick leave balance, vacation leave balance, holiday leave balance or other paid leave balances in connection with paid quarantine leave taken in accordance with this policy.

When applicable, employees who must be quarantined may be eligible for reimbursement for reasonable costs related to the quarantine, including lodging, medical, and transportation.

SECTION ~~1820~~: LEAVE: LEAVE OF ABSENCE

Policy

A leave of absence is an approved absence from duty in a non-paid status for not more than three (3) months. Granting a leave of absence is at the discretion of the City Manager. Such leave is not authorized unless all applicable accrued paid leave has been exhausted and there is a reasonable expectation that the employee will return to employment with the City at the end of the approved period. Approval of the leave must be documented and placed in the employee's personnel file.

An extension may be granted by the City Manager. A careful review of the request must be conducted prior to authorizing any extension. The reason(s) for granting the extension must be documented in writing in the employee's personnel file.

Employees on leave of absence without pay receive no compensation and accrue no benefits. However, previously accrued leave balances, benefits, and seniority are retained during leaves of absence unless otherwise prohibited by the terms of the benefit programs. Medical insurance can be continued if the employee pays the premiums (including the City's portion) in full in a timely manner. The City's insurer may limit the length of time that the medical benefits may be continued.

Authorized Reasons For Leave without Pay

A leave of absence without pay may be appropriate for the following reasons:

1. Recovery from extended illness, injury or temporary disability beyond the twelve (12) weeks allowable under the family leave section of these policies (see also the section on "Family and Medical Leave");
2. Educational purposes when successful completion will benefit the City;
3. Public service assignments;
4. Personnel exchange programs which emphasize intergovernmental relations; or
5. Any other reason that, in the judgment of the City Manager, merits a leave of absence without pay.

Revocation of Leave of Absence

A leave of absence without pay may be revoked upon receipt of ~~evidence submitted~~evidence that the cause for granting the leave was misrepresented, or has ceased to exist, or due to a legitimate business need.

Documentation	A summary of the basis for the decision to grant or deny an unpaid leave of absence and the terms of the leave will be prepared by the City Manager or his or her designee and placed in the employee's personnel file.
Return to Work	Upon returning to work following a leave of absence, an employee may receive an adjusted retirement eligibility date, which reflects the period of time that the employee used for leave of absence. At the conclusion of a leave of absence, every effort will be made to reinstate the employee to the same, or a comparable position.
Unauthorized Absence	An unauthorized absence is one in which the employee is absent from regular duty without permission of the department head or designee or under circumstances where leave request has been granted and it is determined, at any time, to have been misrepresented or fraudulent. Employees are not paid for unauthorized absences <u>absences</u> , and such absences are subject to disciplinary action. Unauthorized absence from work for three days may be considered by the City Manager as a voluntary resignation. Unless the City Manager determines otherwise, the resignation is not in good standing, and the employee is not eligible for reemployment.

SECTION 1921: ~~LEAVE WITHOUT PAY~~Professional Certifications/Licenses/Recertifications

Policy	<u>Following completion of a professional certification/licensure course, if the City has invested \$500.00 or more for tuition, the employee will be required to repay monies received as follows:</u> <u>1. If the employee separates for up to one year following the completion of the course for which reimbursement was received: 100% of the reimbursement received within the previous two years from the City will be deducted from the final paycheck(s) and refunded to the City.</u> <u>2. Separation of employment at more than one year, but less two years following the completion of the course for which reimbursement was received: 50% of the reimbursement will be deducted from the final paycheck(s) and refunded to the City.</u> <u>3. Separation of employment at more than two years but less than three years following the completion of the course for which reimbursement was received: 33% of the reimbursement will be deducted from the final paycheck(s) and refunded to the City.</u>
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~~The Tuition Reimbursement Program in accordance with the Economic Growth and Tax Relief Reconciliation Act of 2001, amending Section 127~~

~~of the Internal Revenue Code, is intended to provide financial assistance to employees who are seeking education and/or certification for career and/or professional development and who are taking for-credit courses or certifications through an academic institution. Courses taken through this program are required to be career or job-related. Employees must submit a current degree plan to HRD to determine if a certification and/or degree is covered under the Tuition Reimbursement Program.~~

~~The Tuition Assistance Program is not intended to provide assistance for staff development training, job required certifications, or continuing professional education. While these are important functions that may support career development, these training activities are viewed as the responsibility of the employing department, the individual or both.~~

~~HRD administers the program for all City employees. The City will pay no more than \$2,000 only for tuition and required non-refundable fees for approved course(s) per fiscal year. Funds must first be approved by the City Council and will then be distributed on a first-come, first-serve basis.~~

Application

~~Applications must be returned to HRD for processing and approval prior to the start date of the course.~~

SECTION **2220**: TUITION REIMBURSEMENT PROGRAM

Policy

The Tuition Reimbursement Program in accordance with the Economic Growth and Tax Relief Reconciliation Act of 2001, amending Section 127 of the Internal Revenue Code, is intended to provide financial assistance to employees who are seeking education and/or certification for career and/or professional development and who are taking for-credit courses or certifications through an academic institution. Courses taken through this program are required to be career or job-related. Employees must submit a current degree plan to HRD to determine if a certification and/or degree is covered under the Tuition Reimbursement Program. All applications must be received by April 30th of the fiscal year.

The Tuition Assistance Program is not intended to provide assistance for staff development training, job required certifications, or continuing professional education. While these are important functions that may support career development, these training activities are viewed as the responsibility of the employing department, the individual or both.

HRD administers the program for all City employees. The City will pay no more than \$2,000 only for tuition and required non-refundable fees for approved course(s) per fiscal year. Funds must first be approved by the City Council and will then be distributed on a first-come, first-serve basis.

Application	Applications must be returned to HRD for processing and approval <u>prior</u> to the start date of the course.
Employee Eligibility	Full-time, regular employees who have successfully completed their probationary period of six (6) months with the City prior to the beginning of the semester for which they are enrolling are eligible for tuition assistance. Employees will not be able to participate if they: • Are on disciplinary probation or suspension at the time of application or prior to the beginning of the semester for which they are enrolling; and/or
Terms and Conditions	The following terms and conditions apply to the City's Tuition Reimbursement Program: • Employees must receive at least a grade of "C" for undergraduate courses and at least a "B" for graduate courses. • Employees receiving tuition reimbursement funds are required to continue employment with the City for two (2) years from the end date of the last class related to the reimbursement. • If the employee retires, resigns employment or is terminated prior to the fulfillment of the two (2) year employment requirement, the employee will be responsible for the full reimbursement of the amount awarded. This amount will be deducted from the employee's final paycheck. In the event that the employee's final paycheck will not cover the full reimbursement of the assistance amount awarded, the employee and the City will enter into a repayment schedule agreement.

SECTION 2234: LONGEVITY PAY

<u>Eligibility Policy</u>	The City will pay each regular full-time employee longevity pay in the amount of \$4.00 per month for each full year of service with the City, with accrual beginning at the end of the first full year and up to a maximum of twenty-five (25) years of service. Employees rehired to fill regular full-time positions with the City will receive credit for their prior length of service as regular full-time employees for longevity pay purposes beginning at the end of the first full year of employment after the rehire date. Longevity pay for regular part-time employees will be paid at a rate of \$2.00 per month for part-time employees for each full year of service with the City, with accrual beginning at the end of the first full year and up to a maximum of twenty-five (25) years of service.
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An employee must be on the City payroll and have completed one year of service to receive longevity pay. Longevity pay will be paid to each employee on the payroll once a year, in December. Members of police and fire will be paid in accordance with Local Government Code, Section 141.032.

Police & Fire Longevity

In accordance with state statutes, the City pays each City police officer and firefighter longevity pay in the amount of \$4.00 per month for each full year of service in the department, not to exceed 25 years of service. In accordance with ~~(Legal reference: V.T.C.A. Local Government Code, Section 141.032.)~~.

Upon termination, police officers and firefighters will receive a pro-rated longevity payment based on the number of months employed in the calendar year.

SECTION ~~222~~4: COST OF LIVING ADJUSTMENT

Eligibility

When cost-of-living ~~or across the board pay adjustments~~ are approved by the City Council, the increase will apply to eligible employees. Eligible employees include all regular employees, not including temporary employees, who have six (6) months of service, with no break in service.

CHAPTER VI

DISCIPLINARY ACTIONS AND COMPLAINT PROCEDURE

SECTION 1: AT-WILL STATUS

At-Will Status

Since the City of Taylor is an employment at-will City, every employee is subject to disciplinary measures, up to and including involuntary termination by the City Manager, his or her designee, or the respective Department Director.

It is the intent of the City to establish clear, positive, and proactive guidelines for corrective disciplinary action. The guidelines will help ensure appropriate behavior, prevent violations of policy, assist in counseling, and facilitate personnel actions related to job performance. It is the intent of these guidelines to ensure that all employees receive consistent and equal treatment. Application of these guidelines is discretionary, however, depending on each situation. Employees may be dismissed at any time.

As a public employee, you must maintain a high standard of conduct. This section does not affect the employment at-will status of City employees; it does point out conduct that jeopardizes an employee's employment status.

SECTION 2: DISCIPLINARY ACTION GUIDELINES

Corrective Action

When a Department Director uses performance counseling/disciplinary action guidelines, he/she should determine whether the corrective action(s) are to be geared towards bringing performance up to standard or correcting inappropriate behavior.

Management should give consideration to consistency of application within the City before taking any disciplinary action. Consideration should also be given to the circumstances surrounding the actions or behavior in question.

Any one or any combination of the disciplinary measures outlined below may be applied. Based on the severity of the violation and/or other relevant factors, management may at any time elect to waive one or more levels in the discipline process.

Substandard Performance	An employee who exhibits substandard work performance (failure to perform as opposed to misconduct or negligence) is subject to being counseled, reprimanded, separated, or otherwise disciplined. Recently hired (new) employees, or employees transferred to a new position may be provided coaching and/or training commensurate with their status.
Misconduct	Disciplinary action, including termination, will be taken for employee actions which are unacceptable, unlawful, or against established policy.
Human Resources Review	HRD should be consulted for advice on all types of disciplinary actions administered to employees as outlined in the Discipline Procedure. Suspensions and terminations will be reviewed and approved by the Human Resources Director and Executive Management prior to administering the action. Once the recommended disciplinary action is approved by the Human Resources Director and Executive Management (as appropriate), the action may be administered to the employee.
Types of Discipline	<u>Verbal Reprimand.</u> Verbal reprimands will be documented by the supervisor and maintained by the Department Head within department files for performance evaluation and record keeping purposes. <u>Written Reprimand.</u> Written reprimands shall be presented and a copy provided to the employee indicating the following: 1. The specific employee act(s) which demonstrated the unacceptable conduct or behavior, 2. The expected conduct or behavior, 3. That such act(s) must not be repeated, 4. That further disciplinary action may result if the employee fails to show and maintain satisfactory improvement, and 5. <u>6-5.</u> Signed acknowledgement of receipt of the written reprimand by 7. employee. Written reprimands may not be appealed by employees; however, employees who disagree with the counseling action may discuss the basis of disagreement with their Department Heads and provide a written rebuttal. Written reprimands become a part of employee's permanent personnel files and shall be forwarded, along with any employee responses/rebuttals, to Human Resources. Written rebuttals must be submitted within ten (10) business days of receiving the written reprimand. <u>Suspension.</u> Suspensions result in time off without pay. 1. A non-exempt employee may be suspended without pay for a period of not less than one work shift. Employees who are exempt under the FLSA must be suspended without pay for not less than

one full work week (for example, 40 hours) and only in work week increments.

2. Prior to issuing a suspension, the Department Head, Human Resources, and the City Attorney's Office must confer.
3. A suspension becomes a permanent part of the disciplinary record maintained in the employee's permanent personnel file in Human Resources.

Dismissal. Dismissals result in termination of City employment.

1. Prior to issuing a dismissal, the Department Head, Human Resources, and the City Attorney's Office must confer.
2. A dismissal becomes a permanent part of the disciplinary record maintained in the employee's permanent personnel file in Human Resources.
3. The dismissal will be issued by the Supervisor, Department Head, or the Director of Human Resources, depending on where the action was initiated. The Department Head and Director of Human Resources, or a Human Resources designee will be present for each dismissal.
4. Dismissals may be appealed in accordance with City policy and standard operating procedures.

SECTION 3: EMPLOYEE GRIEVANCE PROCEDURE

PurposePolicy

To provide guidelines for employees to resolve work-related disputes and grievances with supervisors which are not related to corrective action. This applies to all classified service employees.~~The City recognizes that every employee has the right to be treated fairly in matters arising from employment in the City. Therefore, each employee should have the opportunity to be heard fully any time his/her right to fair treatment has been violated. This grievance process is designed to help reduce employee dissatisfaction, increase morale, identify problems in the organization and increase the positive perception employees have of their employment with the City.~~

~~Employees are always encouraged to address issues informally at the lowest possible level to seek resolution. When an employee believes the issues that have been discussed informally have not been resolved regarding the terms and conditions of his/her employment, he or she may initiate proceedings as specified in this policy in order to resolve those matters.~~

This grievance procedure is not applicable to matters for which an appeal process is otherwise provided and may not be used in addition to or in replacement of those processes.

Procedure Conditions and Limitations

Employees who are not supervised by the Deputy City Manager, Assistant City Manager or City Manager shall proceed as follows:

The employee shall submit the grievance in writing to the Department Head within five (5) business days of the concern regarding the meaning, application and/or interpretation of specific work rule(s). The Department Head shall, within ten (10) business days after receipt, respond in writing stating the determination to affirm, modify, or revoke the work rule. A copy of the response shall be given to the employee and forwarded to Human Resources.

If the employee considers the grievance to the Department Head to be unresolved, or if the employee reports directly to the Department Head, they may submit the grievance to the Deputy City Manager or Assistant City Manager, via the Human Resources Department, within five (5) business days after receipt of the Department Head's written response. Unless circumstances require otherwise, within ten (10) business days after receipt of the grievance the Deputy City Manager or Assistant City Manager, via the Human Resources Department, shall give a written determination to the employee. The determination will be final.

Employees who report directly to the Deputy City Manager, Assistant City Manager or City Manager will have no right to grievance procedures.

~~Under no circumstances shall more than one procedure be used to address the same grievance, although use of this or other procedures does not preclude employees from seeking legal remedies as appropriate.~~

~~The City retains the right under applicable laws and regulations to direct employees in the performance of their duties; to take the necessary means to achieve the proper ends under emergency situations; and to hire, promote, transfer and assign employees as well as to suspend, demote, discharge or take disciplinary action against such employees when necessary. A decision may be made at any step in the grievance procedure that the matter involved is not grievable.~~

~~Matters which may be grieved include, but are not limited to:~~

- ~~• Safety issues~~
- ~~• Inequitable distribution of work~~
- ~~• Inequitable/inappropriate treatment~~

Matters which may not be grieved include, but are not limited to:

- Compensation
- Work methods
- Equipment
- Hours of work
- Services provided
- Staffing levels
- Disciplinary action

The scope of the employee grievance must:

- clearly define the situation in question through a written allegation of the specific wrongful act or situation, the harm done and the facts upon which it is based;
- arise out of an act or failure to act that directly relates to the working conditions of the eligible employee or to the employee's employment relationship; and
- state such relief sought that is within the power of the department to grant.

A formal grievance may be filed only after implementation of the grievable action. However, it must be filed no greater than fourteen (14) calendar days following the grievable action.

Procedure

The grievance procedure consists of three steps, each of which must be utilized in turn before progressing to the next step unless otherwise specified in this policy.

Step One – Immediate supervisor. An employee who believes that elements of his/her working environment are unsatisfactory and can be made more effective should take the following measures:

- Discuss the specific problem with his immediate supervisor. A problem that results from a specific event or action must be presented in writing within five (5) working days. The supervisor's decision regarding the matter shall be rendered in writing to the employee within five (5) working days following the meeting. The supervisor should notify HRD that a grievance has been submitted. The employee has the right to the presence of a representative of his choosing during this meeting.
- If the problem cannot be resolved through the meeting and/or the employee wishes to document the grievance for further action, he may submit a formal written grievance to his intermediate level supervisor. Employees who do not have an intermediate level supervisor may submit their grievance directly to their Department Director.

Step Two – Intermediate level supervisor. ~~Grievances submitted to an intermediate level supervisor shall be in writing. The complaint must:~~

- ~~• Be submitted within five (5) working days following receipt of the immediate supervisor's response;~~
- ~~• Include a copy of the immediate supervisor's decision and justification;~~
- ~~• Specify the employee's grievance and the specific remedy requested;~~
- ~~• Provide a response to the immediate supervisor's decision; and~~
- ~~• Be responded to by the intermediate level supervisor within five (5) working days of receipt.~~

Step Three – Department Director. ~~If the matter is not satisfactorily resolved in step two, the problem may be presented in writing to the Department Director, together with a copy of all preceding responses, within five (5) working days following the response of the employee's intermediate supervisor. The Department Director shall meet with the affected employee and a representative of his choosing; if so desired. A written response will be provided to the employee within seven (7) working days after receipt of the appeal from the employee. The decision of the Department Director is final.~~

NOTE: ~~If the grievance is against the Department Director, then the designated Assistant City Manager will handle the appeal. The Assistant City Manager's decision is final.~~

Written Responses to Grievances

Written responses to grievances shall include the following:

- notation of the time, date and person who received the grievance;
- analysis of ~~the facts or allegation~~work rule in the grievance;
- ~~• affirmation or denial of the allegations~~determination whether to revoke, modify, or affirm the rule; and
- ~~identification of the remedies or adjustments, if any, to be made.~~

Grievance Process Coordination

~~The Department Director should coordinate with HRD on the department's grievance process as established within these guidelines. The HR Representative will be responsible for ensuring the process is completed timely. Each department is responsible for grievances filed in their department and should keep them separate from personnel files. A copy of all grievances filed should be forwarded to Human Resources.~~

Time Limits

~~If a grievance is not submitted by the affected employee within the specified time limits provided in this policy, the grievance will not be considered. If the department fails to process a grievance within the time limits specified, the employee may initiate action by proceeding to the next step.~~

Time extensions ~~-- All times specified in this procedure are subject to scheduled PTO, sick leave or other authorized leave necessary for the~~

~~proper conduct of departmental business. Additionally, involved parties may agree to a mutual extension by providing written notice to the other parties prior to the expiration of the time limit established for that step.~~

Retaliation

Retaliation against an employee for attempting to resolve a grievance, filing a grievance or for participating in an attempt to resolve a grievance will not be tolerated. Employees shall report such reprisal and/or retaliation to the Department Director and/or HRD. Supervisors will notify HRD and take appropriate corrective action to address any violations of law or policy that are discovered in the course of an attempt to resolve a grievance.

Withdrawal of General Grievance

At any time during the grievance process, the employee may withdraw the grievance by making written notification of the withdrawal available to all parties involved in the grievance process.

SECTION 4: APPEALS OF DISCIPLINARY ACTION

Purpose

To set forth guidelines for employees appeals of disciplinary suspensions and dismissals. Seasonal employees and newly hired employees who have not completed their probationary employment period (PEP) have no appeal rights. Employees who have recently been promoted, been reclassified, transferred, or voluntarily demoted will retain their right to appeal. Civil Service employees will follow appeal guidelines in accordance with TLGC 143.

Appeals of Unpaid Suspension

Employees who are suspended without pay may appeal decisions to their Department Head. The employee must submit a written appeal to his/her Department Head within five (5) business days from the date notification of the suspension was provided. If the employee reports directly to the Department Head, the appeal shall be submitted to a representative from the City Manager's office, via the Human Resources Department. The Human Resources Department shall move the appeal through the appeal process.

The recipient of the appeal shall, within ten (10) business days after receipt, respond in writing stating the decision to affirm, modify, or revoke the suspension. A copy of the response must be forwarded to Human Resources.

Employees who report directly to an Assistant City Manager, Deputy City Manager, or to the City Manager will have no right to appeal unpaid suspensions.

Appeals of Dismissals

Employees receiving notification of dismissal may appeal to the Employee Review Committee (consisting of the Director of Human Resources and two Department Heads other than the dismissed employee's Department Head). This committee will review the dismissal in accordance with the following rules:

Within five (5) business days after receiving a dismissal notice, an employee must submit, in person to the Executive Director of Human Resources or designee, a written request to appeal his/her dismissal. In order for the request of an appeal to be valid, the written request must indicate the following:

- the manner in which the employee prefers to receive written communication and the address to be used for that purpose; and
- a statement that the employee believes the dismissal was made either on a discriminatory basis or that the dismissal was a disproportionate penalty.

It is the responsibility of the employee or delivery person to obtain a signed receipt from Human Resources.

An employee who appeals a dismissal shall receive a "final" paycheck calculated on base pay and overtime earned (if non-exempt) during the last pay period. If the separation is affirmed, then accruals will be paid immediately. If the separation is reversed, the employee shall continue employment with the accrued leave benefits.

The appeal shall be considered as soon as is reasonably possible, after the request has been received by Human Resources.

The employee shall be notified of the time, date, and location of the meeting using the communication method indicated in the appeal. Failure to receive the notice by mail shall not affect the time or date of the meeting.

At the employee review meeting, the employee shall have the right to be accompanied by but not represented by another City employee.

The committee shall consider all the information provided which the committee deems helpful and/or appropriate to consider in reaching a valid conclusion. Based on the information discussed at the time, the committee may recess the meeting to further consider and then reconvene.

Within ten (10) business days following the conclusion of the process, the employee review committee shall submit to the Deputy City Manager its written recommendation, including upholding, modifying, or reversing the discipline.

The employee may be reinstated with back wages and restoration of any

benefits lost, from the date of separation through the time of reinstatement. The employee may be reinstated to the same or a different department or division by the Deputy City Manager.

Employees who report directly to the Deputy City Manager, Assistant City Manager or to the City Manager will have no right to appeal their dismissal.

Personnel Policy Manual Update

BACKGROUND

- Last policy manual update was March 1, 2023
- Staff has reviewed the policy manual for outdated policies, procedures, language, and readability

PROPOSED CHANGES

Many of the policy changes were grammatical, made to clarify policy where language was vague, or enhance readability. The policy itself did not change.

PROPOSED CHANGES

- Uniforms – added failure to return uniforms will result in garnishment
- Remote work – added must comply with computer use policy
- Computer and Phone Use – added prohibitions to include Tik Tok as required by state law

PROPOSED CHANGES

- Operation of City Owned, Personally Owned, and Rental Vehicles on City Business – added language requiring use of hand free devices when driving and prohibiting texting while driving.
- Driver's Record – added 6 months as frequency for reverification of driver's records

PROPOSED CHANGES

- Interim Pay – added policy outlining how pay would be handled when an employee is appointed to an interim position due to a vacancy
- Employee Benefits – reorganized the section for better flow
- Retiree Coverage Insurance – added language “must serve with the City for 5 year”

PROPOSED CHANGES

- Workers' Compensation – added language to explain the process for Temporary Income Benefit Checks
- Holiday Leave for Patrol Officers, Firefighters, and Communication Officers – updated policy with new procedure. Holiday leave is given in the accrual bank at the beginning of the fiscal year.

PROPOSED CHANGES

- Workers' Compensation – added language to explain the process for Temporary Income Benefit Checks
- Holiday Leave for Patrol Officers, Firefighters, and Communication Officers – updated policy with new procedure. Holiday leave is given in the accrual bank at the beginning of the fiscal year.

PROPOSED CHANGES

- Paid Time Off (PTO) – increased payout upon separation by 20 hours per tier
- Parental Leave – added policy allowing 3 weeks of paid parental leave for birth, fostering, or adoption of a child aged 17 or younger

PROPOSED CHANGES

- Quarantine Leave – added to manual, previously approved policy
- Professional Certifications/Licenses/Reimbursements – added language requiring minimum time to be spent with the city or reimbursement to the city for any training that results in license or certification such as CDL where the City has invested more than \$500.

PROPOSED CHANGES

- Grievance Policy – made it less cumbersome, removed some steps, more concise language
- Discipline Appeal Policy – 3-person panel – HR department, 2 department head other than the department the employee came from. No appeal if work for ACM, DCM, or CM.

Summary

- Updated policies to ensure compliance with applicable laws
- Added policies updated or approved previously
- Recommended new policies
- Simplified/updated current policy language.

Questions?



City Council Meeting March 27, 2025 Transmittal Letter

STRATEGIC PILLAR

Quality of Life
Economic Vitality

Agenda Item Number: 8.

Agenda Title: **Receive an update and provide direction to staff on the Downtown Plan and the Downtown and Tourism Department Staff Position.**

Council Action to be Taken: Receive the information updating the Council on the status of the Downtown Master Plan and downtown management staff position as information.

Department Submitted: Assistant City Manager - Main Street

Staff Contact: Carly Kehoe Pearson, Assistant City Manager

1. PURPOSE / DESCRIPTION

The purpose of this report is to keep the City Council fully informed on the status of the Downtown Master Plan by Lionheart Places for the update of the 2015 Downtown Master Plan, and the update to the position of the Main Street Manager to Downtown & Tourism Director.

2. STAFF ANALYSIS / BACKGROUND / PRIOR COUNCIL ACTIONS

At the February 2024 City Council meeting, the Council received a request from the TIF #1 board (comprised of the Main Street Advisory board and a member each from Williamson County and the ISD) to request that funds be allocated from the TIF #1's fund balance for the purpose of updating the 2015 Downtown Master Plan to help prepare the downtown district for the rapid growth coming to Taylor.

The contract for the update of the 2015 Downtown Master Plan was presented to Council at the March 28, 2024 meeting. Rebecca Leonard, the principal of Lionheart Places, which is the consulting group selected for this update, was a participant in the 2015 plan's development. Ms. Leonard and her staff presented their proposal for the project which consisted of 4 tasks to be addressed over the balance of 2024.

The Council approved the contract for Lionheart Places' services at their March 28, 2024 meeting and the Lionheart Places team began work in April 2024. Throughout the process, the Taylor community has been heavily involved through Stakeholder Dialogue meetings which

have been held both in person and online.

The project's public meetings were paused briefly upon the Main Street Manager's resignation and Assistant City Manager's retirement. With the new ACM now onboarded and updated on the project and department, the Main Street Manager position has been updated to Downtown & Tourism Director and will be posted. Currently, the project is in progress in Task Four: Share. This phase will have content created and resume stakeholder engagement dates set in the upcoming weeks.

The purpose of this update is to inform the City Council of the progress made towards the development of a new updated Downtown Master Plan and Downtown management position, which will address the issues and opportunities created as Taylor continues to face development pressures and grow with the arrival of new industry and residents. This updated position and plan seeks to balance the importance of preserving our largely intact historic downtown district with the demands growth and development will put on it in the coming years.

3. PROS and CONS

<u>PROS</u>	<u>CONS</u>
• In the 9 years since the last Downtown Master Plan, Taylor and its downtown district have undergone dramatic changes. It is important that the downtown stakeholders are prepared to successfully meet those challenges and opportunities armed with a professionally-developed plan. • An updated Downtown Master Plan and Downtown management/directorship position will provide the tools downtown Taylor will need for both the public and private sectors to successfully handle the rapid growth patterns in Taylor's future, while preserving and enhancing the historic fabric of Taylor's city center.	There are no known cons.

4. RECOMMENDATION

That the Council receive this report as information.

5. FUNDING SOURCE

The update to the Downtown Master Plan has been funded through the TIF #1 (119) account. The budget impact from upgrading the position to director would not create a budget adjustment this year due to salary savings in other areas. As far as going into FY26, we will have to work the higher grade into the budget and will work with CFO Robert Powers at that time.

6. TIMELINE

The plan development and position posting and recruitment are in-progress.

7. OTHER OPTIONS

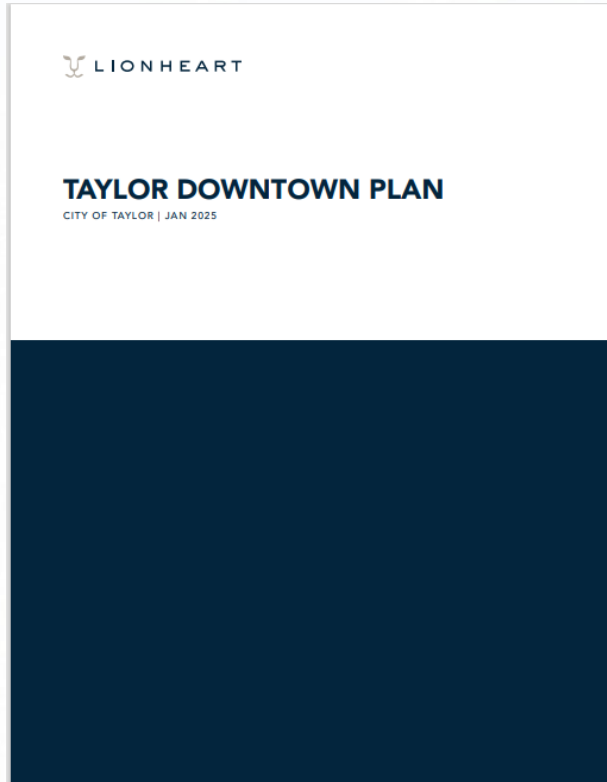
8. ATTACHMENTS

1. Downtown Update Presentation

Status Update on Downtown Administrative Items: Downtown Master Plan & Downtown Staff Position

March 27, 2025
City Council
Meeting

Background & Current Status: Downtown Plan



- Council approved the contract for Lionheart Places services at their March 28, 2024 meeting and the Lionheart Places team began work in April 2024.
- Throughout the process, the Taylor community has been heavily involved through Stakeholder Dialogue meetings which have been held both in person and online.
- The project's public meetings were paused briefly upon the Main Street Manager's resignation and Assistant City Manager's retirement. The new ACM is onboarded and the Main Street Manager position is being updated and recruited. Currently, the project is in progress in Task Four: Share.

Next Steps: Downtown Plan



The Main Street Board worked together to determine the proposed goals for the Taylor Downtown Plan during an Advisory Committee Meeting.



Stakeholder Dialogue 1

During this first Stakeholder Dialogue, the community reviewed existing conditions and validated proposed goals for the update to the Taylor Downtown Plan.

Stakeholder Dialogue 2

To be added after further meetings.

Stakeholder Dialogue 3

To be added after further meetings.

- Currently, the project is in progress in Task Four: Share.
- This phase is actively seeing updated content created by the Downtown Master Plan consultant, Lionheart Places, with an increased focus on Downtown economic activation.
- And will be resume stakeholder engagement dates set in the upcoming weeks.

FY24-25 Budgetary Impact

- None. The update to the Downtown Master Plan has been funded through the TIF #1 (119) account.

Background & Current Status: Downtown Staff Position:



- Taylor has been an active participant in the National Main Street Movement since 1983, and a Nationally Accredited Main Street Program since 2009. The downtown administrator position was previously a “Main Street Manager” primarily focused on simply maintaining the Main Street accreditation.
- The Downtown is evolving as the exciting city center with emerging growth, demands, pressures, and needs. As such, the departmental direction will be updated to be most effective and reflect those needs and emergent growth sectors.
- Currently, staff has worked with City Management, Human Resources, and the Chief Financial Officer to evaluate how to best update this department position to serve Downtown needs.



Next Steps:

- The position of Main Street Manager has been updated to Downtown & Tourism Director. This updated position will:
 - Improve Recruitment by being more regionally consistent, competitive and attractive
 - Expand its duties, impact and effectiveness for Downtown Taylor
 - Oversee a more business-friendly Economic Development approach in addition Historic Preservation, Main Street Accreditation, Grant Funding Opportunities, Special Events/Tourism, and Downtown Branding for premier activation and business benefits, retention and recruitment.
- This position is currently in the HR phase of recruitment.

FY24-25 Budgetary Impact

- None. The budget impact from upgrading the position to director would not create a budget adjustment this year due to salary savings in other areas. So there is no current FY budgetary impact to increase the salary maximum from approximately \$80,000 to \$120,000.
- Going into FY26, we will have to work the higher grade into the budget and will work with CFO Robert Powers at that time to direct any changes during the budget process which will go Council for approval.
- Needing Council Direction: Staff would like to re-engage Afion Public, the city's director-level recruiter. Afion has been used twice this FY, thus already meeting the \$50,000 cap. To utilize them for this position, staff is needing Council direction and approval to proceed. The cost is approximately \$28,000.

Questions?