

Payroll Manual

For

The City of Waco, Texas

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PAYROLL MANUAL FOR THE CITY OF WACO, TEXAS

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This Payroll Manual is intended to contain a comprehensive description of the current policies and practices of the City of Waco as they pertain to and relate to the calculation and generation of payroll. To the extent any provision of this payroll manual conflicts with a provision in the City of Waco Policy Manual (the “Policy Manual”), the provision contained in the Policy Manual supercedes and controls the conflicting provision in this payroll manual.

PAYROLL MANUAL FOR THE CITY OF WACO, TEXAS

I. Introduction to the Payroll Function.

The payroll function is important because it has a significant effect on an Employee's perception of well-being. There are several reasons for this, both from a legal compliance standpoint, and from an organizational behavior standpoint.

Accurate generation of payroll is critical. Employees must experience the certainty that they will, in fact, receive their promised wages in order to be motivated to work. Federal and state laws require that Employees be paid accurately and in a timely fashion, and in accordance with legal mandates. Laws pertaining to Employee benefit plans place fiduciary obligations upon the City to properly manage and allocate employer and Employee contributions to retirement and welfare benefit plans. These contributions are customarily processed through payroll. Finally, privacy laws require that information pertaining to Employees' benefits be kept and maintained in the strictest of confidence. The Finance Department and the Human Resources Department carry the burden of assuring the City does not make an unauthorized disclosure of an Employee's private information.

The City has an obligation to its municipal citizens to apportion and spend their tax dollars prudently. The administration of payroll inherently encompasses administration of tax payments, withholdings for Social Security and Medicare, welfare benefit payments, Employee pension contributions, accounting for paid and un-paid leaves of absence and the payment of regular wages and overtime. There may be real financial distress for both the City and the affected Employee when mistakes are made in payroll.

This Payroll Manual is written to help guide and inform those Employees whose job it is to administer and generate payroll for the City. The manual is intended to articulate and standardize time keeping, payroll tracking and reporting functions throughout the City's diverse departments. It is the goal of the City that uniform policies and practices with respect to all aspects of compensation and payroll administration exist in every City Department. It is also the goal of the City to have Finance Payroll Representatives and Payroll Preparers,¹ conceptualize payroll as a continuous, flowing process, rather than a "task"-oriented process with periodic deadlines. With the help of those Employees assigned the many tasks associated with the generation of payroll, this manual should help assure the City's Employees are paid consistently and accurately every pay period.

A. Definitions.

Before trying to undertake an understanding of all the complex issues associated with the payroll function, it is important to know the meaning of some key terms used in this Payroll Manual and in the HTE payroll system, the software system the City uses to generate payroll and critical reports relating to payroll:

¹ Hereinafter, referred to as "FP Reps." and "Payroll Preparers,"

- **Accruals.** “Accruals” in the HTE system means the banking or earning of paid leave time, including leave time for illness, vacation, holiday or personal days.
- **ADA (Americans with Disabilities Act).** “ADA” means that federal law which prohibits discrimination in the terms and conditions of employment (including the provision and administration of Employee benefits) against qualified individuals with disabilities. The ADA also places an affirmative obligation upon employers to make reasonable accommodation for qualified individuals with disabilities. Upon occasion, this obligation may include providing a disabled Employee with additional un-paid leave, or job restructuring.
- **Additional Pay.** “Additional Pay,” sometimes called “Add Pays,” means that additional sum provided to an Employee through payroll, such as Longevity Pay, Field Training Officer Pay, Certification Pay, Education Pay, or Bilingual Pay. Day-Trip Meal Reimbursements are types of Additional Pay that are fringe benefits, rather than additions to salary or wage rate.
- **ABT.** “ABT” means adjustments before taxes. Examples of ABT are deductions for Cafeteria Plan contributions or payments made to the Code § 457 Deferred Compensation Plan.
- **At Will Employment.** “At Will Employment” means that employment relationship under Texas law wherein either the employer or the employee may terminate the employment relationship at any time and for any reason, or for no reason at all, so long as the reason is not unlawful pursuant to federal or Texas law.
- **AWOP.** “AWOP” means absent without pay. For payroll purposes, AWOP should be coded when an employee is absent without pay due to disciplinary reasons or is out of leave accrual time. Absent without pay (AWOP) charges to an employee should only be used after department scrutiny.
- **Base Pay.** “Base Pay” means that annual amount of salary an Employee may earn for the year, disregarding any Overtime Pay or other Additional Pay. “Base Pay” is sometimes called “Standard Base” or “Annual Rate” in the HTE system.
- **Benefits.** “Benefits” mean that kind of remuneration provided to Employees by the City in a form other than cash, such as health insurance, life insurance disability benefits, and retirement income.
- **Bilingual Pay.** “Bilingual Pay” means that Additional Pay provided to Employees who are fluent in both English and Spanish, or other designated language that the City has determined is beneficial to its business needs, and who have passed the City’s testing requirements.
- **Cafeteria Plan.** “Cafeteria Plan” means the fringe benefit plan sponsored by the City under IRC § 125. The Cafeteria Plan allows participating Employees to make

contributions for health insurance and qualified medical and child care expenses on a Pre-tax basis.

- **Certification or Education Pay.** “Certification Pay” or “Education Pay” means Additional Pay that is provided to Employees when they have satisfied the educational or certification requirements associated with their employment position.
- **City.** “City” means the City of Waco, Texas.
- **Civil Service.** “Civil Service” means that category of Employee who is a commissioned police officer or firefighter (excluding the chiefs of the fire and police departments) whose employment is governed by the statutory provisions of Chapter 143 of the Texas Local Government Code. Civil Service Employees are not employed “At Will,” as, under Texas law, they may only be suspended or discharged under certain circumstances.
- **Contract Laborer or Contractor.** “Contract Laborer” or “Contractor” is an independent contractor retained by the City under a certain, specified retention agreement to work independently on a certain unique project. Contract Laborers and Contractors are not paid by the City through payroll. An independent contractor is typically identified by the fact that the individual clearly operates a separate business.
- **Contributions.** “Contributions” means those sums paid by an employer or an Employee toward the cost of an Employee benefit, such as group health insurance or Employee retirement plan.
- **Daylight Savings Time** “Daylight Savings Time” refers to the adjustments in time in which clocks are set forward one (1) hour in the spring, and back one (1) hour in the fall each year. Where adjustments to the clock occur for Daylight Savings Time, Employees are paid for the actual hours worked.
- **Deductions from Pay.** “Deductions from Pay” are those amounts subtracted from an Employee’s Base Pay (with the Employee’s permission or as provided by law) for the purpose of withholding taxes, making Employee contributions to Benefit plans or other authorized purpose.
- **Deferred Compensation.** “Deferred Compensation,” means compensation earned presently, but not reportable as gross income (and not taxed) until some set time in the future. An example of deferred compensation is the employees’ contributions to the City’s Deferred Compensation Plan under Section 457 of the IRC. The IRS establishes the amount a Participant may elect to defer.
- **Differential Pay.** “Differential Pay” means that pay provided to an Employee when the Employee is working temporarily in another, higher level, job position and performing all the duties of that position. “Differential Pay” is governed by Civil Service laws as to Civil Service Employees. For Non-Civil Service Employees, Differential Pay will be paid to an Employee when the Employee works in another, higher level job for

the purpose of performing all the duties and responsibilities of the higher-level position for a period of two (2) consecutive weeks or more.

- **Direct Deposit.** “Direct Deposit” is that process by which an Employee’s pay is deposited directly into the Employee’s designated account with a financial institution. Employees must receive a pay stub or record of their pay and any deductions, regardless of whether their pay is directly deposited into their bank account or is paid to them by payroll check.
- **EEO-4.** “EEO-4” is the Report that must be submitted to the Equal Employment Opportunity Commission (“EEOC”) each year in order to identify demographic information pertaining to employees in various EEO Job Categories.
- **Eligible Dependent.** “Eligible Dependent” means the Employee’s spouse, or dependent child or grandchild under 25-years of age, that qualifies to be enrolled in one or more of the City’s Welfare Benefit Plans under the terms and conditions of the particular Plan at issue. Under Texas law, the City is entitled to require an Employee to provide proof that the child or grandchild is claimed as a dependent on the Employee’s federal tax return in order to be considered an “Eligible Dependent.”
- **Employee.** “Employee” means an agent of the City whose manner and means of work is directed and controlled by the City. An Employee is paid through the City’s payroll.
- **Employment Agreement.** “Employment Agreement” means a written contract of employment between the City and an Employee that specifies the terms and conditions of employment and creates contractual obligations for which the City may be held liable to the Employee. The term “Employment Agreement” includes City Council resolutions and written letters of appointment from the City Council or other authorized City official under state law or the City’s Charter. No Employment Agreement arises between the City and an Employee unless a written agreement is executed by a City official designated by the City Council and the affected Employee or by City Council resolution.
- **Exempt Employee.** “Exempt Employee” means an Employee who, under the Fair Labor Standards Act, or “FLSA,” is exempt from the minimum wage and overtime provisions of that Act. Exempt Employees are paid on a salary basis, are not required to keep daily time records to record hours worked, and are not entitled to Overtime Pay for Hours Worked in excess of forty (40) hours per week. The exception is for employees charging to state and federal grants. These exempt employees may be required to maintain daily time logs to support their actual hours charged to a particular activity. Because the City allows for employees to have paid vacation, sick and holiday accrual banks, City Exempt Employees are required to complete a bi-weekly timesheet, verifying their presence and/or any hours to be charged to their accrual banks.
- **Finance Payroll Representative or “FP Rep.”.** “Finance Payroll Representative” or the “FP Rep.” is the person(s) in the Finance Department responsible for running the

payroll software and accompanying reports critical to the generation of the City's payroll. The FP Rep. is responsible for verifying the accuracy of the Departmental payrolls, for making all federal tax deposits, and for processing payroll checks.

- **Flex Plan.** "Flex Plan" in the HTE system refers to the Medical Care Contribution Account and the Dependent Care Contribution Account discussed in this Payroll Manual.
- **FLSA (Fair Labor Standards Act).** "FLSA" means the federal law that governs the payment of minimum wage and overtime compensation to Employees, as well as providing for equal pay for men and women and controlling child labor.
- **FMLA (Family and Medical Leave Act).** "FMLA" means the federal law which provides up to twelve (12) weeks of un-paid leave to eligible Employees of the City for covered purposes, such as the Employee's own serious health condition (including injuries that qualify as serious health conditions), the birth or adoption of a child by the Employee, or to care for a dependent child or a parent of the Employee with a serious health condition.
- **Full-Time Employee.** "Full-time Employee" means an Employee who is expected to work 40-hours or more per week.
- **Gross Pay.** "Gross Pay" means the amount of the Employee's gross wages before taxes and deductions, and includes Base Pay plus Overtime Pay, Differential Pay, Paid Leave and Additional Pay, if any. "Gross Pay also may include Post-Tax fringe benefits.
- **Hours Worked.** "Hours Worked" mean those hours a Non-Exempt Employee actually performs any duties for the benefit of the City, and includes, under City policy, vacation, holiday and personal days, as well as time spent on workers' compensation leave. "Hours Worked" does not include sick leave time. "Hours Worked" are utilized when determining a Non-Exempt Employee's Overtime during a work period.
- **HTE.** "HTE" means the electronic software program purchased by the City that permits, among other things FP Reps. and Payroll Preparers to generate payroll and other reports, and store time sheet information in the City's computer system.
- **Human Resources.** "Human Resources" is the professional discipline associated with the policy-making, management, budgeting, administrative and legal compliance functions arising from the employer/employee relationship.
- **Immigration Control and Reform Act.** "Immigration Control and Reform Act" is the federal law that dictates and controls the entry of non-citizens into the United States and their authorization to lawfully work in the United States. A Form I-9 is the federal report the City is required to maintain on each Employee documenting the Employee's legal authorization to work in the United States.

- **Indirect Pay.** “Indirect Pay” is that form of compensation provided to an Employee in a form other than cash. Employee Benefits are a form of Indirect Pay.
- **IRC (Internal Revenue Code).** “IRC” is the federal law that governs and controls the levy and payment of taxes to the United States.
- **IRS (Internal Revenue Service).** “IRS” is the federal agency charged with the duty to administer the collection of taxes and the enforcement of the provisions of the IRC.
- **Job Classes.** “Job Classes” means those categories of employment positions that exhibit similar characteristics in educational requirements, skill requirements, work environment, work duties, level of responsibilities and authority that justify grouping them within a certain pay range.
- **Job Description.** “Job Description” means a written narrative that provides information concerning the Job Class, FLSA classification, authority, responsibilities, duties and reporting structure associated with an employment position at the City.
- **Job Specification.** “Job Specification” means a written description of the educational requirements, skill and experience requirements, physical tasks, mental tasks and licensing or certification requirements associated with an employment position at the City.
- **Labor Agreements.** “Labor Agreements” mean any agreement reached through the Collective Bargaining Process as provided for in Chapter 174 of the Texas Local Government Code or the Meet and Confer Process as provided for in Chapter 143 of the Texas Local Government Code.
- **Longevity Pay.** “Longevity Pay” is the type of Pay provided to qualifying Employees because of the tenure of their employment with the City. The timing of the payment of Longevity Pay differs, depending on whether an Employee is Civil Service, or Non-Civil Service. Civil Service employees receive Longevity pay each time they receive a paycheck, while Non-Civil Service employees receive longevity once annually, usually in December of each year. All full time, Non-civil service employees receive \$48.00 for each year of service up to 25 years, which is the maximum longevity pay of \$1,200.00 annually. Non-civil service employees receive longevity beginning after 5 years of service. Civil service employees receive longevity beginning after one year of service with amounts determined by specific labor agreements.
- **Medicaid.** “Medicaid” is the state-funded program that, with the federal Medicare program, provides health benefits to individuals with low incomes and who are eligible to receive federal maintenance payments, including children, the aged, blind and disabled individuals.

- **Medicare.** “Medicare” is the federally funded program that provides health benefits to individuals age 65-years and older; disabled individuals and persons with end-stage kidney disease. Withholding for Medicare is 1.45% on taxable income, without limitation.
- **Military Leave.** “Military leave” is for employees who are members of a reserve component of the U.S. Armed Forces or National Guard. These employees are entitled to military leave with pay not to exceed fifteen (15) work days and further are entitled to extended military leave without pay in accordance with federal law.
- **Military Supplement Pay.** When approved by City of Waco Council, supplemental pay is paid. If an employee’s military salary is less than his/her city salary, the difference between the military salary and the city salary will be awarded to the employee after receipt of official documentation showing a copy of the orders to report to active duty and the amount of pay the employee is receiving from the military. Refer to City of Waco Policy AVL-5 Military Leave for payment detail.
- **Non-Exempt Employee.** “Non-Exempt Employee” means an Employee who is not exempt from the minimum wage and Overtime provisions of the FLSA. Non-Exempt Employees must be paid at least the current minimum hourly rate under federal law; must maintain daily time records; and must be paid Overtime Pay for hours worked in excess of the amounts dictated by federal law.
- **Overtime.** “Overtime” is any Hours Worked² by Non-Exempt Employees in excess of 40 hours per week. However, for those Non-Exempt Employees who are employed as fire suppression employees, “Overtime” means those hours worked that exceed 159 hours in the 21-day work period. This different standard applies because fire suppression employees are subject to a special exception to the 40-hour-per-work-week provisions of the FLSA. Non-Exempt Employees must be paid Overtime Pay when they work Overtime hours, unless otherwise provided by Labor Agreements.
- **Overtime Pay.** “Overtime Pay” is compensation paid at the rate equivalent to 1 and ½ times the FLSA Regular Rate of Pay.
- **Part-time Employee.** “Part-time Employee” is one that is expected to work thirty-five (35) hours or less per week. Part-time Employees may not be eligible for all the City’s fringe benefits, Welfare Benefits or Pension Benefits.
- **Pay Period.** “Pay Period” is that reoccurring 14-day period for which compensation is calculated and paid to certain Employees. For the City, except Fire Suppression personnel, the Pay Period is bi-weekly. For Fire Suppression personnel, see Work Period definition.
- **Payroll Preparer.** “Payroll Preparer” is the person designated in each City Department to compile the time sheets and enter the data shown on the time sheets in the HTE payroll system. The Payroll Preparer is responsible for assuring that all data contained

² See the definition of “Hours Worked,” above.

in the time sheets is accurate, complete and entered into the City’s HTE payroll system on or before noon on the Monday immediately preceding each payday.

- **Pension Benefit Plan.** “Pension Benefit Plan” is any tax qualified Deferred Compensation arrangement intended to provide retirement benefits to eligible Employees of the City. The Texas Municipal Retirement System (TMRS) provides a Pension Benefit Plan for eligible Employees of the City. The City also permits eligible Employees to elect to contribute to a Deferred Compensation Plan under IRC § 457 each year.
- **Post-tax and Pre-tax.** “Post-tax” means that a deduction is taken from the Employee’s wages after withholdings for federal employment-related taxes, such as income tax, Medicare and Social Security. “Pre-tax” means a deduction taken from the Employee’s wages prior to any withholdings for federal employment-related taxes.
- **Probationary Employee.** “Probationary Employee” is a Civil Service Employee who has worked in the job position for one (1) year or less from the initial date of employment. Such employees are not protected by Chapter 143 of the Local Government Code and are deemed “at will” employees.
- **Regular Employee.** “Regular Employee” means a Non-Civil Service Employee who is not Temporary or Seasonal. Regular Employees are “at will” unless there is an employment agreement.
- **Regular Rate of Pay.** “Regular Rate of Pay” means the FLSA Regular Rate of Pay which is calculated according to the following formula:

$$\frac{\text{Annual Base Pay} + \text{Annual Additional Pay}^3}{2080} = \text{Regular Rate of Pay}$$

For Employees in Fire Suppression, the Regular Rate of Pay is calculated as follows:

$$\frac{\text{Annual Base Salary} + \text{Annual Additional Pays}^4}{17.3333 \text{ Annual Work Periods}} = \text{Work Period Salary}$$

$$\frac{\text{Work Period Salary}}{168 \text{ Scheduled Hours Per Work Period}} = \text{Regular Rate of Pay}^5$$

³ This excludes Day-Trip Meal Reimbursement, which is a fringe benefit, rather than an addition to salary or wage rate.

⁴ Fringe benefit Additional Pays do not increase the salary or wage rate of the recipient employee when determining the Regular Rate of Pay.

- **Salaried Employee.** “Salaried Employee” means an Exempt Employee under the FLSA.
- **Scheduled Hours.** “Scheduled Hours” in the HTE system means those hours an Employee is scheduled to work within a customary workweek or work period.
- **Seasonal Employees.** “Seasonal Employees” mean those individuals that are hired to work for less than seven (7) months per year in positions that are only required during specified months of the year. “Seasonal Employees” may not work over 1000 hours in a year. Seasonal Employees are not eligible to participate in the City’s Cafeteria Plan.
- **Sick Leave or Sick Leave Pay.** “Sick Leave” or “Sick Leave Pay” means that benefit provided by the City where an Employee receives compensation during periods of time that the Employee takes time off from work due to illness as defined by the City Sick Leave Policy. Leave for bereavement of the death of immediate family members may qualify for sick leave under the City policy.
- **Social Security.** “Social Security” is a program of benefits provided by the federal government (funded through payroll Withholding from the earnings of workers) for the purpose of providing workers with retirement and disability benefits. Withholding for Social Security, or “FICA” is 6.20% on taxable wages up to a yearly maximum determined by the Social Security Administration.
- **Suppression 106-Hour Partial Check.** “Suppression 106 Hour Partial Check” means Suppression personnel receive a 106 regular hour check bi-weekly at the same time all other City employees receive their paychecks. From this check, all individual deductions, such as life & health insurance, association dues, deferred compensation, credit union, etc. are taken. This check is calculated as follows:

$$106 \text{ Hours} \times \text{Regular Rate of Pay} = 106 \text{ Partial Check}$$

- **Suppression True Up Check.** “Suppression True Up Check” means at the end of the Suppression 21-Day Work period, the work period pay is calculated. This check includes any overtime hours greater than 159 hours to be paid at the half time rate and/or any regular hours greater than 159 hours as follows:

$$\text{Total Hours Coded For the Work Period} - \text{Sick time coded} - 159 = \text{Overtime Hours Due}$$

$$\text{Overtime Hours Due} \times \text{Regular Rate of Pay} \times .5 = \text{Overtime Pay Due}$$

$$\text{Total Hours Coded For the Work Period} - 159 = \text{Regular Time Hours Due}$$

$$\text{Regular Time Hours Due} \times \text{Regular Rate of Pay} = \text{Regular Time Pay Due}$$

$$\text{Overtime Pay Due} + \text{Regular Time Pay Due} = \text{“Suppression True Up Check”}$$

- **Survey-Compensation Survey.** “Survey” or “Compensation Survey” means a study of comparable Base Pay for substantially similar employment positions in comparable municipalities. Compensation Surveys are performed in order to assist in setting a competitive Base Pay for various positions within the City.
- **Temporary Employee.** “Temporary Employee” means an Employee hired for a specific, relatively short duration to perform work during a peak workload period or for a special project. Temporary Employees work less than 1000 hours in a year.
- **Total Hours.** “Total Hours” means all paid hours (including sick leave, vacation leave, holiday leave, personal days, workers’ compensation leave, etc.) recorded on an Employee’s time sheet.
- **USERRA.** “USERRA” means the Uniformed Services Employment and Reemployment Rights Act, a federal law that provides certain reinstatement rights and benefits protection to an Employee who takes time off to serve in the uniformed services of the United States.
- **Vacation Leave or Vacation Pay.** “Vacation Leave” or “Vacation Pay” means the benefit provided by the City where an Employee receives compensation during periods of time that the Employee takes time off for vacation.
- **Welfare Benefit Plan.** “Welfare Benefit Plan,” as defined by the IRC means an employer-sponsored benefit plan that provides non-retirement related benefits, such as health insurance, life insurance, dental insurance, disability benefits, etc.
- **Withholdings.** “Withholdings” means the deductions from gross wages that are accomplished for the purpose of collecting and paying payroll taxes required by federal and state law, such as federal income tax, Social Security (i.e. “FICA”), etc.
- **Work Period (for FLSA purposes).** “Work Period” means that reoccurring 21 day period designated by the City in accordance with the FLSA, § 7(k), for the purpose of determining Overtime Pay for fire suppression employees. The work period begins at the beginning of the shift on the first day of the work period (Sunday), and ends at the close of the shift on the last day of the work period (Saturday). Overtime may not be carried over from one work period and credited to the next work period.
- **Work Week (for FLSA purposes).** “Work-week” under the FLSA for all non-exempt Employees, except fire suppression, of the City is a fixed period of 168 hours, or seven (7) consecutive 24-hour periods, which begin after midnight on Sunday morning each week and end the subsequent Saturday at midnight. For these employees working varied shifts, the work week begins at the beginning of the shift on the first day of the work week (Sunday), and ends at the close of that shift on the last day of the work week (Saturday). Overtime may not be carried over from one work week and credited to the next work week.

- **Workers' Compensation.** "Workers' Compensation" means that program whereby Employees receive compensation and wage replacement benefits when they are injured in the course and scope of their employment with the City.

B. The Role of the Finance Payroll Representative and Payroll Preparer

There are many decisions that must be made before any Employee can receive a paycheck. The job assignment of the Employee, the FLSA classification associated with the Employee's job position, the amount of Base Pay the Employee shall earn, the amount of and nature of the Benefits the Employee will receive, the kind of leaves of absence to which the Employee will be entitled—these are all decisions that various supervisors and department directors must make before the Employee's paycheck may be processed. The role of the FP Rep. and Payroll Preparer is not to make any of these policy or assignment decisions. The role of the FP Rep. and Payroll Preparer is to implement these decisions so that they are reflected accurately in the Employee's paycheck each pay period. The FP Rep. and Payroll Preparer are, literally, the "gatekeeper" of each Employee's compensation.

In addition to assuring that Employee paychecks are accurate and timely, FP Reps. at the City are required to generate certain reports regarding various aspects of payroll. Some reports, for example, are required by law for tax reporting purposes. Other reports are used by City officials to help them in the process of budgeting and controlling costs. Reports are used to help the City track Employee leaves of absence, the use of paid leave time and Employee benefits. Finally, certain reports are necessary to permit the City to comply with state and federal laws pertaining to the FMLA and Workers' Compensation. The FP Rep. and Payroll Preparer are instrumental to the City's ability to document and control its compensation functions and employee costs, and to assure that City Employees receive the benefits to which they are entitled.

C. Overview: The Components of Wages.

Each bi-weekly Pay Period, every City Employee receives a paycheck, either by Direct Deposit or in hard copy. At the same time, each Employee receives a pay stub that explains Additional Pay, Withholdings, and Deductions from Pay that affect the "Net Pay" or final amount that is deposited into the Employee's designated account at a financial institution or appears in the payroll check that is delivered to the Employee. Both federal and state law require that an employer provide employees a written "pay stub" or explanation of all Additional Pay, Withholdings and Deductions from Pay that affect the "Net Pay" employees receive on pay day.

For the City of Waco, the components of Employees' wages, i.e., those that affect Employees' "Net Pay" include:

- **“Gross Pay”** is the total amount of the Employee’s Base Pay, including Differential Pay and Overtime Pay, any applicable Paid Leave and the following potential Additional Pay:⁴
 - Certification or Education Pay
 - Longevity Pay (for Employees with a specified tenure on the job)
 - Bilingual Pay
 - Field Training Officer Pay
 - Day-Trip Meal Reimbursement (a fringe benefit)

- Withholdings, including deductions for
 - Federal Income Tax
 - Social Security (FICA)—6.20% of taxable wages up to yearly maximum
 - Medicare (Medicaid is not funded by direct Withholding)—1.45% of taxable wages, without limitation.

- Deductions from Pay, including
 - Employee contributions to health insurance premiums (either pre or post tax deductions may be elected)
 - Pre-tax contributions to the City’s Cafeteria Plan under § 125 of the IRC and Medical Care Contribution Account or Dependent Care Contribution Account plan provisions
 - Supplemental Life Insurance Premiums (Post-tax)
 - Accidental Death and Disability Premiums (Post-tax for employee and/or dependents)
 - Dependent Life Insurance Premiums (Post-tax deduction)
 - TMRS contributions (Pre-tax deduction)
 - Elective Contributions to the Pre-tax Deferred Compensation Plan under IRC § 457.
 - Other Post-tax Deductions from Pay, including but not limited to
 - United Way Contributions
 - Safety Shoe Payment Plan
 - Credit Union Savings Plan Payments
 - Court-ordered payments

These Additional Pays, Withholding amounts and Deductions from Pay will be discussed in greater detail, later in this Payroll Manual.

D. Classifications of Employees.

At the City of Waco, with the exception of Civil Service Employees and City Council appointed Employees, all Employees are employed “At Will.” The term “At Will,” for an

⁴ Fringe benefit Additional Pays do not increase the salary or wage rate of the recipient employee when determining the Regular Rate of Pay.

Employee, means that the Employee and the City have executed no Employment Agreement for a fixed term of employment. Additionally, being “At Will” also means that either the Employee or the City may sever the employment relationship at any time, and for any reason, so long as the reason is lawful. There are several laws in Texas that infringe upon the “At Will” status of an Employee, that is, that narrow the City’s right to sever its employment relationship with an Employee.

Unless they are Temporary or Seasonal, Non-Civil Service Employees hired by the City are immediately considered “Regular Employees”—that is, there is no probationary period for Non-Civil Service Employees. Regular Employees may be Full-time or Part-time. Regular Employees work for the City “Full-time”, which means 40-hours or more per week. Employees who work less than 35 hours per week are generally considered “ Regular Part-time” and may not be eligible for some of the City’s benefits.

Civil Service Employees are not “At Will” Employees because the laws of the State of Texas provide them certain legal rights in their employment, including due process rights. Specific legal rights not to be discharged without cause arise when the Civil Service Employee completes the probationary period at the expiration of one (1) year from the initial date of employment. Employees appointed by the City Council, pursuant to the terms of an Employment Agreement, have a “for cause” only termination condition provided for by the City Charter. These Employees are also not “At Will.”

In addition to classes of Employees under Texas law, federal laws pertaining to equal employment opportunity, specifically Title VII of the Civil Rights Act of 1964, as amended, require the City to keep and report information pertaining to various demographic groups of Employees on an EEO-4 Report, every two years. For purposes of the EEO-4 Report, the EEOC requires Employees to be classified into the following job categories:

- Officials/Administrators
- Professionals
- Technicians
- Protective Services
- Para-professionals
- Administrative Support
- Skilled Crafts
- Service/Maintenance

The EEO-4 Report will disclose to the federal government the number of Employees in various EEO Job Categories by gender, ethnic origin, salary and job status, i.e., Full-time, Part-time and FLSA classification. The Human Resources Department of the City will collect and maintain information pertaining to the requirements of the EEO-4 Report from Employees of the City.

E. Employee Classification and Welfare and Pension Benefits.

As with most employers, an Employee's classification as a Regular Full-Time, Regular Part-Time, Seasonal, Temporary or Civil Service Employee affects the Employee's entitlement to benefits at the City. For example, a Regular Employee must be considered "Full-Time" before that Employee will be entitled to health insurance. Employees who work 1000 hours or more per year may, under certain circumstances, be entitled to participate in the TMRS plan and/or the City's Deferred Compensations plans.

1. **Welfare Benefits.**

For the benefit of its Regular Full-Time and Civil Service Employees, the City sponsors and maintains several employee Welfare Benefit plans. These plans are:

- **Health/Medical Plan** The Health/Medical Plan covers Regular Full-time and Civil Service Employees on their first day of employment. Eligible Dependents may also be covered under the Health/Medical Plan. The Employee/participant of the plan, through payroll deduction, pays premium costs for Dependent coverage. The employee may elect to have the premium costs deducted on a pre-tax basis, which would result in an ABT deduction in the H.T.E. system.

Regular Full Time and Civil Service Employees starting employment after the 1st of the month are responsible for the prorated cost of Dependent health insurance coverage for the month (based on a 30 day month), regardless of the number of Hours Worked during the month For Example, if an employee begins employment with the City on the 10th day of the month, he or she will be responsible for 66.67% ((30-10) divided by 30) of the month's Dependent health insurance premiums. HR is responsible for communicating these costs to new employees. Employees who begin on the 1st day of the month will be responsible for 100% of the first month's Dependent health insurance premiums.

Active or retired military regular full-time employees of the City of Waco have the option of waiving/declining enrollment for themselves and dependents, if applicable, in the City of Waco's employee health insurance.

- **Dental and Eyeglass Discount Plan** For those Regular Full-time and Civil Service Employees who desire to participate, the City sponsors a discount program for dental and vision care. Coverage for Eligible Dependents may be purchased on either a pre- or post-tax basis—according to their election. These premiums will be paid through payroll deduction. Once elected, these plans become effective on the first day of the following month and premiums are deducted accordingly.
- **Dental/Vision Insurance Plans** For those Regular Full-time and Civil Service Employees who desire to participate, the City sponsors a Dental HMO plan, a Dental Indemnity Insurance plan, and a Vision Insurance plan. Eligible employees may purchase Dental or Vision Insurance on either a pre- or post-tax basis—according to their election. These premiums will be paid through payroll deduction. Once elected,

these plans become effective on the first day of the following month and premiums are deducted accordingly.

- **Life Insurance and Accidental Death & Dismemberment Insurance** The City provides term life insurance for all Regular Full-time and Civil Service Employees up to \$50,000. Upon employment, each Regular Full-time and Civil Service Employee is automatically enrolled to participate in this insurance program. Eligible Employees receive term life insurance equal to one-time their Base Pay, up to a maximum of \$50,000. Regular Full-time and Civil Service Employees may purchase supplemental life insurance, accidental death and dismemberment, and life insurance for Eligible Dependents, on a Post-tax basis, and premiums will be paid through payroll deduction.
- **Long-term Disability** For Regular Full-time and Civil Service Employees, the City provides long-term disability insurance. On the 181st day following an injury or illness that qualifies as a covered “Disability” under the terms of the plan, a qualified Employee will receive a benefit under the Long-term Disability Plan sponsored by the City.
- **Short-term Disability** For those Regular Full-time and Civil Service Employees who desire to participate, the City sponsors a Short-term Disability Plan. Eligible Employees may purchase STD on a Post-tax basis, and premiums will be paid through payroll deduction.
- **Cafeteria Plan** For those Regular Full-time and Civil Service Employees who desire, the City sponsors a Cafeteria Plan under Section 125 of the IRC. This Plan allows the employee/participant to pay their premiums for the Health/Medical and Dental and Vision Discount programs on a Pre-tax basis using an ABT adjustment in the HTE system. The plan also allows for Flex Plans, which includes a Medical Expense Reimbursement Account and a Qualified Dependent Care Reimbursement Account. Employee/participants in these arrangements may elect to contribute Pre-tax dollars to their Reimbursement Accounts which may be used to pay for qualified expenses for health-related services or for Eligible Dependent Care as provided by the terms of the applicable Flex Plan.

2. Pension or Retirement Benefits.

For those Employees who are eligible, the City sponsors several Pension or Retirement Benefit Plans. These Plans are:

- **TMRS Retirement Plan.** Employees who are scheduled and intended to work at least 1000 hours per year are eligible to participate in the Texas Municipal Retirement System (TMRS) Retirement Plan under Section 414 (h) of the IRC. Under the terms of this Plan, each Employee/participant must contribute 7% of the Employee’s gross pay to the Plan on a Pre-tax basis. The City contributes an amount equal to 14% of

the Employees' Gross Pay to the Plan. Employee contributions to the Plan are made through payroll deduction, Pre-tax. TMRS benefits include long-term disability payments for qualifying Employees.

- **Deferred Compensation Plans.** In accordance with Section 457 of the IRC, the City sponsors Deferred Compensation Plans for Eligible Employees. Eligible Employees may elect to participate in only one Deferred Compensation or Section 457 provider plan each plan year. The IRS establishes limits on the amount a Participant may contribute each year.

Every Employee's entitlement to participate in the Pension or Retirement Plans described above, and the Employee's entitlement to the Benefits provided, are controlled by the terms of the applicable Plan. Miscommunications regarding Benefits may create significant liability exposure for the City. Consequently, FP Reps. and Payroll Preparers must take care when answering questions regarding Benefits to limit their assistance to matters concerning the amount of contributions or premium payments deducted from Employees' pay and other matters relating to payroll. Questions regarding an Employee's eligibility for Plan participation or entitlement to Benefits should be referred to the Human Resources Department.

II. The Legal Environment of Payroll.

A. Employee vs. Independent Contractor.

Both federal and state law recognize that an employer's obligation to make Withholdings for taxes, to provide certain employee benefits and to pay for unemployment compensation and Workers' Compensation benefits for individuals arise in connection with the individuals' status as an "employee," rather than a "Contractor" or "Contract Laborer." This means that only Employees, not Contractors, are paid through the City's payroll and receive all the common benefits of the employment relationship.

The amount of and nature of supervision and control that is exercised by one party over another dictates whether an employer/employee relationship is established between parties, as opposed to an independent contractor relationship. When determining whether the amount of, and nature of supervision and control exercised by a principal over an agent gives rise to an employment relationship, courts and federal and state taxing authorities tend to look at the following factors:

- Whether the agent owns necessary tools or equipment and pays insurance on the same;
- Whether the agent pays self-employment taxes;
- Whether the agent works for others, in addition to the principal at issue;
- Whether the agent controls the quality of the work, except as to meeting the principal's final specifications;
- Whether the agent controls the hours and days of work; and
- Whether the agent is paid by the job, or by the hour.

It is extremely important for the City to properly identify all those individuals who are Employees and Contractors, and to pay them according to their correct status. A true independent contractor is typically identified by the fact that the individual clearly operates an independent business. Once an individual is identified as an “Employee,” rather than an independent contractor, any compensation paid to the individual for work performed for the City should be run through payroll, and all applicable Withholdings required by state and federal law deducted from gross pay.

B. FLSA Classifications and the Affect on Pay.

Under the FLSA, Employees are classified as Non-Exempt or Exempt from the minimum wage and overtime provisions of that Act. The FLSA creates a presumption that employees are **not** Exempt. This means that, in the event of an audit, the burden is on the City to show that any Employees classified as “Exempt” actually meet the requirements for that classification.

In general, only Employees working in the capacities of *bona fide* executives, administrators, professionals and sales persons are Exempt from the minimum wage and overtime provisions of the FLSA. Other special exemptions exist, however, for workers in specified jobs and industries. These special exemptions are outside the scope of this Payroll Manual, and will not be discussed.

Since the FLSA classification of employee positions within the City is not a function of the FP Rep. or Payroll Preparer, it is not necessary to describe the specific elements of the “tests” described by the Department of Labor Regulations. However, it is important for the FP Rep. or Payroll Preparer to realize that, once an employment position is classified by the City as Non-Exempt, certain legal rights and obligations are attached to the position. These legal rights and obligations are:

- The Non-Exempt Employee must keep daily time records and sign time reports every Pay Period so that Overtime is documented for the City. It is the City’s burden to prove that the Non-Exempt Employee is paid for any Overtime worked, so documentation is critical in this area.
- The City must pay the Non-Exempt Employee for Hours Worked (including, under City policy, any paid leave time taken). Unless paid leave time is taken, a Non-Exempt Employee, under City policy, is entitled only to be paid for hours actually worked. This means that the bi-weekly wages of the Non-Exempt Employee may vary from Pay Period to Pay Period.
- The City must pay a Non-Exempt Employee for any Overtime worked at the rate equivalent to 1 and ½ times the FLSA Regular Rate of Pay except as provided for in labor agreements. Overtime accrues after 40 Hours Worked during a workweek for non-fire suppression Employees, and after 159 hours in a 21-day work period for fire suppression Employees who are Non-Exempt under the FLSA.

C. Civil Service vs. Non-Civil Service.

For municipalities, like the City, that adopt Chapter 143 of the Texas Local Government Code, Employees who are employed in fire fighter and police officer positions (excluding the Chief of Police and the Fire Chief positions) are classified as “Civil Service Employees.” Once so employed, the provisions of Chapter 143 govern the terms and conditions of Civil Service Employees, in part.

Chapter 143 and Labor Agreements set certain minimum standards for compensation and Benefits of Civil Service Employees that do not exist for other Employees of the City. Therefore, with regard to certain Additional Pay, for example, Civil Service Employee’s paychecks will include items that do not appear in the paychecks of the other Employees.

For example, Chapter 143 requires that Civil Service Employees receive: Longevity Pay; Educational Pay; Certification Pay; Field Training Officer Pay and Differential Pay. Each one of these kinds of pay must be taken into account when determining the FLSA Regular Rate of Pay for any Overtime Pay calculation. Chapter 143 provides compensation and benefits for Civil Service Employees who take time off to serve in the military that differ from the protections provided by USERRA.

D. Time-keeping requirements and calculation of overtime.

For Non-Exempt Employees (with the exception of fire suppression employees), the FLSA requires that any Hours Worked in excess of 40-hours per work week be compensated at the rate equivalent to 1 and ½ times the Employees’ FLSA Regular Rate of Pay. With respect to those who are employed in fire suppression positions, the FLSA provides that these Employees be paid Overtime Pay for Hours Worked in excess of 159 hours in a 21-day work period.

There are several concepts that must be understood before a FP Rep. and Payroll Preparer can be assured that Overtime is being properly credited and that Employees are receiving all the Overtime Pay to which they are entitled. Two important terms under the FLSA are: “Hours Worked” and “Regular Rate of Pay.”

1. “Hours Worked” for Overtime calculation

In order to ascertain whether an Employee has worked in excess of 40 Hours Worked (or, for fire suppression Employees, 159 hours in a 21-day work period), a FP Rep. and Payroll Preparer must know what constitutes “Hours Worked” under the FLSA. The definition of “Hours Worked” for FLSA purposes is controlled by the provisions of the FLSA; the applicable Federal Regulations interpreting the FLSA; and City policy.

Under the FLSA, the Federal Regulations, and City policy, an Employee’s “Hours Worked” include ALL hours spent performing functions for the City, including:

- Time spent by an Employee engaged in tasks for the benefit of the City
- Work hours that fluctuate because of changes to and from daylight savings time
- Time the City mandates that an Employee be present on the City's premises and available to undertake a task
- Meal periods where the Employee is not free to leave the assigned post or is restricted in the ability to freely use the time off
- On-call time where the Employee's liberty is substantially restricted by the City
- Rest periods or breaks of 15 minutes or less duration
- Training time where mandated by the City
- Travel undertaken during normal work hours
- Paid vacation, workers' compensation, personal days, and paid holiday time off (under City policy only are these types of pay included in hours worked)

Because "Hours Worked" include all time spent performing functions for the benefit of the City, it is important that Employees not be permitted to inadvertently spend time off, such as meal periods, performing tasks like answering the telephone. Lunch breaks, etc., should be taken away from the Non-Exempt Employee's work area to avoid a circumstance where lunch periods fall into the category of "Hours Worked," but are not recorded on the Employee's time sheet. "Hours Worked" does not include sick leave or holiday hours worked.

A "work-week" under the FLSA for all non-fire suppression, Non-Exempt Employees of the City is a fixed period of 168 hours, or seven (7) consecutive 24-hour periods, which begin after midnight on Sunday morning each week and end the subsequent Saturday at midnight. For employees working varied shifts, the workweek begins at the beginning of the shift on the first day of the workweek (Sunday), and ends at the close of that shift on the last day of the workweek (Saturday). Overtime may not be carried over from one workweek and credited to the next workweek.

For fire suppression Employees, the work period begins at the beginning of the shift on the first day of the twenty-one (21) day work period and ends at the close of that shift on the last day of the work period

2. FLSA "Regular Rate of Pay" calculation

Overtime Pay under the FLSA and applicable Federal Regulations must be equal to one and one-half times the Employee's FLSA "Regular Rate of Pay." The "Regular Rate of Pay" is calculated according to the following formulas:

$$\frac{\text{Annual Base Pay} + \text{Annual Additional Pay}^5}{2080} = \text{Regular Rate of Pay}$$

⁵ Additional Pay does not include Day-Trip Meal Reimbursement, which is a fringe benefit, rather than an addition to salary or wage rate.

For Non-Exempt Employees in Fire Suppression, the Regular Rate of Pay is calculated:

$$\frac{\text{Annual Base Salary + Annual Additional Pays}}{17.3333 \text{ Annual Three-Week Work Periods}} = \text{Work Period Salary}$$

$$\frac{\text{Work Period Salary}}{168 \text{ Scheduled Hours Per Work Period}} = \text{Regular Rate of Pay}$$

3. Time-Keeping and Record-Keeping Requirements

The FLSA contains record-keeping requirements that pertain to both Non-Exempt and Exempt Employees. For Non-Exempt Employees, records of Hours Worked for the City must be both complete and accurate.

For Non-Exempt Employees, Federal Regulations promulgated under the FLSA require the following records be maintained:

- Name of the employee, Social Security number or employee identification number
- Home address, including ZIP code
- Date of birth, if the Employee is less than 19 years of age
- Gender and occupation
- Time of day and the day of the week when the work-week commences
- FLSA Regular Rate of Pay for all weeks in which Overtime compensation is due
- Hours Worked each work day and total hours worked each work-week or work-period (for fire suppression Employees of the City)
- Total daily Gross Pay (or, if applicable weekly Gross Pay)
- Total Overtime Pay
- Additional Pay and Deductions from Pay
- Total wages paid for Pay Period
- Date of Pay Period and the period of time worked represented by the wages

For Exempt Employees, the Federal Regulations require the City to keep

- Name of the employee, Social Security number or employee identification number
- Home address and ZIP code
- Gender and occupation
- Time of day and the day of the week that begins the work-week
- Gross Pay for each work period
- Date of payment and Pay Period covered by wages
- Additional Pay and Deductions from Pay

Under the FLSA, records pertaining to payroll must be maintained for at least three (3) years. In addition to payroll records, the City maintains documentation of its classification of Employees under the FLSA. This documentation is maintained through the City's written job descriptions and specifications.

Time sheets are used by the City for coding all Employee hours each pay period. The Employees, verifying the time recorded, must sign their time sheets. Supervisors must approve employee's timesheets for accuracy and validity. Exempt employees are expected to be present at the job site in order to perform their job assignments. Exempt Employees are required to record "P" for present on time sheets each day to account for their presence at work, except when an employee is on FMLA leave or charges their time to a state or federal grant. FMLA leave may be taken in fractions of a workday and a specific grant may require employees to account for their actual time charged to the specific activity.

Both the Employee and the supervisor must approve any changes to an Employee's time sheet.

4. Rounding

The Federal Regulations promulgated under the FLSA permit an employer to view as *de minimis* small increments of time during which an employee is at work. This *de minimis* time rule has been interpreted by the Department of Labor as permitting, for convenience sake, the "rounding" of an Employee's time to the nearest quarter of an hour, so long as this "rounding" is not always in either the Employee's or the City's favor.

The City has established a policy wherein all time logged in on Employees' time sheet or at the time clock will be rounded to the nearest 15-minute interval, better known as "the seven minute rule". This means that if a City Employee punches in at 8:07 a.m., he or she will be deemed to have punched in at 8:00 a.m. Contrastingly, if an Employee reports to work at 8:08 a.m., he or she will be deemed to have reported in at 8:15 a.m. Rounding must be done at every punch of the time clock, not based upon total time for the day or work-week. A chart depicting the "seven minute rule" is attached to this manual for easy reference.

5. On-Call Time

When Non-Exempt Employees are on call, the hours that must be included in Hours Worked commence at the time that the Non-Exempt Employee leaves the Non-Exempt Employee's residence or location once called to duty and stops once the Non-Exempt Employee is released to personal activities.

6. Daylight Savings Time

When the clock is set forward or back for daylight savings time, the Non-Exempt Employee is paid for the actual hours spent on the job. This means that in the spring, a Non-

Exempt Employee will be paid for one (1) less Hour Worked, and during the fall, the Non-Exempt Employee will be paid for one (1) extra Hour Worked. This paragraph shall apply unless otherwise provided in Labor Agreements.

E. Legally protected leaves of absence.

For eligible Employees, federal law and state law provide legal protection for certain types of leaves of absence. An Employee must meet certain qualifying criteria in order to be eligible for this legal protection. Following is a brief discussion about those leaves of absence that federal or state laws protect.

1. FMLA Leave

The FMLA provides eligible Employees of the City up to twelve (12) workweeks of un-paid leave for the following circumstances:

- The birth of a child or to care for a newborn child
- The placement of a child with the Employee for adoption or foster care
- The Employee's own serious health conditions (including qualifying workplace injuries) that make the Employee unable to perform the essential functions of the Employee's employment position
- To care for the Employee's spouse, child, or parent who has a serious health condition

FMLA leave is not available for bereavement.

The twelve (12) weeks of FMLA leave is calculated by the City based upon a rolling "look back" method. This means that an Employee is entitled to take 12 work weeks of un-paid FMLA leave in any rolling 12-month period calculated back from the date the Employee first commences the FMLA leave of absence.

In order to be eligible for FMLA leave, an Employee must have worked for the City for twelve (12) months (these do not need to be consecutive months); and the Employee must have worked for 1250 hours in the twelve (12) consecutive months immediately preceding the commencement of the Employee's FMLA leave.

Eligibility must be certified as provided for in City policy AVL-6, Family Medical Leave Act.

With the exception of leave taken for the birth or adoption of a child, or for placement of a child in foster care, FMLA leave may be taken in fractions of a workday.

While FMLA leave is un-paid, the Employee must take accrued paid leave concurrently with FMLA leave, under City policy. The Employee may elect to take accrued paid vacation, sick, or personal days concurrently with FMLA leave in the event of the birth or adoption of a

child, for the Employee's serious health condition, or where the Employee desires to care for or support a family member with a serious health condition. When all paid leave time is exhausted, the Employee may take the remainder of available FMLA leave time on an un-paid basis.

Under City policy, Workers' Compensation leave runs concurrently with FMLA leave. Therefore, an Employee who takes a Workers' Compensation leave of absence with an injury that qualifies as a serious health condition should be notified that all Workers' Compensation leave is also being credited against any remaining FMLA leave.

At the City, FP Reps. and Payroll Preparers are expected to assist the City in its record-keeping duties by following up on any circumstances where an Employee appears to be on workers' compensation leave or sick leave for more than three (3) consecutive days, but FMLA leave has not been designated in the payroll records. In such an event, the FP Rep. or Payroll Preparer should contact Employee Health Services in the Human Resources Department and inquire whether FMLA leave should be designated, and accounted for, with regard to the particular Employee.

During periods of FMLA leave, Federal Regulations provide that an Employee is entitled to maintain eligibility to participate in the group health/medical plan of the City—so long as the Employee continues to pay the required portion of the premium for the plan. With respect to cafeteria plan (or Medical Reimbursement Account) participation, Federal Regulations permit an Employee either to continue to make contributions to the plan, or to cease participation and re-enroll in the plan upon returning to work following FMLA leave.

2. USERRA Leave and Military Leave for Civil Service

Employees who receive orders to serve in the uniformed services of the United States receive protection under federal law. Public employees are also protected under Texas law when they take time off to serve in the federal or state military.

The federal law, USERRA, applies to Employees of the City who take time off to:

- Serve in active duty, active duty for training, initial active duty for training or inactive duty training, whether voluntarily or involuntarily, in the Armed Forces, Army National Guard, or Coast Guard; or
- Serve, voluntarily or involuntarily, in the full-time duty of the National Guard or Public Health Service, or other uniformed service designated by the President in times of war.

Employees covered by USERRA are, with limited exceptions, entitled to reinstatement to their employment position upon a return from service in the uniformed services of less than five (5) years duration with an honorable discharge.

The administration of any period of USERRA leave or military leave under state law is a complex task. For example, an Exempt Employee on USERRA leave for a portion of a workweek must be paid for the entire week, or risk losing exempt status. Consequently, any

time a FP Rep. or Payroll Preparer becomes aware that a City Employee is leaving work to serve in the uniformed services of the United States, or returning to work following USERRA leave, he or she should immediately contact the Human Resources Department to gain assistance coordinating the many payroll and benefits issues that must be resolved in order for the Employee to receive all the legal protections federal and state law provides.

3. Workers' Compensation Leave

One of the functions a FP Rep. at the City must perform is to manage the payroll aspects of workers' compensation leave. Employees who are on leave of absence because of a qualified work-related injury or illness are entitled to workers' compensation benefits under the City's workers' compensation policy. Wage replacement benefits under the City's workers' compensation program are paid from two sources: the workers' compensation carrier, and the City. Employees who take a workers' compensation leave of absence generally begin receiving wage replacement benefits from the workers' compensation carrier within eight (8) days of the commencement of the Employee's leave of absence. The City makes up the difference between the Employee's wage replacement benefits from the workers' compensation carrier and the Employees' standard Gross Pay.

Whenever an Employee is off on workers' compensation leave, it is important for the FP Rep. to determine when an Employee begins to receive wage replacement benefits from the workers' compensation carrier in order for the City to avoid the circumstance where the Employee is overpaid. In order to assure proper coordination of workers' compensation wage replacement benefits, the FP Rep. must work closely with the Risk Management Division of the City.

4. Other Leaves of Absence Protected by Law

In addition to the leaves of absence discussed above, federal law and state law provide protection to Employees in certain other circumstances. For example, Chapter 143 of the Local Government Code provides a legally protected leave of absence with pay for one (1) year for any Civil Service Employee who suffers an illness or injury in the line of duty. This period of protected leave may be extended at the discretion of the City.

Texas law protects Employees' right to take leave of absence for jury duty. When an Employee's work schedule prevents the Employee from being able to vote, Texas law mandates that an employer allow the Employee time off from work to vote.

In most circumstances, the Employee and the Employee's supervisor will jointly undertake the administration of an Employee's leave time. However, in order to assure the continuation of wages in appropriate circumstances, or the discontinuance of wages in other circumstances, it is important for the FP Rep. and Payroll Preparer to make sure that each Employee's absence from work is correctly documented in the payroll records. Payroll Preparers should act as front-line observers with regard to helping the City document workers' compensation leave.

III. Additions to and Deductions from Base Wages.

A. Deductions from Wages.

The discovery of an improper deduction from the Employee's wages will get an Employee's attention and tend to promote negativity. Therefore, whenever a Deduction from Pay is set up care must be taken to ensure that both the nature and the amount of the deduction are carefully documented.

In general, there are four (4) kinds of Deductions from Pay: Withholdings for taxes required by state or federal law; Contributions to employee Benefit plans; deductions taken because an Employee has taken an un-paid leave of absence of some kind; and deductions authorized by federal or state law, such as child support payments. Some of these Deductions from pay are discussed, below.

1. Withholdings for Taxes, Social Security and Medicare/Medicaid

With limited exceptions, federal law mandates that the City withhold federal income tax, Social Security and Medicare payments from each Employee's paycheck every Pay Period.

The amount of withholding for federal income tax that will be deducted from an Employee's taxable wages depends on the Employee's marital status and the number of allowances the Employee has claimed on the Employee's Form W-4. Once the Employer receives the Form W-4, the proper amount of withholding for federal income tax may be calculated based upon tables the IRS provides.

For Social Security, both the employer and the employee pay a combined tax of 12.4% (6.2% withheld from the employee's taxable wages, and 6.2% paid by the employer) of the taxable wages up to a yearly cap determined by the IRS.

With respect to Medicare, both the employer and the employee pay a combined tax of 2.9% of the employee's taxable wages (1.45% of the taxable wages is paid by the employee and 1.45% by the employer).

2. Authorized Deductions for Benefits Payments and Contributions

Employees give permission to the City to have their Employee Welfare Benefit Plan or Employee Pension/Retirement Benefit Plan Contributions automatically deducted from their Gross Pay by becoming a participant in the Plan(s) and/or by failing to fill out an instruction to the City that they desire such Contributions to be made on a Post-tax basis. This is called a "negative election" under the IRC. Under the IRC and the Federal Regulations, Employees are encouraged to make certain Contributions on a "Pre-tax" basis. This means that some Contributions may be made to certain tax-qualified Welfare and Pension/Retirement Benefit Plans BEFORE withholdings for federal taxes, Social Security and Medicare are made. This Pre-tax withholding has the practical effect of exempting a portion of the Employees' Gross

Wages from federal taxes. Pre-tax deductions are classified as “ABT” functions in the HTE system.

Following is a list of those Contributions or insurance payments that a City Employee may elect to make on a Pre-tax basis as an automatic deduction or “ABT” from the Employee’s Gross Pay:

- Contributions to a Dependent Care Contribution Account (subject to certain maximum limitations)
- Health Insurance Contributions or premiums
- Elective Contributions to City’s Deferred Compensation Plan under IRC § 457 (Eligible Employees may participate in one (1) provider’s Deferred Compensation Plan per year)
- Contributions to the Medical Care Contribution Account (subject to certain maximum limitations)

In addition to these Pre-tax Contributions that may be deducted from Gross Pay, Employees may elect to have certain other sums deducted from their Gross Pay in order to pay for insurance or benefits that are subject to Withholdings for federal income tax, Social Security or Medicare. Examples of Post-tax deductions that may be made with the Employee’s permission are payments for charitable contributions to the United Way, supplemental life insurance premiums, dependent term insurance premiums, association dues, safety shoe payments, etc.

3. Wage Docking (i.e. un-paid leaves of absence)

One cardinal rule of payroll administration is that no deduction should be made to an Employee’s Gross or Net Pay without the Employee’s express (i.e., written) authorization. Both federal and state law prohibit an employer from making unauthorized deductions from earned pay; from “docking” an employee’s earned pay for disciplinary reasons; or from deducting amounts from earned pay to recoup losses suffered by an employer as a result of an employee’s misconduct or intentional theft. Legally authorized deductions are those taken for federal tax withholdings, court ordered elections to Benefit plans, etc. Employees may also be placed on administrative leave without pay without violating rules against “docking.”

Hourly, or Non-Exempt Employees, only earn wages for “Hours Worked.” Therefore, unless the Employee uses accrued sick, vacation, holiday, or personal days, a Non-Exempt Employee’s Gross Pay generally reflects the number of hours the Employee works during the work period. Consequently, a Non-Exempt Employee may have the amount of wages decreased for any given work period to account for time taken off from work for periods of un-paid personal or administrative leave. Although circumstances do arise justifying absent without pay (AWOP) time for other than disciplinary reasons, they should be limited and carefully reviewed. Absent without pay (AWOP) charges to an employee should only be used after department scrutiny.

For Exempt Employees, however, the laws are different. With the exception of time taken by an Exempt Employee for un-paid leave under a written policy, or the City's adoption of special provisions allowed under federal law, the City has elected not to deduct from an Exempt Employee's Gross Pay time spent on un-paid leaves of absence for disciplinary reasons in less than one (1)-week increments.

City policy authorizes the City to account for sick and vacation time in less than one (1)-week increments for Exempt Employees. This means that the City may deduct accrued paid leave time from Exempt Employees' paid leave time banks without jeopardizing the Employees' exempt status.

It is the FP Rep.'s duty to make sure that any deductions from an Employee's Pay are properly authorized and documented. Any unusual or unexpected changes in an Employee's Gross Pay should immediately be investigated and, if necessary, corrected. No Employee's final paycheck should be retained in order to coerce return of City property after separation from employment.

4. Court-ordered Payments and Those Legally Authorized

In addition to the deductions described above, occasionally the City is required to withhold amounts from Employees' Pay in order to comply with a court order directing the City to deduct child support payments, or other payment, and remit the payments to a third-party. The City may also be required to withhold certain payments to respond to tax liens or for other reasons authorized by federal or state law. When these situations arise, the FP Rep. will be notified so that appropriate action may be taken.

B. Additions to Wages

In addition to paid benefits, City policy and Texas law provide for the following Additional Pay for eligible Employees:

1. Education Pay/ Certification Pay
2. Longevity Pay
3. Clothing allowances
4. Field Training Officer Pay
5. Bilingual Pay
6. Day trip meal reimbursements (a fringe benefit)

IV. Taxability and Administration of Employee Fringe Benefits

Both federal and state law permits an employer to provide employees with certain "fringe benefits." The value of fringe benefits is generally taxable and subject to withholdings for federal income tax, Social Security and Medicare.

In most work places, including at the City, Employees receive sick leave, vacation leave and other kinds of paid leave time as a fringe benefit. The taxability and administration of the City's fringe benefits are discussed in the following sections.

1. Accrual and Administration of Paid Sick Leave

For Full-time Non-Civil Service Employees, sick leave accrues at the rate of one full workday (i.e. 8 hours) for each month employed. Full-time Civil Service Employees accrue fifteen (15) paid sick days for each year worked for the City—or 1.25 workdays per month worked. Part-time, non-Civil Service Employees accrue sick leave according to the following schedule:

Tier	Scheduled Hours	Percentage	Sick Hours Earned per Pay Period
1	20-24	62%	4.96
2	25-29	75%	6.00
3	30-35	87%	6.96

Accrued sick leave may be taken in as little as quarter-hour increments. Sick leave accrues, and unused sick leave carries over from year to year, without limitation. However, for Employees who have worked for the City less than five (5) years, unused sick leave is forfeited upon separation from employment. Employees who separate from employment with the City after five (5) years of employment will be paid for up to ninety (90) days of their unused accrued sick leave.

When accrued sick leave is taken or paid, the FLSA Regular Rate of Pay that is used is the Rate at which the Employee worked for the City at the time of taking sick leave, or at the time of separation from employment, whichever is applicable. The City includes Longevity Pay, Certification Pay, Education Pay and Bilingual pay in the Regular Rate of pay.

Sick leave time is included in the Gross Pay of those Employees who take sick leave during a particular pay period. For tax purposes, sick leave is treated just like Gross Pay. This means that withholdings for federal income taxes, Social Security and Medicare are deducted from sick leave time.

With the authorization of the City Manager, Employees may be advanced sick leave. When an advance occurs, the Employee will agree, in writing, to repay the advance through an offsetting accrual of sick leave time by working or a deduction for the amount owed may be taken from the employee's final paycheck. Employees who terminate their employment because of the employee's death or disability will not be required to repay the City any advanced sick leave.

Time taken by an Employee as sick leave is not included as hours worked for Overtime. City policy authorizes the City to account for sick and vacation time in less than one (1) week increments for Exempt employees. This means that the City may deduct accrued leave time

from Exempt employees' paid leave banks without jeopardizing the Employee's exempt status. FMLA leave may be taken in fractions of a workday.

City policy authorizes the City to use an employee's other accruals, such as vacation, holiday, or personal days, when the employee is out of sick leave.

2. Accrual and Administration of Paid Vacation Leave

Regular Full-time (Non-Civil Service) Employees earn and accrue vacation leave at the rate of ten (10) workdays per year for the first five (5) years of employment; and fifteen (15) workdays per year after five (5) consecutive years of employment. The maximum accrual of vacation leave that may be carried over from one calendar year to the next is twenty (20) days. Any amount of vacation in excess of this limit that is not taken by the end of the calendar year will be forfeited.

Full-time Civil Service Employees accrue fifteen (15) workdays of vacation leave each year.

Part-time, non-Civil Service Employees of the City accrue vacation leave as follows:

Tier	Scheduled Hours	Percentage	Vacation Hours Earned for 1-5 years of service	Vacation Hours Earned for 5+ years of service
1	20-24	62%	4.13	6.20
2	25-29	75%	5.00	7.50
3	30-35	87%	5.80	8.70

Employees who have accrued vacation leave available to them may take paid vacation after scheduling paid vacation leave with their Department Director or a designee. With the approval of a Department Director or a designee, Employees may take accrued paid vacation prior to their first anniversary of employment. For Non-Exempt Employees, accrued vacation leave may be taken in increments of one (1) hour or less with the approval of a Department Director or a designee.

Employees will be paid up to twenty (20) workdays of accrued vacation leave upon separation from employment with the City. Payment of accrued vacation leave upon separation will be based upon the FLSA Rate of Pay at the time of the Employee's separation.

Time taken as vacation leave counts as Hours Worked for purposes of Overtime. Paid vacation is treated just like Gross Pay for purposes of federal employment taxes and withholdings for federal income tax, Social Security and Medicare. FMLA leave may be taken in fractions of a workday.

3. FMLA: coordination of leave issues

Employees who take FMLA leave for their own serious health condition, the serious health condition of their child or parent, or the birth or adoption of a child are required to take accrued paid leave (excluding Civil Service compensatory time) concurrently with their un-paid FMLA leave

Employees who take FMLA leave for any eligible reason may be required to take accrued vacation leave concurrently with their FMLA leave once any accrued sick leave available to them is exhausted. Under City policy, there are certain situations where an employee will be eligible for FMLA leave but not sick leave.

4. Paid Holidays

The City provides Full-time Employees with nine (9) paid holidays per year: Christmas Day, New Years Day, Memorial Day, Independence Day (July 4th), Labor Day, Martin Luther King Day, Thanksgiving Day, the Day after Thanksgiving, and one (1) floating holiday, which is chosen by the Employee. Eligible Part-time, non-Civil Service employees receive holiday benefits according to the following schedule:

Tier	Scheduled Hours	Percentage	Holiday Hours Paid/Earned each Holiday
1	20-24	62%	4.96
2	25-29	75%	6.00
3	30-35	87%	6.96

Paid holidays are taxed the same as an Employee’s Gross Pay. Holiday accruals may be carried over annually, like vacation accruals, but are limited to nine (9) days. Any amount of holidays in excess of this limit that is not taken by the end of the calendar year will be forfeited.

Employees will be paid up to nine (9) workdays of accrued holidays upon separation from employment with the City. Payment of accrued holidays upon separation will be based upon the FLSA Rate of Pay at the time of the Employee’s separation.

5. Personal Days

Every Full-time Employee who works for the City has two (2) personal days that accrue to the Employee on January 1st of each calendar year. Employees hired between January 1st and May 31st receive 2 paid personal days off in the first year of employment. Employees hired from June 1st to September 30th receive one paid personal day in their first calendar year of employment. Employees hired after September 30th do not receive paid personal days off in the first calendar year of employment. Each year thereafter, every Employee is entitled to two (2) personal days that accrue on January 1st of each calendar year. The Employee forfeits

personal days not taken each year—so Employees never have more than two (2) days paid personal days available to them.

Personal days are taxed the same as an Employee's Gross Pay. The Employee, upon separation from employment with the City, **forfeits** unused personal days.

6. Military Leave and Supplement Pay

Refer to City of Waco Policy AVL-5 Military Leave for payment detail.

7. Paid Jury Duty Leave

Employees who take time off to serve on jury duty are entitled to receive their wages at the level and rate of pay at which they customarily work. The City wages received during jury duty leave are taxed the same as Employee's Gross Pay.

8. Workers' Compensation Pay Supplement

Employees who are on Workers' Compensation leave will have their wage replacement benefits from the Workers' Compensation insurance carrier supplemented by the City up to the level of their customary Gross Pay. For Part-time Employees, this means that they will receive sufficient supplement to cause their wage replacement benefits to equal the number of hours they customarily work in a workweek.

Wage replacement benefits during Workers' Compensation leave are taxed the same as Employees' Gross Pay.

V. Payroll Processing

A. About the City's Payroll Software

The City relies upon the payroll processing software to generate payroll and the necessary reports to permit the City to budget, audit and control its payroll functions. HTE provides the City with a User Guide and a Training Manual that may be used as a reference when FP Reps. need specific information pertaining to software functions. What follows in this Payroll Manual is a general overview of the HTE payroll software, its functions and a description of the procedures that must be followed by the FP Rep. when performing payroll processing.

HTE's payroll software's functions are divided into five divisions: setup and maintenance of the software; pay period processing; period end processing; report generation; and budgeting. The software permits the City to calculate each Employee's Gross Pay, to calculate, process and track Additional Pay and Deductions from Pay (both Pre-tax and Post-tax deductions); to conduct required withholdings; to distribute Form W-2s and 1099-Rs, to generate returns required by the IRC, and to perform various budget and control functions.

For more information about these and other functions, FP Reps. should refer to the HTE User Guide or Training Manual.

B. Automated Payroll Processing

The payroll processing function with the HTE software actually begins when each Employee submits an executed time sheet to the Department Payroll Preparer. The Payroll Preparer balances the time coded on the time sheets and enters the information in the HTE system. The balanced information is submitted to the Finance Department, where the FP Rep. reviews and processes the payroll. An employee's Paycheck should not be released unless the City receives a signed time sheet (by the Employee or the Employee's authorized representative), verifying the time worked and any paid or un-paid leave taken. Exempt Employees at the City submit time sheets to document when they are present and when they take time off. While Exempt Employees are not required to submit written time records under federal law, the practice permits the City to track paid leave and other Benefits for Exempt Employees.

Time sheets document an Employee's time for their designated Pay Period. Paychecks are issued (in paper form or by direct deposit) the Thursday following the bi-weekly Pay Period's close and on the Friday following the close of a 21-day Fire Suppression Pay Period.

The formal process of running payroll begins when the FP Rep. enters the software and selects the "Set Parameters/Create Hours" option on the menu. However, prior to this step, certain preliminary work must be done:

1. All information pertaining to changes in hourly rates or annual salaries of Employees, data concerning new hires, terminations, or classification adjustments must be verified by the Human Resources Department and entered into the software system.
2. All Payroll Preparers (i.e., those individuals designated by the Department Directors to enter Employee time for their Department) must have completed their time entries, made any necessary adjustments, entered and submitted their timesheets (in hard copy) to the Finance Department.
3. All Payroll Preparers must have exited the software's Users Hours Entry function. Department Payroll Preparers should have exited the HTE by 12:00 noon, the Monday before the Thursday payday; and
4. All Department time sheets are received and verified by the FP Reps.

Once time sheets are submitted to Finance and all Department users have cleared Hours Entry function on HTE, payroll processing may commence.

C. Uniform Functions by Department

Because certain City Departments have unique classifications of Employees or types of jobs, some of the payroll record-keeping and data entry functions are distinct to a certain Department. Nevertheless, every Department should follow some uniform guidelines. These uniform guidelines are listed, below:

- Timesheets must be submitted to the Finance Department on Monday of the week in which paychecks are generated no later than 12:00 noon.
- Paper paychecks may either come through the courier service and be delivered directly to Departments or they may be picked up by the Department Director or a designee from the Finance Department after 2:00pm on Payday.
- When a holiday falls in a week in which payroll is generated, timesheets may be required to be turned in early. In this case, the FP Reps. will notify Payroll Preparers by email.
- Accrual bank totals for each Department are printed on the top of timesheets. In order for these amounts to be current, timesheets for the next Pay Period should not be run **prior to Thursday morning of payday**. If timesheets are run prior to Thursday morning of payday, it is noted that accrual amounts have not been updated for the current period.
- The Hours Proof report is to be run after the Department Payroll Preparer enters all time for the period. This report lists all entries of time by Employee and code. Departments are required to turn in their Hours Proof to the Finance Department. Most Departments also turn in their timesheets and Balancing summary sheet.
- Balancing Summary Sheets, *when used by Departments*, are to list all hours coded on timesheets. This is then to be balanced to their Hours Proof. Any errors noted should be corrected and the Hours Proof re-run.
- Timesheets – All timesheets are to be signed by the Employee and supervisor verifying their time—NO EXCEPTIONS. It is the Payroll Preparers job to make sure all timesheets are signed and dated.
 - Timesheets used are printed off HTE or approved in-house departmental forms.
 - For Non-Exempt Employees, timesheets should be completed with all daily hours.
 - Timesheets should be signed by the employee and dated the last day worked in the pay period.
 - Proper Hours type codes must be used for each entry.
 - Each Employee's timesheet should be sub-totaled by week, then by pay period, with summary hours at bottom of timesheet.
 - Exempt Employees should code "P" for days that they are present at work. Any vacation, sick leave, etc. must be coded with hours and hours type code on timesheet.

- For employees, both Exempt and Non-Exempt, who charge all or a portion of their time to state and federal grants, all actual hours must be coded. For Exempt employees, this means that the actual hours worked must be coded instead of the “P”. Employees may be required to complete a daily time log with actual hours worked by activity and attach the time log as support for their timesheets.
- Both the Employee and supervisor must initial any changes or corrections to timesheets, no matter when they are made. Payroll Preparers are NOT to make changes without proper approvals, and the Employee and supervisor must also initial these changes.
- In certain (extraordinary) circumstances, a supervisor may sign a timesheet for an Employee who is unavailable. This should be done by having the supervisor sign the Employee’s name and then place the supervisor’s initials with the words “with permission” on the timesheet. The supervisor then should have the Employee provide the supervisor with written permission and approval of a copy of the original time sheet as signed by the supervisor at a later date. The copy of the time sheet approved by the Employee should be sent to the Finance Department.
- If not signed by the Employee or supervisor, a copy of the timesheet is to be turned in to the Finance Department and the original maintained by Department until the signatures are obtained. Such timesheets should be documented on the departmental Payroll Summary sheet that is turned into Finance with the timesheets. Once the signatures are obtained, the original timesheet should be forwarded to Finance.
- If time shown on an Employee’s timesheet is for the Employee’s final check, the Payroll Preparer should send unsigned time sheet to Human Resources on the final day of employment. Human Resources will ensure that the final timesheet is signed and will send the timesheet to the Finance Department.
- If the time on an Employee’s timesheet is for final check and a Manual check is to be prepared, the Finance Department will also need a copy of the unsigned timesheet. Once the timesheet is signed it should be sent to the Finance Department.
- For Departments that maintain their own timesheets, similar procedures should be followed as indicated in this manual.
- Corrections to accruals or time coded will be made only with the authorization of the Department Director. This may be done via email, but must have proper supporting documentation. Corrections should be sent to the Financial Supervisor for Payroll.
- Terminated employees – must enter actual hours for the period worked. Time sheets for terminated employees should be sent to the Finance Department on the final day of the Employee’s employment.
 - For departments that are on the automated or “trigger” system, all 80 hours of the Pay Period must be accounted for. If an Employee has not completed the full

period, the “TM” code must be used after the separation date. This denotes hours after termination.

- For Departments handling Payroll Manually— no hours are to be listed after an Employee’s termination date.
- AWOP time is to be coded ONLY when accruals have been exhausted, except in disciplinary cases;
 - If an employee has exhausted all sick accruals and becomes ill, then vacation, holiday, or personal leave banks will be used prior to reporting employee as AWOP.
 - If an employee has exhausted all vacation accruals and requests a day off, then holiday or personal leave banks will be used prior to reporting employee as AWOP.
 - It is up to the department to control AWOP time, and each AWOP situation should be carefully reviewed.

D. New Hire Paperwork Requirements

When a new Employee is hired, federal and state law require the following forms be filled out and processed:

- Form I-9—to show that the Employee has been documented as lawfully entitled to work in the United States.
- Employee Information Form—for the City’s records.
- New Hire Reporting—Form W-4 or other approved form must be sent to the state registry within twenty (20) days of the date of hire.
- Form W-4—The IRS requires Employees to fill out Form W-4 to show income tax withholding designations. Instructions regarding Form W-4 are available in the Finance Department.

The Human Resource Department assures that these forms are completed during the hiring process. Form W-4s are submitted to the Finance Department so that income tax withholding information may be entered into the HTE system. ALL new hire paper work should be submitted before the employee commences work. For payroll processing purposes, new hire paper work should be completed and submitted to the Finance Department and Human Resources Department, as applicable, no later than the Thursday preceding the week paychecks are issued.

VI. Payroll Auditing and Privacy Issues

A. Payroll-related Deadlines under Federal Law.

With regard to payroll-related forms that must be completed, or filed with the IRS each year, the following deadlines apply:

- **January 31st** —Forms 1099 and W-2 must be furnished to each Contractor or Employee, as applicable. For pension/retirement plan reporting, a 1099R must be furnished.
- **February 15th** —All Employees claiming exemptions should complete and submit a new W-4 Form. Old Form W-4s for Employees expire on February 16th.
- **February 28th** —Forms 1099 and Form 1096 must be filed in hard copy with the IRS.
- **March 31st** —Form 1099 and W-2 may be filed electronically by this deadline.
- **Quarterly:** April 30th; July 31st; October 31st; January 31st; FUTA tax is due—file Form 941.

B. Public Information.

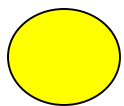
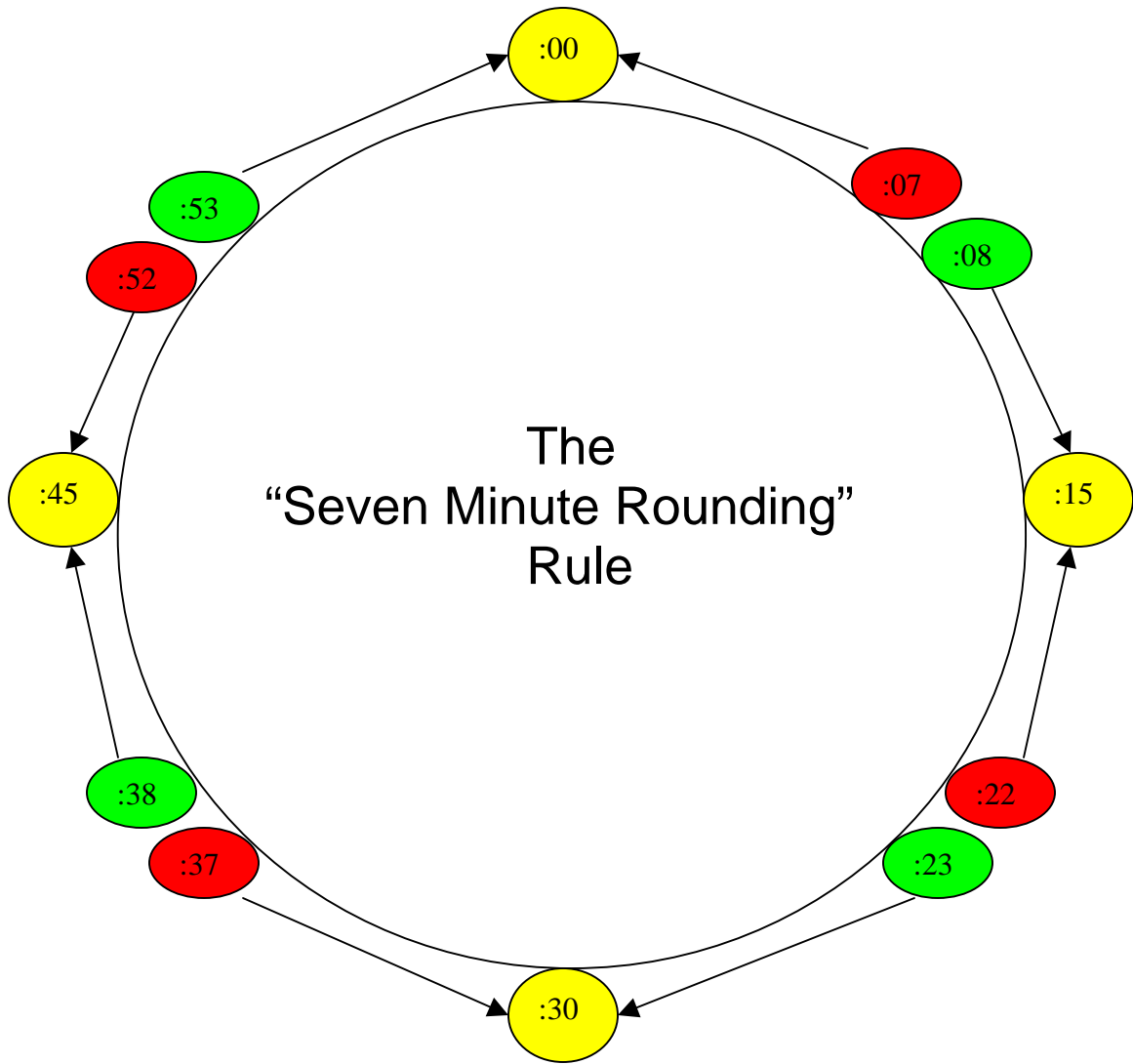
Texas law provides, with certain exceptions, that documents and memorandum of public entities, like the City, are “open” and must be provided to any person who makes a request to examine the materials. While information concerning Employees’ wages may be included within the scope of materials open to the public, neither the FP Rep., nor a Payroll Preparer is authorized to disclose such information or to respond to a request for information under the Act.

Any FP Rep. or Payroll Preparer who receives a request for information pertaining to an Employees’ wages, or other employment-related information, should immediately forward the request to the Legal Department so that the proper persons within the City may coordinate a lawful response to the request.

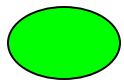
VII. Conclusion

Forms Available for Administration of Payroll.

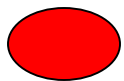
- A. Time sheets
- B. Wage Adjustment/Change of Status Form
- C. Employee Authorization for Payroll Deduction
- D. Cafeteria Plan Election Form and Notice Regarding Changes to Elections
- E. FMLA leave administration forms and notices
- F. Supervisor Authorization for Overtime
- G. Payroll Hours Type Codes



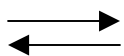
= Quarter hour



= Round up to nearest quarter hour



= Round back to nearest quarter hour



= Round up or back depending on the way the arrows point.