

**BRUSHY CREEK MUNICIPAL UTILITY DISTRICT
ORDER NO. 16-0428-01**

**ORDER AUTHORIZING GENERAL MANAGER TO APPROVE CERTAIN EXPENDITURES,
PROVIDING FOR THE DISBURSEMENT OF DISTRICT FUNDS, AND CONTAINING OTHER
MATTERS RELATING TO THE SAFEKEEPING OF DISTRICT FUNDS**

THE STATE OF TEXAS §

COUNTY OF WILLIAMSON §

WHEREAS, Brushy Creek Municipal Utility District (the “District”) is a duly created and existing municipal utility district created and operating under Chapters 49 and 54 of the Texas Water Code, as amended;

WHEREAS, the Board of Directors is responsible for the management of District assets and funds;

WHEREAS, the Board of Directors desires to institute adequate controls for the safekeeping of District funds yet allow for the timely payment of bills and conduct of District business by the District’s General Manager;

WHEREAS, Section 49.151 of the Texas Water Code provides that by resolution, the board of directors of a water district may allow the general manager, treasurer, bookkeeper, or other employee of the water district to sign disbursements;

WHEREAS, Section 49.056 of the Water Code provides that the board of directors of a water district may delegate to the general manager full authority to manage and operate the affairs of the district subject only to the orders of the board; and

WHEREAS, in accordance with the Texas Water Code, the Board of Directors desires to authorize its General Manager and Chief Administrative Officer to sign certain disbursements, desires to authorize the General Manager to approve certain expenditures of District funds subject to certain limitations specified by the Board of Directors, and desires to institute additional internal controls for the safekeeping and protection of public funds.

NOW THEREFORE, BE IT ORDERED BY THE BOARD OF DIRECTORS OF BRUSHY CREEK MUNICIPAL UTILITY DISTRICT THAT:

1. The facts and recitations found in the preamble of this Order are hereby found and declared to be true and correct, and are incorporated by reference herein and expressly made a part hereof, as if copied verbatim.
2. The General Manager in coordination with the Chief Administrative Officer of the District shall establish, maintain and enforce an internal control structure designed to ensure all District assets are protected from loss, theft, or misuse. The internal controls shall address, without limitation, the following concerns:
 - i. control of collusion;
 - ii. separation of transaction authority from accounting and record keeping;
 - iii. compliance with the District’s Investment Policy;

- iv. written confirmation of telephone transaction for investment and wire transfers;
 - v. compliance with the District's Purchasing Procedures; and
 - vi. performance of an independent annual compliance audit of management controls and adherence to this Order.
3. For purposes of this Order, a "disbursement" is the discharging by making payment of a liability, debt, accounts payable, transfer, or other obligation previously approved by the Board of Directors or General Manager of the District. An "expenditure" represents the prior approval of the liability, debt or other obligation to be discharged by disbursement.
4. Banking and Investment Authority:
- a. In accordance with Section 49.156 of the Texas Water Code, the Board of Directors of the District shall designate one or more banks or savings associations within the State of Texas to serve as the depository for the funds of the District. The designation of depositories shall be evidenced by written resolution adopted by the Board of Directors at a duly authorized meeting.
 - b. The General Manager in coordination with the Chief Administrative Officer is hereby directed to ensure that signature cards for all District depository accounts contain current information and only the names of those individuals authorized to conduct business on behalf of the District.
 - c. In accordance with Section 49.157 of the Texas Water Code, the Board of Directors of the District has authorized its Investment Officers to invest and reinvest the funds of the District, and to withdraw money from the District's accounts for such investments, in authorized investments of the District, as identified in the District's Investment Policy. The withdrawal and transfer of funds by the Investment Officers for investment purposes may be accomplished only in accordance with the terms and conditions of this Order relating to the transfer of funds for investment purposes.
5. Disbursement Authority:
- a. Except as otherwise provided by this Order, all disbursements of District funds shall require the signature of either (i) two directors (one of whom is preferably the Board Treasurer or Assistant Treasurer); or (ii) the District's General Manager and the Chief Administrative Officer. A director may serve as a substitute for one of the foregoing authorized staff persons. If a vacancy exists in one of the two staff positions that are authorized to sign disbursements, the Board may designate an alternate staff member to have temporary check signing authority until such time as the vacancy is filled.
 - b. Credit card transactions and payroll disbursements made through direct deposit are subject to terms of this Order and the District's Purchasing Procedures.
 - c. Non-payroll checks made payable to any employee of the District may not be signed by the employee receiving the check.
 - d. Checks made payable to any Director of the District for director's fees or reimbursement of expenses may not be signed by the Director receiving the check.

- e. Directors may participate in the District's payroll direct deposit program.
- f. Checks in excess of \$25,000 require the signature of at least one Board member except for disbursements identified in Section 7.c and 7.d. below.

6. Electronic Transfers:

Except as authorized below, the electronic transfer of District funds is prohibited:

- a. District funds may be transferred between District accounts only upon prior authorization of the General Manager and Chief Administrative Officer or as directed by the Board of Directors.
- b. District funds may be transferred for authorized investments, as identified in the District's Investment Policy, only upon prior approval of an Investment Officer of the District. All Investment Officers of the District shall be given prior notice of the proposed transfer of District funds for investment purposes, and the transfer of such funds shall require the written authorization of the General Manager and Chief Administrative Officer.
- c. Principal and interest payments for debt service on District bonds may be made by electronic funds transfer from the District's debt service fund directly to the paying agent's account upon prior approval of the General Manager or Chief Administrative Officer.
- d. Prior notice of all proposed electronic fund transfers to external accounts other than payroll, bond payments, and payments to taxing authorities shall be given to the Board.
- e. Payroll taxes and other payments to government entities that are required to be transmitted electronically are permitted.
- f. A report identifying all electronic fund transfers shall be prepared and furnished by the Accounting Team Lead to the Board not less than monthly.
- g. Payroll and benefits direct deposits for staff and Board members may be made electronically only upon prior authorization of the General Manager and Chief Administrative Officer. In the event that either the General Manager or the Chief Administrative Officer is unavailable, a Board member who does not have a pay request pending may provide one of the required authorizations.

7. General Manager Expenditure Authority: Except in accordance with the terms and conditions set forth below, all expenditures of District funds shall require the prior approval of the Board of Directors of the District.

- a. Except as otherwise provided in this Section 7, the District's General Manager may approve expenditures of the District's funds in an amount not to exceed \$25,000 provided the proposed expenditure is of a type or for a purpose included within the District's then current fiscal year budget and meets the following stipulations:
 - i. The General Manager may not approve any expenditure that would result in an exceedance of more than 10% and \$10,000 of the total budgeted expense for any expense category within any "Cost Center" of the District, as identified in the District's then current fiscal year budget. Any expenditure that would result in

such an exceedance must be approved by the Board of Directors of the District and shall require the amendment of the District's then current fiscal year budget; and

- ii. The General Manager may not break down any proposed expenditure into components for the purpose of avoiding limitations on his or her expenditure authority.
 - b. The General Manager may approve expenditures of District funds in accordance with any specific authorization granted by the Board of Directors of the District during a Board meeting.
 - c. The General Manager may approve expenditures of District funds in any amount as may be necessary to respond to emergency conditions that potentially threaten the health, safety or welfare of District customers, residents, or employees for which immediate corrective action is necessary. Notification of such action shall be presented to the Board and subsequently placed on the agenda for the Board of Directors' next regularly scheduled meeting.
 - d. The General Manager may approve expenditures of District funds regardless of amount for payment of routine operations such as payment of electrical bills, raw water payments to the Brazos River Authority, and wastewater treatment and disposal payments to the City of Round Rock, payments to solid waste service providers, and bond payments provided the proposed expenditure is within the District's then current fiscal year budget and does not result in an exceedance of more than 10% and \$10,000 of the total budgeted expense for any budgeted expense category within any "Cost Center" of the District.
 - e. All capital expenditures, as defined in the District's Capitalization Policy, shall be approved by the Board of Directors of the District.
 - f. The General Manager shall exercise his or her expenditure authority in a prudent and fiscally responsible manner, and consistent with all applicable policies and orders adopted by the Board of Directors of the District.
 - g. All disbursements, transfers, and expenditures approved by the General Manager shall be identified in the disbursement or other financial reports presented to the Board of Directors.
 - h. The General Manager shall not exercise his or her expenditure authority so as to avoid or circumvent public, committee or board participation in expenditures or projects that may be of particular interest.
8. Credit Accounts: The General Manager and Accounting Manager are jointly authorized to open credit accounts and establish credit relationships on behalf of the District in accordance with the following terms and limitations:
- a. All purchases with District credit cards shall be made in accordance with the terms of this Order and the District's Purchasing Policies.
 - b. District credit accounts may not be used for personal or non-District purposes.
 - c. The following employees may be issued District credit cards with credit limits that do

not exceed the referenced amounts:

<u>Title</u>	<u>Credit Limit</u>
General Manager	\$6,000
Utilities Coordinator	\$3,500
Executive Assistant to General Manager	\$1,500
Programs and Events Coordinator	\$1,500
Parks Maintenance Coordinator	\$1,500
Information Technology Specialist	\$3,500

- d. Credit limits may only be increased upon prior authorization of the Board of Directors.
 - e. Use of credit cards and credit accounts are subject to the same limitations as other expenditures, including that they be exercised only for proper purposes of the District and for expenses identified within, and in amounts not in excess of, the expense line item for the employee's department for the then current fiscal year budget.
 - f. Credit card and credit account transactions should be limited to purchases with vendors that will not direct bill the District, and for which it is not practicable to provide payment by check. The original receipts shall be furnished to the District to evidence the purpose of each payment made by credit card.
9. Delegation of Expenditure Authority: The General Manager may delegate expenditure authority granted under this Order to staff designated as Coordinators, the Chief Administrative Officer or Executive Assistant. Further, in the event of an absence or vacancy, the General Manager may delegate temporary expenditure authorization to other personnel. The Authorized Personnel shall not have the authority to approve or make any expenditure that would exceed the budgeted amount for the relevant expense category, as identified in the District's then current fiscal year budget, without obtaining the prior approval of the General Manager. Further, the General Manager shall not have the authority to approve any expenditure by Authorized Personnel that would exceed the General Manager's expenditure authority. In all cases, the General Manager shall remain responsible for overseeing and ensuring that authorized personnel exercise any delegated expenditure authority properly, prudently, and in accordance with the terms and limitations of this Order.
10. Contract Authority: The General Manager is hereby authorized to enter into contracts for a total contract sum (including all goods or services contemplated under the contract) not to exceed \$25,000 subject to the following terms and conditions:
- a. All contracts must relate to an expenditure included within the District's then current fiscal year budget, and the total amount of payment authorized under the contract must not exceed the budgeted line item amount for the budgeted expense category to which the contract relates;
 - b. All contracts must be reviewed in advance by legal counsel to the District.
 - c. Contracts for personal services (excluding temporary contract labor) or professional services shall be approved in advance by the Board of Directors. Professional Services includes those services rendered for or on behalf of the District defined in the Texas Government Code (architecture, accounting, surveying, engineering, appraisal, and legal services, etc.). Temporary contract labor is excluded from this provision and specifically addressed below.

- d. Contracts for temporary contract labor may be approved by the General Manager provided they are for \$5,000 or less.
 - e. Contracts shall not be for a term longer than twelve months. All goods and services contemplated under a contract, regardless of the date of performance or schedule for payment under the contract, shall be considered for purposes of calculating the amount of a contract and whether it falls within the authorization granted by this Order. A transaction or project shall not be broken down into component contracts for purposes of avoiding the limitations established by this Order.
 - f. Notwithstanding the limitations of this section, the General Manager is authorized to sign any contract that has been approved, or as otherwise authorized, by the Board of Directors in a public meeting.
11. Accounting Specialist Review and Reporting: The District's Accounting Manager shall monitor the exercise of purchasing and expenditure authority, contracting authority, and use of District credit cards, authorized by this Order. All irregularities, exceedances of authority, failure to provide receipts, and similar matters that are not corrected shall be reported by the Accounting Manager to the Board of Directors not less than quarterly.
12. Board Treasurer:
- a. The General Manager and Chief Administrative Officer will meet with the Board Treasurer as necessary to ensure the Treasurer receives all material information regarding the District's financial affairs. The General Manager shall provide to the Treasurer a copy of the quarterly financial reports prior to their consideration by the Board of Directors. If the Treasurer requests, the General Manager and Chief Administrative Officer shall meet with the Treasurer to review the quarterly financial reports prior to their consideration by the Board of Directors. The General Manager and Chief Administrative Officer shall meet with the Treasurer at least semi-annually in order to review the proposed budget and the external auditor's report prior to their presentation to the full Board.
 - b. The Chief Administrative Officer and Board Treasurer shall meet with, and provide assistance to, the District's independent auditor to facilitate the timely, complete and accurate preparation of the District's annual financial audit report.
13. This Order supersedes and replaces all previous resolutions and policies relating to the subject matter hereof.
14. The staff of the District is hereby directed to take any and all actions that may be required by the District's banking institution(s) to implement this Order.



President, Board of Directors



Secretary, Board of Directors