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**OPERATIONS COMMITTEE MEETING AGENDA**



MEETING DATE: Monday, January 7, 2019

MEETING TIME: 6:00 p.m.

MEETING LOCATION: North Aurora Village Hall, 25 E. State St., North Aurora

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**CALL TO ORDER**

**ROLL CALL**

**AUDIENCE COMMENTS**

**APPROVAL OF MINUTES**

1. Approval of the Operations Committee Minutes dated October 1, 2018

**NEW BUSINESS**

1. Revised Budgetary, Fiscal and Fund Balance Policies
2. Revised Purchasing Policy

**OLD BUSINESS**

**OTHER INFORMATION**

**TRUSTEE COMMENTS**

**ADJOURN**

Initials SB

**VILLAGE OF NORTH AURORA  
OPERATIONS COMMITTEE MEETING MINUTES  
OCTOBER 1, 2018**

**CALL TO ORDER**

Trustee Guethle called the meeting to order.

**ROLL CALL**

**In attendance:** Trustee Mark Guethle, Trustee Laura Curtis, Trustee Mark Carroll, Mayor Dale Berman, Village Administrator Steve Bosco, Finance Director Bill Hannah, Police Chief David Fisher, Community & Economic Development Director Mike Toth.

**AUDIENCE COMMENTS** - None

**APPROVAL OF MINUTES**

**1. Approval of the Operations Committee Minutes dated August 6, 2018**

Motion for approval made by Trustee Carroll and seconded by Trustee Curtis. All in favor.

**Motion approved.**

**NEW BUSINESS**

**1. Revised Investment Policy**

Finance Director Bill Hannah stated that the last time there was an update to the investment policy was in 2013. The village is required by state law to have an investment policy and the village has identified and met with another government's investment pool, Illinois Trust. Their rates are very competitive. The main change is to add them as an authorized investment vehicle. Hannah said this will be presented as a resolution at the next board meeting.

**2. FY2018-19 Budget Amendment**

There are two items related to the budget amendment: 1. Part-time police records specialist. The annual cost would be \$18,000. 2. Salary range for the custodian position. Based on comparable analysis, the village is looking for a 6% increase in the custodial salary range.

Trustee Curtis asked how many records personnel the police department currently has. Chief Fisher said that there currently are two full-time and one part-time positions. Curtis asked what is contributing to the increased workload. Chief Fisher said that tickets are up 65%, warnings up 173%, ordinance violations up 456%, 74 DUI arrests compared to 69 arrests all of last year, 92 towed vehicles compared to 55 last year. The increase results in more paperwork, information to be entered into the records and more reports. There are also more FOIA requests and more work that needs to go to the attorney's office. Village Administrator Steve Bosco stated that the Village has also been more proactive with resident complaints and doing directed patrols which results in increased pull overs. In the past, the previous chief and Dave Fisher approached Bosco with the opportunity to add an employee. A study was done on call volume analysis. Out of nine communities, the Village has the least amount of civilian staff with other communities having four or five staff members. Two full-time and two part-time positions are needed for the village at this time.

### 3. Revisions to Human Resources Manual

Two revisions: Elimination of Presidents Day as a village holiday. In lieu of eliminating that holiday, will provide employees with an extra personal day.

Second change is clarification regarding Employee Health Insurance contributions. Since joining IPBC, their plan year begins on July 1<sup>st</sup> and the Village's benefit year begins January 1<sup>st</sup>. There would be a change in the total dollar amount of the premiums July 1<sup>st</sup>. The language in the HR Manual would affix those employee contributions to whatever the premiums were on January the first month of the employee benefit plan year.

### 4. 2018 Tax Levy Estimate

Hannah reviewed 11 slides regarding the tax levy.

The following summarizes the estimated calculations for this year's potential extensions for consideration by the Village:

Last Year's Total Property Tax Extensions:	\$2,388,160
Est. Increase Due to Inflation (2.1%):	\$ 50,151
Est. Increase Due to New Construction:	\$ 66,531 (14,424,625 New EAV)
Total Est. Available Extensions:	\$2,504,842

The 2018 taxable EAV is currently estimated to increase 7.70% to \$543,073,340. The 2018 estimate is based on preliminary data from the County Clerk's office. This number will change and likely lower slightly as final appeals and adjustments are made. The 2018 EAV numbers appear to show a strong increase in current property value of about 4.8%. The 2018 estimated EAV is based on property sales that occurred during 2015, 2016 and 2017.

The 2018 estimated EAV includes an estimated \$14,424,625 in new construction EAV. This is the largest new construction value since 2008, or the largest in 10 years.

If the Village adopts a levy which when extended by the County after complying with PTELL law realizes all of the allowances provided by CPI and new construction the total increase in general property tax revenue that would be estimated to be received would be an increase of \$116,682 (estimated) or about an increase of about 4.9% to \$2,504,842. This is significantly higher than in prior years due to the new construction EAV added for 2018 as a result of the Springs at Orchard and Opus east developments.

After discussion, staff felt comfortable that a levy less than the maximum amount can be considered, and would suggest a levy of \$2,450,000 which is a reduction of \$54,842 from the maximum possible extensions of \$2,504,842. In this option, the Village would essentially be forgoing the 2.1% CPI increase, but capturing the value of new construction under the tax extension.

Trustee Curtis said it is nice that the village is in a position to forego the CPI if it chooses. Curtis asked if, going forward, will not taking the CPI increase hinder the village from getting a recapture value on Lincoln Valley. Hannah said that as that property builds out, the village will be able to add that to the EAV and the property tax extensions and evaluate on an annual basis going forward.

Trustee Guethle asked when Woodman's tax would be coming to the Village. Hannah said the economic incentive agreement should be satisfied in the middle of next year

#### **5. Route 31 Tax Increment Financing District Funding Request for a Phase II Environmental Assessment**

The property is 84 acres comprised of the Valley Green Golf Course, property to the east and the vacated railway. Request is for a Phase II Environmental Assessment. Phase I was conducted which yielded results that the property has a history of farming and was used as a quarry and a vacated railroad. Phase II would involve going out and investigating the physical makeup of the property and the natural layout of the property. Space Center is the perspective developer of the property.

Space Center is requesting the use of the Route 31 Tax Increment Financing District funds to finance the phase II environmental assessment. Two proposals: Carlson Environmental (\$34,400) and Synergya (\$31,885).

Tom Casey of Space Center, Inc. addressed the committee. The Phase II Environmental is required to determine the condition the property is in as far as what cleanup would be required.

Trustee Guethle said he was in favor of the \$34,000 proposal from Carlson. Casey said both contractors are qualified and leaning towards Carlson since they have a long standing relationship with them.

Trustee Carroll asked if the Village is setting a precedent by reimbursing 100% of the cost for the Phase II Environmental Assessment. Toth said this is not under the guise of the TIF Façade Grant but rather it is leading into the feasibility of a property.

Guethle said the property has been sitting for a long time and it is on Route 31. Since the village's plan has been to revitalize Route 31, Guethle was in favor of the proposal.

Curtis said that the village should not fund over the lowest bid. If it is a preference issue, they need to come up with the difference. Curtis added that in order to be equitable to all, we need to take the lowest bid. Casey said he had no problem going back to his board to say that they would need to eat the difference. Toth said the committee could require that the cost is "Not to exceed the lowest bid." Carroll said was agreeable to that condition.

**OLD BUSINESS** - None

**OTHER INFORMATION** - None

**TRUSTEE COMMENTS** - None

**ADJOURNMENT**

Motion to adjourn made by Trustee Carroll and seconded by Trustee Curtis. All in favor.  
**Motion approved.**

Respectfully Submitted,

Lori J. Murray  
Village Clerk

**Village of North Aurora  
Memorandum**



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**To:** Government Operations Committee  
**From:** Bill Hannah, Finance Director  
**Date:** January 2, 2019  
**CC:** Steven Bosco, Village Administrator  
**RE:** Update of Village's Budgetary, Fiscal and Fund Balance Policies

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The Village has in place Budgetary, Fiscal and Fund Balance Policies that provide broad, overall guidance in the direction and management of the Village's financial affairs. These policies were last updated in 2012 and are always included in the annual Budget document.

One of the Finance goals this year was to review these policies and recommend any updates or changes prior to the development of the Draft Budget for FY 2019-20. These changes are summarized in the attached document and broadly provide clarification to existing policies in most cases, or add references to current practices, with no real significant changes.

Committee input into the attached changes is recommended. It is anticipated that formal approval by the Village Board via Resolution on these changes would be considered at the January 21, 2019 Village Board meeting.

Village of North Aurora  
Budgetary and Fiscal Policies  
Fiscal Year 2018-2019

General Description

The Village of North Aurora has a tradition of sound municipal financial management. This Annual Budget incorporates policies adopted by the Village Board which are followed in managing the financial and budgetary affairs of the Village. These policies will allow the Village to maintain its strong financial condition and ability to respond to changing financial circumstances and prioritized needs.

Policies Revised and Adopted by the Village Board on: March 5, 2012

A. Revenue Policies

1. The Village endeavors to maintain a diversified and stable revenue base which would assist in minimizing the economic effects that ~~to shelter it from~~ short-term fluctuations in any one revenue source would have on the Village's short and long-term fiscal standing. The revenue mix combines elastic and inelastic revenue sources to minimize the effect an economic downturn or other economic event will have on the ability of the Village to provide services while maintaining a sound financial position.
2. Through the Village's economic development ~~program initiatives~~, the Village will take into consideration of mix of land uses which will ~~strive to~~ strengthen and expand the Village's tax ~~its~~ revenue base and economic well-being of the community.
3. ~~Each e~~Existing and potential revenue sources will be examined annually during the budget process in order to determine if changes to existing revenues or implementation of new revenue sources should be considered in order to meet the service and capital goals and objectives of the Village.-
4. The Village will maintain a revenue monitoring system to assist in trend analysis and revenue forecasting on a long-term basis.
5. The Village will oppose State and/or Federal legislation that will mandate costs to units of local government without providing a new or increasing an existing revenue source to pay those costs.
6. The Village will set fees and user charges for ~~its enterprise fund~~, the Waterworks Fund; at a level that fully supports the cost of regular operations, provides for adequate debt service coverage and accumulates resources for the funding of capital outlays over time. ~~total direct and indirect cost of the activity. Indirect costs include the cost of annual depreciation of capital assets.~~
7. The Village will not use one-time revenues for continuing expenditures. All new and continuing expenditures will be ~~based~~ funded based on known and slightly

conservatively projected revenue sources. The identification of new, but one-time revenues ~~opportunities~~ will be used to fund one-time ~~expenses-expenditures~~ such as capital equipment purchases, ~~and~~ capital improvement projects or as additional employer contributions to the Village's pension systems, as examples.

## B. Expenditure Policies

1. The Village will maintain a level of expenditures for programs, operations and capital projects which will provide for the public well-being and safety of the businesses and residents of the community, in accordance with the goals and objectives of the Village Board, in a manner that promotes both optimal efficiency and effectiveness for both service delivery and ongoing capital improvements.
2. ~~Budgeted Expenditures~~ will be within the confines of available revenues for the year. Use of reserve funds shall be appropriate when part of a long-term strategy to accumulate resources for specific projects while keeping within the confines of the Village's reserve policies or a one-time use of funds for a particular purpose. funds.
3. The Village will forecast expenditures on a long-term basis as part of the annual budget process.
4. A competitive ~~step-level~~ employee compensation package based on both internal and external equity and consistent with sound economic policies of the Village of North Aurora is maintained to recruit and to retain qualified employees.

## C. Debt Policies

1. When necessary, the Village will consider the issuance of debt for the construction of capital assets with a useful life that meets or exceeds the repayment schedule of the debt issuance. The Village will strive to finance a significant portion of its capital assets with pay-as-you-go financing through various revenue sources restricted or committed to the Capital Projects Fund.
2. The Village will maintain good communications with bond rating agencies about its financial condition and will establish and maintain policies and procedures which not only seek to maintain the Village's bond rating but increase it as well, if possible. The Village will follow a policy of full disclosure on every financial report by preparing and ~~publishing-filing annually an audited~~ comprehensive annual financial report, preparing and filling within all deadlines any continuing disclosure requirements per the Securities and Exchange Commission (SEC) Rule 15c2-12 and any Event Notices as may be required or within good disclosure to file with the Municipal Securities Rulemaking Board (MSRB). ~~and bond prospectus.~~

3. Every project proposed for financing through general obligation debt, alternative revenue source debt or any other type of debt instrument should be accompanied by a full analysis of the future operating and maintenance costs associated with the project.
4. When possible and based on a cost-benefit analysis, debt will be retired early. The Village will also evaluate refinancing opportunities for its existing debt to determine if meaningful savings can be achieved, or to determine if it would be in the Village's best interest to alter characteristics of certain bonds such as call provisions, payment dates, maturity schedules, etc.-
5. The Village will issue alternative revenue source type debt, or other types of debt instruments not pledged primarily by general obligation property taxes such as debt certificates, only after a thorough analysis by the Village provides reasonable assurances that the anticipated debt coverage ratios can be met throughout the life of the debt repayment schedule and an analysis of the risks associated with the issuance of alternate revenue source debt has been performed.
- ~~5.6.~~ The Village has previously passed a Resolution regarding post-issuance compliance procedures R13-02-04-03 for tax-exempt bonds and the Village will follow said procedures on an on-going basis.

#### D. Cash Management

1. The Village has in place a separate investment policy, adopted by the Village Board and amended from time-to-time, which provides guidelines for the prudent investment of ~~the temporary idle cash~~ Village funds in order to obtain a competitive return on investments while minimizing risk and complying with the applicable state statutes. and outlines the policies for maximizing the efficiency of the cash management system. The ultimate goal is to enhance the economic status of the Village while protecting its pooled cash.
2. The cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the Village to invest funds to the fullest extent possible. The Village attempts to match funds to projected disbursements.
3. In order to maximize interest earnings, the Village commingles the cash of all funds excluding the Motor Fuel Tax Fund and the Police Pension Fund. The interest revenue derived from commingled cash is allocated to the participating funds monthly based on the relative cash balance of each fund.
4. The objectives of the Village's investment activities and Criteria for selecting investments and the order of priority are:
  - i. Safety. Safety of the principal is the foremost objective of the investment program. Investments of the Village shall be undertaken in a manner that

~~seeks the preservation of capital and the mitigation of credit and interest rate risk in the overall portfolio. The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The Village only invests in those investments that are considered safe.~~

- ii. ~~Liquidity. The Village's investment portfolio will remain sufficiently liquid to enable the Village to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets. Alternatively, a portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day or short-notification liquidity for short-term funds. This refers to the ability to "cash in" at any moment in time with a minimal chance of losing some portion of principal and interest. Liquidity is an important investment quality especially when the needs for unexpected funds occur occasionally.~~
- iii. ~~Yield. Return on Investments: The Village's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the Village's investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments are limited to low risk securities in anticipation of earning a fair return relative to the risk being assumed. Yield is the potential dollar earnings an investment can provide, and sometimes is described as the rate of return.~~

## E. Accounting, Auditing, Budgeting and Financial Reporting Policies

1. The Village will establish and maintain a high standard of accounting practices in conformance with Generally Accepted Accounting Principles (GAAP) for governmental entities as promulgated by the Governmental Accounting Standards Board (GASB).
  2. Where possible, the reporting system will also provide monthly information on the total cost of specific services by type of expenditure and, if necessary, by Fund.
  3. The Village, following the budget act in ILCS, will annually adopt a balanced operating budget under normal financial circumstances which funds current expenditures with current revenues. Use of fund balance in a given year to balance the operating budget will be specifically disclosed.
- ~~3.4. Capital budgets, which fluctuate, will be projected annually on a long-term basis and adopted annually for the upcoming year based on updates to the long-term~~

capital improvements plan to ensure that the proper mix of ~~resources-revenues, grants, reserves or other funding sources are available~~is utilized to fund the capital program. Use of fund balance and cash reserves to fund capital projects may be appropriate when planned appropriately. Any proposed capital projects should always be accompanied with a projection on future operating and maintenance costs associated with the project.

4.5. An independent firm of certified public accountants will perform an annual financial and compliance audit according to Generally Accepted Auditing Standards (GAAS) and will publicly issue an opinion which will be incorporated in the Comprehensive Annual Financial Report (CAFR).

5.6. The Village will annually apply for the GFOA Certificate of Achievement for Excellence in Financial Reporting Program and the GFOA Distinguished Budget Award Program.

6.7. The Village will use the modified accrual basis of accounting for its governmental funds (general, special revenue, capital projects and debt service funds). Revenues are recognized in the accounting period which they become available and measurable. Expenditures are recognized in the accounting period in which the liability is incurred.

7.8. The Village will use accrual basis accounting for its proprietary funds (enterprise and internal service funds). Revenues are recognized in the accounting period they are earned and become measurable. Expenses are recognized in the accounting period in which the liability is incurred.

8.9. The Village will promote full disclosures in its annual financial statements and its bond presentations.

## F. Police Pension Trust Fund

1. The Village of North Aurora, by separate Resolution, has adopted criteria for the funding of the actuarial accrued liabilities for the Police Pension Trust Fund.
2. The Village will calculate and provide funding to the Police Pension Trust Fund based on a 100% funding goal for the Police Pension Trust Fund consistent with GAAP amortization requirements and sound funding practices.
3. The Village will use a 30-year closed amortization period ending 2040 and entry-age normal actuarial method. The Village will periodically review all assumptions in the actuarial valuation in consultation with the actuary to determine if any assumptions need to be updated based on past experience and future projections.
4. In the event the minimum required funding contribution as required by current State law is higher than the amount calculated using the above assumptions the Village will use the higher amount for determining the contribution required.

**Village of North Aurora  
Fund Balance and Other Reserves Policy  
Fiscal Year 2018-2019 Budget**

**Policies Revised and Adopted by the Village Board on: March 5, 2012**

**Definitions**

Fund Balance: The difference between assets and liabilities in a Governmental Fund.

Nonspendable Fund Balance: The portion of a Governmental Fund's fund balances that are not available to be spent, either short or long term, in either form or through legal restrictions.

Restricted Fund Balance: The portion of a Governmental Fund's fund balances that are subject to external enforceable legal restrictions.

Committed Fund Balance: The portion of a Governmental Fund's fund balances with self-imposed constraints or limitations that have been placed at the highest level of decision making.

Assigned Fund Balance: The portion of a Governmental Fund's fund balances to denote an intended use of resources.

Unassigned Fund Balance: Available expendable financial resources in the General Fund or a deficit fund balance in another governmental fund that are not the object of tentative management plan (i.e. assignments).

**Flow of Funds and Assignment**

In order to properly classify fund balance at year end, the Village spends the most restricted dollars before less restricted, in the following order:

1. Restricted,
2. Committed,
3. Assigned,
4. Unassigned.

Responsibility for the assignment of fund balance is delegated to the Finance Director with the approval of the Village Administrator and communicated through the annual budget or via memorandum to the board of trustees.

**Policy Thresholds**

**General Fund**

The Village requires a minimum fund balance be maintained for the General Fund of 40% to 50% of annual expenditures and transfers of resources out of the General Fund for the

purpose of debt repayment. This fund balance requirement excludes any nonspendable portions of fund balance. This level of fund balance shall provide the capacity to:

- i. Offset unexpected downturns in elastic revenues due to fluctuations in the local, state and national economies or the loss of a major sales tax contributor(s)
- ii. Offset negative fiscal changes brought about by action or legislation of another unit of government or agency
- iii. Ensure the continued, timely repayment of debt obligations that the Village may have in the event of a financial downturn
- iv. Provide a sufficient cash flow for daily financial needs at all times
- v. Provide a funding source for unanticipated expenditures or emergencies that may occur

In the event that the fund balance for the General Fund falls below the targeted minimum, the Finance Director shall present a plan to restore the fund balance to the required minimum within a period of two years range within a reasonable period, depending on the specific circumstances at the time.

Funds in excess of the minimum may be considered for the funding of one-time, nonrecurring expenditures, assigned for future capital activities or used for the funding of other long-term obligations. Any use of fund balance or reserves will be considered in the context of maintaining a strong level of overall budgetary flexibility and liquidity for governmental funds in total.

#### **Motor Fuel Fund**

The Village will maintain a minimum fund balance in the Motor Fuel Tax Fund of 25% of typical, annual operating expenditures in order to provide sufficient cash flow and an adequate reserve.

#### **Capital Projects Fund**

The Village will plan appropriately and maintain a sufficient reserve in the Capital Projects Fund in order to meet the long-term capital planning and infrastructure needs of the Village and projected cash flow requirements.

#### **Waterworks Fund**

The Village will maintain a working capital level in the Waterworks Fund of at least 25% of operating expenses taking into account typical capital outlays. For the purpose of this policy working capital will be defined as current assets (excluding restricted cash and equivalents, if any) less current liabilities. Working capital over and above this level will be met if an operating or capital investment activity financed with reserves is planned. This level will:

- a. Provide resources in the event of a loss of a significant water usage customer or decrease in usage from customers
- b. Ensure adequate resources for annual fluctuations in capital investment activities necessary to support operations.
- c. Provide sufficient cash flow during the year based on the timing of expenditures and receipt of payments from customers.

# Village of North Aurora Memorandum



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**To:** Government Operations Committee

**From:** Bill Hannah, Finance Director  
Steven Bosco, Village Administrator

**Date:** January 2, 2019

**RE:** Purchasing Policy Update

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At the December 17, 2018 Village Board meeting a Resolution amending the Purchasing Policy of the Village was made to incorporate changes that the State of Illinois made to the Local Government Professional Services Selection Act (50 ILCS 510) to increase the threshold by which certain requirements of the Act regarding the selection of an architectural, engineering or land surveying services could be waived. This threshold was increased from \$25,000 to \$40,000 effective January 2019. In addition, this threshold is to increase annually by the CPI-U.

Staff indicated in December that additional changes would be brought to Committee for consideration. These proposed changes are attached. The most significant changes are:

1. Increase in the requirement for which certain projects must be publicly bid from \$20,000 to \$25,000. The State of Illinois in 2017 increased the minimum level at which certain projects must be bid by municipalities from \$20,000 to \$25,000. In order to take advantage of the increase the Village would have to amend its Purchasing Policy and Ordinances to increase the level to \$25,000. While the Village does not typically have many projects that fall within this range, raising the bid minimum requirement to \$25,000 would provide additional flexibility and efficiency to procure written quotes for some of these projects rather than go through the bid process.
2. Increase the Administrator purchasing authorization level from \$10,000 to \$15,000. This proposed change would provide the Administrator with the ability to purchase up to \$15,000 without going to Village Board for approval. While individual purchases within this level are few, there are occasionally some items that fall within the \$10,000 to \$15,000 level that can be annually procured on a more efficient basis, most typically with information technology purchases or certain studies such as leak detection or professional study proposals. Many communities authorize the Village Administrator to purchase at the level of \$20,000 or higher.
3. Increase the Village Administrator's authority to authorize change orders to current contracts from \$10,000 to \$15,000. Also, if in certain situations it is impractical to delay a project the proposed revisions change the Village Administrator's change order authority from \$20,000 to \$25,000 with the Village Board requiring subsequent approval at the next meeting.

Most of the other changes are clean-up language changes or clarifications to the current Policy.

Section I  
Overview

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A. Purpose

The purpose of this policy is to provide direction to departments in the procurement of goods and services. When used with good judgment and common sense, the policies will allow the Village to obtain required goods and services efficiently and economically. When necessary, this policy will be revised consistent with current policies and procedures affecting purchasing and contracting. The Village Administrator, or his/her designee, shall be the final authority with regard to enforcement or interpretations of any provisions of this manual.

B. Goals of Policy

The purchasing standards set forth herein are designed to:

1. Attain maximum economy in municipal operations to the ultimate advantage of local taxpayers and residents;
2. Provide equal opportunity for qualified vendors to serve Village needs;
3. To exercise fiscal control over purchasing.
4. To obtain supplies, equipment and services for the Village at the lowest possible cost at the quality necessary for efficient and effective operations.
5. To provide timely and convenient service to residents through the efficient procurement of goods and services.

C. Ethics and Conflicts of Interest

Village employees are expected to conduct daily business with integrity and honesty. It shall be the responsibility of the Village Administrator to determine if there has been an ethics violation in conjunction with this section, if any disciplinary action is required in accordance with the Village's personnel manual and determine the applicability of this section to related questions that may arise from time to time.

1. Employees shall make all purchases without favor or prejudice.
2. Employees shall ensure that identical information is provided to current and potential vendors in order to receive fair and accurate quotes and/or bids.
3. Gift Acceptance – Employees shall adhere to the State Officials and Employees Ethics Act, 5 ILCS 430/1-1 as adopted by the Village per

ordinance 04-05-10-07 regarding the acceptance of gifts from "prohibited sources". Furthermore:

- a. Gifts or gratuities shall not be accepted if the perceived value is beyond that which suggests more than a social context.
  - b. Promotional or advertising items of nominal value, including, but not limited to key chains, pens, coffee mugs and calendars are acceptable.
  - c. Association with current or potential vendors during business meals or business organization meetings is not prohibited, nor is it unethical as long as the employee keeps him/herself free of obligation. Should the current or potential vendor pay for or sponsor the business meal, the amount cannot exceed the limits defined in the State Officials and Employees Ethics Act.
  - d. Gifts that can be shared such as food are acceptable and shall be shared among co-workers.
  - e. Cash, gift cards or gift certificates/vouchers are not acceptable. Should an employee receive cash, gift cards or gift certificates/vouchers from a current or potential vendor, or business within the Village, the employee shall return the gift politely citing the Village's gift acceptance policy.
  - f. Personal loans of money or equipment for any employee's personal use are not to be accepted from a vendor conducting or seeking business with the Village.
  - g. Corporate discounts granted to the Village are acceptable only if they are offered to all Village employees and/or other similar corporate or and governmental clients of the vendor.
  - h. Local charity/community group gifts – employees may accept gifts from local charity/community groups or similar groups of that nature if the gift is deemed to stem from a personal friendship with the group's members or similar gifts have been given to other members of the local charity/community
4. Conflict of Interest – Any employee with purchasing authority shall notify their Department Head of any of the following actual or potential conflict of interest circumstances with a potential vendor regardless of whether they are directly or indirectly involved with the purchasing process. Department Heads will be responsible for notifying the Village Administrator of these circumstances:
- a. The employee is simultaneously employed by or doing work in any capacity for the potential vendor.
  - b. The employee, employee's partner or member of the employee's immediate family holds is an employee or agent of a potential vendor who may benefit or be adversely affected by a purchasing decision by or on behalf of the Village.
  - c. The employee, employee's partner or member of the employee's immediate family has any direct or indirect financial interest in the procurement transaction or in the potential vendor.

- d. The employee, employee's partner or member of the employee's immediate family are currently negotiating terms of employment or agency relationship or are in the process of becoming employed by or forming an agency relationship with a potential vendor.

For purposes of this section, an employee's immediate family is defined as spouse/partner, children, parents, brothers, sisters or anyone else currently living in the same household as the employee.

It shall be the responsibility of the Village Administrator to determine when ethical considerations must be addressed, when there has been an ethics violation in conjunction with this section and whether any disciplinary action is required in accordance with the Village's personnel manual.

D. Budget Approval and Compliance

In general, a budget for all supplies, materials, equipment and contractual/professional services required for the delivery of services by Village Departments will be included in the annual budget document.

Purchase of budgeted items or services as required during the fiscal year shall proceed in accordance with these procedures generally upon approval of the annual Budget by the Village Board. In some cases, the beginning of the process of procurement, or final approval of the purchase of goods or services may be initiated prior to Village Board approval of the annual budget for which the goods or services are being procured, as determined by the Finance Director and if determined to be in the best interests of the Village.

Department Heads are responsible for ensuring that purchases made are within budget. The Department Head shall notify the Finance Director prior to the beginning of any purchase of goods or services if the purchase may result in an account exceeding the budget so that an appropriate budget adjustment can be executed prior to Village Administrator approval of the purchase, if necessary.

E. General Purchase Authority

Purchases of goods or services may be authorized according to the general guidelines below:

1. Department Heads may authorize purchases up to \$5,000.
2. The Village Administrator, or his/her designee, must approve all purchases in excess of or equal to \$5,000.
3. Purchases in excess of or equal to ~~\$10,000~~ 15,000 also require Village Board approval.

The Village Administrator shall be notified by the respective department prior to the beginning of the procurement process for goods or services over ~~\$10,000~~ 15,000 in order to ensure that the proper process is followed. The

Finance Director will maintain appropriate forms and procedures for the approval of purchasing requests as needed.

F. Estimating Costs to Determine Required Authorization

Estimates of cost should always be obtained and submitted with requests for authorization. When dealing with the unexpected repair of equipment, vehicles or facilities that require immediate action, good faith estimate should be obtained and submitted with the request for authorization. In the event the actual cost exceeds an original estimate, or a revised estimate is obtained, and additional approval levels to proceed are required, the Department Head and/or Village Administrator, as appropriate, shall be notified to obtain authorization to proceed.

Section II  
Purchasing Policy Authorizations

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- A. A purchase less than \$1,000
- B. A purchase in excess of or equal to \$1,000 but less than \$5,000
- C. A purchase in excess of or equal to \$5,000 but less than ~~\$10,000~~15,000
- D. A purchase in excess of or equal to ~~\$10,000~~15,000 but less than ~~\$20,000~~25,000
- E. A purchase in excess of or equal to ~~\$20,000~~25,000 and Formal Bidding
- F. Petty Cash

A. Purchases Less Than \$1,000

Purchases within this category may be authorized by the Department Head who may delegate this authority to subordinates at their discretion. Department Heads still bear ultimate responsibility for purchases made by their subordinates.

Although multiple quotes are not required every time a purchase is authorized within this threshold, periodic price comparisons must be made from time to time to ensure that the price being paid is the best price available and that the quality is the best that is required.

B. Purchases in Excess of or equal to \$1,000 but less than \$5,000

Purchases in this category shall be authorized by the Department Head after seeking at least two (2) quotes from vendors. If two (2) or more quotes can not be obtained, Department Heads shall document the attempts made to receive quotes for those goods or services.

C. Purchases in Excess of or equal to \$5,000, but less than ~~\$10,000~~15,000

Purchases in this category must be authorized by the Village Administrator. Effort shall be taken to secure at least three (3) written quotations. If three (3) or more quotes can not be obtained, Department Heads shall document the attempts made to receive quotes for those goods or services. The requesting department shall secure the quotations themselves and the Department Head will present a recommendation to the Village Administrator.

In the event that a Department Head feels that a purchase under this category should be made from one particular vendor rather than through written quotations, he should submit a recommendation to the Village Administrator stating the reasons for limiting purchase to the certain vendor preference. The Village Administrator will have discretion to determine if a particular vendor should be used in these cases.

D. Purchases in Excess of or equal to ~~\$10,000~~15,000, but less than ~~\$20,000~~25,000

Purchases in this category must be approved by the Village Board, unless otherwise defined in this policy. Effort shall be taken to secure at least three (3) written quotations. The splitting of a purchase into two or more purchases for the purpose of avoiding this requirement is not allowed. The Village Board may approve a purchase from one vendor without quotes if presented with justification from the Village Administrator or Department Head.

E. Purchases in Excess of \$~~20,000~~25,000 and Formal Bidding

Purchases in this category exceeding a cost of \$~~20,000~~25,000 must be approved by the Village Board and normally require at least three (3) written quotations.

In addition, public works contracts, public improvement projects and the purchase of supplies over \$~~20,000~~25,000 are subject to formal bidding procedures as required and permitted by statute (65 ILCS 5/8-9) and authorized in the Village Code. These bid procedures may be waived by the Village Board per Statute by a two-thirds vote of all Trustees then holding office. Requests for bid waivers may be made only when goods sought are proprietary, when the services require a high degree of creative input, judgment, design or discretion from the person providing the services, where standardization is necessary or desirable, in emergencies as described later in this policy, or if determined to be in the best interests of the Village.

F. Petty Cash

Petty cash drawers in the amount of \$500 each are maintained by the Village at the Finance Department and Police Department for the purpose of reimbursing incidental costs incurred for Village operations.

Petty cash funds will be used primarily to reimburse employees for incidental expenses associated with Village operations or mileage reimbursement for use of personal vehicles. Advances may be requested upon the approval of the Department Head. All requests for petty cash reimbursements must be submitted on an approved petty cash reimbursement form and include appropriate receipts and documentation supporting the amount of the request. Unless otherwise authorized by the Finance Director or his/her designee, petty cash reimbursement shall be limited to no more than \$75 per request.

Responsibility for the safety, security and control of each petty cash drawer rests with the head of the department to which the drawer is assigned. Each Department Head may assign the day-to-day duties of petty cash administration to an appropriate custodian.

When the balance of the drawer is getting low, the designated custodian shall prepare a reconciliation of the petty cash fund providing a count of cash currently in the box as well as a detailed listing of petty cash reimbursement slips received.

Upon approval through normal accounts payable procedures a check will be cut to increase the petty cash box to its designated impress balance.

### Section III Exceptions to Normal Purchasing Policies

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#### Emergency Purchases

Emergencies are defined as events or circumstances that could not have been foreseen and where immediate action is necessary to safeguard the public's health, safety and welfare, provide emergency assistance as needed, protect property, remediate situations that may cause public harm and other situations where timing is critical. When an emergency condition exists that requires a public works or public improvement contract or purchase of supplies, the Village Administrator will notify the Mayor. Upon concurrence from the Mayor that an emergency condition exists, the Village Administrator will have authorization to expend funds over and above the Village Administrator's normal authority to alleviate the emergency if the matter must be reasonably addressed before approval can be sought from the Board of Trustees. If the Mayor can not be reached and immediate action is required, the Village Administrator will be authorized to enter into emergency purchases with notification to the Mayor as soon as possible.

During an emergency, the Village Administrator may delegate specific authority to Department Heads to expend funds in order to prevent or alleviate the emergency condition. Documentation of the emergency and the need for immediate action shall be transmitted to the Village Board as soon as practical along with information regarding expenditures that have been made and estimated to be incurred. The Village Administrator will provide regular updates to the Village Board as the event continues. In the event that a situation has been determined to be an emergency, the Finance Director will be notified in order to ensure that funds are available and facilitate payment to contractors if necessary.

#### Sole Source Purchases

Sole source purchases are defined as orders for parts, supplies, equipment or services that are available only from a single source or for other reasons are necessary to purchase from a single source. Examples include, but are not limited to:

- Equipment or supplies for which there is no comparable competitive product or is available only from one supplier
- Component or replacement parts for which there is no commercially available substitute
- Service contracts where one company is the only company that can provide the service, i.e. proprietary software or software maintenance
- Items where compatibility is the overriding consideration for the purchase of related products
- Items only available from one source, such as due to distributor exclusivity
- Payments made to other governmental agencies as required by law or established through an intergovernmental agreement

Items determined to be sole source that are not subject to normal procurement policies may still require Village Board approval above ~~\$10,000~~15,000, if determined by the Village Administrator and may still require a formal waiver of bids if over ~~\$20,000~~25,000.

#### State, Joint and Cooperative Purchasing

The State of Illinois annually bids out certain items resulting in low pricing that local governments can take advantage of and take the place of normal procurement procedures. Purchasing through these State contracts allows for efficiencies due to lower administrative costs in procuring quotes, economies of scale and may be a substitute for the normal competitive procurement process.

Other forms of joint or cooperative purchasing may be available through the County or other organizations representing the Village and other local governments. Because these contracts have been competitively bid, normal competitive procurement policies can be waived. Care should be taken to ensure that the best price is still being obtained through due diligence that provides the necessary quality of goods and services.

To the extent that State or other joint purchasing programs are subject to the bidding rules of the State, intergovernmental agreement or the bidding rules of other governmental bodies, the Village bidding rules shall not apply, provided that Purchases over the ~~\$10,000~~15,000 threshold still require Village Board approval.

## Section IV Bids and the Bidding Process

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### Bid Lists

Each Department may, but are not required to, maintain their own lists of prospective vendors for quotes, bids, etc. Requests from prospective vendors to be placed on a bid list will be received or forwarded to the appropriate department and their information retained for future procurements. Each department shall be responsible for determining if prospective vendors qualify and can provide needed goods or services.

### Responsible Bidder

The Village has passed by Resolution on September 21, 2009, a resolution that any public works contract under the purview of the Illinois Prevailing Wage Act that is over \$25,000 shall only be awarded to a contractor who is enrolled in a Joint Apprenticeship Training Program that is registered and certified with the United States Department of Labor, Bureau of Apprenticeship and Training.

### Formal Bidding Procedures

As stated in Section II.C. of this Policy, certain public works contracts, public improvement contracts and supplies over ~~\$20,000~~\$25,000 are subject to formal bidding. The bidding procedures to be followed are:

1. The requesting department prepares the specifications of the item to be let for bid. The Village Administrator shall review the bid package and forward any recommended changes to the Department Head. The Department Head arranges the specifications into proper format and prepares the other needed documents to complete the bid invitation package. The specifications should state the minimum standards acceptable to the Village, but should not be restrictive without adequate reason in keeping with the requirements of the work and the needs and best interests of the Village in order to allow as many competent contractors as possible to compete. The approved bidding specifications and bid package shall not be changed after it is made available to the public without notification to all bidders prior to the submittal deadline. After the submittal deadline, no changes shall be made.
2. The Department Head arranges for a bid opening date. The date must be at least ten (10) working days from the published notification date, but not more than forty-five (45) working days.

Formal proposals or bids are to be advertised in a newspaper published or generally circulated with the Village, as well as posted on the Village's website.

The NOTICE TO BID shall include the following, at a minimum:

- The type of material or service desired
- The notification that Prevailing Wage laws will apply, if applicable
- The person or department to contact for information
- The place it will be received
- The date and time of the bid opening
- The Statement that bids will be opened and publicly read at that time
- The statement that bids must be sealed and properly identified on the outside of the envelope that they are sealed bids for a specific item or project
- The Village reserves the right to reject any/all bids and to waive any technicalities.

In certain circumstances, it may be felt by the Department Head and or the Village Administrator that the best interests of the Village would be served by the use of one particular vendor despite the amount of the purchase being in excess of ~~\$20,000~~25,000. In such case, a request to waive competitive bidding must be submitted to the Village Board for their consideration and approval as allowed per statute.

Construction contracts involving Motor Fuel Tax or federally funded projects must follow applicable procedures dictated by the appropriate state or federal agency.

3. The Department Head shall be responsible for placing a legal notice concerning the bid in a local newspaper of general circulation and/or IDOT bulletin to contractors at least ten (10) working days prior to the bid opening.
4. The Department Head may send bid invitations to known responsible vendors on the bidder's list for the particular item as well as to any other prospective bidders. In cases where the bid package may be costly to reproduce, a nominal charge for the package may be assessed.
5. Bids received after the published opening date and time will be returned unopened to the bidder with a cover letter stating the date and time the "Bid" was actually received. Bids received by facsimile shall not be accepted, in that they are not sealed bids as prescribed and do not bear the original signature of the authorized bidder.
6. Bids specifically for construction contracts shall be accompanied by a 5% bid bond. The Village Administrator may decide that no bid bond amount is required or that a higher bid bond is appropriate, but in no case will the amount be higher than 10%. The bid bond amount shall be stated in the bid package and shall be required uniformly from all bidders or no bidders as the case may be.
7. The Department Head or designee and one other Village representative shall be present at the bid opening.

8. Bids shall not be opened prior to the advertised bid opening day and time, and after the bids have been opened, the Department Head shall prepare bid tabulation and forward it to the Village Administrator.
9. The Department Head shall meet with the Village Administrator to review the bids and mutually agree upon a recommended bidder. The Department Head will write the Board Agenda Memo for this purpose with the Village Board approving the bid award.
10. The bid award is to be made to the lowest responsible bidder. The lowest responsible bidder is that bidder with the lowest bid price that most closely meets specifications that is in the best interests of the Village to accept and any other criteria that may be set forth within the bid documents. The Village Board retains sole authority to determine that the bid meets specifications, but staff shall make a recommendation on award of based on, but not necessarily limited to, the following considerations:
  - a. the ability, capacity, and skill of the bidder to perform the contract to provide the service required;
  - b. whether the bidder can perform the contract or provide the service promptly, or within the time specified, without delay or interference;
  - c. the character, integrity, reputation, judgment, experience, and efficiency of the bidder;
  - d. the quality of the performance of previous contracts or services;
  - e. the previous and existing compliance by the bidder with laws and ordinances relating to the contract or service;
  - f. the sufficiency of the financial resources and ability of the bidder to perform the contract or provide the service;
  - g. the quality, availability, and adaptability of the supplies or contractual services to the particular use required;
  - h. the ability of the bidder to provide future maintenance and service for the use of the subject of the contract; and
  - i. the number and scope of conditions attached to the bid.

#### Waiver of Competitive Bids

A requesting department may recommend that formal bid procedures be waived by the Village Board with the advice and consent of the Village Administrator, which case formal bidding must be waived by a two-thirds vote of all Trustees then holding office. Requests for bid waivers shall be made only when goods sought are proprietary, when

the services require a high degree of creative input, judgment, design or discretion from the person providing the services, where standardization is necessary or desirable, emergencies as described in this policy, or if determined to be in the best interests of the Village.

#### Contract Change Orders

The Village must comply with 50 ILCS 525/ Public Works Contract Change Order Act which says that any change order to a contract which results in an increase of 50% or more of the original contract price or 50% or more of the original subcontract price must be rebid in the same manner as the original bid. This policy is consistent with this statute.

1. Change Orders for Less Than ~~\$10,000~~15,000. All change orders increasing or reducing the original contract price by less than ~~\$10,000~~15,000 must be approved by the Village Administrator, regardless of the percentage change. The Village Administrator may at his discretion require change orders less than ~~\$10,000~~15,000 to be approved by the Village Board.
2. Change Order for ~~\$10,000~~15,000 or More. All change orders increasing or reducing an original contract for ~~\$10,000~~15,000 or more require approval of the Village Administrator and Village Board, regardless of the percentage change. In certain situations where it is impractical to delay a project while waiting for Village Board approval, the Village Administrator may at his discretion approve change orders up to ~~\$20,000~~25,000 with Village Board approval to follow at the next regular or special meeting.
3. Other Change Orders. The Village Administrator may execute change orders to extend the length of a construction contract by up to 30 days or other terms and conditions of a contract deemed necessary or in the best interests of the Village. Requests to extend the length of a contract by more than 30 days must be approved by the Village Board.

All change orders should be approved by the Village Administrator, or Village Board, as appropriate, prior to the work beginning.

#### Aggregate Purchases

The Village Administrator during the year may approve multiple purchases of, or individual contracts for, specific types of supplies and materials which, in the aggregate, exceed ~~\$20,000~~25,000 but are less individually, and not be subject to the Village's formal bid requirements or require a waiver of bids, unless the aggregate cost exceeding ~~\$20,000~~25,000 was reasonably foreseeable at the beginning of the applicable year. However, for purchases of commodities subject to frequent price fluctuations such as fuel where the competitive bid process is not practical, purchases may be approved without bidding. As for fuel purchases, specifically, the Public Works ~~Superintendent~~Director with the oversight and approval of the Village Administrator shall seek the best pricing currently available on an ongoing basis without the need to bid fuel purchases,

| and the Village Administrator may authorize individual purchases under \$~~20,000~~25,000 and without Village Board approval.

## Section V Service Contracts and Professional Services

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### Service Contracts

From time to time, the Village enters into contracts for services for the ongoing maintenance of Village facilities, equipment, software, or for the provision of services to the community. The procurement of bids or quotes for these contracts should follow normal procurement procedures based on the estimated annual value of the contract. The Village will entertain contracts for multiple years if it is determined that the best interests of the Village would be served by entering into a multi-year agreement. The Village Administrator will determine if a multi-year service contract should require Village Board approval even if the annual cost of the contract is less than the amount normally required for Village Board approval.

All contracts, to be valid, must be signed by an authorized representative of the company to supply the services and an authorized representative of the Village. The authorized representative for the Village shall be the Village Administrator unless otherwise designated by the Administrator.

The Village Administrator retains the discretion to require that the procurement of a service contract follow the formal bidding process based on the type of contract procurement.

### Franchise Contracts

Franchise contracts are contracts awarded by the Village to an entity for the provision of services in situations where the Village does not expend funds, i.e. refuse and recycling contracts. It is the Village's policy in most cases to seek competitive proposals for these contracts in keeping with the Village's objectives of fairness and transparency in the award of business.

### Professional Services

Professional service contracts by their nature are not adaptive to normal procurement or competitive bidding. Examples include contracts for services of individuals or firms possessing a high degree of professional skill where the education, experience or character of the individual is a significant factor in determining their ability to meet Village needs. Other examples include service contracts where other considerations besides price are involved. These contracts generally result from the development and issuance of a Request for Proposal (RFP) by the respective department to consultants or vendors to provide professional services. The Village Administrator shall be notified prior to the issuance of an RFP or the engagement of professional services.

An RFP may be advertised publicly and sent to a group of known vendors based on prior experience in providing the service or other documented reasons, except when a Request for Qualifications (RFQ) process has been conducted which has determined the pool of vendors to be used.

Based on the complexity of the services sought, interviews and vendor presentations may be appropriate in addition to an evaluation of the proposals received. Factors other than price may be considered when conducting an RFP process. Once proposals are received from interested firms and interviews and/or presentations have been completed, the Village Administrator or designee is authorized to negotiate a contract with the firm deemed most qualified to provide the services based on:

- Fair and reasonable compensation
- Ability of professional personnel to provide services
- Past record and experience with the Village and as well as references
- Ability of firm to meet deadlines and budget

Contracts resulting from an RFP process where the annual amount of the contract is estimated to be greater than \$~~10,000~~15,000 will require Village Board approval.

The Village is subject to the Local Government Professional Services Selection Act (50 ILCS 510) which requires that a specific RFQ process be followed when hiring an architect, engineer or land surveyor. This Act should be referred to for current State requirements regarding the solicitation of such services, and current situations upon which certain provisions of the Act can be waived, prior to soliciting for such services. In circumstances in which an RFQ process is not required, the Village will permit firms engaged in these professions to annually file a statement of qualifications and performance data with the Village.

Section VI  
Other

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Village Purchasing Cards

The Village maintains a purchasing card program to allow authorized individuals to efficiently procure certain goods and services that may not be easily obtainable through the normal cycle of purchasing, receipt of goods or services and payment through accounts payable, or for expenses incurred through employee training, conferences or other professional development activities.

In general, purchasing cards may be issued to the following positions: Mayor, Village Administrator, Department Heads and other employees responsible for the direct supervision of other employees, or who are responsible for the frequent purchase of items for which a purchasing card would improve efficiency. All requests for a card from a position stated above or other positions must be approved by the Finance Director and Village Administrator. Before a card is issued to an employee the employee must sign a Use Acknowledgement Form provided from the Finance Department. Personal purchases with the card not related to Village business are expressly prohibited. Purchasing card limits and other controls will be maintained by the Finance Director but in any case the maximum monthly limit on a purchasing card will not exceed \$10,000.

Each employee who uses a Purchasing card must reconcile their purchases on their card on a monthly basis using forms and procedures provided by the Finance Department. Employees with a card are responsible for attaching and saving all receipts. Reconciliations on a monthly basis should include descriptive information on the purchase. Reconciliations must be approved by the employee's Supervisor on a monthly basis and then forwarded to accounts payable for inclusion on the next bill listing.

Open Credit Accounts

The Village maintains a number of credit accounts at various stores where authorized individuals may make a purchase, with the Village being billed at a later date. Department Heads may authorize employees to purchase at these locations provided due diligence is taken to ensure competitive pricing as required in the Policy, and that appropriate authorizations are obtained prior to the purchase.

Disposal of Surplus Property

The Village is required to comply with State statute 65 ILCS 5/11-76-4 which prescribes procedures to follow for the disposal of surplus property. The Village Administrator is responsible for ensuring that all requirements of this policy are met.

Any Department Head identifying surplus property should notify the Village Administrator or his/her designee that such property is no longer in the best interest of the Village to retain custody of.

1. The respective Department Head should provide:
  - a. Description of the item such as make, model, serial number, etc.

- b. Date originally acquired and original acquisition cost, if any.
  - c. Proposed method of disposal i.e. auction, direct sell, trade-in, etc.
2. If the proposed method of disposition is a trade-in, the Village will have to notify all bidders that the item of a new or replacement item will be traded-in as part of the purchase price.
3. The Village Administrator or designee will then prepare an ordinance and related Exhibit for Village Board consideration which will declare the items as surplus property.
4. Upon approval by the Village Board the Village Administrator will direct staff to proceed with the disposition of the property.
5. Upon sale or disposition of the property the respective Department Head will notify the Finance Director that such sale or disposition has taken place and the amount of the sale price, if any.

### Sales Tax Exemption

The Village maintains a sales tax exemption in the State of Illinois. When making purchases for the Village, all reasonable attempts should be made to make purchases exempt from sales tax, which may require presenting the Village's sales tax exemption certificate and completing other forms or documentation. Employees should determine in advance if the Village has already established an exempt account with a business in order to avoid paying sales taxes whenever possible.

Use of the Village's sales tax exemption number is restricted to purchases made on behalf of the Village. State law prohibits use of the Village's sales tax exemption number to secure exemptions for personal reasons and such use will subject the responsible individual to a substantial fine and/or imprisonment.

### Inspection and Testing

The inspection and testing of delivered goods or materials should occur at the time of delivery and prior to processing of payment. Department Heads are responsible for ensuring that the quantity and quality of the delivered goods are as ordered and that all purchases made within their department are received and utilized solely for Village business. Authorization to pay a vendor for goods or services rendered shall generally not be done by a Department Head until all goods and services have been accepted and received. Department Heads are responsible for maintaining an inventory of items held for use or resale and appropriate records. Inventory records may be reviewed as part of the annual audit process.

### Preference for Environmentally Friendly Goods and Services

Village staff is encouraged to investigate the purchase of "green" products including but not limited to energy star rated equipment, if determined to be a reasonably economical alternative.

### Prevailing Wage Laws

All bidding packages, requests for bids, requests for proposals and other processes for the approval of services in conjunction with public works to be performed by or on behalf of the Village as defined in the Illinois Prevailing Wage Act (820 ILCS 130/1 et seq.) (hereinafter for purposes of this Section, the “Act”) shall stipulate that the persons or entities awarded the work shall perform the work in compliance with the Act, including the payment of prevailing wages, the submission to the Village of certified payrolls and all other requirements of the Act.