

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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REACHING ACROSS ILLINOIS LIBRARY SYSTEM

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

September 11, 2024

Members of the Board of Directors
Reaching Across Illinois Library System

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Reaching Across Illinois Library System, (RAILS) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise RAILS's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of RAILS, as of June 30, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RAILS, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RAILS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Reaching Across Illinois Library System's basic financial statements. The other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2024, on our consideration of RAILS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RAILS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RAILS's internal control over financial reporting and compliance.

Lauterbach & Amen, LLP

LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Reaching Across Illinois Library System

Management's Discussion and Analysis

June 30, 2024

As the management of the Reaching Across Illinois Library System (RAILS), we offer readers of the RAILS financial statements this narrative overview and analysis of the financial activities of RAILS for the fiscal year ended June 30, 2024. RAILS formed on July 1, 2011, as a merger of five previously existing library systems, so these activities represent RAILS's thirteenth year of operations. Comparative data to RAILS's prior year of operations, ended June 30, 2023, is presented. This analysis is intended to be an easily readable overview of current year activities and operations and should be read in combination with the basic financial statements that follow.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

Financial Highlights

- Assets/deferred outflows exceeded liabilities/deferred inflows by \$35,516,371 (net position) at the close of the fiscal year. The total net position for RAILS increased \$3,411,305 from the June 30, 2023 amount, primarily from the increase in RAILS's IMRF net pension asset due to IMRF's increases in investment earnings. Additionally, RAILS had several capital asset purchases and disposals during fiscal year 2024 which resulted in an increase in these balances. The historically high sustained interest rates experienced over the course of fiscal year 2024 resulted in a \$483,039 increase in interest income from the prior year, adding to the cash and investments balance.
- Of the net position amount, \$7,962,945 is restricted for IMRF pension items, consisting of a net pension asset of \$4,818,753 and deferred outflows of resources of \$3,164,515, partially offset by deferred inflows of resources of \$20,323. The net amount restricted for pension items increased \$1,902,185 from the prior year amount. The investment in capital assets, net of any debt used to acquire those assets, is \$1,959,281. The remaining balance of \$25,594,145 is unrestricted and available to fund future operations.
- Total governmental funds reported an end of the year fund balance of \$25,775,205, an increase of \$1,110,134 from the prior year-end fund balance. Cash and investments were \$26,074,913, an increase of \$959,101 from the prior year-end balance. The General Fund cash and investments balance of \$24,535,632 would be an amount sufficient to fund approximately 20.8 months of General Fund expenditures. In addition, RAILS has a \$1,539,281 cash and investments balance in its Capital Projects Fund that could be reassigned, if necessary, to fund operations.
- Governmental funds reported a combined total of \$17,737,348 in revenues and \$17,231,604 in expenditures. Area and Per Capita (APC) grant revenues, RAILS's primary source of revenues, were \$11,871,714, the entire amount awarded for fiscal year 2024.
- Payment timing from the State for the APC grant remained significantly improved during fiscal year 2024. The entire amount (\$11,871,714) of the fiscal year 2024 award was received before the end of the fiscal year for the fourth fiscal year in a row.
- During fiscal year 2024, RAILS was awarded a grant for the ongoing development and enhancement of the statewide L-2 platform (\$53,611) and a grant for the continuation of the statewide world language cataloging services (\$45,627).

- The General Fund's total revenues of \$17,737,348 were \$833,262 above the final budget, primarily due to unprecedented increases in interest rates which resulted in \$674,901 of additional investment income beyond the level budgeted. This was increased additionally by the termination of the prior Rockford facility lease as well as the receipt of \$99,238 of the two grants mentioned above. This is partially offset by below budget reimbursement revenues (\$157,720) due to less than budgeted participation in several smaller group purchases.
- Total General Fund expenditures of \$16,545,677 were below the final budget by \$102,964 due primarily to below budget personnel (\$328,030), contractual services (\$275,309), vehicles (\$110,354), travel and continuing education (\$106,004) library materials (\$44,668), and professional services (\$40,740) partially offset by above budget capital outlays for leases and subscription arrangements (\$604,390).
- RAILS completed the eighth year of its contract for statewide delivery between academic libraries.

USING THE FINANCIAL SECTION OF THIS ANNUAL FINANCIAL REPORT

RAILS's financial statements present two kinds of statements, each with a different snapshot of its finances. The financial statement's focus is on both RAILS as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major funds) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance RAILS's accountability.

Government-Wide Financial Statements

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

The statement of net position presents information on all of RAILS's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of RAILS is improving or deteriorating.

The statement of activities presents information showing how RAILS's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement of some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave and lease obligations that have been entered into but not yet paid).

Both of the government-wide financial statements distinguish functions of RAILS that are principally supported by operating grants, project grants, and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The primary governmental activities of RAILS are: 1) culture and recreation administration specifically relating to public, school, academic and special libraries; 2) delivery; 3) the eRead Illinois program; 4) RAILS's group purchases; 5) Local Library System Automation Program (LLSAP) support grants; 6) the Find More Illinois program, which was introduced during late fiscal year 2018; 7) the L-2 ongoing development and enhancement project grant; 8) the world language cataloging services grant. LLSAPs are shared online catalog provider entities (CCS, Pinnacle Library Cooperative, PrairieCat, Rock River Library Consortium, RSA NFP and SWAN) that RAILS helps support through annual grants. These entities provide library users access to a wider variety of materials and help make automation affordable for libraries of all types and sizes. For fiscal years 2024 and 2023, RAILS recorded no business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. RAILS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of RAILS are considered governmental funds.

Governmental Funds

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

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

RAILS maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Capital Projects Fund, both of which are considered to be major funds. LLSAP support and delivery data are shown in the supplementary financial statements as subsets of the General Fund.

RAILS adopts an annual budget for its General and Capital Projects Funds in conjunction with its annual Area and Per Capita grant application. Original and final budgetary comparison statements have been provided for these funds to demonstrate compliance with the budgets. RAILS adopted the original and final budget in May 2023.

Proprietary Funds

RAILS no longer records activity within its proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Such funds were used by the legacy systems that merged to form RAILS to primarily account for LLSAP activities, which now are legal entities separate from RAILS. RAILS provides financial and administrative support to the LLSAPs through grants. In fiscal year 2024, this support was provided to the six LLSAPs as direct quarterly payments to/from RAILS net the cost of any administrative support.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning RAILS's progress in funding its obligation to provide pension benefits to its employees.

Financial Analysis of RAILS as a Whole

Government-Wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of RAILS's financial position. Prior year data (RAILS's twelfth year of operations, fiscal year 2023) is shown. The following table reflects the condensed statement of net position as of June 30, 2024:

Table 1
Governmental Activities

	2024	2023
Current and Other Assets	\$ 26,927,365	\$ 25,858,807
Capital Assets	2,788,490	2,139,641
Net Pension Assets, IMRF	4,818,753	2,106,213
Deferred Outflows, IMRF	3,164,515	4,000,019
Total Assets & Def. Outflows	<u>37,699,123</u>	<u>34,104,680</u>
Current Liabilities	1,473,115	1,428,855
Long-Term Liabilities	689,314	525,287
Deferred Inflows, IMRF	20,323	45,472
Total Liabilities	<u>2,182,752</u>	<u>1,999,614</u>
Net Invested in Capital Assets	1,959,281	1,530,130
Restricted – IMRF Pension	7,962,945	6,060,760
Unrestricted	<u>25,594,145</u>	<u>24,514,176</u>
Total Net Position	<u>\$ 35,516,371</u>	<u>\$ 32,105,066</u>

The governmental activities end-of-year total net position was \$35,516,371. Current and other assets primarily consisted of cash and investments (\$26.1 million). Current liabilities consisted primarily of amounts due to other governments (\$0.6 million), accounts payable and accrued liabilities (\$0.3 million), accrued payroll (\$0.3 million), and leases payable (\$0.3 million). Long-term liabilities consisted of the liabilities for compensated absences, leases payable, and subscription arrangements.

Cash and investments increased primarily due to historic interest rates resulting in a significant increase in investment income.

There were significant variations from the prior year-end amounts in the items related to the IMRF pension (net pension assets, IMRF; deferred outflows, IMRF; and deferred inflows, IMRF). The net change in the amounts pertaining to these various IMRF pension items was an increase of \$1,902,185 from the prior year. This increase was due to an increase in IMRF investment earnings which is offset to/against employer pension asset/liability balances to smooth investment earnings for participants. A net pension asset of \$4,818,753 was recorded as of June 30, 2024, compared to a net pension asset of \$2,106,213 as of June 30, 2023. A deferred inflow of \$20,323 was recorded as of June 30, 2024, compared to the prior year deferred inflow of \$45,472, and a deferred outflow of \$3,164,515 was decreased from a prior year deferred outflow of \$4,000,019.

Government-Wide Financial Statements - Continued

The amounts invested in capital assets increased by \$648,849 due to the purchase of ten delivery vehicles (\$554,475), the inception of the lease for the new Rockford facility (\$164,869), the beginning of the subscription arrangement for the Find More Illinois platform (\$439,521), facility improvements for the Burr Ridge, Coal Valley, and new Rockford facilities (\$123,834), and network improvements for Burr Ridge (\$7,618). These increases were partially offset (\$150,491) by several disposals resulting from building renovations, recycling of long replaced computer equipment, and the disposal of the remainder of the lease for the prior Rockford facility. In addition, depreciation and amortization expense of \$490,977 was recorded during fiscal year 2024.

Current and other assets increased \$1,068,558 from the prior year-end amount. This was due primarily to the historically high interest rates which added to RAILS's cash and accrued investment income balances as well as additional prepaid expenses and accounts receivable for a library that was billed in advance for their fiscal year 2025 EBSCO database subscription.

The following table summarizes the government-wide statement of changes in net position for the years ended June 30, 2024, and June 30, 2023:

Table 2
Governmental Activities

	2024	2023
REVENUES		
Program Revenues:		
Charges for Services	\$ 4,224,274	\$ 3,102,126
Operating Grants	11,970,952	11,993,758
Total Program Revenues:	16,195,226	15,095,884
Investment Income	1,374,901	891,862
Miscellaneous	167,221	12,508
Total Revenues	<u>17,737,348</u>	<u>16,000,254</u>
EXPENSES		
Administration	3,790,030	5,215,558
L-2 Project	53,611	86,025
Catalog Support	45,627	36,019
Find More Illinois	122,328	142,395
eRead Illinois	651,058	407,192
Group Purchases	2,782,980	2,070,189
Delivery	4,478,064	4,707,347
LLSAP Support	2,402,345	2,325,641
Total Expenses	<u>14,326,043</u>	<u>14,990,366</u>
Change in Net Position	3,411,305	1,009,888
Beginning Net Position	<u>32,105,066</u>	<u>31,095,178</u>
Total Net Position	<u>\$ 35,516,371</u>	<u>\$ 32,105,066</u>

Government-Wide Financial Statements - Continued

RAILS's total revenues for fiscal year 2024 were \$17,737,348, an increase of \$1,737,094, or 10.9%, from the prior year, primarily due to a \$705,787 increase in group purchase reimbursements from the growth of the EBSCO database group purchase as well as the addition of new group purchases. Fiscal year 2024 saw historically high interest rates that resulted in a \$483,039 increase in interest income. The LLSAP support grants were restructured in fiscal year 2024 to deduct the full cost of in-kind services that RAILS provides for administrative support from their individual support grant amounts. The net of these amounts is either due to or from RAILS, and this restructuring resulted in an increase in the payment from one of the LLSAPs back to RAILS (\$198,633). In addition, eRead Illinois fees were restructured in fiscal year 2024 to increase equity and sustainability for the program, resulting in a \$127,712 increase in revenues for this activity. Find More Illinois member fees began to be charged in fiscal year 2024 resulting in an additional \$70,579 of revenue.

RAILS's fiscal year 2024 expenses totaled \$14,326,043, a decrease of \$664,323 from fiscal year 2023 expenses, primarily from decreased administration expenses (\$1,425,528) and decreased delivery expenses (\$229,283). These decreases were partially offset by the growth of the group purchase program (\$712,791) and increased membership and content purchases for the eRead Illinois program (\$243,866).

Administration expenses decreased primarily due to the fiscal year 2024 pension income. Delivery expenses decreased primarily due to the capital outlays for the new capital asset purchases as well as the new Rockford facility lease. Group purchases expenses increased due primarily to the growth of the EBSCO database participation as well as the addition of new vendors to the program. Participation in the eRead Illinois program grew from fiscal year 2023, and RAILS budgeted and expended \$100,000 in fiscal year 2024 for additional content with a focus on schools.

Financial Analysis of RAILS's Funds

For the fiscal year ended June 30, 2024, the governmental funds had a combined fund balance of \$25,775,205, of which \$24,235,924 was within the General Fund, which is the main operating fund of RAILS, and \$1,539,281 was within the Capital Projects Fund which are funds that have been assigned by the RAILS Board of Directors for future capital improvements. Revenues of \$17,737,348, consisting entirely of operating revenues, were \$833,262 above the final budget primarily from the historically high interest rates which were anticipated to decline during the fiscal year at the time that the budget was finalized. In addition, RAILS received two unbudgeted grants to fund the ongoing development and enhancement of the statewide L-2 platform and the continuation of the statewide world language cataloging services.

Expenditures of \$17,231,604 were \$316,037 below budget due to lower General Fund (\$102,964) and Capital Projects Fund (\$213,073) expenditures.

General Fund expenditures were below budget due to below budget personnel (\$328,030), contractual services (\$275,309), vehicles (\$110,354), and travel and continuing education (\$106,004). These below budget items were partially offset by above budget capital outlays for leases and subscription arrangements (\$604,390).

Financial Analysis of RAILS's Funds - Continued

Personnel expenditures were under budget primarily due to normal recruitment delays for several vacant positions during the fiscal year including: the Associate Executive Director, Director of Marketing and Communications, Director of Consulting and Continuing Education, Member Engagement Specialist, Human Resource Assistant, Data Analysis Intern, and several Delivery Driver/Floater positions. In addition, one position that supported RSA NFP became vacant during the fiscal year and was eliminated. These under budget expenditures also include staff insurance coverage elections that were favorable to budget, partially offset by increased temporary help costs due to delivery vacancies during the year.

Contractual services were below budget primarily due to a less than anticipated need for cataloging membership grants for libraries to join LLSAPs. In addition, fuel prices were lower than anticipated, resulting in a lower fuel surcharge from RAILS's delivery outsourcing vendor. RAILS did not incur costs for the VERSO consortia program that was explored in an effort to automate non-automated and under-automated libraries, and RAILS also did not incur the budgeted Find More Illinois program incentives for members. In addition, RAILS did not incur the full planned Career Online High School expenditures, and the platform fees for the Explore More Illinois program came in under budget.

Vehicle expenditures were under budget primarily due to fuel costs dropping below the budgeted \$4.25 per gallon for the majority of the fiscal year, partially offset by above budget vehicle repairs due to the aging of the delivery fleet.

Travel and continuing education expenditures rose from fiscal year 2023 but remained under budgeted amounts mostly due to very limited educational events being held at RAILS's facilities, and less than budgeted out-of-state travel expenditures.

Capital outlays were above budget due to the expenditures that were recorded for the new Rockford facility as well as the expenditures for the new subscription arrangement for the licensing and maintenance of the Find More Illinois platform. These expenditures are offset by revenues and do not affect fund balance.

There were several capital improvements during fiscal year 2024. These included the purchase of ten new delivery vehicles, window and patio replacements at the Burr Ridge facility, replacement of the network distribution centers at the Burr Ridge facility, replacement of the network cabling at the Burr Ridge and new Rockford facilities, partial installation of a key fob system at the Rockford facility, as well as renovation of the bathrooms and replacement of the carpet at the Coal Valley facility.

The following table summarizes General Fund actual and budget net changes in fund balance for the years ended June 30, 2024, and June 30, 2023:

Financial Analysis of RAILS's Funds - Continued

Table 3
General Fund Budgetary Highlights
For the Fiscal Years Ended June 30

	Fiscal Year 2024		Fiscal Year 2023	
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:				
State Grants	\$ 11,871,714	\$ 11,970,952	\$ 11,870,000	\$ 11,993,758
Other	5,032,372	5,766,396	3,291,106	4,006,496
Total revenues	<u>16,904,086</u>	<u>17,737,348</u>	<u>15,161,106</u>	<u>16,000,254</u>
Expenditures and Transfers:				
Expenditures - Current	16,365,269	15,530,297	14,697,835	14,072,183
Expenditures - Capital Outlay	-	604,390	-	235,751
Debt Service	283,372	410,990	-	-
Total Expenditures	<u>16,648,641</u>	<u>16,545,677</u>	<u>14,697,835</u>	<u>14,307,934</u>
Excess (Deficit) of Revenues over Expenditures	255,445	1,191,671	463,271	1,692,320
Other Financing Sources	-	604,390	-	235,751
Net Change in Fund Balance	<u>\$ 255,445</u>	<u>\$ 1,796,061</u>	<u>\$ 463,271</u>	<u>\$ 1,928,071</u>

During fiscal year 2024, there was no amendments to the budget.

Lease proceeds of \$164,869 were recorded for fiscal year 2024 which is the amount of the lease for the new Rockford facility that commenced March 1, 2024. Subscription arrangement proceeds of \$439,521 were recorded for fiscal year 2024 which is the amount of the Find More Illinois program platform licensing and maintenance agreement that commenced March 1, 2024.

Capital Assets

At the end of fiscal year 2024, RAILS governmental activities had net capital assets of approximately \$2.8 million, \$0.6 million above the prior year amounts. Of this amount, approximately \$1.3 million was infrastructure (land and buildings and improvements), \$0.5 million was vehicles, \$0.4 million was leased property, \$0.4 million was subscription arrangements, and \$0.1 million was furniture, fixtures, computers and equipment. There were several capital expenditures made in fiscal year 2024, including: ten new delivery vehicles, window and patio replacements at the Burr Ridge facility, replacement of the network distribution centers at the Burr Ridge facility, replacement of the network cabling at the Burr Ridge and new Rockford facilities, partial installation of a key fob system at the Rockford facility, as well as renovation of the bathrooms and replacement of the carpeting at the Coal Valley facility.

Economic Factors

RAILS is one of two multi-type regional library systems in the State. Its membership includes academic, public, school and special libraries and the RAILS service area covers northern, western, and a portion of central Illinois. RAILS serves approximately 1,250 public, private, university, and school library members, representing more than 4,000 library facilities in a 27,000 square mile area, and delivers approximately 7.9 million items between member libraries each year. The funding of RAILS's operations is primarily through the Illinois State Area and Per Capita grant. The severe budgetary impasses, with the result that the State of Illinois did not adopt fiscal year 2016 and 2017 budgets, resulted in greatly reduced funding and significant fund balance decreases for RAILS in those years. For fiscal years 2018 through 2020, funding appropriations were restored to levels comparable to fiscal year 2015, but due to a large backlog of State liabilities and the additional stress to State revenues due to the pandemic, the timing of payments from the State of Illinois became increasingly delayed. In fiscal years 2021 through 2024 funding significantly improved to the extent that RAILS received its entire awarded fiscal year funding within the years to which it pertained. Due to both an increase in Area and Per Capita funding in the Illinois Secretary of State's budget as well as the results of the 2020 census, RAILS received the first increase in the Area and Per Capita grant funding in the history of the organization in fiscal year 2023.

CONTACTING RAILS's FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, members, customers, funders, and creditors with a general overview of RAILS's finances and to demonstrate RAILS's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Sharon Swanson, Finance Manager, Reaching Across Illinois Library System, 125 Tower Drive, Burr Ridge, IL 60527.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements. The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

**Statement of Net Position
June 30, 2024**

See Following Page

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Statement of Net Position June 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 26,074,913
Receivables - Net of Allowances	
Accounts	503,627
Other	104,852
Prepays	<u>243,973</u>
Total Current Assets	<u>26,927,365</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	107,000
Depreciable	6,640,916
Accumulated Depreciation	<u>(3,959,426)</u>
Total Capital Assets	2,788,490
Other Asset	
Net Pension Asset - IMRF	<u>4,818,753</u>
Total Noncurrent Assets	<u>7,607,243</u>
Total Assets	34,534,608
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>3,164,515</u>
Total Assets and Deferred Outflows of Resources	<u>37,699,123</u>

The notes to the financial statements are an integral part of this statement.

	<u>Governmental Activities</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 145,237
Other Payables	42,522
Due to Other Governments	575,255
Accrued Liabilities	125,782
Accrued Payroll	263,364
Compensated Absences Payable	36,212
Leases Payable	213,255
Subscription Arrangements	71,488
Total Current Liabilities	<u>1,473,115</u>
Noncurrent Liabilities	
Compensated Absences Payable	144,848
Leases Payable	201,322
Subscription Arrangements	343,144
Total Noncurrent Liabilities	<u>689,314</u>
Total Liabilities	<u>2,162,429</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>20,323</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,182,752</u>
NET POSITION	
Net Investment in Capital Assets	1,959,281
Restricted - IMRF Pension	7,962,945
Unrestricted	<u>25,594,145</u>
Total Net Position	<u><u>35,516,371</u></u>

The notes to the financial statements are an integral part of this statement.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Statement of Activities

For the Fiscal Year Ended June 30, 2024

	Expenses	Program Revenues		Net (Expenses)/
		Charges for Services	Operating Grants/ Contributions	Revenues and Change in Net Position Governmental Activities
Governmental Activities				
Culture and Recreation				
Administration	\$ 3,790,030	25,488	11,871,714	8,107,172
eRead Illinois	651,058	477,837	-	(173,221)
Group Purchases	2,782,980	2,782,980	-	-
L-2 Project	53,611	-	53,611	-
Catalog Support	45,627	-	45,627	-
Find More Illinois	122,328	70,579	-	(51,749)
Delivery	4,478,064	597,691	-	(3,880,373)
LLSAP Support	2,402,345	269,699	-	(2,132,646)
Total Primary Government	<u>14,326,043</u>	<u>4,224,274</u>	<u>11,970,952</u>	<u>1,869,183</u>
			General Revenues	
			Interest Income	1,374,901
			Miscellaneous	167,221
				<u>1,542,122</u>
			Change in Net Position	3,411,305
			Net Position - Beginning	<u>32,105,066</u>
			Net Position - Ending	<u><u>35,516,371</u></u>

The notes to the financial statements are an integral part of this statement.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Balance Sheet - Governmental Funds June 30, 2024

	General	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 24,535,632	1,539,281	26,074,913
Receivables - Net of Allowances			
Accounts	503,627	-	503,627
Other	104,852	-	104,852
Prepays	243,973	-	243,973
Total Assets	25,388,084	1,539,281	26,927,365
LIABILITIES			
Accounts Payable	145,237	-	145,237
Other Payable	42,522	-	42,522
Due to Other Governments	575,255	-	575,255
Accrued Liabilities	125,782	-	125,782
Accrued Payroll	263,364	-	263,364
Total Liabilities	1,152,160	-	1,152,160
FUND BALANCES			
Nonspendable	243,973	-	243,973
Assigned	-	1,539,281	1,539,281
Unassigned	23,991,951	-	23,991,951
Total Fund Balances	24,235,924	1,539,281	25,775,205
Total Liabilities and Fund Balances	25,388,084	1,539,281	26,927,365

The notes to the financial statements are an integral part of this statement.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities

June 30, 2024

Total Governmental Fund Balances	\$ 25,775,205
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	2,788,490
A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds. Net Pension Asset - IMRF	4,818,753
Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	3,144,192
Long-term liabilities/(assets) are not due and payable in the current period and therefore are not reported in the funds. Compensated Absences Payable Leases Payable Subscription Arrangements	(181,060) (414,577) <u>(414,632)</u>
Net Position of Governmental Activities	<u><u>35,516,371</u></u>

The notes to the financial statements are an integral part of this statement.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended June 30, 2024

	General	Capital Projects	Totals
Revenues			
State Grants			
Area and Per Capita	\$ 11,871,714	-	11,871,714
Other State Grants	99,238	-	99,238
Fees for Services and Materials	1,441,294	-	1,441,294
Reimbursements	2,782,980	-	2,782,980
Interest Income	1,374,901	-	1,374,901
Miscellaneous	167,221	-	167,221
Total Revenues	<u>17,737,348</u>	<u>-</u>	<u>17,737,348</u>
Expenditures			
Culture and Recreation			
Personnel	6,991,236	-	6,991,236
Library Materials	3,436,682	-	3,436,682
Buildings and Grounds	343,326	-	343,326
Vehicles	603,516	-	603,516
Travel and Continuing Education	211,338	-	211,338
Public Relations	5,771	-	5,771
Commercial Insurance	55,408	-	55,408
Supplies, Postage and Printing	250,918	-	250,918
Telephone and Telecommunications	105,504	-	105,504
Equipment Rental, Repair and Maintenance	139,440	-	139,440
Professional Services	231,875	-	231,875
Contractual Services	3,139,345	-	3,139,345
Professional Association Membership Dues	6,475	-	6,475
Miscellaneous	9,463	-	9,463
Capital Outlay	604,390	685,927	1,290,317
Debt Service			
Principal Retirement	384,692	-	384,692
Interest	26,298	-	26,298
Total Expenditures	<u>16,545,677</u>	<u>685,927</u>	<u>17,231,604</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,191,671	(685,927)	505,744
Other Financing Sources			
Debt Issuance	604,390	-	604,390
Net Change in Fund Balances	1,796,061	(685,927)	1,110,134
Fund Balances - Beginning	<u>22,439,863</u>	<u>2,225,208</u>	<u>24,665,071</u>
Fund Balances - Ending	<u>24,235,924</u>	<u>1,539,281</u>	<u>25,775,205</u>

The notes to the financial statements are an integral part of this statement.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Governmental Activities

For the Fiscal Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ 1,110,134
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	1,290,317
Depreciation Expense	(490,977)
Disposals - Cost	(954,741)
Disposals - Accumulated Depreciation	804,250

An addition to a net pension asset is not considered to be an increase in a financial asset in the governmental funds.

Change in Net Pension Asset	2,712,540
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The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(810,355)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.

Change in Compensated Absences Payable	(30,165)
Issuance of Leases Payable	(164,869)
Issuance of Subscription Arrangements	(439,521)
Retirement of Leases Payable	359,803
Retirement of Subscription Arrangements	24,889

Changes in Net Position of Governmental Activities	<u>3,411,305</u>
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The notes to the financial statements are an integral part of this statement.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reaching Across Illinois Library System (RAILS) is governed by a Board of Directors (the Board), the rules and regulations for library systems, and the regulations of the State Librarian related to state aid. The financial statements of RAILS have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing governmental accounting and financial reporting principles for state and local governments through its pronouncements (Statements and Interpretations). The more significant of RAILS's accounting policies are described below.

REPORTING ENTITY

RAILS is a regional library system governed by an elected fifteen-member Board of Directors and established by the Illinois Library System Act (75 ILCS 10/). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is both legally and substantively separate from the government. Management has determined that there are no fiduciary component units that are required to be included in the financial statements of RAILS as pension trust funds and there are no component units to include in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

RAILS's basic financial statements include both government-wide (reporting RAILS as a whole) and fund financial statements (reporting RAILS's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental. RAILS's culture and recreation activities and general administration are all classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities are presented on a consolidated basis by column. RAILS's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. RAILS first utilizes restricted resources to finance qualifying activities.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

The government-wide Statement of Activities reports both the gross and net cost of RAILS's function (culture and recreation). This function is supported by general government revenues (interest income and miscellaneous income, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenue (interest income and miscellaneous income, etc.).

This government-wide focus is more on the sustainability of RAILS as an entity and the change in RAILS's net position resulting from the current year's activities.

Fund Financial Statements

The financial transactions of RAILS are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. An emphasis is placed on major funds within the governmental category.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. A fund is considered major if it is the primary operating fund of RAILS or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by RAILS:

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of RAILS:

General Fund is the general operating fund of RAILS. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major fund.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of capital assets. The Capital Projects Fund, a major fund, accounts for future capital improvements of RAILS.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus as defined below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The accounting objectives of the “economic resources” measurement focus is the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets/deferred outflows, liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflow is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlays) are recorded when the related fund liability is incurred.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are interest revenue and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash. In applying the susceptible to accrual concept to intergovernmental revenues (federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of those revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to RAILS; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

RAILS reports unearned revenue and unavailable revenue on its financial statements, as applicable. Unavailable revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period, under the modified accrual basis of accounting. Unearned revenue arises when a revenue is measurable but not earned under the accrual basis of accounting. Unearned revenues also arise when resources are received by RAILS before it has a legal claim to them or prior to the provision of services, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when RAILS has a legal claim to the resources, the liability and deferred inflows of resources, as applicable, for unearned and unavailable revenue are removed from the balance sheet and revenue is recognized.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and cash with fiscal agents. Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, RAILS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of RAILS's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers, as applicable. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in both the government-wide and fund financial statements. Prepaids are valued at cost. The costs of governmental fund-type prepaids are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets purchased or acquired with an original minimum cost of \$5,000 and an estimated useful life in excess of one year are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized/amortized. Other costs incurred for repairs and maintenance are expensed as incurred. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

General capital assets are long-lived assets of RAILS as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized/amortized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION – Continued

Capital Assets – Continued

Depreciation/amortization on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings and Improvements	2 - 50 Years
Furniture, Fixtures, Equipment and Computers	5 - 10 Years
Vehicles	5 - 8 Years
Leased Property	2 - 5 Years
Subscription Arrangements - Software	2 - 5 Years

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents a consumption/acquisition of net assets that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

Compensated Absences

In the event of termination, an employee is reimbursed for earned vacation days. No more than five vacation days may be carried over from the prior year without the Executive Director's approval. No more than 90 sick leave days may be accrued for employee use and 240 sick leave days may be utilized for service credit with the Illinois Municipal Retirement Fund (IMRF) upon retirement.

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Net Position

In the government-wide financial statements, net position is displayed in three components:

Net Investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and related debt.

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted – All other net position balances that do not meet the definition of "restricted."

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with GAAP. Annual budgets are adopted (at the fund level) for all governmental funds. All annual budgets lapse at fiscal year-end.

RAILS follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. The Finance Manager and Executive Director prepare and submit to the Board, as part of the annual area and per capita grant application, a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures and the means of financing them. The legal level of budgetary control is at the fund level.
2. The proposed operating budget is adopted by the Board at a public meeting.
3. Any amendments to the budget must be adopted by the Board at a public meeting.
4. Budgeted amounts presented in the financial statements are those as originally adopted by the Board.

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

RAILS maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "cash and investments."

Permitted Deposits and Investments – Statutes authorize RAILS to make deposits/invest in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States Government or agreements to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and IPRIME.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements

June 30, 2024

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Illinois Funds is an investment pool managed by the Illinois State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company. Investments in Illinois Funds are valued at the share price, which is the price for which the investment could be sold.

Illinois Public Reserves Investment Management Trust (IPRIME) is an investment opportunity and cash management service for Illinois municipal treasurers acting on behalf of counties, townships, cities, towns, villages, special road districts, public water supply districts, fire protection districts, drainage districts, levee districts, sewer districts, housing authorities, and all other political corporations or subdivisions of the State of Illinois. Participation in IPRIME is voluntary. IPRIME is not registered with the SEC as an investment company. Investments in IPRIME are valued at the share price, the price for which the investment could be sold.

At year-end, the carrying amount of RAILS's deposits totaled \$25,921,984 and the bank balances totaled \$26,038,838. In addition, RAILS has \$6,020 invested in Illinois Funds at year-end and \$146,909 in IPRIME with an average maturity of one and one half years.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, RAILS limits its exposure to interest rate risk to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period.

Credit Risk. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. RAILS limits its exposure to credit risk by primarily investing in Illinois Funds, insured certificates of deposit, and collateralized money market funds. RAILS's investment in Illinois Funds and IPRIME was rated AAmmf by Fitch and AAAM by Standard & Poor's, respectively.

Concentration Risk. This is the risk of loss attributed to the magnitude of RAILS's investment in a single issuer. RAILS's investment policy requires diversification of investments to avoid unreasonable risk but has no set percentage limits. At year-end, RAILS does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, RAILS's deposits may not be returned to it. To guard against custodial credit risk for deposits, RAILS's investment policy requires that deposits with financial institutions in excess of FDIC insurance coverage limits be collateralized with collateral in an amount equal to the uninsured deposits with the collateral held by a third party acting as the agent of RAILS. At year-end, the entire bank balance of deposits was covered by a combination of FDIC insurance and collateral.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Custodial Credit Risk – Continued. For an investment, this is the risk that in the event of the failure of the counterparty, RAILS will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. It is the policy of RAILS to require all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as RAILS’s agent separate from where the investment was purchased. At year-end, RAILS’s investments in Illinois Fund and IPRIME are not subject to custodial credit risk.

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 107,000	-	-	107,000
Depreciable/Amortized Capital Assets				
Buildings and Improvements	3,267,899	123,834	36,138	3,355,595
Furniture, Fixtures, Equipment and Computers	1,011,928	7,618	722,210	297,336
Vehicles	1,246,636	554,475	-	1,801,111
Leased Property	778,877	164,869	196,393	747,353
Subscription Arrangements - Software	-	439,521	-	439,521
	<u>6,305,340</u>	<u>1,290,317</u>	<u>954,741</u>	<u>6,640,916</u>
Less Accumulated Depreciation/Amortization				
Buildings and Improvements	2,054,087	112,232	36,138	2,130,181
Furniture, Fixtures, Equipment and Computers	874,746	30,607	716,962	188,391
Vehicles	1,160,563	106,082	-	1,266,645
Leased Property	183,303	214,584	51,150	346,737
Subscription Arrangements - Software	-	27,472	-	27,472
	<u>4,272,699</u>	<u>490,977</u>	<u>804,250</u>	<u>3,959,426</u>
Total Net Depreciable/Amortized Capital Assets	<u>2,032,641</u>	<u>799,340</u>	<u>150,491</u>	<u>2,681,490</u>
Total Net Capital Assets	<u>2,139,641</u>	<u>799,340</u>	<u>150,491</u>	<u>2,788,490</u>

Depreciation/amortization expense of \$490,977 was charged to the culture and recreation function.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

Leases Payable

RAILS has the following leases outstanding at year-end:

Lease	Term Length	Commencement Date	Payments	Interest Rate
Bolingbrook Lease	24 Months	June 1, 2023	\$10,465 Per Month	6.70%
East Peoria Lease	60 Months	July 1, 2021	\$6,318 Per Month	3.69%
Rockford Lease	60 Months	March 1, 2024	\$3,263 Per Month	7.23%

Subscription-Based Information Technology Arrangements (SBITAs)

RAILS has the following Subscription Arrangements at year-end:

Subscription Arrangements	Term Length	Start Date	Payments	Interest Rate
Auto-Graphics	21 Quarters	3/1/2024	\$24,889 Per Quarter	7.23%

Future payments are as follows:

Fiscal Year	Governmental Activities				
	Leases Payable		Subscription Arrangements		
	Principal	Interest	Principal	Interest	
2025	\$ 213,255	18,320	71,488	28,068	
2026	106,618	8,354	76,797	22,759	
2027	33,400	5,756	82,503	17,053	
2028	35,898	3,258	88,632	10,924	
2029	25,406	698	95,212	4,344	
Total	414,577	36,386	414,632	83,148	

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

**Notes to the Financial Statements
June 30, 2024**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

For governmental activities, the compensated absences, leases payable, and subscription arrangements are liquidated by the General Fund. Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 150,895	33,459	3,294	181,060	36,212
Leases Payable	609,511	164,869	359,803	414,577	213,255
Subscription Arrangements	-	439,521	24,889	414,632	71,488
	<u>760,406</u>	<u>637,849</u>	<u>387,986</u>	<u>1,010,269</u>	<u>320,955</u>

FUND BALANCE CLASSIFICATION

In the governmental fund financial statements, RAILS considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. RAILS first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Nonspendable Fund Balance. Consists of resources that cannot be spent because they are either: a) not in a spendable form; or b) legally or contractually required to be maintained intact.

Restricted Fund Balance. Consists of resources that are restricted to specific purposes, that is, when constraints placed on the use of resources are either: a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance. Consists of resources constrained (issuance of an ordinance) to specific purposes by the government itself, using its highest level of decision-making authority, the Board; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.

Assigned Fund Balance. Consists of amounts that are constrained by the Board’s intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board itself or b) a body or official to which the Board has delegated the authority to assign amounts to be used for specific purposes. The authority to assign fund balance has been delegated to RAILS’s Finance Manager through the approved fund balance policy of RAILS.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATION – Continued

Unassigned Fund Balance. Consists of residual net resources of a fund that have not been restricted, committed, or assigned within the General Fund and deficit fund balances of other governmental funds.

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Capital Projects	Totals
Fund Balances			
Nonspendable - Prepaids	\$ 243,973	-	243,973
Assigned - Capital Projects	-	1,539,281	1,539,281
Unassigned	23,991,951	-	23,991,951
	<u>24,235,924</u>	<u>1,539,281</u>	<u>25,775,205</u>

NET POSITION CLASSIFICATIONS

Net investment in capital assets was comprised of the following at year-end:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 2,788,490
Less Capital-Related Debt:	
Leases Payable	(414,577)
Subscription Arrangements	<u>(414,632)</u>
Net Investment in Capital Assets	<u>1,959,281</u>

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 4 – OTHER INFORMATION

CONTINGENT LIABILITIES

Grants

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

Litigation

RAILS is currently not involved in any litigation.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

RAILS contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Descriptions

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2023, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	421
Inactive Plan Members Entitled to but not yet Receiving Benefits	150
Active Plan Members	<u>91</u>
Total	<u><u>662</u></u>

Contributions. As set by statute, RAILS's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended June 30, 2024, RAILS's contribution was 0.92% of covered payroll.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Net Pension (Asset). RAILS’s net pension (asset) was measured as of December 31, 2023. The total pension liability used to calculate the net pension (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2023, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	2.75%
Inflation	2.25%

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. Continued. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	24.50%	4.75%
Domestic Equities	34.50%	5.00%
International Equities	18.00%	6.35%
Real Estate	10.50%	6.30%
Blended	11.50%	6.05% - 8.65%
Cash and Cash Equivalents	1.00%	3.80%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and RAILS contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension (asset) to changes in the discount rate. The table below presents the net pension (asset) of RAILS calculated using the discount rate as well as what RAILS's net pension (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability/(Asset)	\$ (439,099)	(4,818,753)	(8,425,533)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension (Asset)

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) (A) - (B)
Balances at December 31, 2022	\$ 47,769,420	49,875,633	(2,106,213)
Changes for the Year:			
Service Cost	430,382	-	430,382
Interest on the Total Pension Liability	3,340,073	-	3,340,073
Difference Between Expected and Actual Experience of the Total Pension Liability	773,412	-	773,412
Change of Assumptions	(66,871)	-	(66,871)
Contributions - Employer	-	50,601	(50,601)
Contributions - Employees	-	237,193	(237,193)
Net Investment Income	-	5,700,838	(5,700,838)
Benefit Payments, including Refunds of Employee Contributions	(3,829,267)	(3,829,267)	-
Other (Net Transfer)	-	1,200,904	(1,200,904)
Net Changes	647,729	3,360,269	(2,712,540)
Balances at December 31, 2023	48,417,149	53,235,902	(4,818,753)

Pension Revenue, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2024, RAILS recognized pension revenue of \$1,853,773. At June 30, 2024, RAILS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Pension Revenue, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 235,049	-	235,049
Change in Assumptions	-	(20,323)	(20,323)
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	2,905,221	-	2,905,221
	3,140,270	(20,323)	3,119,947
Pension Contributions Made Subsequent to the Measurement Date	24,245	-	24,245
Total Deferred Amounts Related to IMRF	3,164,515	(20,323)	3,144,192

\$25,245 was reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows/ (Inflows) of Resources
2025	\$ 347,906
2026	983,906
2027	2,222,075
2028	(433,940)
2029	-
Thereafter	-
Total	3,119,947

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2024

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT

RAILS is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries to RAILS's employees. RAILS purchased its insurance policies through its membership in two library insurance cooperatives. Risks covered included certain types of liabilities and bonds. Premiums have been displayed as expenditures/expenses in appropriate funds. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

OTHER POST-EMPLOYMENT BENEFIT PLAN

RAILS has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through RAILS are required to pay 100% of the current premium. Based upon a review of census data and plan provisions, as well as minimal utilization rates, it has been determined that any liability is immaterial to the financial statements in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Additionally, RAILS provides no explicit benefit. Therefore, RAILS has not recorded a liability as of June 30, 2024.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability/(Asset)
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedules
General Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Illinois Municipal Retirement Fund

Schedule of Employer Contributions June 30, 2024

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 396,960	\$ 396,960	\$ -	\$ 4,134,915	9.60%
2016	184,718	184,718	-	4,222,176	4.37%
2017	177,366	177,366	-	5,073,742	3.50%
2018	162,310	162,310	-	4,642,288	3.50%
2019	109,760	109,760	-	3,926,003	2.80%
2020	41,880	41,880	-	4,359,147	0.96%
2021	47,962	53,567	5,605	4,504,961	1.19%
2022	46,674	46,674	-	4,578,199	1.02%
2023	49,075	49,075	-	5,081,736	0.97%
2024	48,412	48,412	-	5,272,492	0.92%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	20 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.75% to 13.75%, Including Inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset)

June 30, 2024

	12/31/14	12/31/15	12/31/16
Total Pension Liability			
Service Cost	\$ 438,134	437,025	431,916
Interest	3,253,499	3,449,018	3,473,417
Differences Between Expected and Actual Experience	432,684	(94,014)	460,084
Change of Assumptions	1,843,383	-	-
Benefit Payments, Including Refunds of Member Contributions	(3,269,672)	(3,450,775)	(3,477,540)
Net Change in Total Pension Liability	2,698,028	341,254	887,877
Total Pension Liability - Beginning	44,795,758	47,493,786	47,835,040
Total Pension Liability - Ending	47,493,786	47,835,040	48,722,917
Plan Fiduciary Net Position			
Contributions - Employer	\$ 388,935	181,761	207,692
Contributions - Members	192,707	218,671	205,937
Net Investment Income	3,009,579	248,475	3,351,477
Benefit Payments, Including Refunds of Member Contributions	(3,269,672)	(3,450,775)	(3,477,540)
Other (Net Transfer)	217,278	446,094	247,764
Net Change in Plan Fiduciary Net Position	538,827	(2,355,774)	535,330
Plan Net Position - Beginning	50,681,382	51,220,209	48,864,435
Plan Net Position - Ending	51,220,209	48,864,435	49,399,765
Employer's Net Pension Liability/(Asset)	\$ (3,726,423)	(1,029,395)	(676,848)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	107.85%	102.15%	101.39%
Covered Payroll	\$ 4,058,894	4,362,191	4,505,259
Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	(91.81%)	(23.60%)	(15.02%)

Changes of Assumptions. Changes in assumptions related to the discount rate were made in 2014 through 2018 and 2020. Changes in assumptions related to the demographics were made in 2014, 2017, and 2023.

12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	12/31/22	12/31/23
511,460	443,531	376,336	421,830	406,835	418,297	430,382
3,541,938	3,450,789	3,309,164	3,361,241	3,332,055	3,358,481	3,340,073
14,305	(1,437,105)	883,692	139,636	438,479	(186,602)	773,412
(1,664,080)	959,742	-	(479,110)	-	-	(66,871)
(3,505,605)	(3,664,354)	(3,836,132)	(3,911,127)	(3,766,226)	(3,870,967)	(3,829,267)
(1,101,982)	(247,397)	733,060	(467,530)	411,143	(280,791)	647,729
48,722,917	47,620,935	47,373,538	48,106,598	47,639,068	48,050,211	47,769,420
47,620,935	47,373,538	48,106,598	47,639,068	48,050,211	47,769,420	48,417,149
117,429	197,073	37,448	44,769	54,774	46,516	50,601
244,158	203,517	191,281	208,802	204,873	277,131	237,193
9,294,244	(3,636,504)	9,434,630	7,954,650	10,182,568	(8,862,313)	5,700,838
(3,505,605)	(3,664,354)	(3,836,132)	(3,911,127)	(3,766,226)	(3,870,967)	(3,829,267)
(1,731,692)	(103,443)	241,763	(12,855)	(712,445)	(846,095)	1,200,904
4,418,534	(7,003,711)	6,068,990	4,284,239	5,963,544	(13,255,728)	3,360,269
49,399,765	53,818,299	46,814,588	52,883,578	57,167,817	63,131,361	49,875,633
53,818,299	46,814,588	52,883,578	57,167,817	63,131,361	49,875,633	53,235,902
(6,197,364)	558,950	(4,776,980)	(9,528,749)	(15,081,150)	(2,106,213)	(4,818,753)
113.01%	98.82%	109.93%	120.00%	131.39%	104.41%	109.95%
4,933,970	4,202,001	4,115,125	4,432,558	4,552,716	4,845,571	5,270,971
(125.61%)	13.30%	(116.08%)	(214.97%)	(331.26%)	(43.47%)	(91.42%)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2024**

	Administration Subfund		
	Budget		Actual
	Original	Final	
Revenues			
State Grants			
Area and Per Capita	\$ 11,871,714	11,871,714	11,871,714
Other State Grants	-	-	99,238
Fees for Services and Materials	498,466	498,466	573,904
Reimbursements	2,940,700	2,940,700	2,782,980
Interest Income	700,000	700,000	1,374,901
Miscellaneous	9,620	9,620	167,221
Total Revenues	<u>16,020,500</u>	<u>16,020,500</u>	<u>16,869,958</u>
Expenditures			
Culture and Recreation			
Personnel	3,561,986	3,561,986	3,365,670
Library Materials	3,481,350	3,481,350	3,436,612
Buildings and Grounds	138,257	138,257	200,691
Vehicles	20,355	20,355	21,989
Travel and Continuing Education	304,504	304,504	206,716
Public Relations	27,100	27,100	5,771
Commercial Insurance	22,400	22,400	23,934
Supplies, Postage and Printing	134,477	134,477	166,872
Telephone and Telecommunications	54,530	54,530	50,840
Equipment Rental, Repair and Maintenance	129,393	129,393	132,592
Professional Services	262,615	262,615	231,875
Contractual Services	849,855	849,855	614,067
Professional Association Membership Dues	11,475	11,475	6,475
Miscellaneous	10,923	10,923	7,906
Capital Outlay	-	-	439,521
Debt Service			
Principal Retirement	-	-	123,881
Interest	-	-	-
Total Expenditures	<u>9,009,220</u>	<u>9,009,220</u>	<u>9,035,412</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,011,280</u>	<u>7,011,280</u>	<u>7,834,546</u>
Other Financing Sources			
Debt Issuance	-	-	439,521
Net Change in Fund Balance	<u>7,011,280</u>	<u>7,011,280</u>	<u>8,274,067</u>
Fund Balance - Beginning			
Fund Balance - Ending			

LLSAP Subfund			Delivery Subfund			Total		
Budget		Actual	Budget		Actual	Budget		Actual
Original	Final		Original	Final		Original	Final	
-	-	-	-	-	-	11,871,714	11,871,714	11,871,714
-	-	-	-	-	-	-	-	99,238
285,914	285,914	269,699	597,672	597,672	597,691	1,382,052	1,382,052	1,441,294
-	-	-	-	-	-	2,940,700	2,940,700	2,782,980
-	-	-	-	-	-	700,000	700,000	1,374,901
-	-	-	-	-	-	9,620	9,620	167,221
285,914	285,914	269,699	597,672	597,672	597,691	16,904,086	16,904,086	17,737,348
1,032,127	1,032,127	978,554	2,725,153	2,725,153	2,647,012	7,319,266	7,319,266	6,991,236
-	-	-	-	-	70	3,481,350	3,481,350	3,436,682
12,278	12,278	12,107	136,436	136,436	130,528	286,971	286,971	343,326
6,900	6,900	6,468	686,615	686,615	575,059	713,870	713,870	603,516
5,389	5,389	904	7,449	7,449	3,718	317,342	317,342	211,338
-	-	-	-	-	-	27,100	27,100	5,771
3,705	3,705	3,513	31,970	31,970	27,961	58,075	58,075	55,408
8,093	8,093	427	52,750	52,750	83,619	195,320	195,320	250,918
9,240	9,240	10,000	53,116	53,116	44,664	116,886	116,886	105,504
1,994	1,994	1,087	7,135	7,135	5,761	138,522	138,522	139,440
-	-	-	10,000	10,000	-	272,615	272,615	231,875
1,349,871	1,349,871	1,349,871	1,214,928	1,214,928	1,175,407	3,414,654	3,414,654	3,139,345
-	-	-	-	-	-	11,475	11,475	6,475
-	-	-	900	900	1,557	11,823	11,823	9,463
-	-	-	-	-	164,869	-	-	604,390
31,481	31,481	30,246	251,891	251,891	230,565	283,372	283,372	384,692
-	-	2,361	-	-	23,937	-	-	26,298
2,461,078	2,461,078	2,395,538	5,178,343	5,178,343	5,114,727	16,648,641	16,648,641	16,545,677
(2,175,164)	(2,175,164)	(2,125,839)	(4,580,671)	(4,580,671)	(4,517,036)	255,445	255,445	1,191,671
-	-	-	-	-	164,869	-	-	604,390
(2,175,164)	(2,175,164)	(2,125,839)	(4,580,671)	(4,580,671)	(4,352,167)	255,445	255,445	1,796,061
								22,439,863
								24,235,924

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such schedules include:

- Schedule of Expenditures - Budget and Actual
 - Administration - General Fund Subfund
 - LLSAP - General Fund Subfund
 - Delivery - General Fund Subfund

- Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 - Capital Projects Fund

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Administration - General Fund Subfund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2024**

	Budget		Actual
	Original	Final	
Culture and Recreation			
Personnel			
Library Professionals	\$ 1,245,813	1,245,813	1,117,010
Other Professionals	1,204,762	1,204,762	1,241,609
Support Services	486,640	486,640	434,702
Social Security Taxes	224,889	224,889	203,366
Unemployment Insurance	11,146	11,146	9,294
Workers' Compensation	2,785	2,785	2,918
Retirement Benefits	32,808	32,808	25,268
Health, Dental and Life Insurance	322,143	322,143	311,700
Other Fringe Benefits	19,000	19,000	11,589
Recruiting	12,000	12,000	8,214
Total Personnel	3,561,986	3,561,986	3,365,670
Library Materials			
Print Materials	2,850	2,850	19,870
E-Resources	3,478,500	3,478,500	3,416,742
Total Library Materials	3,481,350	3,481,350	3,436,612
Buildings and Grounds			
Rent/Lease	-	-	53,175
Utilities	78,980	78,980	81,532
Property Insurance	14,000	14,000	10,265
Repairs and Maintenance	15,225	15,225	27,103
Custodial/Janitorial Service and Supplies	22,200	22,200	18,688
Other Buildings and Grounds	7,852	7,852	9,928
Total Buildings and Grounds	138,257	138,257	200,691
Vehicles			
Fuel	1,220	1,220	1,516
Repairs and Maintenance	2,500	2,500	3,668
Vehicle Insurance	16,635	16,635	16,805
Total Vehicles	20,355	20,355	21,989

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Administration - General Fund Subfund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended June 30, 2024**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Travel and Continuing Education			
In-State Travel	\$ 62,934	62,934	29,921
Out-of-State Travel	73,065	73,065	43,972
Registration and Meeting Fees	82,505	82,505	53,850
Conferences and Continuing Education Meetings	86,000	86,000	78,973
Total Travel and Continuing Education	304,504	304,504	206,716
Public Relations	27,100	27,100	5,771
Commercial Insurance			
Liability Insurance	22,400	22,400	23,934
Supplies, Postage and Printing			
Computers, Software and Supplies	87,010	87,010	123,907
General Office Supplies and Equipment	37,184	37,184	30,931
Postage	10,283	10,283	12,034
Total Supplies, Postage and Printing	134,477	134,477	166,872
Telephone and Telecommunications	54,530	54,530	50,840
Equipment Rental, Repair and Maintenance			
Equipment Rental	6,500	6,500	4,848
Equipment Repair and Maintenance Agreements	122,893	122,893	127,744
Total Equipment Rental, Repair and Maintenance	129,393	129,393	132,592
Professional Services			
Legal	55,000	55,000	25,753
Accounting	23,000	23,000	21,095
Consulting	146,500	146,500	146,445
Payroll Service Fees	38,115	38,115	38,582
Total Professional Services	262,615	262,615	231,875

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Administration - General Fund Subfund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended June 30, 2024**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Contractual Services			
Information Service Costs	\$ 49,486	49,486	36,208
Contract Agreements with Systems, Member Libraries and Other Co-ops	387,000	387,000	290,772
Other Contractual Services	413,369	413,369	287,087
Total Contractual Services	849,855	849,855	614,067
Professional Association Membership Dues	11,475	11,475	6,475
Miscellaneous	10,923	10,923	7,906
Total Culture and Recreation	9,009,220	9,009,220	8,472,010
Capital Outlay			
Subscription Arrangements	-	-	439,521
Debt Service			
Principal Retirement	-	-	123,881
Total Expenditures	9,009,220	9,009,220	9,035,412

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

LLSAP - General Fund Subfund

Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended June 30, 2024

	Budget		Actual
	Original	Final	
Culture and Recreation			
Personnel			
Library Professionals	\$ 342,447	342,447	341,614
Other Professionals	371,855	371,855	349,477
Support Services	106,799	106,799	106,416
Social Security Taxes	62,816	62,816	58,262
Unemployment Insurance	3,468	3,468	2,993
Workers' Compensation	681	681	737
Retirement Benefits	9,279	9,279	7,320
Health, Dental and Life Insurance	134,782	134,782	111,735
Total Personnel	<u>1,032,127</u>	<u>1,032,127</u>	<u>978,554</u>
Buildings and Grounds			
Utilities	3,601	3,601	3,052
Property Insurance	1,730	1,730	1,171
Repairs and Maintenance	2,837	2,837	4,179
Custodial/Janitorial Service and Supplies	3,346	3,346	3,203
Other Buildings and Grounds	764	764	502
Total Buildings and Grounds	<u>12,278</u>	<u>12,278</u>	<u>12,107</u>
Vehicles			
Fuel	500	500	52
Repairs and Maintenance	400	400	104
Vehicle Insurance	6,000	6,000	6,312
Total Vehicles	<u>6,900</u>	<u>6,900</u>	<u>6,468</u>
Travel and Continuing Education			
In-State Travel	3,189	3,189	611
Registration and Meeting Fees	2,200	2,200	293
Total Travel and Continuing Education	<u>5,389</u>	<u>5,389</u>	<u>904</u>
Liability Insurance	<u>3,705</u>	<u>3,705</u>	<u>3,513</u>
Supplies, Postage and Printing			
Computers, Software and Supplies	7,743	7,743	60
General Office Supplies and Equipment	300	300	367
Postage	50	50	-
Total Supplies, Postage and Printing	<u>8,093</u>	<u>8,093</u>	<u>427</u>

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

LLSAP - General Fund Subfund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2024**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Telephone and Telecommunications	9,240	9,240	10,000
Equipment Rental, Repair and Maintenance			
Equipment Rental	-	-	1,087
Equipment Repair and Maintenance Agreements	1,994	1,994	-
Total Equipment Rental, Repair and Maintenance	1,994	1,994	1,087
Contractual Services			
Contract Agreements with Systems, Member Libraries and Other Co-ops	1,349,871	1,349,871	1,349,871
Total Culture and Recreation	2,429,597	2,429,597	2,362,931
Debt Service			
Principal Retirement	31,481	31,481	30,246
Interest	-	-	2,361
Total Debt Service	31,481	31,481	32,607
Total Expenditures	2,461,078	2,461,078	2,395,538

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Delivery - General Fund Subfund

Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended June 30, 2024

	Budget		Actual
	Original	Final	
Culture and Recreation			
Personnel			
Other Professionals	\$ 396,442	396,442	391,010
Support Services	1,564,067	1,564,067	1,558,714
Social Security Taxes	149,984	149,984	138,773
Unemployment Insurance	13,005	13,005	12,203
Workers' Compensation	111,711	111,711	91,373
Retirement Benefits	21,961	21,961	17,702
Health, Dental and Life Insurance	443,983	443,983	402,698
Temporary Help	24,000	24,000	34,539
Total Personnel	<u>2,725,153</u>	<u>2,725,153</u>	<u>2,647,012</u>
Library Materials			
Print Materials	-	-	70
Buildings and Grounds			
Utilities	35,288	35,288	24,541
Property Insurance	14,620	14,620	12,770
Repairs and Maintenance	46,203	46,203	52,236
Custodial/Janitorial Service and Supplies	31,854	31,854	32,981
Other Buildings and Grounds	8,471	8,471	8,000
Total Buildings and Grounds	<u>136,436</u>	<u>136,436</u>	<u>130,528</u>
Vehicles			
Fuel	425,500	425,500	270,348
Repairs and Maintenance	118,500	118,500	165,579
Vehicle Insurance	126,365	126,365	131,948
Other Vehicle Expenditures	16,250	16,250	7,184
Total Vehicles	<u>686,615</u>	<u>686,615</u>	<u>575,059</u>
Travel and Continuing Education			
In-State Travel	5,849	5,849	1,614
Registration and Meeting Fees	1,600	1,600	2,104
Total Travel and Continuing Education	<u>7,449</u>	<u>7,449</u>	<u>3,718</u>
Commercial Insurance			
Liability Insurance	31,970	31,970	27,961

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Delivery - General Fund Subfund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended June 30, 2024**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Supplies, Postage and Printing			
General Office Supplies and Equipment	\$ 4,750	4,750	5,214
Computers, Software, and Supplies	500	500	447
Postage	650	650	372
Delivery Supplies	46,850	46,850	77,586
Total Supplies, Postage and Printing	<u>52,750</u>	<u>52,750</u>	<u>83,619</u>
Telephone and Telecommunications	<u>53,116</u>	<u>53,116</u>	<u>44,664</u>
Equipment Rental, Repair and Maintenance			
Equipment Rental	6,485	6,485	3,016
Equipment Repair and Maintenance Agreements	650	650	2,745
Total Equipment Rental, Repair and Maintenance	<u>7,135</u>	<u>7,135</u>	<u>5,761</u>
Professional Services			
Consulting	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Contractual Services			
Other Contractual Services	<u>1,214,928</u>	<u>1,214,928</u>	<u>1,175,407</u>
Miscellaneous	<u>900</u>	<u>900</u>	<u>1,557</u>
Total Culture and Recreation	<u>4,926,452</u>	<u>4,926,452</u>	<u>4,695,356</u>
Capital Outlay			
Leased Property	<u>-</u>	<u>-</u>	<u>164,869</u>
Debt Service			
Principal Retirement	251,891	251,891	230,565
Interest	-	-	23,937
Total Debt Service	<u>251,891</u>	<u>251,891</u>	<u>254,502</u>
Total Expenditures	<u>5,178,343</u>	<u>5,178,343</u>	<u>5,114,727</u>

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2024**

	Budget		Actual
	Original	Final	
Revenues			
None	\$ -	-	-
Expenditures			
Capital Outlay			
Buildings and Improvements	134,000	134,000	123,834
Furniture, Fixtures, Equipment and Computers	15,000	15,000	7,618
Vehicles	750,000	750,000	554,475
Total Expenditures	899,000	899,000	685,927
Net Change in Fund Balance	<u>(899,000)</u>	<u>(899,000)</u>	(685,927)
Fund Balance - Beginning			<u>2,225,208</u>
Fund Balance - Ending			<u>1,539,281</u>

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

**Consolidated Year-End Financial Report
June 30, 2024**

<u>CSFA #</u>	<u>Program Name</u>	<u>State</u>	<u>Federal</u>	<u>Other</u>	<u>Totals</u>
	Other Grant Programs and Activities	\$ -	1,936,144	10,034,808	<u>11,970,952</u>