

ILLINOIS STATE LIBRARY
FY2018 Library System Annual Report Cover Sheet
23 ILAC 3030.270 (Multitype Library System)

1. Narrative Report

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Library System: Reaching Across Illinois Library System Date Reviewed: _____

Signed: _____ Signed: _____
Board President *Executive Director*

1.1 Narrative Report

Introduction

This narrative provides information on the Reaching Across Illinois Library System's (RAILS) FY2018 activities and accomplishments. These activities/accomplishments relate directly to the goals and objectives in our FY2018 System Area and Per Capita Grant application and meet the requirements of the administrative rules for library systems.

1. Administration

Active Membership Review and Certification

Goal: *Conduct ongoing, active review of RAILS membership to ensure that all members meet system standards and complete the certification process, to welcome new member libraries to strengthen RAILS as a multitype library system, and to ensure current information on all member libraries*

RAILS accomplished this goal by:

- Successfully completing the annual library certification process. For the first time in the six years that certification has been a membership requirement, all RAILS members successfully certified and RAILS did not have to recommend any libraries for suspension! RAILS' activities included:
 - Consulting with members on an ongoing basis throughout the process
 - Publicizing the need to certify via various RAILS communication tools and member encounters
 - Contacting/working with libraries that did not certify in a timely manner
 - Scheduling certification networking events at the different RAILS service centers
 - Working with members throughout FY2018 to ensure that they met membership standards
- Recruiting new RAILS members, including:
 - Approaching new libraries/existing libraries that were not yet members to discuss RAILS membership
 - Visiting potential members to ensure that they met membership criteria
 - Working with the RAILS Board and the Illinois State Library (ISL) on new member approvals
- Ensuring that RAILS had accurate information on members throughout FY2018, including:
 - Publicizing the importance for libraries to keep their L2 data up-to-date on a regular basis
 - Providing consulting assistance/instruction for libraries unclear on how to update their data

Goal: *Complete development of revised system membership standards and help libraries meet the new standards by offering training and other support*

RAILS accomplished this goal by:

- Beta-testing the standards with members from different sizes/types of libraries, including Illinois Heartland Library System (IHLS) libraries, and taking the results of this testing to the RAILS Board in June 2018. The board released the standards for data collection at that time.
- Consulting with and seeking input from ISL on the standards on several occasions throughout FY2018
- Publicizing RAILS' progress in developing the standards to members throughout FY2018 via a variety of communication encounters and channels
- Seeking member input on the standards throughout FY2018, including at member update sessions, via the *RAILS E-News* and website, and on individual member library visits
- Keeping IHLS informed of our progress in developing the standards and inviting them to participate
- Working with the Illinois Library Association (ILA) committee revising *Serving Our Public* to ensure that our standards are complementary
- Exploring a partnership with the American Library Association (ALA) on training to help libraries meet the standards

Member Communication/Engagement

Goal: *Fully engage with members from all types of libraries throughout the RAILS area to ensure they are aware of system programs/services and to better understand, anticipate, and meet their needs.*

RAILS accomplished this goal by:

- Communicating with members about RAILS programs/services via the weekly *RAILS E-News*, individual library visits, quarterly RAILS member updates, and a variety of other communication channels
- Producing a new booklet highlighting available RAILS programs/services and making the booklet available to library staff and trustees at conference exhibit booths, member visits, and other member encounters. Members and trustees also requested over 500 copies of the booklet in response to an invitation in the *RAILS E-News*.
- Planning “member meetups” in all areas of the system for all types of RAILS libraries to share the latest RAILS news and to provide networking opportunities
- Producing a monthly *Sparks* podcast
- Expanding and enhancing RAILS' social media presence via Facebook, Twitter, Instagram, and YouTube
- Exhibiting and serving as a sponsor for a wide variety of library conferences, including:
 - SWANstravaganza—143 booth visitors
 - PrairieCat Users Group (PUG) Day—186 booth visitors
 - ILA conference—600 booth visitors
 - Illinois School Library Media Association conference—196 booth visitors
 - Health Science Librarians of Illinois conference—39 (out of a possible 53) booth visitors
 - Reaching Forward—390 booth visitors

- Reaching Forward South—57 booth visitors (including IHLS members)
- Communicating the benefits of RAILS membership to academic, school, and special library members by:
 - Publishing periodic e-newsletters for these library types
 - Exhibiting at conferences for different types of libraries as described above
 - Using mailing lists for different library types to communicate RAILS benefits specifically for these types
 - Scheduling member informational/networking meetings for/at different types of libraries

Goal: *Foster networking and collaboration between staff from all types of RAILS member libraries to create a community of connected peers and to build on the strengths of multitype cooperation*

RAILS accomplished this goal by:

- Offering multitype collaborative grants for innovative projects that involved collaboration between at least two different library types. RAILS awarded six grants in FY2018.
- Promoting multitype grant awardees via the RAILS website and member update sessions to model best practices
- Providing networking opportunities at the member meetups described above and scheduling these meetups at different types of libraries, including academic and special libraries
- Publicizing and encouraging use of RAILS mailing lists/forums via a variety of communication channels and establishing new lists/forums when requested by members
- Publicizing existing RAILS-area networking groups and assisting with the formation of new groups
- Focusing on planning more networking activities for academic, school, and special libraries in response to feedback from members during our strategic plan revision process (see below)

Goal: *Ensure that RAILS is meeting member needs in the most effective way possible*

RAILS accomplished this goal by:

- Researching member needs during our strategic plan revision process by:
 - Scheduling a “listening tour” at four locations throughout the RAILS area to gather input on member needs. One of these sessions was also made available via videoconference at the Burr Ridge service center and via live streaming video (RAILS Live).
 - Scheduling special listening tour sessions for academic, school, and special libraries, in person or via GoToMeeting
 - Inviting all staff at all RAILS member libraries to complete a needs assessment survey
 - Inviting members to provide input for the revised plan via the RAILS website and *RAILS E-News* and at member update sessions
- Drafting a new strategic plan to address the needs uncovered through the research above for RAILS Board review
- Initiating a pilot evaluation project to evaluate the impact of member visits and implementing changes to member visits based on member feedback acquired during the pilot
- Ensuring that all members had opportunities to provide input on RAILS planning and evaluation activities and programs/services, including soliciting member feedback via library visits, special

surveys, and other member encounters, and making changes to RAILS programs/services based on this input as appropriate

- Attending the Special Library Association Conference in June to learn more about how RAILS can better serve special libraries and librarians in their roles
- Conducting a survey on the *RAILS E-News*, one of our primary communication vehicles, and making changes to the *E-News* as a result of the feedback received

Goal: *Visit at least 20% of RAILS member libraries to review membership criteria and system services*

RAILS accomplished this goal by:

- Visiting 27% of RAILS member libraries in FY2018
- Developing a priority list of libraries to visit, including those not visited in last two years, nonpublic libraries, libraries with new directors, libraries unfamiliar with system services, libraries that requested a visit, etc.
- Reviewing system services (and membership criteria and the certification process) at all visits as appropriate
- Tracking all visits, including necessary follow-up by RAILS staff in the RAILS customer relationship management system (CRM)
- Undertaking a special project to evaluate the impact of the visits on RAILS members as described above

Human Resources

Goal: *Attract, retain, develop, and reward a superb RAILS staff and foster a collaborative culture that seeks continuous improvement*

RAILS accomplished this goal by:

- Hiring additional staff as needed to support the requirements in the administrative rules
- Instituting major changes to RAILS' Paid Family Leave Policy to adopt a more inclusive and modern approach to leave, to be more sensitive to different family situations and health issues that may arise in today's world, and to model best practices for RAILS members
- Reviewing and implementing new employee onboarding procedures
- Planning an all staff in-service day that received very high praise from attendees
- Streamlining the performance evaluation system based on feedback from staff
- Scheduling professional development opportunities for staff, including:
 - Two sessions related to performance management for RAILS supervisors
 - Offering a two-part workshop on facilitation skills to help staff learn how to facilitate member meetings more effectively and to model best practices. Twenty staff attended.
 - Offering staff a group viewing of the ALA short webinar "Blockchain Explained"
- Continuing to encourage and support staff professional development
- Streamlining the process for staff to register for professional development opportunities
- Continuing to work through the RAILS Employee Committee and Staff Enrichment Team to develop collaborative activities for staff and to improve internal communication
- RAILS Executive Director conducting visits to delivery staff at our different service centers to give them an opportunity to ask questions and to gain a better understanding of RAILS and the

services offered. Delivery staff are unable to attend RAILS staff meetings because of their work schedule.

- Forming a staff team to review the entire employee handbook for an overall update

Finance/Accounting

Goal: *Provide excellent stewardship of RAILS financial resources and participate in activities to help Illinois libraries manage their resources more effectively.*

RAILS accomplished this goal by:

- Continuously monitoring state funding and RAILS' expenditures and financial position, including conducting an annual review of costs/contracts, continuing to enhance the program budget process, and closely monitoring RAILS investments and making changes as appropriate
- Providing leadership via RAILS staff participation on LIMRiCC (Library Insurance Management and Risk Control Combination) Board and LIRA (Libraries of Illinois Risk Agency) Board Executive Committee
- Participating in meetings of RAILS-area business networking groups

Information Technology

Goal: *Maintain a robust technology infrastructure to support RAILS operations, member services, and member communication efforts*

RAILS accomplished this goal by:

- Ensuring a strong and secure technology infrastructure at all RAILS service centers, including:
 - Installing firewalls at all RAILS service centers
 - Installing a new backup device at Burr Ridge
 - Researching options for a new lease for RAILS printers/copiers and issuing a public bid for a new lease
 - Customizing the main meeting room at Burr Ridge to allow for easy internet and power access and to eliminate potential tripping hazards from cables going to wall outlets
- Initiating discussions with ISL and IHLS regarding the replacement of the Library Learning (L2) platform to ensure accurate and secure data and a sustainable statewide solution. Based on these discussions, RAILS submitted a grant proposal to ISL to replace L2.
- Supporting communications with RAILS and IHLS members, including maintaining robust RAILS videoconference services and continuing to make the RAILS Polycom bridge available for IHLS use
- Working with PrairieCat staff to transition hosting of their servers from the Burr Ridge service center to Innovative Interfaces
- Establishing new virtual servers for Explore More Illinois
- Upgrading security cameras at Burr Ridge to provide better coverage and higher quality video

Facilities Management

Goal: *Make changes to RAILS facilities to insure compliance with all building codes and continue to reduce RAILS' physical footprint as possible*

RAILS accomplished this goal by:

- Renovating the Burr Ridge service center to meet current code standards and to ensure safety for RAILS staff and members. The renovation project was completed on October 10, 2017.
- Keeping the RAILS Coal Valley service center on the market
- Working with the Village of Coal Valley to annex the Coal Valley facility into the village. This change will result in lower water rates, faster police protection from the village, and other benefits.
- Working with the Laboratory of Applied Spatial Analysis (LASA) at Southern Illinois University—Edwardsville to examine current locations of delivery hubs. The results of this study will be used to assist with future facility planning efforts.
- Changing the Rockford service center lease to an annual agreement

Other Administrative Activities

Goal: *Ensure the smooth operation of RAILS by maintaining a strong infrastructure*

RAILS accomplished this goal by:

- Supporting the RAILS Board, including:
 - Conducting an extensive evaluation project focusing on improving board orientation, communication, and engagement and beginning to implement recommendations based on board member feedback
 - Communicating regularly with board members via our board mailing list
 - Providing board development topics at board meetings during FY2018, including e-book copyright reform, service to the unserved, RAILS financial processes and internal controls, net neutrality, reports on different library conferences, and National Library Legislative Day
 - Supporting board member conference/meeting attendance as appropriate
- Continuing work on RAILS record retention, including disposing of records after receiving the required approvals and bringing records from various RAILS facilities to the Burr Ridge service center for more consolidated storage
- Assisting members scheduling/holding networking meetings at RAILS facilities and adding member events to L2 calendar
- Providing required reports/applications to ISL, publicizing ISL news to RAILS members, and encouraging members to subscribe to the ISL e-newsletter

2. General Resource Sharing

Goal: *Continue to promote, support, and expand resource sharing among RAILS/Illinois libraries and encourage all libraries to share materials as freely and widely as possible*

RAILS accomplished this goal by:

- Promoting resource sharing via the *RAILS E-News*, at conference programs and exhibit booths, at networking group meetings, and through other communication vehicles and member encounters
- Consulting with members, offering training on resource sharing, and providing resource sharing information on the RAILS website
- Establishing a RAILS Resource Sharing Committee, with representatives from the RAILS Board and member libraries, to discuss resource sharing issues of interest to all libraries (not just consortium members) and make recommendations as needed
- Helping to plan and promote the 2018 Great Lakes Resource Sharing conference
- Working on Explore More Illinois, a museum/attractions pass program to share cultural resources with RAILS member libraries and their customers, including finalizing an agreement with the Quipu Group for program software, establishing a web page with information about the program, and beginning work on configuration and library card authentication issues
- Collaborating with IHLS and the Chicago Public Library System (CPLS) to expand resource sharing statewide, including providing continued support for BiblioBoard statewide and a Gale Career Online High School assessment portal for statewide access. An IHLS library also participated in a RAILS BiblioBoard group purchase offer.

3. Bibliographic Access

LLSAPs and Related Services

Goal: *Lead and work with Local Library System Automation Programs (LLSAPs), independent consortia, and standalone libraries to expand resource sharing of materials*

RAILS accomplished this goal by:

- Supporting existing RAILS LLSAPs
- Meeting with individual LLSAP managers to discuss FY2019 and FY2020 support in light of three-year contracts ending in June 2018
- Preparing new LLSAP contracts for implementation in FY2019
- Working with the Consortia Committee and Consortia Futures Task Force to recommend ways to improve/increase consortial resource sharing
- Re-examining the existing support model for LLSAPs to ensure goals of sustainability, equity, and stewardship, and developing an annual grant process for LLSAP support to begin in FY2020. This process includes current RAILS LLSAPs (PrairieCat, RSA, and SWAN) and independent consortia as a result of the new definition of an LLSAP approved by the RAILS Board in 2016.
- Determining the future direction for the RAILS LLSAP membership grant program

- Holding an in-service day for all RAILS-area consortial staff; 43 staff members from seven consortia registered
- Working with NIC (Northern Illinois Cooperative) to help determine a future direction for that consortium, which eventually led NIC libraries to decide to join PrairieCat in 2019
- Helping with the successful migration of 19 LINC and MAGIC libraries to SWAN, including:
 - Providing leadership, direction, and support throughout the project
 - Facilitating ongoing discussions between the three groups
 - Hiring a MAGIC manager to assist with the transition
 - Awarding a grant to SWAN to cover one-time migration costs
 - Awarding individual grants to six libraries to help them comply with SWAN's requirements for network hardware and PC workstations
- Promoting the benefits of joining an LLSAP or shared consortium to all types and sizes of RAILS libraries via individual library visits, conference exhibit booths, and other communications
- Continuing to work on Find More Illinois, including:
 - Working with the Overlay Software Search Working Group to make a recommendation for overlay software and bringing this recommendation to the Consortia Committee and RAILS Board
 - Working with a consultant on contract negotiations and contracting with Auto-Graphics for its SHAREit software
 - Hiring a project coordinator
 - Recruiting 21 libraries from three consortia and beginning a pilot project, which went live on SHAREit software on April 16, 2018
 - Providing training and ongoing technical support to the pilot participants
 - Developing the Find More Illinois website (<https://www.findmoreillinois.org>) and logo
 - Developing documentation, instructional handouts, and promotional materials to help libraries introduce Find More Illinois to their patrons
 - Publishing a weekly Find More Illinois e-newsletter for pilot participants and encouraging communication among participants by creating an email list

Additional Bibliographic Access Services

Goal: *Improve discovery of library collections to improve resource sharing statewide by helping libraries to organize their collections so materials can be located, retrieved and accessed in a timely manner*

RAILS accomplished this goal by:

- Encouraging and supporting high-quality, cost-effective cataloging, including working with the Cataloging Working Group to develop recommendations for consortial best practices, cataloging staff competencies, and basic cataloging curriculum
- Offering cataloging training, including several RDA and Library of Congress Subject Heading workshops
- Hosting a demonstration of SkyRiver (55 members attended) and negotiating a discount for SkyRiver for RAILS members
- Working with IHLS to make system members more aware of the Cataloging Maintenance Center (CMC) by conducting a member-wide survey, promoting the CMC via the weekly *RAILS E-News* and other means, and meeting with ISL and IHLS to discuss the future of the CMC. During these

meetings, IHLS also agreed to help develop a pilot project that would allow RAILS's PrairieCat LLSAP to use IHLS cataloging services.

4. Consulting and Continuing Education (CE)

Goal: *Continue to develop, implement and evaluate a CE/consulting program that meets the changing needs of RAILS member libraries and that leverages partnerships and expertise within RAILS and among other organizations and partners*

RAILS accomplished this goal by:

- Offering CE to all types of RAILS libraries and all areas of RAILS by scheduling sessions in-person and via videoconference and webinar, including offering over 100 recorded webinars via the CE Archives on the RAILS website
- Offering CE/consulting services to meet administrative rules requirements
- Planning CE/consulting to address priority needs identified through RAILS' FY2016 CE survey and other member input gathered through library visits, analyzing post-CE event surveys, and other means
- Offered five CE events in partnership with the Illinois State Library that offered PDH credits for school librarians
- Identifying issues affecting a large number of RAILS members and providing CE/consulting to help them respond to those issues. Issues identified and covered by RAILS CE in FY2018 include:
 - FOIA training
 - E-rate consulting
 - Disaster planning and preparedness
 - Library security
 - Ransomware and other IT security issues
 - Legal immigration services
 - Fundraising
 - Customer service
 - Marketing/promoting the library
 - Sexual harassment prevention
 - Running successful board meetings
 - Budgets and levies
 - Homeless patrons
 - Innovative technology trends
- Recording and publicizing RAILS podcasts to help members deal with other current library trends and issues
- Offering CE to help member library staff and trustees meet the training requirement in the FY2018 public library per capita grant application
- Offering on-demand People Connect Institute webinars
- Expanding CE networking group grants to include networking groups, individual RAILS member libraries, and RAILS-area consortia. RAILS awarded eight grants in FY2018.
- Modifying the consulting directory on the RAILS website to allow members to easily suggest consultants for listing and to list themselves as a reference for a consultant

- Providing leadership training for public library directors and other staff to replace training previously available through ISL, including:
 - Helping to plan/support Directors University, including serving on the steering committee
 - Helping to plan/support Elevate, including serving on the steering committee
 - RAILS staff participating in a program on elevating library leadership in Illinois at the 2017 ILA conference
 - Hosting a group viewing of ALA’s “Library Director Bootcamp” webinar
 - Hosting an HR Source (formerly Management Association) webinar on developing leadership skills
 - Talking with ALA about a training certification pilot program focused on non-degreed library directors
- Providing CE/consulting to support digitization activities and the Illinois Digital Public Library of America (DPLA) hub, including:
 - Hosting workshops on developing metadata for DPLA
 - Extensively publicizing ISL digital imaging grants to RAILS members
 - Partnering with LYRASIS to offer RAILS members discounts on training and supplies to support those applying for an Illinois History Digital Imaging Grant
 - RAILS Executive Director serving on the Illinois Digital Heritage Hub board
 - Hosting a webinar on digitizing newspaper collections
- Continuing RAILS’ partnership with HR Source (formerly Management Association) to provide CE and discounted membership; 46 member libraries enrolled in the discounted membership program in FY2018
- Continuing the partnership with the Ancel Glink law firm to offer a statewide FOIA hotline at no cost to Illinois libraries, and expanding the program to include questions related to the Open Meetings Act
- Providing many trustee training opportunities, including:
 - Continuing the partnership with United for Libraries to provide statewide trustee training at no cost to Illinois libraries
 - RAILS Executive Director attending a networking event for trustees and speaking about how RAILS can help trustees (including our training opportunities)
 - Providing two trustee workshops focused on trustee roles and parliamentary procedures
 - RAILS staff presenting at a board development day at the North Chicago Public Library
 - RAILS Executive Director and other staff consulting with library directors and board presidents about board issues on a regular basis
 - RAILS Executive Director and other staff attending several library board meetings to observe and to help resolve issues
- Sharing RAILS-initiated CE with IHLS and CPLS as appropriate, including:
 - Discussing a partnership with CPL where RAILS would offer CPL staff access to CE workshops on management topics in return for CPL staff offering CE available to RAILS members
 - Meeting with CPL staff to discuss potential opportunities for collaborating on design thinking activities and other CE topics of shared interest

5. Delivery

Goal: *Continue to provide the highest quality delivery service possible to all RAILS member libraries via a number of different delivery methods and based on need*

RAILS accomplished this goal by:

- Working with members to select the most appropriate delivery method based on their need and delivery volume
- Publicizing available delivery services to all RAILS members via library visits, conference programs and exhibit booths (including having special “delivery hours” at RAILS’ ILA exhibit booth), and other means
- Acquiring three new delivery vehicles to replace high-mileage vehicles
- Continuing to outsource delivery as appropriate to improve efficiency and fiscal accountability, including contracting with CTL to provide delivery service for members in the Burr Ridge and Wheeling service areas and contracting with Comet Messenger Service to provide delivery service for eligible RAILS libraries in Chicago
- Developing delivery training videos
- Consulting with members on a regular basis to help them meet delivery standards and procedures
- Conducting a delivery satisfaction survey and following up with members on specific issues or questions

Goal: *Work with ISL and IHLS to implement recommendations from Illinois State Library Delivery Advisory Committee*

RAILS accomplished this goal by:

- Continuing to create community delivery partnerships as appropriate
- Ensuring one delivery point per library agency by working with the remaining libraries with multiple delivery locations to discuss options and consulting with ISL on how to best serve Chicago public schools
- Ensuring RAILS member participation in quarterly delivery fine counts by publicizing the need to participate via the RAILS website, *RAILS E-News*, messages to delivery mailing list strings, and other means, and consulting with libraries on an individual basis as needed
- Examining fine count data to determine if any changes are needed to existing delivery routes
- Beginning to work on making it possible for libraries to enter their fine count statistics online via L2 in response to numerous member requests
- Continuing to utilize the statewide delivery ticketing system and to promote use of the system via the *RAILS E-News*, member visits, conference exhibit booths, and individual consultations with RAILS members
- Determining that ILS-generated delivery labels are not a viable option at the present time due to the complexities of different integrated library systems, different ILS configurations, and different receipt printers used by RAILS libraries. RAILS will provide delivery label specifications for any library or consortia interested in printing labels from their own ILS. In addition, labels automatically generated by the Find More Illinois software are acceptable substitutes for the

standard RAILS delivery label and for ILDS labels. (Libraries that are ILDS stops still need to use the ILDS labeling software for delivery bags.)

Goal: *Collaborate with ISL, IHLS, CARLI, and other stakeholders to investigate changes to current delivery structure in Illinois to make better use of state financial resources and achieve other efficiencies*

RAILS accomplished this goal by:

- Providing statewide delivery service through ILDS and continuing to work with CARLI, IHLS and CTL to resolve issues
- Preparing for the ILDS contract renewal and considering potential changes to the contract
- Working with the Laboratory of Applied Spatial Analysis (LASA) at Southern Illinois University—Edwardsville to examine current locations of delivery hubs and route boundaries and investigating ways to streamline current routes to provide more efficient delivery service for members and potential cost savings for RAILS
- Discussing the future possibility of interstate delivery with staff at Wisconsin’s Department of Public Instruction

Goal: *Ensure that L2 has accurate data on delivery routes and locations*

RAILS accomplished this goal by:

- Performing an annual “L2 data scrub” to ensure that L2 delivery data remains current
- Updating delivery data in L2 as changes were made

6. Reciprocal Access, Reciprocal Borrowing, Interlibrary Loan (ILL), and Nonresident Services

Goal: *Ensure that all RAILS members are familiar with and follow administrative rules and other statutes/policies regarding reciprocal access, reciprocal borrowing, interlibrary loan, and nonresident services*

RAILS accomplished this goal by:

- Conducting one-on-one consulting with members regarding these issues, including via in-person visits
- Providing instructional information and resources on the RAILS website
- Promoting ILL training videos available via the RAILS website
- Continuing to provide and promote an intergovernmental agreement template on the RAILS website for library boards interested in entering into agreements with untaxed residents
- Publicizing the need for libraries to specify whether they participate in the nonresident program as required by administrative rules and working with members to ensure that they posted the required information in L2

Goal: *Support access to information for all Illinois residents and the role of libraries in providing information*

RAILS accomplished this goal by:

- Participating in strategy sessions at the Illinois State Library to talk about unserved/underserved issues in Illinois
- Continuing to work on the RAILS plan for serving the unserved that was adopted by the RAILS Board in October 2016
- Surveying community colleges to determine what services they offer to community residents, including the unserved
- Advocating for and working with ISL and ILA to change the law so that business renters could obtain library cards
- Working on a pro bono pilot project with Imagination, a content strategy and marketing firm in Chicago, to expand library service to the unserved near the Gail Borden Public Library in Elgin, including visiting Gail Borden to discuss the scope of the project
- Discussing a potential pilot project with Warren County Public Library District to issue library cards to unserved areas and sending a project proposal to ISL
- Promoting the BiblioBoard platform as a way to deliver e-content to anyone in Illinois (whether or not they had a library card) via a geolocation option

7. Other Resource Sharing Services

E-Resources/Self-Publishing

Goal: *Expand access to e-books and e-book projects to strengthen individual libraries and help communicate the value of libraries*

RAILS accomplished this goal by:

- Continuing to provide staffing/funding for eRead Illinois
- Continuing to develop/grow the eRead Illinois Axis 360 collection to meet user needs
- Continuing to recruit RAILS libraries and IHLS non-SHARE libraries to join the Axis 360 program
- Continuing to provide training and marketing materials for participating eRead Illinois libraries
- Continuing to work with Baker & Taylor to improve Axis 360 functionality for all library types and accessibility to better serve those with disabilities
- Continuing to work with BiblioLabs to provide a variety of content for anyone in the state of Illinois via the BiblioBoard platform
- Publicizing available BiblioBoard offerings via weekly articles in the *RAILS E-News*, member updates, conference exhibit booths, individual library visits, and other means
- Working with Baker & Taylor to survey schools to determine best/innovative 1:1 practices and using the survey results to develop/share best practices for 1:1 use in schools
- Co-presenting a 1:1 program with RAILS school library members at the 2017 Illinois School Library Media Association conference
- Meeting with University of Illinois at Chicago library leadership to explore use of open educational resources for Illinois academic libraries
- Continuing to partner with the Massachusetts Library System, New York Public Library, and Minitex on the Institute of Museum and Library Services (IMLS) SimplyE for Consortia grant

project, designed to test single sign-on consortial access for libraries subscribing to multiple e-book platforms

- Continuing to participate in NISO's FASTEN (Flexible API Standard for E-content NISO) working group and participating in a joint presentation on the group's work at the ALA annual conference in June 2018
- Providing continued leadership to ALA's American Association of Specialized and Cooperative Library Agencies interest group on consortial e-book platforms, including co-planning an e-book summit at the ALA conference to bring together stakeholders from across the country to create a national agenda and action plan to support a sustainable future for e-content in libraries
- Continuing to educate publishers on the need for better e-book access and pricing for libraries and consortia, including continuing a partnership with the Independent Publishers Group to identify new models to deliver e-content to libraries with less friction and speaking with publishers on an individual basis
- Participating in BookExpo America 2018
- Offering a group purchase for self-publishing tools available through BiblioBoard that many RAILS member took advantage of
- Participating in additional projects/partnerships to further self-publishing efforts, including via RAILS' partnership with BiblioLabs and continued involvement with the Soon to Be Famous Illinois Author project
- Recording and promoting a podcast interview about the e-book industry and what RAILS and BiblioBoard have done in partnership to advance the cause of e-books in libraries

Discounts/Group Offers

Goal: *Provide economies of scale for collaborative purchasing initiatives to help scarce member library dollars stretch as far as possible and to increase resource sharing*

RAILS accomplished this goal by:

- Gathering member input on desired discounts/group purchases
- Continuing to offer discounts and group purchases for products/services requested by member libraries as feasible
- Expanding the number of cooperative purchase offers/discounts, including these new offers for FY2018:
 - Quill.com (office supplies and furniture)
 - World Book print and electronic resources
 - K-Log (representing over 100 school and office furniture manufacturers)
 - Public Web Browser for 2018
 - SkyRiver (as mentioned above in the Bibliographic Access section)
 - OpenAthens (single sign-on, identity, and access management software)
 - Auto-Graphics (integrated library system software and digital asset management software)
 - ALA Graphics (library promotional materials)
 - Chicago Children's Museum (five child-centered exhibits)
- Continuing to promote group purchasing offers to CPLS and IHLS where feasible

Adult Education

Goal: *Provide more opportunities for libraries to support the adult education needs of their customers*

RAILS accomplished this goal by:

- Helping libraries support adult education by continuing to provide scholarships to RAILS libraries to offer online high school diplomas to their communities through RAILS' Gale Career Online High School (COHS) group purchase offer
- Holding Gale COHS webinars/lunch and learn sessions to inform more libraries about the program
- Continuing RAILS' partnership with iPathways to provide instructional resources to successfully complete a high school equivalency exam

Other Resource Sharing Activities

Goal: *Build cooperative relationships with partners and other stakeholders to expand resource sharing efforts throughout Illinois*

RAILS accomplished this goal by:

- Continuing to collaborate with IHLS on resource sharing activities. RAILS and IHLS both participate on the *Serving Our Public* standards revision committee referenced above.
- Meeting with staff from Wisconsin Library Services (WiLS) to share ideas and information about projects and common areas of interest

8. Other Core Member Services

Talking Book and Braille Service

Goal: Support the delivery of library services to the blind and physically handicapped through the Illinois Talking Book and Braille Service

RAILS accomplished this goal by:

- Providing talking book reader advisory services, as well as outreach activities, through the Illinois Talking Book Outreach Center (ITBOC) through August 2017
- Promoting talking book services via regular articles in the *RAILS E-News*, member visits, networking events, CE events to educate members on available services, conference exhibit booths, and other means
- Recruiting RAILS members to be talking book ambassadors to help promote services
- Transitioning ITBOC services to the Illinois State Library with as little disruption to patrons as possible, including having several discussions with ISL and the Illinois State Library Talking Book and Braille Service (ISLTBBS) to ensure a smooth transition



REACHING ACROSS ILLINOIS LIBRARY SYSTEM

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2018

The background of the lower half of the cover features a grayscale photograph of a library interior with rows of bookshelves. Overlaid on this image is a complex, semi-transparent geometric pattern of overlapping triangles and lines, creating a modern, architectural feel.

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REACHING ACROSS ILLINOIS LIBRARY SYSTEM
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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Reaching Across Illinois Library System

We have audited the accompanying financial statements of the governmental activities and each major fund of the Reaching Across Illinois Library System (RAILS), and related notes to the financial statements, as of and for the year ended June 30, 2018, which collectively comprise RAILS' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to RAILS' preparation and fair presentation of the financial statements 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' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Reaching Across Illinois Library System, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

RAILS adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which established standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses; and modified certain disclosures in the notes to financial statements and the required supplementary information as discussed in Note 8 to the basic financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise RAILS' basic financial statements as a whole. The combining and individual fund financial statements and schedules and supplementary financial information are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules and supplementary financial information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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, the 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 19, 2018 on our consideration of RAILS' 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 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' internal control over financial reporting and compliance.

Sikich LLP

Naperville, Illinois
September 18, 2018

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

Reaching Across Illinois Library System

Management's Discussion and Analysis

September 18, 2018

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, 2018. These activities represent RAILS', which formed on July 1, 2011 as a merger of five previously existing library systems, seventh year of operations. Comparative data to RAILS' prior year of operations, ended June 30, 2017 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 new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

Financial Highlights

- For fiscal year 2018, the RAILS Area and Per Capita (APC) Grant allocation was restored to the base fiscal year 2015 amount of \$9,879,111 following the prior two fiscal years in which the allocation was reduced to \$5,842,358. During fiscal year 2018, RAILS received \$7,512,651 of APC payments, which consisted of fiscal year 2018 award payments totaling \$3,550,530 and, in February 2018, the remaining amount (\$3,962,121) due from the fiscal year 2017 allocation.
- Assets exceeded liabilities by \$25,825,133 (net position) at the close of the fiscal year. Of this amount, \$2,743,321 is restricted for the net pension asset of \$6,197,364 and deferred outflows of \$1,773,034, related to contributions made after the measurement date for IMRF, partially offset by deferred inflows of \$5,227,077, primarily related to the net difference between projected and actual earnings on pension plan investments. The investment in capital assets, net of any debt used to acquire those assets, is \$2,118,773. The remaining balance of \$20,963,039 is unrestricted and available to fund future operations. The increase in total net position for RAILS is \$325,496, primarily from the increase in the net pension asset.
- Total governmental funds reported an end of the year fund balance of \$14,850,669, a decrease of \$1,862,142 from the prior year-end funds balance. Cash and investments were \$14,924,831, a decrease of \$1,495,556 from the prior year-end funds balances. The General Fund balance of \$11,874,263 would be an amount sufficient to fund approximately 12 months of General Fund expenditures. In addition, RAILS has a \$3.00 million balance in its Capital Projects fund that could be reassigned, if necessary, to fund operations.
- Governmental funds reported a combined total of \$10,212,532 in revenues and \$12,074,674 in expenditures. APC revenues, RAILS' primary source of revenues, were \$7,512,651 of which \$3,962,121 pertained to the fiscal year 2017 award. An additional \$6,328,580 was awarded but not received, and therefore is classified as deferred inflows of resources. RAILS anticipates receipt of this payment in fiscal year 2019.
- The General Fund's total revenues of \$10,176,452 were below the final budget by \$2,274,824, primarily due to a \$2,366,459 shortfall in APC revenues, due to not receiving a major portion of the fiscal year 2018 award, as noted above, partially offset by the receipt of \$3,962,121 of APC grant revenues awarded for fiscal year 2017.

- Total General Fund expenditures of \$11,362,743 were below the final budget by \$777,400 due primarily to below budget Personnel (\$522,896) expenditures along with lower expenditures in several other categories.
- RAILS completed the second year of its contract for statewide delivery between academic libraries. This contract became effective on July 1, 2016.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL REPORT

RAILS' 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 fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance RAILS' accountability.

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of RAILS' 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).

Both of the government-wide financial statements distinguish functions of RAILS that are principally supported by operating grants, capital 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 specifically relating to public, academic, school and special libraries; 2) the administration of the Talking Books program, which was discontinued during fiscal year 2018; 3) Delivery; 4) the administration of the eRead Illinois program; 5) RAILS' group purchases and; 6) LLSAP (Local Library System Automation Program) support. LLSAPs are shared online catalog provider entities (MAGIC, PrairieCat, RSA NFP and SWAN) that RAILS helps support. MAGIC dissolved as of April 30, 2018, and most of its former members joined SWAN. 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 2018 and 2017, RAILS recorded no business-type activities.

The government-wide financial statements can be found on pages 4 through 5 of this report.

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 can be divided into two categories: governmental funds and proprietary 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 three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Projects Fund and the Grant Fund, all of which are considered to be major funds. LLSAP and Delivery support data are shown in the Supplementary Financial Statements as subsets of the General Fund.

RAILS adopts an annual budget for its General, Grant 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 2017.

The basic governmental fund financial statements can be found on pages 6-9 of this report.

Proprietary Funds

RAILS is recording no activities 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. The fees charged for these services partially reimburse RAILS for the expenditures incurred.

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. The notes to the financial statements can be found on pages 10-27 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning RAILS' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 28-33 of this report.

The combining statements referred to earlier in connection with non-major governmental funds immediately follow the required supplementary information. Combining and individual fund statements and schedules can be found on pages 34-39 of this report.

**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' financial position. Prior year data (RAILS' sixth year of operations, fiscal year 2017) is shown. The following table reflects the condensed Statement of Net Position as of June 30, 2018:

**Table 1
Governmental Activities**

	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 27,776,587	\$ 21,857,632
Capital assets	2,118,773	1,736,646
Deferred outflows, IMRF	<u>1,773,034</u>	<u>2,667,457</u>
Total Assets & Def. Outflows	31,668,394	26,261,735
Long-term liabilities	166,633	186,297
Other liabilities	413,803	498,949
Deferred inflows, IMRF/OPEB	<u>5,262,825</u>	<u>-</u>
Total Liabilities	5,843,261	685,246
Invested in capital assets	2,118,773	1,736,646
Restricted	2,743,321	737,184
Unrestricted	<u>20,963,039</u>	<u>23,102,659</u>
Total Net Position	<u>\$ 25,825,133</u>	<u>\$ 25,576,489</u>

The governmental activities end-of-year total net position was \$25,825,133. Current and other assets primarily consisted of cash and investments (\$14.9 million), due from other governments (\$6.3 million), the net pension asset (\$6.2 million) and prepaid expenses (\$.2 million). Long-term liabilities were the liability for compensated absences and OPEB. Other liabilities consisted primarily of accounts payable (\$.3 million) and accrued payroll (\$.1 million). Deferred inflows, IMRF and OPEB arose in fiscal year 2018 primarily from a large increase in the net pension asset (\$5.5 million), most of which inflows are deferred to future years. The amounts invested in capital assets increased \$.4 million, due primarily to renovation expenditures made on the Burr Ridge facility.

Current and other assets increased \$5.9 million from the prior year-end amount. This was due primarily to an increase in the net pension asset (\$5.5 million), mainly from favorable investment experience, and a \$2.4 million increase in due from other governments, as a larger amount of the APC award was not received as of the end of the fiscal year, partially offset by a decrease in cash and investments (\$1.5 million). Cash and investments declined primarily from an excess of expenditures over revenues within the General and Capital Projects Funds of \$1.2 million and \$0.7 million, respectively.

The following table summarizes the government-wide statement of changes in net position for the years ended June 30, 2018 and June 30, 2017:

Table 2
Governmental Activities

	2018	2017
REVENUES		
Program Revenues:		
Charges for Services	\$ 2,464,441	\$ 2,764,364
Operating Grants	9,915,191	5,878,438
Capital Grants	-	-
Total Program Revenues:	12,379,632	8,642,802
Investment Income	181,635	84,741
Miscellaneous	17,725	45,029
Total Revenues	12,578,992	8,772,572
EXPENSES		
Administration	4,564,534	5,547,854
Talking Books	104,088	594,468
eRead Illinois	416,236	374,107
MARC of Quality	36,080	36,080
Group Purchases	957,917	994,459
Delivery	3,871,549	3,867,552
LLSAP	2,303,092	2,354,648
Total Expenses	12,253,496	13,769,168
Increase (Decrease) in net position before contributions and transfers	325,496	(4,996,596)
Prior Period Adjustment	(76,852)	
Beginning Net Position	25,576,489	30,573,085
Total Net Position	\$ 25,852,133	\$ 25,576,489

RAILS' total revenues for fiscal year 2018 were \$12,578,992, an increase of \$3,806,420 from the prior year, primarily due to a \$4,036,753 increase in operating grants and a \$96,894 increase in investment income, partially offset by a \$299,923 decrease in charges for services. Operating grants increased due to an increase in the APC Grant allocation from the State, as the State for fiscal year 2018 adopted a budget, following two years of not having a budget. In those years, fiscal years 2017 and 2016, the State reduced each year's APC Grant allocation by over \$4.1 million. Investment income more than doubled the prior year due to higher interest rates on certificates of deposit and money market investments. Charges for Services decreased due primarily to a decrease in charges for administrative services as a lease agreement for the Rockford Morsay facility, which produced rental income and expenditures, terminated on June 30, 2017.

RAILS' fiscal year 2018 expenses totaled \$12,253,496, a decrease of \$1,515,672 from fiscal year 2017 expenses primarily from decreases in Administration (\$983,320) and Talking Books (\$490,380) expenses. LLSAP expenses decreased primarily from reduced personnel expenses related to MAGIC, which dissolved on April 30, 2018. Group Purchase expenses, which are reimbursed by the participating members, decreased slightly.

Financial Analysis of RAILS' Funds

For the fiscal year ended June 30, 2018, the governmental funds had a combined fund balance of \$14,850,669 of which \$11,874,263 was within the General Fund, which is the main operating fund of RAILS, and \$2,976,406 within the Capital Projects Fund. Revenues of \$10,212,452, consisting entirely of operating revenues, were \$2,274,824 below the final budget primarily from a \$2,366,459 shortfall of APC Grant revenues, partially offset by increased investment income.

Expenditures of \$12,074,674 were \$1,216,552 below budget due primarily to lower General Fund (\$777,400) and Capital Projects Fund (\$439,149) expenditures.

General Fund expenditures were below budget primarily from lower expenditures for Personnel (\$522,896), Contractual Services (\$123,988), Buildings and Grounds (\$47,043), Travel and Continuing Education (\$59,003) and Professional Services (\$49,802), partially offset by higher Library Materials (\$52,140, primarily increased e-Read Illinois content expenditures) and Vehicle expenditures (\$45,044).

Personnel expenditures were below budget primarily due to savings from not replacing one vacated administrative position and delaying replacements of several other open positions. Salary expenditures, as a result, were \$294,894 below budget. In addition, Health, Dental and Life Insurance expenditures were \$48,997 below budget as health insurance premiums for calendar year 2018 were unchanged from 2017 and Retirement benefits were \$69,501 below budget due primarily to a lower than budgeted employer contribution rate.

Contractual Services were below budget mainly because RAILS provided no grants in fiscal year 2018 to support new LLSAP memberships. This activity will resume in fiscal year 2019. Information Service expenditures were also \$22,581 below budget.

Capital outlays were \$439,149 below budget. Buildings and Improvements expenditures were \$251,781 below budget as \$172,427 of the budgeted expenditures were spent instead in fiscal year 2017, as a Burr Ridge renovation project started earlier than initially anticipated. Total spending for this project was approximately \$80,000 below the full amount budgeted. In addition, capital outlays for vehicles were \$130,368 below budget as only three of seven vehicles ordered were received by the closing of the fiscal year.

The following table summarizes General Fund actual and budget net changes in fund balance for the years ended June 30, 2018 and June 30, 2017:

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

	Fiscal Year 2018		Fiscal Year 2017	
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:				
State Grants	\$ 9,879,110	\$ 7,512,651	\$ 5,842,358	\$ 1,880,238
Other	2,572,166	2,663,801	2,585,041	2,894,134
Total revenues	12,451,276	10,176,452	8,427,399	4,774,372
Expenditures and Transfers:				
Expenditures - Current	12,140,143	11,362,743	12,393,026	12,283,368
Expenditures - Capital outlay	-	-	-	-
Total expenditures	12,140,143	11,362,739	12,393,026	12,283,368
Excess (Deficit) of Revenues over Expenditures	311,133	(1,186,291)	(3,965,627)	(7,508,996)
Other Financing Sources	-	-	-	-
Prior Period Adjustment	-	-	-	-
Net Change in Fund Balance	<u>\$ 311,133</u>	<u>\$ (1,186,291)</u>	<u>\$ (3,965,627)</u>	<u>\$ (7,508,755)</u>

During fiscal year 2018, there were no amendments to the budget. The RAILS' board of directors, for both fiscal years 2018 and 2017, directed that RAILS continue its planned activities and fund any operating deficit by using its reserves.

There were no fiscal year 2018 revenues from other financing sources.

Capital Assets

At the end of fiscal year 2018, RAILS Governmental activities had net fixed assets of approximately \$2.1 million, compared to net fixed assets of approximately \$1.7 million at the end of fiscal year 2017. Of this amount, approximately \$1.6 million was infrastructure (land and buildings and improvements), vehicles were \$.3 million and computers and equipment approximated \$.1 million. The increase in net fixed assets was primarily due to building and improvement expenditures of \$0.6 million to renovate the Burr Ridge facility, partially offset by depreciation exceeding other capital additions. Additional information on RAILS capital assets can be found in note 3 of this report on page 17.

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 and western Illinois. RAILS serves more than 1,300 public, private, university, and school library members, representing more than 3,000 library facilities in a 27,000 square mile area, and delivers nearly 10 million items between member libraries each year. The funding of RAILS' 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 and 2019, funding appropriations were restored to levels comparable to fiscal year 2015, but due to a large backlog of State liabilities due, payments from the State of Illinois remain delayed.

CONTACTING RAILS' FINANCIAL MANAGEMENT

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

STATEMENT OF NET POSITION

June 30, 2018

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 14,924,831
Receivables (net of allowance where applicable)	
Accounts	108,020
Other	1,229
Due from other governments	6,328,580
Prepaid expenses	216,563
Net pension asset	6,197,364
Capital assets, not being depreciated	107,000
Capital assets (net of accumulated depreciation)	<u>2,011,773</u>
 Total assets	 29,895,360
DEFERRED OUTFLOWS OF RESOURCES	
IMRF pension related items	<u>1,773,034</u>
 Total assets and deferred outflows of resources	 <u>31,668,394</u>
LIABILITIES	
Accounts payable	219,671
Accrued liabilities	31,947
Accrued payroll	136,582
Unearned revenue	11,774
Noncurrent liabilities	
Due within one year	13,829
Due in more than one year	<u>166,633</u>
 Total liabilities	 580,436
DEFERRED INFLOWS OF RESOURCES	
OPEB related items	35,748
IMRF pension related items	<u>5,227,077</u>
 Total liabilities and deferred inflows of resources	 <u>5,843,261</u>
NET POSITION	
Net investment in capital assets	2,118,773
Restricted for pension items	2,743,321
Unrestricted	<u>20,963,039</u>
 TOTAL NET POSITION	 <u><u>\$ 25,825,133</u></u>

See accompanying notes to financial statements.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2018

	Program Revenues				Net (Expense) Revenue and Change in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT					
Governmental Activities					
Culture and recreation					
Administration	\$ 4,564,534	\$ 15,153	\$ 9,879,111	\$ -	\$ 5,329,730
Talking Books	104,088	-	-	-	(104,088)
MARC of Quality	36,080	-	36,080	-	-
eRead Illinois	416,236	321,227	-	-	(95,009)
Group purchases	957,917	950,612	-	-	(7,305)
Delivery	3,871,549	542,506	-	-	(3,329,043)
LLSAP support	2,303,092	634,943	-	-	(1,668,149)
TOTAL PRIMARY GOVERNMENT	\$ 12,253,496	\$ 2,464,441	\$ 9,915,191	\$ -	126,136
General Revenues					
Investment income					
Miscellaneous					
					181,635
					17,725
Total					199,360
CHANGE IN NET POSITION					325,496
NET POSITION, JULY 1					25,576,489
Less prior period adjustment					(76,852)
NET POSITION, JULY 1, RESTATED					25,499,637
NET POSITION, JUNE 30					\$ 25,825,133

See accompanying notes to financial statements.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2018

	General	Grant	Capital Projects	Total Governmental Funds
ASSETS				
Cash and investments	\$ 11,948,425	\$ -	\$ 2,976,406	\$ 14,924,831
Accounts receivable				
Accounts	108,020	-	-	108,020
Other	1,229	-	-	1,229
Due from other governments	6,328,580	-	-	6,328,580
Prepaid items	216,563	-	-	216,563
TOTAL ASSETS	\$ 18,602,817	\$ -	\$ 2,976,406	\$ 21,579,223
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 219,671	\$ -	\$ -	\$ 219,671
Accrued liabilities	31,947	-	-	31,947
Accrued payroll	136,582	-	-	136,582
Unearned revenue	11,774	-	-	11,774
Total liabilities	399,974	-	-	399,974
DEFERRED INFLOWS OF RESOURCES				
Unavailable grant revenue	6,328,580	-	-	6,328,580
Total deferred inflows of resources	6,328,580	-	-	6,328,580
Total liabilities and deferred inflows of resources	6,728,554	-	-	6,728,554
FUND BALANCES				
Nonspendable - prepaid items	216,563	-	-	216,563
Assigned for special projects	-	-	2,976,406	2,976,406
Unassigned	11,657,700	-	-	11,657,700
Total fund balances	11,874,263	-	2,976,406	14,850,669
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 18,602,817	\$ -	\$ 2,976,406	\$ 21,579,223

See accompanying notes to financial statements.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

RECONCILIATION OF FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION

June 30, 2018

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 14,850,669
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 governmental funds	2,118,773
Net pension assets are not current financial resources and, therefore, are not reported in the governmental funds	6,197,364
Deferred outflows of resources related to IMRF are not current financial resources and, therefore, are not reported in the governmental funds	1,773,034
Deferred inflows of resources related to the RAILS's participation in IMRF are not financial resources and, therefore, are not reported in the governmental funds	(5,227,077)
Deferred inflows of resources related to the RAILS's participation in OPEB are not financial resources and, therefore, are not reported in the governmental funds	(35,748)
Certain grant revenues are unavailable in the governmental funds, but is recorded as revenue in the governmental activities	6,328,580
Other postemployment benefit assets are not current financial resources and, therefore, are not reported in the governmental funds	(42,169)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Compensated absences payable	<u>(138,293)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 25,825,133</u></u>

See accompanying notes to financial statements.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

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

For the Year Ended June 30, 2018

	General	Grant	Capital Projects	Total Governmental Funds
REVENUES				
State grants				
Area and per capita	\$ 7,512,651	\$ -	\$ -	\$ 7,512,651
System automation and technology	-	36,080	-	36,080
Fees for services and materials	1,513,829	-	-	1,513,829
Reimbursements	963,368	-	-	963,368
Investment income	181,635	-	-	181,635
Other revenues				
Rental income	500	-	-	500
Miscellaneous	4,444	-	-	4,444
Gifts	25	-	-	25
Total revenues	10,176,452	36,080	-	10,212,532
EXPENDITURES				
Culture and recreation				
Personnel	6,116,099	-	-	6,116,099
Library materials	1,371,070	-	-	1,371,070
Buildings and grounds	553,274	-	-	553,274
Vehicle	452,919	-	-	452,919
Travel and continuing education	270,100	-	-	270,100
Public relations	11,738	-	-	11,738
Commercial insurance	19,774	-	-	19,774
Supplies, postage, and printing	190,557	-	-	190,557
Telephone and communications	126,295	-	-	126,295
Equipment rental, repair, and maintenance	121,765	-	-	121,765
Professional services	178,698	-	-	178,698
Contractual services	1,934,753	36,080	-	1,970,833
Professional association membership dues	10,635	-	-	10,635
Miscellaneous	5,066	-	-	5,066
Capital outlay	-	-	675,851	675,851
Total expenditures	11,362,743	36,080	675,851	12,074,674
NET CHANGE IN FUND BALANCES	(1,186,291)	-	(675,851)	(1,862,142)
FUND BALANCES, JULY 1	13,060,554	-	3,652,257	16,712,811
FUND BALANCES, JUNE 30	\$ 11,874,263	\$ -	\$ 2,976,406	\$ 14,850,669

See accompanying notes to financial statements.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

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

For the Year Ended June 30, 2018

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (1,862,142)
-------------------------------------------------------------------	-----------------------

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

The increase of long-term liabilities for compensated absences is reported as an expenditure when due in governmental funds but as an increase of liabilities on the statement of net position	48,004
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Some expenses in the statement of activities (e.g., depreciation) do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(293,724)
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------

Governmental funds report capital outlay expenditures; however, they are capitalized in the statement of activities	675,851
------------------------------------------------------------------------------------------------------------------------	---------

The change in the deferred outflow for IMRF is reported as an expense on the statement of activities	(894,423)
---------------------------------------------------------------------------------------------------------	-----------

The change in the deferred inflow for grants is reported as a revenue on the statement of activities	2,366,460
---------------------------------------------------------------------------------------------------------	-----------

The change in the deferred inflow is reported as an expense on the statement of activities for IMRF	(5,227,077)
--------------------------------------------------------------------------------------------------------	-------------

The change in the deferred inflow is reported as an expense on the statement of activities for OPEB	(35,748)
--------------------------------------------------------------------------------------------------------	----------

The change in the net pension asset is reported as an expense on the statement of activities	5,520,516
-------------------------------------------------------------------------------------------------	-----------

The change in total postemployment benefit liability is reported as an expense on the statement of activities	<u>27,779</u>
------------------------------------------------------------------------------------------------------------------	---------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 325,496</u></u>
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See accompanying notes to financial statements.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Reaching Across Illinois Library System (RAILS) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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 accounting policies of RAILS conform to GAAP as applicable to governmental units. The following is a summary of the more significant policies.

a. Reporting Entity

The accompanying basic financial statements present RAILS alone and do not include any component units. RAILS has a board elected by their members, the power to self-govern, the authorization to expend funds, the responsibility to designate management, and the ability to prepare and modify the annual budget and issue debt. Therefore, RAILS is not included as a component unit of any other entity.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of RAILS. The effect of material interfund activity has been eliminated from these statements. Governmental activities are normally supported by grants and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and standard revenues that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Government-Wide and Fund Financial Statements (Continued)

RAILS reports the following major governmental funds:

The General Fund is RAILS' primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Grant Fund, a major special revenue fund, exists to account for the various grants administered by RAILS. RAILS has elected to present this fund as a major fund.

The Capital Projects Fund, which accounts for future capital improvements.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available and earned. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. RAILS considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a fund liability is incurred.

Charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period.

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., 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 these revenues. In one, monies must be expended on 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.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

RAILS reports unearned revenue and unavailable revenue on its financial statements. 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 resource for unearned and unavailable revenue are removed from the financial statements and revenue is recognized.

d. Unearned/Unavailable Revenue

The General Fund reports unearned revenue in the amount of \$11,774 pertaining to E-Book for Illinois fiscal year 2019 membership fees invoiced in fiscal year 2018.

The General Fund reports unavailable revenue in the amount of \$6,328,580 pertaining to RAILS' per capita state grant that was not received during the 60-day availability period for revenue recognition.

e. Cash and Investments

Cash and Cash Equivalents

RAILS considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by RAILS as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-50
Computers	5
Office furniture and equipment	5-10
Vehicles	5-8

g. Vacation and Sick Leave

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.

Vested or accumulated vacation that was owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that paid it in the fund financial statements. Vested or accumulated vacation of governmental activities at the government-wide level was recorded as an expense and liability as the benefits accrue to employees.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Interfund Transactions

Interfund service transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund service transactions and reimbursements, are reported as transfers.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

i. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

j. Fund Balances/Net Position

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that are either not in spendable form or legally or contractually required to be maintained intact. Restrictions of fund balance are reported for amounts constrained by legal restrictions from outside parties for use for a specific purpose, or externally imposed by outside entities. Committed fund balance is constrained by formal actions of RAILS’ Board, which is considered RAILS highest level of decision making authority. Formal actions include resolutions and ordinances approved by the Board. Assigned fund balance represents amounts constrained by RAILS intent to use them for a specific purpose.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Fund Balances/Net Position (Continued)

The authority to assign fund balance has been delegated to RAILS' Director of Finance through the approved fund balance policy of RAILS. Any residual fund balance in the General Fund is reported as unassigned. Any deficit balances in other funds are reported as unassigned.

RAILS' flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending, RAILS considers committed funds to be expended first followed by assigned and then unassigned funds.

RAILS has established fund balance reserve policies for its governmental funds. A fiscal year end target of 150% of annual budgeted expenditures for fiscal sustainability is included in unassigned fund balance for the General Fund.

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. The net pension asset of \$6,197,364 net of the deferred outflows for employer contributions in the amount of \$1,773,034 and deferred inflows of \$5,262,825, are reported as restricted. Net investment in capital assets is the book value of capital assets less any long-term debt outstanding that was issued to construct or acquire the capital assets.

k. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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.

2. DEPOSITS AND INVESTMENTS

RAILS categorizes the 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; and Level 3 inputs are significant unobservable inputs. RAILS does not report any investments subject to fair value reporting.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

RAILS maintains a cash and investment pool that is available for use by the General Fund, Capital Projects Fund, and the Grant Fund. Each fund's portion of this pool is displayed on the financial statements as "cash and investments."

Permitted Deposits and Investments - Statutes and RAILS' investment policy 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, and The Illinois Funds.

The Illinois Public Treasurers' Investment Pool, known as The Illinois Funds, operates as a qualified external investment pool in accordance with the criteria established in GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, and thus, reports all investments at amortized cost rather than market value. The investment in The Illinois Funds by participants is also reported at amortized cost. The Illinois Funds does not have any limitations or restrictions on participant withdrawals. The Illinois Treasurer's Office issues a separate financial report for The Illinois Funds which may be obtained by contacting the Administrative Office at Illinois Business Center, 400 West Monroe Street, Suite 401, Springfield, Illinois 62704.

a. Deposits

Custodial credit risk for deposits with financial institutions is the risk that in the event of a bank's failure, RAILS' deposits may not be returned to it. To guard against custodial credit risk for deposits with financial institutions, RAILS investment policy requires that deposits with financial institutions in excess of FDIC 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.

b. Investments

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. The portfolio that is invested with The Illinois Funds, which is completely liquid, is not subject to interest rate risk.

RAILS limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in The Illinois Funds, and insured certificates of deposit, and collateralized money market funds.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, RAILS will not be able to recover the value of its investments that are in the possession of an outside party. To limit its exposure, RAILS's investment policy requires 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. Illinois Funds are not subject to custodial credit risk.

Concentration of credit risk is the risk that RAILS has a high percentage of their investments invested in one type of investment. RAILS's investment policy requires diversification of investment to avoid unreasonable risk but has no set percentage limits.

The Illinois Funds is "AAAm" rated by Standard & Poor's.

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balances July 1	Increases	Decreases	Balances June 30
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 107,000	\$ -	\$ -	\$ 107,000
Total capital assets not being depreciated	107,000	-	-	107,000
Capital assets being depreciated				
Building and improvements	2,567,562	596,219	-	3,163,781
Furniture, fixtures, equipment, and computers	1,066,127	-	-	1,066,127
Vehicles	1,161,121	79,632	58,663	1,182,090
Total capital assets being depreciated	4,794,810	675,851	58,663	5,411,998
Less accumulated depreciation for				
Building improvements	1,429,404	94,505	-	1,523,909
Furniture, fixtures, equipment, and computers	850,879	90,941	-	941,820
Vehicles	884,881	108,278	58,663	934,496
Total accumulated depreciation	3,165,164	293,724	58,663	3,400,225
Total capital assets being depreciated, net	1,629,646	382,127	-	2,011,773
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET				
	\$ 1,736,646	\$ 382,127	\$ -	\$ 2,118,773

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

3. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENTAL ACTIVITIES		
Administration		\$ 225,122
Delivery		<u>68,602</u>
TOTAL DEPRECIATION EXPENSE - GOVERNMENTAL ACTIVITIES		<u>\$ 293,724</u>

4. LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

	Balance July 1	Additions	Reductions	Balance June 30	Current Portion
GOVERNMENTAL ACTIVITIES					
Compensated absences	\$ 186,297	\$ -	\$ 48,004	\$ 138,293	\$ 13,829
Total OPEB liability	<u>-</u>	<u>42,169</u>	<u>-</u>	<u>42,169</u>	<u>-</u>
TOTAL GOVERNMENTAL ACTIVITIES					
	<u>\$ 186,297</u>	<u>\$ 42,169</u>	<u>\$ 48,004</u>	<u>\$ 180,462</u>	<u>\$ 13,829</u>

Compensated absences and OPEB are liquidated by the General Fund.

5. DEFINED BENEFIT PENSION PLAN

RAILS contributes to a defined benefit pension plan: the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer public employee retirement system. The benefits, benefit levels, employee contributions, and employer contributions for all plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. IMRF's plan does not issue a separate report for the plan. However, IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523 or at www.imrf.org.

Plan Descriptions

Illinois Municipal Retirement Fund

Plan Administration

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

5. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Plan Administration (Continued)

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.

Plan Membership

At December 31, 2017, IMRF membership consisted of:

Inactive plan members	424
Inactive, nonretired members	159
Active plan members	<u>102</u>
TOTAL	<u><u>685</u></u>

Benefits Provided

IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after eight years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with eight years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. The final rate of earnings is the highest total earnings during one consecutive 48 months within the last ten years of IMRF services divided by 48.

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 members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1 2/3% of their final rate of earnings, for each year of credited service up to 15 years, and 2% for each year thereafter. The final rate of earnings is the highest total earnings during any consecutive 96 months within the last ten years of IMRF service, divided by 96.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

5. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Contributions

RAILS employees participating in IMRF are required to contribute 4.50% of their annual eligible covered salary. The member rate is established by state statute. RAILS is required to contribute at an actuarially determined rate. The employer contribution rates for calendar year 2018 2017 and 2016 were 4.69%, 2.38% and 4.61% respectively of covered payroll. RAILS contribution requirements are established and may be amended by the IMRF Board of Trustees.

Actuarial Assumptions

RAILS' net pension liability was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of the same date using the following actuarial methods and assumptions.

Actuarial valuation date	December 31, 2017
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	3.39% to 14.25%
Investment rate of return	7.50%
Cost of living adjustments	3.00%
Asset valuation method	Market value

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

5. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that RAILS' contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the IMRF'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.

Changes in the Net Pension Liability

	(a) Total Pension Liability	(b) Plan Fiduciary Net Position	(a) - (b) Net Pension Liability (Asset)
BALANCES AT JANUARY 1, 2017	\$ 48,722,917	\$ 49,399,765	\$ (676,848)
Changes for the period			
Service cost	511,460	-	511,460
Interest	3,541,938	-	3,541,938
Difference between expected and actual experience	14,305	-	14,305
Changes in assumptions	(1,664,080)	-	(1,664,080)
Employer contributions	-	117,429	(117,429)
Employee contributions	-	244,158	(244,158)
Net investment income	-	9,294,244	(9,294,244)
Benefit payments and refunds	(3,505,605)	(3,505,605)	-
Other (net transfer)	-	(1,731,692)	1,731,692
Net changes	(1,101,982)	4,418,534	(5,520,516)
BALANCES AT DECEMBER 31, 2017	\$ 47,620,935	\$ 53,818,299	\$ (6,197,364)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

5. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2018, RAILS recognized pension expense of \$763,294. At June 30, 2018, RAILS reported deferred outflows of resources and deferred inflows of resources related to IMRF from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,239	\$ -
Changes in assumption	-	609,396
Net difference between projected and actual earnings on pension plan investments	1,662,578	4,617,681
Contributions made subsequent to the measurement date	105,217	-
TOTAL	\$ 1,773,034	\$ 5,227,077

\$105,217 reported as deferred outflows of resources related to pensions resulting from RAILS contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the reporting year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to IMRF will be recognized in pension expense as follows:

Year Ending June 30,	
2019	\$ (878,176)
2020	(413,793)
2021	(1,112,870)
2022	(1,154,421)
Thereafter	-
TOTAL	\$ (3,559,260)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

5. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Descriptions (Continued)

Illinois Municipal Retirement Fund (Continued)

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the net pension liability (asset) of RAILS calculated using the discount rate of 7.50% as well as what RAILS' net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ (1,695,516)	\$ (6,197,364)	\$ (9,990,833)

The price inflation assumption was changed from 2.75% to 2.50%, and the salary increase assumption was changed from 3.75% - 14.50% to 3.39% - 14.25% in 2017.

6. OTHER POSTEMPLOYMENT BENEFITS

a. Plan Description

In addition to providing the pension benefits described, RAILS provides postemployment health care benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions, and employer contributions are governed by RAILS and can be amended by RAILS through legislation, except for the implicit subsidy which is governed by the State Legislature and ILCS. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in RAILS' governmental activities.

b. Benefits Provided

RAILS provides continued health insurance coverage at the active employer rate paid by the former employees to all eligible former employees in accordance with ILCS, which creates an implicit subsidy of retiree health insurance. To be eligible for benefits, an employee must qualify for retirement under IMRF. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the retiree can continue to participate, at a much higher rate, but can purchase a Medicare supplement plan externally.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Membership

At June 30, 2018, membership consisted of:

Retirees and beneficiaries currently receiving benefits	2
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	<u>107</u>
 TOTAL	 <u><u>109</u></u>
 Participating employers	 <u><u>1</u></u>

d. Funding Policy

RAILS has not created a irrevocable trust to fund OPEB benefits and is on a pay-as-you go system. Active employees do not contribute to the plan until retirement

e. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Measurement date	June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	3.13%
Salary increases	3.00%
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	For fiscal years on and after 2018, trend starts at 7.50%, and gradually decreases to an ultimate trend of 4.50% in 2038 and thereafter.

Mortality rates were based on the RP-2014 White Collar Mortality Table backed off to 2006 and projected generationally with Scale MP-2017.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Single Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

Since the plan is financed on a pay-as-you-go basis, the sponsor has selected a discount rate consistent with the 20-year general obligation bond index described above. The discount rate is 3.13% as of June 30, 2018 and was 2.71% as of June 30, 2017.

Sensitivity of the Employer's Total OPEB Liability to Changes in the Discount Rate

The following presents the RAILS' total OPEB liability, as well as what the RAILS' total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13%) or 1 percentage point higher (4.13%) than the current discount rate:

	1% Decrease (2.13%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Total OPEB liability	\$ 45,911	\$ 42,169	\$ 38,708

Sensitivity of the Employer's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the RAILS' total OPEB liability, as well as what the RAILS' total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current discount rate.

	1% Decrease ^a (6.50%)	Current Healthcare Trend Rate (7.50%)	1% Increase ^b (8.50%)
Total OPEB liability	\$ 36,558	\$ 42,169	\$ 49,950

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

f. Single Discount Rate (Continued)

Sensitivity of the Employer's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates (Continued)

^aOne percentage point decrease in healthcare trend rates are 6.50% in 2018 decreasing to an ultimate rate of 3.50% in 2038.

^bOne percentage point increase in healthcare trend rates are 8.50% in 2018 decreasing to an ultimate rate of 5.50% in 2038.

g. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Changes in the Total OPEB Liability

	(a) - (b) Total OPEB Liability
	<u> </u>
BALANCES AT JUNE 30, 2017	\$ 69,948
Changes for the period	
Service cost	6,073
Interest	1,896
Difference between expected and actual experience	(29,342)
Changes in assumptions	(6,406)
Employer contributions	-
Employee contributions	33,302
Net investment income	-
Benefit payments and refunds	(33,302)
Administrative expense	<u> -</u>
Net changes	<u>(27,779)</u>
BALANCES AT JUNE 30, 2018	<u>\$ 42,169</u>

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

6. OTHER POSTEMPLOYMENT BENEFITS (Continued)

- g. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

For the year ended June 30, 2018, RAILS recognized OPEB expense of \$7,969. At June 30, 2018, RAILS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ (29,342)
Changes in assumptions	<u>(6,406)</u>
Total	\$ (35,748)

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

<u>Year Ended June 30,</u>	
2019	\$ (2,326)
2020	(2,326)
2021	(2,326)
2022	(2,326)
2023	(2,326)
Thereafter	<u>(24,118)</u>
TOTAL	<u>\$ (35,748)</u>

7. LEASE COMMITMENT AND TOTAL RENT EXPENSE

RAILS entered into an operating lease for its 4607 Colt Road, Rockford, Illinois facility. The initial term of the lease was from June 16, 2012 to May 31, 2014. RAILS, during the fiscal year 2014, exercised the option to extend the terms of the lease for additional terms. The lease requires monthly lease payments of \$1,604 for the first year and \$1,654, \$1,703, \$1,750, and \$1,929 for the second, third, fourth, and fifth years, respectively.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM
NOTES TO FINANCIAL STATEMENTS (Continued)

7. LEASE COMMITMENT AND TOTAL RENT EXPENSE (Continued)

In May 2013, RAILS entered into a lease agreement to lease various copier and printing equipment. The agreement commenced May 15, 2013 and terminates May 15, 2018. The monthly lease payment is \$1,340, beginning in July 2013. In April 2014, RAILS entered into a second lease agreement to lease additional copier and printing equipment. The agreement commenced April 28, 2014 and terminated June 26, 2018. The monthly lease payment was \$201 beginning in May 2014.

RAILS entered into an operating lease for its 1000 W. Crossroads Parkway, Bolingbrook, Illinois facility. The initial term of the lease was from June 1, 2013 to May 31, 2015. The lease included options to extend the terms of the lease for two additional two-year terms plus an option to lease additional space. During fiscal year 2014, RAILS exercised the option to lease additional space, and in doing so, also automatically exercised the option to extend the terms of the lease for the first additional two-year term. The lease requires monthly lease payments of \$7,846 beginning in September 2013.

RAILS entered into two operating leases for a portion of its former East Peoria facility, which has been sold. The term of both leases is from March 14, 2014 to April 30, 2019. The leases require monthly payments of \$5,520 and \$2,418 per month through the duration of the leases. The leases also require RAILS to pay its portion of real estate taxes and common area maintenance.

Rent expense totaled \$246,941 for the year ended June 30, 2018. Future minimum lease payments as of June 30, 2018 are as follows:

Fiscal Year Ending June 30,	
2019	\$ 157,750
2020	<u>-</u>
TOTAL	<u><u>\$ 157,750</u></u>

8. PRIOR PERIOD ADJUSTMENT

The beginning net position was adjusted by \$76,852 in order to implement GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The beginning balance for the total OPEB asset of \$(6,904) was eliminated and the beginning total OPEB liability of \$69,948 was recorded.

REQUIRED SUPPLEMENTARY INFORMATION

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

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

For the Year Ended June 30, 2018

	Original and Final Budget	Actual
REVENUES		
State grants		
Area and per capita	\$ 9,879,110	\$ 7,512,651
Fees for services and materials	1,516,700	1,513,829
Reimbursements	980,000	963,368
Investment income	65,466	181,635
Other revenues		
Rental income	500	500
Miscellaneous	9,500	4,444
Gifts	-	25
	<hr/>	<hr/>
Total revenues	12,451,276	10,176,452
	<hr/>	<hr/>
EXPENDITURES		
Culture and recreation		
Personnel	6,638,995	6,116,099
Library materials	1,318,930	1,371,070
Buildings and grounds	600,317	553,274
Vehicle	407,875	452,919
Travel and continuing education	329,103	270,100
Public relations	43,500	11,738
Commercial insurance	22,573	19,774
Supplies, postage, and printing	179,875	190,557
Telephone and communications	142,069	126,295
Equipment rental, repair, and maintenance	155,330	121,765
Professional services	228,500	178,698
Contractual services	2,058,741	1,934,753
Professional association membership dues	9,150	10,635
Miscellaneous	5,185	5,066
	<hr/>	<hr/>
Total expenditures	12,140,143	11,362,743
	<hr/>	<hr/>
NET CHANGE IN FUND BALANCE	<u>\$ 311,133</u>	(1,186,291)
FUND BALANCE, JULY 1		<hr/> 13,060,554
FUND BALANCE, JUNE 30		<u><u>\$ 11,874,263</u></u>

(See independent auditor's report.)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual
REVENUES			
State grants			
System automation and technology	\$ 36,080	\$ 36,080	\$ 36,080
Total revenues	36,080	36,080	36,080
EXPENDITURES			
Culture and recreation			
Contractual services	36,080	36,080	36,080
Total expenditures	36,080	36,080	36,080
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-
FUND BALANCE, JULY 1			<u>-</u>
FUND BALANCE, JUNE 30			<u>\$ -</u>

(See independent auditor's report.)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Four Fiscal Years

FISCAL YEAR ENDED JUNE 30,	2015	2016	2017	2018
	Restated			
Actuarially determined contribution	\$ 396,960	\$ 184,718	\$ 177,366	\$ 162,310
Contributions in relation to the actuarially determined contribution	396,960	184,718	177,366	162,310
CONTRIBUTION DEFICIENCY (Excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 4,134,915	\$ 4,222,176	\$ 5,073,742	\$ 4,642,288
Contributions as a percentage of covered-employee payroll	9.60%	4.37%	3.50%	3.50%

Notes to Required Supplementary Information

The price inflation assumption was changed from 2.75% to 2.50%, and the salary increase assumption was changed from 3.75% - 14.50% to 3.39% - 14.25% in 2017.

* 2016 was restated due to changes in the information from RAILS's actuary and auditor.

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 26 years; the asset valuation method was five-year smoothed market; and the significant actuarial assumptions were an investment rate of return at 7.50% annually, projected salary increases assumption of 3.75% to 14.50% compounded annually, and postretirement benefit increases of 3.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

Last Fiscal Year

MEASUREMENT DATE JUNE 30,	2018
TOTAL OPEB LIABILITY	
Service cost	\$ 6,073
Interest	1,896
Difference between expected and actual experience	(29,342)
Changes in assumptions	(6,406)
Employee contributions	33,302
Implicit benefit payments	<u>(33,302)</u>
Net change in total OPEB liability	(27,779)
Total OPEB liability - beginning	<u>69,948</u>
TOTAL OPEB LIABILITY - ENDING	<u><u>\$ 42,169</u></u>
Covered-employee payroll	\$4,559,350
Employers total OPEB liability as a percentage of covered-employee payroll	0.92%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

Last Four Fiscal Years

MEASUREMENT DATE DECEMBER 31,	2014*	2015	2016 **	2017 ***
	Restated			
TOTAL PENSION LIABILITY				
Service cost	\$ 438,134	\$ 437,025	\$ 431,916	\$ 511,460
Interest	3,253,499	3,449,018	3,473,417	3,541,938
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	432,684	(94,014)	460,084	14,305
Changes of assumptions	1,843,383	-	-	(1,664,080)
Benefit payments, including refunds of member contributions	(3,269,672)	(3,450,775)	(3,477,540)	(3,505,605)
Net change in total pension liability	2,698,028	341,254	887,877	(1,101,982)
Total pension liability - beginning	44,795,758	47,493,786	47,835,040	48,722,917
TOTAL PENSION LIABILITY - ENDING	\$ 47,493,786	\$ 47,835,040	\$ 48,722,917	\$ 47,620,935
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 388,935	\$ 181,761	\$ 207,692	\$ 117,429
Contributions - member	192,707	218,671	205,937	244,158
Net investment income	3,009,579	248,475	3,351,477	9,294,244
Benefit payments, including refunds of member contributions	(3,269,672)	(3,450,775)	(3,477,540)	(3,505,605)
Administrative expense	217,278	446,094	247,764	(1,731,692)
Net change in plan fiduciary net position	538,827	(2,355,774)	535,330	4,418,534
Plan fiduciary net position - beginning	50,681,382	51,220,209	48,864,435	49,399,765
PLAN FIDUCIARY NET POSITION - ENDING	\$ 51,220,209	\$ 48,864,435	\$ 49,399,765	\$ 53,818,299
EMPLOYER'S NET PENSION LIABILITY (ASSET)	\$ (3,726,423)	\$ (1,029,395)	\$ (676,848)	\$ (6,197,364)
Plan fiduciary net position as a percentage of the total pension liability (asset)	107.85%	102.15%	101.39%	113.01%
Covered-employee payroll	\$ 3,976,832	\$ 4,352,133	\$ 4,505,259	\$ 4,933,970
Employer's net pension liability (asset) as a percentage of covered-employee payroll	(93.70%)	(23.65%)	(15.02%)	(125.61%)

* 2014 was restated due to changes in the information from the RAILS' actuary and auditor.

** There was a change in 2015 with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to mortality rates and discount rates.

*** There was a change in 2017 with respect to actuarial assumptions from the prior year to reflect revised expectations with respect to retirement, termination and disability rates, and discount rates.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

(See independent auditor's report.)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

BUDGETS

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual budgets are adopted (at the fund level) for the major governmental funds. All annual budgets lapse at fiscal year end.

RAILS follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Director of Finance and Human Resources prepares and submits 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. Annual budgets are adopted for the governmental (general, grant, and capital project funds) on a basis consistent with GAAP. 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. There were no budget amendments during the fiscal year ended June 30, 2018.

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

MAJOR GOVERNMENTAL FUNDS

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

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

For the Year Ended June 30, 2018

	Culture and Recreation		LLSAP	
	Final Budget	Actual	Final Budget	Actual
REVENUES				
State grants				
Area and per capita	\$ 9,879,110	\$ 7,512,651	\$ -	\$ -
Fees for services and materials	342,000	335,091	646,460	634,943
Reimbursements	980,000	963,368	-	-
Investment income	65,466	181,635	-	-
Other revenues				
Miscellaneous	10,000	4,944	-	-
Gifts	-	25	-	-
Total revenues	11,276,576	8,997,714	646,460	634,943
EXPENDITURES				
Expenditures				
Personnel	2,618,345	2,286,600	1,886,308	1,762,671
Library materials	1,318,930	1,371,070	-	-
Buildings and grounds	456,812	414,352	-	-
Vehicle	25,771	18,065	11,948	9,368
Travel and continuing education	263,177	237,990	59,263	27,311
Public relations	43,500	11,738	-	-
Commercial insurance	22,573	19,774	-	-
Supplies, postage, and printing	122,325	125,396	1,800	1,345
Telephone and communications	108,929	91,520	23,800	25,871
Equipment rental, repair, and maintenance	152,580	119,640	-	-
Professional services	203,500	145,726	-	-
Contractual services	390,294	283,332	503,447	506,046
Professional association membership dues	8,425	9,601	725	759
Miscellaneous	4,160	2,816	175	1,494
Total expenditures	5,739,321	5,137,620	2,487,466	2,334,865
NET CHANGE IN FUND BALANCES	\$ 5,537,255	\$ 3,860,094	\$ (1,841,006)	\$ (1,699,922)

FUND BALANCES, JULY 1

FUND BALANCES, JUNE 30

Delivery		Total	
Final Budget	Actual	Final Budget	Actual
\$ -	\$ -	\$ 9,879,110	\$ 7,512,651
528,240	543,795	1,516,700	1,513,829
-	-	980,000	963,368
-	-	65,466	181,635
-	-	10,000	4,944
-	-	-	25
528,240	543,795	12,451,276	10,176,452
2,134,342	2,066,828	6,638,995	6,116,099
-	-	1,318,930	1,371,070
143,505	138,922	600,317	553,274
370,156	425,486	407,875	452,919
6,663	4,799	329,103	270,100
-	-	43,500	11,738
-	-	22,573	19,774
55,750	63,816	179,875	190,557
9,340	8,904	142,069	126,295
2,750	2,125	155,330	121,765
25,000	32,972	228,500	178,698
1,165,000	1,145,375	2,058,741	1,934,753
-	275	9,150	10,635
850	756	5,185	5,066
3,913,356	3,890,258	12,140,143	11,362,743
<u>\$ (3,385,116)</u>	<u>\$ (3,346,463)</u>	<u>\$ 311,133</u>	<u>(1,186,291)</u>
			<u>13,060,554</u>
			<u>\$ 11,874,263</u>

(See independent auditor's report.)

SUPPLEMENTARY FINANCIAL INFORMATION

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2018

	Original and Final Budget	Actual
PERSONNEL		
Library professionals	\$ 1,484,213	\$ 1,289,131
Other professionals	1,875,475	1,780,229
Support services	1,690,177	1,685,611
Social Security taxes	384,439	345,088
Unemployment insurance	62,252	35,446
Workers' compensation	144,053	115,009
Retirement benefits	234,802	165,301
Health, dental, and life insurance	667,084	618,087
Other fringe benefits	44,500	22,271
Temporary help	32,000	56,574
Recruiting	20,000	3,352
Total personnel	6,638,995	6,116,099
LIBRARY MATERIALS		
Print materials	7,930	1,857
E-resources	1,311,000	1,369,213
Total library materials	1,318,930	1,371,070
BUILDINGS AND GROUNDS		
Rent/lease	246,613	246,941
Utilities	132,200	109,666
Property insurance	11,792	10,568
Repairs and maintenance	94,200	73,130
Custodial/janitorial service and supplies	59,000	45,754
Other buildings and grounds	56,512	67,215
Total buildings and grounds	600,317	553,274
VEHICLES		
Fuel	232,975	230,886
Repairs and maintenance	79,800	140,211
Vehicle insurance	89,350	71,857
Other vehicle expense	5,750	9,965
Total vehicles	407,875	452,919

(This schedule is continued on the following pages.)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Actual
TRAVEL AND CONTINUING EDUCATION		
In-state travel	\$ 56,431	\$ 40,196
Out-of-state travel	70,527	51,615
Registration and meeting fees	68,145	60,268
Conferences and continuing education meetings	134,000	118,021
Total travel and continuing education	329,103	270,100
PUBLIC RELATIONS	43,500	11,738
COMMERCIAL INSURANCE		
Liability insurance	22,573	19,774
SUPPLIES, POSTAGE, AND PRINTING		
Computers, software, and supplies	63,300	32,716
General office supplies and equipment	43,550	86,543
Postage	29,325	16,703
Library supplies	500	-
Delivery supplies	43,100	54,595
Other supplies	100	-
Total supplies, postage, and printing	179,875	190,557
TELEPHONE AND COMMUNICATIONS	142,069	126,295
EQUIPMENT RENTAL, REPAIR, AND MAINTENANCE		
Equipment rental	32,300	27,576
Equipment repair and maintenance agreements	123,030	94,189
Total equipment rental, repair, and maintenance	155,330	121,765
PROFESSIONAL SERVICES		
Legal	50,000	18,629
Accounting	60,000	23,991
Consulting	118,500	97,897
Payroll service fee	-	38,181
Total professional services	228,500	178,698

(This schedule is continued on the following page.)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Continued)
GENERAL FUND

For the Year Ended June 30, 2018

	Original and Final Budget	Actual
CONTRACTUAL SERVICES		
Information service costs	\$ 65,574	\$ 42,993
Contract agreements with systems, member libraries, other co-ops	650,167	535,165
Outside printing services	500	-
Other contractual services	1,342,500	1,356,595
	<hr/>	<hr/>
Total contractual services	2,058,741	1,934,753
	<hr/>	<hr/>
PROFESSIONAL ASSOCIATION MEMBERSHIP DUES	9,150	10,635
	<hr/>	<hr/>
MISCELLANEOUS	5,185	5,066
	<hr/>	<hr/>
TOTAL EXPENDITURES	<u>\$ 12,140,143</u>	<u>\$ 11,362,743</u>

(See independent auditor's report.)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

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

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual
REVENUES			
None	\$ -	\$ -	\$ -
EXPENDITURES			
Capital outlay			
Computers	35,000	35,000	-
Furnitures and fixtures	22,000	22,000	-
Building and improvements	848,000	848,000	596,220
Vehicles	210,000	210,000	79,631
Total expenditures	<u>1,115,000</u>	<u>1,115,000</u>	<u>675,851</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ (1,115,000)</u></u>	<u><u>\$ (1,115,000)</u></u>	<u>(675,851)</u>
FUND BALANCE, JULY 1			<u>3,652,257</u>
FUND BALANCE, JUNE 30			<u><u>\$ 2,976,406</u></u>

(See independent auditor's report.)



REACHING ACROSS ILLINOIS LIBRARY SYSTEM

SINGLE AUDIT REPORT

For the Year Ended June 30, 2018



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REACHING ACROSS ILLINOIS LIBRARY SYSTEM
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1415 West Diehl Road, Suite 400
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Directors
Reaching Across Illinois Library System

We have audited, in accordance with the 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, the 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, 2017, and the related notes to the financial statements, which collectively comprise RAILS' basic financial statements, and have issued our report thereon dated September 18, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Reaching Across Illinois Library System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Reaching Across Illinois Library System's internal control. Accordingly, we do not express an opinion on the effectiveness of RAILS' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RAILS' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich LLP

Naperville, Illinois
September 18, 2018

1415 West Diehl Road, Suite 400
Naperville, IL 60563
630.566.8400

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

Members of the Board of Directors
Reaching Across Illinois Library System

Report on Compliance for Each Major Federal Program

We have audited the Reaching Across Illinois Library System (RAILS) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2018. RAILS' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of RAILS' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance required that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RAILS' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of RAILS' compliance.

Opinion on Each Major Federal Program

In our opinion, the Reaching Across Illinois Library System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

The management of RAILS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered RAILS' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of RAILS' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining information of RAILS as of and for the year ended June 30, 2018 and the related notes to financial statements, which collectively comprise RAILS' basic financial statements. We issued our report thereon dated September 18, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional

analysis as required by the Uniform Guidance and is 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Sikich LLP

Naperville, Illinois
September 18, 2018

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

Federal Grantor	Pass-Through Grantor	Grant Name	Federal CFDA#	Expenditures
National Endowment for the Humanities	Illinois State Library	Grants to States	45.310	<u>\$ 1,936,144</u>
TOTAL ALL FEDERAL AWARDS				<u><u>\$ 1,936,144</u></u>

Notes to Schedule of Expenditures of Federal Awards

Note A The accompanying schedule of expenditures of federal awards is a summary of the activity of RAILS' federal award programs presented on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when the qualifying expenditure has been incurred and expenditures have been recognized when the fund liability has been incurred.

Note B RAILS did not have any non-cash federal assistance or federal insurance in effect. RAILS did not provide any federal funds to any subrecipients and they did not elect the 10% de minimus indirect cost rate. RAILS did not have any outstanding federal loan with continuing compliance requirements.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *unmodified*

Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major federal programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance
for major federal programs: *unmodified*

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR 200.516(a)? yes no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
45.310	Grants to States

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

For the Year Ended June 30, 2018

Section II - Financial Statement Findings

None.

Section III - Federal Awards Findings and Questioned Costs

None.

Section IV - Prior Year Findings

None

RAILS - Reaching Across Illinois Library System - FY2018 Annual Report

2.2 System Member Fees and Revenue

Reimbursement Revenue

CREDO Reference Database	\$	19,123
Boopsie Optimum Package Database	\$	70,051
Gale Analytics on Demand	\$	52,984
EBSCO Electronic Databases	\$	423,704
Zinio One Clickdigital	\$	10,212
GALE Virtual Reference Library	\$	6,930
Gale Databases	\$	64,451
Marc Report & Global Subscriptions	\$	1,275
RDFA Tool Kit	\$	1,922
Web Dewey	\$	923
GALE Career Online High School	\$	38,850
Communico	\$	194,399
Brain HQ	\$	12,125
Auto Finance Resource	\$	9,060
Platinum Community Engagement Package	\$	41,359
i-Pathways	\$	500
Sign UP	\$	635
Gale Small Business Builder	\$	2,110
		<hr/>
Total System Member Reimbursement Revenue		\$ 950,613

Fees for Services and Materials

MAI Membership Fees	\$	13,603
ILDS-Delivery Service	\$	533,967
Branch - Delivery Service	\$	8,539
eRead Illinois Membership Subscriptions	\$	321,227
Continuing Education Seminars	\$	1,550
		<hr/>
Total System Member Fees for Services		\$ 878,885
		<hr/>
Total System Member Fees and Revenue		\$ 1,829,498

RAILS - Reaching Across Illinois Library System - FY2018 Annual Report

2.3 System Non-Member Fees and Revenue

Other Grant Revenue

\$ -

LLSAP - Contract Services

Prairie Cat	\$	426,991	
RSA	\$	150,371	
MAGIC	\$	57,581	
		<u> </u>	\$ 634,943

Investment Income

Interest on Deposits - Illinois Funds	\$	48,468	
PMA CitiBank	\$	22	
Interest on Max Safe CD Investment	\$	2,408	
Interest on PMA CD Investment	\$	51,162	
Hinsdale Bank & Trust Money Market	\$	78,272	
Interest on Sworsky Donation - Bonds	\$	1,272	
Interest on Student Loan - A. Jackson	\$	31	
		<u> </u>	\$ 181,635

Rental Income

Coal Valley Lamar - Sign Rental	\$	500	
			\$ 500

Other Income

Auction Proceeds - Burr Ridge	\$	2,055	
Illinois Library Law Book	\$	225	
Credit Card Cash Back Redemption	\$	1,000	
E-Rate Revenue	\$	12,756	
Insurance Proceeds Totalled Van	\$	1,089	
Illinois Library Rules	\$	23	
Payment of Aged Invoice	\$	52	
		<u> </u>	\$ 17,200

Gifts - Unrestricted

Donations to Talking Books Programs	\$	25	
		<u> </u>	\$ 25

Other Financing Sources

\$ -

Total System Non-Member Fees and Revenue \$ 834,303

RAILS - Reaching Across Illinois Library System - FY2018 Annual Report

2.4 Capital Expenditures in Excess of \$5,000

Burr Ridge Renovation	\$	596,219	
2018 Ford Transit - Bolingbrook	\$	26,544	
2018 Ford Transit - Coal Valley	\$	26,544	
2018 Ford Transit - Rockford	\$	<u>26,544</u>	
Total Capital Expenditures in Excess of \$5,000			\$ <u><u>675,851</u></u>

RAILS - Reaching Across Illinois Library System - FY2018 Annual Report

2.5 Loans

RAILS did not have any loans in FY2018

\$ -



**PUBLIC OFFICIAL BOND -
FOR DEFINITE TERM**

BOND NO. 106587858

KNOW ALL MEN BY THESE PRESENTS, That we Paul Mills
of 311 O'Neill Street, Joliet, IL 60436, as Principal, and
Travelers Casualty and Surety Company of America, a corporation of CT, as Surety are held
and firmly bound unto Reaching Across Illinois Library System in the
penal sum of Five Million One Hundred Thousand Dollars and 00/100 (\$5,100,000.00) Dollars, lawful money
of the United States of America, for the payment of which well and truly to be made, said principal binds
himself/herself, his/her heirs, executors, administrators and assigns, and said Surety binds itself, its
successors and assigns, jointly and severally, firmly by these presents.

SEALED and dated this 29th day of June, 2017.

WHEREAS, the said principal has been elected or appointed to the office of:
Treasurer for a definite term beginning July 22, 2017
and ending July 21, 2018 and is required to furnish a bond for the faithful performance of
the duties of the said office or position.

NOW, THEREFORE THE CONDITION OF THIS OBLIGATION is such that if the above bounden
Principal shall (except as hereinafter provided) faithfully perform the duties of his/her said office or
position during the said term, and shall pay over to the persons authorized by law to receive the same
all moneys that may come into his/her hands during the said term without fraud or delay, and at the
expiration of said term, or in case of his/her resignation or removal from office, shall turn over to
his/her successor all records and property which have come into his/her hands, then this obligation to
be null and void; otherwise to remain in full force and effect.

PROVIDED, HOWEVER, that the above named Surety shall not be liable hereunder for any loss of
any public fund resulting from the insolvency of any bank or banks in which said funds are deposited;
and, if this provision shall be held void, this entire bond shall be void.

AND PROVIDED FURTHER, that the Surety may cancel bond at any time during the said term by
giving to the obligee a written notice of its desire so to cancel and at the expiration of thirty (30) days
from the receipt of such notice by the obligee the surety shall be completely released as to all liability
thereafter accruing. If this provision shall be held void, this entire bond shall be void.

WITNESS:

Jim Kruger

Paul Mills

Paul D. Mills (Seal)
(Principal)



Travelers Casualty and Surety Company of America

By: Jodie Sellers
Jodie Sellers Attorney-in-Fact

S-2232-1 (07-97)

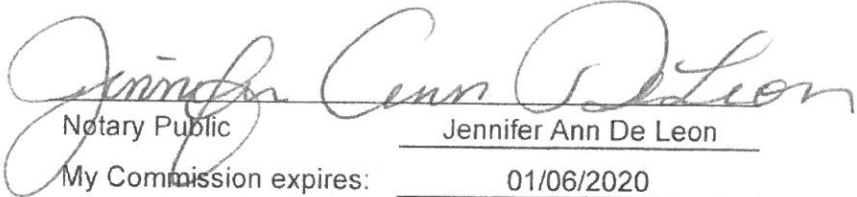
Surety Phone No. 630-773-3800

SURETY ACKNOWLEDGMENT (ATTY-IN-FACT)

State of Illinois
County of Cook

I, Jennifer Ann De Leon, Notary Public, do hereby certify that Jodie Sellers Attorney-in-Fact, of Travelers Casualty and Surety Company of America who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed, sealed and delivered said instrument, for and on behalf of Travelers Casualty and Surety Company of America for the uses and purposes therein set forth.

Given under my hand and notarial seal at my office in the City of Rolling Meadows in said County, this 29th day of June, 2017.


Notary Public Jennifer Ann De Leon
My Commission expires: 01/06/2020





POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Surety Bond No. 106587858

Principal: Paul Mills

OR

Project Description: Treasurer

Obligee: Reaching Across Illinois Library System

KNOW ALL MEN BY THESE PRESENTS: That Farmington Casualty Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, are corporations duly organized under the laws of the State of Connecticut, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint Jodie Sellers of the City of Rolling Meadows, State of IL, their true and lawful Attorney-in-Fact, to sign, execute, seal and acknowledge the surety bond(s) referenced above.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 24th day of June, 2016.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company

St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company



State of Connecticut

City of Hartford ss.

By:

[Signature]
Robert L. Raney, Senior Vice President

On this the 24th day of June, 2016, before me personally appeared Robert L. Raney, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.

My Commission expires the 30th day of June, 2021.



[Signature]
Marie C. Tetreault, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, which resolutions are now in full force and effect, reading as follows:

RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

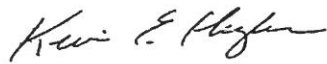
FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

FURTHER RESOLVED, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

FURTHER RESOLVED, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, Kevin E. Hughes, the undersigned, Assistant Secretary, of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seals of said Companies this 29th day of June, 2017.



Kevin E. Hughes, Assistant Secretary



To verify the authenticity of this Power of Attorney, call 1-800-421-3880 or contact us at www.travelersbond.com. Please refer to the Attorney-In-Fact number, the above-named individuals and the details of the bond to which the power is attached.

3.1.1 Report of Changes in System Membership

FY2018 RAILS members approved for withdrawal from RAILS

Illinois Veterans Home – LaSalle

General George Patton School District #133

Seyfarth Shaw LLP (withdrew because they didn't need RAILS services)

Le Cordon Bleu College of Culinary Arts

FY2018 New RAILS members

Seyfarth Shaw LLP (rejoined because they needed to be a RAILS member to receive the Illinois State Library group purchase OCLC price. Without the group purchase price their OCLC subscription would be \$3,000 higher)

DuSable Museum of African American History

Agudath Israel of Illinois

Prairie Hill School District #133

Komarek Elementary School District #94

Poetry Foundation

3.1.2 Summary of System Membership

Report the number of member agencies and the number of member agencies by type.

Type	Full Member Institutions (main agencies)	Full Member Libraries (buildings/branches)
Academic	123	174
Public	412	472
School	558	3,134
Special	193	203
Total	1,286	3,983

Total RAILS membership: 1,286 agencies and 3,983 buildings.

* Member Institutions (main agencies) counts were taken from the official RAILS membership list as submitted by the Illinois State Library to RAILS.

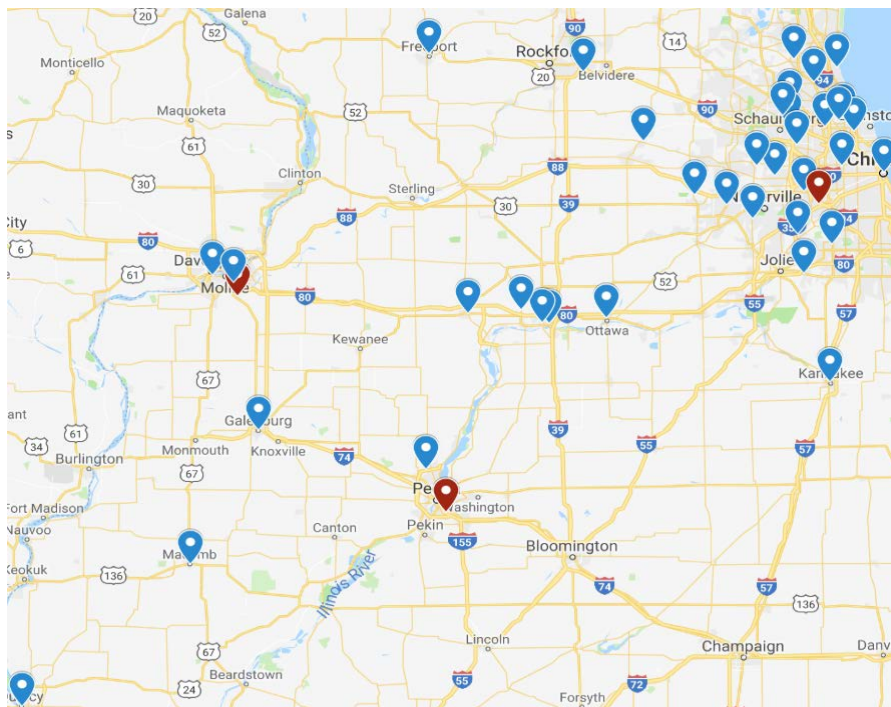
*Bookmobiles were not counted.

3.1.3 Continuing Education (CE)/Training

Category	Events Held	Total Registrants	Total Contact Hours
Cataloging	4	76	532.00
Customer Service	7	274	1039.00
Digitization	3	70	145.50
Human Resources	8	578	1429.50
Interlibrary Loan and Resource Sharing	4	7	14.00
Law and Legal Issues	3	208	312.00
Library Programming	1	32	64.00
Literacy	1	8	20.00
LLSAP	236	1231	3436.75
Management Skills/Administration	18	911	2180.00
Marketing	1	57	370.50
Outreach	1	34	34.00
Readers Advisory	1	75	112.50
Reference	1	46	46.00
School Libraries	3	79	118.50
Technical Services	3	46	114.00
Technology	10	424	1360.50
Trustee Development	2	20	60.00
Total	307	4176	11388.75

- In partnership with the Illinois State Library, RAILS offered 5 programs with professional development hour (PDH) credit for school librarians and other library staff maintaining an Illinois teaching certificate. Nice participants completed the requirements to earn a total of 38 PDH credits.
- As of August 31, 2018, there are 137 recordings on the RAILS CE Archives page.
- To support the continuing education requirement in the FY2018 Illinois Public Library Per Capita and Equalization Grant application, RAILS offered two webinars in the fall of 2017 on safety in the library. 245 participated in the live sessions and the recordings have over 2,700 views.
- Fifty new public library directors participated in Directors University June 4-8, 2018 in Springfield. This intensive public library director training program was offered for a second straight year with an additional day added to allow for additional training content. This initiative remains a joint effort of RAILS, IHLS, ISL, and member library staff.

- The Inaugural Elevate Illinois Libraries Leadership Program was held Saturday, May 28, 2018 at the Illinois State Library. Eighty-five new library leaders from around the state participated in a day-long training facilitated by Dr. Adam Goodman of Northwestern University.
- RAILS awarded ten CE grants for networking groups across RAILS. These grants supported training events attended by a total of 1,206 member library staff.
- RAILS offered training at 44 unique locations including service centers, member libraries and online tools such as RAILS Live, GoToWebinar, GoToMeeting, and Teachable.com. Unique locations are represented on the map below:



3.1.4 Delivery

RAILS maintains 31 routes and a staff of 53 team members to provide weekday service to our members. In FY2018, RAILS delivery used four processing centers: Bolingbrook (handling Geneva and Shorewood routes), Coal Valley, East Peoria and Rockford. In January 2014, the Burr Ridge delivery operation was outsourced to Continental Transportation Solutions (CTS). In October 2015, the Wheeling delivery service area was our second location outsourced to Continental Transportation Solutions (CTS). In July 2016, the ILDS delivery services contract was awarded to RAILS to facilitate delivery to their 131 academic locations throughout the state.

<i>Delivery Routes</i>	<i>Items Transported</i>	<i>Average Miles/Week</i>	<i>Average Stops/Week</i>
Burr Ridge	2,542,600	*0	430
Bolingbrook (dedicated ILDS)	Listed below	2,407	330
Coal Valley	826,975	1,630	182
East Peoria	936,275	10,299	608
Geneva	702,012	1,021	190
Rockford	942,213	3,202	290
Shorewood	1,457,325	2,706	297
Wheeling	2,072,138	*0	236
Total	9,479,538	21,265	2,563

In addition, RAILS transported the following ILDS items:

Total bags: 321,951

Total items: 792,488

* The average mileage is not included for outsourced routes. Deliveries handled by CTS use both dedicated and co-mingled routes, making it difficult to track the mileage. The mileage totals include mileage for the ILDS stops since those stops are co-mingled within the daily routes.

The average stops/week includes ILDS stops.

3.1.5 Member Site Visits

Type	FY18 Site Visits	% of Total Visits
Public	241	66%
Academic	16	4%
School	88	24%
Special	21	6%
Total	366	100%
Total RAILS libraries	1,286	
% of RAILS libraries visited in FY18	28%	

3.1.6 Non-Resident Participation

The URL for the list of participating and non-participating public libraries as required in 23 Ill. Adm. Code 3050.30(c) of the Administrative Rules for FY2018 for RAILS is:

<https://www.railslibraries.info/node/116813>

3.3.1 FY2018 Board Meetings Held

FY2018 Board Meetings

2017

<u>Date</u>	<u>Day</u>	<u>Time</u>	<u>Main Location</u>
July 28	Friday	1 pm	Aurora Public Library
August 25	Friday	1 pm	New Lenox Public Library
September 22	Friday	1 pm	RAILS Coal Valley
October 27	Friday	1 pm	RAILS Burr Ridge
November 17*	Friday	1 pm	RAILS Burr Ridge

*On the 3rd Friday due to Thanksgiving

2018

<u>Date</u>	<u>Day</u>	<u>Time</u>	<u>Main Location</u>
January 26	Friday	1 pm	RAILS Burr Ridge
February 23	Friday	1 pm	RAILS Burr Ridge
March 30**	Friday	1 pm	RAILS Burr Ridge
April 27	Friday	1 pm	RAILS East Peoria
May 25***	Friday	10 am	RAILS Burr Ridge
June 15****	Friday	1 pm	Vernon Area Public Library District

**One week later, 5th Friday of the month due to PLA conference

***Memorial Day weekend-10 am start

**** One week earlier, 3rd Friday of the month due to ALA conference

3.3.2a List of System Board Members

The Nominating Committee met on May 25, 2017 to verify and approve the RAILS FY2017 Board of Directors election results. The FY2018 RAILS Board of Directors' service began July 1, 2017 and will expire as listed below. Elections are held in the first part of the calendar year, with the new Board being seated in July. All Board members are OMA compliant. The FOIA officer has completed training.

Name	Address	Phone	Email	Term Expires
Christine Barr	5501 Preston Circle Geneva, IL 60134	630.463.3300	Christine.barr@railslibraries.info	July 2020
Dave Barry	900 Poplar Lane Bartlett, IL 60103	312.451.7590	dave.barry@railslibraries.info	July 2020
Susan Busenbark <i>Secretary</i>	1330 West Prospect Kewanee, IL 61443	309.856.5836	susan.busenbark@railslibraries.info	July 2019
Judy Crocker	4023 Marian Drive Quincy, IL 62305	217.316.1486	Judith.crocker@ railslibraries.info	July 2018
Gwen Gregory	3609 Grand Avenue Brookfield, IL 60513	312.996.2736	gwen.gregory@railslibraries.info	July 2020
Kate Hall <i>President</i>	4080 Sunset Lane Northbrook, IL 60062	815.485.2605	kate.hall@railslibraries.info	July 2018
Laura Keyes	2475 Cooper Drive Freeport, IL 61032	815.494.4313	Laura.keyes@railslibraries.info	Resigned 5/2018 July 2019
Paul Mills <i>Treasurer</i>	300 West Briarcliff Road Bolingbrook, IL 60440	815.557.9356	Paul.mills@railslibraries.info	July 2018
Scott Pointon	21533 Vesper St. Crest Hill, IL 60403	815.552.4226	Scott.pointon@railslibraries.info	July 2019
Dee Runnels <i>Ethics Officer</i>	1408 48th St. Place Moline, IL 61265	309.235.5503	Dee.runnels@railslibraries.info	July 2020
Nadia Sheikh <i>FOIA Officer</i>	1048 Woodlake Drive, Carol Stream, IL 60188	630.873.9641	Nadia.sheikh@railslibraries.info	July 2020
Michelle Simmons	801 North 10th Street, Monmouth, IL 61462	309.264.9728	Michelle.simmons@railslibraries.info	July 2019
Joseph Skibinski	5450 West 115th Street, #204 Oak Lawn, IL 60453	708.422.4990	Joseph.skibinski@railslibraries.info	July 2018
Laura Turner <i>Vice President</i>	14009 Old Galena Road Mossville, IL 61552	309.578.6118	laura.turner@ railslibraries.info	July 2019
Lori Wilcox <i>OMA Officer</i>	1601 Chicago Road Chicago Heights, IL 60411	773.414.8312	lori.wilcox@ railslibraries.info	July 2018

3.3.2.b Assessment that the Board Meets the Policy Requirements in 23 ILAC 3030.255

Section 3030.255 Board of Directors Policies

Requirements from 23 ILAC 3030.255 are italicized.

a) Policies and bylaws adopted by the library system boards for the governance of library systems shall be filed with the Illinois State Library. Policies should cover, at a minimum, the following areas of system operations:

- 1) Fiscal accountability;*
- 2) Personnel;*
- 3) Core services as specified in Section 3030.215;*
- 4) Technology, including plans for updating technological equipment and software and security measures to safeguard electronic financial information, employee data and other records.*

RAILS complies. These areas are addressed in various documents, including the RAILS fiscal accountability policy, employee handbook, and plan of service. Bylaws and other major governing and operational documents are available at <https://www.railslibraries.info/about/plans-and-policies>.

b) All library system policies and bylaws shall be in accordance with State law and subject to approval by the State Librarian.

RAILS is in compliance.

c) No later than 60 days after these rules become effective, the library system shall adopt, post on its web site and submit to the Illinois State Library a copy of policies that regulate activities of the library system in a manner no less restrictive than as follows:

- 1) Contracts and Purchasing*
 - A) Purchases of \$20,000 or More*
 - i) All contracts for supplies, materials or work involving an expenditure of \$20,000 or more, other than professional services, shall be awarded to the lowest responsible bidder, after advertisement at least once in a newspaper or newspapers of general circulation within the area of the library system, not less than 14 days before the bid date.*
 - ii) All competitive bids for contracts involving an expenditure of \$20,000 or more must be sealed by the bidder and must be opened by a board member or employee of the library system at a public bid opening at which the contents of the bids must be announced. Each bidder must receive at least 3 days notice of the time and place of the bid opening.*
 - iii) The library system board of directors may reject any and all bids and re-advertise. The system shall not be required to accept a bid that does not meet the library system's established terms of delivery, quality and serviceability.*
 - iv) When the emergency expenditure is approved by $\frac{3}{4}$ of the members of the library system board of directors, a contract can be let without advertising for bids. When possible, emergency purchases shall be made on the basis of three informal competitive quotations.*

- B) *Purchases of More Than \$5,000 but Less Than \$20,000. Any purchase by a library system for services, materials, equipment or supplies, other than professional services, with a value greater than \$5,000 but less than \$20,000 shall be made, whenever feasible, on the basis of three or more informal competitive quotations.*
- C) *Governmental Agencies. The requirement to advertise for bids does not apply to contracts for goods or services procured from another governmental agency.*
- D) *Professional Services. Contracts that, by their nature, are not adapted to award by competitive bidding, such as contracts for the services of individuals possessing a high degree of professional skill when the ability or fitness of the individual plays an important part, contracts for utility services such as water, light or heat, contracts for the use, purchase, delivery, movement or installation of data processing equipment, software or services, telecommunications and interconnect equipment, software or services, contracts for duplicating machines and supplies, contracts for goods or services procured from another governmental agency, purchases of equipment previously owned by some entity other than the district itself, and contracts for the purchase of magazines, books, periodicals, pamphlets and reports are not subject to competitive bidding.*

These requirements are covered by the RAILS fiscal accountability policy, which was revised and approved by the RAILS board on August 24, 2018 and approved by the Illinois State Library on available at <https://www.railslibraries.info/about/plans-and-policies>.

- 2) *Conflict of Interest. No library system employee, nor the spouse or minor child of a system employee, may be in any manner financially interested directly in his or her own name or indirectly in the name of any other person, association, trust or corporation in any purchase or lease contract entered into by the system. This provision shall not apply if the purchase or lease contract is with a person, firm, partnership, association, corporation or cooperative association in which the interested employee, the employee's spouse, or the employee's minor child has less than a 7.5 percent share of the total distributable income. Any purchase or lease contract entered into by the system with an employee, his or her spouse, or minor child before the start of the employee's employment with the system in which the employee, his or her spouse, or minor child has a pecuniary interest is voidable if it cannot be completed within 365 days after the employee is employed.*

Conflict of interest is addressed in section VI.G of the RAILS fiscal accountability policy, available at <https://www.railslibraries.info/about/plans-and-policies>.

- 3) *Travel Expenditures. It is the policy of the system to reimburse full and part-time employees and members of the library system board of directors for reasonable authorized expenses incurred by them in the performance of their duties. The library system board of directors shall develop a policy for the control of travel sufficient to prevent obligation of funds exceeding budget limitations and to hold travel to the minimum required for the efficient and economical conduct of the library system's business. The policy for the control of travel established by the library system board of directors shall include a description of the library system's travel approval process, allowable transportation expenses, non-reimbursable expenses, and rates of reimbursement for mileage, including automobile, air and train; per diem/meals; and lodging. Travel reimbursements shall follow federal travel regulations (FTR) promulgated by the U.S. General Services Administration (41 CFR 300-304).*

Travel expenditures are addressed in the RAILS fiscal accountability policy and the employee travel policy. Both are available at <https://www.railslibraries.info/about/plans-and-policies>.

- 4) *Secondary Employment. The board shall approve and regularly review a policy on secondary employment for system employees. No library system employee may accept employment that may cause a conflict of interest or infringe on official work time with the library system.*

The RAILS employee handbook includes the policy on outside (secondary) employment. This policy is also posted as a separate document at <https://www.railslibraries.info/about/plans-and-policies>.

RAILS – Reaching Across Illinois Library System – FY2018 Annual Report

3.3.2.c Assessment that the Board meets the Finances and Records responsibilities in 23 ILAC 3030.260

The following presents the requirements contained in 23 ILAC 3030.260 (in italics) and RAILS compliance with these:

- a) *The fiscal year for the library system shall begin July 1 and end on June 30.* RAILS' fiscal year conforms.
- b) *The board of directors of the library system shall:*
 - 1) *Maintain all financial records at the library system administrative headquarters.* RAILS maintains such records at its Burr Ridge administrative headquarters.
 - 2) *Review monthly financial reports.* RAILS presents monthly financial reports to its Board as an agenda item at every board meeting.
 - 3) *Conduct an annual audit of the records of the library system for the preceding fiscal year by an independent certified public accountant and make copies of the audit available to the State Librarian on or before September 30 following the end of the fiscal year. Audits shall be conducted in accordance with "Government Auditing Standards, 2011 Revisions," if applicable, published by the Comptroller General of the United States, Government Accountability, 441 G Street N, Washington DC 20548. The material incorporated by reference includes no later amendments or editions.* RAILS has the required audit performed annually by an independent certified public accountant, currently Sikich LLP, and includes the audit report as part of the annual report filed with the State Librarian by September 30.
 - 4) *Account for all funds of the library system by expenditure, encumbrance or reserves as of June 30 of each year.* RAILS accounting system has been developed to account for all funds in this manner, and is presented in RAILS annual financial report, which is as of June 30 of each year.
 - 5) *Adopt, prior to July 1 of each year, an annual budget for the ensuing fiscal year in a form prescribed by the Illinois State Library. The annual budget shall be submitted to the State Librarian as part of the annual application cited in Section 3030.265.* RAILS' Board of Directors approved the annual budget at its meeting of May 26, 2017 and submitted the budget as part of the annual application dated June 1, 2017.
 - 6) *Maintain an inventory of all equipment purchased.* This inventory is maintained by the RAILS Information Technology department. Capital expenditures of over \$5,000 are recorded in RAILS Fixed Assets Module of its accounting system.

- 7) *Organize all accounts for the library system on the basis of funds (governmental funds, proprietary funds and fiduciary funds). The adopted budget and revenue-expenditure reports of the library system shall be created on this same basis of account/fund structure. RAILS' accounting chart of accounts is set up on the basis of funds, and the budget and revenue-expenditure reports are constructed based on this structure.*
- 8) *Approve and submit financial reports to the State Librarian twice a year. A six-month cumulative revenue-expenditure report is due to the Illinois State Library on February 15 of each year for the period of July 1 through December 31. The annual audit of the library system shall be filed with the State Librarian on or before September 30 following the end of the fiscal year. RAILS filed the six-month cumulative revenue-expenditure report on February 13, 2018 and will file its FY2018 annual audit of the library system on or before September 30.*

Based on the above assessment, the RAILS' Board meets the Finances and Records responsibilities in 23 ILAC 3030.260.

3.3.3 FY 2018 System Ethics Officer

Dee Runnels
RAILS Board Director

3.3.4 FY2018 System FOIA Officer

Nadia Sheikh
RAILS Board Director

Deirdre Brennan
RAILS Executive Director

Reaching Across Illinois Library System (RAILS)

Bylaws

Revision Control

These bylaws were adopted by the individual System Boards (Alliance Library System, DuPage Library System, Metropolitan Library System, North Suburban Library System, Prairie Area Library System) as Appendix B of the Intergovernmental Agreement in February 2011.

- RAILS Bylaws – APPROVED by System Boards February 2011
- RAILS Bylaws – ADOPTED by the Merger Transition Board on March 10, 2011
- RAILS Bylaws – RATIFIED by RAILS Board on July 1, 2011
- RAILS Bylaws – REVISION APPROVED by RAILS BOARD October 21, 2011 (Article 6, Section D)
- RAILS Bylaws – REVISION APPROVED by RAILS Board December 19, 2011 (Article 4, Section B; Article 5, Section N)
- RAILS Bylaws – REVISION APPROVED by RAILS Board February 22, 2013 (Article 5E; Article 5K; Article 5O)
- RAILS Bylaws – REVISION APPROVED by RAILS Board May 22, 2015 (Article 5C and E)
- RAILS Bylaws – REVISION APPROVED by RAILS Board May 22, 2015 (Article 5, Section N)
- RAILS Bylaws – REVISION APPROVED by RAILS Board May 22, 2015 (Article 6, Section A)
- RAILS Bylaws – REVISION APPROVED by RAILS Board June 19, 2015 (Article 1; Article 5B, C & D; Article 8)
- RAILS Bylaws – REVISION APPROVED by RAILS Board July 24, 2015 (Article 6; Section D)
- RAILS Bylaws – REVISION APPROVED by RAILS Board October 30, 2015 (Article 6; Section B)

Article 1 Name and Definitions

- The name of the organization shall be Reaching Across Illinois Library System (RAILS) hereinafter known as the System.
- A “Member,” or “the Membership,” refers to the library organizations that have chosen to join, been approved, and receive services from the System.
- “Directors” are individuals serving on the System Board of Directors.
- “Eligible electors” are individuals who are eligible to register to vote within the territory of the System. Each Member library will designate an individual who will cast the organization’s vote in the election of Directors to the System Board.

Article 2 Purpose

The purpose of The System is to promote, foster, encourage and effectuate the improvement of library services within the territory served by the System, and the extension of their services to all people within such territory.

Article 3 Authority

The System derives its authority from the Library Systems Act (75 ILCS 10/1 et seq.). This statute states that it is the policy of the State of Illinois in promoting public education, and in serving all levels of the educational process, to encourage the improvement of free public libraries and the cooperation among all types of libraries in the sharing of library resources.

Article 4 Membership in the System

A. Eligibility

The statutes and administrative rules of the State of Illinois and the Membership Criteria of the System govern Membership in the System. Any Public, School, Academic or Special library, within the service area, is eligible to apply for Membership. Participating libraries will hereinafter be known as Members. Acceptance is subject to the approval of the Board of Directors of the System and the State Librarian and implies agreement by the applying library to applicable State statutes and rules and to the System's Bylaws, policies and Plan of Service. Members agree to comply with policies, rules and regulations required for maintaining Membership.

B. Suspension

Any Member library may be suspended from Membership if not in compliance with State Statutes, Administrative Rules or System Requirements. Members will remain in good standing as long as they meet System and State Membership criteria. Specific information about Suspension can be found in the Administrative Rules (3030.115).

Article 5 Governance

A. The Governing Board

The Governing Board shall be the System Board of Directors composed of fifteen (15) individuals hereinafter referred to as "The System Board."

B. Number and Qualifications

While all Directors are expected to represent the entire System, the Board of Directors will be made up of the following types of individuals.

1. Eight (8) seats will be held by Board members of Member Public Libraries.
2. One (1) seat will be held by an individual who is currently employed by a School Library.
3. One (1) seat will be held by an individual employed by an Academic Library.
4. One (1) seat will be held by an individual employed by a Special Library.
5. The remaining four (4) seats will be filled by individuals elected at large and currently employed by or current members of the governing board of libraries of any types: public, academic, school and special, and without regard to type of library.
6. All Directors must be eligible electors in the geographical area of the System.

C. Nominations

1. Each year, the President of the System Board will appoint a Nominating Committee that selects and confirms candidates for election to the System Board. No currently sitting System Director may serve on the Nominating Committee and no Nominating Committee Member may be slated for that election to the System Board. The call for nominations will be appropriately publicized to the Members of the System and any Member may propose names for the Nominating Committee's consideration.
2. Further nomination may be made upon written petitions of ten (10) Member Libraries represented by the type of seat on the System Board to be filled. Such petitions, accompanied

by written acceptance of the nominee, must be filed with the System Board Secretary, who will convey the nominations to the Chair of the Nominating Committee. Timing of such petition will be appropriately publicized.

3. No individual may be a candidate for more than one Board seat in a specific election. No individual may hold two RAILS board seats simultaneously.
4. An individual may not serve on the RAILS board if the individual's election or appointment to the board would result in there being on the board at the same time two individuals who are employed by and/or on the governing board of the same member library. If two candidates from the same member library both receive enough votes to be seated on the board in the same election, the candidate with the lowest number of votes between the two candidates will be disqualified and the candidate with the highest number of votes between the two candidates will be seated on the board.

D. Election of Directors

1. The Nominating Committee will determine the design and the timetable for the distribution and return of ballots.
2. Each Member library shall receive one ballot with all the names of the candidates with instructions for casting the ballot. The individual designated by the Member will cast the ballot.
3. When the votes are tallied, the candidate(s) receiving the highest number of votes in his/her category is elected to the vacant seat(s). In case of a tie, the seat holder will be decided by a flip of the coin.

E. Term

The term of office of Directors shall be three years, but no Director shall serve more than a total of six years unless two years have elapsed since his/her sixth year of service. The terms of office of one-third of the Directors shall expire each year. The term of office begins with the first Board meeting after the start of the fiscal year.

F. Vacancies

Should a vacancy occur between elections, The System Board will appoint an individual with the qualifications to fill the specific type of vacant seat as described in Article 5, Section B 1-6.

G. Disqualifications

Directors are expected to fulfill the duties required of them by the nature of their office. The System Board by a Majority vote may, with a quorum present, declare a System Board position vacant if a Director fails to attend two (2) unexcused Board meetings during the System year.

Should a Director no longer be an eligible elector within the geographic area of the system, or leave the local position by virtue of which he/she was eligible, nominated and elected, the seat shall be declared vacant. This shall not apply when the Director changes positions within the local entity or is still otherwise qualified to represent the type of seat for which the Director was elected.

H. Meetings

The System Board shall meet a minimum of nine (9) times a year. Directors may attend meetings electronically consistent with established Board policy and the Open Meetings Act. A simple majority of the Directors will constitute a quorum.

Special meetings of the Board of Directors may be called by the President or upon the request of three Directors upon five days written notice, for the transaction of such business as may be stated in such notice.

I. Powers and Duties of the Board of Directors

The powers and duties of the System Board shall be in accordance with the Illinois Library System Act and the Rules and Regulations promulgated there under.

The Board of Directors will conduct an evaluation of the Executive Director annually at an appropriate time.

J. Officers

The Officers of the Board shall be as follows: President, Vice President, Secretary, and Treasurer. The Officers of the Board shall have the following duties and responsibilities:

1. The President will preside at all meetings of the Board; shall appoint any necessary committees; shall sign official documents; and, shall assume such other powers that meet with the consent of the Board.
2. The Vice President will preside at meetings in the absence of the President; shall in the case of the resignation of the President or the inability of the President to perform the duties of the office assume the President's responsibilities until the election of a new President; and, shall perform such other duties as the Board may direct.
3. The Secretary will keep minutes of all Board meetings; shall sign documents and correspondence in the name of the Board when so directed by the President and/or the Board; and, shall perform such other duties as the Board may direct.
4. The Treasurer will discharge the responsibilities placed upon that office by law, oversee the fiscal affairs and activities of the System; report regularly to the Board of these matters, and perform such other duties as the Board may direct. Before entering the office, the treasurer is required to give a bond in an amount set by the Board in compliance with law, and the cost of such to be paid by the System.

K. Election of Officers

The Nominating Committee will propose the slate of Officers of the System Board. The election of officers shall be held at the first meeting of the System Board each year. The officers shall be elected for one (1) year, and no officer shall serve more than two (2) consecutive full terms in one office. A term of six (6) months or more shall be considered a full term. The term of office begins with the first Board meeting after the start of the fiscal year.

L. Vacancies in Officers Roles

In the event that the office of President becomes vacant, the Vice-President shall assume the duties of the President, and the System Board shall elect one of the remaining Directors to the office of Vice-President for the remainder of the term. In the event one of the other offices becomes vacant, the System Board shall elect one of the remaining Directors to fill the remainder of the term.

M. Committees

1. Executive Committee

- a. The President, Vice-President, Secretary, and Treasurer together with one additional Director elected by the Board of Directors shall constitute the Executive Committee. The designation of such committee, and the delegation thereto of authority, shall not operate to relieve the Board of Directors, or any Member thereof, of any responsibility imposed by law.
- b. The Executive Committee shall have and may exercise the authority of the Board of Directors as specifically and expressly delegated by the action of the Board of Directors.
- c. A majority of the Directors on the Executive Committee shall constitute a quorum.
- d. The President of the Board of Directors shall preside at the meetings of the Executive Committee. In the absence of the President, the Vice-President shall preside.

2. Other committees

- a. Committees of the Board will be appointed where there is a need in the areas of Board operations, Board policy, and activities outside the responsibilities of the Executive Director as chief executive and administrative officer. The Board of Directors may establish ad hoc and advisory committees as it sees fit.

N. Economic Interest

No member of the RAILS Board of Directors may profit personally, either directly or indirectly, for any business connected with the system.

Each member of the RAILS Board of Directors shall file a Statement of Economic Interest as required by the Illinois Governmental Ethics Act.

Each member of the RAILS Board of Directors shall also file a Conflict of Interest Form *annually or within 60 days of assumption of office*, certifying that the member has no prohibited conflict of interest with RAILS and disclosing any personal or business relationships that reasonably could produce a direct or indirect conflict involving RAILS. The Conflict of Interest Form should be filed with the RAILS Executive Director.

The members of the RAILS Board of Directors shall serve without compensation, but their actual and necessary expenses shall be paid or reimbursed by the system.

O. Indemnification

Members of the RAILS Board of Directors shall be indemnified as described in the RAILS Indemnification Policy.

Article 6 System Executive Director

- A. The Board of Directors shall, by resolution, appoint an Executive Director of the System who shall meet any and all requirements, including having a master's degree from an American Library Association-accredited library education program and at least five years postgraduate employment, including at least two years in library administrative experience, as required by the Board and by Illinois law and regulation.
- B. Responsibilities of the Executive Director:
1. General administration of the System.
 2. Provision of professional advice to the Board of Directors.
 3. Authority and responsibility for staff recruitment, evaluations, promotions, discipline management and terminations as well as all other personnel matters in accordance with System policies, except that the Executive Director's authority to hire, fix the compensation, and terminate employees is subject to the approval of the RAILS Board of Directors.
 4. Implementation of policies, objectives, and plans of the Board of Directors.
- C. The Executive Director shall be responsible directly to the Board of Directors.

Article 7 Fiscal Year

The fiscal year for the System shall begin with July 1 and end with June 30, following the applicable rules and regulations of the State of Illinois.

Article 8 Amendments

Proposed Bylaw changes can originate from the System Board or from the Membership of the System. Proposed amendments to the Bylaws must be submitted for consideration by the System Board at a meeting at which notice of the proposed bylaw amendment has been provided or listed on the meeting agenda. A bylaw amendment may not be voted upon until a subsequent meeting of the Board. Changes to the bylaws must be approved by 2/3's vote of the Directors attending the meeting at which they are considered and must be submitted for approval to the Illinois State Library before they shall become effective.

Notwithstanding the above two-step process, the requirement that action on a bylaw amendment be deferred to a second meeting can be waived, and a bylaw amendment approved at the meeting at which it is initiated, if the bylaw amendment (1) is listed on the agenda for action at the first meeting and (2) is approved by all directors attending the first meeting.

3.4.1 Summary Appraisal of System Real Estate

RAILS currently owns two properties; one in Burr Ridge, IL at 125 Tower Drive and the second location in Coal Valley, IL. at 2210 W. 23rd Avenue. Their appraised values are identified below:

<i>Location</i>	<i>Address</i>	<i>Appraisal Value</i>	<i>Date of last appraisal</i>
Burr Ridge	125 Tower Drive	\$3,065,000	January 6, 2017
Coal Valley	220 W. 23 rd Avenue	\$500,000	May 26, 2011

3.4.2 Inventory of Currently Owned Motor Vehicles

Type (Model/Year)	License Plate Number	Current Mileage	Type of Use	Will vehicle be replaced during FY2019?	Notes
2003 FORD ECONOLINE E350	U27052	243,066	DELIVERY	Yes	
2004 CHEVROLET EXP. G3500	U26474	228,630	DELIVERY		
2004 GMC SAVANA 2500	U27178	337,053	DELIVERY	Yes	
2006 FORD ECONOLINE E350	U27053	201,032	DELIVERY		
2006 GMC SAVANA G3500	U26455	170,932	DELIVERY		
2006 CHEVROLET EXP. G3500	U27054	226,344	DELIVERY		
2007 GMC CUTAWAY G3500	M165763	230,117	DELIVERY		
2008 GMC SAVANA G3500	U27057	246,699	DELIVERY	Yes	
2008 GMC SAVANA G3500	U27060	236,123	DELIVERY		
2010 CHEVROLET EXP. CUTAWAY	U26452	168,701	DELIVERY		
2011 CHEVROLET EXP. BOX TRUCK	U27161	225,010	DELIVERY		
2012 FORD ECONOLINE E250	U27706	215,064	DELIVERY		
2012 FORD ECONOLINE E250	U27707	235,986	DELIVERY		
2014 FORD FOCUS	U26464	159,193	STAFF		
2016 FORD TRANSIT	U30201	59,718	DELIVERY		
2016 FORD TRANSIT	U30202	52,584	DELIVERY		
2018 FORD TRANSIT	U32140	12,958	DELIVERY		
2006 HONDA ODYSSEY	U26456	88,561	IT STAFF		
2014 FORD FUSION	U26470	40,922	STAFF		
2014 FORD FOCUS	U29892	30,291	STAFF		
2015 FORD TAURUS	U13511	50,532	STAFF		
2015 FORD TAURUS	U13510	47,985	STAFF		
2009 CHEVROLET EXP. CUTAWAY	U26475	214,492	DELIVERY		
2009 GMC SAVANA G3500	U25850	26,395	DELIVERY		
2012 FORD ECONOLINE E250	U27701	131,771	DELIVERY		
2016 FORD TRANSIT	U30598	166,594	DELIVERY		
2016 FORD TAURUS	U30230	24,769	LLSAP STAFF		
2002 TOYOTA SIENNA	U26471	298,712	DELIVERY	Yes	
2003 CHEVROLET EXP. G2500	U26466	232,174	DELIVERY	Yes	
2006 CHEVROLET EXP. G3500	U26473	166,038	DELIVERY		
2008 GMC SAVANA G3500	U26454	271,135	DELIVERY		
2012 FORD ECONOLINE E250	U27703	278,324	DELIVERY		
2014 FORD FUSION	U28024	57,293	LLSAP STAFF		
2014 FORD FUSION	U28023	54,464	LLSAP STAFF		
2014 FORD ECONOLINE E350	U26461	204,972	DELIVERY		
2014 FORD ECONOLINE E350	U26458	266,925	DELIVERY		
2014 FORD ECONOLINE E350	U26463	282,141	DELIVERY	Yes	
2014 FORD ECONOLINE E350	U26459	227,494	DELIVERY		
2014 FORD ECONOLINE E350	U27055	318,923	DELIVERY	Yes	
2016 FORD TRANSIT	U30600	97,897	DELIVERY		
2018 FORD TRANSIT	U32141	19,627	DELIVERY		
2007 FORD ECONOLINE E250	U26469	235,126	DELIVERY		
2012 FORD ECONOLINE E250	U27704	269,769	DELIVERY		
2012 FORD ECONOLINE E250	U27705	253,361	DELIVERY		
2013 FORD ECONOLINE E350	U28025	146,530	DELIVERY		

3.4.2 Inventory of Currently Owned Motor Vehicles

Type (Model/Year)	License Plate Number	Current Mileage	Type of Use	Will vehicle be replaced during FY2019?	Notes
2016 FORD TRANSIT	U30599	100,970	DELIVERY		
2018 FORD TRANSIT	U32142	7,115	DELIVERY		

- On July 1, 2018 three vehicles were transferred from RAILS ownership; PrairieCat received (1) 2016 Ford Taurus and (1) 2015 Dodge Caravan and IHLS received (1) 2016 Ford Transit.

3.4.3 Summary of fiscal year actual out-of-state travel information

Number of Travelers	Current Year Estimated/Actual Expense	Reason for Travel Destination & Duration
4	\$5,091	ALA Midwinter – 5 days
1	\$1,409	National Library Legislative Day – 1 day
1	\$1,166	Code4Lib Conference – 2 days
5	\$7,617	COSUGI Conference – 3 days
3	\$4,027	DefCon Forum – 4 days
1	\$2,231	Book Expo America Conference – 3 days
7	\$11,790	ALA Annual Conference – 5 days
4	\$6,491	Public Library Association Bi-Annual Conf. – 4 days
2	\$361	Great Lakes Resource Sharing Conf. – 1 day
1	\$442	SIRSI Consortial Conference – 1 day
1	\$1,199	ICOLC Spring Meeting – 3 days
1	\$1,281	Drupal Conference – 4 days
1	\$990	SLA Conference -3 days
1	\$160	WiLS Conference – 1 day
3	\$3,919	Innovative Users Group Conference - 4 days
1	\$586	National Safety Conference – 2 days
1	\$1,502	Charleston Library Conference – 4 days
1	\$1,353	e-book Summit – 5 days
Total	\$51,615	

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4. LLSAP Annual Report

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Instructions

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URL for the zILLANE Report: <http://www.unt.edu/zillane/FinalReport.htm>

Section 1

Only one Section 1 needs to be submitted for the entire RLS.

Tables A, E, G, H, part of I

Please note that we need to use common units across RLS for comparison purposes. In counting the libraries in your regional library system, please list both the agency and the buildings. For example a school district might be counted as an agency once but may have numerous buildings or campuses that are libraries.

Some categories of information will not apply to you, but for those that do, please provide requested information.

A. RLS Membership Information	
A1 Number of all public libraries (agencies)	412
A2 Number of all public libraries (buildings)	472
A3 Number of all academic libraries (agencies)	123
A4 Number of all academic libraries (buildings)	174
A5 Number of all school libraries (agencies)	558
A6 Number of all school libraries (buildings)	3143
A7 Number of all special libraries (agencies)	193
A8 Number of all special libraries (buildings)	203
A9 Number of all others	0
Total Libraries in RLS	1286 agencies / 3983 buildings

E. RLS Libraries Belonging To Other Consortia (Shared Database)	
E1 Number of all public libraries (agencies)	39
E2 Number of all public libraries (buildings)	49
E3 Number of all academic libraries (agencies)	63
E4 Number of all academic libraries (buildings)	77
E5 Number of all school libraries (agencies)	6
E6 Number of all school libraries (buildings)	11
E7 Number of all special libraries (agencies)	8
E8 Number of all special libraries (buildings)	8
E9 Number of all other types	0
Total Libraries Belonging To Other Consortia	116 agencies / 145 buildings

G. RLS Libraries Using Stand Alone Systems	
G1 Number of all public libraries (agencies)	81
G2 Number of all public libraries (buildings)	105
G3 Number of all academic libraries (agencies)	34
G4 Number of all academic libraries (buildings)	35
G5 Number of all school libraries (agencies)	443
G6 Number of all school libraries (buildings)	1910
G7 Number of all special libraries (agencies)	132
G8 Number of all special libraries (buildings)	135
G9 Number of all other types	0
Total Stand Alone Libraries	690 agencies / 2185 buildings

H. RLS Libraries that are Not Automated	
H1 Number of all public libraries (agencies)	33
H2 Number of all public libraries (buildings)	33
H3 Number of all academic libraries (agencies)	1
H4 Number of all academic libraries (buildings)	1
H5 Number of all school libraries (agencies)	69
H6 Number of all school libraries (buildings)	146
H7 Number of all special libraries (agencies)	36
H8 Number of all special libraries (buildings)	36
H9 Number of all other types	0
Total Non-Automated Libraries	139 agencies / 216 buildings

I. Bibliographic Information	
I1 What percentage of all RLS libraries' holdings are not represented in your LLSAP shared database, BUT are represented in another consortia shared system?	At this time, RAILS is unable to estimate this information.
I2 What percentage of all RLS libraries' holdings are not represented in your LLSAP shared database or another consortia shared system?	At this time, RAILS is unable to estimate this information.

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Section 2

Multiple Section 2 reports needs to be submitted, 1 for each LLSAP.

Tables 1, 2, B, C, D, F, I, J, K, L, M, N

Please note that we need to try to use common units across LLSAPs for comparison purposes. In counting the libraries in your LLSAP, please list both the agency and the buildings. For example a school district might be counted as an agency once but may have numerous buildings or campuses that are libraries.

Some categories of information will not apply to you, but for those that do, please provide requested information.

Tables 1 and 2 – specific instructions

Please use the following tables to report each individual LLSAP's costs (Table 1) and revenues (Table 2) for the last two fiscal years.

If you have other categories and/or line items to report, please add those to the tables. You can provide explanatory notes either in the tables or following the tables.

There may be categories and/or line items in the form for which you do not record costs or revenues. Please put a N/A in the *FY2018 columns for those items*.

Name of LLSAP: MAGIC

Table 1: Individual LLSAP Operating Expenses

Expenditures	Expense Item	FY2018
Personnel**		
	Library Professionals	\$0
	Other Professionals	\$112,947
	Support Services	\$0
	Social Security Taxes (FICA)	\$8,416
	Unemployment Insurance	\$844
	Workers' Compensation	\$193
	Retirement Benefits	\$2,921
	Health, Dental, and Life Insurance	\$13,727
	Temporary Help	\$0
	Recruiting	\$0
TOTAL		\$139,048
Library Materials		
	Print Materials	\$0
	Nonprint Materials	\$0
	E-Resources	\$10,100 (eRead IL membership fees for the consortium net RAILS rebate for consortium-wide membership)
TOTAL		\$10,100
Buildings & Grounds		
	Rent	\$0
	Utilities	\$0
	Property Insurance	\$267
	Repairs & Maintenance	\$0
	Janitorial Services & Supplies	\$0
	Other	\$0
TOTAL		\$267
Vehicle Expense		
	Gas & Oil	\$0
	Repairs & Maintenance	\$0
	Vehicle Insurance	\$0
	Vehicle Leasing & Rent	\$0
TOTAL		\$0
Travel & CE for Staff & Board		
	In-State Travel	\$687
	Out-of-State Travel	\$0
	Registration & Other Fees	\$274
TOTAL		\$961
Continuing Education & Meetings / Others		
TOTAL		\$8,800
Public Relations		
TOTAL		\$4,000
Liability Insurance		
TOTAL		\$4,942
Supplies, Postage & Printing		
	Computer Supplies	\$714
	General Office Supplies & Equipment	\$0
	Internal Printing/Photocopying	\$0
	Postage	\$0

	Library Supplies	\$0
	Other	\$0
TOTAL		\$714
Telephone & Telecomm		
	Local/Long Distance – Voice	\$3,370 (Covered amount under the RAILS contract – segregated amounts were not available in FY 2018)
	Telecomm – Data & Fax	\$0
TOTAL		\$3,370
Equipment Rental, Repair & Maintenance		
	Equipment Rental	\$0
	Equipment Repair & Maintenance	\$105,047
	Maintenance Agreement	\$0
	Computer Hardware Insurance	\$0 (Included with property insurance figure above)
TOTAL		\$105,047
Professional Services		
	Legal	\$518
	Accounting	\$12,060
	Consulting	\$16,004
	Contractual Staff	\$0
TOTAL		\$28,582
Contractual Services		
	Information Services (bibliographic databases, online subscriptions, etc)	\$3,694
	Contractual Agreements	\$61,910 (\$57,581 – RAILS contract covers salaries, telecom, and other minor expenses included in other expense lines and \$4,329 – RAILS rebates for consortium-wide eRead IL participation)
	Member Fund Distributions	\$1,413,984 (Final fund distributions to members upon dissolution per the MAGIC bylaws)
	Outside Printing	\$0
TOTAL		\$1,479,588
Interlibrary Loan Charges		
TOTAL		\$0
Depreciation		
TOTAL		\$2,720
Miscellaneous		
TOTAL		\$639
TOTAL OPERATING EXPENSES		\$1,788,778
Contractual Reimbursement Revenues Billed to LLSAP		<\$57,581>
***TOTAL OPERATING EXPENSES LESS CONTRACTUAL REIMBURSEMENTS		\$1,731,197

*All financial results are preliminary and unaudited pending completion of the fiscal year-end audit.

**All personnel expenses are broken out and reported in personnel expenditure lines, including those charged to the MAGIC contract with RAILS.

***Excludes RAILS contract amount.

**Table 2
LLSAP Annual Revenues**

Revenues	Revenue Item	FY2018
State Grants		
TOTAL		\$0
Federal Grants		
TOTAL		\$0
Other Grants		
TOTAL		\$0
LLSAP Participation / Service Fees		
	Annual Participation Fees (from all categories of participants)	\$169,609
	One-Time Startup Fees	\$0
	Other (please describe)	\$0
TOTAL		\$169,609
Interest Income		
TOTAL		\$11,071
Other Revenue		
TOTAL		\$209 (Refund of Liability Insurance Premiums from FY 2016 and FY 2017)
TOTAL REVENUE		\$180,889

*All financial results are preliminary and unaudited pending completion of the fiscal year-end audit.

Tables B-O: LLSAP Supplemental Information

B. LLSAP Participation Information – Full Fee-Paying Participant	
B1 Number of all public libraries (agencies)	9
B2 Number of all public libraries (buildings)	10
B3 Number of all academic libraries (agencies)	1
B4 Number of all academic libraries (buildings)	1
B5 Number of all school libraries (agencies)	1
B6 Number of all school libraries (buildings)	3
B7 Number of all special libraries (agencies)	1
B8 Number of all special libraries (buildings)	3 Note: Includes 2 out-of-state buildings that are LLSAP members but not RAILS members.
B9 Number of all other types	0
Total Full Fee-Paying Participants	12 agencies/17 buildings
Is RLS an LLSAP participant?	No
Does RLS pay participation fees as others?	No

C. LLSAP Participation Information – Partial Fee-Paying Participant	
C1 Number of all public libraries (agencies)	0
C2 Number of all public libraries (buildings)	0
C3 Number of all academic libraries (agencies)	0
C4 Number of all academic libraries (buildings)	0
C5 Number of all school libraries (agencies)	0
C6 Number of all school libraries (buildings)	0
C7 Number of all special libraries (agencies)	0
C8 Number of all special libraries (buildings)	0
C9 Number of all other types	0
Total Partial Fee-Paying Participants	0

D. LLSAP Participation Information – Holdings Only Represented	
D1 Number of all public libraries (agencies)	0
D2 Number of all public libraries (buildings)	0
D3 Number of all academic libraries (agencies)	0
D4 Number of all academic libraries (buildings)	0
D5 Number of all school libraries (agencies)	0
D6 Number of all school libraries (buildings)	0
D7 Number of all special libraries (agencies)	0
D8 Number of all special libraries (buildings)	0
D9 Number of all other types	0
Total Holdings Only Represented	0

F. Participants	
F1 Participants as of June 30, 2018**	12

I. Bibliographic Record Information NOTE – as of 4/30/2018		
I1	Total number of bibliographic records in database	383,854
I2	Total number of item records in database	723,413
I3	Total number of patrons listed in patron database	83,420

J. LLSAP Use by All Participants NOTE: 7/1/2017-4/30/2018		
J1	Total search transactions in past 12 months (FY2018)	Not tracked
J2	Total circulation transactions in past 12 months (FY2018)	890,390
J3	Total interlibrary loan transactions in FY2018	81,897
J4	Total reciprocal borrowing transactions in FY2018	137,794

K. Cost and Revenue Information		
K1	Annual Total Fees Received From Full Members	\$169,609
K2	Annual Total Fees Received From Partial Members	\$0
K3	Annual Fees/Support Received From RLS	\$90,746
K4	FTEs Charged to LLSAP Operating Expenses	1.85
K5	FTEs Supporting LLSAP but Not Charged to LLSAP operating costs	N/A
K6	Annual Total Cost of Operating the LLSAP	\$1,731,197

L. Cost Components of Operating the LLSAP		
	Personnel	\$139,048
	Library Materials	\$10,100
	Buildings & Grounds	\$267
	Vehicle Expense	\$0
	Travel & CE for Staff & Board	\$961
	Continuing Education & Meetings / Others	\$8,800
	Public Relations	\$4,000
	Liability Insurance	\$4,942
	Supplies, Postage & Printing	\$714
	Telephone & Telecomm	\$3,370
	Equipment Rental, Repair & Maintenance	\$105,047
	Professional Services	\$28,582
	Contractual Services	\$1,479,588
	Interlibrary Loan Charges	\$0
	Depreciation	\$2,720
	Miscellaneous	\$639
	Total All Expenditures	\$1,788,778
	Contractual Reimbursement Revenues Billed to LLSAP	<\$57,581>
	Total Operating Expenses Less Contractual Reimbursements	\$1,731,197

*All financial results are preliminary and unaudited pending completion of the fiscal year-end audit.

**MAGIC dissolved effective 4/30/2018, leaving them with 12 members at the beginning of fiscal year 2018, and 0 members as of the end of fiscal year 2018.

M. Cost Components to Participate in the LLSAP—Startup	
	Consortium is no longer accepting new members as MAGIC members migrated to SWAN and MAGIC dissolved effective 4/30/2018.

N. Cost Components to Participate in the LLSAP—Ongoing	
	Consortium is no longer accepting new members as MAGIC members migrated to SWAN and MAGIC dissolved effective 4/30/2018.

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Name of LLSAP: PrairieCat

Table 1: Individual LLSAP Operating Expenses

Expenditures	Expense Item	FY2018
Personnel**		
	Library Professionals	\$202,235
	Other Professionals	\$438,645
	Support Services	\$115,618
	Social Security Taxes (FICA)	\$55,021
	Unemployment Insurance	\$3,768
	Workers' Compensation	\$1,266
	Retirement Benefits	\$27,248
	Health, Dental, and Life Insurance	\$99,257
	Temporary Help	\$0
	Recruiting	\$0
	TOTAL	\$943,058
Library Materials		
	Print Materials	\$0
	Nonprint Materials	\$0
	E-Resources	\$0
	TOTAL	\$0
Buildings & Grounds		
	Rent	\$0
	Utilities	\$0
	Property Insurance	\$1,185
	Repairs & Maintenance	\$0
	Janitorial Services & Supplies	\$0
	Other	\$0
	TOTAL	\$1,185
Vehicle Expense		
	Gas & Oil	\$2,581
	Repairs & Maintenance	\$0
	Vehicle Insurance	\$2,877
	Vehicle Leasing & Rent	\$0
	Other	\$66
	TOTAL	\$5,524
Travel & CE for Staff & Board		
	In-State Travel	\$8,150
	Out-of-State Travel	\$7,225
	Registration & Other Fees	\$8,845
	TOTAL	\$24,220
Continuing Education & Meetings / Others		
	TOTAL	\$15,346 (Includes \$3,000 - RAILS CE Networking Grant for PrairieCat User Group Day Event)
Public Relations		
	TOTAL	\$1,117
Liability Insurance		
	TOTAL	\$4,441
Supplies, Postage & Printing		
	Computer Supplies	\$7,382
	General Office Supplies & Equipment	\$3,379
	Internal Printing/Photocopying	\$0

	Postage	\$236
	Library Supplies	\$0
	Other	\$0
TOTAL		\$10,997
Telephone & Telecomm		
	Local/Long Distance – Voice	\$9,240 (Covered amount under the RAILS contract – segregated amounts were not available in FY 2018)
	Telecomm – Data & Fax	\$0
TOTAL		\$9,240
Equipment Rental, Repair & Maintenance		
	Equipment Rental	\$0
	Equipment Repair & Maintenance	\$0
	Maintenance Agreement	\$0
	Computer Hardware Insurance	\$0 (Included with property insurance figure above)
TOTAL		\$0
Professional Services		
	Legal	\$5,417
	Accounting	\$4,430
	Consulting	\$11,205
	Contractual Staff	\$0
TOTAL		\$21,052
Contractual Services		
	Information Services (bibliographic databases, online subscriptions, etc)	\$380,868
	Contractual Agreements	\$426,991 (RAILS contract covers salaries, telecom, and other minor expenses included in other expense lines)
	Other Contractual Services	\$49,950
	Outside Printing	\$0
TOTAL		\$857,809
Interlibrary Loan Charges		
TOTAL		\$0
Professional Association Membership Dues		
TOTAL		\$541
Miscellaneous		
TOTAL		\$5,417
TOTAL OPERATING EXPENSES		\$1,899,947
Contractual Reimbursement Revenues Billed to LLSAP and CE Networking Grant		<\$429,991>
TOTAL OPERATING EXPENSES LESS CONTRACTUAL REIMBURSEMENTS***		\$1,469,956

*All financial results are preliminary and unaudited pending completion of the fiscal year-end audit.

**All personnel expenses are broken out and reported in personnel expenditure lines, including those charged to the PrairieCat contract with RAILS.

***Excludes RAILS contract amount and RAILS continuing education grant amount.

**Table 2
LLSAP Annual Revenues**

Revenues	Revenue Item	FY2018
State Grants		
	TOTAL	\$0
Federal Grants		
	TOTAL	\$0
Other Grants		
	TOTAL	\$3,000
LLSAP Participation / Service Fees		
	Annual Participation Fees (from all categories of participants)	\$867,827
	One-Time Startup Fees**	\$14,429
	Other (please describe) ILL Barcode Fees	\$6,300
	TOTAL	\$888,556
Interest Income		
	TOTAL	\$2,745
Other Revenue***		
	TOTAL	\$16,664
	TOTAL REVENUE	\$910,965

*All financial results are preliminary and unaudited pending completion of the fiscal year-end audit.

**One-time contributions to the capital reserve fund, ILS set-up fees, and OCLC membership fees.

***Delegate and User Group lunch fees, finance charges, and small group purchases.

Tables B-O: LLSAP Supplemental Information

B. LLSAP Participation Information – Full Fee-Paying Participant	
B1 Number of all public libraries (agencies)	65
B2 Number of all public libraries (buildings)	75
B3 Number of all academic libraries (agencies)	1
B4 Number of all academic libraries (buildings)	1
B5 Number of all school libraries (agencies)	6
B6 Number of all school libraries (buildings)	19
B7 Number of all special libraries (agencies)	0
B8 Number of all special libraries (buildings)	0
B9 Number of all other types	0
Total Full Fee-Paying Participants	72 agencies / 95 buildings
Is RLS an LLSAP participant?	No
Does RLS pay participation fees as others?	No

C. LLSAP Participation Information – Partial Fee-Paying Participant	
C1 Number of all public libraries (agencies)	16
C2 Number of all public libraries (buildings)	16
C3 Number of all academic libraries (agencies)	0
C4 Number of all academic libraries (buildings)	0
C5 Number of all school libraries (agencies)	2
C6 Number of all school libraries (buildings)	4
C7 Number of all special libraries (agencies)	0
C8 Number of all special libraries (buildings)	0
C9 Number of all other types	0
Total Partial Fee-Paying Participants	18 agencies / 20 buildings

D. LLSAP Participation Information – Holdings Only Represented	
D1 Number of all public libraries (agencies)	12
D2 Number of all public libraries (buildings)	12
D3 Number of all academic libraries (agencies)	0
D4 Number of all academic libraries (buildings)	0
D5 Number of all school libraries (agencies)	24
D6 Number of all school libraries (buildings)	37
D7 Number of all special libraries (agencies)	2
D8 Number of all special libraries (buildings)	2
D9 Number of all other types	0
Total Holdings Only Represented	38 agencies / 51 buildings

F. Participants	
F1 Participants as of June 30, 2018	72 Fully Participating members, 18 Basic Online members, 38 Union List members

I. Bibliographic Record Information	
I1 Total number of bibliographic records in database	1,026,464
I2 Total number of item records in database	4,426,122
I3 Total number of patrons listed in patron database	364,160

J. LLSAP Use by All Participants	
J1 Total search transactions in past 12 months (FY2018)	Not available
J2 Total circulation transactions in past 12 months (FY2018)	5,118,873
J3 Total interlibrary loan transactions in FY2018	644,792
J4 Total reciprocal borrowing transactions in FY2018	772,285

K. Cost and Revenue Information	
K1 Annual Total Fees Received From Full Members	\$835,084
K2 Annual Total Fees Received From Partial Members	\$32,744
K3 Annual Fees/Support Received From RLS	\$552,049
K4 FTEs Charged to LLSAP Operating Expenses	12.14
K5 FTEs Supporting LLSAP but Not Charged to LLSAP operating costs	N/A
K6 Annual Total Cost of Operating the LLSAP	\$1,469,956

L. Cost Components of Operating the LLSAP	
Personnel	\$943,058
Library Materials	\$0
Buildings & Grounds	\$1,185
Vehicle Expense	\$5,524
Travel & CE for Staff & Board	\$24,220
Continuing Education & Meetings / Others	\$15,346
Public Relations	\$1,117
Liability Insurance	\$4,441
Supplies, Postage & Printing	\$10,997
Telephone and Telecomm	\$9,240
Equipment Rental, Repair & Maintenance	\$0
Professional Services	\$21,052
Contractual Services	\$857,809
Interlibrary Loan Charges	\$0
Professional Association Membership Dues	\$541
Miscellaneous	\$5,417
Total All Expenditures	\$1,899,947
Contractual Reimbursement Revenues Billed to LLSAP and CE Networking Grant	<\$429,991>
Total Operating Expenses Less Contractual Reimbursements	\$1,469,956

M. Cost Components to Participate in the LLSAP—Startup	
ILS vendor charge per library (varies by size of library)	\$5,000 to \$10,000
Member charge (varies by membership level)	\$1,250 to \$5,000
Hardware expense (varies by library)	\$0 to \$5,000
Barcodes	\$0 to \$1,000

*All financial results are preliminary and unaudited pending completion of the fiscal year-end audit.

N. Cost Components to Participate in the LLSAP—Ongoing	
Per library fee (Union List)	\$675
Ongoing capital reserve contribution (Union List)	\$150
Per library fee (Basic Online)	\$2,000
Ongoing capital reserve contribution (Basic Online)	\$350
Per library fee (Fully Participating)	\$2,800
Ongoing capital reserve contribution (Fully Participating)	\$500
Per circulation fee (Basic Online or Fully Participating)	\$81 to \$11,142
Per item fee (Basic Online or Fully Participating)	\$424 to \$9,393
Per patron fee (Basic Online or Fully Participating)	\$159 to \$10,049
Delegates / PUG Day fee (Basic Online or Fully Participating)	\$31 to \$638
Hosting fee (Basic Online)	\$210
Hosting fee (Fully Participating)	\$300

**FY 2018 Library System Annual Report
LLSAP Annual Report
Section 4
Adapted from Appendix F of the zILLANE Study**

4. LLSAP Annual Report

4.1 This document is an Adaptation of Appendix F of the zILLANE Study.

Instructions

For FY2018, the format of this report is in two sections: **Section 1** is data for the entire RLS (Regional Library System), and **Section 2** is data for each individual LLSAP. We have maintained the same table and numbering scheme to allow the matching of data from preceding years.

Only one Section 1 needs to be submitted for the entire RLS.

Multiple Section 2 reports should be submitted, one for each individual LLSAP. (Individual LLSAP is defined as a separate system-supported automation group that used a separate integrated library system product for FY2018.)

URL for the zILLANE Report: <http://www.unt.edu/zillane/FinalReport.htm>

Section 2

Multiple Section 2 reports needs to be submitted, 1 for each LLSAP.

Tables 1, 2, B, C, D, F, I, J, K, L, M, N

Please note that we need to try to use common units across LLSAPs for comparison purposes. In counting the libraries in your LLSAP, please list both the agency and the buildings. For example a school district might be counted as an agency once but may have numerous buildings or campuses that are libraries.

Some categories of information will not apply to you, but for those that do, please provide requested information.

Tables 1 and 2 – specific instructions

Please use the following tables to report each individual LLSAP's costs (Table 1) and revenues (Table 2) for the last two fiscal years.

If you have other categories and/or line items to report, please add those to the tables. You can provide explanatory notes either in the tables or following the tables.

There may be categories and/or line items in the form for which you do not record costs or revenues. Please put a N/A in the *FY2018 columns for those items*.

Name of LLSAP: RSA NFP

Table 1: Individual LLSAP Operating Expenses

Expenditures	Expense Item	FY2018
Personnel**		
	Library Professionals	\$162,348
	Other Professionals	\$308,889
	Support Services	\$74,265
	Social Security Taxes (FICA)	\$40,026
	Unemployment Insurance	\$3,822
	Workers' Compensation	\$935
	Retirement Benefits	\$19,553
	Health, Dental, and Life Insurance	\$70,727
	Temporary Help	\$0
	Recruiting	\$0
	TOTAL	\$680,565
Library Materials		
	Print Materials	\$169
	Nonprint Materials	\$0
	E-Resources	\$134,472 (Includes \$68,714 – ADML funds held in trust and \$65,758 – eRead IL membership fees for the consortium)
	TOTAL	\$134,641
Buildings & Grounds		
	Rent	\$0
	Utilities	\$0
	Property Insurance	\$0
	Repairs & Maintenance	\$0
	Janitorial Services & Supplies	\$0
	Other	\$0
	TOTAL	\$0
Vehicle Expense		
	Gas & Oil	\$998
	Repairs & Maintenance	\$39
	Vehicle Insurance	\$2,877
	Vehicle Leasing & Rent	\$0
	TOTAL	\$3,914
Travel & CE for Staff & Board		
	In-State Travel	\$2,582
	Out-of-State Travel	\$9,783
	Registration & Other Fees	\$4,524
	TOTAL	\$16,889
Continuing Education & Meetings / Others		
	TOTAL	\$4,892 (Includes \$1,000 – RAILS CE Networking Grant for RSA Day Event)
Public Relations		
	TOTAL	\$212
Liability Insurance		
	TOTAL	\$4,931
Supplies, Postage & Printing		
	Computer Supplies	\$3,954

	General Office Supplies & Equipment	\$1,897
	Internal Printing/Photocopying	\$0
	Postage	\$0
	Library Supplies	\$0
	Other	\$0
TOTAL		\$5,851
Telephone & Telecomm		
	Local/Long Distance – Voice	\$7,300 (Covered amount under the RAILS contract – segregated amounts were not available in FY 2018)
	Telecomm – Data & Fax	\$0
TOTAL		\$7,300
Equipment Rental, Repair & Maintenance		
	Equipment Rental	\$0
	Equipment Repair & Maintenance	\$6,352
	Maintenance Agreement	\$0
	Computer Hardware Insurance	\$0 (Included with liability insurance figure above)
TOTAL		\$6,352
Professional Services		
	Legal	\$231
	Accounting	\$4,300
	Consulting	\$2,240
	Contractual Staff	\$0
TOTAL		\$6,771
Contractual Services		
	Information Services (bibliographic databases, online subscriptions, etc)	\$803
	Contractual Agreements	\$170,098 (\$150,371 – RAILS contract covers salaries, telecom, and other minor expenses included in other expense lines and \$19,727 – RAILS rebates for consortium-wide eRead IL participation)
	Other Contractual Services	\$266,881
	Outside Printing	\$0
TOTAL		\$437,782
Interlibrary Loan Charges		
TOTAL		\$0
Depreciation		
TOTAL		\$4,037
Professional Association Membership Dues		
TOTAL		\$559
Miscellaneous		
TOTAL		\$1,140
TOTAL OPERATING EXPENSES		\$1,315,836
Contractual Reimbursement Revenues Billed to LLSAP, eRead IL Consortium-Wide Participation Rebates, and CE Networking Grant		<\$171,098>
TOTAL OPERATING EXPENSES LESS CONTRACTUAL REIMBURSEMENTS***		\$1,144,738

*All financial results are preliminary and unaudited pending completion of the fiscal year-end audit.

**All personnel expenses are broken out and reported in personnel expenditure lines, including those charged to the RSA contract with RAILS.

***Excludes RAILS contract amount, RAILS eRead IL rebate, and RAILS continuing education grant amount.

**Table 2
LLSAP Annual Revenues**

Revenues	Revenue Item	FY2018
State Grants		
	TOTAL	\$0
Federal Grants		
	TOTAL	\$0
Other Grants		
	TOTAL	\$1,000
LLSAP Participation / Service Fees		
	Annual Participation Fees (from all categories of participants)	\$723,936
	One-Time Startup Fees	\$1,680
	Other (please describe)	\$0
	TOTAL	\$725,616
Interest Income		
	TOTAL	\$18,382
Other Revenue		
	TOTAL	\$92,555 (Includes \$71,176 – ADML funds held in trust, \$19,727 – eRead IL rebates for consortium-wide participation, \$3,392 – Envisionware maintenance reimbursement offset by corresponding amount in Other Contractual Services Expense, \$635 – credit card cash back rewards, and <\$2,375> - prior year accounts receivable write-off of Henry-Senachwine Schools member fees)
	TOTAL REVENUE	\$837,553

*All financial results are preliminary and unaudited pending completion of the fiscal year-end audit.

Tables B-O: LLSAP Supplemental Information

B. LLSAP Participation Information – Full Fee-Paying Participant	
B1 Number of all public libraries (agencies)	47
B2 Number of all public libraries (buildings)	68
B3 Number of all academic libraries (agencies)	4
B4 Number of all academic libraries (buildings)	4
B5 Number of all school libraries (agencies)	22
B6 Number of all school libraries (buildings)	43
B7 Number of all special libraries (agencies)	1
B8 Number of all special libraries (buildings)	1
B9 Number of all other types	0
Total Full Fee-Paying Participants	74
Is RLS an LLSAP participant?	No
Does RLS pay participation fees as others?	N/A

C. LLSAP Participation Information – Partial Fee-Paying Participant	
C1 Number of all public libraries (agencies)	45
C2 Number of all public libraries (buildings)	45
C3 Number of all academic libraries (agencies)	0
C4 Number of all academic libraries (buildings)	0
C5 Number of all school libraries (agencies)	19
C6 Number of all school libraries (buildings)	26
C7 Number of all special libraries (agencies)	0
C8 Number of all special libraries (buildings)	0
C9 Number of all other types	0
Total Partial Fee-Paying Participants	64

D. LLSAP Participation Information – Holdings Only Represented	
D1 Number of all public libraries (agencies)	3
D2 Number of all public libraries (buildings)	3
D3 Number of all academic libraries (agencies)	0
D4 Number of all academic libraries (buildings)	0
D5 Number of all school libraries (agencies)	5
D6 Number of all school libraries (buildings)	5
D7 Number of all special libraries (agencies)	1
D8 Number of all special libraries (buildings)	1
D9 Number of all other types	0
Total Holdings Only Represented	9

F. Participants	
F1 Participants as of June 30, 2018	147

I. Bibliographic Record Information	
I1 Total number of bibliographic records in database	1,107,514
I2 Total number of item records in database	4,617,428
I3 Total number of patrons listed in patron database	359,136

J. LLSAP Use by All Participants	
J1 Total search transactions in past 12 months (FY2018)	3,600,592
J2 Total circulation transactions in past 12 months (FY2018)	6,334,297
J3 Total interlibrary loan transactions in FY2018	ILL Transactions of Items In RSA's System Only: 648,173
J4 Total reciprocal borrowing transactions in FY2018	RCIP Transactions of Items In RSA's System Only: 950,716

K. Cost and Revenue Information	
K1 Annual Total Fees Received From Full Members	\$629,111
K2 Annual Total Fees Received From Partial Members	\$94,825 (\$85,290 received from Basic Online Members, \$9,360 received from Union List Members, and \$175 received from ADML Members who are not RSA Members)
K3 Annual Fees/Support Received From RLS	\$574,588
K4 FTEs Charged to LLSAP Operating Expenses	10.20
K5 FTEs Supporting LLSAP but Not Charged to LLSAP operating costs	0
K6 Annual Total Cost of Operating the LLSAP	\$1,144,738

L. Cost Components of Operating the LLSAP	
Personnel	\$680,565
Library Materials	\$134,641
Buildings & Grounds	\$0
Vehicle Expense	\$3,914
Travel & CE for Staff & Board	\$16,889
Continuing Education & Meetings/Others	\$4,892
Public Relations	\$212
Liability Insurance	\$4,931
Supplies, Postage, & Printing	\$5,851
Telephone & Telecomm	\$7,300
Equipment Rental, Repair & Maintenance	\$6,352
Professional Services	\$6,771
Contractual Services	\$437,782
Interlibrary Loan Charges	\$0
Depreciation	\$4,037
Professional Association Membership Dues	\$559
Miscellaneous	\$1,140
Total All Expenditures	\$1,315,836
Contractual Reimbursement Revenues Billed to LLSAP, eRead IL Consortium-Wide Participation Rebates, and CE Networking Grant	<\$171,098>
Total Operating Expenses Less Contractual Reimbursements	\$1,144,738

*All financial results are preliminary and unaudited pending completion of the fiscal year-end audit.

M. Cost Components to Participate in the LLSAP—Startup	
Online Member	Mandatory: \$1,200 setup fee. Optional: \$2,500 to \$40,000 (Depending on number of bib records + equipment and data migration costs. Note: Most new members choose to skip the data migration costs and only pay the setup fee.)
Basic Online Member	Mandatory: \$1,200 setup fee. Optional: up to \$1,500 in new equipment costs if current equipment isn't compatible.
Union Listing Member	No longer offered to new members.

N. Cost Components to Participate in the LLSAP—Ongoing	
RSA Membership Fee (paid by all RSA Members)	\$500
Full Online Access/Usage Fee (in addition to RSA membership fee)	\$1,970 - \$72,300
Basic Online Access/Usage Fee (in addition to RSA membership fee)	\$852 single library, \$1,372 main + branch
Union Listing Access/Usage Fee (in addition to RSA membership fee)	\$436
Additional Non-OCLC member fee for non-OCLC libraries	+10% of total RSA membership + Access/Usage fee

**FY 2018 Library System Annual Report
LLSAP Annual Report
Section 4
Adapted from Appendix F of the zILLANE Study**

4. LLSAP Annual Report

4.1 This document is an Adaptation of Appendix F of the zILLANE Study.

Instructions

For FY2018, the format of this report is in two sections: **Section 1** is data for the entire RLS (Regional Library System), and **Section 2** is data for each individual LLSAP. We have maintained the same table and numbering scheme to allow the matching of data from preceding years.

Only one Section 1 needs to be submitted for the entire RLS.

Multiple Section 2 reports should be submitted, one for each individual LLSAP. (Individual LLSAP is defined as a separate system-supported automation group that used a separate integrated library system product for FY2018.)

URL for the zILLANE Report: <http://www.unt.edu/zillane/FinalReport.htm>

Section 2

Multiple Section 2 reports needs to be submitted, 1 for each LLSAP.

Tables 1, 2, B, C, D, F, I, J, K, L, M, N

Please note that we need to try to use common units across LLSAPs for comparison purposes. In counting the libraries in your LLSAP, please list both the agency and the buildings. For example a school district might be counted as an agency once but may have numerous buildings or campuses that are libraries.

Some categories of information will not apply to you, but for those that do, please provide requested information.

Tables 1 and 2 – specific instructions

Please use the following tables to report each individual LLSAP's costs (Table 1) and revenues (Table 2) for the last two fiscal years.

If you have other categories and/or line items to report, please add those to the tables. You can provide explanatory notes either in the tables or following the tables.

There may be categories and/or line items in the form for which you do not record costs or revenues. Please put a N/A in the *FY2018 columns for those items*.

Name of LLSAP: SWAN

Table 1: Individual LLSAP Operating Expenses

Expenditures	Expense Item	FY2018
Personnel		
	Library Professionals	\$311,235
	Other Professionals	\$813,620
	Support Services	\$251,490
	Vacation Expense	\$25,609
	Social Security Taxes (FICA)	\$100,547
	Unemployment Insurance	\$1,270 (SWAN is on a reimbursable unemployment basis)
	Workers' Compensation	\$3,648
	Retirement Benefits	\$133,299
	Health, Dental, and Life Insurance	\$188,615
	Wellness Benefits	\$2,244
	Temporary Help	\$0
	Recruiting	\$425
	TOTAL	\$1,832,002
Library Materials		
	Print Materials	\$15,047
	Nonprint Materials	\$0
	E-Resources	\$389
	TOTAL	\$15,436
Buildings & Grounds		
	Rent	\$102,631
	Utilities	\$6,169
	Property Insurance	\$1,476
	Repairs & Maintenance	\$1,419
	Janitorial Services & Supplies	\$10,370
	Other	\$150
	TOTAL	\$122,215
Vehicle Expense		
	Gas & Oil	\$0
	Repairs & Maintenance	\$0
	Vehicle Insurance	\$0
	Vehicle Leasing & Rent	\$0
	TOTAL	\$0
Travel & CE for Staff & Board		
	In-State Travel	\$3,103
	Out-of-State Travel	\$4,208
	Registration & Other Fees	\$3,048
	TOTAL	\$10,359
Continuing Education & Meetings / Others		
	TOTAL	\$19,843
Public Relations		
	TOTAL	\$857
Liability Insurance		
	TOTAL	\$8,550
Supplies, Postage & Printing		
	Computer Supplies	\$29,221
	General Office Supplies & Equipment	\$3,603
	Internal Printing/Photocopying	\$0
	Postage	\$900

	Library Supplies	\$0
	Other	\$0
TOTAL		\$33,724
Telephone & Telecomm		
	Local/Long Distance – Voice	\$25,043 (Segregated amounts were not available in FY 2018)
	Telecomm – Data & Fax	\$0
TOTAL		\$25,043
Equipment Rental, Repair & Maintenance		
	Equipment Rental	\$3,936
	Equipment Repair & Maintenance	\$356,088
	Maintenance Agreement	\$0
	Computer Hardware Insurance	\$0 (Included with liability insurance figure above)
TOTAL		\$360,024
Professional Services		
	Legal	\$2,840
	Accounting	\$9,700
	Consulting	\$13,065
	Payroll Service Fees	\$3,088
	Contractual Staff	\$2,400
TOTAL		\$31,093
Contractual Services		
	Information Services (bibliographic databases, online subscriptions, etc)	\$228,529
	Contractual Agreements	\$158,748 (New 19 member expenses covered by the RAILS LLSAP Grant)
	Other Contractual Services	\$16,948
	Outside Printing	\$0
TOTAL		\$404,225
Interlibrary Loan Charges		
TOTAL		\$0
Group Purchases		
TOTAL		\$3,309
Depreciation		
TOTAL		\$52,793
Professional Association Membership Dues		
TOTAL		\$100
Miscellaneous		
TOTAL		\$6,041
TOTAL OPERATING EXPENSES		\$2,925,614

*All financial results are preliminary and unaudited pending completion of the fiscal year-end audit.

**Table 2
LLSAP Annual Revenues**

Revenues	Revenue Item	FY2018
State Grants		
	TOTAL	\$0
Federal Grants		
	TOTAL	\$0
Other Grants**		
	TOTAL	\$253,748
LLSAP Participation / Service Fees		
	Annual Participation Fees (from all categories of participants)	\$1,784,355
	One-Time Startup Fees	\$0 (Included with other grants figure above)
	Other (please describe)	\$0
	TOTAL	\$1,784,355
Interest Income		
	TOTAL	\$21,793
Other Revenue***		
	TOTAL	\$542,009
	TOTAL REVENUE	\$2,601,905

*All financial results are preliminary and unaudited pending completion of the fiscal year-end audit.

**RAILS New 19 LLSAP grant for former MAGIC and LINC member libraries to join SWAN, including a \$95,000 joining fee.

***SWAN food service fees for SWAN user group meeting, printing reimbursements from MAGIC and LINC for New 19 promotional materials, reciprocal borrowing and ILL losses billed and collected from the members and other libraries, collection agency fees billed and collected from the members and other libraries, RAILS support of \$503,448, and two small group purchases.

Tables B-O: LLSAP Supplemental Information

B. LLSAP Participation Information – Full Fee-Paying Participant	
B1 Number of all public libraries (agencies)	91
B2 Number of all public libraries (buildings)	93
B3 Number of all academic libraries (agencies)	2
B4 Number of all academic libraries (buildings)	2
B5 Number of all school libraries (agencies)	1
B6 Number of all school libraries (buildings)	3
B7 Number of all special libraries (agencies)	3
B8 Number of all special libraries (buildings)	3
B9 Number of all other types	0
Total Full Fee-Paying Participants	97
Is RLS an LLSAP participant?	No
Does RLS pay participation fees as others?	No

C. LLSAP Participation Information – Partial Fee-Paying Participant	
C1 Number of all public libraries (agencies)	4
C2 Number of all public libraries (buildings)	4
C3 Number of all academic libraries (agencies)	1
C4 Number of all academic libraries (buildings)	1
C5 Number of all school libraries (agencies)	10
C6 Number of all school libraries (buildings)	40
C7 Number of all special libraries (agencies)	0
C8 Number of all special libraries (buildings)	0
C9 Number of all other types	0
Total Partial Fee-Paying Participants	15

D. LLSAP Participation Information – Holdings Only Represented	
D1 Number of all public libraries (agencies)	0
D2 Number of all public libraries (buildings)	0
D3 Number of all academic libraries (agencies)	0
D4 Number of all academic libraries (buildings)	0
D5 Number of all school libraries (agencies)	0
D6 Number of all school libraries (buildings)	0
D7 Number of all special libraries (agencies)	0
D8 Number of all special libraries (buildings)	0
D9 Number of all other types	0
Total Holdings Only Represented	0

F. Participants	
F1 Participants as of June 30, 2018	112

I. Bibliographic Record Information	
I1 Total number of bibliographic records in database	1,554,223
I2 Total number of item records in database	8,490,004
I3 Total number of patrons listed in patron database	1,156,614

J. LLSAP Use by All Participants	
J1 Total search transactions in past 12 months (FY2018)	Not tracked
J2 Total circulation transactions in past 12 months (FY2018)	13,576,839
J3 Total interlibrary loan transactions in FY2018	1,191,077
J4 Total reciprocal borrowing transactions in FY2018	1,439,642

K. Cost and Revenue Information	
K1 Annual Total Fees Received From Full Members	\$1,775,864
K2 Annual Total Fees Received From Partial Members	\$8,491
K3 Annual Fees/Support Received From RLS**	\$764,345
K4 FTEs Charged to LLSAP Operating Expenses	19.5
K5 FTEs Supporting LLSAP but Not Charged to LLSAP operating costs	N/A
K6 Annual Total Cost of Operating the LLSAP	\$2,925,614

L. Cost Components of Operating the LLSAP	
Personnel	\$1,832,002
Library Materials	\$15,436
Buildings & Grounds	\$122,215
Vehicle Expense	\$0
Travel & CE for Staff & Board	\$10,359
Continuing Education & Meetings/Others	\$19,843
Public Relations	\$857
Liability Insurance	\$8,550
Supplies, Postage & Printing	\$33,724
Telephone & Telecomm	\$25,043
Equipment Rental, Repair & Maintenance	\$360,024
Professional Services	\$31,093
Contractual Services	\$404,225
Interlibrary Loan Charges	\$0
Group Purchases	\$3,309
Depreciation	\$52,793
Professional Association Membership Dues	\$100
Miscellaneous	\$6,041
Total All Expenditures	\$2,925,614

M. Cost Components to Participate in the LLSAP—Startup	
Library Fee	\$6,406
Circulation Fee	\$25 - \$24,432
Title Fee	\$713 - \$25,957
Staff License Fee	\$845 - \$18,599

N. Cost Components to Participate in the LLSAP—Ongoing	
Library Fee	\$493,285
Circulation Fee	\$244,692
Title Fee	\$570,947
Staff License Fee	\$358,881
Total SWAN Fees	\$1,667,805

*All financial results are preliminary and unaudited pending completion of the fiscal year-end audit.

**Includes RAILS New 19 LLSAP grant of \$253,748 for former MAGIC and LINC member libraries to join SWAN.

**FY 2018 Library System Annual Report
Delivery Annual Report
Section 5**

5.1 Delivery Annual Report

In addition to including delivery goals, objectives, and activities in the Annual Report Narrative (1.1) and statistics in the Annual Report section 3.1.4, complete Tables 1 and 2 with information specific to the delivery service only.

For FY2018, this report includes both system and ILDS delivery.

Table 1: Delivery Operating Expenses

Delivery Expenditures	Expense Item	FY2018 System Delivery	FY2018 ILDS
Delivery Personnel			
	Library Professionals		
	Other Professionals	282,300	0
	Support Services	790,627	410,452
	Social Security Texas (FICA)	76,490	30,528
	Unemployment Insurance	13,517	6,853
	Workers' Compensation	75,284	33,796
	Retirement Benefits	35,988	14,363
	Health, Dental, and Life Insurance	174,884	69,796
	Temporary Help	51,405	1,545
	Recruiting		
	TOTAL	1,500,495	566,333
Delivery Buildings & Grounds			
	Rent	127,662	0
	Utilities	6,185	0
	Property Insurance	0	0
	Repairs & Maintenance	3,893	0
	Janitorial Services & Supplies	64	0
	Other	1,118	0
	TOTAL	138,922	0
Delivery Vehicle Expense			
	Fuel	139,239	84,770
	Repairs & Maintenance	102,687	34,229
	Vehicle Insurance	46,978	7,618
	Vehicle Leasing & Rent	9,965	0
	TOTAL	298,869	126,617
Travel & CE for Delivery Staff			
	In-State Travel	2,323	0
	Out-of-State Travel	758	0
	Registration & Other Fees	1,718	0
	TOTAL	4,799	0
Delivery Liability Insurance			
	TOTAL	0	0

Delivery Expenditures	Expense Item	FY2018 System Delivery	FY2018 ILDS
Supplies, Postage & Printing			
	Delivery Supplies	54,595	0
	General Office Supplies & Equipment	219	0
	Internal Printing/Photocopying	0	0
	Postage	9,002	0
	Library Supplies	0	0
	Other	1,031	0
	TOTAL	64,847	0
Delivery Telephone & Telecomm			
	Local/Long Distance – Voice	8,904	0
	Telecomm – Data & Fax	0	0
	TOTAL	8,904	0
Delivery Equipment Rental, Repair & Maintenance			
	Equipment Rental	2,125	0
	Equipment Repair & Maintenance	0	0
	Maintenance Agreement	0	0
	Computer Hardware Insurance	0	0
	TOTAL	2,125	0
Delivery Professional Services			
	Legal	0	245
	Accounting	0	0
	Consulting	32,727	0
	Contractual Staff	0	0
	TOTAL	32,727	245
Delivery Contractual Services			
	Contractual Agreements with commercial carriers	899,753	245,622
	TOTAL	899,753	245,622
TOTAL OPERATING EXPENSES		2,951,441	938,817

Table 2: Delivery Supplemental Statistics as of June 30, 2018

2.1 All Agencies	Number receiving system-provided delivery	ILDS Stops	Number receiving outsourced delivery	MAIL	Total
Public libraries (agencies)	261		129	11	401
Academic libraries (agencies)	98	96	10	11	215
School libraries (agencies)	117	1	16	212	346
Special libraries (agencies)	19	6	92	52	169
TOTAL	495	103	247	286	1131

3.3 CDP Agencies	Number participating in CDPs as host	Number participating in CDPs as participant
Public libraries (agencies)	1	13
Academic libraries (agencies)	150	7
School libraries (agencies)	5	217
Special libraries (agencies)	0	26
System	1	0
TOTAL	157	263

3.5 Agency Delivery by Frequency	Number in functional frequency categories (include all types of delivery)
On Demand	436
1 day per week	14
2 day per week	151
3 day per week	52
4 day per week	10
5 day per week	353
Other	0
TOTAL	1016