

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITOR'S REPORT

September 12, 2022

Members of the Board of Directors
Reaching Across Illinois Library System

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Reaching Across Illinois Library System (RAILS), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise RAILS' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of RAILS, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2022 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 the effectiveness of RAILS' 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.

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

Reaching Across Illinois Library System

Management's Discussion and Analysis

June 30, 2022

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, 2022. RAILS formed on July 1, 2011 as a merger of five previously existing library systems, so these activities represent RAILS' eleventh year of operations. Comparative data to RAILS' prior year of operations, ended June 30, 2021 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 its Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

Financial Highlights

- Assets/deferred outflows exceeded liabilities/deferred inflows by \$31,095,178 (net position) at the close of the fiscal year. The total net position for RAILS increased \$2,280,777 from the June 30, 2021 amount, primarily from an increase in IMRF pension plan earnings.
- Of the net position amount, \$6,756,192 is restricted for IMRF pension items, consisting of a net pension asset of \$15,081,150 and deferred outflows of resources (\$135,610), partially offset by deferred inflows of resources (\$8,460,568). The net amounts restricted for pension items increased \$2,532,209 from the prior year amounts. The investment in capital assets, net of any debt used to acquire those assets, is \$1,649,264. The remaining balance of \$22,689,722 is unrestricted and available to fund future operations.
- Total governmental funds reported an end of the year fund balance of \$22,865,960, a decrease of \$93,777 from the prior year-end funds balance. Cash and investments were \$23,434,969, an increase of \$98,078 from the prior year-end funds balance. The General Fund cash and investments balance of \$21,066,541 would be an amount sufficient to fund approximately 20 months of General Fund expenditures. In addition, RAILS has a \$2,368,428 balance in its Capital Projects fund that could be reassigned, if necessary, to fund operations.
- Governmental funds reported a combined total of \$12,441,340 in revenues and \$13,078,243 in expenditures. Area and Per Capita (APC) Grant revenues, RAILS' primary source of revenues, were \$9,985,530, the entire amount awarded for fiscal year 2022.
- Some of RAILS's planned travels and conferences were curtailed or greatly modified due to the continuance of the COVID-19 pandemic.
- Payment timing from the State for the APC grant remained significantly improved during fiscal year 2022. The entire amount (\$9,985,530) of the fiscal year 2022 award was received by May for the second fiscal year in a row.
- During fiscal year 2022, the budget was not amended. Two grants were awarded subsequent to the budget preparation but were not incorporated into an amended budget.
- The General Fund's total revenues of \$12,441,340 were \$119,839 above the final budget, primarily due to the receipt of \$85,742 of two additional grants for the continued development and maintenance of L2 and specialized cataloging for special languages and special formats.

- Total General Fund expenditures of \$13,015,376 were above the final budget by \$213,705 due primarily to above budget Capital Outlays for leases from the implementation of GASB 87 (\$543,126), partially offset by below budget Contractual Services expenditures (\$291,891).
- RAILS completed the eighth year of its contract for statewide delivery between academic libraries. This contract became effective on July 1, 2016 and was renewed for a three-year period effective July 1, 2019.

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 funds) 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 administration specifically relating to public, academic, school and special libraries; 2) Delivery; 3) the administration of the eRead Illinois program; 4) RAILS' group purchases; 5) LLSAP (Local Library System Automation Program) support; 6) the Find More Illinois system, which was introduced during late fiscal year 2018 and expanded in fiscal year 2019; 7) the L-2 Replacement and Ongoing Maintenance Project grant; 8) the Catalog Support grant. LLSAPs are shared online catalog provider entities (CCS, Pinnacle Library Cooperative, PrairieCat, Rock River Library Consortium, RSA NFP and SWAN) that RAILS helps support. 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 2022 and 2021, RAILS recorded no business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. RAILS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of RAILS 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 two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Capital Projects Fund, both of which are considered to be major funds. LLSAP 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 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 2021.

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. In fiscal year 2022, financial support was provided to the six LLSAPs as direct quarterly payments to/from RAILS.

Notes to the Financial Statements

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

Other Information

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

Financial Analysis of RAILS as a Whole
Government-Wide Financial Statements

As noted earlier, net position may serve over time as a useful indicator of RAILS' financial position. Prior year data (RAILS' tenth year of operations, fiscal year 2021) is shown. The following table reflects the condensed Statement of Net Position as of June 30, 2022:

Table 1
Governmental Activities

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 23,972,497	\$ 23,812,450
Capital assets	2,217,261	1,820,999
Net pension assets, IMRF	15,081,150	9,528,749
Deferred outflows, IMRF	135,610	62,999
Total Assets & Def. Outflows	<u>41,406,518</u>	<u>35,225,197</u>
Long-term liabilities	524,430	152,042
Other liabilities	1,326,342	890,723
Deferred inflows, IMRF	8,460,568	5,367,765
Total Liabilities	<u>10,311,340</u>	<u>6,410,530</u>
Invested in capital assets	1,649,264	1,820,999
Restricted – IMRF Pension	6,756,192	4,223,983
Unrestricted	<u>22,689,722</u>	<u>22,769,685</u>
Total Net Position	<u>\$ 31,095,178</u>	<u>\$ 28,814,667</u>

The governmental activities end-of-year total net position was \$31,095,178. Current and other assets primarily consisted of cash and investments (\$23.4 million). Long-term liabilities were the liability for compensated absences and leases payable. Other liabilities consisted primarily of due to other governments (\$0.5 million), accounts payable and accrued liabilities (\$0.2 million), leases payable (\$0.2 million), and accrued payroll (\$0.2 million).

Although there were significant variations from the prior year-end amounts in the items related to the IMRF pension (net pension assets, IMRF, deferred outflows, IMRF and Deferred inflows, IMRF), the net change in the amounts pertaining to these various IMRF pension items was an increase of \$2,532,209 from the prior year. This increase accounted for 100.0% of the \$2,280,511 increase in net position. A net pension asset of \$15,081,150 was recorded as of June 30, 2022 compared to a net pension asset of \$9,528,749 as of June 30, 2021. A deferred inflow of \$8,460,568 was recorded as of June 30, 2022 compared to the prior year deferred inflow of \$5,367,765, and the deferred outflow of \$135,610 was increased from a prior year deferred outflow of \$62,999.

The amounts invested in capital assets decreased by \$171,735 due to depreciation expense of \$409,760 less than offsetting purchases of \$605,993, primarily of computers and one vehicle. RAILS deferred some capital expenses for computers and vehicles due to supply chain issues caused by the pandemic.

Current and other assets increased \$0.2 million from the prior year-end amount. This was due primarily to an increase accounts receivable (\$0.1 million) as well as an increase in cash and investments (\$0.1

million). Cash and investments increased primarily from the fiscal year 2022 collection of \$0.1 million of June 30, 2021 receivables due from other governments. Accounts receivable increased primarily due to the later billing on behalf of the Electronic Content Consortium, an eBook consortium that RAILS provides limited accounting services for.

The following table summarizes the government-wide statement of changes in net position for the years ended June 30, 2022 and June 30, 2021:

Table 2
Governmental Activities

	2022	2021
REVENUES		
Program Revenues:		
Charges for Services	\$ 2,336,784	\$ 2,078,752
Operating Grants	10,083,435	10,410,459
Total Program Revenues:	12,420,219	12,489,211
Investment Income	2,853	24,938
Miscellaneous	2,550,477	1,941,224
Total Revenues	<u>14,973,549</u>	<u>14,455,373</u>
EXPENSES		
Administration	4,074,763	4,015,339
L-2 Replacement Project	63,642	117,368
Census 2020	-	235,823
Catalog Support	16,265	-
Find More Illinois	151,402	108,516
eRead Illinois	378,754	358,128
eBook Grant	-	125,000
Group Purchases	1,355,719	1,188,409
Delivery	4,338,820	3,845,852
LLSAP	2,313,407	2,277,167
Total Expenses	<u>12,692,772</u>	<u>12,271,602</u>
Increase (Decrease) in net position before contributions and transfers	2,280,777	2,183,771
Prior Period Adjustment	(266)	-
Beginning Net Position as Restated	<u>28,814,401</u>	<u>26,630,896</u>
Total Net Position	<u>\$ 31,095,178</u>	<u>\$ 28,814,667</u>

RAILS' total revenues for fiscal year 2022 were \$14,973,549, an increase of \$518,176, or 3.6%, from the prior year, due to an increase in miscellaneous revenues (\$609,253), of which \$618,770 consisted of the net increase in IMRF pension items, and a \$258,032 increase in charges for services. Partially offsetting these increases were a \$327,024 decrease in operating grants and a \$22,085 decrease in investment income. Operating grants decreased as revenues of two grants – the Census 2020 Program, initially awarded for fiscal year 2020 and extended into fiscal year 2021, terminated and the eBook Program terminated. An additional grant, the Specialized Cataloging Program, awarded during fiscal year 2022, partially offset these decreases. Investment income decreased primarily due to the investment in a series of ladder Treasury Notes, the market value of which varies significantly over the fiscal year but gradually increases to the face value as individual maturities are reached. Charges for Services increased due primarily to group purchase increases, due primarily to the growth of the program and additions of new vendors.

RAILS' fiscal year 2022 expenses totaled \$12,692,772, an increase of \$421,170 from fiscal year 2021 expenses, primarily from increased delivery expenses (\$492,968), increased group purchases expenses (\$167,310), partially offset by lower Census 2020 and eBook grant project expenses (\$360,823). Delivery expenses increased due to the implementation of GASB 87 for leases (\$423,018) as well as the increase in vehicle costs for fuel and repairs (\$182,596), the result of increased market-wide fuel prices as well as the aging of the delivery fleet. Group purchases expenses increased due to the growth of the program and the addition of new vendors. The Census 2020 and eBook grants were discontinued in fiscal year 2022.

Financial Analysis of RAILS' Funds

For the fiscal year ended June 30, 2022, the governmental funds had a combined fund balance of \$22,865,960, of which \$20,511,792 was within the General Fund, which is the main operating fund of RAILS, and \$2,354,168 within the Capital Projects Fund. Revenues of \$12,441,340, consisting entirely of operating revenues, were \$119,839 above the final budget primarily from the unbudgeted additions of three grants for the continued development and maintenance of L-2, specialized cataloging, as well as a grant from FEMA related to pandemic related mitigation expenditures.

Expenditures of \$13,078,243 were \$2,075 above budget due to higher General Fund (\$213,705) partially offset by below budget Capital Projects Fund (\$211,633) expenditures.

General Fund expenditures were above budget due primarily to above budget Capital Outlays related to the implementation of GASB 87 (\$543,126), Vehicle Expenditures (\$92,316), and Library Materials (\$77,749), partially offset by below budget Contractual Services (\$291,891), Travel and Continuing Education (\$127,872), and Professional Services (\$88,532).

Capital Outlays were above budget due to the expenditures that were recorded for the implementation of GASB 87 during fiscal year 2022. These expenditures are offset by revenues and do not affect fund balance.

Vehicle expenditures were above budget mainly due to above budget fuel costs from the pandemic and the war in the Ukraine (\$58,409), as well as high than expected vehicle repairs due to the market wide shortage of new vehicles to replace our aging fleet.

Library Materials were above budget mostly due to the growth of the group purchase program, specifically the EBSCO group purchase as well as the addition of several new vendors.

Contractual Services was below budget primarily due to lower catalog membership grant awards (\$108,492), the renegotiation of the BiblioBoard platform fees that resulted in a savings (\$91,886), and lower delivery expenditures (\$40,801) due to fewer deliveries to academic institutions.

Travel and Continuing Education expenditures were nearly 63% below budget as RAILS greatly reduced out-of-state travel during fiscal year 2022, in-state travel was significantly reduced, and there were no educational events held at RAILS' facilities, due to pandemic restrictions. Training events conducted were via webinars and ZOOM for the majority of the year with travel resuming very close to the end of the fiscal year.

Professional Services expenditures were under budget primarily due to the deferral of the website redesign (\$50,000) as well as the bulk of the expenditures for the specialized cataloging grant that was awarded for fiscal year 2022 and extended into fiscal year 2023.

There were several capital outlays during fiscal year 2022 for computers and one vehicle, but RAILS deferred the remainder until fiscal year 2023 due to market wide shortages from the pandemic.

The following table summarizes General Fund actual and budget net changes in fund balance for the years ended June 30, 2022 and June 30, 2021:

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

	Fiscal Year 2022		Fiscal Year 2021	
	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues:				
State Grants	\$ 9,985,530	\$ 9,985,530	\$ 9,985,530	\$ 15,348,030
Other	2,335,971	2,455,810	2,242,916	2,131,478
Total revenues	<u>12,321,501</u>	<u>12,441,340</u>	<u>12,228,446</u>	<u>17,479,508</u>
Expenditures and Transfers:				
Expenditures - Current	12,801,668	13,015,376	12,211,009	11,600,727
Expenditures - Capital Outlay	-	-	-	-
Total expenditures	<u>12,801,668</u>	<u>13,015,376</u>	<u>12,211,009</u>	<u>11,600,727</u>
Excess (Deficit) of Revenues over Expenditures	(480,167)	(574,036)	17,437	5,878,781
Other Financing Sources	-	543,126	-	-
Net Change in Fund Balance	<u>\$ (480,167)</u>	<u>\$ (30,910)</u>	<u>\$ 17,437</u>	<u>\$ 5,878,781</u>

During fiscal year 2022, there were no amendments to the budget.

There were no fiscal year 2021 revenues from other financing sources, but, due to the implementation of GASB 87 during fiscal year 2022, lease proceeds of \$543,126 were recorded for the current fiscal year. RAILS, beginning in fiscal year 2016, accounts for all capital outlays within the Capital Projects Fund.

Capital Assets

At the end of fiscal year 2022, RAILS Governmental activities had net capital assets of approximately \$2.2 million, \$0.4 million above the prior year amounts. Of this amount, approximately \$1.4 million was infrastructure (land and buildings and improvements), leased property was \$0.6 million, vehicles were \$0.2 million and computers and equipment approximated \$0.1 million. There were several capital expenses made in fiscal year 2022 for computers and one vehicle with other such expenses deferred due to market shortages from the pandemic.

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 approximately 1,300 public, private, university, and school library members, representing more than 4,200 library facilities in a 27,000 square mile area, and delivers approximately 9 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 through 2021, funding appropriations were restored to levels comparable to fiscal year 2015, but due to a large backlog of State liabilities and the additional stress to State revenues due to the pandemic, the timing of payments from the State of Illinois became increasingly delayed. In fiscal years 2021 and 2022 funding significantly improved to the extent that RAILS received its entire awarded fiscal year funding within the years to which it pertained.

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 Sharon Swanson, Finance Manager, Reaching Across Illinois Library System, 125 Tower Drive, Burr Ridge, IL 60527.

BASIC FINANCIAL STATEMENTS

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

- Government-Wide Financial Statements
- Fund Financial Statements

Governmental Funds

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Statement of Net Position

June 30, 2022

See Following Page

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 23,434,969
Receivables - Net of Allowances	
Accounts	288,312
Other	18,950
Prepays	230,266
Total Current Assets	<u>23,972,497</u>
Noncurrent Assets	
Capital Assets	
Non-Depreciable	107,000
Depreciable	6,212,788
Accumulated Depreciation	<u>(4,102,527)</u>
Total Capital Assets	2,217,261
Other Asset	
Net Pension Asset - IMRF	<u>15,081,150</u>
Total Noncurrent Assets	<u>17,298,411</u>
Total Assets	41,270,908
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>135,610</u>
Total Assets and Deferred Outflows of Resources	<u>41,406,518</u>

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

	<u>Governmental Activities</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 236,356
Other Payable	146,844
Due to Other Governments	520,764
Accrued Liabilities	19,974
Accrued Payroll	182,599
Compensated Absences Payable	35,248
Leases Payable	184,557
Total Current Liabilities	<u>1,326,342</u>
Noncurrent Liabilities	
Compensated Absences Payable	140,990
Leases Payable	383,440
Total Noncurrent Liabilities	<u>524,430</u>
Total Liabilities	<u>1,850,772</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>8,460,568</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,311,340</u>
NET POSITION	
Investment in Capital Assets	1,649,264
Restricted - IMRF Pension	6,756,192
Unrestricted	<u>22,689,722</u>
Total Net Position	<u><u>31,095,178</u></u>

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Statement of Activities

For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues		Net (Expenses)/
		Charges for Services	Operating Grants/ Contributions	Revenues and Change in Net Position Governmental Activities
Governmental Activities				
Culture and Recreation				
Administration	\$ 4,074,763	19,504	9,997,693	5,942,434
eRead Illinois	378,754	349,750	-	(29,004)
Group Purchases	1,355,719	1,354,930	-	(789)
L-2 Project	63,642	-	68,022	4,380
Catalog Support	16,265	-	17,720	1,455
Find More Illinois	151,402	26,600	-	(124,802)
Delivery	4,338,820	547,092	-	(3,791,728)
LLSAP Support	2,313,407	38,908	-	(2,274,499)
Total Primary Government	<u>12,692,772</u>	<u>2,336,784</u>	<u>10,083,435</u>	<u>(272,553)</u>
General Revenues				
				2,853
				<u>2,550,477</u>
				<u>2,553,330</u>
				Change in Net Position 2,280,777
				Net Position - Beginning as Restated <u>28,814,401</u>
				Net Position - Ending <u><u>31,095,178</u></u>

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Balance Sheet - Governmental Funds June 30, 2022

	General	Capital Projects	Totals
ASSETS			
Cash and Investments	\$ 21,066,541	2,368,428	23,434,969
Receivables - Net of Allowances			
Accounts	288,312	-	288,312
Other	18,950	-	18,950
Prepays	230,266	-	230,266
Total Assets	21,604,069	2,368,428	23,972,497
LIABILITIES			
Accounts Payable	222,096	14,260	236,356
Other Payable	146,844	-	146,844
Due to Other Governments	520,764	-	520,764
Accrued Liabilities	19,974	-	19,974
Accrued Payroll	182,599	-	182,599
Total Liabilities	1,092,277	14,260	1,106,537
FUND BALANCES			
Nonspendable	230,266	-	230,266
Assigned	-	2,354,168	2,354,168
Unassigned	20,281,526	-	20,281,526
Total Fund Balances	20,511,792	2,354,168	22,865,960
Total Liabilities and Fund Balances	21,604,069	2,368,428	23,972,497

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

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

June 30, 2022

Total Governmental Fund Balances	\$ 22,865,960
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	2,217,261
A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds. Net Pension Asset - IMRF	15,081,150
Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	(8,324,958)
Long-term liabilities/(assets) are not due and payable in the current period and therefore are not reported in the funds. Compensated Absences Payable Leases Payable	(176,238) <u>(567,997)</u>
Net Position of Governmental Activities	<u><u>31,095,178</u></u>

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended June 30, 2022

	General	Capital Projects	Totals
Revenues			
State Grants			
Area and Per Capita	\$ 9,985,530	-	9,985,530
Other State Grants	85,742	-	85,742
Federal Grants	12,163	-	12,163
Fees for Services and Materials	981,854	-	981,854
Reimbursements	1,366,649	-	1,366,649
Interest Income	2,853	-	2,853
Miscellaneous	6,549	-	6,549
Total Revenues	<u>12,441,340</u>	<u>-</u>	<u>12,441,340</u>
Expenditures			
Current			
Culture and Recreation			
Personnel	5,894,724	-	5,894,724
Library Materials	1,728,949	-	1,728,949
Buildings and Grounds	303,652	-	303,652
Vehicles	622,439	-	622,439
Travel and Continuing Education	93,192	-	93,192
Public Relations	5,313	-	5,313
Commercial Insurance	40,636	-	40,636
Supplies, Postage and Printing	276,365	-	276,365
Telephone and Communications	117,397	-	117,397
Equipment Rental, Repair and Maintenance	94,502	-	94,502
Professional Services	241,769	-	241,769
Contractual Services	2,836,303	-	2,836,303
Professional Association and Membership Dues	10,170	-	10,170
Miscellaneous	11,491	-	11,491
Capital Outlay	543,126	62,867	605,993
Debt Service			
Principal Retirement	175,424	-	175,424
Interest and Fiscal Charges	19,924	-	19,924
Total Expenditures	<u>13,015,376</u>	<u>62,867</u>	<u>13,078,243</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(574,036)	(62,867)	(636,903)
Other Financing Sources - Lease Proceeds	543,126	-	543,126
Net Change in Fund Balances	(30,910)	(62,867)	(93,777)
Fund Balances - Beginning	<u>20,542,702</u>	<u>2,417,035</u>	<u>22,959,737</u>
Fund Balances - Ending	<u>20,511,792</u>	<u>2,354,168</u>	<u>22,865,960</u>

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

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

For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ (93,777)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital Outlay	605,993
Depreciation Expense	(409,760)
An addition to a net pension asset is not considered to be an increase in a financial asset in the governmental funds.	
Increase to Net Pension Asset	5,552,401
The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.	
Change in Deferred Items - IMRF	(3,020,192)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal on long-term debt consumes the current financial resources of the governmental funds.	
Change in Compensated Absences Payable	13,814
Issuance of Leases Payable	(543,126)
Retirement of Leases Payable	175,424
Changes in Net Position of Governmental Activities	<u>2,280,777</u>

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

RAILS’ financial reporting entity comprises the following:

Primary Government:	Reaching Across Illinois Library System (RAILS)
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In determining the financial reporting entity, RAILS complies with the provisions of GASB Statement No. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34,” and includes all component units that have a significant operational or financial relationship with RAILS. Based upon the criteria set forth in the GASB Statement No. 61, there are no component units included in the reporting entity.

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.

BASIS OF PRESENTATION

Government-Wide Statements

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

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Government-Wide Statements – Continued

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

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

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

Fund Financial Statements

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

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

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

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

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds

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

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

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

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting

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

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

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are interest revenue and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash. In applying the susceptible to accrual concept to intergovernmental revenues (federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of those revenues. In one, monies must be expended 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.

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Cash and Investments

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

Interfund Receivables, Payables and Activity

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

Prepays

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

Capital Assets

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

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Capital Assets – Continued

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

Buildings and Improvements	20 - 50 Years
Furniture, Fixtures, Equipment and Computers	5 - 10 Years
Vehicles	5 - 8 Years

Deferred Outflows/Inflows of Resources

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

Compensated Absences

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

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

Net Position

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

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

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

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

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

1. The Finance Manager 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. 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.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUND

The General Fund had an excess of actual expenditures over budget of \$213,708 as of the date of this report.

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

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

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

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements

June 30, 2022

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Interest Rate Risk, Credit Risk, Concentration Risk and Custodial Credit Risk

At year-end, the carrying amount of RAILS' deposits totaled \$19,596,733 and the bank balances totaled \$19,807,525. In addition, RAILS has \$30,379 invested in the Illinois Funds at year-end and \$3,807,857 in IPRIME with an average maturity of less than one year.

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

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

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

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, RAILS' deposits may not be returned to it. To guard against custodial credit risk for deposits, 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. At year-end, the entire bank balance of deposits was covered by federal depository or equivalent insurance. For an investment, this is the risk that in the event of the failure of the counterparty, RAILS will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. It is the policy of RAILS to require all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as RAILS' agent separate from where the investment was purchased. At year-end, RAILS' investments in the Illinois Fund and IPRIME is not subject to custodial credit risk.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Restated Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 107,000	-	-	107,000
Depreciable/Amortized Capital Assets				
Buildings and Improvements	3,214,855	-	-	3,214,855
Furniture, Fixtures, Equipment and Computers	947,578	51,867	-	999,445
Vehicles	1,235,636	11,000	-	1,246,636
Leased Property (Intangible Asset)	208,726	543,126	-	751,852
	<u>5,606,795</u>	<u>605,993</u>	<u>-</u>	<u>6,212,788</u>
Less Accumulated Depreciation/Amortization				
Buildings and Improvements	1,845,753	101,131	-	1,946,884
Furniture, Fixtures, Equipment and Computers	900,133	13,087	-	913,220
Vehicles	938,184	111,600	-	1,049,784
Leased Property (Intangible Asset)	8,697	183,942	-	192,639
	<u>3,692,767</u>	<u>409,760</u>	<u>-</u>	<u>4,102,527</u>
Total Net Depreciable/Amortized Capital Assets	<u>1,914,028</u>	<u>196,233</u>	<u>-</u>	<u>2,110,261</u>
Total Net Capital Assets	<u>2,021,028</u>	<u>196,233</u>	<u>-</u>	<u>2,217,261</u>

Depreciation/amortization expense of \$409,760 was charged to the culture and recreation function.

LONG-TERM DEBT

Leases Payable

RAILS has maintained an operating lease for its 4607 Colt Road, Rockford, Illinois facility since June 16, 2012. The current lease has an initial term of two years beginning February 1, 2022 to January 31, 2024. The lease requires monthly payments of \$2,191 the first year and \$2,257 the second year. RAILS has the option to renew the lease up to three times, the amount of rent to be determined by the lesser of 3% or the consumer price index for the previous 12 months.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Leases Payable – Continued

RAILS has maintained an operating lease for its 1000 W. Crossroads Parkway, Bolingbrook, Illinois facility since June 1, 2013. RAILS has exercised its options to extend the lease, with the current extension being from June 1, 2021 to May 31, 2023. The current monthly rent is \$9,056.

RAILS entered into an operating lease at 715 and 717 Sabrina, East Peoria, Illinois. The initial term of the lease is from July, 1 2021 to June 30, 2023. The lease includes options to extend the terms of the lease for three additional one-year periods, with an increase in monthly rent of 2% over the previous year. The lease requires monthly payments of \$6,168 per month through the duration of the initial lease.

RAILS has the following leases outstanding at year-end:

Lease	Term Length	Commencement Date	Payments	Interest Rate
Bolingbrook Lease	24 Months	June 1, 2021	\$8,946 Per Month	2.96%
East Peoria Lease	60 Months	July 1, 2021	\$6,318 Per Month	3.69%
Rockford Lease	96 Months	February 1, 2022	\$2,436 Per Month	4.56%

Future lease payments are as follows:

Fiscal Year	Governmental Activities	
	Leases	
	Payable	
	Principal	Interest
2023	\$ 184,557	18,897
2024	91,618	13,961
2025	94,704	10,344
2026	99,731	6,582
2027	25,318	3,914
2028	26,495	2,737
2029	27,728	1,504
2030	17,846	285
Total	567,997	58,224

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

**Notes to the Financial Statements
June 30, 2022**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

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

Type of Debt	Restated Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Governmental Activities					
Compensated Absences	\$ 190,052	13,814	27,628	176,238	35,248
Leases Payable	200,295	543,126	175,424	567,997	184,557
	<u>390,347</u>	<u>556,940</u>	<u>203,052</u>	<u>744,235</u>	<u>219,805</u>

FUND BALANCE CLASSIFICATION

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

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

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

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

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATION – Continued

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

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

	General	Capital Projects	Totals
Fund Balances			
Nonspendable - Prepaids	\$ 230,266	-	230,266
Assigned - Capital Projects	-	2,354,168	2,354,168
Unassigned	20,281,526	-	20,281,526
	<u>20,511,792</u>	<u>2,354,168</u>	<u>22,865,960</u>
Total Fund Balances	<u>20,511,792</u>	<u>2,354,168</u>	<u>22,865,960</u>

NET POSITION CLASSIFICATIONS

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

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 2,217,261
Less Capital Related Debt:	
Leases Payable	<u>(567,997)</u>
Net Investment in Capital Assets	<u>1,649,264</u>

NET POSITION RESTATEMENT

Beginning net position was restated due to the implementation of GASB Statement No. 87 Leases. The following is a summary of the net position as originally reported and as restated:

Net Position/Fund Balance	As Reported	As Restated	(Decrease)
Governmental Activities	\$ 28,814,667	28,814,401	(266)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 4 – OTHER INFORMATION

CONTINGENT LIABILITIES

Grants

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

Litigation

RAILS is currently not involved in any litigation.

Financial Impact from COVID-19

In March 2020, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on RAILS' operations and financial position cannot be determined.

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement Fund (IMRF)

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

Plan Descriptions

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

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

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

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

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

Plan Membership. As of December 31, 2021, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	425
Inactive Plan Members Entitled to but not yet Receiving Benefits	153
Active Plan Members	<u>83</u>
Total	<u><u>661</u></u>

Contributions. As set by statute, RAILS' Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended June 30, 2022, RAILS' contribution was 1.02% of covered payroll.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Plan Descriptions – Continued

Net Pension Liability/(Asset). RAILS' net pension liability/(asset) was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2021, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	3.25%
Inflation	2.25%

For nondisabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	25.00%	2.00%
Domestic Equities	39.00%	4.50%
International Equities	15.00%	5.75%
Real Estate	10.00%	5.90%
Blended	10.00%	4.30% - 8.10%
Cash and Cash Equivalents	1.00%	1.70%

Discount Rate

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

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension (Asset)	\$ (10,714,787)	(15,081,150)	(18,668,104)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension (Asset) (A) - (B)
Balances at December 31, 2020	\$ 47,639,068	57,167,817	(9,528,749)
Changes for the Year:			
Service Cost	406,835	-	406,835
Interest on the Total Pension Liability	3,332,055	-	3,332,055
Difference Between Expected and Actual Experience of the Total Pension Liability	438,479	-	438,479
Change of Assumptions	-	-	-
Contributions - Employer	-	54,774	(54,774)
Contributions - Employees	-	204,873	(204,873)
Net Investment Income	-	10,182,568	(10,182,568)
Benefit Payments, including Refunds of Employee Contributions	(3,766,226)	(3,766,226)	-
Other (Net Transfer)	-	(712,445)	712,445
Net Changes	411,143	5,963,544	(5,552,401)
Balances at December 31, 2021	48,050,211	63,131,361	(15,081,150)

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

For the year ended June 30, 2022, RAILS recognized pension revenue of \$2,479,930. At June 30, 2022, RAILS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement Fund (IMRF) – Continued

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 113,439	-	113,439
Change in Assumptions	-	-	-
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	-	(8,460,568)	(8,460,568)
	113,439	(8,460,568)	(8,347,129)
Pension Contributions Made Subsequent to the Measurement Date	22,171	-	22,171
Total Deferred Amounts Related to IMRF	135,610	(8,460,568)	(8,324,958)

\$22,171 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2023	\$ (1,698,651)
2024	(3,321,414)
2025	(2,088,895)
2026	(1,238,169)
2027	-
Thereafter	-
Total	(8,347,129)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Notes to the Financial Statements June 30, 2022

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT

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

OTHER POST-EMPLOYMENT BENEFIT PLAN

RAILS has evaluated its potential other post-employment benefits liability. Former employees who choose to retain their rights to health insurance through RAILS are required to pay 100% of the current premium. Based upon a review of census data and plan provisions, as well as minimal utilization rates, it has been determined that any liability is immaterial to the financial statements in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Additionally, RAILS provides no explicit benefit. Therefore, RAILS has not recorded a liability as of June 30, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Notes to the Required Supplementary Information

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Illinois Municipal Retirement Fund

Schedule of Employer Contributions

June 30, 2022

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

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	22 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	3.35% to 14.25%
Investment Rate of Return	7.25%
Retirement Age	See the Notes to the Financial Statements
Mortality	MP-2017 (base year 2015)

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability/(Asset) June 30, 2022

	<u>12/31/14</u>
Total Pension Liability	
Service Cost	\$ 438,134
Interest	3,253,499
Differences Between Expected and Actual Experience	432,684
Change of Assumptions	1,843,383
Benefit Payments, Including Refunds of Member Contributions	<u>(3,269,672)</u>
 Net Change in Total Pension Liability	 2,698,028
Total Pension Liability - Beginning	<u>44,795,758</u>
 Total Pension Liability - Ending	 <u><u>47,493,786</u></u>
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 388,935
Contributions - Members	192,707
Net Investment Income	3,009,579
Benefit Payments, Including Refunds of Member Contributions	(3,269,672)
Other (Net Transfer)	<u>217,278</u>
 Net Change in Plan Fiduciary Net Position	 538,827
Plan Net Position - Beginning	<u>50,681,382</u>
 Plan Net Position - Ending	 <u><u>51,220,209</u></u>
 Employer's Net Pension Liability/(Asset)	 <u><u>\$ (3,726,423)</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 107.85%
 Covered Payroll	 \$ 3,976,832
 Employer's Net Pension Liability/(Asset) as a Percentage of Covered Payroll	 (93.70%)

Note:

This schedule is intended to show information for ten years. Information for additional years will be displayed as it becomes available.

12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21
437,025	431,916	511,460	443,531	376,336	421,830	406,835
3,449,018	3,473,417	3,541,938	3,450,789	3,309,164	3,361,241	3,332,055
(94,014)	460,084	14,305	(1,437,105)	883,692	139,636	438,479
-	-	(1,664,080)	959,742	-	(479,110)	-
(3,450,775)	(3,477,540)	(3,505,605)	(3,664,354)	(3,836,132)	(3,911,127)	(3,766,226)
341,254	887,877	(1,101,982)	(247,397)	733,060	(467,530)	411,143
47,493,786	47,835,040	48,722,917	47,620,935	47,373,538	48,106,598	47,639,068
47,835,040	48,722,917	47,620,935	47,373,538	48,106,598	47,639,068	48,050,211
181,761	207,692	117,429	197,073	37,448	44,769	54,774
218,671	205,937	244,158	203,517	191,281	208,802	204,873
248,475	3,351,477	9,294,244	(3,636,504)	9,434,630	7,954,650	10,182,568
(3,450,775)	(3,477,540)	(3,505,605)	(3,664,354)	(3,836,132)	(3,911,127)	(3,766,226)
446,094	247,764	(1,731,692)	(103,443)	241,763	(12,855)	(712,445)
(2,355,774)	535,330	4,418,534	(7,003,711)	6,068,990	4,284,239	5,963,544
51,220,209	48,864,435	49,399,765	53,818,299	46,814,588	52,883,578	57,167,817
48,864,435	49,399,765	53,818,299	46,814,588	52,883,578	57,167,817	63,131,361
(1,029,395)	(676,848)	(6,197,364)	558,950	(4,776,980)	(9,528,749)	(15,081,150)
102.15%	101.39%	113.01%	98.82%	109.93%	120.00%	131.39%
4,352,133	4,505,259	4,933,970	4,202,001	4,115,125	4,432,558	4,552,716
(23.65%)	(15.02%)	(125.61%)	13.30%	(116.08%)	(214.97%)	(331.26%)

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual For the Fiscal Year Ended June 30, 2022

	Administration Subfund		
	Budget		Actual
	Original	Final	
Revenues			
State Grants			
Area and Per Capita	\$ 9,985,530	9,985,530	9,985,530
Other State Grants	-	-	85,742
Federal Grants	-	-	12,163
Fees for Services and Materials	388,150	388,150	395,854
Reimbursements	1,318,650	1,318,650	1,366,649
Interest Income	28,787	28,787	2,853
Miscellaneous	10,000	10,000	6,549
Total Revenues	<u>11,731,117</u>	<u>11,731,117</u>	<u>11,855,340</u>
Expenditures			
Culture and Recreation			
Personnel	2,904,305	2,904,305	2,918,755
Library Materials	1,651,200	1,651,200	1,728,949
Buildings and Grounds	252,663	252,663	250,071
Vehicles	19,962	19,962	18,283
Travel and Continuing Education	215,724	215,724	83,993
Public Relations	16,100	16,100	5,313
Commercial Insurance	34,769	34,769	37,555
Supplies, Postage and Printing	140,855	140,855	227,950
Telephone and Communications	95,540	95,540	90,291
Equipment Rental, Repair and Maintenance	162,090	162,090	93,209
Professional Services	309,800	309,800	220,621
Contractual Services	756,969	756,969	491,910
Professional Association and Membership Dues	10,020	10,020	9,800
Miscellaneous	7,000	7,000	9,620
Capital Outlay	-	-	120,034
Debt Service			
Principal Retirement	90,214	90,214	48,910
Interest and Fiscal Charges	-	-	5,555
Total Expenditures	<u>6,667,211</u>	<u>6,667,211</u>	<u>6,360,819</u>
Excess(Deficiency) of Revenues Over (Under) Expenditures	5,063,906	5,063,906	5,494,521
Other Financing Sources - Lease Proceeds	-	-	120,108
Net Change in Fund Balance	<u>5,063,906</u>	<u>5,063,906</u>	<u>5,614,629</u>
Fund Balance - Beginning			
Fund Balance - Ending			

LLSAP Subfund			Delivery Subfund			Total		
Budget		Actual	Budget		Actual	Budget		Actual
Original	Final		Original	Final		Original	Final	
-	-	-	-	-	-	9,985,530	9,985,530	9,985,530
-	-	-	-	-	-	-	-	85,742
-	-	-	-	-	-	-	-	12,163
42,890	42,890	38,908	547,494	547,494	547,092	978,534	978,534	981,854
-	-	-	-	-	-	1,318,650	1,318,650	1,366,649
-	-	-	-	-	-	28,787	28,787	2,853
-	-	-	-	-	-	10,000	10,000	6,549
42,890	42,890	38,908	547,494	547,494	547,092	12,321,501	12,321,501	12,441,340
900,010	900,010	881,627	2,042,718	2,042,718	2,094,342	5,847,033	5,847,033	5,894,724
-	-	-	-	-	-	1,651,200	1,651,200	1,728,949
-	-	-	24,454	24,454	53,581	277,117	277,117	303,652
5,900	5,900	5,209	504,261	504,261	598,947	530,123	530,123	622,439
4,340	4,340	789	1,000	1,000	8,410	221,064	221,064	93,192
-	-	-	-	-	-	16,100	16,100	5,313
-	-	-	2,714	2,714	3,081	37,483	37,483	40,636
1,050	1,050	911	64,750	64,750	47,504	206,655	206,655	276,365
22,960	22,960	5,241	20,300	20,300	21,865	138,800	138,800	117,397
-	-	-	1,600	1,600	1,293	163,690	163,690	94,502
-	-	-	20,500	20,500	21,148	330,300	330,300	241,769
1,394,080	1,394,080	1,408,049	977,145	977,145	936,344	3,128,194	3,128,194	2,836,303
-	-	370	275	275	-	10,295	10,295	10,170
600	600	706	500	500	1,165	8,100	8,100	11,491
-	-	-	-	-	423,092	-	-	543,126
-	-	-	145,300	145,300	126,514	235,514	235,514	175,424
-	-	-	-	-	14,369	-	-	19,924
2,328,940	2,328,940	2,302,902	3,805,517	3,805,517	4,351,655	12,801,668	12,801,668	13,015,376
(2,286,050)	(2,286,050)	(2,263,994)	(3,258,023)	(3,258,023)	(3,804,563)	(480,167)	(480,167)	(574,036)
-	-	-	-	-	423,018	-	-	543,126
(2,286,050)	(2,286,050)	(2,263,994)	(3,258,023)	(3,258,023)	(3,381,545)	(480,167)	(480,167)	(30,910)
								<u>20,542,702</u>
								<u>20,511,792</u>

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

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

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

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Administration - General Fund Subfund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2022**

	Budget		Actual
	Original	Final	
Culture and Recreation			
Personnel			
Library Professionals	\$ 1,099,597	1,099,597	1,120,410
Other Professionals	945,630	945,630	947,522
Support Services	369,624	369,624	371,408
Social Security Taxes	185,325	185,325	177,393
Unemployment Insurance	6,732	6,732	8,462
Workers' Compensation	3,157	3,157	3,195
Retirement Benefits	25,824	25,824	24,527
Health, Dental and Life Insurance	240,916	240,916	246,408
Other Fringe Benefits	17,500	17,500	7,356
Recruiting	10,000	10,000	12,074
Total Personnel	2,904,305	2,904,305	2,918,755
Library Materials			
Print Materials	5,150	5,150	12,593
E-Resources	1,646,050	1,646,050	1,716,356
Total Library Materials	1,651,200	1,651,200	1,728,949
Buildings and Grounds			
Rent/Lease	-	-	17,627
Utilities	78,260	78,260	79,351
Property Insurance	25,171	25,171	26,074
Repairs and Maintenance	59,000	59,000	61,120
Custodial/Janitorial Service and Supplies	52,932	52,932	48,453
Other Buildings and Grounds	37,300	37,300	17,446
Total Buildings and Grounds	252,663	252,663	250,071
Vehicles			
Fuel	540	540	789
Repairs and Maintenance	3,700	3,700	1,895
Vehicle Insurance	15,222	15,222	15,599
Other Vehicle Expenditures	500	500	-
Total Vehicles	19,962	19,962	18,283

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Administration - General Fund Subfund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended June 30, 2022**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Travel and Continuing Education			
In-State Travel	\$ 9,462	9,462	8,222
Out of State Travel	47,975	47,975	16,626
Registration and Meeting Fees	47,787	47,787	21,826
Conferences and Continuing Education Meetings	110,500	110,500	37,319
Total Travel and Continuing Education	215,724	215,724	83,993
Public Relations	16,100	16,100	5,313
Commercial Insurance			
Liability Insurance	34,769	34,769	37,555
Supplies, Postage and Printing			
Computers, Software and Supplies	95,100	95,100	179,355
General Office Supplies and Equipment	37,570	37,570	39,897
Postage	7,865	7,865	8,698
Library Supplies	200	200	-
Other Supplies	120	120	-
Total Supplies, Postage and Printing	140,855	140,855	227,950
Telephone and Communications	95,540	95,540	90,291
Equipment Rental, Repair and Maintenance			
Equipment Rental	12,920	12,920	10,681
Equipment Repair and Maintenance Agreements	149,170	149,170	82,528
Total Equipment Rental, Repair and Maintenance	162,090	162,090	93,209
Professional Services			
Legal	40,000	40,000	41,979
Accounting	22,000	22,000	19,800
Consulting	213,000	213,000	123,077
Payroll Service Fee	34,800	34,800	35,765
Total Professional Services	309,800	309,800	220,621

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Administration - General Fund Subfund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended June 30, 2022**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Contractual Services			
Information Service Costs	\$ 25,425	25,425	17,590
Contract Agreements with Systems, Member Libraries and Other Co-ops	242,250	242,250	129,813
Outside Printing	600	600	-
Other Contractual Services	488,694	488,694	344,507
Total Contractual Services	<u>756,969</u>	<u>756,969</u>	<u>491,910</u>
Professional Association and Membership Dues	<u>10,020</u>	<u>10,020</u>	<u>9,800</u>
Miscellaneous	<u>7,000</u>	<u>7,000</u>	<u>9,620</u>
Total Culture and Recreation	<u>6,576,997</u>	<u>6,576,997</u>	<u>6,186,320</u>
Capital Outlay			
Leased Property	<u>-</u>	<u>-</u>	<u>120,034</u>
Debt Service			
Principal Retirement	90,214	90,214	48,910
Interest and Fiscal Charges	-	-	5,555
Total Debt Service	<u>90,214</u>	<u>90,214</u>	<u>54,465</u>
Total Expenditures	<u>6,667,211</u>	<u>6,667,211</u>	<u>6,360,819</u>

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

LLSAP - General Fund Subfund

Schedule of Expenditures - Budget and Actual For the Fiscal Year Ended June 30, 2022

	Budget		Actual
	Original	Final	
Culture and Recreation			
Personnel			
Library Professionals	\$ 304,107	304,107	304,423
Other Professionals	288,358	288,358	303,005
Support Services	137,963	137,963	107,731
Social Security Taxes	55,878	55,878	51,858
Unemployment Insurance	2,448	2,448	2,838
Workers' Compensation	771	771	673
Retirement Benefits	7,889	7,889	7,264
Health, Dental and Life Insurance	102,596	102,596	103,835
Total Personnel	900,010	900,010	881,627
Vehicles			
Fuel	500	500	11
Repairs and Maintenance	400	400	-
Vehicle Insurance	5,000	5,000	5,198
Total Vehicles	5,900	5,900	5,209
Travel and Continuing Education			
In-State Travel	4,340	4,340	789
Supplies, Postage and Printing			
General Office Supplies and Equipment	850	850	795
Postage	200	200	116
Total Supplies, Postage and Printing	1,050	1,050	911
Telephone and Communications	22,960	22,960	5,241
Contractual Services			
Information Service Costs	1,200	1,200	768
Contract Agreements with Systems, Member Libraries and Other Co-ops	1,392,880	1,392,880	1,407,281
Total Contractual Services	1,394,080	1,394,080	1,408,049

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

LLSAP - General Fund Subfund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended June 30, 2022**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Professional Association and Membership Dues	\$ -	-	370
Miscellaneous	600	600	706
Total Expenditures	2,328,940	2,328,940	2,302,902

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Delivery - General Fund Subfund

**Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2022**

	Budget		Actual
	Original	Final	
Culture and Recreation			
Personnel			
Other Professionals	\$ 334,803	334,803	324,794
Support Services	1,185,171	1,185,171	1,203,641
Social Security Taxes	116,273	116,273	109,768
Unemployment Insurance	9,384	9,384	11,618
Workers' Compensation	94,528	94,528	77,520
Retirement Benefits	16,269	16,269	15,091
Health, Dental and Life Insurance	268,790	268,790	273,275
Temporary Help	17,500	17,500	78,635
Total Personnel	2,042,718	2,042,718	2,094,342
Buildings and Grounds			
Rent/Lease	-	-	32,349
Utilities	6,700	6,700	8,655
Property Insurance	1,994	1,994	1,959
Repairs and Maintenance	8,760	8,760	4,920
Custodial/Janitorial Service and Supplies	5,400	5,400	4,550
Other Buildings and Grounds	1,600	1,600	1,148
Total Buildings and Grounds	24,454	24,454	53,581
Vehicles			
Fuel	282,760	282,760	341,409
Repairs and Maintenance	118,700	118,700	152,727
Vehicle Insurance	96,451	96,451	98,784
Other Vehicle Expenditures	6,350	6,350	6,027
Total Vehicles	504,261	504,261	598,947
Travel and Continuing Education			
In-State Travel	1,000	1,000	8,410
Commercial Insurance			
Liability Insurance	2,714	2,714	3,081
Supplies, Postage and Printing			
Computers, Software and Supplies	-	-	199
General Office Supplies and Equipment	600	600	1,112

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Delivery - General Fund Subfund

**Schedule of Expenditures - Budget and Actual - Continued
For the Fiscal Year Ended June 30, 2022**

	Budget		Actual
	Original	Final	
Culture and Recreation - Continued			
Supplies, Postage and Printing - Continued			
Postage	\$ 750	750	49
Binding	-	-	156
Delivery Supplies	63,400	63,400	45,988
Total Supplies, Postage and Printing	64,750	64,750	47,504
Telephone and Communications	20,300	20,300	21,865
Equipment Rental, Repair and Maintenance			
Equipment Rental	1,600	1,600	1,293
Professional Services			
Legal	500	500	-
Consulting	20,000	20,000	21,148
Total Professional Services	20,500	20,500	21,148
Contractual Services			
Other Contractual Services	977,145	977,145	936,344
Professional Association and Membership Dues	275	275	-
Miscellaneous	500	500	1,165
Total Culture and Recreation	3,660,217	3,660,217	3,787,680
Capital Outlay			
Leased Property	-	-	423,018
Other	-	-	74
Total Capital Outlay	-	-	423,092
Debt Service			
Principal Retirement	145,300	145,300	126,514
Interest and Fiscal Charges	-	-	14,369
Total Debt Service	145,300	145,300	140,883
Total Expenditures	3,805,517	3,805,517	4,351,655

REACHING ACROSS ILLINOIS LIBRARY SYSTEM

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2022**

	Budget		Actual
	Original	Final	
Revenues			
None	\$ -	-	-
Expenditures			
Capital Outlay			
Equipment	274,500	274,500	62,867
Net Change in Fund Balance	<u>(274,500)</u>	<u>(274,500)</u>	(62,867)
Fund Balance - Beginning			<u>2,417,035</u>
Fund Balance - Ending			<u>2,354,168</u>