



Illinois Heartland Library System

ANNUAL REPORT

ILLINOIS
HEARTLAND
LIBRARY SYSTEM



FY2024

*for submission
to the Illinois
State Library*



1. Narrative Report

A Word from the Executive Director

Amid the rise of misinformation campaigns, a cost-of-living crisis, and the rise of censorship, we at IHLS recognize that the need for libraries of all types is as great as ever. That’s why we are proud to enhance our members’ ability to give Illinoisans the accurate information, economic value, and intellectual freedom they deserve. In FY2024, those needs were a guiding principle for our planned and responsive activities.

This was a year of continuing toward our established goals while constantly adapting to new laws and developments in the field. Our FY2024 Operational Plan outlined significant enhancements like SHARE’s implementation of the Aspen Discovery Layer, the iLEAD Trustee Learning Portal launch, and IHLS’s exploration of an automated material handling system purchase. Thanks to our staff’s hard work, we followed through on each of those plans even as we met an array of surprises and continuously developing challenges, rising to each occasion. We guided our members through PLAW and PA 103–0100 compliance. We helped our libraries navigate their surprise Library Technology Grants. We took advantage of a watershed moment in digital equity advocacy.

I’m pleased to show you how the entire IHLS team collaborated across departments and hubs to maximize our taxpayer funds in service to central and southern Illinois libraries and their patrons.

Sincerely,

Leslie M. Bednar, Executive Director

Illinois Heartland Library System



The Organization-wide Automated Material Handling System Project

Over the past few years, IHLS has considered the advantages and disadvantages of purchasing automated material handling systems (AMHS). We saw this innovative step as a potential solution to developing delivery capacity issues. In FY2022, we formed a working group to explore an AMHS's feasibility and potential impact. Following the working group's recommendation, we started FY2024 by preparing a request for proposals for the IHLS Board of Directors. This process involved extensive data collection, investigation, and communication. The entire organization collaborated on planning for a potential AMHS in each hub, which included committees, surveys, data analysis, member communications, and board support.

In November, we held a special membership meeting on Zoom to inform our libraries about the project's progress and provide opportunities for feedback. The Delivery & Facilities Director began presenting the project to the IHLS Board of Directors for their consideration.

In late February, the capacity issues in Delivery became dire: the volume of items passing through our hubs increased to the point that sorting staff couldn't keep up, resulting in longer patron wait times for interlibrary loan (ILL) materials. While Delivery and Finance worked on a solution, the Marketing and Communications team worked on an updated communications plan to address frequent route closures and longer patron wait times in two of our hubs.

To better understand this capacity problem, IHLS Delivery and Finance staff conducted a historical analysis and 11-year projection of Delivery Service volumes. This led to the realization that the need for an AMHS was more urgent than initially thought. To this end, we held another special membership meeting on Zoom, where we explained the problem and how we expected the AMHS project would help solve it.

As we progressed into spring, our IT Department played a more prominent role, dedicating significant time to collecting and cross-referencing data from the Driver iPad program and the Polaris database. This effort would be crucial for the leadership and board's decision-making processes.

In May, misconceptions about the operational plan surfaced in our listserv and feedback. To address this, we worked with the Delivery Director to clear up confusion, including developing a Top 10 Facts article, updating FAQs, and holding an additional special meeting with a clear and direct informational presentation and Q&A. Given the complexity and cost of the project, member concerns were expected, especially at understaffed and underfunded libraries. Clear and strategic communication was crucial for reducing anxiety and maintaining transparency, and our Marketing and Communications staff successfully modeled these principles.

Later that month, our leadership obtained approval for the project after conducting site visits to libraries with similar systems, numerous meetings, a competitive bid for cost details, and a detailed return on investment analysis. Automated sorting systems can reduce labor costs associated with manual sorting processes and create a safer working environment for staff. This technology will allow IHLS to reallocate saved personnel resources to enhance member services.



Marketing & Communications

The importance of marketing and communications at IHLS cannot be understated. We share critical information during website downtime and promote the launch of new system brands. We strategize on the best ways to inform members about free IHLS services and advocate for state broadband initiatives that include libraries. We make board nominations and elections run smoothly, and we lead survey-based research projects. The IHLS Marketing and Communications Team, in short, connects the system to its members and the world around them.

This year, the Marketing and Communications Team focused on enhancing and optimizing our existing projects and services rather than initiating new ones. Despite the IHLS brand portfolio more than doubling and an increase in projects requiring communications support, the team has remained small. To manage this growth, the team worked on improving workflows, email practices, brand support, website features, and advocacy efforts, aiming for better functionality and sustainability.

Practicable & Streamlined Workflows

We optimized our time and energy by prioritizing impactful, sustainable projects and enhancing our workflows. From March through June, we worked with the IHLS Project Coordinator and revamped our internal processes for staff submissions, planning, and time management by introducing an automated request form and training on new procedures. These adjustments have helped us improve internal communications and ensure timely updates to internal stakeholders.

Reusable Research Tools for Benchmarking

In FY2024, we overhauled our periodic member satisfaction and needs survey to align with industry best practices and enhance data quality. We also implemented a three-year schedule to ensure regular feedback using this particular tool. We secured 409 responses, developed a report, and shared findings at Board and membership meetings. This robust data has strongly influenced our upcoming operational and strategic planning processes, particularly in shaping the direction of our marketing, communications, and advocacy efforts.

Sustainable, Effective Email Practices

With our members and stakeholders scattered across 28,368 square miles, digital marketing is a substantial and crucial part of reaching our members. This year, we took special care to ensure our email tactics were as efficient and effective as possible.

Newsletters & Newsletter Supplementing

In July, we developed and published a new upcoming events newsletter supplement with the intent to turn it into a monthly publication, allowing us to communicate effectively and efficiently with members, and premiered with an exceptionally high 41.3% open rate. We reduced the frequency of the Member Connection newsletter to allow for this supplement, which spotlights events that often receive only a couple of lines in our regular newsletter. We also examined the effectiveness of other emails and replaced a thrice-monthly campaign for directors' Chats, which was found ineffective as event promotion, and replaced it with a detailed monthly email spotlighting our monthly



Members Matter membership meetings and Third Thursday CE seminars. This reallocation of our time enables us to communicate more effectively, increase registrations for targeted events, and enable more members to access the information they need to serve the public.

A/B Email Testing

We endeavored to continually improve our effectiveness, and one way we do this is through A/B testing. A/B testing of emails is a research tactic that involves comparing the performance of multiple versions of one email or survey question to determine the impact of the variable.

For example, we knew that emojis in subject lines generally improve open rates, but we wanted to know if that held for IHLS email contacts. It took roughly a year of A/B tests to accumulate a sizable sample to achieve statistical significance. Conclusion: when used selectively, emojis in subject lines improve open rates among IHLS subscribers without increasing unsubscribe or spam-reporting rates. This insight is now implemented with confidence when drafting campaigns.

A similar test was completed examining Cataloging Maintenance Center subject lines, and the remaining emails in the multi-month campaign were changed to return the highest open rates. As a result, more Illinois libraries learned about the CMC's free cataloging services and training, empowering libraries statewide to reduce resources spent on cataloging and making items more discoverable and accessible to patrons.

Calibrated Audience Targeting

We continued honing our email communications tactics by calibrating our audience targeting during the board elections process using newly gleaned insights. Earlier in the year, we sent a survey to the

directors, associate directors, and certification contacts listed for our members in the Illinois Library Learning Calendar & Directory (L2). The responses to that survey revealed that the directors and associate directors listed were not always up to date. Several directors were not listed there. Our survey showed us that the certification contacts are up to date far more often.

With this knowledge, we changed our approach to sending board election emails. Rather than sending the ballot to our entire business email list, we sent it only to the directors and certification contacts listed in L2. This was after we announced that we would use those contacts, encouraging members to update them. As a result, our responses were more than double last year's, showing a marked improvement in quantity and quality. That means we helped over twice as many members use their voices to select their new IHLS Board of Directors representatives!

Email Hygiene

To enhance the effectiveness of our email communications, we continued work to maintain up-to-date contacts and preferences in our mailing lists, a practice known as email hygiene. For example, in the spring, we sent an email reactivation campaign to identify/remove inactive subscribers. We also used L2 reports to update our school library contacts. This means more school library members received our back-to-school communications, including school-focused event promotions and announcements (such as delivery information). Thanks to these email hygiene efforts, these members could bring more value to their libraries by utilizing the services IHLS offers at no cost, and we could control the cost of our email marketing platform—ensuring more responsible stewardship of taxpayer dollars.



Website Improvements

In February, we worked with IT staff to make enhancements to three of our online tools. We introduced filters, search boxes, and sort options for the grants, discounts, and library resources databases. Since the website's launch, these databases have had limited functionality, serving largely as simple lists. These updates make it easy for users to find relevant resources. We presented the database updates to our members at our annual Member Day virtual conference, increasing awareness of the tools and their improved functionality. This means more members have easier access to information about grants, member discounts, and library resources that will help them save money and better serve their patrons.

Enhanced Advocacy Efforts

Library advocacy has long been a part of the Marketing and Communications department's work but was not a central responsibility. This year, that changed when our Communications and Advocacy Administrator (formerly the Communications Administrator) stepped into her new role, and library advocacy became a major responsibility in the department. This, therefore, was the only area where our department chose to begin new projects. While we continued advocating for school libraries, intellectual freedom, and public libraries, we also adopted new initiatives, namely digital equity and affordable careers in public librarianship.

Digital Equity

Starting in the summer, we created and promoted an information page to help small and rural libraries apply for digital equity grants, and we collaborated with the IT Director on an information page to help members fill out the Illinois Public Library Internet Survey from the Illinois Secretary of State's Office. Shortly after we promoted the page in the newsletter, we received feedback from one of our small libraries: **"The Digital Equity Grant info page is SO HELPFUL!! Thank you to everyone working on this."** After the surprise Secretary of State announcement of Library Technology grants, we expanded the info page into a complete digital equity resource guide, including information on creating an ADA-compliant website. The "Digital Equity" resource guide is now available in our online Issues in Librarianship collection.

Affordable Careers in Public Librarianship

We also adopted a new advocacy initiative in the late summer and fall. The cost of MLS student loan payments is incompatible with the salaries many of our member libraries can afford. So, we began advocating for forgivable loans, loan repayment assistance, or similar assistance with a service commitment at a small or rural Illinois library.

In September, we completed research on potential library-school funding options for rural Illinois librarians with service commitments. We hope to work on this with other stakeholders in the future.



Human Resources

Human Resources (HR) plays a multi-faceted role in our organization, serving as a vital connection between our employees, business needs, and the well-being of our members. We take a comprehensive approach to HR practices, ensuring all stakeholders are informed, empowered, and compliant.

HR is the bridge connecting our employees, business objectives, and member needs. Through strategic initiatives and open communication, we create a win-win situation for all.

This fiscal year, we've embraced a "work smarter, not harder" philosophy to tackle the rising workload without expanding our HR team. We've strategically leveraged technology to streamline previously manual processes, boosting efficiency and empowering our existing talent. This proactive approach has ensured we meet our goals and positioned us for future growth with a more scalable foundation.

Modernizing HR Operations

Paylocity Implementation

This year, we streamlined processes by implementing a new human resources information system (Paylocity). This allowed us to implement electronic systems to improve efficiency and protect employee data (e.g., timesheets, onboarding documents, training, and signed acknowledgments). Paylocity offered several benefits to HR staff and our other employees.

Employee Access

The Paylocity portal provides a central location for employees to submit documents, including payroll timecard submissions, access training, and view information such as their paycheck and time off.

Applicant Tracking

Paylocity provides Human Resources and managers with a more efficient way to track applicants applying for positions and easy access to the applicant's stage in the recruitment process (e.g., not qualified, phone screen, Teams interview, in-person interview, and offer of employment). It also allows for automatic email responses to applicants.

Paperless Filing

Employees and managers can access non-confidential documents through the Paylocity system instead of calling Human Resources, saving everyone time.

Simplified Staff Training

Thanks to Paylocity's workflow assignments, we completed staff safety training through Paylocity, and all signed acknowledgments were signed via DocuSign using the Paylocity system. By simplifying this required training process, we ensured greater and faster compliance, again saving time and, thus, money.

Teamflect

This year, we continually improved and enhanced our performance review system for all IHLS employees, including incorporating the Executive Director.

All these initiatives work toward giving employees access to their data, the ability to make changes, and access to forms and policies. This work is directly related to our "work smarter, not harder" philosophy.



Empowering Member Workforces

Library members have access to a wealth of resources, including expert HR consultations!

HR Consultations

Our HR consultants translate legalese into clear, actionable information for members confused by employment contracts, benefits packages, or workplace policies. We also offer guidance on best practices in recruitment, performance management, and conflict resolution. Additionally, our consultations help members stay informed about the latest employment laws and regulations, keeping them compliant so they can focus on serving their patrons.



The IHL S consultation bookings page.

Paid Leave for All Workers Act Resources

In FY2024, the Paid Leave for All Workers Act took effect and gained new rules. In response, we worked with the communications department to update a link on the website with resources for Paid Leave for All Workers Act compliance. The new act became effective on Jan. 1, 2024, and updates followed in April, both of which are covered on our IHL S website.

We also informed members of the webinars on the Illinois Department of Labor website to understand

the upcoming changes, and we presented changes through Third Thursday meetings. It's unrealistic to assume all member libraries can keep track of every HR update. By providing easy access to HR information, we empower libraries to stay legally compliant.

Human Resources Trainings

We have trained over 300 library staff, giving them free access to the state-required Sexual Harassment Prevention training. This online training gives libraries a safer environment, empowered staff, and reduced risk. After all, by discouraging harassment by staff, this training creates a welcoming space for patrons. Additionally, as staff learn to recognize and report harassment, their confidence and morale improve. Employees receiving this training can help prevent lawsuits and foster a more productive and positive workplace culture.

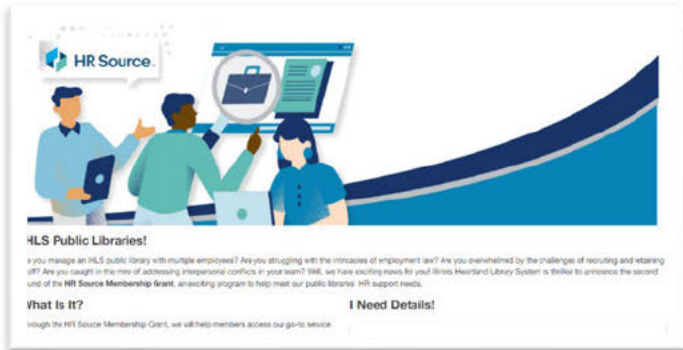
We also rolled out our Bloodborne Pathogens training in the last quarter of the fiscal year. Bloodborne pathogen training fosters a safe work environment and protects employees and patrons from serious health risks.

HR Source Grant Pilot Program

Libraries navigate complex HR regulations. HR Source provides access to legal resources, hotlines for quick questions, and training programs to ensure libraries stay up-to-date and compliant. That's why we started our HR Source Grant Pilot Program. This meant we could grant seven member libraries money for an HR Source membership,



which helps the libraries address all of their human resources needs at a reduced cost.



The HR Source Grant as presented on the IHLS Website.

With their memberships, HR professionals in these libraries can connect with colleagues through online forums and roundtables offered by HR Source. This facilitates sharing best practices, problem-solving, and staying informed about current HR trends.

Plus, the winners' portions of their membership costs are more affordable than hiring a dedicated HR professional, especially for smaller libraries. HR Source provides access to a wealth of resources at a fraction of the cost.

Representing IHLS Statewide

LIMRiCC

Another creative way the HR team has worked to empower members is by participating in the Library Insurance Management and Risk Control Combination (LIMRiCC). This intergovernmental entity provides cost-effective insurance and risk management solutions for its member libraries in Illinois. LIMRiCC offers resources and guidance to help libraries manage risks associated with unemployment claims and helps libraries stay compliant with relevant regulations. In FY2024, our HR Director took office as the Vice Chairperson on the LIMRiCC Board, serving as the only board member representing central and Southern Illinois libraries. Her position means that she can ensure

that LIMRiCC addresses the benefit needs of our libraries.

ILA Human Resources Administration Forum

Our HR Director also serves as a leadership member of the Human Resources Administration (HRA) Forum through the Illinois Library Association and was instrumental in creating the forum to help libraries across the state. Forums allow members to connect on various specialized topics and interests. The HRA forum members collaborate to develop and present conference programs and informational literature, among other activities.

Employee Development & Training

In connection with our focus on working smarter and not harder, we have continued to create a culture of learning in which IHLS recognizes that knowledge is power. We embrace a philosophy that encourages employees at all levels to seek continuous learning and skill development. It values curiosity, innovation, and understanding that a dynamic workforce can adapt to change more effectively.

In FY2024, we have continued using many ways of learning through our Gallagher Step 360 programs that focus on professional employment and help employees achieve personal goals.

Employees can use LinkedIn Learning accounts as another form of learning that can be done on their phones or personal devices. In FY2024, our employees have explored over 248 courses. Each course helps our employees gain marketable skills and stay current with industry standards, training that helps them better serve member libraries.

Staff and leadership attended meetings through Filament, a free training that allows us to think better about how best to conduct meetings and make them impactful and focused on our needs as an organization.



The learning here at IHLS is inclusive, providing opportunities for everyone, regardless of their position or tenure within the organization. Everyone is encouraged to engage in learning experiences tailored to their individual needs, from entry-level employees to directors.

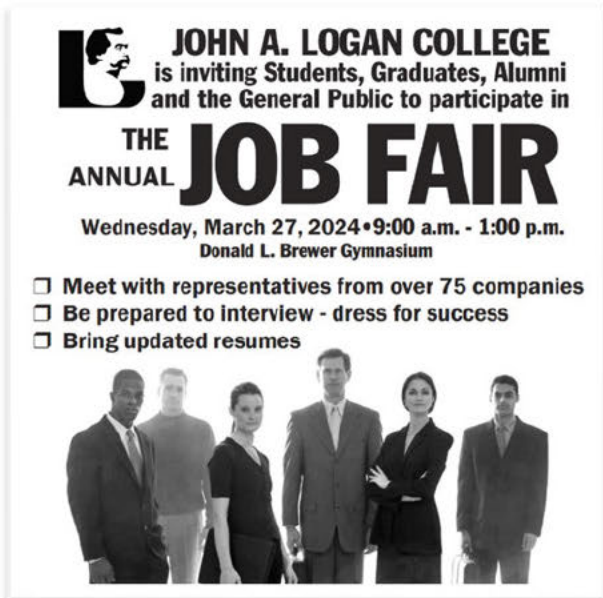
Recruiting Top Talent

We keep our costs low by using free resources to post our open positions. We now have a fully functioning Applicant Tracking System through Paylocity that uses available resources and technology. More candidates are coming directly to our job listings on the IHLS Website. We have increased our knowledge of diversity, equity, inclusion, and accessibility (DEIA) by attending webinars and keeping current with ways to include

job fairs in East St Louis, Champaign Public Library, and John A. Logan College in the Carterville area. Also, we participated in an online job fair within the Handshake platform that connects all colleges throughout the United States.

We have seen an increase in recruiting top talent. We hired 26 employees this fiscal year (12 full-time, 14 part-time), and 23 resigned (eight full-time, 15 part-time). An overall average of 93 employees in any given month gives us an annual 24.7% turnover rate. The top three reasons we see this turnover are retirements, people leaving the workforce, and employees leaving IHLS for higher-paying jobs. As we expected, we have seen an increase in attrition due to employees fully retiring and leaving the workforce. Secondly, we have seen our largest turnover in the Delivery Area with Sorter and Driver positions. Sorters left for higher pay or full-time status elsewhere, and some had college schedules change to the point where they could no longer meet the work hours needed to serve our member delivery needs. We're proud that we have filled most of the openings left behind, each new employee bringing a wealth of talent and passion for serving our members.

Key positions hired this year include a Delivery and Facilities Director to lead the operations team, as well as a Data Analyst and a Full Stack Developer in our IT Department. Growing the IT Department allows us to focus on meeting our number one priority in serving the needs of our members. It allows us to focus on creating better data sets and visual data graphics to help staff, members, and board members see the results of projects, survey data, delivery data sets, etc.



Promotional graphic for the John A. Logan College job fair we attended this year.

such initiatives in our hiring processes. One such initiative is attending job fairs where we promote IHLS job openings and jobs posted on our website for libraries throughout Illinois. We have attended



Accounting

The Finance Department manages all financial activities and records of the organization's funds. Key responsibilities include recording financial transactions, preparing financial reports, budgeting, forecasting, ensuring compliance with financial regulations, coordinating external audits, managing payroll, handling accounts payable and receivable, overseeing cash management, filing taxes, and conducting financial analysis. These duties ensure adherence to accounting standards and regulations, minimizing organizational risk. In these and other efforts, the Finance Department maintains the organization's financial health and integrity, supports informed decision-making, and promotes strategic growth.

In FY2024, the Finance Department consistently maintained accurate financial records and provided regular financial reports to the Board of Directors and the Illinois State Library through grant reports. We developed the budget and presented it to the Board. Later, we passed our audit. We also collaborated with the Human Resources Department to implement and update the Paylocity system for paperless management and communication of staff HR records and payroll processing. Additionally, we introduced consulting hours within our department, enabling our member libraries to meet with us to enhance their stewardship of public funds and sustainability. It was certainly a busy year for the IHLS Finance Department.

Audit Preparation & Support

The Finance staff prepared for and worked with Scheffel Boyle auditors to complete the FY2023 audit. We received an unmodified or clean opinion on our audit, demonstrating our dedication to responsible and careful financial management as

stewards of public funds. The audit was presented to the Board at the September meeting and submitted with the FY2023 Annual Report. An annual audit is a required component of the IHLS annual report, due each year to the Illinois State Library on September 30. With only two months between a fiscal year's close and the annual report deadline, the preparation, experience, and presentation of the audit make for a hectic season. Nonetheless, we are glad to do it. Meeting these requirements and receiving an unmodified opinion on our audits lowers the risk of losing funding, enabling us to continue serving our membership effectively.

Budget & Narrative Creation

The budget serves two purposes. First, it allows us to outline and guide our stewardship of public funds for the fiscal year. Then, as a required component for the grant applications submitted each year to the Illinois State Library, the budget helps us seek the funds that allow us to continue serving our members.

For the first purpose (planning), the Finance staff met with management and staff to forecast and create the FY2025 budgets for our six funds. Developing a budget centered on the work we do for our membership enables IHLS to plan to serve them effectively in the upcoming fiscal year.

That plan undergoes a rigorous review process before we have the final version of the budget. We presented the draft in April to the IHLS Board of Directors and then posted it for member comment on OpenGov. Using the OpenGov platform allows IHLS to display the budget and narratives, which allows for more transparency for our membership in viewing these documents and leaving



comments. After the comment period ended, we presented the final versions for Board approval at their May meeting. The approved documents were part of the FY2025 System Area & Per Capita Grant application. Thus, we completed the budget creation, approval, and submission process, ensuring another year of providing excellent service to libraries across southern and central Illinois while making the most of our funding.

Financial Record-Keeping

Daily, the Finance staff records financial data accurately. The level of accuracy is critical since we are audited on this work. These transactions build the data for the financial reporting to our stakeholders. Finance is not only responsible for financial transactions under the obligations of IHLS but also for financial activities related to the OCLC Billing Grant. The OCLC membership extends to all libraries in Illinois, so there are numerous accounts to manage. The Finance Department provides support for account management and customer service to all IHLS, SHARE, and OCLC members. These efforts ensure the prompt payment of invoices, giving the programs the financial resources to continue.

Grant Reporting

In addition to record-keeping for our grant funds, the Finance staff also assisted with the financial sections of the CMC and iLEAD Library Learning Portal grant applications and quarterly reports. The staff also processed the narrative and financial section of our OCLC grant. Finance staff are responsible for multiple components and any financial-related sections of the System Area and Per Capita Grant application and the annual

report. Providing the required information for these grants allows IHLS to continue the work under the Cataloging Maintenance Center, the iLEAD Library Trustee Learning Portal, and the OCLC Billing, which benefit our membership and all other Illinois libraries with this grant work.

Consulting Hours

The Finance Department implemented consulting hours to support member libraries with accounting-related questions. In FY2024, we held three consultations and answered two emails from member libraries seeking advice. We covered topics like financial software, investments, wage increase letters, and procurement of vehicles. With time and continued promotion, we expect the number of consultation requests to grow so we can help even more members strengthen their stewardship of public funds and ensure their sustainability.

Paylocity Implementation & Use

The Finance staff assisted in implementing a new payroll software through Paylocity. This system enables staff to access their records, update their profiles, and retrieve paystubs and tax documents. It also gives IHLS staff access to a self-service portal with easier access to their profile data, time off balances, and historical pay information with digital access to save staff time. We are continuing to improve the system to ensure savings in staff time and document our new payroll processes. In so doing, we help improve the experience of working for IHLS, boosting the retainment of top talent and thus saving the organization money in turnover costs.



Facilities

Maintaining and updating IHLS facilities is crucial to ensure our responsible use of taxpayer dollars. A comfortable and safe environment promotes staff productivity and equipment reliability and ensures uninterrupted operations of the core services we provide to our members.

Facilities Maintenance

Our Facilities staff completed a significant project, in addition to their ongoing maintenance efforts, to ensure a safe environment for IHLS staff, tenants, and guests. Facilities maintenance is crucial in our commitment to safety, cost-effectiveness, productivity, and organizational efficiency. It is a cornerstone of our operation's success. By proactively addressing potential hazards and upkeeping equipment, we prioritize the well-being of our employees and minimize the risk of accidents. The additional maintenance included a parking lot mill, overlay, and restriping at the Edwardsville location.

Improvements to Ergonomics

We purchased new office chairs for our staff at the Carbondale and Champaign locations. Investing in a high-quality office chair is crucial for maintaining proper health, maximizing comfort, and increasing productivity. We believe that

happy and comfortable employees are more productive and engaged. By investing in their well-being, we are also investing in the success of our organization. Ultimately, this initiative will contribute to a more positive work culture and better serve our members.

Up-to-Date Safety Training

With the safety of IHLS facilities as our top priority, we have adopted several internal procedures to enhance the reporting and identification of safety issues. We designed these measures to create a safer and more secure work environment for all of us. IHLS staff met with our insurance risk assessment manager to identify areas of concern and develop solutions. The annual safety training and manual were updated to incorporate a fleet safety policy, a change that will positively impact our daily work.

Focus on Energy Efficiency

IHLS staff met with an energy advisor to expertly implement energy-saving techniques at our Edwardsville location. This initiative solidifies our commitment to responsible use of taxpayer dollars through efficient energy use in our buildings. **Implementing these techniques will lower our energy usage by approximately 15%.**



Information Technology

The Information Technology (IT) department at IHLS is crucial for nearly every aspect of our organization’s work. The staff at IHLS depend on technology daily to perform their tasks. From using Microsoft Teams and Outlook for communication to the custom applications we’ve created for our drivers to keep track of deliveries, every position relies more on computer technology daily. This growing reliance accordingly leads to an increasing need for information technology support.

Despite expanding our department to meet this increasing need, our staff still struggles to keep up with outsized workloads. From day to day, our tasks vary significantly, requiring that we transition from talking with libraries struggling with the most basic requests to running the sophisticated hyperconverged server environment in any library system in the state. Balancing the many requests of our users at IHLS and libraries and continually changing software are challenging on the slowest days. Then, when people take time off, we struggle to bring ourselves up to speed on issues they would typically cover. To help us keep up, we have worked to improve our documentation over the last year and continue to do so. Thanks to efforts like these, we continue to do more for more staff and libraries than we should be able to do with such a small team—an accomplishment that demonstrates our dedication to careful stewardship of taxpayer dollars.

In addition to growing our department this year, much of our department’s work involved responding quickly to new projects, unforeseen industry issues, and sudden legislative developments. As new projects like SHARE’s Aspen-layer implementation rolled out, we invested a great deal of time and attention to minimizing interruptions to user workflows while maintaining a

high standard of security. Meanwhile, we stayed on top of exciting developments in digital equity, collaborating with other departments to advocate for and support our members’ efforts to close the digital divide.

Upgrades to the SHARE Core Server Environment

We started the fiscal year by purchasing the new servers for SHARE. The network infrastructure of SHARE is critical to the successful operation of Polaris, our integrated library system. IHLS hosts not only the servers that run Polaris but also all the individual virtual machines that the libraries use to connect to the servers. The decision to host all these virtual machines was made at the very beginning when we designed SHARE, and it has been very successful. However, it requires more robust hardware. We essentially run **1,200 computers on our servers** to support the libraries that use Polaris each day. Accordingly, we occasionally require new machines because of the load on this impressive and essential part of our infrastructure.

Thanks to our buying power with Dell, we could secure hardware that far surpasses our initial performance specifications. The ability to upgrade the storage speeds and total memory in the servers will help us for years into the future! Having a stable and reliable server environment is crucial to the success of our libraries and their service to their patrons.

Promoting Broadband Initiatives in the State

In FY2024, we entered a pivotal moment in state and federal broadband expansion efforts. The



recent infusion of money from the federal government for broadband expansion has helped us boost awareness of the unserved and underserved populations in our service area. **While our libraries serve only about 17% of the state residents, these individuals represent about 60% of the Illinois population unserved or underserved by the current broadband infrastructure.**

Libraries are key partners in educating and training the public. While the rollout of these funds has been slow in developing, there is massive potential for increased access among libraries and their patrons. As broadband becomes more available, libraries can offer more than just public internet access. They could provide better access to a wide range of technology like e-learning services, content streaming, telehealth resources, and more!

Growing IT to Meet Growing Need

The Information Technology Department made significant strides in expanding our internal team this year, ensuring we have the talent needed to support the incredible advancements at IHLS. We added two new positions to help keep up with the ever-changing landscape.

The first of those positions is the addition of a data analyst to the staff. With the addition of the AMHS discovery and preparation, having a person to analyze the vast amount of information from Polaris and the drivers' iPad delivery app was immensely important to justifying and showing the member libraries the need and potential outcomes. We could make our points using actual data. Using this data has given our Operations Department a much more realistic vision of what an AMHS system requires. In fact, some of the initial number of items that we thought would be handled by the AMHS are much higher than reality. We've captured not only

the total number of items but also the number of unique items that travel through a hub multiple times a year. This new staff member has helped IHLS make better-informed decisions for our members and stakeholders, ensuring we choose the best path forward.

We also enhanced our service to members by adding another developer to our staff. The new full-stack developer will be responsible for maintaining existing projects and starting new ones. The IHLS website, for example, goes through waves of minor and major development. The new developer is responsible for the day-to-day development needs of all the IHLS and SHARE websites. This allows us more time to discover new areas that could use further development—that means improved IT support for our members and staff.

Support Internal IHLS Initiatives

This year, the whole organization significantly focused on planning for a potential automated material handling system. Before we could even decide if it was the best decision for IHLS, we had to get pricing and design documents in place so vendors could offer the service to us. But first, we needed data to release an RFP and discover pricing.

It was necessary that we dedicated many hours to collecting data, ensuring the data was as accurate as possible, and cross-referencing data from the Driver iPad program and the Polaris database. Using data from Polaris, we learned new and exciting ways of tracking individual items through delivery. For example, we obtained an accurate count of how many unique items go through delivery and how many times they repeat their journey across our delivery area. These efforts were vital to making the informed decision to proceed with an AMHS purchase, which will benefit IHLS and its members for years to come!



Delivery

Delivery is a vital service IHLS offers and is highly visible to all 520 IHLS member libraries. This was evident in FY2024, as IHLS delivery services provided libraries of all sizes with access to five-day-a-week delivery, resulting in over 69,000 stops and 1.1 million miles driven. This service not only saved libraries and their patrons money by facilitating the sharing of library materials at no additional cost but also emphasized the importance of providing top-notch delivery with minimal disruptions. Our focus this year has been on maintaining a high standard of service, such as maintaining infrastructure with van replacements and investing in durable delivery tubs. We are also exploring potential innovations of the Automated Material Handling System (AMHS) to further enhance our delivery service with automated sorting.

Maintaining a High Standard of Service

Equitable Access in Functional Five-Day Delivery

IHLS ensures all its member libraries, regardless of size, have access to five-day-a-week delivery, removing barriers that volume-based services create. This ensures quick, cost-free delivery for all, enhancing access for central and southern Illinois residents. With a library card from any system-member library, Illinois residents can borrow from any other member library. During FY2024, IHLS successfully **sorted and delivered over 2.7 million items** to Illinois libraries for IHLS delivery service and over 34,000 items for ILDS service, enhancing resource sharing across the state.* This effort guarantees that all Illinois residents, including those in remote southern and central communities, have equal access to a wealth of information and entertainment, just like their metropolitan counterparts.

*Over 700,000 items were sorted twice, as they moved through two hubs.

Fast Access with Delivery On the Go Service

In addition to promoting equity, we are deeply committed to ensuring expedited delivery wherever feasible. Our IHLS Delivery On the Go service facilitates the arrival of qualifying items at the receiving library on the very same day they are requested. Through this efficient same-route, same-day service, patrons have benefited from an estimated savings of 1.2 million dollars. This has allowed library patrons to receive their materials free of charge and in a more timely manner compared to making online purchases.

Items Delivered On the Go	48,019
Average Value Per Book	\$25**
Estimated Patron Savings	\$1,200,475

**The \$25 is an average of all the totals from the School Library Journal’s Average Book Prices 2023 list—rounded up to account for tax and shipping.

Infrastructure Maintenance with Replacement Vans

With our couriers driving over a million miles in FY2024, many of our cargo vans exceeded 200,000 miles, and replacing vehicles in our fleet was necessary. Replacing older vans with newer models can lead to substantial long-term savings due to reduced maintenance costs. Recognizing this need, the IHLS Board approved vehicle purchases allowing IHLS to purchase nine delivery vans via the state joint purchasing contract. These purchases allowed staff to continue safely providing our members with five-day-a-week delivery to libraries of all sizes. By making informed decisions about vehicle replacement, IHLS can demonstrate responsible stewardship of funds while enhancing member library services.



Fund Stewardship Cargo Van Resales

We needed to resell the replacement surplus vans to offset the increased costs of investing over \$400,000 in replacement delivery vans. IHLS staff sought approval from our Board to surplus these replacement vans and successfully applied over \$70,000 from the surplus sales to purchase our vans.

Innovation with an Automated Material Handling System (AMHS)

Our Delivery Team has been diligently exploring innovative solutions, such as implementing a new style of delivery tubs and expanding the Delivery On

the Go Service. Collaborating with other IHLS departments, Delivery staff continued evaluating the potential adoption of an automated material handling system. Our leadership presented this project and obtained approval after conducting site visits to libraries with similar systems, numerous meetings to evaluate the costs and benefits, competitive bids for cost details, and a detailed return on investment analysis. Automated sorting systems can significantly reduce labor costs associated with manual sorting processes while creating a safer working environment for staff. By investing in this technology, IHLS can reallocate the saved personnel resources toward enhancing member services.



Resource Sharing via SHARE

While all IHLS members have access to our free and equitable delivery services, we also provide a more advanced multi-format resource-sharing platform in our fee-based SHARE (Sharing Heartland’s Available Resources Equally) division. SHARE’s membership comprises 339 IHLS libraries, over 65% of the system’s members. These libraries collectively split the costs of the integrated library system (ILS) Polaris, enabling their patrons to access over 8.4 million items. With such a large membership, SHARE is North America’s largest library resource-sharing group, providing greater access to resources for more Illinoisans. Our 336 member agencies represent:

- 473 Member service locations
- 772,540 Member patrons
- 2,912 Member library staff
- 16 IHLS staff supporting SHARE

This year, as part of our mission to provide member libraries with effective, innovative, and user-friendly library technology to all of our member library communities, the SHARE team has been focused

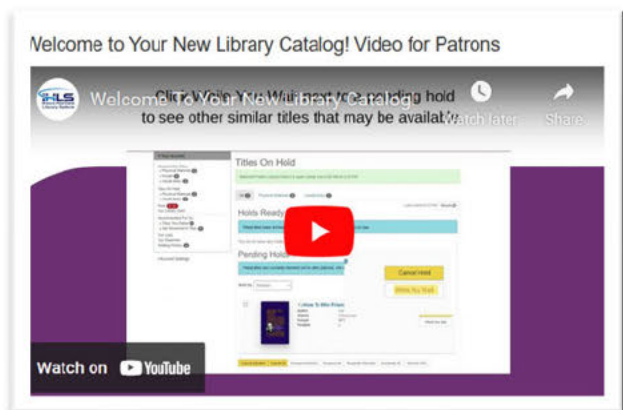
on two major projects, Aspen and the new, inclusive fee scale. The Aspen project significantly shaped the direction of the SHARE fee scale project, making the final product better and more in line with our current values and organization. The SHARE team members and committee volunteers take a lot of pride in the fact that we can offer costly tools to members at a price they can afford, with each library getting equivalent services, no matter the size of their community or their budget.

Aspen Discovery Implementation

We began the Aspen project with the initial setup and completed the project’s first phase with three cohort groups. Those groups totaled 94 libraries; each had project orientation and training and then launched their new catalog. In addition, the team prepared patron-facing content, like bookmarks, flyers, and even a video. The team also generated a dedicated Aspen page with FAQs and updates. The project was not without challenges, but so far has been a very successful transition. With the first phase of this project, there are now 94 communities that have better access to their physical and digital resources, opportunities to promote their services, and flexibility to use their catalog to enhance their marketing and advocacy efforts.

Aspen Discovery Goals

- 1 Create a unified experience through deep integration with ALL library technologies
- 2 Maximize User Engagement with the Library
- 3 Connect every user with a personalized and accessible library homebase
- 4 Empower library administrators to customize and expand Aspen



Examples of prepared Aspen materials for members.



Meet your library's new catalog.

SHARE

EMPOWERING LIBRARIES

- View, manage, and check out ebooks all in one place
- Virtually browse and see titles by format
- Discover new titles through recommendations
- Manage your account
- Create and view lists

... and more!

SHARE fee scales. After a review of the existing scales and forecast, we identified the need for a significant increase. The committee met over several months to review suggested proposals. One that began as a “pie-in-the-sky” idea quickly began to gain appeal: an all-inclusive fee for members that includes Polaris modules, cloudLibrary, and Aspen. Those of us working within SHARE, including SHARE staff members, IHLs support staff, and committee volunteers, have always believed that SHARE brings the same level of service to all our member library communities, regardless of their size or revenues. This year of reflection enabled us to shape our program by that value.

SHARE Fee Scale Updates

This year, the SHARE Finance & Policy Committee, SHARE leadership, and the IHLs Finance Department embarked on a planned review of the

During this project, SHARE’s commitment to transparency and inclusivity was apparent in the extensive feedback from members, including two Director surveys, a member comment period, and three Town Hall meetings. We shared information via email, newsletter, board reports, articles on the SHARE website, committee meeting updates, and various networking events.

Consortia
COMPARISON CHART

CONSORTIUM	MEMBERS	FTE	FEE MIN.	FEE MAX.	AVERAGE
SWAN	100	19	\$11,000	\$104,951	
RSANEP	142	12	\$1,500	\$88,605	
VALE	52	1	\$21,420	\$50,500	
PALS Plus	88	5			\$94,107
EVERGREEN INDIANA	130	3.5	\$0	\$45,000	\$12,401
SHARE	336	16	\$1,521	\$58,238	\$6,153

*All available information present in chart

Visual representation of how SHARE’s budget compares to other library consortia.

Fee Comparison: SHARE vs. Standalone

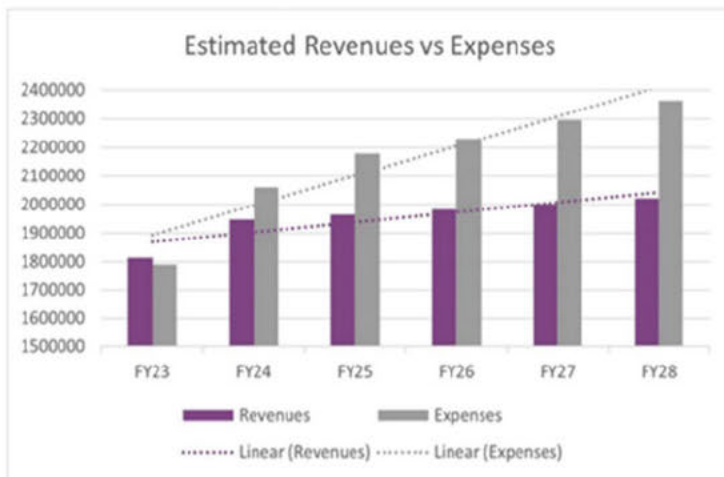
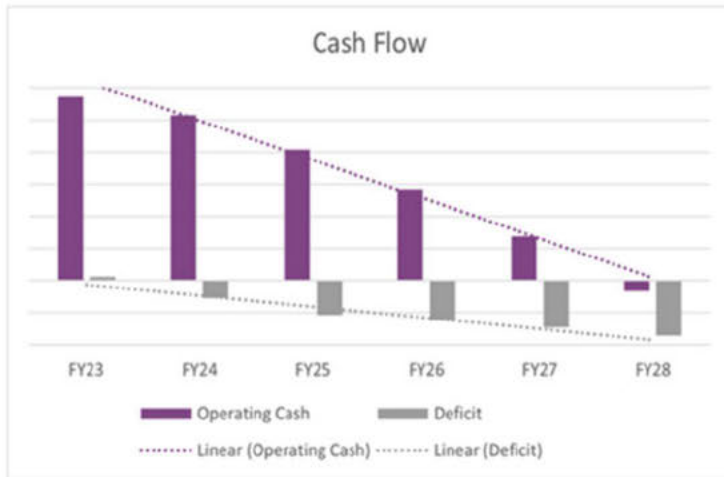
Categories	Large School	Small School	Large Public	Medium Public	Small Public	Academic
Polaris fee	7,184	691	38,887	13,315	3,127	152
Polaris fee	N/A	N/A	\$2,094,571	\$429,743	\$101,446	N/A
Polaris fee	\$22,400	\$1,900	\$36,400	\$10,252	\$4,348	\$1,400
Polaris Standalone fee	\$336,400	\$24,800	\$61,300	\$26,400	\$28,800	\$23,600
Polaris Standalone fee	\$426,000	\$36,000	\$60,000	\$30,000	\$30,000	\$30,000

Being a SHARE member has its benefits - \$10M in savings for taxpayers in southern and central Illinois!*

SHARE Total: \$1,298,226
Standalone Total: \$11,501,701

*Does not include migration fees. Totals are calculated using proposed FY2025 SHARE member fees and pricing provided by Polaris.

Comparison of SHARE member fee versus standalone Polaris fee.



Visual representations to communicate the need for a membership fee

We sent the final proposal to members during our Annual Members’ Group Meeting and put it out for vote. Members approved the proposal 151-Yes to 15-No. SHARE committee volunteers worked incredibly hard on this project and were happy to see their vision of equity and value realized with member support.

TrySHARE

We also launched TrySHARE in FY2024 as a new way to recruit school members. TrySHARE is a pilot program where schools can utilize the SHARE database for interlibrary loan as a pathway to eventual membership. School administrators have

the opportunity to review the return on investment of membership. We did a soft launch with one school participating. During the program’s first year, the **school borrowed 558 items, saving \$10,596.42** by borrowing rather than purchasing all of the titles requested through the program. Based on that data and how much their students and teachers enjoyed the membership, they will be one of our newest members in FY2025—ensuring continued access for their students and faculty.

Database Security

SHARE focused again on database security this year. One significant change was the amount of access allowed by our member libraries, with school librarians only able to access data for their students. This project will continue in FY2025 when public libraries will have access to other public libraries for reciprocal borrowing but will not have access to data for K-12 students. SHARE members also adopted a new policy for staff permissions to help ensure database security and patron confidentiality. This measure will ensure that patron data is protected and that we continue to take responsibility for our part in protecting the confidentiality of member data.

Member Engagement

SHARE brainstormed ways to connect to members, including the addition of sponsorships at conferences like the ILA Annual Conference, Reaching Forward South, the AISLE Annual Conference, and IDEACon. The team also adopted some new procedures to better utilize our



Customer Relationship Manager (CRM) for better data retention, potential return on investment efforts, advocacy work, and engagement tracking. SHARE also reclassified a position to create a new SHARE Member Engagement Specialist to communicate with members, especially keeping members abreast of the new programs and improved processes. We want to represent SHARE in the wider library community and be very visible to our members, and the SHARE Member Engagement Specialist has helped with that.



A word cloud from member responses at the SHARE Annual Members' Group



Bibliographic Services

Bibliographic services are integral to how IHLS facilitates resource sharing among member libraries in Illinois. Cataloging support allows our interlibrary loan (ILL) delivery service and integrated library service platform to run properly. Additionally, effective cataloging maintains order and consistency in the description of library items, ensuring patrons can readily locate the library items they need in the public access catalog.

To maintain peak accessibility at SHARE libraries and statewide, the IHLS Bibliographic Services team offers various services, including cataloging, database maintenance, and cataloging training, all at no extra cost. This team comprises two divisions: the Cataloging Maintenance Center (CMC) and SHARE Bibliographic Services. While SHARE catalogers focus on supporting the SHARE database and training SHARE members, CMC catalogers facilitate access to resources and special collections throughout the state, including digitized collections at Illinois Digital Archives (IDA).

With their responsibility to train other catalogers, the SHARE and CMC staff recognize continuing education and training as essential. IHLS's catalogers have extensive library cataloging experience, but they continue to seek opportunities to enhance their knowledge and skills by participating in conferences and training sessions. This commitment ensures our members receive top-quality education, cataloging, and database support.

SHARE Bibliographic Services

During FY2024, SHARE Bibliographic Services continued to provide exceptional cataloging services for our members, improve our database through item and bibliographic record cleanup, and

provide high-quality educational opportunities for our member libraries. To ensure continued exceptional database integrity, we focused on merging duplicate and brief bibliographic records, identifying item records with errors that will impact patron and staff usability in both the original Online Public Access Cataloging (OPAC) and in ASPEN, our new discovery layer, and updating and correcting subject headings to improve findability. SHARE Bibliographic Services staff provided online and in-person barcoding and cataloging training, including at several member libraries throughout our service area, resulting in **over 2,634 contact hours**. We also developed and published our new, shortened, but more thorough **Barcoder Certification Training for New Barcoders, which 141 library staff members completed**, and we updated our Barcoding Refresher Training for the new fiscal year.

Comprehensive Barcoding Training for Members & Staff

SHARE Bibliographic Services staff developed and published our new **Barcoding Certification Course** this year on the SHARE Training site. This new course will ensure that library staff can complete the Barcoding Certification process more quickly, typically **in less than three hours**, compared to prior training lasting over six hours. Even with this shorter course, trainees can rest assured that they still are receiving all the necessary information, such as how to correctly match their items to correct records, which fields to use or avoid in an item record, and how to continue to maintain or remove individual item records, to help maintain exceptional database integrity.

SHARE Bibliographic Services staff also updated the Barcoding Refresher Training course in



preparation for FY2025. All barcoders will continue to be required to take this course every two years to maintain their certification. With continued training through this certification process, member library staff can help maintain a catalog, allowing patrons across the IHLS service area to quickly identify, request, and receive the items they want.

Cataloging Training for Members

SHARE Bibliographic Services staff continue to provide comprehensive training to our member libraries through monthly Cataloger’s Training Sessions, our SHARE Your Cataloging Questions webinars, and our review of records for library staff working through our Cataloging Certification process.

SHARE catalogers are required to obtain 15 hours of continuing education each fiscal year. These hours help SHARE maintain a world-class catalog that allows our libraries, staff, and patrons to find what they need when needed.

Training Session	Sessions	Trainees
SHARE Cataloger’s Training	9	871
SHARE Your Cataloging Questions	14	138
Training Activity	Trainees	Records
Record Review	25	2,550

Cataloging training, trainees, and records offered in FY2024.

Cataloging Maintenance Center

The Cataloging Maintenance Center (CMC) catalogers are supported by a grant from the Illinois State Library to provide services that help improve access to Illinois library resources. Their offerings include free cataloging of eligible special collections, consultation on metadata projects,

database cleanup for LLSAPs, cataloging training, and more. Several staff members are responsible for merging duplicate records in OCLC. The CMC’s directive is to support Illinois libraries of all types in providing quality library services.

The CMC provides various free services to Illinois libraries that increase the usability of databases, catalogs, and digital archives, improving access to resources and special collections across Illinois. The benefits of this work are many. Our world language cataloging service enhances access to world-language materials. This improved access helps English language learners check out materials in their primary language and helps world-language learners find materials in their new language, supporting learning and a sense of community. Meanwhile, CMC training offers an additional cost-effective means for Illinois libraries to stay abreast of new cataloging standards and best practices. This service is a boon to many Illinois libraries whose staff struggle with cataloging challenging items, such as kits, world language materials, realia, or local genealogy items. With the CMC’s help, more Illinoisans have easy access to more of these unusual—and exciting—library materials!

This work continued in FY2024. CMC staff carried out many projects this year, but some of their most significant efforts involved database cleanup, original cataloging and enhancements, authority record creation, metadata cataloging, continuing education, the Mobile Memory Lab project, and a new online cataloging request form.

PrarieCat & CARLI Database Cleanup.

The CMC staff spent a large portion of their time on database cleanup:

- Enhancing, originally cataloging, or identifying as record merges **2,394**



bibliographic records for the PrairieCat Cleanup Project;

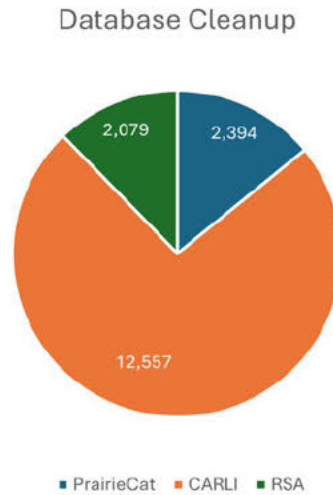
- Merging, deleting, and editing **12,557 bibliographic records in the Alma database for the CARLI Cleanup Project;** and
- Enhancing or originally cataloging and merging or importing into WorkFlows **2,079 bibliographic records for the RSA Backlog Cleanup Project,** which began in October 2023.

Database cleanup improves patrons’ online catalog search results and involves editing substandard bibliographic records into quality, full-level records.

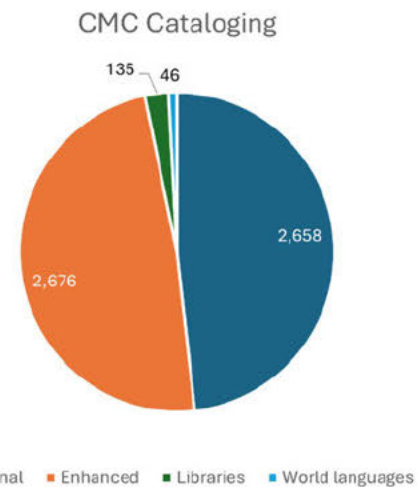
For the PrairieCat cleanup project, the bibliographic records do not have an OCLC number, which is a critical identifier in matching existing records in Encore, the discovery platform used by PrairieCat. Updating the records in OCLC benefits not only PrairieCat members but also global users of WorldCat, allowing patrons to find the precise item they are looking for. The CARLI Cleanup Project is crucial in improving the search and filtering in their online public catalog, I-Share.

Original Cataloging & Enhancements

The CMC staff kept busy **originally cataloging 2,658 items and enhancing 2,676 bibliographic records.** CMC staff cataloged many items in English, but they also cataloged items in 46 different world languages. The CMC cataloged materials for 135 individual libraries (this does not include the consortial libraries helped through database cleanup). Through original cataloging and enhancing of less-than-full or transforming AACR2 to Resource Description and Access (RDA) records, **over 5,000 items are now available or more**



The CMC provided database cleanup and during FY2024, 2,079 records were enhanced and identified as merges for PrairieCat, 2,394 records were enhanced (if less than full) or originally cataloged and merged (if duplicates) in WorkFlows for RSA, and 12,557 records were edited, deleted, or merged for CARLI.



During FY2024, CMC staff originally cataloged 2,658 items, enhanced 2,676 records, and cataloged materials in 46 different world languages for 135 individual libraries.



findable. Again, this helps ensure patrons will be able to find the exact item they are looking for.

Authority Record Creation

Staff also created 114 name, series, and title authority records. Authority records link names, series, and titles in a bibliographic record, allowing patrons to access an author’s entire corpus or all the titles in a series. Creating authority records is another way the CMC has improved access for Illinois library patrons.

Metadata Cataloging for Illinois Digital Archives

The CMC Metadata Cataloger, Kat Anderberg, was busy transcribing 102 handwritten and typed documents and one audio recording, uploading 375 simple objects and 304 compound objects to the Illinois Digital Archives (IDA) website with CONTENTdm. She also made three site visits as part of the Mobile Memory Lab’s Digitization Days at Marshall, Alton, and Sparta public libraries. As part of this project,

Kat digitized and edited 1,348 images, and she finished cataloging and uploading all items for the Mobile Memory Lab. Anyone worldwide can access the IDA website to find the documents, photos, and realia digitized as part of the Digitization Days or other metadata projects, including digitized oral histories. People searching for family documents can now access digitized copies of photographs, letters, and realia, bringing their family history to life for generations.



Our Metadata Cataloger digitized 1,348 items for the Mobile Memory Lab and cataloged digitized items for other libraries, resulting in 375 simple objects and 304 compound objects.



During FY2024, CMC staff presented 10 webinars with 503 live attendees, offered nine courses with 184 successful completers, and presented at eight conferences with 211 attendees for a total of 2,313 contact hours provided.

*Successful completion is marked by a grade of 70% or higher.

Continuing Education Offered & Obtained

Training was another area where CMC staff focused their time and attention. They created and presented ten webinars for the Online with the CMC series with 503 live attendees. We offered nine cataloging courses, including a new series of Focus on Cataloging classes: Serials Cataloging, Deriving a Record, Cataloging Binge Boxes, Cataloging DVDs, World Language Cataloging, and Cataloging CDs, in Moodle with 184 successful completers.*

Illinois library staff create quality



bibliographic records in CMC cataloging training offerings, improving their catalogs and developing new cataloging skills. More detailed cataloging records mean more information that is searchable in a bibliographic record, such as full content notes for a music CD with titles and artists or listing the contents of a kit. All this information is, then, searchable, giving patrons multiple access points to find resources in their local library's catalog.

In addition to offering cataloging courses and webinars, CMC staff completed six courses for **13 Continuing Education Units**. These courses enable CMC staff to sharpen their existing skills and develop new ones. In the CMC's ever-growing catalog of courses and webinars, our staff pass on their improved mastery to Illinois library staff at varying skill levels. As a result, new and seasoned catalogers at any Illinois library can always find a CMC course or webinar to continue their professional development and make their catalog more accessible to patrons.

Outreach & Promotion of CMC Services

With so many helpful free services on offer, CMC staff must also engage in outreach to promote and explain our free services provided to Illinois libraries. While the Marketing and Communications team coordinates promotional materials and messaging, CMC outreach generally includes conference presentations and participation at exhibit hall booths. By presenting at statewide and regional conferences and staffing booths, the CMC can network and explain the free services provided to Illinois libraries. The more Illinois libraries that know about the CMC can take advantage of the free services, creating more time for catalogers in these libraries to work on other projects. To this end, staff from the CMC presented at various conferences, including PUG Day (the PrairieCat Users Group's annual one-day virtual conference), the AISLE

Conference, the ILA Annual Conference, ILA's Reaching Forward South Conference, and IHL S Member Day.

CMC staff also provided cataloging training sessions at the ILA Annual Conference and RSA Day (the Resource Sharing Alliance's annual one-day conference). In addition, the CMC staff attended monthly SHARE Cataloging Training sessions and quarterly Local History and Genealogy Forums. Also, partly in the interest of outreach, the CMC offered **2,313 contact hours in FY2024** through Moodle courses, presentations, and webinars. The success of these myriad activities is apparent in the growth in CMC course completion. Thanks to our CMC staff's tireless efforts, more and more library catalogers are using the CMC's free services—enhancing their catalogs and saving taxpayer dollars for other library services.



Membership

The Membership Team exists to provide support to our 520 Member Libraries, regardless of type, size, or location—whether it is a bread-and-butter issue like cleaning up a listing in the Illinois Library Learning Calendar & Directory (L2) or a major happening like assisting a library facing serious Intellectual Freedom challenges. Activities during any day can range from helping someone register for a continuing education event to walking a trustee through the “next step” when they need to replace a director unexpectedly. Our team’s priority is always to provide support services to our libraries at their point of need.

In many ways, the Membership Team is the system’s “boots on the ground.” That can mean participating in a networking group, doing a routine site visit, presenting to a board, or helping new directors adjust to their roles. Spending time with our members where they are and encouraging them to take the lead in the interaction is crucial to building strong working relationships.

It is also incumbent on this department to engage in the larger library community—to be a voice at the table for all libraries in southern and central Illinois, particularly those in under resourced areas of the state. This means attending meetings, serving on committees, and following library law as it impacts our libraries and trends on the horizon. This year, the Membership Team focused on assisting members navigate new laws and intellectual freedom challenges, expanding and improving our continuing education offerings for all members (including trustees), and fostering ongoing member engagement.

Intellectual Freedom & IHL S Libraries

With the passage of PA 103–100, the Membership Team mobilized along with colleagues throughout the system. The first rush of activity surrounded the need for compliance when public libraries submitted their per capita grants in early 2024. We collaborated with The Marketing and Communications Team to create a new page for our website with a video tutorial and an FAQ section. Our school library members will deal with this as a group when they apply for their per capita grants this fall. Accordingly, we worked to help update the webpage to provide school-specific information.

In addition to this work in response to new legislation, the Metropolis Public Library gained singular focus when members of the board and the library director pushed back against compliance with PA 103–0100. Our response was another example of several system departments coming together to ensure this library received the support it needed. For some time, staff followed library board and city council meetings and many media sources to gather all the pertinent information in this story. As a result of this experience, the Metropolis board is now very committed to supporting the whole community.

Training for Public Library Trustees

After a year of development, during which the team created ten modules, the iLEAD Trustee Learning Portal premiered throughout the conference season in the Fall of 2023. The project formally launched in February 2024 and had **288 users by the end of the fiscal year.**

As more trustees take advantage of the convenient and easily accessible learning opportunities in the iLEAD portal and apply that knowledge locally,



more Illinois libraries will benefit from informed and collaborative leadership.

Continuing Education

After our Continuing Education Coordinator joined the IHLS Membership Team at the end of FY2023, she plunged into planning for FY2024 with both feet.

Having dedicated staff focusing on this essential service significantly improved the system's delivery of continuing education opportunities. Planning happened in a timely fashion, and communication was consistent. In addition, very few administrative tasks fell through the cracks. For example, with the approval of the Illinois State Library, IHLS also participates in the Chief Officers of State Library Agencies' (COSLA) Continuing Education Group.

One particular success was revitalizing our Third Thursday Continuing Education and Members Matter events. During the COVID lockdown, this regular in-person event became sporadic and restricted to Zoom, and it never got back on track. Our new CE Coordinator recognized the importance of this joint event and started working on returning to a monthly schedule and a hybrid meeting style. Now, we offer a professional development presentation on the third Thursday of every month, with a follow-up hour for system updates and input from members when needed. Thanks to this CE improvement, we are more connected to members than we have been in years!

Professional development for our school members was also a focal point with the development of the Symposium for School Library Workers, a virtual online opportunity for school library workers throughout Illinois. This event deserves particular notice because it was a cooperative effort by IHLS, the Illinois Library Association, the Illinois State Library, and Reaching Across Illinois Library

System. As a result of our collaboration, school library educators—a group that has historically had minimal library education—can access vital training to make their libraries more effective for their students and faculty.

Tenth Annual IHLS Member Day

We were proud to offer our annual IHLS Member Day virtual conference again this year. What began as an in-person, grassroots effort in 2014 is now a virtual event drawing more than 400 people. There were 393 attendees, 28 speakers, and 27 exhibitors. The program included 14 sessions—12 breakout sessions and two keynote sessions.

There can be no better example of IHLS staff working as a team than Member Day. When the event moved to a virtual platform in 2020, a whole new implementation structure emerged that drew in every department within IHLS and tapped into staff members' skill sets throughout the organization. The virtual aspect of this event has encouraged higher attendance and allowed IHLS to recruit speakers without concern for their location. Adding an effective Project Manager for the event has made this growth and collaboration possible.

Member Support and Outreach

Providing support to IHLS member libraries at their point of need will always be a priority for the Membership Services Team. This work is not something one can plan for; it starts when an email arrives or a telephone rings. The fact that the Membership Team has grown in number makes us better able to be responsive and effective in our support for our membership. A department that is even slightly larger can also become involved in regional and statewide groups that allow IHLS to be a voice at the table for libraries in central and southern Illinois.

ILLINOIS HEARTLAND LIBRARY SYSTEM

REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2024

ILLINOIS HEARTLAND LIBRARY SYSTEM

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ILLINOIS HEARTLAND LIBRARY SYSTEM

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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON
September 5, 2024

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Illinois Heartland Library System

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the System, as of June 30, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System, 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 the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 the System's basic financial statements. The accompanying individual fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are 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, the individual fund financial statements and the schedule of expenditures of federal awards are 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 5, 2024, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the System's internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.



Alton, Illinois



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

September 5, 2024

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Illinois Heartland Library System

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Illinois Heartland Library System, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Illinois Heartland Library System's basic financial statements, and have issued our report thereon dated September 5, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-1 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Illinois Heartland Library System's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Illinois Heartland Library System's response to the finding identified in our audit as described in the accompanying schedule of findings and questioned costs. Illinois Heartland Library System's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Alton, Illinois



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

September 5, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Illinois Heartland Library System

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Illinois Heartland Library System's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Illinois Heartland Library System's major federal programs for the year ended June 30, 2024. Illinois Heartland Library System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Illinois Heartland Library System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Illinois Heartland Library System and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Illinois Heartland Library System's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Illinois Heartland Library System's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Illinois Heartland Library System's compliance based on audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Illinois heartland Library System's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Illinois Heartland Library System's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Illinois Heartland Library System's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Illinois Heartland Library System's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

A handwritten signature in cursive script that reads "Schell Boyle".

Alton, Illinois

ILLINOIS HEARTLAND LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

Illinois Heartland Library System's Management Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the Illinois Heartland Library System for the fiscal year that ended June 30, 2024 (FY2024). The MD&A is designed to:

- Focus on significant financial issues;
- Provide an overview of the Illinois Heartland Library System's financial activities;
- Identify any material deviations from the financial plan (approved budget); and
- Identify issues and/or concerns for each individual Illinois Heartland Library System Fund.

Background

The Illinois Heartland Library System (IHLS) is a quasi-governmental agency of the State of Illinois established through a merger on July 1, 2011, of four regional library systems in central and southern Illinois (Lewis & Clark, Lincoln Trail, Rolling Prairie, and Shawnee). Each regional library system was dissolved effective June 30, 2011.

Library systems have been a part of the library landscape in Illinois for over five decades. Following the enactment of legislation in 1965, there were 18 Illinois library systems. Prior to the July 2011 IHLS merger, nine multitype regional library systems were in Illinois with the remaining five merging in July 2011 as well, which established the Reaching Across Illinois Library System (RAILS). Library Systems are funded primarily by a grant (System Area and Per Capita) administered by the Illinois State Library (ISL), a division of the Illinois Secretary of State. In the founding legislation, the Library Systems Area & Per Capita Grant (23 ILAC 3035.100) formula is based on \$43.2999 per square mile and \$1.2457 per person. The demographic information from the 2020 Census is used to calculate the funding level and indicates a total population served of 2,160,649 and a 28,368 square mile service area. In FY2015, IHLS received requested funding of \$3,364,429. However, in FY2016 and FY2017 due to the Illinois budget impasse, IHLS's funding level was reduced to 58% of FY2015 funding level - \$1,989,671. In FY2018 through FY2022, IHLS received funding for \$3,400,700. In FY2023, IHLS received an increase in funding due to changes to the cost per area and per capita. The FY2023 and FY2024 funding totaled \$3,919,852.

Funds received from the System Area & Per Capita Grant (SAPG) are utilized by IHLS to provide services to member libraries and to pay for the basic administration operations of the organization. In FY2024, 520 libraries of various types participated as members of IHLS (28 academics, 227 publics, 239 school districts, and 26 special libraries). Membership totals fluctuate year to year for several reasons – libraries are suspended for failure to meet membership qualifications, agencies such as school districts and academic libraries consolidate locations as a cost-savings measure and new library agencies apply for and are approved as members. The service area comprises 58 counties in central and southern Illinois. Services are focused on supporting resource sharing through library materials delivery, library automation services, and cataloging.

A legally established Board of Directors governs the operation of IHLS. The Board of Directors (consisting of fifteen board members) are elected from the member libraries. Eight members must be members of the governing board of public libraries. Additionally, seven board members must represent:

- An academic library (1 director)
- A public library (2 directors)
- A school library (3 directors)
- A special library (1 director)

As an organization, the Illinois Heartland Library System is guided by its mission statement and vision. The mission statement of IHLS is:

To support member libraries of all types in providing quality library services. IHLS facilitates access to shared resources, advocates for libraries, promotes innovation, and develops community partnerships.

ILLINOIS HEARTLAND LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

The vision of IHLS is:

Illinois Heartland Library System (IHLS) empowers libraries to embrace innovation and collaboration.

The Illinois Heartland Library System's basic financial statements contained in this report are comprised of three components:

- Government-wide Financial Statements,
- Fund Financial Statements, and
- Notes to the Financial Statements.

Government-Wide Financial Statements

The Government-wide financial statements distinguish functions of IHLS that are principally supported by grants and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The only core service provided with costs recovered through user fees is the Local Library System Automation Program (LLSAP) which is called Sharing Heartland's Available Resources Equally (SHARE). Information regarding the LLSAP is found under the Proprietary Fund – Computer Development Fund sections of the Audit Report.

The first two documents in the audit section titled, *Basic Financial Statements*, contain information that summarizes financial activity for all funds used to support IHLS's programs and projects. Page 17 contains the *Statement of Net Position* which presents information on all IHLS's assets and liabilities as of June 30, 2024. The *Statement of Activities*, found on page 18, reflects the change in Net Position and FY2024 Year End Net Position for all IHLS's programs and activities. All changes in the Net Position are reported in the fiscal year of occurrence, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., grant receivables and accounts payable).

Fund Financial Statements

Financial information for IHLS is reported by fund. Each fund is a separate accounting entity created to segregate specific activities and to ensure and demonstrate compliance with finance-related legal requirements. IHLS has three types of funds – Governmental, Proprietary, and Fiduciary.

There were several governmental funds represented in the FY2024 IHLS financial reports and audit. The *General Fund* contains the financial information for the general administration and operation of IHLS, and the provision of core services (except for automation and bibliographic access).

A *Capital Projects Fund* was established to ensure there are dedicated funds to be used for the purchase and/or replacement of capital items and for major facilities' renovation and repair. The *Capital Projects Fund* may be utilized for operating capital on a loan basis when allocated State funding is delayed.

Special Revenue Funds are grants awarded by ISL for specific projects undertaken by IHLS. In FY2024, IHLS had three *Special Revenue Funds* – *Cataloging Maintenance Center (CMC)*, *iLEAD Library Trustee Training (LTT)*, and *Online Computer Library Center (OCLC) Billing*.

CMC is the more significant grant that provided funding to IHLS. The grant's purpose is to do original or copy cataloging of library materials, bibliographic database cleanup, training and assistance, and metadata consultation for all Illinois libraries and library consortia. IHLS has participated in this project since its inception.

The *OCLC Grant* is represented in the audited financial statements under "*Other Governmental Funds*."

ILLINOIS HEARTLAND LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

Proprietary Fund

IHLS has one Proprietary Fund referenced in these audited financial statements. The financial information presented in the *Computer Development Fund* is for the Local Library System Automation Program (LLSAP). IHLS internally refers to its *Computer Development Fund* as *Sharing Heartland Available Resources Equally (SHARE)*. As of June 30, 2024, *SHARE* currently represents 339 agencies (utilizing 473 library buildings). *SHARE* membership fluctuates based on factors such as new (transitional) members, members' ability to afford membership fees, overall library sustainability, and the consolidation or closure of school libraries. IHLS's LLSAP participates in a single library automation system with a shared database. Staff from these libraries also receive technical and other support as well as training from IHLS.

The basic proprietary fund financial statements can be found on pages 23-25 of this report. The fees collected for this service support out-of-pocket expenditures (including direct staff and their benefits).

Fiduciary Fund (Custodial Funds)

Based on the audited financial statements, IHLS has three *Fiduciary Funds*, *The Online Computer Library Center, Inc. (OCLC) Fund*, *Lewis and Clark Library System 457 Plan*, and *SWAYS (Southwest Advocates for Youth Services)*. For OCLC, IHLS receives transaction information electronically from OCLC and the ISL. IHLS then generates and mails invoices throughout the State of Illinois for ILLINET OCLC services and applies cash receipts. These funds are then held in trust and disbursed to OCLC. For the Lewis and Clark Library System 457 Plan, IHLS acts as a fiduciary for funds held in trust for participants that participated in the plan during the timeframe the Lewis and Clark Library System was operational. IHLS acts as a fiduciary for the Southwest Advocates for Youth Services and the monies held are for participants in that activity.

Notes to the Financial Statements

The notes provide additional information and insight that is essential to a full understanding of the data provided. *The Notes to the Financial Statements* can be found on pages 28-48 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning IHLS's budget to actual schedules and progress in funding its obligation to provide pension benefits to its employees. Required supplementary information for the budget to actual schedules and pension obligations can be found on pages 49-56 of this report.

The other supplementary schedules contain individual fund statements and the budget to actual comparison for Non-Major Funds. Other supplementary information can be found on pages 57-61 of this report.

Government-Wide Financial Analysis

Over time, Net Position may serve as a useful indicator of an entity's financial position. IHLS's Assets exceeded Liabilities by \$12,088,395 at the close of FY2024.

The largest portion of the IHLS's Net Position (58%) is Cash and Cash Equivalents which are used as working capital, necessitated because of delays in the receipt of the System Area and Per Capita Funds. These funds are also utilized for capital improvements.

ILLINOIS HEARTLAND LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

The following table (in millions) reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 6.3	\$ 6.7	\$ 2.4	\$ 2.6	\$ 8.7	\$ 9.3
Noncurrent Assets	3.1	1.9	0.9	0	4.0	1.9
Total Assets	<u>\$ 9.4</u>	<u>\$ 8.6</u>	<u>\$ 3.3</u>	<u>\$ 2.6</u>	<u>\$ 12.7</u>	<u>\$ 11.2</u>
Deferred Outflows of Resources	<u>\$ 4.0</u>	<u>\$ 5.3</u>	<u>\$ 1.7</u>	<u>\$ 2.2</u>	<u>\$ 5.7</u>	<u>\$ 7.5</u>
Current and Other Liabilities	\$ 0.2	\$ 0.2	\$ 0.1	\$ 0.1	\$ 0.3	\$ 0.3
Long-Term Liabilities	0.2	0.5	0.2	0.2	0.4	0.7
Total Liabilities	<u>\$ 0.4</u>	<u>\$ 0.7</u>	<u>\$ 0.3</u>	<u>\$ 0.3</u>	<u>\$ 0.7</u>	<u>\$ 1.0</u>
Deferred Inflows of Resources	<u>\$ 2.5</u>	<u>\$ 3.2</u>	<u>\$ 1.0</u>	<u>\$ 1.3</u>	<u>\$ 3.5</u>	<u>\$ 4.5</u>
Net Position						
Net Investment in Capital Assets	\$ 2.1	\$ 1.8	\$ 0.4	\$ 0	\$ 2.5	\$ 1.8
Restricted	0.1	0.1	0	0	0.1	0.1
Unrestricted	8.4	8.1	3.2	3.2	11.6	11.3
Total Net Position	<u>\$ 10.6</u>	<u>\$ 10.0</u>	<u>\$ 3.6</u>	<u>\$ 3.2</u>	<u>\$ 14.2</u>	<u>\$ 13.2</u>

Long-Term Liabilities represents the value of earned, but unused vacation accumulated by employees, future payments on SBITA contracts, as well as Net Pension Liability (if any) related to participation in the Illinois Municipal Retirement (IMRF) Fund, as of June 30, 2024. Restricted Assets are the remaining fund balances for the Capital Projects, CMC Grant, LTT Grant, and OCLC Grant Funds which must be used by those funds only. IHLS has internally set aside committed and reserve funds in its *Computer Development Fund (SHARE)* for the eBooks combined purchases and future capital outlay purchases.

The following table (in millions) is a summary of the Statement of Activities for the years ending June 30, 2024, and 2023:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues						
Charges for Services	\$ 0.3	\$ 0.3	\$ 1.7	\$ 1.6	\$ 2.0	\$ 1.9
Operating Grants and Contr.	5.0	5.0	0	0	5.0	5.0
General Revenues	0.4	(0.2)	0.1	(0.2)	0.5	\$ (0.4)
Internal Activity - Transfers	(0.3)	(0.3)	0.3	0.3	0	0
Total Revenues	<u>\$ 5.4</u>	<u>\$ 4.8</u>	<u>\$ 2.1</u>	<u>\$ 1.7</u>	<u>\$ 7.5</u>	<u>\$ 6.5</u>
Expenses:						
General Library Services	\$ 4.8	\$ 4.9	\$ 0	\$ 0	\$ 4.8	\$ 4.9
Computer Development	0	0	1.7	1.8	1.7	1.8
Total Expenses	<u>\$ 4.8</u>	<u>\$ 4.9</u>	<u>\$ 1.7</u>	<u>\$ 1.8</u>	<u>\$ 6.5</u>	<u>\$ 6.7</u>
Change in Net Position	\$ 0.6	\$ (0.1)	\$ 0.4	\$ (0.1)	\$ 1.0	\$ (0.2)
Beginning Net Position	9.9	9.2	3.3	2.7	13.2	11.9
Ending Net Position	<u>\$ 10.5</u>	<u>\$ 9.1</u>	<u>\$ 3.7</u>	<u>\$ 2.6</u>	<u>\$ 14.2</u>	<u>\$ 11.7</u>

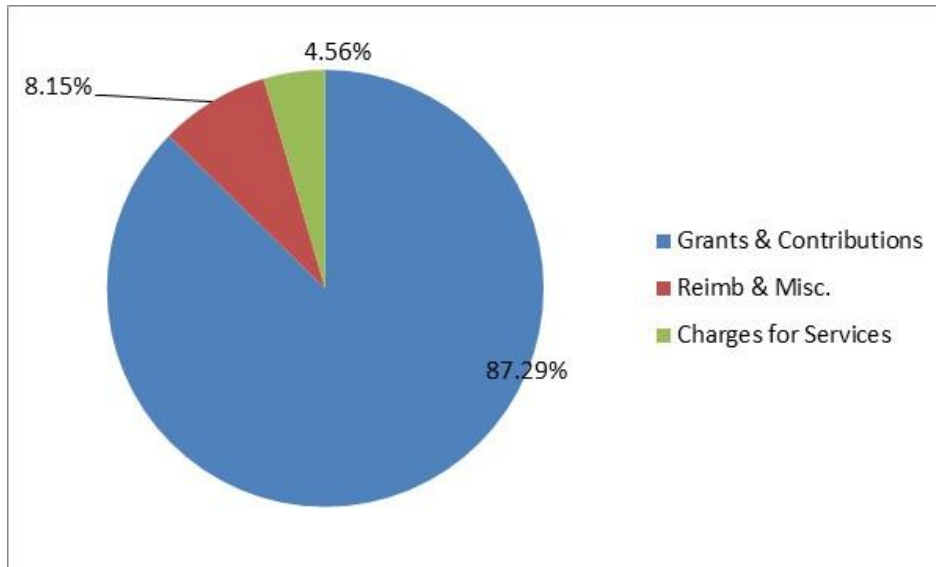
ILLINOIS HEARTLAND LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

This Statement reflects a change in Net Position of \$1,019,599. This is a 7.7% increase from the prior year. This increase in the current year is attributable to the Actuarial Valuation performed in the System's participation in the Illinois Municipal Retirement Fund. The System recognized current year pension income of \$815,044 compared to pension expense of \$701,842 in the prior year.

Revenues by Source

Government Activities

The following pie chart depicts total revenue by percentage. This is a typical distribution of Revenue for a multi-type library system:



Business Type Activities

Based on the audited financial statements, IHLS's business-type activity is the LLSAP, SHARE. As reported on the *Statement of Revenues, Expenses, and Changes in Fund Net Position* (page 24), *Charges for Services* continued to represent most of the *Operating Revenues* (approximately 95%).

Financial Analysis of the Government's Funds

As noted earlier, IHLS uses fund accounting to demonstrate and ensure compliance with finance-related legal and grant requirements. As indicated on page 19, as of June 30, 2024, *IHLS's Governmental Funds* reported a combined ending fund balance of \$6,133,705.

IHLS developed a budget based on the priority areas identified by the ISL and the *FY2024 Goals* contained in the *IHLS Operational Plan*. The budget must be approved by the IHLS's Board of Directors and the ISL. IHLS's staff uses the budget to guide the operations throughout the fiscal year. The FY2024 budget represents normal funding levels.

ILLINOIS HEARTLAND LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

General Fund

The following table compares the budget to actual expenditures for the *General Fund*. IHLS used its approved budget:

	Original Budget	Final Budget	Actual
Revenues:			
Area and Per Capita Grants	\$ 3,919,852	\$ 3,919,852	\$ 3,919,852
Fees for Services and Material	266,473	266,473	262,593
Reimbursements	3,715	3,715	12,930
Investment income	88,253	88,253	276,890
Miscellaneous	91,435	91,435	127,834
Total Revenues	<u>\$ 4,369,728</u>	<u>\$ 4,369,728</u>	<u>\$ 4,600,099</u>
Expenditures:			
Personnel	\$ 3,334,084	\$ 3,334,084	\$ 3,107,353
Other Operating Expenditures	1,192,348	1,192,348	970,373
Total Expenditures	<u>\$ 4,526,432</u>	<u>\$ 4,526,432</u>	<u>\$ 4,077,726</u>
Excess of Revenue Over (Under)			
Expenditures	<u>(156,704)</u>	<u>(156,704)</u>	522,373
Other Financing Sources (Uses):			
Proceeds from Sale of Assets			\$ 20,225
Transfers In (Out)	<u>\$ (350,000)</u>	<u>\$ (773,703)</u>	<u>(793,928)</u>
Net Change in Fund Balance	<u>\$ (506,704)</u>	<u>\$ (930,407)</u>	<u>\$ (251,330)</u>

In the General Fund, IHLS welcomed two new colleagues, a Data Analyst and a Full Stack Developer. The minimum wage increase had an impact on wages for our Sorter staff and staff received a 5% increase in compensation. All these changes had a positive impact on the organization.

In FY2024, IHLS' in-person travel ensured staff would receive the necessary support for site visits, networking opportunities, and continuing education. Staff are better equipped to build expertise in different areas of librarianship, enhancing their training skills, building, and sustaining professional relationships, and keeping current with library marketplace trends. A fully staffed membership department allowed us to provide more outreach and development for our members.

IHLS received a \$4,000 grant from the Illinois Humanities Grant to initiate a Mobile Memory Lab. This allowed patrons and the sites visits to scan and record their historical item.

IHLS issued a Request for Proposal (RFP) for an Automatic Material Handler (AMH) system. After much review from staff, member libraries, and the IHLS Board of Directors, the decision was made to proceed with the purchase and implementation of these machines at each location in FY2025.

Cataloging Maintenance Center (CMC)

In FY2024, the Cataloging Maintenance Center (CMC) project continued its statewide focus on bibliographic database cleanup, cataloging library materials, and training in a variety of formats. The CMC catalogers are supported by a grant from the Illinois State Library (ISL) to provide services that help improve access to the resources in Illinois libraries. The CMC serves libraries in the IHLS service area and across the state. Three temporary catalogers continued the

ILLINOIS HEARTLAND LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

assigned work on the Consortium of Academic and Research Libraries in Illinois (CARLI) cleanup project. The metadata cataloger supported the work on the Mobile Memory Lab Grant project.

Sharing Heartland's Available Resources Equally (SHARE)

In FY2024, SHARE implemented a new Aspen discovery layer to add to the functionality of Polaris. SHARE obtained contractual services to assist libraries with this implementation. This created \$64,250 of additional revenue during the fiscal year as members were invoiced for the new Aspen service in FY2024. The members voted to have Aspen included as part of the core SHARE services in FY2025, rather than billed as an add-on service.

SHARE's in-person travel allows staff to continue their education, offers the ability to network with SHARE members, and creates the opportunity to promote the program to non-members.

In FY2024, SHARE purchased eight servers for a server replacement project.

Capital Projects Fund

Capital Assets for IHLS include purchases of items or services with a minimum per-unit cost of \$5,000. Capital Projects in FY2024 included the cost of the parking lot resurfacing project at the Edwardsville office.

In FY2024, IHLS purchased nine Ford Transit vans. IHLS surplused nine vans after the receipt of the new vans. This generated an additional \$70,067 of revenue for the Capital Projects Fund.

Capital Assets

The table below shows the net book value (in thousands) of IHLS Capital Assets at June 30, 2024, and 2023:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2024	2023	2024	2023	2024	2023
Land	\$ 411.6	\$ 411.6	\$ 0	\$ 0	\$ 411.6	\$ 411.6
Assets in Progress	0	0	0	0	0	0
Buildings & Improvements	1,049.9	997.7	0	0	1,049.9	997.7
Equipment & Other	0	0	0	0	0	0
Furniture & Fixtures	0	0	0	0	0	0
Computers	19.6	23.9	340.0	30.5	359.6	54.4
Vehicles	669.7	365.4	0	0	669.7	365.4
Subscription Software	0	0	237.9	0	237.9	0
Total Capital Assets	<u>2,150.8</u>	<u>\$ 1,798.6</u>	<u>\$ 577.9</u>	<u>\$ 30.5</u>	<u>\$ 2,728.7</u>	<u>\$ 1,829.1</u>

Discussions of Currently Known Facts, Decisions, or Conditions

IHLS's FY2024 budget was developed using the modified zero-based budget process. Administrative staff from the system participated in developing the budget. Careful consideration was given to the core service priorities as expressed by the Illinois Secretary of State and the Illinois State Library.

The primary funding source for the *Governmental Activities* is the System Area and Per Capita Grant from the Illinois State Library, which is supported by the Illinois General Revenue and Federal Funds. The federal source of funding is through the Library Services and Technology Act (LSTA). Other revenue sources used for the *Proprietary Activities* include the fees collected to support the operation of the LLSAP, SHARE, which provides services to approximately 339 full-member agencies.

ILLINOIS HEARTLAND LIBRARY SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

FY2014 marked the first completed fiscal year of 300-member libraries sharing a single integrated library system. The SHARE consortium utilizes Polaris Integrated Library Systems for its automation platform. The SHARE membership continues to contribute annually to a reserve fund in anticipation of hardware replacement, technology upgrades, and to have the capital to implement a new software platform if a change in vendor becomes necessary.

A prudent business practices framework will continue to guide policies and financial decisions, providing a more sustainable model. As IHLS moves into FY2025, it will continue to balance staying within the priority areas established by the Illinois State Library, providing quality service based on identified member needs, and remaining fiscally responsible (knowing the financial realities of available funding).

Request for Information

This financial report is designed to provide a general review of the Illinois Heartland Library System for all those with an interest in IHLS's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Illinois Heartland Library System, Edwardsville Office, 6725 Goshen Road, Edwardsville, IL 62025.

ILLINOIS HEARTLAND LIBRARY SYSTEM

STATEMENT OF NET POSITION

JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 6,000,254	\$ 2,197,168	\$ 8,197,422
Accounts Receivable	99,656	27,519	127,175
Prepaid Expenses	233,517	171,742	405,259
Due from Other Funds	16	1,647	1,663
Total Current Assets	<u>\$ 6,333,443</u>	<u>\$ 2,398,076</u>	<u>\$ 8,731,519</u>
Noncurrent Assets:			
Capital Assets:			
Non-Depreciable	\$ 411,667		\$ 411,667
Depreciable, Net of Accumulated Depreciation	1,739,198	\$ 339,991	2,079,189
Amortizable, Net of Accumulated Amortization		237,852	237,852
Total Net Capital Assets	<u>\$ 2,150,865</u>	<u>\$ 577,843</u>	<u>\$ 2,728,708</u>
Net Pension Asset	968,463	345,163	1,313,626
Total Noncurrent Assets	<u>\$ 3,119,328</u>	<u>\$ 923,006</u>	<u>\$ 4,042,334</u>
Total Assets	<u>\$ 9,452,771</u>	<u>\$ 3,321,082</u>	<u>\$ 12,773,853</u>
Deferred Outflows of Resources:			
Deferred Outflows from Pension Contributions	\$ 3,963,712	\$ 1,655,329	\$ 5,619,041
Total Deferred Outflows of Resources	<u>\$ 3,963,712</u>	<u>\$ 1,655,329</u>	<u>\$ 5,619,041</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,416,483</u>	<u>\$ 4,976,411</u>	<u>\$ 18,392,894</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
Current Liabilities:			
Accounts Payable	\$ 41,374	\$ 16,055	\$ 57,429
Accrued Expenses	156,717	45,799	202,516
Due to Other Funds	1,647	16	1,663
Total Current Liabilities	<u>\$ 199,738</u>	<u>\$ 61,870</u>	<u>\$ 261,608</u>
Long-Term Liabilities:			
Accrued Compensated Absences	\$ 203,754	\$ 84,735	\$ 288,489
Subscription-Based IT Software Liability		135,361	135,361
Total Long-Term Liabilities	<u>\$ 203,754</u>	<u>\$ 220,096</u>	<u>\$ 423,850</u>
Total Liabilities	<u>\$ 403,492</u>	<u>\$ 281,966</u>	<u>\$ 685,458</u>
Deferred Inflows of Resources:			
Deferred Inflows of Resources Related to Net Pension Asset	\$ 2,476,178	\$ 1,019,366	\$ 3,495,544
Total Deferred Inflows of Resources	<u>\$ 2,476,178</u>	<u>\$ 1,019,366</u>	<u>\$ 3,495,544</u>
Net Position:			
Net Investment in Capital and SBITA Assets Restricted	\$ 2,150,865	\$ 442,482	\$ 2,593,347
Grant Expenditures	20,753		20,753
Unrestricted	8,365,195	3,232,596	11,597,792
Total Net Position	<u>\$ 10,536,813</u>	<u>\$ 3,675,079</u>	<u>\$ 14,211,892</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 13,416,483</u>	<u>\$ 4,976,411</u>	<u>\$ 18,392,894</u>

The accompanying notes are an integral part of the financial statements.

ILLINOIS HEARTLAND LIBRARY SYSTEM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

<u>Functions/Programs</u>	Program Revenues			Net (Expense)/Revenue And Changes in Net Position - Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
	Governmental Activities:						
General Library Services	\$ 4,810,807	\$ 262,593	\$ 5,023,984		\$ 475,770		\$ 475,770
Business-Type Activities:							
Computer Development	1,703,811	1,664,938				\$ (38,873)	(38,873)
	<u>\$ 6,514,618</u>	<u>\$ 1,927,531</u>	<u>\$ 5,023,984</u>	<u>\$ 0</u>	<u>\$ 475,770</u>	<u>\$ (38,873)</u>	<u>\$ 436,897</u>
General Revenues:							
Reimbursements					\$ 12,930		\$ 12,930
Investment Income					328,793	\$ 113,702	442,495
Miscellaneous					71,075		71,075
Gain (Loss) on Sale of Assets					56,202		56,202
Internal Activity - Transfers					(350,000)	350,000	
Total General Revenues					<u>\$ 119,000</u>	<u>\$ 463,702</u>	<u>\$ 582,702</u>
Change in Net Position					\$ 594,770	\$ 424,829	\$ 1,019,599
Net Position - Beginning of Year					9,942,043	3,250,250	13,192,293
Net Position - End of Year					<u>\$ 10,536,813</u>	<u>\$ 3,675,079</u>	<u>\$ 14,211,892</u>

The accompanying notes are an integral part of the financial statements.

ILLINOIS HEARTLAND LIBRARY SYSTEM
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	Major Funds					Total Governmental Funds
	General Fund	CMC Grant Fund	Capital Projects Fund	Library Trustee Training Fund	Other Governmental Funds	
ASSETS						
Cash and Cash Equivalents	\$ 5,031,884	\$ 71,121	\$ 896,511	\$ 4	\$ 734	\$ 6,000,254
Accounts Receivable	26,050			73,606		99,656
Prepaid Expenses	221,363	5,449		1,533	5,172	233,517
Due from Other Funds	68,654					68,654
Total Assets	<u>\$ 5,347,951</u>	<u>\$ 76,570</u>	<u>\$ 896,511</u>	<u>\$ 75,143</u>	<u>\$ 5,906</u>	<u>\$ 6,402,081</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 11,628	\$ 28,314		\$ 591	\$ 841	\$ 41,374
Accrued Expenses	124,688	18,748		7,577	5,704	156,717
Due to Other Funds		3,306		66,975	4	70,285
Total Liabilities	<u>\$ 136,316</u>	<u>\$ 50,368</u>	<u>\$ 0</u>	<u>\$ 75,143</u>	<u>\$ 6,549</u>	<u>\$ 268,376</u>
Fund Balances:						
Non-Spendable	\$ 221,363	\$ 5,449		\$ 1,533	\$ 5,172	\$ 233,517
Restricted		20,753				20,753
Assigned			\$ 896,511			896,511
Unassigned	4,990,272			(1,533)	(5,815)	4,982,924
Total Fund Balances (Deficit)	<u>\$ 5,211,635</u>	<u>\$ 26,202</u>	<u>\$ 896,511</u>	<u>\$ 0</u>	<u>\$ (643)</u>	<u>\$ 6,133,705</u>
Total Liabilities and Fund Balances	<u>\$ 5,347,951</u>	<u>\$ 76,570</u>	<u>\$ 896,511</u>	<u>\$ 75,143</u>	<u>\$ 5,906</u>	<u>\$ 6,402,081</u>

The accompanying notes are an integral part of the financial statements.

ILLINOIS HEARTLAND LIBRARY SYSTEM
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balance, Governmental Funds		\$ 6,133,705
Total net position reported for government activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Those assets consist of		
Land	\$ 411,667	
Buildings and Improvements, net of \$2,132,894 accumulated depreciation	1,049,936	
Computers, net of \$1,071,540 accumulated depreciation	19,556	
Automobiles, net of \$549,331 accumulated depreciation	<u>669,706</u>	
Total		2,150,865
Net pension asset and related deferrals are not due and payable and/or receivable in the current period, therefore, is not reported in governmental funds		
		2,455,997
Balance of Compensated Absences at June 30, 2024		<u>(203,754)</u>
Total Net Position of Governmental Activities		<u><u>\$ 10,536,813</u></u>

The accompanying notes are an integral part of the financial statements.

ILLINOIS HEARTLAND LIBRARY SYSTEM
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Major Funds					Total Governmental Funds
	General Fund	CMC Grant Fund	Capital Projects Fund	Library Trustee Training Fund	Other Governmental Funds	
REVENUES:						
State Grants:						
Area and Per Capita - State Allotment	\$ 3,260,130					\$ 3,260,130
Area and Per Capita - Federal Pass Through	659,722					659,722
Illinois State Library		\$ 665,700		\$ 269,900	\$ 168,532	1,104,132
Fees for Services and Material	262,593					262,593
Reimbursements	12,930					12,930
Investment Income	276,890		\$ 51,903			328,793
Other Revenue	127,834		13,072			140,906
Total Revenues	<u>\$ 4,600,099</u>	<u>\$ 665,700</u>	<u>\$ 64,975</u>	<u>\$ 269,900</u>	<u>\$ 168,532</u>	<u>\$ 5,769,206</u>
EXPENDITURES:						
Current:						
General Library Services:						
Personnel Service	\$ 3,107,353	\$ 574,748		\$ 126,804	\$ 136,288	\$ 3,945,193
Contractual Services	336,026	83,796		139,146	22,365	581,333
Supplies and Materials	620,873	7,156		3,950	9,879	641,858
Member Library Reimbursement Expense	13,474					13,474
Capital Outlay			\$ 595,569			595,569
Total Expenditures	<u>\$ 4,077,726</u>	<u>\$ 665,700</u>	<u>\$ 595,569</u>	<u>\$ 269,900</u>	<u>\$ 168,532</u>	<u>\$ 5,777,427</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 522,373	\$ 0	\$ (530,594)	\$ 0	\$ 0	\$ (8,221)
OTHER FINANCING SOURCES (USES):						
Proceeds from Sale of Assets	20,225		37,770			57,995
Transfers In (Out)	(793,928)		443,928			(350,000)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	\$ (251,330)	\$ 0	\$ (48,896)	\$ 0	\$ 0	\$ (300,226)
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	<u>5,462,965</u>	<u>26,202</u>	<u>945,407</u>	<u>0</u>	<u>(643)</u>	<u>6,433,931</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u>\$ 5,211,635</u>	<u>\$ 26,202</u>	<u>\$ 896,511</u>	<u>\$ 0</u>	<u>\$ (643)</u>	<u>\$ 6,133,705</u>

The accompanying notes are an integral part of the financial statements.

ILLINOIS HEARTLAND LIBRARY SYSTEM
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances - Total Governmental Funds	\$ (300,226)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds report the proceeds from the sale of capital assets as revenue whereas Governmental Activities reports the gain or loss on the sale of capital assets. This is the effect on the change in net position on the Statement of Activities.	(1,793)
Governmental Funds report capital outlays as expenditures while Governmental Activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlay exceeds depreciation expense in the current period.	354,050
Governmental funds report lease payments as expenditures while Governmental Activities report amortization expense on Right of Use Assets and interest expense on the SBITA lease liability to allocate those expenditures over the term of the lease. This is the amount by which the SBITA lease payments exceed the amortization and interest expense in the current period.	3,800
Changes in compensated absences reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.	(31,592)
Changes in net pension asset/liability, deferred outflows and deferred inflows related to pension assets/liabilities are reported only in the Statement of Activities.	570,531
Change in Net Position of Governmental Activities	<u>\$ 594,770</u>

The accompanying notes are an integral part of the financial statements.

ILLINOIS HEARTLAND LIBRARY SYSTEM
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

	<u>Computer Development Fund</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:	
Current Assets:	
Cash and Cash Equivalents	\$ 2,197,168
Accounts Receivable	27,519
Prepaid Expenses	171,742
Due From Other Funds	1,647
Total Current Assets	<u>\$ 2,398,076</u>
Noncurrent Assets:	
Capital Assets:	
Depreciable Capital Assets	\$ 3,410,739
Accumulated Depreciation	<u>(3,070,748)</u>
Net Capital Assets	<u>\$ 339,991</u>
Amortizable Right-of-Use Assets	290,708
Accumulated Amortization	<u>(52,856)</u>
Net Right-of-Use Assets	<u>\$ 237,852</u>
Net Pension Asset	<u>345,163</u>
Total Noncurrent Assets	<u>\$ 923,006</u>
Total Assets	<u><u>\$ 3,321,082</u></u>
Deferred Outflows of Resources:	
Deferred Outflow from Pension Contribution	<u>\$ 1,655,329</u>
Total Deferred Outflows of Resources	<u>\$ 1,655,329</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 4,976,411</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:	
Current Liabilities:	
Accounts Payable	\$ 16,055
Accrued Expenses and Unearned Revenue	45,799
Due to Other Funds	16
Total Current Liabilities	<u>\$ 61,870</u>
Long-Term Liabilities:	
Compensated Absences Payable	\$ 84,735
Subscription-based IT Software Liability	<u>135,361</u>
Total Long-Term Liabilities	<u>\$ 220,096</u>
Total Liabilities	<u>\$ 281,966</u>
Deferred Inflows of Resources:	
Deferred Inflows of Resources Related to Net Pension Asset	<u>\$ 1,019,366</u>
Total Deferred Inflows of Resources	<u>\$ 1,019,366</u>
Net Position:	
Net Investment in Capital and SBITA Assets	\$ 442,482
Unrestricted	<u>3,232,596</u>
Total Net Position	<u><u>\$ 3,675,079</u></u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 4,976,411</u></u>

The accompanying notes are an integral part of the financial statements.

ILLINOIS HEARTLAND LIBRARY SYSTEM
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Computer Development Fund</u>
OPERATING REVENUES:	
Charges for Services	\$ 1,580,514
Grant Administration and Facility Fees	30,259
Member Library Reimbursement Revenue	54,165
Total Operating Revenues	<u>\$ 1,664,938</u>
OPERATING EXPENSES:	
Personnel Services	\$ 1,194,607
Contractual Services	346,577
Supplies and Materials	209,814
Member Library Reimbursement Expense	53,665
Depreciation	79,577
Amortization	52,856
Change in Pension Expense	(244,513)
Total Operating Expenses	<u>\$ 1,692,583</u>
OPERATING INCOME (LOSS)	<u>\$ (27,645)</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment Income	\$ 113,702
Interest Expense	(11,228)
Total Non-Operating Revenues (Expenses)	<u>\$ 102,474</u>
INCOME BEFORE TRANSFERS	<u>\$ 74,829</u>
Transfers In	<u>350,000</u>
CHANGE IN NET POSITION	<u>\$ 424,829</u>
NET POSITION - BEGINNING OF YEAR	<u>3,250,250</u>
NET POSITION - END OF YEAR	<u>\$ 3,675,079</u>

The accompanying notes are an integral part of the financial statements.

ILLINOIS HEARTLAND LIBRARY SYSTEM
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Computer Development Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from Customers	\$ 1,650,033
Receipts from Interfund Services Provided	30,259
Payments to Vendors	(622,684)
Payments to Employees	(1,177,820)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (120,212)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Operating Transfers From Other Funds	\$ 350,000
(Increase) Decrease in Due To Other Funds	(1,631)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>\$ 348,369</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments for Capital Acquisitions	\$ (555,571)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>\$ (555,571)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment Income	\$ 113,702
Net Cash Provided by (Used In) Investing Activities	<u>\$ 113,702</u>
NET DECREASE IN CASH	(213,712)
CASH, BEGINNING OF YEAR	<u>2,410,880</u>
CASH, END OF YEAR	<u><u>\$ 2,197,168</u></u>
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	
Net Operating Income (Loss)	\$ (27,645)
Adjustment to Reconcile Net Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation	79,577
Amortization	52,856
(Increase) Decrease in Assets:	
Accounts Receivable	(2,019)
Prepaid Expenses	19,098
Deferred Outflows of Resources	573,238
Increase (Decrease) in Liabilities:	
Accounts Payable	(6,632)
Deferred Inflows of Resources	(307,976)
Net Pension Asset/Liability	(509,776)
Accrued Expenses	4,873
Unearned Revenue	(1,723)
Compensated Absences Payable	5,917
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:	<u><u>\$ (120,212)</u></u>

The accompanying notes are an integral part of the financial statements.

ILLINOIS HEARTLAND LIBRARY SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	<u>SWAYS - Custodial Fund</u>	<u>OCLC - Custodial Fund</u>	<u>457(b) Plan - OPEB Trust Fund</u>	<u>Total</u>
ASSETS:				
Cash	\$ 1,865	\$ 3,056,780		\$ 3,058,645
Investments			\$ 325,736	325,736
Accounts Receivable		116,491		442,227
Total Assets	<u>\$ 1,865</u>	<u>3,173,271</u>	<u>\$ 325,736</u>	<u>\$ 3,500,872</u>
LIABILITIES				
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
NET POSITION				
Restricted for:				
Postemployment Benefits Due to Individuals			\$ 325,736	
Amounts Distributable to Other Agencies	\$ 1,865	\$ 3,173,271		\$ 3,500,872
Total Net Position	<u>\$ 1,865</u>	<u>\$ 3,173,271</u>	<u>\$ 325,736</u>	<u>\$ 3,500,872</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,865</u>	<u>\$ 3,173,271</u>	<u>\$ 325,736</u>	<u>\$ 3,500,872</u>

The accompanying notes are an integral part of the financial statements.

ILLINOIS HEARTLAND LIBRARY SYSTEM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>SWAYS - Custodial Fund</u>	<u>OCLC - Custodial Fund</u>	<u>457(b) Plan - OPEB Trust Fund</u>	<u>Total</u>
ADDITIONS:				
Collections		\$ 5,512,851		\$ 5,512,851
Interest and Investment Income		24,263	\$ 61,811	86,073
Total Additions:	<u>\$ 0</u>	<u>\$ 5,537,114</u>	<u>\$ 61,811</u>	<u>\$ 5,598,925</u>
DEDUCTIONS:				
Distributions		\$ 5,361,845	\$ 11,850	\$ 5,373,694
Conferences and Meetings	\$ 300			300
Account Fees			2,570	2,570
Total Deductions:	<u>\$ 300</u>	<u>\$ 5,361,845</u>	<u>\$ 14,420</u>	<u>\$ 5,376,564</u>
CHANGE IN NET POSITION	\$ (300)	\$ 175,269	\$ 47,391	\$ 222,360
NET POSITION, BEGINNING OF YEAR	<u>\$ 2,165</u>	<u>\$ 2,998,002</u>	<u>\$ 278,345</u>	<u>\$ 3,278,512</u>
NET POSITION, END OF YEAR	<u>\$ 1,865</u>	<u>\$ 3,173,271</u>	<u>\$ 325,736</u>	<u>\$ 3,500,872</u>

The accompanying notes are an integral part of the financial statements.

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Illinois Heartland Library System (the System) are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 55, *The Hierarchy of GAAP for State and Local Governments*. The more significant accounting policies established by GAAP and used by the System are discussed below.

A. Financial Reporting Entity

The System was created July 1, 2011 by the merger of four regional library systems in southern and central Illinois. The System provides delivery and automation (online catalog software) services to the libraries of southern and parts of central Illinois, as well as certain grant program services, such as the Catalog Maintenance Center to libraries throughout Illinois. The System is governed by a 15-member Board of Directors selected from among the System's member organizations.

The definition of what constitutes the entity of the System is based on the guidelines set forth in GASB Statement No. 14, as amended by GASB Statement No. 61. The primary government of the System consists of the funds presented herein as governmental funds, a proprietary fund, and three fiduciary funds.

According to GASB Statement No. 14, as amended by Statement No. 61, a legally separate organization should be included as a component unit of the primary organization if the primary government is financially accountable for the organization. Financial accountability is determined as follows:

1. The organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or
2. The primary government appoints a voting majority of the organization's governing body and:
 - It is able to impose its will on the organization, or
 - There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens, on the primary government.

Based on the operational and financial criteria noted above, the System does not have a component unit that should be reported as part of the reporting entity.

Related organizations for which the Directors appoint a voting majority of the governing body, but for which the System is not financially accountable, are not included in the reporting entity.

Jointly governed organizations are those for which the System does not have an on-going financial interest or responsibility. Jointly governed organizations are not included in the reporting entity.

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the System as a whole. They include all funds of the System, except the fiduciary funds. The Statement of Net Position and the Statement of Activities include the governmental activities and business-type activities. Governmental activities generally are financed through intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Internal balances and activities within the System's funds are eliminated in the government-wide financial statements. Transactions between the governmental and business-type activities are not eliminated.

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting (as described in Note 1.c).

Fund Financial Statements

Fund financial statements of the System are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. The System's funds are organized into three categories: governmental, proprietary, and fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the System or meets the following criteria:

1. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of that individual fund are at least 10 percent of the corresponding total for all funds of that category or type.
2. Total assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, or expenditures/expenses of the individual fund are at least 5 percent of the corresponding total for all funds combined.
3. Management, at their discretion, may choose to report a fund as major.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The proprietary and fiduciary fund financial statements are reported on the accrual basis of accounting (as described in Note 1.c).

The fund types of the System are described below:

Governmental Funds

The focus of the governmental funds' measurement (in the fund financial 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 the System:

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund - The General Fund is the primary operating fund of the System and is always classified as a major fund. It is used to account for all activities except automation and bibliographic access and those activities legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The reporting entity of the System includes the following special revenue funds:

Major Special Revenue Funds

CMC Grant Fund – Grants from the Illinois State Library finance this fund, which acts as the fiscal agent for the Cataloging Maintenance Center program.

Capital Projects Fund – Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets other than those financed by Proprietary Funds. The reporting entity includes one capital projects fund, the Capital Projects Fund, a major governmental fund.

Library Trustee Training Grant Fund – Grants from the Illinois State Library finance this fund, which acts as the fiscal agent for the trustee portal training program.

Non-Major Special Revenue Fund

The System's non-major special revenue fund is the OCLC Grant Fund.

Proprietary Fund

Enterprise Fund – An Enterprise Fund is used to account for business-like activities provided to the general public or outside entities. The measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

Computer Development Fund – Accounts for all activities related to an automated library database system that provides widespread library accessibility services to a system of member libraries.

Fiduciary Funds

Fiduciary funds are used to report assets held by the System in a trustee or custodial capacity for others and therefore cannot be used to support the System's own programs. The System has three fiduciary funds, the OCLC–Custodial Fund, which is used to account for funds held in trust for the ILLINET OCLC, Lewis and Clark Library System 457 Plan – Pension Trust, which is used to account for funds held in trust for participants that participated in the Lewis and Clark Library System when the organization was still in service, and SWAYS – Custodial Fund, which is used to account for funds from the Southwest Advocates for Youth Services.

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

1. Accrual

Governmental activities and business-type activities in the government-wide financial statements and enterprise fund financial statements are presented on the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it becomes both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The System considers receipts within 60 days of year-end to be available. Expenditures generally are recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when payment is due.

D. Cash and Cash Equivalents

Cash and cash equivalents includes deposits at financial institutions, short-term investments with original maturities at issuance of three months or less, certificates of deposit, and funds held in money market mutual funds at depository banks.

E. Receivables

Receivables are reported at the estimated net realizable amounts from third-party payers and others for services rendered. Receivables are stated at the amount management expects to collect on outstanding balances. The System's allowance for doubtful receivables at June 30, 2024 was \$0.

F. Interfund Balances

Receivables and payables between funds are reported as due from and due to other funds, respectively. Amounts not expected to be repaid within a reasonable time are considered interfund transfers. In governmental funds, amounts due from other funds expected to be repaid within a reasonable time, but beyond one year from June 30, 2024, as well as other long-term receivables are offset by non-spendable fund balance because they do not represent expendable, available financial resources.

G. Prepaid Expenditures/Expenses

Prepaid expenditures/expenses such as for insurance or service contracts are deferred and expensed over the term when the services are received.

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets

Capital assets purchased for use in governmental activities are recorded as expenditures in governmental fund financial statements at the time of purchase. Capital assets of governmental activities are reported in the government-wide financial statements offset by accumulated depreciation. Capital assets are valued at actual or estimated historical cost while donated capital assets are valued at their fair market value on the date donated. Capital assets are defined as assets with initial, individual costs over \$5,000 and an estimated useful life in excess of one year.

Depreciation is calculated on all capital assets (other than land, assets that appreciate in value, and impaired capital assets carried at net realizable value) using the straight-line method with the following estimated useful lives:

	<u>Years</u>
Buildings and Improvements	10 - 30
Equipment and Other	7
Furniture and Fixtures	8
Computers	5
Vehicles	5

I. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the System's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the government-wide and fund financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the government-wide and fund financial statements include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and will be recognized as inflows of resources (revenue) in the year in which they are intended to be available to finance expenditures.

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Program Revenues

Program Revenues on the statement of activities include the following:

Governmental Activities

Charges for Services	Fees paid by outside entities for the services provided by the General Fund
----------------------	---

Operating Grants and Contributions	Grants used to support operations
------------------------------------	-----------------------------------

Capital Grants and Contributions	Grants used to purchase equipment, vehicles, and other capital assets
----------------------------------	---

Business-type Activities

Charges for Services	Fees paid by outside entities for the automated library database services
----------------------	---

Operating Grants and Contributions	Grants used to support operations
------------------------------------	-----------------------------------

Capital Grants and Contributions	Grants used to purchase equipment and other capital assets
----------------------------------	--

L. Operating and Non-Operating Revenues and Expenses of the Proprietary Fund

Operating revenues and expenses for the proprietary fund are those that result from providing services. It also includes all revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

M. Reimbursement Revenue

In the fund financial statements, the System has recorded \$69,830 of Reimbursements Revenue in the General Fund and Contractual Services Expenditures in various other funds related to the allocation of Administrative and Facilities Costs from the General Fund to certain grant funds, as allowed by the applicable grant agreement. In the government-wide financial statements, this interfund activity has been eliminated.

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

It is the System's policy to permit employees to accumulate earned but unused vacation up to a limit of 200 percent of an employee's annual amount of vacation earned. Vacation is accrued using the vesting method. All vacation is accrued when incurred in the government-wide financial statements and the proprietary fund 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 or retirements.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. New Accounting Pronouncements

Effective July 1, 2023, the System adopted the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The System had no accounting changes or error corrections for the year ended June 30, 2024. The Library Trustee Training Grant Fund be reported as a major fund by the System for the year ended June 30, 2024. In prior years this fund had been reported as a non-major fund.

NOTE 2. FUND BALANCE REPORTING

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of the differences and how these balances are reported:

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories or prepaid amounts.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or law and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specific purposes.

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2. FUND BALANCE REPORTING (CONTINUED)

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the System's Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The System's Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. There were no committed fund balances for the System as of June 30, 2024.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by (a) the System's Board itself or (b) the finance committee, if applicable, to assign amounts to be used for specific purposes.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. In addition to the General Fund, negative balances in the governmental funds are reported as unassigned.

F. Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2. FUND BALANCE REPORTING (CONTINUED)

Details of the System's fund balances as of June 30, 2024, are as follows:

	<u>General Fund</u>	<u>CMC Grant Fund</u>	<u>Capital Projects Fund</u>	<u>Library Trustee Training Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Non-spendable:						
Prepaid Expenses	\$ 221,363	\$ 5,449		\$ 1,533	\$ 5,172	\$ 233,517
Restricted:						
State Grants		20,753				20,753
Assigned:						
Capital Projects			\$ 896,511			896,511
Unassigned:	4,990,272			\$ (1,533)	(5,815)	4,982,924
Total Fund						
Balances (Deficit)	<u>\$ 5,211,635</u>	<u>\$ 26,202</u>	<u>\$ 896,511</u>	<u>\$ 0</u>	<u>\$ (643)</u>	<u>\$ 6,133,705</u>

The following non-major funds had a deficit fund balance at June 30, 2024: OCLC Grant Fund (\$643).

NOTE 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The System is allowed to invest in securities as authorized by Illinois Compiled Statutes Chapter 30, Act 235, Section 2. This statute generally allows for investments in government securities, certificates of deposit, corporate obligations, and money market mutual funds.

Cash, cash equivalents, and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>
Cash and Cash Equivalents	\$ 6,000,254	\$ 2,197,168	\$ 3,058,645
Investments - Mutual and Other Funds			325,736
	<u>\$ 6,000,254</u>	<u>\$ 2,197,168</u>	<u>\$ 3,384,381</u>

Cash, cash equivalents, and investments as of June 30, 2024, consisted of the following:

	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Fiduciary Funds</u>
Demand Deposits/NOW Accounts with Financial Institutions	\$ 264,818	\$ 119,937	\$ 2,592,188
Illinois Funds	5,735,436	2,077,231	466,457
Lewis & Clark Library System 457(b) Plan - Mutual and Other Funds			325,736
	<u>\$ 6,000,254</u>	<u>\$ 2,197,168</u>	<u>\$ 3,384,381</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

A. Custodial Credit Risk

Custodial credit risk for cash and cash equivalents is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the System will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2024, none of the System's cash or cash equivalents were considered to be uninsured or uncollateralized. As of June 30, 2024, the System had investments in securities held in Fiduciary Funds for the Lewis & Clark Library System 457(b) Plan of \$250,000, which were covered by SIPC and \$75,736, which were uninsured.

The System's investment in the state investment pool is fully collateralized. The System maintains a separate investment account representing a proportionate share of the pool assets and its respective collateral; therefore no collateral is identified with each individual participant's account. The total balance in the System's state investment pool as of June 30, 2024, was \$8,279,124 for governmental, proprietary, and fiduciary funds. The System's investment in the state investment pool is reported at cost which estimate fair value.

B. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the System manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The system had no investments susceptible to interest rate risk as of June 30, 2024.

C. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The credit risk of investments is addressed by the System's investment policy by limiting investments to instruments insured by the FDIC, issued by the U.S. Treasury, or the Illinois Funds portfolios overseen by the Treasurer of the State of Illinois. As of June 30, 2024, the System has \$8,279,124 deposited into accounts with the Illinois Funds. The investment pool has earned Standard and Poor's highest rating (AAA).

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

As of June 30, 2024, the System had the following investments. Ratings, where applicable, were rated by Morningstar:

	<u>Fiduciary Funds</u>	<u>Rating</u>
NCIT Large Cap Growth B	\$ 84,493	★★★★
NCIT ClearbridgeLarge Cap Value B	65,212	★★★
Nationwide Large Cap Growth	1,287	N/A
SEI S&P 500 Index	174,744	★★★★
	<u>\$ 325,736</u>	

D. Fair Value Hierarchy

The System categorized 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 fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significantly unobservable inputs. Level 3 investments are not mutual funds and their performance cannot be obtained through public resources. The value is tracked by the portfolio manager and was obtained from the June 30, 2024 quarterly statement.

As of June 30, 2024, the System's investments were categorized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Not Requiring Leveling</u>
Mutual Funds				
NCIT Large Cap Growth B	\$ 84,493			
NCIT ClearbridgeLarge Cap Value B	65,212			
SEI S&P 500 Index	174,744			
Other Investments				
Nationwide Large Cap Growth			\$ 1,287	
	<u>\$ 324,449</u>	<u>\$ 0</u>	<u>\$ 1,287</u>	<u>\$ 0</u>

NOTE 4. RECEIVABLES

At June 30, 2024, receivables were as follows for the governmental activities and governmental funds:

	<u>Receivables</u>
State Grant	\$ 73,606
Member Libraries	26,050
Total	<u>\$ 99,656</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 4. RECEIVABLES (CONTINUED)

At June 30, 2024, receivables were as follows for the business-type activities and enterprise fund:

	<u>Receivables</u>
Member Libraries	\$ 27,519
Total	<u>\$ 27,519</u>

NOTE 5. CAPITAL ASSETS

The following is a summary of the changes in capital assets of the governmental activities for the year ended June 30, 2024:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets, Not Being Depreciated				
Land	\$ 411,667			\$ 411,667
Total Capital Assets, Not Being Depreciated	\$ 411,667	\$ 0	\$ 0	\$ 411,667
Capital Assets, Being Depreciated				
Automobiles	\$ 996,582	\$ 444,969	\$ 222,517	\$ 1,219,034
Buildings and Improvements	3,032,230	150,600		3,182,830
Equipment and Other	2,003,721			2,003,721
Furniture and Fixtures	391,590			391,590
Computers	1,091,099			1,091,099
Total Capital Assets, Being Depreciated	\$ 7,515,222	\$ 595,569	\$ 222,517	\$ 7,888,274
Less Accumulated Depreciation:				
Automobiles	\$ 631,147	\$ 138,908	\$ 220,724	\$ 549,331
Buildings and Improvements	2,034,658	98,236		2,132,894
Equipment and Other	2,003,721			2,003,721
Furniture and Fixtures	391,590			391,590
Computers	1,067,165	4,375		1,071,540
Total Accumulated Depreciation	\$ 6,128,281	\$ 241,519	\$ 220,724	\$ 6,149,076
Total Capital Assets Being Depreciated, Net	\$ 1,386,941	\$ 354,050	\$ 1,793	\$ 1,739,198
Governmental Activities Capital Assets, Net	\$ 1,798,608	\$ 354,050	\$ 1,793	\$ 2,150,865

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5. CAPITAL ASSETS (CONTINUED)

Current year depreciation expense was charged to the following function:

General Library Services	<u>\$ 241,520</u>
Total Depreciation	<u><u>\$ 241,520</u></u>

The following is a summary of the changes in capital assets of the business-type activities and enterprise fund for the year ended June 30, 2024:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets, Being Depreciated				
Equipment	\$ 1,679,402			\$ 1,679,402
Computers	1,342,341	\$ 388,996		1,731,337
Total Capital Assets, Being Depreciated	<u>\$ 3,021,743</u>	<u>\$ 388,996</u>	<u>\$ 0</u>	<u>\$ 3,410,739</u>
Right-of-Use Assets, Being Amortized				
Subscription Software		\$ 290,708		\$ 290,708
Total Right-of-Use Assets, Being Amortized	<u>\$ 0</u>	<u>\$ 290,708</u>	<u>\$ 0</u>	<u>\$ 290,708</u>
Less Accumulated Depreciation and Amortization:				
Equipment	\$ 1,679,402			\$ 1,679,402
Computers	1,311,769	\$ 79,577		1,391,346
Total Accumulated Depreciation	<u>\$ 2,991,171</u>	<u>\$ 79,577</u>	<u>\$ 0</u>	<u>\$ 3,070,748</u>
Subscription Software Total Accumulated Amortization	<u>\$ 0</u>	<u>\$ 52,856</u>	<u>\$ 0</u>	<u>\$ 52,856</u>
Total Capital Assets Being Depreciated and Amortized, Net	<u>\$ 30,572</u>	<u>\$ 547,271</u>	<u>\$ 0</u>	<u>\$ 577,843</u>
Enterprise Activities Capital Assets, Net	<u><u>\$ 30,572</u></u>	<u><u>\$ 547,271</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 577,843</u></u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 5. CAPITAL ASSETS (CONTINUED)

Current year depreciation and amortization expense was charged to the following function:

Computer Development	\$ 132,433
Total Depreciation and Amortization	<u>\$ 132,433</u>

NOTE 6. LONG-TERM LIABILITIES

The following is a summary of changes in the System's long-term liabilities of the governmental activities for the year ended June 30, 2024:

	June 30, 2023	Increases	Decreases	June 30, 2024	Due Within One Year
Accrued					
Compensated Absences	<u>\$ 172,162</u>	<u>\$ 31,592</u>	<u>\$ 0</u>	<u>\$ 203,754</u>	<u>\$ 0</u>

The following is a summary of changes in the System's long-term liabilities of the business-type activities and enterprise fund for the year ended June 30, 2024:

	June 30, 2023	Increases	Decreases	June 30, 2024	Due Within One Year
Accrued					
Compensated Absences	\$ 78,819	\$ 5,916	\$ 0	\$ 84,735	
Subscription Liabilities		193,508	58,147	135,361	
Totals	<u>\$ 78,819</u>	<u>\$ 199,424</u>	<u>\$ 58,147</u>	<u>\$ 220,096</u>	<u>\$ 0</u>

Subscription-Based Information Technology Arrangements

The System has various subscription-based information technology arrangements (SBITAs) for software platforms used in the Computer Development Fund, the terms of which expire in various years through June 30, 2027.

The following schedule represents the principal and interest required by year under SBITAs as of June 30, 2024:

Year Ending June 30	Principal	Interest	Total
2025			
2026	\$ 62,425	\$ 11,950	\$ 74,375
2027	72,936	6,439	79,375
2028			
2029			
	<u>\$ 135,361</u>	<u>\$ 18,389</u>	<u>\$ 153,750</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 7. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables at June 30, 2024, are summarized below:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Major Governmental Funds		
General Fund	\$ 68,654	
CMC Grant Fund		\$ 3,306
Library Trustee Training Grant Fund		66,975
Total Major Governmental Funds	<u>\$ 68,654</u>	<u>\$ 70,281</u>
Non-Major Governmental Funds		
OCLC Fund		\$ 4
Total Non-Major Governmental Funds	<u>\$ 0</u>	<u>\$ 4</u>
Major Proprietary Funds		
Computer Development Fund	\$ 1,647	\$ 16
Total Proprietary Funds	<u>\$ 1,647</u>	<u>\$ 16</u>
Total for all Governmental and Proprietary Funds	<u>\$ 70,301</u>	<u>\$ 70,301</u>

The amounts due among the funds relate to working capital loans. The amounts due have no specific repayment date scheduled, however, repayment is expected within the next fiscal year.

Interfund transfers made during the year ended June 30, 2024, are summarized below:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Governmental Funds		
General Fund		\$ 793,928
Capital Project Fund	\$ 443,928	
Total Major Governmental Funds	<u>\$ 443,928</u>	<u>\$ 793,928</u>
Major Proprietary Funds		
Computer Development Fund	\$ 350,000	
Total Proprietary Funds	<u>\$ 350,000</u>	<u>\$ 0</u>
Total for all Governmental and Proprietary Funds	<u>\$ 793,928</u>	<u>\$ 793,928</u>

Transfers are used to utilize unrestricted resources of the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 8. DEFINED BENEFIT PENSION PLAN

Plan Description. The System's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The System's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual net position, and required supplementary information. That report may be obtained on-line at www.imrf.org.

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).

All three IMRF benefit plans have two tiers. 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:

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

At December 31, 2023, the following employees were covered by the Plan:

Active Employees	63
Inactive employees or beneficiaries currently receiving benefits	229
Inactive employees entitled to but not yet receiving benefits	<u>69</u>
Total	<u>361</u>

Contributions. As set by statute, the System's Regular plan members are required to contribute 4.50 percent 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. The employer annual required contribution rate for calendar year 2023 was 0.96 percent. For the fiscal year ended June 30, 2024, the System contributed \$35,775 to the plan. The System also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liability. The System's net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Assets Valuation Method	Market Value of Assets
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2023 valuation pursuant to an experience study of the period 2020-2022.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2021. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2021.

Other Information:

Notes There were no benefit changes during the year.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2023 Illinois Municipal Retirement Fund annual actuarial valuation report.

The long term expected rate of return on 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 Plan investment expenses 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 by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Return 12/31/2023	Projected Returns/Risk	
			One Year Arithmetic	Ten Year Geometric
Equities	34.50%	23.30%	6.35%	5.00%
International Equities	18.00%	19.64%	8.00%	6.35%
Fixed Income	24.50%	7.62%	4.85%	4.75%
Real Estate	10.50%	-4.15%	7.20%	6.30%
Alternatives	11.50%	2.60%		
Private Equity		N/A	12.35%	8.65%
Hedge Funds		N/A	N/A	N/A
Commodities		N/A	7.20%	6.05%
Cash Equivalents	1.00%	5.23%	3.80%	3.80%
Total	<u>100.00%</u>			

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the difference between the actuarially determined contribution rates and member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is project to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.25%, the municipal bond rate is 3.77%, and the resulting single discount rate is 7.25%.

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in System's Net Pension Liability. Changes in the System's net pension liability for the year ended December 31, 2023, were as follows:

	Total Pension Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, December 31, 2022	\$ 34,554,412	\$ 34,168,790	\$ 385,622
Changes for the year:			
Service Cost	292,071		292,071
Interest	2,421,456		2,421,456
Difference between expected and actual experience	296,562		296,562
Changes in assumptions	(40,241)		(40,241)
Contributions-employees		157,431	(157,431)
Contributions- employer		33,584	(33,584)
Net investment income		3,932,880	(3,932,880)
Benefit payments including refunds of employee Contributions	(2,602,104)	(2,602,104)	0
Other (Net Transfer)		545,201	(545,201)
Net Changes	<u>\$ 367,744</u>	<u>\$ 2,066,992</u>	<u>\$ (1,699,248)</u>
Balance, December 31, 2023	<u>\$ 34,922,156</u>	<u>\$ 36,235,782</u>	<u>\$ (1,313,626)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability calculated using the discount rate of 7.25 percent, as well as, what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>
1% decrease	6.25%	\$ 1,950,235
Current discount rate	7.25%	(1,313,626)
1% increase	8.25%	(4,035,386)

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued report.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the year ended June 30, 2024, the System recognized pension income of \$815,044. At June 30, 2024, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 86,010	
Changes of assumptions		\$ 11,671
Net difference between projected and actual earnings on Plan investments	5,514,817	3,483,872
Contributions after Measurement Date	18,214	
Total	\$ 5,619,041	\$ 3,495,543

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

Year ending December 31,	
2024	201,374
2025	693,166
2026	1,533,615
2027	(304,657)
2028	0
Thereafter	0
Total	\$ 2,123,498

NOTE 9. PENSION PLAN

In July 2011, the System was created through a merger of four regional library systems in central and southern Illinois. One of the library systems that was a part of the merger had established a 457(b) retirement plan for its employees. Since the merger, the plan is no longer active and available for new participants, but the plan still exists for the participants that were enrolled prior to the merger. No contributions, by either remaining participants or the System are made to the plan. The System is the Plan Administrator and acts in a fiduciary capacity for the plan; however, they have contracted with a third party to handle the administrative and custodial activities. The assets of the plan are held in trust, (custodial account or annuity contract) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof, for the exclusive benefit of the participants, holds the custodial account for the beneficiaries of this plan, and the assets may not be diverted to any other use. In accordance with the provisions of GASB Statement 32, plan balances and activities are reflected as a Fiduciary Fund within the System's financial statements.

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

The System currently offers two post-employment benefits to retirees. Those benefits are 1) continuation of participation in the System's health insurance plan as required by law for a period of 18 months (COBRA coverage) and 2) retiree continuation of health insurance coverage on the System's plan beyond the COBRA period. In relation to both of these benefits, the retiree pays 100% of their own premium cost. As of June 30, 2024, no retirees were covered under COBRA coverage and no retirees were currently participating in the health insurance coverage. There were five employees participating in the dental and vision plan, which the retirees were required to pay 100% of their own premium cost. Due to the limited number of participants in the plan, and the insignificance of the cost incurred by the System, no Other Post Employment Benefit's liability has been recorded as of June 30, 2024.

NOTE 11. RELATED PARTY TRANSACTIONS

The System's Board of Directors is comprised of representatives from its member organizations. Member organizations pay fees to the System for various services. For the year ended June 30, 2024, total charges for services revenue earned from these organizations was \$168,868.

NOTE 12. RISK OF LOSS

Significant losses are covered by commercial insurance for property, liability, and workers compensation. During the year ended June 30, 2024, there were no significant reductions in coverage. There have been no material settlement amounts that have exceeded insurance coverage or that have been uncovered by insurance in the past three years.

NOTE 13. CONCENTRATION OF REVENUE

For the year ended June 30, 2024, 66.5% of the System's revenue was received through grants or allocations from the Illinois Secretary of State's Office through the Illinois State Library.

NOTE 14. COMMITMENTS AND CONTINGENCIES

The System participates in a number of state and federally assisted programs. Under the terms of the programs, periodic audits may be required, and certain costs may be questioned as not being appropriate expenditures under the terms of these programs. Such audits could lead to reimbursements to grantor agencies. Based on prior experience, the System believes examinations would not result in any material disallowed costs for grant revenue recorded in these financial statements or from prior years.

NOTE 15. EXCESS OF EXPENDITURES OVER BUDGET

There were no major funds that had excess expenditures over budget for the fiscal year ended June 30, 2024.

NOTE 16. SUBSEQUENT EVENTS

Management has evaluated the effect of subsequent events on the financial statements through September 5, 2024, which is the date the financial statements were available to be issued.

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual	Over/(Under) Final Budget
	Original	Final		
REVENUES:				
State Grants:				
Area and Per Capita - State Allotment	\$ 3,260,130	\$ 3,260,130	\$ 3,260,130	
Area and Per Capita - Federal Pass Through	659,722	659,722	659,722	
Fees for Services and Material	266,473	266,473	262,593	\$ (3,880)
Reimbursements	3,715	3,715	12,930	9,215
Investment Income	88,253	88,253	276,890	188,637
Other Revenue	91,435	91,435	127,834	36,399
Total Revenues	\$ 4,369,728	\$ 4,369,728	\$ 4,600,099	\$ 230,371
EXPENDITURES:				
Current:				
General Library Services:				
Personnel Service	\$ 3,334,084	\$ 3,334,084	\$ 3,107,353	\$ (226,731)
Contractual Services	419,202	419,202	336,026	(83,176)
Supplies and Materials	769,431	769,431	620,873	(148,558)
Member Library Reimbursement Expense	3,715	3,715	13,474	9,759
Total Expenditures	\$ 4,526,432	\$ 4,526,432	\$ 4,077,726	\$ (448,706)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ (156,704)	\$ (156,704)	\$ 522,373	\$ 679,077
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets			20,225	20,225
Transfers Out	(350,000)	(773,703)	(793,928)	(20,225)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	\$ (506,704)	\$ (930,407)	\$ (251,330)	\$ 679,077
FUND BALANCE - BEGINNING OF YEAR			5,462,965	
FUND BALANCE - END OF YEAR			\$ 5,211,635	

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CMC GRANT FUND - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Over/(Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
State Grants:				
Illinois State Library	\$ 686,693	\$ 686,693	\$ 665,700	\$ (20,993)
Total Revenues	<u>\$ 686,693</u>	<u>\$ 686,693</u>	<u>\$ 665,700</u>	<u>\$ (20,993)</u>
EXPENDITURES:				
Current:				
General Library Services:				
Personnel Service	\$ 595,048	\$ 595,048	\$ 574,748	\$ (20,300)
Contractual Services	84,958	84,958	83,796	(1,162)
Supplies and Materials	6,687	6,687	7,156	469
Total Expenditures	<u>\$ 686,693</u>	<u>\$ 686,693</u>	<u>\$ 665,700</u>	<u>\$ (20,993)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	\$ 0	<u>\$ 0</u>
FUND BALANCE - BEGINNING OF YEAR			<u>26,202</u>	
FUND BALANCE - END OF YEAR			<u>\$ 26,202</u>	

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND - CAPITAL PROJECT FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Over/(Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Investment Income	\$ 23,686	\$ 23,686	\$ 51,903	\$ 28,217
Other Revenue			13,072	13,072
Total Revenues	<u>\$ 23,686</u>	<u>\$ 23,686</u>	<u>\$ 64,975</u>	<u>\$ 41,289</u>
EXPENDITURES:				
Capital Outlay	\$ 589,700	\$ 639,700	\$ 595,569	\$ (44,131)
Total Expenditures	<u>\$ 589,700</u>	<u>\$ 639,700</u>	<u>\$ 595,569</u>	<u>\$ (44,131)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (566,014)	\$ (616,014)	\$ (530,594)	\$ (85,420)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets			37,770	37,770
Transfers from Other Funds		423,703	443,928	20,225
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ (566,014)</u>	<u>\$ (192,311)</u>	\$ (48,896)	<u>\$ (143,415)</u>
FUND BALANCE - BEGINNING OF YEAR			<u>945,407</u>	
FUND BALANCE - END OF YEAR			<u>\$ 896,511</u>	

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LIBRARY TRUSTEE TRAINING FUND - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budget</u>		<u>Actual</u>	<u>Over/(Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Illinois State Library	\$ 269,900	\$ 269,900	\$ 269,900	
Total Revenues	<u>\$ 269,900</u>	<u>\$ 269,900</u>	<u>\$ 269,900</u>	<u>\$ 0</u>
EXPENDITURES:				
General Library Services:				
Personnel	\$ 129,058	\$ 125,181	\$ 126,804	\$ 1,623
Contractual Services	138,692	142,569	139,146	(3,423)
Supplies and Materials	2,150	2,150	3,950	1,800
Total Expenditures	<u>\$ 269,900</u>	<u>\$ 269,900</u>	<u>\$ 269,900</u>	<u>\$ 0</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	\$ 0	<u>\$ 0</u>
FUND BALANCE - BEGINNING OF YEAR			<u>0</u>	
FUND BALANCE - END OF YEAR			<u>\$ 0</u>	

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

Budgets and Budgetary Basis of Accounting:

A. Budgetary Process

1. In accordance with the Illinois Library System Act, Administrative Rules, prior to each May 1, the System's Executive Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and revenues provided to finance them.
2. The proposed budget is discussed at regular meetings of the Board of Directors.
3. Prior to June 1, the Board of Directors formally adopts the budget.
4. The System's Executive Director presents monthly/quarterly reports to the Board of Directors explaining significant variances from the approved budget.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles.
6. The System budgets for all funds through the budget process or through budgets for individual grant awards.
7. The organizational budget lapses at fiscal year end and no revisions may be made after year end.

B. Legal Level of Budgetary Control

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed the budget) is the fund level. The budgetary expenditure comparisons in the basic financial statements are from approved organizational budgets for all funds except for the OCLC Grant, which is derived from the grant budget.

C. Amendments to the Budget

The System's Executive Director is authorized to transfer budgeted amounts within the departments in any fund; however, any revisions that alter the total expenditures of the System must be approved by the Board of Directors.

D. Budgetary Basis of Accounting

Budgets are adopted on essentially the same basis of accounting as the fund financial statements.

E. Encumbrances

Encumbrance accounting is not used by the System.

F. Expenditures Over Budget

There were no major funds that had excess expenditures over budget or total grant awarded for the fiscal year ended June 30, 2024.

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

LAST 10 CALENDAR YEARS (schedule to be built prospectively from 2014)

Calendar year ending December 31,

Total Pension Liability

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 292,071	\$ 253,687	\$ 220,516	\$ 228,448	\$ 224,615	\$ 179,185	\$ 186,886	\$ 240,821	\$ 208,201	\$ 235,055
Interest on the Total Pension Liability	2,421,456	2,368,278	2,363,963	2,370,681	2,333,691	2,318,785	2,331,743	2,314,570	2,234,972	2,109,609
Benefit Changes	0	0	0	0	0	0	0	0	0	0
Difference between Expected and Actual Experience	296,562	668,797	(48,565)	(37,780)	368,851	337,494	504,869	(214,774)	616,002	139,024
Assumption Changes	(40,241)	0	0	(204,627)	0	736,512	(997,797)	0	0	1,138,977
Benefit Payments and Refunds	(2,602,104)	(2,550,820)	(2,435,149)	(2,455,681)	(2,382,045)	(2,263,936)	(2,125,298)	(2,044,060)	(1,984,300)	(1,891,157)
Net Change in Total Pension Liability	367,744	739,942	100,765	(98,959)	545,112	1,308,040	(99,597)	296,557	1,074,875	1,731,508
Total Pension Liability - Beginning	34,554,412	33,814,470	33,713,705	33,812,664	33,267,552	31,959,512	32,059,109	31,762,552	30,687,677	28,956,169
Total Pension Liability - Ending (a)	\$ 34,922,156	\$ 34,554,412	\$ 33,814,470	\$ 33,713,705	\$ 33,812,664	\$ 33,267,552	\$ 31,959,512	\$ 32,059,109	\$ 31,762,552	\$ 30,687,677

Plan Fiduciary Net Position

Employer Contributions	\$ 33,584	\$ 27,231	\$ 103,134	\$ 183,339	\$ 40,470	\$ 177,666	\$ 202,868	\$ 273,509	\$ 325,404	\$ 442,904
Employee Contributions	157,431	140,853	117,027	110,564	108,703	93,727	84,381	94,367	132,256	91,501
Pension Plan Net Investment Income	3,932,880	(6,173,137)	6,915,910	5,435,425	6,374,681	(2,365,486)	5,935,957	2,104,214	152,703	1,819,805
Benefit Payments and Refunds	(2,602,104)	(2,550,820)	(2,435,149)	(2,455,681)	(2,382,045)	(2,263,936)	(2,125,298)	(2,044,060)	(1,984,300)	(1,891,157)
Other	545,201	(194,806)	(637,457)	(340,144)	245,524	889,733	(663,474)	506,944	704,141	329,556
Net Change in Plan Fiduciary Net Position	2,066,992	(8,750,679)	4,063,465	2,933,503	4,387,333	(3,468,296)	3,434,434	934,974	(669,796)	792,609
Plan Fiduciary Net Position - Beginning	34,168,790	42,919,469	38,856,004	35,922,501	31,535,168	35,003,464	31,569,030	30,634,056	31,303,852	30,511,243
Plan Fiduciary Net Position - Ending (b)	\$ 36,235,782	\$ 34,168,790	\$ 42,919,469	\$ 38,856,004	\$ 35,922,501	\$ 31,535,168	\$ 35,003,464	\$ 31,569,030	\$ 30,634,056	\$ 31,303,852
Net Pension Liability/(Asset) - Ending (a)-(b)	(1,313,626)	385,622	(9,104,999)	(5,142,299)	(2,109,837)	1,732,384	(3,043,952)	490,079	1,128,496	(616,175)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.76%	98.88%	126.93%	115.25%	106.24%	94.79%	109.52%	98.47%	96.45%	102.01%
Covered Valuation Payroll	\$ 3,498,457	\$ 3,130,052	\$ 2,600,594	\$ 2,338,492	\$ 2,269,397	\$ 2,082,826	\$ 1,800,090	\$ 2,018,517	\$ 2,245,715	\$ 1,892,045
Net Pension Liability as a Percentage of Covered Valuation Payroll	(37.55%)	12.32%	(350.11%)	(219.90%)	(92.97%)	83.17%	(169.10%)	24.28%	50.25%	(32.57)%

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS

LAST 10 CALENDAR YEARS

<u>Calendar Year</u> <u>Ending</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Valuation</u> <u>Payroll</u>	<u>Actual Contribution</u> <u>as a % of</u> <u>Covered</u> <u>Valuation Payroll</u>
2014	\$ 396,383	\$ 442,904	\$ (46,521)	\$ 1,892,045	23.41%
2015	325,404	325,404	0	2,245,715	14.49%
2016	273,509	273,509	0	2,018,517	13.55%
2017	188,289	202,868	(14,579)	1,800,090	11.27%
2018	177,665	177,666	(1)	2,082,826	8.53%
2019	18,609	40,470	(21,861)	2,269,397	1.78%
2020	183,338	183,339	(1)	2,338,492	7.84%
2021	97,002	103,134	(6,132)	2,600,594	3.97%
2022	27,231	27,231	0	3,130,052	0.87%
2023	33,585	33,584	1	3,498,457	0.96%

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2023 CONTRIBUTION RATE

Valuation Date:

Notes Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the calendar year in which contributions are reported.

Methods and Assumptions Used to Determine 2023 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 20-year closed period. Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 15 years for most employers (five employers were financed over 16 years; one employer were financed over 17 years; two employers were financed over 18 years; one employer were financed over 21 years; three employers were financed over 24 years; four employers were financed over 25 years and one employer was financed over 26 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	2.75%
Price Inflation	2.25%
Salary Increases	2.75% to 13.75% including inflation
Investment Rate of Return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount Weighted, below-median income, General, Employee, male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

Other Information:

Notes There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2021 actuarial valuation

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual
	Original	Final	
REVENUES:			
State Grants:			
Area and Per Capita - State Allotment	\$ 3,260,130	\$ 3,260,130	\$ 3,260,130
Area and Per Capita - Federal Pass Through	659,722	659,722	659,722
Fees for Services and Material	266,473	266,473	262,593
Reimbursements	3,715	3,715	12,930
Investment Income	88,253	88,253	276,890
Other Revenue	91,435	91,435	127,834
Total Revenues	<u>\$ 4,369,728</u>	<u>\$ 4,369,728</u>	<u>\$ 4,600,099</u>
EXPENDITURES:			
General Library Services:			
Personnel			
Salaries and Wages	\$ 2,603,404	\$ 2,603,404	\$ 2,532,727
Payroll Taxes and Fringe Benefits	708,020	708,020	553,385
Recruiting	5,600	5,600	9,927
Training and Professional Development	17,060	17,060	11,314
Contractual Services			
Contractual Agreements	82,216	82,216	62,423
Travel, Meetings, and Continuing Education for Staff and Board	76,935	76,935	31,395
Professional Services	33,625	33,625	34,425
Consulting	36,600	36,600	36,519
Contractual Staff	41,750	41,750	39,159
Liability Insurance	20,845	20,845	21,408
Telephone and Telecommunications	28,485	28,485	25,980
Conferences and Continuing Education Meetings	46,500	46,500	50,283
Professional Association Membership Dues	9,491	9,491	7,646
Public Relations	42,755	42,755	26,788
Supplies and Materials			
Computer Supplies	43,735	43,735	29,785
General Office Supplies and Equipment	20,635	20,635	13,730
Postage	575	575	646
Delivery Supplies	19,550	19,550	24,822
Buildings and Grounds	269,190	269,190	216,787
Vehicle Expenses	404,707	404,707	324,895
Miscellaneous	4,920	4,920	5,030
Equipment Rental, Repair, and Maintenance	6,119	6,119	5,178
Member Library Reimbursement Expense	3,715	3,715	13,474
Total Expenditures	<u>\$ 4,526,432</u>	<u>\$ 4,526,432</u>	<u>\$ 4,077,726</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (156,704)	\$ (156,704)	\$ 522,373
OTHER FINANCING SOURCES (USES):			
Proceeds from Sale of Assets			20,225
Transfers Out	(350,000)	(773,703)	(793,928)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ (506,704)</u>	<u>\$ (930,407)</u>	\$ (251,330)
FUND BALANCE - BEGINNING OF YEAR			5,462,965
FUND BALANCE - END OF YEAR			<u>\$ 5,211,635</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CMC GRANT FUND - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual
	Original	Final	
REVENUES:			
State Grants:			
Illinois State Library	\$ 686,693	\$ 686,693	\$ 665,700
Total Revenues	<u>\$ 686,693</u>	<u>\$ 686,693</u>	<u>\$ 665,700</u>
EXPENDITURES:			
General Library Services:			
Personnel	\$ 595,048	\$ 595,048	\$ 574,748
Contractual Services			
Contractual Agreements	68,113	68,113	60,535
Travel, Meetings, and Continuing Education for Staff and Board	8,499	8,499	7,752
Professional Services			4,616
Professional Association Membership Dues	1,560	1,560	1,982
Telephone and Telecommunications	4,836	4,836	4,589
Public Relations	1,950	1,950	4,322
Supplies and Materials			
Computer Supplies	4,800	4,800	4,072
Supplies, Postage and Printing	200	200	1,379
Vehicle Expenses	100	100	83
Equipment Rental, Repair, and Maintenance	1,587	1,587	1,622
Total Expenditures	<u>\$ 686,693</u>	<u>\$ 686,693</u>	<u>\$ 665,700</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	\$ 0
FUND BALANCE - BEGINNING OF YEAR			<u>26,202</u>
FUND BALANCE - END OF YEAR			<u>\$ 26,202</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
OCLC GRANT FUND - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual
	Original	Final	
REVENUES:			
State Grants:			
Illinois State Library	\$ 168,532	\$ 168,532	\$ 168,532
Total Revenues	<u>\$ 168,532</u>	<u>\$ 168,532</u>	<u>\$ 168,532</u>
EXPENDITURES:			
General Library Services:			
Personnel	\$ 136,605	\$ 136,605	\$ 136,288
Contractual Services			
Contractual Agreements	20,857	20,857	15,339
Professional Services	1,545	1,545	4,360
Professional Association Membership Dues			590
Telephone & Telecommunication	2,143	2,143	2,076
Supplies and Materials			
Computer Supplies			5,457
Equipment Rental, Repair, and Maintenance	3,651	3,651	3,035
Supplies, Postage and Printing	3,731	3,731	1,387
Total Expenditures	<u>\$ 168,532</u>	<u>\$ 168,532</u>	<u>\$ 168,532</u>
EXCESS (DEFICIENCY) OF			
REVENUES OVER EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	\$ 0
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR			<u>(643)</u>
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (643)</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
LIBRARY TRUSTEE TRAINING FUND - SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual
	Original	Final	
REVENUES:			
Illinois State Library	\$ 269,900	\$ 269,900	\$ 269,900
Total Revenues	<u>\$ 269,900</u>	<u>\$ 269,900</u>	<u>\$ 269,900</u>
EXPENDITURES:			
General Library Services:			
Personnel	\$ 129,058	\$ 125,181	\$ 126,804
Contractual Services			
Contractual Agreements	91,200	101,800	47,685
Travel, Meetings, and Continuing Education for Staff and Board	10,198	3,475	3,280
Professional Services	29,400	29,400	80,929
Professional Association Membership Dues			150
Telephone and Telecommunications	384	384	409
Public Relations	7,510	7,510	6,693
Supplies and Materials			
Supplies, Postage, and Printing	1,650	1,650	3,874
Vehicle Expenses	500	500	76
Total Expenditures	<u>\$ 269,900</u>	<u>\$ 269,900</u>	<u>\$ 269,900</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 0</u>	<u>\$ 0</u>	\$ 0
FUND BALANCE - BEGINNING OF YEAR			<u>0</u>
FUND BALANCE - END OF YEAR			<u>\$ 0</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budget		Actual
	Original	Final	
REVENUES:			
Investment Income	\$ 23,686	\$ 23,686	\$ 51,903
Other Revenue			13,072
Total Revenues	<u>\$ 23,686</u>	<u>\$ 23,686</u>	<u>\$ 64,975</u>
EXPENDITURES:			
Capital Outlay	\$ 589,700	\$ 639,700	\$ 595,569
Total Expenditures	<u>\$ 589,700</u>	<u>\$ 639,700</u>	<u>\$ 595,569</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (566,014)	\$ (616,014)	\$ (530,594)
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Assets			37,770
Transfers from Other Funds		423,703	443,928
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ (566,014)</u>	<u>\$ (192,311)</u>	\$ (48,896)
FUND BALANCE - BEGINNING OF YEAR			<u>945,407</u>
FUND BALANCE - END OF YEAR			<u>\$ 896,511</u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Agency/Program Pass-Through Grantor Title/Grant Name	Federal AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
National Endowment for the Humanities			
Institute of Museum and Library Services Discretionary Awards			
Grants to States Program			
<i>Passed through the Illinois State Library</i>			
Operating Grant	45.310	N/A	\$ 659,722
Library Trustee Training Grant	45.310	N/A	<u>269,900</u>
Total Expenditures of Federal Awards			<u><u>\$ 929,622</u></u>

ILLINOIS HEARTLAND LIBRARY SYSTEM
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Illinois Heartland Library System under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Illinois Heartland Library System, it is not intended to and does not present the financial position, changes in net position, or cash flows of Illinois Heartland Library System.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Federal awards passed through other governmental agencies are included on the Schedule.

Noncash Assistance, Federal Insurance and Loans/Loan Guarantees

Illinois Heartland Library System did not receive any noncash assistance, federal guaranteed loans or federal insurance for any of its programs for the year ended June 30, 2024.

Subrecipient Monitoring

Illinois Heartland Library System did not pass through any of its federal funds to subrecipients during the year ended June 30, 2024.

Indirect Cost Rate

Illinois Heartland Library System elected to use the 10% de minimus cost rate as allowed under the Uniform Guidance.

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weaknesses Identified? No

Significant Deficiencies Identified That Are Not Considered to Be Material Weaknesses? Yes
See 2024-01

Noncompliance Material to Financial Statements Noted? No

Federal Awards

Internal Control Over Major Programs:

Material Weaknesses Identified? No

Significant Deficiencies Identified That Are Not Considered To Be Material Weaknesses? No

Type of Auditor's Report Issued On Compliance For Major Programs: Unmodified

Audit Findings Required to be Reported in Accordance with 2 CFR section 200.516(a): No

Major Programs

<u>AL Number</u>	<u>Name of Federal Program</u>
45.310	Grants to States Program

Dollar Threshold Used To Determine Between Type A and Type B Programs: \$750,000

Auditee does not qualify as a low-risk auditee.

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding 2024-1 – Internal Control over Financial Statements

Statement of Condition – The System does not prepare their own set of annual financial statements in accordance with accounting principles generally accepted in the United States of America.

Criteria – An Organization is considered to have a deficiency when it does not have the personnel or staff with sufficient training or expertise to prepare the System’s financial statements and relies on the auditor to assist in the preparation of the annual financial statements.

Effect of Condition – Management may not be able to reasonably determine that a material misstatement exists nor allow them to prevent, detect, nor correct one on a timely basis.

Cause of Condition – The System does not have personnel or staff with sufficient training or expertise to ensure the System’s annual financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Recommendation – The System should consider the costs and benefits of hiring additional expertise or training existing accounting staff to ensure the System’s annual financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Views of Responsible Officials and Planned Corrective Actions – We believe our accounting staff maintains adequate books and records of the System’s transactions. Additionally, we do not believe it is cost beneficial to hire additional accounting expertise to ensure the System’s annual financial statements are prepared in accordance with accounting standards discussed above.

ILLINOIS HEARTLAND LIBRARY SYSTEM
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

FINDING – FINANCIAL STATEMENT AUDIT

Finding 2023-1 – Internal Control over Financial Statements

Statement of Condition – The System does not prepare their own set of annual financial statements in accordance with accounting principles generally accepted in the United States of America.

Criteria – An Organization is considered to have a deficiency when it does not have the personnel or staff with sufficient training or expertise to prepare the System’s financial statements and relies on the auditor to assist in the preparation of the annual financial statements.

Effect of Condition – Management may not be able to reasonably determine that a material misstatement exists nor allow them to prevent, detect, nor correct one on a timely basis.

Cause of Condition – The System does not have personnel or staff with sufficient training or expertise to ensure the System’s annual financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Recommendation – The System should consider the costs and benefits of hiring additional expertise or training existing accounting staff to ensure the System’s annual financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Views of Responsible Officials and Planned Corrective Actions – We believe our accounting staff maintains adequate books and records of the System’s transactions. Additionally, we do not believe it is cost beneficial to hire additional accounting expertise to ensure the System’s annual financial statements are prepared in accordance with accounting standards discussed above.



Illinois Heartland Library System

September 5, 2024

CORRECTIVE ACTION PLAN

Illinois State Library

The Illinois Heartland Library System respectfully submits the following corrective action plan for the year ended June 30, 2024.

Name and address of independent public accounting firm:

Scheffel Boyle
322 State Street
Alton, IL 62002

Audit Period: For the Year Ended June 30, 2024

The findings from the June 30, 2024, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

Significant Deficiency

2024-1

Condition: Illinois Heartland Library System relies on its auditors for the preparation of the System's financial statements, and related disclosures in accordance with generally accepted accounting principles.

Recommendation: The System should consider the costs and benefits of hiring additional expertise or training accounting staff to ensure the System's financial statements are prepared in accordance with generally accepted accounting principles.


View of Responsible Officials and Planned Corrective Action: Management has considered the recommendation but feels that the accounting staff maintains adequate books and records of the System's transactions. Additionally, management does not believe that it is cost beneficial to hire additional accounting expertise to ensure the System's annual financial are prepared in accordance with generally accepted accounting principles.

IMAGINING TOMORROW, DELIVERING POSSIBILITIES TODAY!

1840 Innovation Drive, Carbondale, IL 62903 • 618.985.3711
1704 West Interstate Drive, Champaign, IL 61822 • 217.352.0047
6725 Goshen Road, Edwardsville, IL 62025 • 618.656.3216
www.illinoisheartland.org • 618.656.3216 Main • 618.656.9401 Fax

If the Illinois State Library has any questions regarding this plan, contact Leslie Bednar at 618-656-3216.

Sincerely yours,


Leslie Bednar, Executive Director


Rhonda Johnisee, Finance Director

ILLINOIS HEARTLAND LIBRARY SYSTEM

AGREED UPON PROCEDURES

JUNE 30, 2024



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

September 17, 2024

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Illinois Heartland Library System
6725 Goshen Road
Edwardsville, Illinois 62025

We have performed the procedures enumerated on the attached page, which were agreed to by the Board of Directors of Illinois Heartland Library System, for the year ended June 30, 2024. Illinois Heartland Library System's management is responsible for the System's Online Computer Library Center (OCLC) fiduciary activity and accounting records.

Illinois Heartland Library System has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of this engagement. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by Illinois Heartland Library System to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, the objective of is the expression of an opinion or conclusion, respectively, on Illinois Heartland Library System's Online Computer Library Center (OCLC) fiduciary activity and accounting records. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Illinois Heartland Library System and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board of Directors and management of Illinois Heartland Library System and is not intended to be and should not be used by anyone other than these specified parties.

Alton, Illinois

ILLINOIS HEARTLAND LIBRARY SYSTEM
AGREED-UPON PROCEDURES

Our engagement consisted of performing the following agreed-upon procedures:

1. Examine bank reconciliations and bank statements for the year ended June 30, 2024 and trace the book balances to the financial statements and/or trial balance.

No exceptions were found as a result of performing this procedure.

2. Confirm the June 30th bank balances for the fiscal year 2024 with the financial institutions.

No exceptions were found as a result of performing this procedure.

3. Select a sample of disbursements which comprises at least 25% of the total dollar value of disbursements for the year ended June 30, 2024, and examine the cancelled check and invoice or other supporting documentation for each such disbursement selected. Verify that each disbursement is a valid disbursement of OCLC activity.

No exceptions were found as a result of performing this procedure.

4. Select a sample of receipts which comprises at least 25% of the total dollar value of receipts for the year ended June 30, 2024, and trace each receipt to a deposit slip and corresponding bank statement and examine any supporting documentation accompanying the receipt (e.g. letter, check stub, copy of check, etc.) noting agreement.

No exceptions were found as a result of performing this procedure.

5. Trace the receipts and disbursements tested to the ledger.

No exceptions were found as a result of performing this procedure.

2.2 System Member Fees and Revenue

The SHARE fund contains LLSAP user fees from member libraries in the following categories:	
- Aspen	\$64,250
- Cloud Subscription	\$127,308
- SHARE LLSAP Full Member Fees	\$1,221,877
- SHARE LLSAP Transitional Member Fee	\$20,095
- SHARE Bibliographic Service Fee	\$68,083
- SHARE Additional Module Fees	\$42,388
- SHARE SAM Fee	\$9,642
Total:	\$1,553,643
The SHARE fund contains LLSAP group purchase fees from member libraries in the following categories:	
- SHARE Group Purchase Subscriptions	\$26,871
- SHARE eBook Purchases	\$54,165
Total:	\$81,036
The General fund contains program attendance and purchase fees on behalf of member libraries in the following categories:	
- Dreamhost Domain Name	\$544
- HR Source Membership Grant	\$1,750
- HR Source Webinar Series	\$555
- Library Law Books	\$4,355
- Serving Our Public Books	\$165
- Swank Movie Copyright Compliance Site License	\$8,161
Total:	\$15,530

2.3 System Non-Member Fees and Revenue

The General fund generated revenue in the following categories:	
ILDS Contract	\$262,049
Office Leasing at the Champaign Office	\$12,350
Sales from Branded Items	\$631
Member Day Vendor Sponsorships and Promotional Product Sales	\$4,084
Total:	\$279,114
The OCLC fund generated revenue in the following categories:	
ILLINET/OCLC Group Service Fees	\$5,057,204
ILLINET/OCLC Monthly Network Transactional Billing	\$455,647
Total:	\$5,512,851

2.4 Capital Expenditures in Excess of \$5,000

Capital Projects Fund Expenditures*	Expense
Edwardsville Building – Mill, Repair, Overlay, and Paint Parking Lot	\$150,600
Vehicles – (9) Cargo Vans	\$444,969

*The Capital Projects Fund includes transfers from multiple SAPC grant years.

2.5 Loans or Letters of Credit

As of June 30, 2024, there were no outstanding loans or mortgage payables for the Illinois Heartland Library System.

As of June 30, 2024, IHLS had the following letters of credit:

- Busey Bank – \$5,000,000.00
- US Bank – \$2,500,000.00

2.6 Treasurer's Surety Bond

The Cincinnati Insurance Company
6200 S Gilmore Rd
Fairfield, OH 45014-5141

Public Official Bond No. CBE1039672

KNOW ALL MEN BY THESE PRESENTS:

That Sarah Beth Hill
of Nattoon State of Illinois (hereinafter called the Principal) and
The Cincinnati Insurance Company (hereinafter called the Surety), a corporation organized under the laws of the state of
Ohio with its principal office in the City of Fairfield and the State of Ohio are held
and firmly bound unto Illinois Heartland Library System
(hereinafter called the Obligee) in the sum of One Million Nine Hundred and Sixty Thousand Dollars and Zero Cents
(\$ 1,960,000.00) for the payment whereof
to the Obligee the Principal binds himself/herself, his/her heirs, executors, administrators, and assigns, and the Surety
binds itself, its successors, and assigns, jointly and severally, firmly by these presents.

Signed, sealed and dated this 1st day of March, A.D. 2024.

Whereas the above named Principal has been duly appointed or elected to the office of Treasurer / Board Member
and

Whereas, the effective date of this bond is February 28th, 2024.

Now, therefore, the condition of the foregoing obligation is such that if the Principal shall faithfully perform such duties as
may be imposed on him/her by law and shall honestly account for all money that may come into his/her hands in his/her
official capacity during such period, then this obligation shall be void; otherwise, it shall remain in full force until cancelled
as provided herein.

This Bond is executed by the Surety upon the following express conditions, which shall be conditions precedent to the right
of recovery hereunder:

First: That the Surety may, if it shall so elect, cancel this Bond by giving thirty (30) days notice in writing to
Illinois Heartland Library System and this
Bond shall be deemed canceled at the expiration of said thirty (30) days; the Surety remaining liable, however, subject to
all terms, conditions, and provisions of this Bond, for any act or acts covered by this Bond which may have been
committed by the Principal up to the date of such cancellation; and the Surety shall, upon surrender of this Bond and its
release from all liability hereunder, refund the premium paid, less a pro rata part therefore for the time this Bond shall have
been in force.

Second: That the Surety shall not be liable hereunder for the loss of any public moneys or funds occurring
through or resulting from failure of, or default in payment by, any banks or depositories in which any public moneys or
funds have been deposited, or may be deposited by or placed to the credit, or under control of the Principal, whether or
not such banks or depositories were or may be selected or designated by the Principal or by other persons; or by reason
of the allowance to, or acceptance by the Principal of any interest on said public moneys or funds, any law decision,
ordinance, or statute to the contrary notwithstanding.

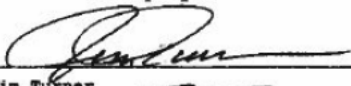
Third: That the Surety shall not be liable for any loss or losses, resulting from the failure of the Principal to collect
any taxes, licenses, levies, assessments, etc., with the collection of which he/she may be chargeable by reason of his/her
election or appointment as aforesaid.

Witness:

Kathleen Helmink
(as to the Principal)


Principal

The Cincinnati Insurance Company

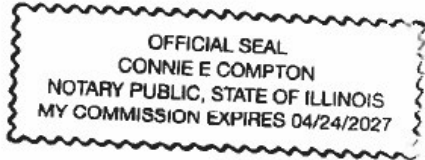
By 
Attorney-in-Fact: Jim Turner



STATE OF Illinois SS
COUNTY OF Coles

Sarah Beth Hill being
duly sworn, says that he/she will support the constitution of the United States and of the State of Illinois
and that he/she will faithfully, honestly, and impartially perform and discharge the duties of the office position to which
he/she has been appointed while he/she shall hold said office.

Sworn to by said Sarah Beth Hill
Before me, and by him/her subscribed in my presence this 22nd
day of April, A.D. 2024
Connie E Compton Notary Public



3.1 Report of Changes in Membership

At the August meeting of the Illinois Heartland Library System Board of Directors, membership applications were accepted from the following agencies:

Geff CCSD #14 (Wayne County)

Smithton CCSD #130 (St. Clair County)

At the November meeting of the Illinois Heartland Library System Board of Directors, a membership application was accepted from:

Big Muddy River Correctional Center (Jefferson County)

At the March meeting of the Illinois Heartland Library System Board of Directors, a membership application was accepted from:

Wood River-Hartford ESD #15 (Madison County)

At the May meeting of the Illinois Heartland Library System Board of Directors, the following actions were taken pertaining to membership:

An approval of a request to withdraw was accepted from:

Lincoln Christian College (Logan County)

Asian Educational Media Service (University of Illinois)

Vienna Correctional Center (Johnson County)

An approval of recommendations to suspend from membership:

Mounds Public Library (Pulaski County)

Benton CCSD #47 (Franklin County)

Selmaville CCSD #10 (Marion County)

3.2 Summary of System Membership

Summary of System Membership:

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

The number of full member agencies as of June 30, 2024 follows:

Academic Libraries	28
Public Libraries	227
School Districts	239
Special Libraries	26
Total Agencies	520

3.3 Continuing Education Training

The continuing education/training programs offered by the system for the priorities of service, including the types of offerings, number of events held, total number of participants, and total number of contact hours provided, is as follows:

IHLS

Number of Events/Programs	30
Number of Participants	1252
Total Contact Hours	3115

The 12 Members Matters offerings that were held in FY2023 drew 522 attendees for 899 Contact Hours.

The 2024 Member Day involved 449 attendees for 1796 Contact Hours.

Although not a specific Continuing Education offering, 36 Directors' Chats were held in FY2024 for a total of 849 Contact Hours.

SHARE

Number of events/programs	65
Number of participants	1712
Total Contact hours	2764

CMC

Number of events/programs	19
Number of participants	687
Total Contact hours	2102

3.4 Member Site Visits

In FY2024 144 Site visits were conducted:

Academic Libraries	2
Public Libraries	97
School Libraries	42
School/Public Combination Libraries	1
Special Libraries	2

3.5 Non-Resident Fee Participation

This is the URL for the listing of public libraries in IHLS with indication of whether they are or are not participants in the non-resident fee program:

<https://www.illinoisheartland.org/members/non-resident-fee>

4. System Staff

Title	Department	Annual Salary Schedule	Fringe Benefits
Accounts Payable Coordinator	Accounting	\$39,470.08	\$0.00
Accounts Recievable Coordinator	Accounting	\$55,016.00	\$0.00
Associate Director	General Administrative	\$153,998.26	\$0.00
Bibliographic Grant Manager	CMC	\$76,880.18	\$0.00
Cataloger	SHARE	\$49,067.98	\$0.00
Cataloger	CMC	\$56,971.72	\$0.00
Cataloger	CMC	\$54,780.70	\$600.00
Cataloger	SHARE	\$54,519.92	\$0.00
Cataloger	SHARE	\$51,274.86	\$0.00
Cataloger	CMC	\$51,274.86	\$0.00
Cataloger	SHARE	\$51,760.02	\$0.00
Cataloger	SHARE	\$56,971.72	\$0.00
Cataloger	CMC	\$49,302.76	\$600.00
Cataloger	CMC	\$51,274.86	\$0.00
Cataloger	CMC	\$17,092.40	\$0.00
Cataloger	CMC	\$62,668.84	\$500.00
Cataloger 3	SHARE	\$54,223.00	\$0.00
Communications & Advocacy Administrator	General Administrative	\$53,262.04	\$0.00
Continuing Education Coordinator Liaison	General Administrative	\$60,269.04	\$0.00
Courier	Operations	\$32,614.40	\$0.00
Courier	Operations	\$17,915.04	\$0.00
Courier	Operations	\$14,742.00	\$0.00
Courier	Operations	\$16,295.76	\$0.00
Courier	Operations	\$16,295.76	\$0.00
Courier	Operations	\$32,760.00	\$0.00
Courier	Operations	\$32,760.00	\$0.00
Courier	Operations	\$14,742.00	\$0.00
Courier	Operations	\$14,742.00	\$0.00
Courier	Operations	\$19,562.40	\$0.00
Courier	Operations	\$36,212.80	\$0.00
Courier	Operations	\$37,668.80	\$0.00
Courier	Operations	\$32,760.00	\$0.00
Courier	Operations	\$32,614.40	\$0.00
Courier	Operations	\$16,295.76	\$0.00
Courier	Operations	\$32,614.40	\$0.00
Courier	Operations	\$16,295.76	\$0.00
Courier	Operations	\$32,614.40	\$0.00
Courier	Operations	\$17,915.04	\$0.00
Courier	Operations	\$32,760.00	\$0.00
Courier	Operations	\$14,742.00	\$0.00
Courier	Operations	\$37,668.80	\$0.00
Courier	Operations	\$16,295.76	\$0.00

Accounts Payable Coordinator	Accounting	\$39,470.08	\$0.00
Sorter	Operations	\$13,104.00	\$0.00
Sorter	Operations	\$31,948.80	\$0.00
Sorter	Operations	\$16,866.72	\$0.00
Sorter	Operations	\$13,104.00	\$0.00
Web and IT Administrator	Information Technology	\$54,482.48	\$0.00

Number of Vacant Positions Currently Trying to Fill

Title	Department
HR Coordinator	Human Resources
Membership Coordinator	General Administrative
Sorter	Operations

List by job titles the number of positions eliminated during FY2024

Title	Department
N/A	

5.1 FY2024 Board Meetings Held

The regular meetings of the Board of Directors of the Illinois Heartland Library System will be held on the fourth Tuesday of the month at the Illinois Heartland Library System. There will not be a regularly scheduled meeting for the month of December. Each meeting will begin at 5 p.m.

July 25, 2023

August 22, 2023

September 26, 2023

October 31, 2023

November 8, 2023

November 28, 2023

January 23, 2024

February 27, 2024

March 26, 2024

April 23, 2024

May 28, 2024 – Board elections held

June 25, 2024

All Board and committee meeting agendas are posted on the Illinois Heartland Library System website.

5.2 List of System Board Members

Board Members	Officers	Term Ends	Address	Phone	Email
Loretta Broomfield		June 2025	206 South Market St. Marion, IL 62959	[REDACTED]	lbroomfield@board.illinoisheartland.org
Karen Bounds	President	June 2025	515 East Broadway Ave. Centralia, IL 62801	[REDACTED]	kbounds@board.illinoisheartland.org
Francis Buckingham		June 2026	550 6th St. Carlyle, IL 62231	[REDACTED]	fbuckingham@board.illinoisheartland.org
Ann Chandler		June 2024	121 W Vine St. Taylorville, IL 62568	[REDACTED]	achandler@board.illinoisheartland.org
Jenna Griffith	Ethics Officer	June 2024	1700 W Cherry St. Marion, IL 62959	[REDACTED]	jgriffith@board.illinoisheartland.org
Sarah Hill		June 2026	5001 Lake Land Blvd Mattoon, IL 61938	[REDACTED]	shill@board.illinoisheartland.org
Ryan Johnson	OMA Officer	June 2024	120 Civic Plaza O'Fallon, IL 62269	[REDACTED]	rjohnson@board.illinoisheartland.org
Tammy Krouse	Secretary	June 2024	361 W Main St. Albion, IL 62806	[REDACTED]	tkrouse@board.illinoisheartland.org
Kristi Lear		June 2026	Margaret Cross Norton Bldg Springfield, IL 62756	[REDACTED]	klear@board.illinoisheartland.org
Chastity Mays		June 2024	405 W Main St. Carbondale, IL 62901	[REDACTED]	cmays@board.illinoisheartland.org
Linda McDonnell	Vice-President	June 2025	2001 Delmar Ave. Granite City, IL 62040	[REDACTED]	lmcdonnell@board.illinoisheartland.org
Emily Pickell		June 2026	610 W University Ave. Champaign, IL 61820	[REDACTED]	epickell@board.illinoisheartland.org
Joshua Short	Member at Large FOIA Officer	June 2025	1001 Ninth St. Highland, IL 62249	[REDACTED]	jshort@board.illinoisheartland.org
Kristy Walker		June 2026	321 S Prairie St. Bethalto, IL 62010	[REDACTED]	kwalker@board.illinoisheartland.org

5.3 IHLS Board Meets Requirements Specified In 23 ILAC 3030.255

The Board of Directors of the Illinois Heartland Library System does have policies in place to meet compliance regulations with 23 ILAC 3030.255.

Policies and Bylaws:

[Governance Documents | IHLS \(illinoisheartland.org\)](#)

Contracts and Purchasing:

[Microsoft Word - Financial Policy Propped Changes October 2022 approved by Board 102522 \(illinoisheartland.org\)](#)

Personnel Code (Conflict of Interest, Travel Expenditures and Secondary Employment):

[FINAL 2023 HANDBOOK.pdf \(illinoisheartland.org\)](#)

5.4 IHLS Board Meets Finances and Records Responsibilities In 23 Ilac3030.260

The Board of Directors of the Illinois Heartland Library System is compliant with 23 ILAC 3030.260.

- Financial records are maintained at the Administrative Headquarters in Edwardsville.
- A monthly financial report is prepared and reviewed by the finance committee and the full board.
- An annual audit is conducted.
- Funds are accounted for as of June 30 of each year by expenditure, encumbrance or reserves.
- An annual budget has been prepared and submitted prior to July 1.
- A purchase inventory is maintained.
- Accounts are organized on the basis of funds.
- Financial reports are submitted to the Illinois State Library twice a year.



Article I Name

The name of the organization shall be Illinois Heartland Library System, hereinafter referred to as the System.

Article II Authority

The System derives its authority from the Illinois Library System Act, 75 Illinois Compiled Statutes 10/1 et. seq. as amended (hereinafter called "Statutes"); and operates in accordance with the Administrative Rules of Title 23, Part 3030 of the Illinois Administrative Code (hereinafter called "Administrative Rules") promulgated thereunder.

Article III Purpose/Objectives/Vision & Mission

Section 1. The System is a cooperative multi-type library system serving academic, public, school, and special libraries of central and southern Illinois in the counties of Alexander, Bond, Calhoun, Champaign, Christian, Clark, Clay, Clinton, Coles, Crawford, Cumberland, Douglas, Edgar, Edwards, Effingham, Fayette, Ford, Franklin, Gallatin, Greene, Hamilton, Hardin, Iroquois, Jackson, Jasper, Jefferson, Jersey, Johnson, Lawrence, Macon, Macoupin, Madison, Marion, Massac, Menard, Monroe, Montgomery, Moultrie, Perry, Piatt, Pope, Pulaski, Randolph, Richland, Sangamon, Saline, St. Clair, Shelby, Union, Vermilion, Wabash, Washington, Wayne, Williamson, White, and parts of DeWitt, Logan and Mason and other counties that may be associated with the System in the future.

Section 2. The System envisions a future where all libraries and information partners collaborate to provide accessible and innovative services. (Vision) The System is a community of multi-type libraries developing partnerships and sharing resources in pursuit of excellent service. (Mission)

Section 3. In accordance with its Strategic Plan and its Operational Plan of Service, the System provides services and facilitates cooperation among its member libraries in order to implement the objectives stated in the Statutes and Administrative Rules.

Section 4. To achieve its purpose, the System responsibly utilizes the Area & Per Capita Grant appropriation from the Illinois General Revenue Fund and Library Services and Technology Act funding as disbursed and administered by the Illinois State Library as a department of the Secretary of State's Office. Additionally, the System actively pursues alternative revenue streams and earned income opportunities to fulfill its mission.

Article IV Fiscal Year

The fiscal year of the System shall begin with July 1 and end with June 30.

Article V Membership

Section 1. The Statutes and Administrative Rules of the State of Illinois and the Membership Criteria of the System govern Membership in the System. All academic, public, school and special libraries whose governing authority headquarters are within the geographic boundaries of the System are eligible to apply for membership. Participating libraries will hereinafter be known as Members.

Acceptance is subject to the approval of the Board of Directors of the System and the State Librarian and implies agreement by the applying library to applicable State statutes and rules and to the System's Bylaws, policies and Annual Operational Plan. Members agree to comply with policies, rules and regulations required for maintaining Membership.

Section 2. Any Member library may be suspended from Membership if not in compliance with State statutes or System requirements. Members will remain in good standing as long as they meet System and State Membership criteria in compliance with statute 75 ILCS 10/9. Specific information about Suspension can be found in the Administrative Rules (3030.100 et seq).

Section 3. Transfer of a Member library to another System shall be governed by the administrative rules of the Illinois State Library.

Section 4. Upon written notice on or before April 1 of any year, a member library governing authority may voluntarily terminate System membership on or before June 30 of the same year (the end of the System's fiscal year) and upon fulfillment of all outstanding obligations to the System.

Article VI Board of Directors

Section 1. The System shall be governed by a Board of Directors of fifteen (15) members. No library shall be represented by more than one Board member. All Board members must be eligible electors in the geographical area of the System. Eligible electors are individuals who are eligible to register to vote within the territory of the System.

Section 2. Duties of Board

The Board of Directors of the System shall have the authority to make such policy to carry out the spirit and intent of The Illinois Library System Act and shall have the powers conferred by the Act. The Board of Directors as a whole has the responsibility to review and approve the overall budget as submitted by the Executive Director.

Section 3.

The Board of Directors shall be composed of elected members according to the following manner:

- a. Eight (8) members from the governing boards of public library members.
- b. Two (2) members representing public libraries
- c. Three (3) members representing school libraries
- d. One (1) member representing special libraries
- e. One (1) member representing academic libraries

Section 4. Nominating Committee for the Board of Directors.

A Nominating Committee of five (5) members, who shall be eligible electors within the geographic area of the System, shall be appointed by the President of the System Board, with Board approval, in October of each year. It is the preference of the Board that a minimum of two members from the current Nominating Committee will serve the following year in order to ensure continuity of the process. No currently sitting System Board member may serve on the Nominating Committee and no Nominating Committee Member may be slated for that election to the System Board.

a. The Nominating Committee shall select and confirm candidates for election to the System Board representing all geographic areas. Nominees must be members of a governing board of a member library, professional staff or the administration of the type of library to be represented as set out in these Bylaws. The call for nominations will be appropriately publicized to the Members of the System and any member may propose names for the Nominating Committee's consideration. Additional nominations may be sent to the Nominating Committee upon written petitions of ten (10) member libraries represented by the type of seat on the System Board to be filled. Such petitions, accompanied by written acceptance of the nominee, must be filed with the System Executive Assistant who will forward them to the Chair of the Nominating Committee for inclusion on the list of nominees. Criteria for the inclusion or any elimination of names to appear on the ballot will be developed by the Nominating Committee, and this information will be included with the certification results presented to the Board at its May meeting. The determination of the final slate of candidates is the responsibility of the Nominating Committee, with the goal of creating a balanced ballot representative of all System members.

b. The Nominating Committee shall prepare a ballot and certify that all candidates are eligible electors in the geographic area of the System. The ballot will include no more than six (6) eligible candidates for each open seat. Any incumbent board member running for a second term will automatically be awarded a slot on the ballot. In the event that there are no eligible candidates for an open position on the IHLS board, there will be a write-in vote. Any viable write-in candidate will be required to meet all eligibility criteria for the specific board position and must receive a minimum of five (5) affirmative votes in order to win election. The nominating committee must verify the winning candidate. If there is no clear winner from the write-in vote, the president will appoint a new board member.

c. The ballot will be distributed to each member library agency electronically by March 15. A library agency is defined as a library or libraries with a single governing body or corporate authority. For example, a public library with branches would be counted as a single agency as would a school district with libraries in several buildings. Each library will be entitled to return only one ballot for its choice of candidates for the System Board of Directors. Before the vote is cast, each library agency should determine who will be responsible for casting the vote for its agency. The Nominating Committee will accept only the first completed ballot, if multiple votes are cast by the same library agency.

d. Ballots must be completed and submitted by April 15th to be counted. In the event of a tie, a subsequent election to break the tie will be announced no later than April 25th. This ballot will

be available electronically for one full week. The Nominating Committee will certify the election results to the System Board of Directors at its May meeting each year.

Section 5. Terms of Office

- a. Except for those Board members who are elected to the Initial System Board in 2011 and who draw either one- or two-year terms as provided in Section 4d above, and for those board members whose term might be limited by Section 5b below, all Board members will be elected for a term of three (3) years.
- b. No Board member shall be permitted to serve for more than a total of six (6) consecutive years unless two (2) years have elapsed since his/her sixth year of service.
- c. All terms of office shall be staggered, with one-third of the board seats ending each year.
- d. Terms of office begin on July 1 and end on June 30, the System's fiscal year.
- e. Any appointment to the System Board for a partial term is counted as a full year of service at the conclusion of the most current fiscal year.
- f. Prior service in office on the board of directors of any Illinois Library System, shall count toward the statutory maximum of serving a total of no more than six (6) years as a director, unless two years has elapsed since their sixth year of service.

Section 6. Economic Interest

- a. No member of the System Board may profit personally, either directly or indirectly, from any business connected with the System.
- b. Each member of the System Board shall file a Statement of Economic Interest pursuant to the Illinois Governmental Ethics Act.
- c. All records and accounts of the System shall be kept in the System headquarters office and in the custody of the Executive Director. All such records and accounts shall be open to the inspection and use of all members of the System Board at all reasonable times.
- d. The members of the System Board shall serve without compensation, but their actual and necessary expenses shall be paid by the System.

Section 7.

Should a board member no longer be an eligible elector within the geographic area of the System, or leave the local position by virtue of which he/she was eligible, nominated and elected, the seat shall be declared vacant. Vacancies may be filled by appointment by the remaining members of the Board. The appointee shall serve for the unexpired term of the Director replaced. Persons appointed must have the same qualifications as those elected, and represent the constituency of the vacant seat.

Section 8. Officers

- a. The Officers of the Board of Directors shall be a President, Vice-President, Secretary, and Treasurer.
- b. The Board Nominating Committee shall present a slate of candidates to the Board at the first meeting of the fiscal year. Additional nominations may be made from the floor. The Directors shall then vote on the slate of candidates.

- c. The Officers shall be elected for one year, and no Officer shall serve more than two consecutive terms. A term of six months or more shall be considered a full term.
- d. The duties of the Officers shall be:
 - i. The President shall preside at all meetings of the Board, appoint any necessary committees, be an ex officio member of all committees, and be entitled to vote on such committees.
 - ii. The Vice-President shall preside at meetings in the absence of the President and shall in case of the resignation of the President assume the President's responsibilities until the election of a new President.
 - iii. The Secretary shall have responsibility for the records of the Board of Directors.
 - iv. The Treasurer shall be chairperson of the Finance Committee. Before entering the duties, the Treasurer shall be required to give a bond in an amount equal to at least 50% of the average amount of the system's operating fund from the prior 3 fiscal years. Cost of the bond is paid by IHLS.
 - v. Should an office become vacant prior to the expiration of the term of that office, the Directors shall elect from their members an Officer to fill the unexpired term.

Section 9. Attendance of Board members

Board members are expected to fulfill the duties imposed on them by the nature of their office. It is expected that Board members attend meetings at a public location for regularly scheduled meeting of the full board. Board members must notify the System Executive Director if they are unable to attend a board meeting. When a Board member is absent from a meeting, the following actions will be taken. The President shall notify in writing any member missing his or her second meeting. Upon a member's third absence the topic will be included on the agenda for discussion at the next meeting. The System Board, by a majority vote may, with a quorum present, declare a Board position vacant if a Director fails to attend three (3) meetings during the fiscal year.

Section 10. Committees

The President of the Board of Directors shall appoint committees. Membership on standing committees is limited to members of the Board of Directors; excluding the Nominating Committee which is made up of members only. Membership on committees shall be not less than three. Members of the Board of Directors are limited to membership on two standing committees, excluding the Executive Committee. Terms on committees are for one year, or until such time as new appointments are made.

All IHLS Board committees are advisory only except the Executive Committee and the Nominating Committee. Advisory committees do not have the authority to make binding recommendations or determinations or to take any other substantive action.

Executive Committee:

The elected officers of the Board of Directors plus one other Board member shall constitute the Executive Committee. A majority of the Executive Committee may authorize payment of bills in the event a meeting cannot be held. The duties of the committee shall be:

- a. To conduct business between regularly scheduled meetings of the Board of Directors
- b. To provide for the annual evaluation of the Executive Director
- c. To review the Bylaws of the System annually

Standing Committees (other than Nominating Committee for the Board of Directors):

a. Finance

- i. The Treasurer shall be the chairperson of this committee
- ii. To monitor System revenue and expenditures and report significant variances to the Board of Directors*
- iii. To review expenditures over \$2,500.00 that are not included in the approved budget
- iv. To review monthly projections of cash balances that are provided by the Finance Director
- v. To review and provide guidance to the Board of Directors on policies or recommendations having potential financial implications
- vi. To review annual audit findings
- vii. To expect the Finance Director to brief the committee on upcoming known issues that will skew the financials in some significant manner
- viii. To review and recommend the Pay Grade Assignments appropriately based upon information from the Executive Director.

*The committee would not generally expect to be involved in financial matters that are within the parameters of an established budget, other than as a monitor function. Certainly, establishment of policies that impact finances, anything that would suggest the need to expend contingency funds or move funds, is within the realm of Committee purview. It would be our desire to review planned changes before taking them to the Board when changes from the budget are proposed (even if the overall budget for the line will remain unaffected). For example, when creating a new position not initially funded or deciding to add/eliminate a capital project, the Committee would expect to review and comment on such a change to the Board.

b. Delivery and Facilities

- i. To review the property needs of the System
- ii. To review that system property fits into the System strategic plan
- iii. To review property leases and purchases
- iv. To review delivery policies

c. Personnel

- i. To review position descriptions and staffing requirements of the System
- ii. To review and make recommendations to the board regarding Personnel Handbook of the System

d. Policy and Membership

- i. To review and make recommendations to the board regarding the service policies of the System
- ii. To review progress in fulfilling the System Operational Plan
- iii. To review continued membership eligibility of libraries that are members of the System

e. Nominating Committee for Officers of the Board

- i. To develop a slate of officer candidates from the Directors serving on the board at the beginning of the fiscal year
- ii. Each candidate shall be contacted about their willingness to serve as an officer

- iii. The Slate of Officers shall be voted on at the July meeting of the Board Ad Hoc Committees
- iv. The President may appoint Ad Hoc committees as needed. Members of Ad Hoc committees may also include other personnel associated with the System, but who are not members of the Board of Directors. Ad Hoc committees must include members of the Board, and no library associated with the System can have more than one member on an Ad Hoc committee.

Section 11. Meetings

- a. The Board shall hold a minimum of nine (9) regular monthly meetings per year to conduct the business of the System. The dates, times and locations of the meetings shall be determined at the July meeting. Board agendas shall be posted in accordance with the Illinois Open Meetings Act.
- b. All Board and Committee meetings will be conducted in full compliance with the Open Meetings Act (5 ILCS 120/1 et seq.). All Board, Committee, and sub-committee meetings will be conducted in full compliance with the Open Meetings Act (5 ILCS 120/1 et seq.) and the IHLS Policy on Meetings via Electronics Means.
- c. The President may call special meetings on his/her initiative; the President must call a special board meeting when requested by at least five (5) board members. Notice shall be given 48 hours prior to the date of the meeting and shall state the business to be transacted. The meeting will be limited to the business stated.
- d. A quorum shall be a simple majority of the members of the System Board. With fifteen (15) members, the quorum is eight (8).
- e. Should both the President and Vice-President be absent from any meeting, the Directors present shall choose from among their number, a temporary, presiding Officer who shall be designated President Pro Tem for that meeting.
- f. A roll call vote shall be taken for the expenditure of funds, execution of a contract, and upon the request of any board member.
- g. Standard Order of Business will comply with the Open Meetings Act.
- h. Closed session minutes will be reviewed by the President or Vice President at the January and July board meetings each year.

Article VII Executive Director

The Executive Director shall be the System's Chief Executive Officer and be responsible for the administration of the System. The qualifications of the Executive Director shall include a master's degree from an American Library Association accredited library education program and who has a minimum of five years postgraduate employment that includes a minimum of two that were in library administrative experience. The Executive Director shall have the authority to hire such other employees as may be necessary, to fix their compensation, and remove such appointees, subject to the approval of the Board. The acts of the Executive Director are subject to the approval of the Board. Applicable hiring, compensation and termination procedures may differentiate based on business needs. A new employee may begin the onboarding process and the recommendation for hire will be included in the next Board meeting packet. The Executive Director reports to and is responsible directly to the Board. Performance is evaluated by the Board of Directors based upon the agency's ability to serve the needs of its membership and achieve the goals of the Board.

Article VIII Membership Input

The Executive Director shall hold regularly scheduled meetings for system members at rotating sites throughout the system.

The purpose of these meetings is to:

1. Gather input and feedback from members regarding current System services and initiatives.
2. Offer an additional opportunity for communication and networking with and among membership.
3. Provide a forum in which suggestions can be made for the consideration of the Board of Directors and the Executive Director.

These meetings will be held on a bi-monthly schedule at geographically diverse locations throughout the system. Videoconference sites will be open to enable members from throughout the system to attend in several locations. As they become available and effective, other electronic methods of connectivity will be implemented to offer other meeting options for members.

Article IX LLSAP Governance Group

The LLSAP membership shall form a governance group that will act as an effective liaison between the LLSAP membership and the IHLS Board of Directors. The purpose of this group is to:

1. Promote membership excellence and involvement.
2. Provide input and review of changes to LLSAP governance documents.
3. Initiate suggestions regarding the LLSAP to the Executive Director and the IHLS Board of Directors.

Members of the LLSAP governance group shall serve according to the guidelines set by the LLSAP governance and its membership.

Article X Parliamentary Authority

All meetings shall be conducted in accordance with Robert's Rules of Order, latest edition, and shall be open to the public in compliance with the "Illinois Open Meetings Act," as amended (ILCS 120/1 et.seq.)

Article XI Amendments and Revisions

Section 1. These Bylaws may be amended by a vote of two-thirds (2/3) of all Board members at a regular Meeting of the Board of Directors of the System provided a written draft of the proposed amendments has been given to each Director at the preceding regular meeting with notice to all member libraries.

Section 2. Bylaws changes can originate from the System Board or from the membership of the System submitted to the System Board.

Section 3. Bylaws changes must be submitted for approval by the State Librarian through the Illinois State Library before they shall become effective.

Approved by Planning Panel on February 26, 2011
Approved by the Illinois Heartland Library System Transition Board on March 29, 2011
Approved by the Illinois Heartland Library System Board of Directors on July 5, 2011
Amended by the Illinois Heartland Library System Board of Directors on August 23, 2011
Amended by the Illinois Heartland Library System Board of Directors on August 28, 2012
Amended by the Illinois Heartland Library System Board of Directors on February 26, 2013
Amended by the Illinois Heartland Library System Board of Directors on July 23, 2013
Amended by the Illinois Heartland Library System Board of Directors on October 22, 2013
Amended by the Illinois Heartland Library System Board of Directors on May 27, 2014
Amended by the Illinois Heartland Library System Board of Directors on October 28, 2014
Amended by the Illinois Heartland Library System Board of Directors on November 25, 2014
Amended by the Illinois Heartland Library System Board of Directors on March 5, 2015
Amended by the Illinois Heartland Library System Board of Directors on July 28, 2015
Amended by the Illinois Heartland Library System Board of Directors on April 26, 2016
Amended by the Illinois Heartland Library System Board of Directors on February 26, 2019
Amended by the Illinois Heartland Library System Board of Directors on January 23, 2024
Amended by the Illinois Heartland Library System Board of Directors on February 27, 2024

7.1 Summary Appraisal of System Real Estate

Property Description	Own or Rent?	Value of Property	Plans for Property
Carbondale Hub 1740 Innovation Drive Carbondale, IL	Rent	\$6,794.33/mo. or \$81,532 annually	Continue to lease
Champaign Hub 1704 Interstate Drive Champaign, IL	Own	Appraised value \$850,000 as of 2018	LED lighting update
Edwardsville Hub 6725 Goshen Road Edwardsville, IL	Own	Appraised value 2,100,000 as of April 2019	Brick tuckpointing

7.2 Inventory of Current Owned Motor Vehicles

Type (Model/Year)	License Plate Number	Current Mileage	Type of Use	Will vehicle be replaced during FY2025?
2021 Ford Transit	U35969	68,629	Delivery	Yes
2021 Ford Transit	U35999	56,110	Delivery	
2024 Ford Transit	U37006	13,399	Delivery	
2024 Ford Transit	U37008	11,839	Delivery	
2024 Ford Transit	U37009	10,860	Delivery	
2024 Ford Transit	U37010	19,737	Delivery	
2015 Ford Taurus	U18520	111,509	Staff Use	
2008 Dodge Grand Caravan	U25399	159,574	Staff Use	
2021 Ford Transit	U35767	86,468	Delivery	
2020 Ford Box Truck	U35065	108,295	Delivery	
2020 Ford Transit	U35062	170,536	Delivery	Yes
2023 Ford Transit	U36092	55,296	Delivery	
2021 Ford Transit	U35987	83,839	Delivery	
2024 Ford Transit	U37007	13,516	Delivery	
2024 Ford Transit	U37011	11,473	Delivery	
2024 Ford Transit	U37012	6,704	Delivery	
2015 Ford Taurus	U30129	31,019	Staff Use	
2020 Chrysler Voyager	U34175	57,288	Staff Use	
2023 Chevrolet Express Box Truck	U36531	59,071	Delivery	
2020 Ford Transit	U35998	68,006	Delivery	
2019 Ford Transit	U33807	177,341	Delivery	Yes
2019 Ford Transit	U33849	171,873	Delivery	Yes
2020 Ford Transit	U35063	136,624	Delivery	
2020 Ford Transit	U35060	165,457	Delivery	Yes
2020 Ford Transit	U35059	134,670	Delivery	
2024 Ford Transit	U37013	13,941	Delivery	
2024 Ford Transit	U37014	5,244	Delivery	
2015 Dodge Grand Caravan	U30423	108,686	Staff Use	
2015 Ford Taurus	U8313	116,120	Staff Use	

7.3 Summary of Fiscal Year Out of State Travel Information

Name of Event or Reason for Travel Destination	Number of Travelers
American Association of School Librarians (AASL) Conference; Tampa, FL	1
Association for Rural & Small Libraries (ARSL) Conference; Wichita, KS	7
Collaborative Institute for Rural Communities & Librarianship (CIRCL) Meeting; Austin, TX	1
Innovative Users Group (IUG) Conference; Detroit, MI	5
Library Marketing & Communications Conference (LMCC); Indianapolis, IN	2
Public Library Association (PLA) Conference; Columbus, OH	10

**23 Ill. Adm. Code 3030.270 Part B Multitype Library System Annual System Report
FY2024 Delivery Annual Report**

8. Delivery Annual Report

In addition to including delivery goals, objectives, and activities in the Annual Report Narrative (1.1), complete Tables 1, 2 and 3 with information specific to the delivery service only.

Tables 1 and 3 include both system and ILDS delivery.

Table 1: Delivery Operating Expenses

Delivery Expenditures	FY2024 System Delivery	FY2024 ILDS
Delivery Personnel		
Library Professionals		
Other Professionals	\$ 194,569.33	
Support Services	\$ 921,280.87	\$ 181,193.75
Social Security Texas (FICA)	\$ 84,355.18	\$ 11,940.99
Unemployment Insurance	\$ 2,137.91	\$ 300.20
Workers' Compensation	\$ 40,375.92	\$ 7,578.24
Retirement Benefits	\$ 7,084.13	\$ 1,156.73
Health, Dental, and Life Insurance	\$ 137,897.72	\$ 16,867.51
Temporary Help	\$ 3,159.44	
Recruiting	\$ 5,111.21	
TOTAL	\$ 1,395,971.71	\$ 219,037.42

Delivery Buildings & Grounds		
Rent	\$ 27,169.92	
Utilities	\$ 20,947.79	
Property Insurance	\$ 5,429.37	
Repairs & Maintenance	\$ 13,946.18	
Janitorial Services & Supplies	\$ 10,079.32	
Other	\$ 4,256.92	
TOTAL	\$ 81,829.50	\$ 0.00

Delivery Vehicle Expense		
Fuel	\$ 141,987.69	\$ 54,885.10
Repairs & Maintenance	\$ 48,912.04	\$ 7,204.76
Vehicle Insurance	\$ 32,303.00	\$ 5,314.00
Vehicle Leasing & Rent	\$ 2,205.93	\$ 9,269.64
TOTAL	\$ 225,408.66	\$ 76,673.50

Travel & CE for Delivery Staff		
In-State Travel	\$ 915.38	\$ 118.05
Out-of-State Travel		
Registration & Other Fees	\$ 337.07	
TOTAL	\$ 1,252.45	\$ 118.05

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Delivery Expenditures	Expense Item	FY2024 System Delivery	FY2024 ILDS
Delivery Liability Insurance		\$ 8,651.33	
TOTAL		\$ 8,651.33	\$ 0.00

Supplies, Postage & Printing			
Delivery Supplies		\$ 22,676.20	\$ 2,127.36
General Office Supplies & Equipment		\$ 2,873.68	
Internal Printing/Photocopying			
Postage		\$ 52.82	
Library Supplies			
Other		\$ 1,730.25	
TOTAL		\$ 27,332.95	\$ 2,127.36

Delivery Telephone & Telecomm			
Local/Long Distance – Voice		\$ 10,413.23	
Telecomm – Data & Fax		\$ 2,565.76	
TOTAL		\$ 12,978.99	\$ 0.00

Delivery Equipment Rental, Repair & Maintenance			
Equipment Rental			
Equipment Repair & Maintenance		\$ 1,867.43	
Maintenance Agreement			
Computer Hardware Insurance			
TOTAL		\$ 1,867.43	\$ 0.00

Delivery Professional Services			
Legal			
Accounting			
Consulting		\$ 25,563.51	
Contractual Staff			
TOTAL		\$ 25,563.51	\$ 0.00

Delivery Contractual Services			
Contractual Agreements with commercial carriers			
TOTAL		\$ 0.00	\$ 0.00

TOTAL DELIVERY OPERATING EXPENSES		\$ 1,780,856.53	\$ 297,956.33
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23 Ill. Adm. Code 3030.270 Part B Multitype Library System Annual System Report

Table 2: Regional Delivery Statistics

Provide a summary of regional delivery services. Chart regional statistics by routes or hubs including the number of items transported, average number of delivery miles traveled per week, and average number of direct delivery stops per week. Do not include ILDS items that were transported. Report statistical data using methods agreed upon through the work of the statewide Delivery Standardization project.

Delivery Route or Hub	Items Transported	Average Miles/Week	Average Stops/Week
Carbondale	363,651	6,941	286
Champaign	1,190,769	7,164	587
Edwardsville	1,149,900	8,111	461
TOTAL	2,704,320	22,216	1,334

Table 3: Delivery Supplemental Statistics as of June 30, 2024

All Agencies	Number receiving system-provided delivery	Number receiving outsourced delivery	Total
Public libraries (agencies)	227	0	226
Academic libraries (agencies)	28	0	28
School libraries (agencies)	239	0	239
Special libraries (agencies)	26	0	26
TOTAL	520	0	519

Community Delivery Partnership (CDP) Agencies	Number participating in CDPs as host	Number participating in CDPs as participant
Public libraries (agencies)	53	1
Academic libraries (agencies)	0	1
School libraries (agencies)	3	100
Special libraries (agencies)	0	0
TOTAL	56	102

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Agency Delivery by Frequency	Number in functional frequency categories. Include all types of delivery
On Demand	0
2 day per week	0
3 day per week	0
4 day per week	0
5 day per week	0
Other	519
TOTAL	519



Illinois Heartland Library System

IMAGINING TOMORROW - DELIVERING POSSIBILITIES TODAY

Illinois Heartland Library System

Carbondale • Champaign • Edwardsville

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