

**PINNACLE LIBRARY COOPERATIVE
CREST HILL, ILLINOIS**

ANNUAL FINANCIAL REPORT

**For the Year Ended
June 30, 2020**

PINNACLE LIBRARY COOPERATIVE
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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Pinnacle Library Cooperative

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate fund information of the Pinnacle Library Cooperative, as of and for the year ended June 30, 2020, which collectively comprise the Cooperative's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material aspects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pinnacle Library Cooperative, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by 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.

Brian Zabel & Assoc. P.C.
BRIAN ZABEL & ASSOCIATES, P.C.
Certified Public Accountants

Morris, Illinois
December 15, 2020

PINNACLE LIBRARY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

As management of the Pinnacle Library Cooperative (Cooperative), we offer readers of the Cooperative's statements this narrative overview and analysis of the financial activities of the Cooperative for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information found in the notes to financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Cooperative exceeded its liabilities at June 30, 2020 by \$107,595 (net position). Of this amount, \$107,595 (unrestricted net position) may be used to meet the Cooperative's ongoing obligations to citizens and creditors.
- The Cooperative's total net position decreased by \$410,995.
- At June 30, 2020, the Cooperative's governmental funds reported combined ending fund balances of \$107,595 decreased by \$410,995 in comparison with the prior year.
- Governmental funds reported a combined total of \$262,260 in revenues and \$673,255 in expenditures.

USING THE FINANCIAL SECTION OF THIS ANNUAL FINANCIAL REPORT

This discussion and analysis is intended to serve as an introduction to the Cooperative's basic financial statements. The Cooperative's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

This Management's Discussion and Analysis is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

Government-Wide Financial Statements - The government-wide financial statements are designed to provide readers with a broad overview of the Cooperative's finances, in a manner similar to private-sector business.

The Statement of Net Position includes all of the Cooperative's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position are an indicator of whether its financial position is improving or deteriorating, respectively.

The Statement of Activities presents information showing how the Cooperative's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements show functions of the Cooperative that are principally supported by taxes, fees, and other revenues (governmental activities). The Cooperative does not conduct functions intended to recover all or a significant portion of their costs through user fees and charges

PINNACLE LIBRARY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

(business-type activities). The governmental activities of the Cooperative include providing general Cooperative services and general governmental administrative services.

The governmental-wide financial statements can be found on pages 3 and 4 of this report.

Fund Financial Statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Cooperative, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Cooperative can be allocated into one category: governmental funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Cooperative's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Cooperative maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. The General Fund is considered to be a major fund.

The Cooperative adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget. The budget was not amended during Fiscal Year 2020.

The basic governmental fund financial statements can be found on pages 5 through 7 of this report.

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

The notes to financial statements can be found on pages 8 through 14 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Cooperative's progress in meeting its obligation to provide library services to all of its residents.

The budgetary comparison statement and related notes can be found on page 15 of this report.

PINNACLE LIBRARY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Cooperative, assets exceeded liabilities by \$107,595 at June 30, 2020.

All of the Cooperative's net position are currently unrestricted.

Pinnacle Library Cooperative's Net Position at Year End

	Governmental Activities	
	FY 2020	FY 2019
Current and Other Assets	\$ 367,446	\$ 733,869
Total Assets	<u>\$ 367,446</u>	<u>\$ 733,869</u>
Current Liabilities	\$ 259,851	\$ 255,279
Total Liabilities	<u>\$ 259,851</u>	<u>\$ 255,279</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -
Restricted	-	-
Unrestricted	107,595	518,590
Total Net Position	<u>\$ 107,595</u>	<u>\$ 518,590</u>

The unrestricted net position \$107,595 may be used to meet the Cooperative's ongoing obligations to citizens and creditors.

At June 30, 2020, the Cooperative is able to report positive balances in all three categories of net position.

The Cooperative's net position decreased by \$410,995 during the year ended June 30, 2020.

Governmental Activities - Governmental activities decreased the Cooperative's net position by \$410,995. The key elements of this increase are as follows:

Pinnacle Library Cooperative's Change in Net Positions

	Governmental Activities	
	FY 2020	FY 2019
Revenues		
Program Revenues		
Charges for Services	\$ 262,260	\$ 695,235
Total Revenues	<u>\$ 262,260</u>	<u>\$ 695,235</u>
Expenses		
Culture and Recreation	673,255	642,555
Total Expenses	<u>673,255</u>	<u>642,555</u>
Increase in Net Position	(410,995)	52,680
Net Position-Beginning	518,590	465,910
Net Position-Ending	<u>\$ 107,595</u>	<u>\$ 518,590</u>

PINNACLE LIBRARY COOPERATIVE
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

FINANCIAL ANALYSIS OF THE COOPERATIVE'S FUNDS

As noted earlier, the Cooperative uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds- The focus of the Cooperative's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Cooperative's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the Cooperative's net resources available for spending at the end of the fiscal year.

At June 30, 2020 the Cooperative's governmental funds reported combined ending unrestricted fund balances of \$107,595.

The General Fund is the chief operating fund of the Cooperative. At June 30, 2020, unrestricted fund balance of the General Fund was \$107,595. The fund balance of the General Fund decreased by \$410,995 during the year ended June 30, 2020.

GENERAL FUND BUDGETARY HIGHLIGHTS

No budgeted revenues were established for the year ended June 30, 2020.

Budgeted expenditures exceeded the actual expenditures amount by \$13,795 for the year ended June 30, 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - As of June 30, 2020, the Cooperative had no capital assets.

Long-Term Debt – At June 30, 2020, the Cooperative had no debt outstanding.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Cooperative's finances for all those with an interest in the Cooperative's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Board of Trustees, Pinnacle Library Cooperative, 20670 Len Kubinski Dr, Crest Hill, IL 60403.

**GENERAL PURPOSE EXTERNAL
FINANCIAL STATEMENTS**

PINNACLE LIBRARY COOPERATIVE

STATEMENT OF NET POSITION

June 30, 2020

ASSETS

Cash and Investments	\$ 232,976
Accounts Receivable	134,470
Capital Assets (net of accumulated depreciation)	-

TOTAL ASSETS	\$ 367,446
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LIABILITIES

Accounts Payable	\$ 259,851
Total Liabilities	259,851

NET POSITION

Invested in Capital Assets	-
Restricted	-
Unrestricted	107,595
Total Net Position	107,595

TOTAL LIABILITIES AND NET POSITION	\$ 367,446
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See accompanying notes to financial statements.

PINNACLE LIBRARY COOPERATIVE

STATEMENT OF ACTIVITIES

June 30, 2020

	<u>Expenses</u>	Program Revenues			<u>Total</u>
		<u>Charges for Services</u>	<u>Operating and Capital Grants</u>		
FUNCTIONS/PROGRAMS					
Governmental Activities					
Culture and Recreation	\$ 673,255	\$ 259,979	\$ -	\$ (413,276)	
TOTAL PRIMARY GOVERNMENT	\$ 673,255	\$ 259,979	\$ -	\$ (413,276)	
General Revenues					
Interest Income				2,281	
Miscellaneous Income				-	
Total				<u>2,281</u>	
CHANGE IN NET POSITION				(410,995)	
NET POSITION, JULY 1				<u>518,590</u>	
NET POSITION, JUNE 30				<u>\$ 107,595</u>	

See accompanying notes to financial statements.

PINNACLE LIBRARY COOPERATIVE

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2020

	Governmental Fund Types	Total Governmental Funds
	General	
ASSETS		
Cash and Investments	\$ 232,976	\$ 232,976
Accounts Receivable	134,470	134,470
TOTAL ASSETS	\$ 367,446	\$ 367,446

LIABILITIES AND FUND EQUITY

LIABILITIES		
Accounts Payable	\$ 259,851	\$ 259,851
Total Liabilities	259,851	259,851
FUND BALANCES		
Unassigned Fund Balance	107,595	107,595
Total Fund Balances	107,595	107,595
TOTAL LIABILITIES AND FUND BALANCES		
	\$ 367,446	\$ 367,446

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

FUND BALANCES OF GOVERNMENTAL FUNDS	\$ 107,595
Amounts reported for governmental activities in the Statement of Net Position are different because:	
N/A	-
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 107,595

See accompanying notes to financial statements.

PINNACLE LIBRARY COOPERATIVE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Governmental Fund Type	Total Governmental Funds	
	General		
REVENUES			
Fees for Service and Materials	\$ 259,979	\$ 259,979	
Investment income	2,281	2,281	
Miscellaneous	-	-	
 Total Revenues	 262,260	 262,260	
EXPENDITURES			
Culture and Recreation			
Personnel	92,588	92,588	
Library Materials	230,000	230,000	
Database/Software	275,572	275,572	
Connectivity Services	1,114	1,114	
Administrative Expense	6,424	6,424	
Commercial Insurance	-	-	
Professional Services	1,784	1,784	
Contractual Services	65,773	65,773	
Miscellaneous	-	-	
 Total Expenditures	 673,255	 673,255	
NET CHANGE IN FUND BALANCES	 (410,995)	 (410,995)	
FUND BALANCES, JULY 1	 518,590	 518,590	
FUND BALANCES, JUNE 30	 \$ 107,595	 \$ 107,595	

See accompanying notes to financial statements.

PINNACLE LIBRARY COOPERATIVE

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

For the Year Ended June 30, 2020

NET CHANGE IN FUND BALANCES

TOTAL GOVERNMENTAL FUNDS \$ (410,995)

Amounts reported for governmental activities in the Statement of

Activities are different because:

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ (410,995)

PINNACLE LIBRARY COOPERATIVE

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Cooperative is governed by a Board of Directors (the Board), the rules and regulations for library systems, and the regulations of the State Librarian related to state aid.

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

a. Reporting Entity

The accompanying basic financial statements present the Cooperative only since the Cooperative does not have component units. The Cooperative has a separately elected board, the power to self govern, the authorization to expand funds, the responsibility to designate management and the ability to prepare and modify the annual budget and issue debt. Therefore, the Cooperative is not included as a component unit of any other entity.

b. Government-Wide and Fund Financial Statements

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

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

PINNACLE LIBRARY COOPERATIVE

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Cooperative reports the following major governmental funds:

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Operating revenues/expenses include all revenues/expenses directly related to providing fund services. Incidental revenues/expenses are reported as non-operating.

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

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

PINNACLE LIBRARY COOPERATIVE

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In applying the susceptible to accrual concept to intergovernmental revenues (i.e., federal and state grants), the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Cooperative; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are generally revocable only for failure to comply with prescribed eligibility requirements, such as equal employment opportunity. These resources are reflected as revenues at the time of receipt or earlier if they meet the availability criterion.

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

d. Grants

The Cooperative had no grants during fiscal year 2020.

e. Cash and Investments

Cash and Equivalents

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

Investments

Investments are stated at fair value.

PINNACLE LIBRARY COOPERATIVE

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Capital Assets

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-50
Furniture, fixtures and equipment	5-10

g. Vacation and Sick Leave

In the event of termination, an employee is reimbursed for accumulated vacation days.

Vested or accumulated vacation time that is owed to retirees or terminated employees is reported as an expenditure and a fund liability of the governmental fund that will pay it in the fund financial statements, and the remainder is reported in long-term debt. Vested or accumulated vacation time of governmental activities at the government-wide level is recorded as an expense and liability as the benefits accrue to employees.

PINNACLE LIBRARY COOPERATIVE

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Interfund Transactions

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

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

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

i. Fund Balances/Net Position

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

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

PINNACLE LIBRARY COOPERATIVE

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Fund Balances/Net Position (Continued)

In the government-wide financial statements, restricted net positions are legally restricted by outside parties for a specific purpose. None of the net positions are restricted as a result of enabling legislation adopted by the Cooperative. Net investment in capital assets represents the Cooperative's investment to construct or acquire the capital asset.

2. DEPOSITS AND INVESTMENTS

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

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in Illinois Funds are valued at Illinois Fund's share price, which is the price for which the investment could be sold.

a. Deposits

To guard against credit risk for deposits with financial institutions, the Cooperative's investment policy requires that deposits with financial institutions in excess of FDIC be collateralized with collateral in an amount of the uninsured deposits with the collateral held by a third party acting as the agent of the Cooperative.

b. Investments

At June 30, 2020, the Cooperative had no investments, only cash deposited into checking accounts.

PINNACLE LIBRARY COOPERATIVE

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

2. DEPOSITS AND INVESTMENTS (Continued)

b. Investments (Continued)

GASB 40 – Operating Funds

In accordance with its investment policy, the Cooperative limits its exposure to interest rate risk to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The portfolio that is invested with Illinois Funds, which is completely liquid, is not subject to interest rate risk.

Illinois Funds is “AAA” rated and credit risk is very marginal.

3. CAPITAL ASSETS

The Cooperative had no capital assets as of June 30, 2020.

4. RISK MANAGEMENT

The Cooperative is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; illnesses of employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years.

5. LONG-TERM DEBT

The Cooperative had no outstanding debt as of June 30, 2020.

6. INTERFUND ACTIVITY

The cooperative had no due to/due from or transfers as of June 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended June 30, 2020

	Original and Final Budget	Actual
REVENUES		
Fees for Services and Materials	\$ -	\$ 259,979
Investment income	-	2,281
Miscellaneous	-	-
 Total Revenues	 -	 262,260
EXPENDITURES		
Culture and Recreation		
Personnel	93,000	92,588
Administrative Expense	6,850	6,424
Database/Software	278,100	275,572
Books	230,000	230,000
Commercial Insurance	-	-
Connectivity Service	2,300	1,114
Professional Services	4,800	1,784
Contractual Services	72,000	65,773
Miscellaneous	-	-
 Total Expenditures	 687,050	 673,255
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (687,050)	 (410,995)
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	-	-
NET CHANGE IN FUND BALANCE	 (687,050)	 (410,995)
FUND BALANCE, JULY 1		 518,590
FUND BALANCE, JUNE 30	 \$ 107,595	

(See independent auditor's report.)

PINNACLE LIBRARY COOPERATIVE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

LEGAL COMPLIANCE AND ACCOUNTABILITY

No budgeted revenues were established for the year ended June 30, 2020.

Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets will be adopted (at the fund level) for the General and Special Revenue Funds. All annual appropriations will lapse at fiscal year end.

The Cooperative will follow these procedures in establishing the budgetary data reflected in the financial statements.

1. The Cooperative prepares and submits to the Board a proposed operating budget for the fiscal year. The operating budget includes proposed expenditures/expenses and the means of financing them. Annual budgets are adopted for the General Fund on a basis consistent with GAAP. The legal level of budgetary control is at the fund level.
2. The proposed operating budget is adopted by the Board at a public meeting.
3. Any amendments to the budget must be adopted by the Board at a public meeting.
4. Budgeted amounts presented in the financial statements are those as originally adopted by the Board.