

PINNACLE LIBRARY COOPERATIVE,
ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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PINNACLE LIBRARY COOPERATIVE, ILLINOIS

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FINANCIAL SECTION

This section includes:

Independent Auditors' Report

Management's Discussion and Analysis

Basic Financial Statements

Required Supplementary Information

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the Cooperative's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

December 11, 2023

Members of the Board of Directors
Pinnacle Library Cooperative
Crest Hill, Illinois

Opinions

We have audited the accompanying financial statements of the Pinnacle Library Cooperative, Illinois as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Cooperative'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 Pinnacle Library Cooperative, Illinois as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Cooperative, 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 Cooperative's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor’s Responsibilities for the Audit of the Financial Statements - Continued

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative’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 Cooperative’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 the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Lauterbach & Amen, LLP
LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Management's Discussion and Analysis

June 30, 2023

Our discussion and analysis of the Pinnacle Library Cooperative's financial performance provides an overview of the Cooperative's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Cooperative's financial statements, which are located in the basic financial statements section of this report.

FINANCIAL HIGHLIGHTS

- The Cooperative's net position increased \$48,775, or 14.4 percent, from \$339,746 beginning balance to \$388,521.
- During the year, government-wide revenues totaled \$832,448, while government-wide expenses totaled \$783,673, resulting in an increase to net position of \$48,775.
- Total fund balance for the General Fund was \$388,521 at June 30, 2023 compared to a prior year balance of \$339,746, an increase of \$48,775 or 14.4 percent.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Cooperative as a whole and present a longer-term view of the Cooperative's finances.

For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Cooperative's operation in more detail than the government-wide statements by providing information about the Cooperative's most significant funds.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the Cooperative's finances, in a matter similar to a private-sector business.

The Statement of Net Position reports information on all of the Cooperative's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Cooperative is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the Cooperative's property tax base, is needed to assess the overall health of the Cooperative.

The Statement of Activities presents information showing how the government'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 charges for services).

Both of the government-wide financial statements report functions of the Cooperative that are principally supported by charges for services revenues (governmental activities). The governmental activities of the Cooperative include the functions and programs for the culture and recreation.

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Management's Discussion and Analysis

June 30, 2023

USING THIS ANNUAL REPORT - Continued

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 local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Cooperative only maintains 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, 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 the Cooperative's near-term financing requirements.

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

The Cooperative maintains one individual governmental fund, the General Fund, which is a major fund.

The Cooperative adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule for this fund has been provided to demonstrate compliance with this budget.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Cooperative's budgetary comparison schedules for the General Fund.

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Management's Discussion and Analysis

June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the Cooperative, assets/deferred outflows exceeded liabilities/deferred inflows by \$388,521.

	Net Position	
	2023	2022
Current and Other Assets	\$ 545,989	488,541
Other Liabilities	157,468	148,795
Net Position		
Unrestricted	388,521	339,746

The Cooperative's net position (\$388,521, or 100.0 percent) represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

	Change in Net Position	
	2023	2022
Revenues		
Program Revenues		
Charges for Services	\$ 774,873	812,104
Operating Grants/Contributions	55,107	—
General Revenues		
Investment Income	2,468	(780)
Total Revenues	832,448	811,324
Expenses		
Culture and Recreation	783,673	614,002
Change in Net Position	48,775	197,322
Net Position - Beginning	339,746	142,424
Net Position - Ending	388,521	339,746

Net position of the Cooperative's governmental activities increased from a balance \$339,746 to \$388,521.

Revenues of \$832,448 exceeded expenses of \$783,673, resulting in an increase to net position in the current year of \$48,775.

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Management's Discussion and Analysis

June 30, 2023

GOVERNMENT-WIDE FINANCIAL ANALYSIS - Continued

Governmental Activities

In the current year, governmental net position increased \$48,775, an increase of 14.4 percent. This increase is mainly due to an increase in revenues from operating grants/contributions and investment income. Total expenses also increased over the prior year (\$783,673 in 2023 compared to \$614,002 in 2022, an increase of \$169,671).

FINANCIAL ANALYSIS OF THE GOVERNMENT'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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the General Fund reported ending fund balances of \$388,521 which is an increase of 14.4 percent from last year's ending fund balance of \$339,746.

In the current year, the General Fund fund balance increased by \$48,775. The General Fund reported an increase due charges for services and other revenues being sufficient to cover the Cooperative operations in the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, no supplemental amendments were made to the budget for the General Fund.

The General Fund actual expenditures were higher than budgeted expenditures. Actual expenditures totaled \$783,673, while budgeted expenditures totaled \$767,384. This is due to all line items coming in over budget, except for personnel and library materials.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Cooperative's elected and appointed officials considered many factors when setting the fiscal year 2024 budget and fees that will be charges for its governmental activities. One of those factors is the economy. The Cooperative will be faced with similar economic environmental factors that other local entities are faced with, including, but not limited to, increased personnel costs and inflation.

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 Governing Board, Pinnacle Library Cooperative, 20670 City Center Blvd, Crest Hill, Illinois 60403.

BASIC FINANCIAL STATEMENTS

The basic financial Statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-Wide Financial Statements

Fund Financial Statements

Governmental Fund

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

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Statement of Net Position

June 30, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 545,989
LIABILITIES	
Accounts Payable	<u>157,468</u>
NET POSITION	
Unrestricted	<u><u>388,521</u></u>

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

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Statement of Activities

For the Fiscal Year Ended June 30, 2023

	Program Revenues			Net (Expenses)/ Revenues
	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	
Expenses				
Governmental Activities				
Culture and Recreation	\$ 783,673	774,873	55,107	46,307

General Revenues	
Investment Income	2,468
Change in Net Position	48,775
Net Position - Beginning	339,746
Net Position - Ending	388,521

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

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Balance Sheet - Governmental Funds

June 30, 2023

	<u>General</u>
ASSETS	
Cash and Investments	<u>\$ 545,989</u>
LIABILITIES	
Accounts Payable	157,468
FUND BALANCE	
Unassigned	<u>388,521</u>
Total Liabilities and Fund Balance	<u>545,989</u>

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

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Reconciliation of the Total Governmental Fund Balance to the Statement of Net Position - Governmental Activities

June 30, 2023

Total Governmental Fund Balances	\$ 388,521
Amounts reported for governmental activities in the Statement of Net Position are different because:	<u>—</u>
Net Position of Governmental Activities	<u><u>388,521</u></u>

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

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023**

	<u>General</u>
Revenues	
Fees for Services and Materials	\$ 774,873
Grants and Donations	55,107
Investment Income	2,468
Total Revenues	<u>832,448</u>
Expenditures	
Culture and Recreation	
Personnel	148,300
Library Materials	320,000
Database/Software	252,854
Administrative Expenditures	9,909
Contractual Services	52,610
Total Expenditures	<u>783,673</u>
Net Change in Fund Balances	48,775
Fund Balance - Beginning	<u>339,746</u>
Fund Balance - Ending	<u><u>388,521</u></u>

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

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the
Statement of Activities - Governmental Activities
For the Fiscal Year Ended June 30, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$ 48,775
Amounts reported for governmental activities in the Statement of Activities are different because:	<u>—</u>
Changes in Net Position of Governmental Activities	<u><u>48,775</u></u>

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

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pinnacle Library Cooperative (Cooperative), Illinois, 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 government-wide financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Cooperative's accounting policies established in GAAP and used by the Cooperative are described below.

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.

BASIS OF PRESENTATION

Government-Wide Statements

In the government-wide Statement of Net Position, the governmental activities column is presented on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The Cooperative's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The Cooperative first utilizes restricted resources to finance qualifying activities; however, the Cooperative currently does not have any restrictions.

The government-wide Statement of Activities reports both the gross and net cost of each of the Cooperative's functions. The Cooperative's activities are supported by charges for services and intergovernmental revenues. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenue (intergovernmental revenues, investment income, etc.). The Cooperative does not allocate indirect costs. This government-wide focus is more on the sustainability of the Cooperative as an entity and the change in the Cooperative's net position resulting from the current year's activities.

Fund Financial Statements

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses) for the determination of major funds. The following fund types are used by the Cooperative:

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

BASIS OF PRESENTATION - Continued

Fund Financial Statements - Continued

Governmental Funds

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

General Fund is the general operating fund of the Cooperative. It accounts for all revenues and expenditures of the Cooperative. The General Fund is a major fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

Basis of Accounting

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

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

Basis of Accounting - Continued

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. The Cooperative recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty-day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property and replacement taxes, fines and fees, grants and donations, and investment income. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

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

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Cooperative categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At year-end, the Cooperative has no investments.

Net Position

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

Unrestricted - All other net position balances that do not meet the definition of “restricted” or “investment in capital assets.”

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

The Cooperative adopts the budget on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted (at the fund level) for the General Fund. All annual appropriations will lapse at fiscal year end.

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

BUDGETARY INFORMATION - Continued

The Cooperative follows 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 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.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN AN INDIVIDUAL FUND

The following fund had an excess of actual expenditures over budget as of the date of this report:

Fund	Excess
General	\$ 16,289

NOTE 3 - DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments - Illinois Statutes authorize the Cooperative to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements and commercial paper rated within the three highest classifications by at least two standard rating services.

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

Deposits. At year-end, the carrying amount of the Cooperative's deposits totaled \$447,090 and the bank balances totaled \$447,090. In addition, the Cooperative has \$98,899 invested in IPRIME at year-end, which has an average maturity of less than one year.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, 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.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Cooperative's investment policy does not address credit risk. At year-end, the IPRIME is rated AAAM by Standard & Poor's.

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

DEPOSITS AND INVESTMENTS - Continued

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the Cooperative's deposits may not be returned to it. To limit its exposure, 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. At year-end, the entire amount of the bank balance of deposits was covered by federal depository or equivalent insurance.

In the case of investments, this is the risk that in the event of the failure of the counterparty, the Cooperative will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Cooperative's investment policy does not address custodial credit risk for investments. At year-end, the Cooperative has no investments.

Concentration Risk. This is the risk of loss attributed to the magnitude of the Cooperative's investment in a single issuer. The Cooperative's investment policy does not address concentration risk. At year-end, the Cooperative does not have any investments over 5 percent of the total cash and investment portfolio (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments).

FUND BALANCE CLASSIFICATIONS

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

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

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

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

Assigned Fund Balance. Consists of amounts that are constrained by the Board of Trustees' intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by a) the Board of Trustees itself or b) a body or official to which the Board of Trustees has delegated the authority to assign amounts to be used for specific purposes. The Cooperative's highest level of decision-making authority is the Board of Trustees, who is authorized to assign amounts to a specific purpose.

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

Notes to the Financial Statements

June 30, 2023

NOTE 3 - DETAIL NOTES ON ALL FUNDS - Continued

FUND BALANCE CLASSIFICATIONS - Continued

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

Minimum Fund Balance Policy. The Cooperative's policy manual states that the General Fund should maintain a minimum fund balance equal to 25% of budgeted operating expenditures.

CONTINGENT LIABILITIES

Litigation

The Cooperative is not a defendant in any lawsuits.

Grants

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

NOTE 4 - OTHER INFORMATION

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; natural disasters; and injuries to the Cooperative's employees. The Cooperative has purchased insurance from private insurance companies. Risks covered included certain types of liabilities and bonds. The Cooperative currently reports all its risk management activities in the General Fund. There were no significant changes in insurance coverages from the prior year and settlements did not exceed insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

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

Budgetary Comparison Schedule
General Fund

Notes to the Required Supplementary Information

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

PINNACLE LIBRARY COOPERATIVE, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2023**

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues			
Fees for Services and Materials	\$ —	—	774,873
Grants and Donations	—	—	55,107
Investment Income	—	—	2,468
Total Revenues	—	—	832,448
Expenditures			
Culture and Recreation			
Personnel	155,600	155,600	148,300
Library Materials	320,000	320,000	320,000
Database/Software	238,884	238,884	252,854
Administrative Expenditures	7,600	7,600	9,909
Contractual Services	45,300	45,300	52,610
Total Expenditures	767,384	767,384	783,673
Net Change in Fund Balance	<u>(767,384)</u>	<u>(767,384)</u>	48,775
Fund Balance - Beginning			<u>339,746</u>
Fund Balance - Ending			<u>388,521</u>