

PRAIRIECAT
COAL VALLEY, ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

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FINANCIAL SECTION

This section includes:

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INDEPENDENT AUDITOR'S REPORT

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



INDEPENDENT AUDITOR'S REPORT

September 17, 2025

The Administrative Council
PrairieCat
Coal Valley, Illinois

Opinions

We have audited the accompanying financial statements of PrairieCat as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise PrairieCat'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 PrairieCat, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PrairieCat, 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 PrairieCat'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.

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 PrairieCat'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 PrairieCat'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, the budgetary comparison schedules, and supplementary pension and other post-employment benefit (OPEB) 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 PrairieCat's basic financial statements. The other supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other 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

Management's Discussion and Analysis

June 30, 2025

PrairieCat presents the following discussion and analysis of its financial performance, which provides an overview of its financial activities for the year ended June 30, 2025, PrairieCat's fifteenth year of operations. Management encourages the readers to review the information presented herein in conjunction with the basic financial statements that follow in order to enhance their understanding of PrairieCat's financial performance.

Financial Highlights

As of June 30, 2025, PrairieCat's total net position was \$2,002,587. Net position increased \$48,295 for the year ended June 30, 2025, as PrairieCat had investment income of \$42,983, net operating income of \$19,167, subscription arrangements interest expense of \$11,957, and disposal of subscription assets of \$1,898. This increase in net position was \$58,295 above the change anticipated in the budget.

Operational Highlights

PrairieCat made progress in many areas during the year ended June 30, 2025. The outline below gives the reader an indication of PrairieCat's accomplishments and activities during the year:

- Fiscal year 2025 was the seventh year of PrairieCat's staff independence from Reaching Across Illinois Library System (RAILS). In July 2018, PrairieCat staff resigned from RAILS and were immediately hired by PrairieCat. PrairieCat now budgets for staff salaries and benefits for its support staff and bears all other related costs associated with this. On July 1, 2021, PrairieCat rejoined the Illinois Municipal Retirement Fund (IMRF), curtailing its 401(a) plan in lieu of membership in the pension plan. PrairieCat's annual IMRF contribution rate in fiscal year 2025 was 11.29%, down from 11.9% in fiscal year 2024.
- In 2025, PrairieCat staff made 33 site visits to member libraries, provided 69 instructor-led training sessions representing 388 training contact hours, and closed 3,225 help desk tickets. Members also completed 3,014 TalentLMS courses using PrairieCat's online learning management system. In addition, PrairieCat held 63 member meetings or events, which included participation from 1,752 member staff and resulted in 6,508 contact hours of interaction with the membership.
- PrairieCat staff worked primarily from home during fiscal year 2025. During fiscal year 2024, PrairieCat removed its dedicated office spaces in RAILS facilities to minimize costs. PrairieCat continues to leverage shared workspaces in RAILS offices occasionally as well as storing supplies and files in the Coal Valley facility. PrairieCat also utilizes the Bolingbrook facility to pick up and drop off cataloging materials. In fiscal year 2025 PrairieCat began scanning/digitizing files and relocating the paper copies to the secure facility at RAILS Burr Ridge. This was done as RAILS has made the decision to cease fire monitoring at the Coal Valley facility.
- The RAILS Local Library System Automation Program (LLSAP) fiscal year 2024 cataloging membership grant allowed the Mills and Petrie Memorial Public Library, formerly a Union Listing member, to begin the process of upgrading to Basic Online status. The library went live on the PrairieCat circulation system in late May of 2025.

Management's Discussion and Analysis

June 30, 2025

Some other significant accomplishments during (or shortly after) fiscal year 2025 were:

- The fiscal year 2025 PUG Day event was held remotely. Attendance was good, and surveys have shown that alternating between in-person and online conferences is preferred by members. PUG Day in fiscal year 2026 will be held in person in the Quad Cities area.
- PrairieCat kept pace with Innovative Interfaces upgrade rollouts and the consortium remains a development partner with Innovative Interfaces for their patron engagement suite of products associated with their new software, Vega. PrairieCat implemented the new Vega Discover product as its primary discovery layer in 2024, replacing PrairieCat's previous discovery software, Encore. PrairieCat did choose to retain Encore through fiscal year 2026, as it was requested by some member libraries. PrairieCat will cease to provide access to Encore in fiscal year 2027. PrairieCat members continue to provide input for the Vega Promote product as well as the Discover and LXStarter products. The implementation of LXStarter, the new notices system, has been sidelined until a significant bug is corrected that would potentially impact our members.
- PrairieCat has nearly all its training materials available via the consortium's learning management system, TalentLMS. PrairieCat continues to support in-person and online training when requested by the membership.
- PrairieCat signed a contract in fiscal year 2020 with CapiraTech (now OCLC) to provide a mobile application (app) for members who elect to join the project. In year four of the mobile app project, PrairieCat had 57 participating libraries. The app has been very popular with both members and patrons. The OCLC contract expires in October of 2025, so PrairieCat began the process of finding a replacement in fiscal year 2025. After weighing the demonstrations and written responses from four vendors (including OCLC), PrairieCat chose the Innovative Interfaces mobile app software as a replacement for this product and is currently in the process of configuring and implementing the new app. Currently, PrairieCat has 71 members who have joined the mobile app project. In fiscal year 2026, it was decided that we would still have the mobile app as an opt-in for circulating members. To that end, PrairieCat has an Intergovernmental Agreement (IGA) with each participating member. These costs are divided equally among the participants and are billed separately from other membership fees.
- In fiscal year 2023, PrairieCat identified a customer management software suite (CMS) that both meets its needs and has proven to be affordable. The consortium has implemented and continues to populate and develop LibGuides CMS in fiscal year 2025 as part of its strategic plan goals. PrairieCat is also currently leveraging the LibGuides product for its training and outreach efforts.
- When possible, PrairieCat's staff and board members will continue to attend vendor and other library association conferences and participate in the growth and development of PrairieCat's Integrated Library System (ILS) platform.
- Member update meetings are generally held annually throughout the PrairieCat service area to promote member engagement and communication. Online member updates are also held to reach out to various member groups, such as Union List and School Library members.

Management's Discussion and Analysis

June 30, 2025

- The General Policy Manual and PrairieCat Bylaws were updated, and revisions approved by the appropriate governance bodies, as well as changes to the Circulation and Technical Services Policy and Procedures Manuals at the suggestions of their respective standing committees. Among the changes to the Bylaws and General Policy Manual was the change in the way that Delegates Assembly meetings are held. After investigation by our legal representatives and in consultation with RAILS, it was found that PrairieCat's combined service area exceeds the 4,500 square miles necessary for an exemption to the all-in-one-place quorum requirements of the Open Meetings Act (OMA). According to our attorney, "the all-in-one-place in-person quorum exemption applies to Illinois Library Systems with a jurisdiction of over 4,500 square miles." Accordingly, we have changed our Bylaws and General Policy Manual to acknowledge that we may meet at specified remote locations while adhering to OMA requirements. Our first remote location meeting was held in July 2025 (fiscal year 2026).
- PrairieCat continues to produce a popular monthly e-newsletter, PrairieCat e-news, as well as a Facebook page.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to PrairieCat's basic financial statements. The basic financial statements are comprised of the enterprise fund financial statements and the notes to the financial statements.

Financial Statements

The financial statements of PrairieCat are intended to provide the reader with an understanding of the financial position of PrairieCat as of the close of the fiscal year and the results of activities for the year then ended. The enterprise fund financial statements are similar to a private-sector business. PrairieCat charges to member libraries for the services it provides and for group purchase reimbursements are reported in the enterprise fund. The expenses that PrairieCat incurs to provide services to the member libraries are also reported in the enterprise fund.

In addition to the basic financial statements, the notes to the financial statements provide further information to the reader and should be considered an integral part of the financial statements.

Financial Analysis

Net position may serve, over time, as a useful indicator of an organization's financial position. PrairieCat's total assets/deferred outflows exceeded liabilities/deferred inflows by \$2,002,587 as of the close of the fiscal year ended June 30, 2025. A portion of PrairieCat's net position, \$30,960, reflects its net investment in capital assets (for example, computers, vehicles, and subscription assets), less any related debt used to acquire those assets that is still outstanding. Of the total unrestricted net position balance of \$1,971,627, \$749,843 was designated for future reserve expenses and \$1,221,784 was available for subsequent year's expenses. The net position balance available for subsequent year's expenses of \$1,221,784 is adequate to fund operations for a little over seven months, assuming that current spending remains static, membership remains steady, and the continuation of the grant agreement with RAILS which subsidizes PrairieCat operations.

PRAIRIECAT

Management's Discussion and Analysis

June 30, 2025

PrairieCat's net position for the years ended June 30, 2025 and 2024 is summarized as follows:

Condensed Statement of Net Position

	2025	2024
Current Assets	\$ 2,224,331	2,130,866
Capital Assets, Net of Accumulated Depreciation and Amortization	1,023,722	1,368,820
Total Assets	3,248,053	3,499,686
Deferred Outflows	360,693	433,642
Total Assets and Deferred Outflows	3,608,746	3,933,328
Current Liabilities	532,261	514,270
Long-Term Liabilities	1,059,878	1,449,238
Total Liabilities	1,592,139	1,963,508
Deferred Inflows	14,020	15,528
Total Liabilities and Deferred Inflows	1,606,159	1,979,036
Net Investment in Capital Assets	30,960	8,056
Unrestricted	1,971,627	1,946,236
Total Net Position	2,002,587	1,954,292

For the year ended June 30, 2025, 68.5 percent of PrairieCat's total assets were current and consisted of cash and investments, amounts prepaid to vendors, PayPal funds, and accounts receivable due from members. Noncurrent assets consisted of net assets including computers, vehicles, and subscription assets. Liabilities as of June 30, 2025, represent amounts owed to vendors, amounts owed to member libraries related to eCommerce activity, fees prepaid by members, wages and benefits earned but not yet paid to PrairieCat staff, and long-term debt related to Subscription Arrangements for PrairieCat's ILS system.

Management's Discussion and Analysis

June 30, 2025

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2025	2024
Operating Revenues		
Charges for Services	\$ 1,486,144	1,450,330
Grants - RAILS Support	517,001	516,776
Total Operating Revenues	2,003,145	1,967,106
Operating Expenses		
Administration	1,533,684	1,529,446
Depreciation and Amortization	450,294	379,012
Total Operating Expenses	1,983,978	1,908,458
Operating Income	19,167	58,648
Non-Operating Revenues (Expenses)		
Investment Income	42,983	42,370
Disposal of Subscription Assets	(1,898)	—
Subscription Arrangements Interest	(11,957)	(70,617)
Total Non-Operating Revenues (Expenses)	29,128	(28,247)
Change in Net Position	48,295	30,401
Net Position - Beginning	1,954,292	1,923,891
Net Position - Ending	2,002,587	1,954,292

The Statement of Revenues, Expenses and Changes in Net Position shows the nature and source of the changes in net position during the year ended June 30, 2025. PrairieCat's operating revenues increased by \$36,039 in fiscal year 2025 from fiscal year 2024, primarily due to the increase in fully participating and basic online member revenue of \$50,136. The increase in fully participating and basic online member revenue was due to the budgeted 5% increase in per library charges for fully participating and basic online members, as well as the one-time reserve contribution from Mills & Petrie Memorial Library who upgraded from a union list member to a basic online member in fiscal year 2025, and went live as a circulating basic online member in late May of 2025. The increase in operating revenues was partially offset by the decrease in member reimbursements, which was primarily due to the Winnebago Public Library District migration and data scoping fees that occurred in fiscal year 2024. No new members joined PrairieCat in fiscal year 2025.

Management's Discussion and Analysis

June 30, 2025

Operating expenses increased by \$75,520 in fiscal year 2025 from fiscal year 2024, primarily due to an increase in total personnel expenses of \$57,890. The personnel expense increases included salary of \$42,586 from the budgeted 3% COLA increase and 1% merit increase for staff in fiscal year 2025. Other personnel increases included net pension expenses (\$16,180) from PrairieCat's participation in IMRF, growth in the balance of earned but unused vacation and personal time (\$3,730), and social security taxes on the salary increases (\$3,650). The personnel increases were partially offset by a decrease in health, dental and life insurance costs due to staff coverage elections (\$6,068) and other fringe benefit costs (\$1,659) from the prior year. Other operating expense increases included contractual services of \$13,962, which were primarily due to the additional amortization for Innovative Interfaces additional review files and a new phone alerts system that were added in fiscal year 2025, as well as a full year's amortization of Vega Discover (\$71,282). The contractual services increases were partially offset by a decrease in information services costs (\$51,285) and a decrease in other contractual services costs (\$6,334) due to the way the Innovative Interfaces Sierra Software, Hosting, Review Files, Phone Alerts System, and Vega Discover are required to be recorded under the Governmental Accounting Standards Board's Statement No. 96, as well as the two amendments and remeasurement to the Innovative Interfaces maintenance contract. These changes included replacing the iTiva phone system with Innovative's phone alerts system and adding additional review files to the five-year maintenance contract. Additional operating expense increases included telephone and telecommunication costs of \$7,881, and professional services costs of \$5,748. The telephone and telecommunication cost increases were due to the movement of the annual Zoom communications and webinar subscription costs from computers, software and supplies to telephone and telecommunications, as well as the addition of the phone notification dialer co-location in fiscal year 2025. Professional services cost increases were for the annual actuarial valuation services for PrairieCat's Other Post-Employment Benefits (OPEB) plan, the late receipt of the vendor invoice for the fiscal year 2024 fourth quarter website support and development, the website accessibility review, and the legal fees for the attendance and presentation on ADA accessibility rules for websites at PrairieCat's Delegates Assembly meeting. These operating expense increases were partially offset by decreases in computers, software and supplies expenses of \$6,104 and travel and continuing education costs of \$4,756. Computers, software and supplies decreased primarily due to the annual Zoom communications and webinar subscriptions costs that were recorded in telephone and telecommunication costs in fiscal year 2025, and a decrease in the Foxit PDF software annual maintenance due to the one-time perpetual license cost that was incurred in the prior year. The overall travel and continuing education costs decreased primarily due to the PrairieCat Users Group Day (PUG Day) being held online in fiscal year 2025 versus the in-person event in the prior year. This decrease was partially offset by additional PrairieCat staff and one board member attending the Innovative Users Group (IUG) and Illinois Library Association (ILA) conferences from the prior year.

PrairieCat's operating expenses were under budget by \$59,934 in fiscal year 2025, primarily due to under budget contractual services of \$83,924, mostly due to the way that the Innovative Interfaces Sierra, Vega Discover, hosting, and phone alerts system subscriptions are recorded under GASB Statement No. 96 for Subscription-Based Information Technology Arrangements (SBITAs). PrairieCat records monthly amortization expense of the total amount of each contractual agreement as well as interest expense over the subscription terms, at the present value of subscription payments. These contracts are capitalized similarly to other assets and depreciated (amortized) over the term of the agreement. Since the contracts are paid in annual increments over the term of the agreements, these assets are treated as though they are being purchased under a financing arrangement. Formerly, Sierra, Vega Discover, hosting, and phone alerts system subscription were expensed to information services cost and other contractual services. Supplies, postage and printing costs were \$9,760 below budget primarily due to a lower than anticipated need for computers, software, and supplies. Vehicle expenses were \$3,367 below budget mostly due to a lower than budgeted cost of and need for vehicle repairs and maintenance, fuel, vehicle insurance, vehicle leasing and rent, and other vehicle expenses throughout the fiscal year. These below budget costs were partially offset by above budget personnel costs of \$29,840 primarily due to net pension expenses (\$76,826) from IMRF, which was partially offset by below budget health, dental and life insurance costs (\$33,251), social security taxes (\$4,005), unemployment insurance (\$3,500), retirement benefits (\$2,929), and being under budget in nearly all other personnel costs.

Management's Discussion and Analysis

June 30, 2025

Other above budget expenses included consulting costs of \$8,088 for a late receipt of the vendor invoice for the fiscal year 2024 fourth quarter website support and development (\$2,340), the unbudgeted website accessibility review (\$2,000), the second half of the payment for the Director's compensation survey (\$1,000), and a higher than anticipated need for website support, developments, and enhancements during the fiscal year.

Capital Assets

PrairieCat's investment in capital assets as of June 30, 2025 and 2024 is shown below:

	2025	2024
Computers	\$ 287,558	287,558
Vehicles	12,450	12,450
Subscription Assets - Software	857,711	1,280,897
Subscription Assets - Hosting	232,417	360,655
Subscription Assets - Vega	434,590	434,590
Less: Accumulated Depreciation and Amortization	(801,004)	(1,007,330)
Total Net Capital Assets	1,023,722	1,368,820

The change in the net capital assets components from fiscal year 2024 to fiscal year 2025 was due to the two amendments to the Innovative Interfaces maintenance contract for Sierra, hosting, and phone alerts system. The amendments included replacing the iTiva phone system with Innovative's phone alerts and adding additional review files to the five-year Innovative Interfaces maintenance contract. Since the amendments were material, a remeasurement of the five-year Innovative Interfaces contract was done for the remaining three years of the agreement (July 1, 2024 through June 30, 2027). The remeasurement involved writing off the subscription asset, liability, and accumulated amortization of the initial combined Sierra and hosting subscription that commenced on July 1, 2022 and ended on June 30, 2027. A loss was recorded for this early write-off of the subscription asset. The asset and liability as well as subsequent interest expense and amortization expense were then recorded for the remaining three years of the Innovative Interfaces maintenance contract with the two contract amendments.

Long-Term Debt - Subscription-Based Information Technology Arrangements (SBITAs)

PrairieCat's long-term debt for Subscription Arrangements as of June 30, 2025 and 2024 is shown below:

	2025	2024
Subscription Arrangements	\$ 992,762	1,360,764

Additional information on PrairieCat's long-term debt can be found in Note 3 of this report.

Management's Discussion and Analysis

June 30, 2025

The Governmental Accounting Standards Board (GASB) established GASB Statement No. 96, which provides guidance on the accounting and financial reporting for SBITAs for government end users. The requirements of this statement became effective and were implemented by PrairieCat in fiscal year 2023. The statement defines a SBITA as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time (exceeding 12 months) in an exchange or exchange-like transaction. Under this statement, PrairieCat records a right-to-use subscription asset and a corresponding subscription liability at the present value of the total subscription payments expected to be made during the agreement term. The subscription payments include either the discounted interest rate the SBITA vendor charges PrairieCat, or PrairieCat's incremental borrowing rate. In addition, PrairieCat records amortization expense of the subscription asset during the agreement term. It was determined that the contract PrairieCat has with Innovative Interfaces for Sierra software, hosting, phone alerts system, and Vega Discover would fall under this statement.

Factors Bearing on PrairieCat's Future

Even though PrairieCat achieved staff independence from RAILS in fiscal year 2019, RAILS continued to support PrairieCat in other ways, providing the consortium with facilities/housing, accounting services, IT support, and phone-dialer hosting and support. In addition, RAILS provided PrairieCat with annual grant funding. This funding accounted for approximately 25.33% of budgeted revenues in fiscal year 2025, down from 28% in fiscal year 2024.

PrairieCat was mindful that it must achieve more independence for its operations to be sustainable for the future. In fiscal year 2021, PrairieCat began hosting its support websites outside of the RAILS environment. In fiscal year 2023, PrairieCat redesigned the entire website and launched the changes in quarter four of the fiscal year. In fiscal year 2023, PrairieCat implemented its own online helpdesk ticketing system, as well as a new list management system which is also hosted online. Also in fiscal year 2023, PrairieCat purchased its own laptops and other hardware, including side printers, and is now operating on PrairieCat equipment for all needs aside from the main copier/printer at the RAILS Coal Valley facility, which RAILS still allows PrairieCat to use for large print jobs. PrairieCat has budgeted for replacement equipment in fiscal year 2026 and retains a budgeted amount for maintenance and upgrade needs. PrairieCat has implemented its own instance of Zoom meeting and phones, Exchange and Office 365 systems, asset management hosted solution, and other ancillary software specifically for PrairieCat use. In fiscal year 2024, PrairieCat moved off the pre-existing phone notification dialer software housed in the RAILS datacenter and is now operating on new software in its vendor's hosted environment. As stated previously, in fiscal year 2024 PrairieCat moved to a completely remote workforce to save on office housing costs. PrairieCat has also outfitted staff with appropriate office supplies, chairs, desks, etc. to facilitate the staff's work from home environments. Again, PrairieCat continues to budget for ongoing needs in these areas. In fiscal year 2025, PrairieCat completed the move of all existing servers from the RAILS Burr Ridge facility to the cloud. The only equipment still housed in the RAILS data center is our firewall device, which is necessary for staff remote access.

In fiscal year 2024, PrairieCat contracted with HR Source to perform a benchmarking study of its staff salaries. As a result of this effort, staff salaries were realigned in fiscal year 2025 and will be realigned again in fiscal year 2026. PrairieCat also contracted with HR Source to perform a survey of directors' compensation in similar consortium environments across the country. In this way, we can gauge our progress with staff and director salaries moving forward.

In order to be prepared for unexpected events, PrairieCat maintains an emergency finance plan that addresses any short-term fiscal issues. PrairieCat also maintains a Disaster Recovery and Incident Response Plan for such emergencies. The Emergency Finance Plan was refreshed in fiscal year 2025, and the Disaster Recovery and Incident Response Plan have been refreshed in the first quarter of fiscal year 2026.

Management's Discussion and Analysis

June 30, 2025

PrairieCat continues to stabilize and grow. The consortium continues to receive inquiries from other libraries, and PrairieCat looks forward to adding more members in the coming years.

Requests for Information

This financial report is designed to provide PrairieCat's members, creditors, and other users with a general overview of PrairieCat's finances and to demonstrate PrairieCat's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact PrairieCat, Attention, Carolyn Coulter, PrairieCat Director, at 220 West 23rd Avenue, Coal Valley, Illinois 61240.

FINANCIAL STATEMENTS

PRAIRIECAT

Statement of Net Position

June 30, 2025

See Following Page

PRAIRIECAT

Statement of Net Position

June 30, 2025

ASSETS

Current Assets

Cash and Investments	\$ 1,694,348
Accounts Receivables - Net of Allowances	
Accounts	3,964
PayPal Funds	10
Accrued Investment Income	45,014
Prepays	480,995
Total Current Assets	<u>2,224,331</u>

Noncurrent Assets

Capital Assets	
Computers	287,558
Vehicles	12,450
Subscription Assets - Software	857,711
Subscription Assets - Hosting	232,417
Subscription Assets - Vega	434,590
Accumulated Depreciation and Amortization	<u>(801,004)</u>
Total Noncurrent Assets	<u>1,023,722</u>
Total Assets	<u>3,248,053</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Items - IMRF	360,668
Deferred Items - RBP	25
Total Deferred Outflows of Resources	<u>360,693</u>
Total Assets and Deferred Outflows of Resources	<u>3,608,746</u>

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

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 4,666
Accrued Liabilities	2,392
eCommerce Receipts Payable	16,771
Accrued Payroll	49,889
Deferred Revenue	29,532
Compensated Absences	6,306
Total OPEB Liability - RBP	2,156
Subscription Arrangements	420,549
Total Current Liabilities	<u>532,261</u>
Noncurrent Liabilities	
Compensated Absences	25,223
Net Pension Liability - IMRF	422,504
Total OPEB Liability - RBP	39,938
Subscription Arrangements	572,213
Total Noncurrent Liabilities	<u>1,059,878</u>
Total Liabilities	<u>1,592,139</u>

DEFERRED INFLOWS OF RESOURCES

Deferred Items - IMRF	7,677
Deferred Items - RBP	6,343
Total Deferred Inflows of Resources	<u>14,020</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,606,159</u>

NET POSITION

Net Investment in Capital Assets	30,960
Unrestricted	<u>1,971,627</u>
Total Net Position	<u>2,002,587</u>

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

PRAIRIECAT**Statement of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended June 30, 2025**

	Original and Final Budget	Actual
Operating Revenues		
Fees for Services and Materials	\$ 1,378,716	1,381,996
Reimbursements	109,959	103,591
Grants - RAILS Support	515,237	517,001
Grants - Other	2,000	—
Miscellaneous	1,000	557
Total Operating Revenues	2,006,912	2,003,145
Operating Expenses		
Administration	2,043,912	1,533,684
Depreciation and Amortization	—	450,294
Total Operating Expenses	2,043,912	1,983,978
Operating Income (Loss)	(37,000)	19,167
Non-Operating Revenues (Expenses)		
Disposal of Subscription Assets	—	(1,898)
Investment Income	27,000	42,983
Subscription Arrangements Interest	—	(11,957)
	27,000	29,128
Change in Net Position	(10,000)	48,295
Net Position - Beginning		1,954,292
Net Position - Ending		2,002,587

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

PRAIRIECAT

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2025

Cash Flows from Operating Activities	
Receipts from Customers and Users	\$ 1,381,996
Other Receipts	202,506
Payment to Suppliers	(311,741)
Payments to Employees	(1,153,869)
	<u>118,892</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	(1,090,128)
Disposal of Capital Assets	983,034
Issuance of Debt	1,080,128
Payment of Debt Principal	(1,448,130)
Payment of Interest	(11,957)
	<u>(487,053)</u>
Cash Flows from Investing Activities	
Interest Received	<u>42,983</u>
Net Change in Cash, Cash Equivalents and Certificates of Deposits	(325,178)
Cash, Cash Equivalents and Certificates of Deposits	
Beginning	<u>2,019,526</u>
Ending	<u><u>1,694,348</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used)	
by Operating Activities	
Operating Income	19,167
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Depreciation and Amortization Expense	450,294
Changes in Pension and OPEB Related Items	77,446
(Increase) Decrease in Current Assets	(418,643)
Increase (Decrease) in Current Liabilities	(9,372)
Net Cash Provided by Operating Activities	<u><u>118,892</u></u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of PrairieCat have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of PrairieCat's accounting policies are described below.

REPORTING ENTITY

PrairieCat was formed as an Illinois/Iowa Intergovernmental Instrumentality on December 1, 2010. Its assets were transferred from the Prairie Area Library System as of December 31, 2010. PrairieCat no longer has members in Iowa and is currently an Illinois Intergovernmental Instrumentality. The purpose of PrairieCat is to provide cost-effective and efficient resource discovery and acquisition for patrons of PrairieCat member libraries. PrairieCat is governed by a board of directors called the PrairieCat Administrative Council, which is in control of the spending of all monies and funds held in the name of the organization.

BASIS OF PRESENTATION

In the Statement of Net Position, PrairieCat's activities are reported on a full accrual, economic basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. PrairieCat's net position is reported in two parts: investment in capital assets and unrestricted.

PrairieCat uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into the following categories: governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types." PrairieCat utilizes only the proprietary fund type.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to members or outside parties and are accounted for as enterprise funds.

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.

On the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position, PrairieCat's activities are presented using the economic resources measurement focus as defined below. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are on the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with PrairieCat's activities are reported. Proprietary fund equity is classified as net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING - Continued

In the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, PrairieCat's 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 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.

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

Cash and Investments

Cash and cash equivalents on the Statement of Net Position are considered to be cash on hand and demand deposits. For the purpose of PrairieCat's Statement of Cash Flows, cash and cash equivalents are considered to be cash on hand, demand deposits, and all highly liquid investments with an original maturity of three months or less.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, PrairieCat categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of PrairieCat's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

Receivables

In the Statement of Net Position, receivables, if any, consist of all revenues earned at year-end and not yet received.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their acquisition value on the date received. 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. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation of capital assets in the proprietary fund types is computed using the straight-line method.

Compensated Absences

PrairieCat accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. All vacation pay is accrued in the financial statements when incurred. PrairieCat records a liability for employees' vacation leave earned, but not taken at salary rates in effect at the end of the fiscal year. A portion of this liability will be paid within the next fiscal year. Full-time employees accrue one sick day per month. Part-time employees who work at least 20 hours per week on a consistent basis earn a pro-rated amount according to their number of regularly scheduled hours per week. Employees may accrue a maximum of 90 days of sick leave (675 hours). Sick leave will not be paid out upon employment termination.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION - Continued

Net Position

In the basic financial statements, net position is displayed in two components:

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Unrestricted - The remaining amount of net position.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the enterprise fund and approved by the Delegates Assembly.

The Administrative Council prepares the annual budget. The budget is prepared by category and includes information on the current year estimates. The proposed budget is presented to the Delegates Assembly for review and approval. The budget was not amended in fiscal year 2025.

NOTE 3 - DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS

DEPOSITS AND INVESTMENTS

Permitted Deposits and Investments – Statutes authorize PrairieCat 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, commercial paper rated within the three highest classifications by at least two standard rating services, Illinois Funds and the Illinois Metropolitan Investment Fund.

Notes to the Financial Statements

June 30, 2025

NOTE 3 - DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS - Continued

DEPOSITS AND INVESTMENTS - Continued

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

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

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

Deposits. At year-end, the carrying amount of PrairieCat's deposits totaled \$1,386,550 and the bank balances totaled \$1,405,932. In addition, PrairieCat had \$255,140 invested in the Illinois Fund and \$52,658 invested in IPRIME with an average maturity of less than one year.

Interest Rate Risk Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. PrairieCat minimizes this risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operation funds primarily in shorter-term securities. PrairieCat does not have any investments subject to interest rate risk.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. PrairieCat minimizes its exposure to credit risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which PrairieCat will do business, and by diversifying the portfolio so that potential losses on individual securities will be minimized. PrairieCat's investment in Illinois Funds are rated AAmmf by Fitch and IPRIME Funds are not rated.

Custodial Credit Risk. – Deposits. In the case of deposits, this is the risk that in the event of bank failure, PrairieCat's deposits may not be returned to it. Per PrairieCat's investment policy, deposits in any one institution may exceed FDIC limits, with a signed collateralization agreement with the institution and with assets of the agreement to be held by a third party in PrairieCat's name. At year-end, the entire amount of the bank balance of deposits and investments was either covered by federal depository insurance or collateralized with securities held by a third party in PrairieCat's name. Illinois Funds and IPRIME are not subject to custodial credit risk.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of PrairieCat's investment in a single issuer. PrairieCat's investment policy requires that the portfolio be diversified so that potential losses on individual securities will be minimized. At year-end, PrairieCat 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).

Notes to the Financial Statements
June 30, 2025

NOTE 3 - DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS - Continued

CAPITAL ASSETS

The following is a summary of capital assets as of the date of this report:

	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable and Amortizable Capital Assets				
Computers	\$ 287,558	—	—	287,558
Vehicles	12,450	—	—	12,450
Subscription Assets - Software	1,280,897	857,711	1,280,897	857,711
Subscription Assets - Hosting	360,655	232,417	360,655	232,417
Subscription Assets - Vega	434,590	—	—	434,590
	<u>2,376,150</u>	<u>1,090,128</u>	<u>1,641,552</u>	<u>1,824,726</u>
Less Accumulated Depreciation and Amortization				
Computers	287,558	—	—	287,558
Vehicles	12,450	—	—	12,450
Subscription Assets - Software	512,358	285,904	512,358	285,904
Subscription Assets - Hosting	144,262	77,472	144,262	77,472
Subscription Assets - Vega	50,702	86,918	—	137,620
	<u>1,007,330</u>	<u>450,294</u>	<u>656,620</u>	<u>801,004</u>
Total Net Depreciable and Amortizable Capital Assets	<u>1,368,820</u>	<u>639,834</u>	<u>984,932</u>	<u>1,023,722</u>
Total Net Capital Assets	<u>1,368,820</u>	<u>639,834</u>	<u>984,932</u>	<u>1,023,722</u>

In PrairieCat's capital asset policy, the following estimated useful lives are used to calculate computer and vehicle depreciation and subscription asset amortization:

Computers	4 - 5 Years
Vehicles	5 Years
Subscription Assets	3 - 5 Years

Notes to the Financial Statements
June 30, 2025

NOTE 3 - DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS - Continued

LONG-TERM DEBT

Subscription-Based Information Technology Arrangements (SBITAs)

PrairieCat has the following Subscription Arrangements at year end.

Subscription Arrangements	Start Date	End Date	Payments	Interest
Sierra Software	July 1, 2024	June 30, 2027	\$297,909 annually	5.53%
Sierra Cloud Hosting Subscription	July 1, 2024	June 30, 2027	\$81,678 annually	5.53%
Vega Discover Subscription	December 1, 2023	November 30, 2028	\$97,469 annually	6.08%

The future principal and interest subscription arrangement payments as of the year-end were as follows:

Fiscal Year	Principal	Interest
2026	\$ 420,549	56,507
2027	444,242	32,812
2028	89,688	7,781
2029	38,283	2,327
	<u>992,762</u>	<u>99,427</u>

Long-Term Liabilities Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 32,001	3,807	4,279	31,529	6,306
Net Pension Liability - IMRF	417,319	5,185	—	422,504	—
Total OPEB Liability - RBP	41,274	820	—	42,094	2,156
Subscription Arrangements	1,360,764	1,080,128	1,448,130	992,762	420,549
	<u>1,851,358</u>	<u>1,089,940</u>	<u>1,452,409</u>	<u>1,488,889</u>	<u>429,011</u>

PRAIRIECAT

Notes to the Financial Statements

June 30, 2025

NOTE 3 - DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS - Continued

NET POSITION DESIGNATIONS

The following are net position designations at year-end for PrairieCat:

Net Investment in Capital Assets	
Capital Assets - Net of Accumulated Depreciation and Amortization	\$ 1,023,722
Less Capital Related Debt:	
Subscription Arrangements	<u>(992,762)</u>
Total Net Investment in Capital Assets	<u>30,960</u>
Unrestricted Net Position	
Designated for Future Purchases from Reserves	749,843
Undesignated	<u>1,221,784</u>
Total Unrestricted Net Position	<u>1,971,627</u>
Total Net Position	<u>2,002,587</u>

The designations of the unrestricted net position may be amended or rescinded by the PrairieCat Administrative Council.

NOTE 4 - OTHER INFORMATION

RISK MANAGEMENT

PrairieCat is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters. These risks are provided for through a commercial insurance policy purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CONTINGENT LIABILITIES

Litigation

PrairieCat is currently not involved in any litigations.

NOTE 4 - OTHER INFORMATION - Continued

COMMITMENTS

From July 2011 through June 2019, PrairieCat maintained a contract for services with Reaching Across Illinois Library System (RAILS), a governmental entity. These services included, with some variations between contracts: administration, management, finance, human resources, bibliographic services, information technology support, use of facilities, utilities, telecommunications, vehicles, and all personnel salaries and costs. Under these agreements, PrairieCat either paid an amount to RAILS to partially reimburse RAILS for its contract expenditures incurred or received a support amount from RAILS to supplement the other support received.

In July 2019, this contract transitioned to an annual grant award from RAILS to PrairieCat, subject to an annual application and semi-annual report process. The services in the fiscal year 2026 grant agreement include use of meeting rooms, communication and collaboration opportunities and services, grant opportunities for new members, and financial services. Under the grant, PrairieCat will receive payment from RAILS to supplement its other support in the total amount of \$527,062 during fiscal year 2026. This agreement is cancellable by mutual written consent or by either party upon 120 days' written notice to the other party. RAILS may terminate this agreement due to the discontinuation of sufficient funding from the Illinois Secretary of State upon written notice to PrairieCat effective as of the date of termination or the discontinuance of such funding.

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN

PrairieCat contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. IMRF provides retirement, disability, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained online at www.imrf.org. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Illinois Municipal Retirement Fund (IMRF)

Plan Descriptions

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

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

Notes to the Financial Statements

June 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

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

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

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

Plan Membership. As of December 31, 2024, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	1
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	<u>12</u>
Total	<u><u>13</u></u>

Contributions. As set by statute, PrairieCat's Regular Plan Members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. For the year-ended June 30, 2025, PrairieCat's contribution was 11.65% of covered payroll.

Net Pension Liability. PrairieCat's net pension liability was measured as of December 31, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Notes to the Financial Statements

June 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2024, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Interest Rate	7.25%
Salary Increases	2.85% to 13.75%
Cost of Living Adjustments	2.75%
Inflation	2.25%

For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108.0%) and Female (adjusted 106.4%) 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.

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

Notes to the Financial Statements
June 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Plan Descriptions - Continued

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

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income	24.50%	5.20%
Domestic Equities	33.50%	4.35%
International Equities	18.00%	5.40%
Real Estate	10.50%	6.40%
Blended	12.50%	4.85% - 6.25%
Cash and Cash Equivalents	1.00%	3.60%

Discount Rate

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

Discount Rate Sensitivity

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability	\$ 560,705	422,504	303,708

Notes to the Financial Statements
June 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

Changes in the Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2023	\$ 822,589	405,270	417,319
Changes for the Year:			
Service Cost	71,814	—	71,814
Interest on the Total Pension Liability	62,085	—	62,085
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	20,661	—	20,661
Changes of Assumptions	—	—	—
Contributions - Employer	—	95,327	(95,327)
Contributions - Employees	—	36,130	(36,130)
Net Investment Income	—	28,633	(28,633)
Benefit Payments, Including Refunds of Employee Contributions	(4,295)	(4,295)	—
Other (Net Transfer)	—	(10,715)	10,715
Net Changes	150,265	145,080	5,185
Balances at December 31, 2024	972,854	550,350	422,504

Notes to the Financial Statements
June 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PENSION PLAN - Continued

Illinois Municipal Retirement Fund (IMRF) - Continued

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

For the year ended June 30, 2025, PrairieCat recognized pension expense of \$174,307. At June 30, 2025, PrairieCat reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 303,131	—	303,131
Change in Assumptions	484	(7,677)	(7,193)
Net Difference Between Projected and Actual			
Earnings on Pension Plan Investments	9,814	—	9,814
Total Expense to be Recognized in Future Periods	313,429	(7,677)	305,752
Contributions Made Subsequent to Measurement Date	47,239	—	47,239
Total Deferred Amounts Related to IMRF	360,668	(7,677)	352,991

\$47,239 was reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2026.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2026	\$ 98,937
2027	98,149
2028	81,043
2029	14,322
2030	4,988
Thereafter	8,313
Total	305,752

Notes to the Financial Statements

June 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description. PrairieCat administers a single-employer defined benefit healthcare plan, the Post-Retirement Health Plan. The plan provides limited healthcare insurance for eligible retirees through PrairieCat's group health insurance plan, which covers both active and retired members. The Post-Retirement Health Plan does not issue a publicly available financial report. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the PrairieCat Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. PrairieCat, through Library Insurance Management and Risk Control Combination (LIMRiCC), provides healthcare benefits for retirees over the age of 59.5 and terminating upon nonpayment of premiums. Retirees are not allowed to change healthcare plans after retirement, and retirees are not allowed to exit the plan and join at a later date. The benefit terms provide for 100% of the plan premiums and all administrative fees to be paid by the retirees.

Plan Membership. As of June 30, 2025, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	—
Inactive Plan Members Entitled to but not yet Receiving Benefits	—
Active Plan Members	<u>12</u>
Total	<u><u>12</u></u>

Total OPEB Liability

PrairieCat's total OPEB liability was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Notes to the Financial Statements
June 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

Total OPEB Liability - Continued

Actuarial Assumptions and Other Inputs - Continued.

Inflation	3.00%
Salary Increases	4.00%
Discount Rate	4.81%
Healthcare Cost Trend Rates	HMO plan is 7.60% and PPO 6.80% with an ultimate health care cost trend rate of 4.50% in FY2039.
Retirees' Share of Benefit-Related Costs	100% of projected health insurance premiums and all administrative fees to be paid by the retirees.

The discount rate was based upon the expected rate of return associated with funded benefits, and unfunded benefits, the 20-year municipal bond rate.

Mortality rates were based on PbuG.H-2010 Mortality Table – General with mortality improvements using scale MP-2020.

Change in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	\$ 41,274
Changes for the Year:	
Service Cost	2,162
Interest on the Total OPEB Liability	1,693
Changes of Benefit Terms	—
Difference Between Expected and Actual Experience	—
Changes of Assumptions or Other Inputs	(879)
Benefit Payments	(2,156)
Net Changes	820
Balance at June 30, 2025	42,094

Notes to the Financial Statements

June 30, 2025

NOTE 4 - OTHER INFORMATION - Continued**OTHER POST-EMPLOYMENT BENEFITS - Continued****Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The discount rate used to measure the total pension liability was 4.81%, while the prior valuation used 4.21%. The following presents the total OPEB liability, calculated using the discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

		1% Decrease (3.81%)	Current Discount Rate (4.81%)	1% Increase (5.81%)
Total OPEB Liability	\$	43,593	42,094	40,652

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

The following presents the total OPEB liability, calculated using a variable Healthcare Trend Rate, as well as what the total OPEB liability would be if it were calculated using a Healthcare Trend Rate that is one percentage point lower or one percentage point higher:

		1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB Liability	\$	40,243	42,094	44,053

Notes to the Financial Statements
June 30, 2025

NOTE 4 - OTHER INFORMATION - Continued

OTHER POST-EMPLOYMENT BENEFITS - Continued

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

For the year ended June 30, 2025, PrairieCat recognized OPEB expense of \$2,776. At June 30, 2025, PrairieCat reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ —	(3,536)	(3,536)
Change in Assumptions	25	(2,807)	(2,782)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	—	—
Total Expense to be Recognized in Future Periods	25	(6,343)	(6,318)
Contributions Made Subsequent to Measurement Date	—	—	—
Total Deferred Amounts Related to OPEB	25	(6,343)	(6,318)

\$0 was reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred (Inflows) of Resources
2026	\$ (1,079)
2027	(1,079)
2028	(1,079)
2029	(1,079)
2030	(811)
Thereafter	(1,191)
Total	(6,318)

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Employer Contributions
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Net Pension Liability
Illinois Municipal Retirement Fund
- Schedule of Changes in the Employer's Total OPEB Liability
Retiree Benefit Plan

PRAIRIECAT

Illinois Municipal Retirement Fund Schedule of Employer Contributions June 30, 2025

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2022	* \$ 96,214	\$ 96,214	\$ —	\$ 686,259	14.02%
2023	101,941	101,941	—	757,609	13.46%
2024	98,052	98,052	—	794,669	12.34%
2025	97,481	97,481	—	836,502	11.65%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	19 Years
Asset Valuation Method	5-Year Smoothed Fair Value
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.

Note:

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

* PrairieCat joined IMRF commencing July 1, 2021.

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Illinois Municipal Retirement Fund

Schedule of Changes in the Employer's Net Pension Liability

June 30, 2025

	12/31/2021*	12/31/2022	12/31/2023	12/31/2024
Total Pension Liability				
Service Cost	\$ —	55,859	70,805	71,814
Interest	—	34,396	51,870	62,085
Changes in Benefit Terms	—	—	—	—
Differences Between Expected and Actual Experience	450,657	147,958	28,511	20,661
Change of Assumptions	1,180	(1,954)	(8,638)	—
Benefit Payments, Including Refunds of Member Contributions	—	(8,055)	—	(4,295)
Net Change in Total Pension Liability	451,837	228,204	142,548	150,265
Total Pension Liability - Beginning	—	451,837	680,041	822,589
Total Pension Liability - Ending	451,837	680,041	822,589	972,854
Plan Fiduciary Net Position				
Contributions - Employer	\$ 44,029	104,260	103,032	95,327
Contributions - Members	61,224	44,716	35,886	36,130
Net Investment Income	—	(1,592)	23,771	28,633
Benefit Payments, Including Refunds of Member Contributions	—	(8,055)	—	(4,295)
Other (Net Transfer)	3,448	(5,825)	376	(10,715)
Net Change in Plan Fiduciary Net Position	108,701	133,504	163,065	145,080
Plan Net Position - Beginning	—	108,701	242,205	405,270
Plan Net Position - Ending	108,701	242,205	405,270	550,350
Employer's Net Pension Liability	\$ 343,136	437,836	417,319	422,504
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.06%	35.62%	49.27%	56.57%
Covered Payroll	\$ 314,046	743,652	797,469	801,058
Employer's Net Pension Liability as a Percentage of Covered Payroll	109.26%	58.88%	52.33%	52.74%

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

* PrairieCat joined IMRF commencing July 1, 2021.

PRAIRIECAT

Retiree Benefit Plan

Schedule of Changes in the Employer's Total OPEB Liability

June 30, 2025

See Following Page

PRAIRIECAT

Retiree Benefit Plan

Schedule of Changes in the Employer's Total OPEB Liability

June 30, 2025

	6/30/2019	6/30/2020*
Total OPEB Liability		
Service Cost	\$ 13,724	—
Interest	334	—
Changes in Benefit Terms	—	—
Differences Between Expected and Actual Experience	—	—
Change of Assumptions or Other Inputs	237	—
Benefit Payments	(1,599)	—
Net Change in Total OPEB Liability	12,696	—
Total OPEB Liability - Beginning	12,018	—
Total OPEB Liability - Ending	24,714	—
Covered-Employee Payroll	\$ 772,282	—
Total OPEB Liability as a Percentage of Covered-Employee Payroll	3.20%	—%

Notes:

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

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

Changes of Assumptions. Changes of assumptions related to the discount rate were made in 2019 and 2022 - 2025.

*The Total OPEB Liability was deemed to be immaterial for 6/30/2020 and 6/30/2021.

6/30/2021*	6/30/2022	6/30/2023	6/30/2024	6/30/2025
—	3,784	3,225	2,233	2,162
—	868	1,636	1,774	1,693
—	—	—	—	—
—	—	—	(4,581)	—
—	(3,615)	(76)	(92)	(879)
—	—	(1,694)	(2,020)	(2,156)
—	1,037	3,091	(2,686)	820
—	39,832	40,869	43,960	41,274
—	40,869	43,960	41,274	42,094
—	754,464	785,018	794,919	826,974
—%	5.42%	5.60%	5.19%	5.09%

OTHER SUPPLEMENTARY INFORMATION

PRAIRIECAT

Schedule of Operating Expenses - Budget and Actual For the Fiscal Year Ended June 30, 2025

	Original and Final Budget	Actual
Administration		
Salaries		
Other Professionals	\$ 629,783	636,767
Support Services	214,006	205,675
Compensated Absences	—	(472)
Social Security Taxes	64,550	60,545
Unemployment Insurance	3,500	—
Worker's Compensation	2,100	1,869
Retirement Benefits	100,411	97,481
Health, Dental And Life Insurance	184,625	151,374
Net Pension Expense	—	76,826
Other Post-Employment Benefits	—	620
Other Fringe Benefits	1,000	360
Tuition Reimbursements	500	—
Staff Professional Memberships	1,000	270
Property Insurance	2,800	3,086
Fuel	1,500	733
Repairs and Maintenance	2,000	629
Vehicle Insurance	2,000	1,395
Vehicle Leasing and Rent	500	—
Other Vehicle Expenses	350	227
In-State Travel	7,000	8,422
Out-of-State Travel	6,000	7,718
Registration and Meetings, and Other Fees	9,000	9,038
Conferences and Continuing Education Meetings	5,000	3,234
Public Relations	1,000	1,835
Commercial Insurance	10,000	7,443
Computers, Software and Supplies	31,112	22,317
General Office Supplies and Equipment	2,000	929
Postage	—	107
Telephone and Telecommunications	8,165	10,818
Equipment Repair and Maintenance Agreements	2,000	778
Legal	3,500	3,243
Accounting	7,000	6,750
Consulting	11,000	19,088
Payroll Service Fees	9,000	8,407

PRAIRIECAT

Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended June 30, 2025

	Original and Final Budget	Actual
Administration - Continued		
Information Service Costs	\$ 622,876	181,207
Outside Printing Services	2,000	299
Other Contractual Services	87,634	(3,214)
Professional Association Membership Dues	2,000	1,747
Miscellaneous	1,500	1,261
Miscellaneous - eCommerce Fees	5,500	4,872
Total Administration	2,043,912	1,533,684
Depreciation and Amortization	—	450,294
Total Operating Expenses	2,043,912	1,983,978