



To: PrairieCat Delegates Assembly

From: Elena Mendoza, RAILS Staff Accountant for PrairieCat

Subject: PrairieCat Fiscal Year 2025 Audit

Executive Summary:

The fiscal year 2025 audit was presented to and accepted by the Administrative Council on 10/3/2025.

Detailed Description:

The auditors have issued a clean opinion, as usual.

The Management Discussion and Analysis (MD&A) discuss the major accomplishments that PrairieCat made as an organization during fiscal year 2025 and shortly thereafter. It also explains the purpose of each of the presented financial statements and analyzes the financial results compared to the fiscal year 2025 budget as well as the fiscal year 2024 audited financial statements.

The financial statements report PrairieCat's fund balance, fiscal year 2025 change in net position, and the sources of the cash flows for the fiscal year. PrairieCat added \$48,295 to its net position for the fiscal year ended June 30, 2025, primarily due to investment income of \$42,983 as well as net operating income of \$19,167. This income was partially offset by the subscription arrangements interest expense of \$11,957 and disposal of subscription assets of \$1,898. These expenses were primarily 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 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. 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. The increase in net position from fiscal year 2024 to fiscal year 2025 was \$58,295 above the increase anticipated in the fiscal year 2025 budget.

The notes to the financial statements provide insight into details behind the numbers in the financial statements and the organization's operations.

A schedule showing the comparison of the actual to the budgeted expenses for the year is included at the end of the report.