PRAIRIECAT
COAL VALLEY, ILLINOIS
ANNUAL FINANCIAL REPORT

PrairieCat

FOR THE FISCAL YEAR ENDED
JUNE 30, 2026

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PRAIRIECAT

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FINANCIAL SECTION

This section includes:

- Independent Auditor's Report
- Management's Discussion and Analysis
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INDEPENDENT AUDITOR'S REPORT

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

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INDEPENDENT AUDITOR'S REPORT

September 15, 2026

Members of 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, 2026, 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, 2026, 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.

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 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

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, 2026, PrairieCat's sixteenth 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, 2026, PrairieCat's total net position was $1,980,701. Net position decreased $21,886 for the year ended June 30, 2026, as PrairieCat had administrative expenses of $1,628,349, depreciation and amortization expense of $450,294, subscription arrangements interest expense of $56,507, operating revenues of $1,551,199, RAILS support grant of $527,062, and investment income of $35,003. This decrease in net position was $35,077 below the change anticipated in the budget.

Operational Highlights

PrairieCat made progress in many areas during the year ended June 30, 2026. The outline below gives the reader an indication of PrairieCat's accomplishments and activities during the year:

- Fiscal year 2026 was the eighth 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. 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 2026 was 11.16%, which decreased from 11.29% in fiscal year 2025.

- In 2026, PrairieCat staff made 28 site visits to member libraries, provided 63 instructor-led training sessions representing 435 training contact hours, and closed 3,860 help desk tickets. Members also completed 2,468 TalentLMS courses using PrairieCat's online learning management system. In addition, PrairieCat held 54 member meetings or events, which included participation from 1,542 member staff and resulted in 3,671 contact hours of interaction with the membership.

- PrairieCat staff worked primarily from home during fiscal year 2026. During fiscal year 2024, PrairieCat removed its dedicated office spaces in RAILS facilities to minimize costs. PrairieCat continues to occasionally leverage shared workspaces in RAILS offices as well as store 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 facility. This was done because RAILS has decided to cease fire monitoring at the Coal Valley facility. The process has been slow, but digitization of the files continues.

Some other significant accomplishments during (or shortly after) fiscal year 2026 were:

- The fiscal year 2026 PrairieCat User Group (PUG) Day event was held in person at the Bend XPO Center in East Moline. Attendance was good, and surveys have shown that members prefer alternating between in-person and online conferences. In fiscal year 2027, PUG Day will be held remotely.

- Each year, PrairieCat hosts the Resource Sharing Summit, which is a session on a specific topic for all staff levels. In fiscal year 2026, the topic was "Patron behavior policies and best practices." The event had a representative from Klein, Thorpe, and Jenkins speak on building a policy followed by a panel discussion with several libraries about their policy process. The event also featured a speaker from Rosecrance Behavioral Health who helped library staff learn:
    - Trauma-informed practices to better support library users facing barriers such as unhoused patrons or patrons who have mental health challenges.
    - Deescalation techniques.
    - Best practices for staff to respond to patrons in a timely and direct manner that aligns with library policy (including behavior policies, and safety and security policies). The speaker also balanced this with providing good customer service and protecting themselves from burnout.

- The PrairieCat director held two online "Ask Me Anything" sessions for the membership in May and June.

- PrairieCat kept pace with Innovative Interfaces' upgrade rollouts, and the consortium remains a development partner with Innovative Interfaces for its patron engagement suite of products associated with its 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 removed the Encore software from production and ceased hosting the server at the beginning of fiscal year 2027. PrairieCat members continue to provide input for the Vega Discover and LXStarter products. The LXStarter notices system is targeted for implementation sometime in fiscal year 2027, if all goes as planned.

- PrairieCat staff launched the Vega Reports feature, which provides default dashboards of Vega Discover statistics, including visitors, interactions, and marketing. Staff provided brief demos and created training materials.

- The new Vega Discovery patron account portal was launched in fiscal year 2026, providing a simpler, more integrated interface for online patron account information.

- In fiscal year 2025, PrairieCat's longtime bibliographic services partner, Marcive, ceased operations. PrairieCat investigated replacement options and obtained a three-year flat service rate from Mitinet after the Delegates voted on their quote on April 29, 2026. PrairieCat went live on the new system on July 1, 2026.

- 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 upon request from the membership. In fiscal year 2026, a system-wide review of existing online training materials was started, to ensure that all of the information is up to date and relevant. The review is ongoing in fiscal year 2027.

- 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. In fiscal year 2025, PrairieCat began the process of finding a replacement for the OCLC contract which expired in October 2025. After weighing the demonstrations and written responses from four vendors (including OCLC), PrairieCat chose Innovative Interfaces' mobile app software. PrairieCat has 71 members who have joined the mobile app project. In fiscal year 2026, it was decided that PrairieCat 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. Currently, another three libraries have expressed interest in joining the mobile app project and will be added to the group shortly.

- In fiscal year 2023, PrairieCat identified a customer management software suite (CMS) that meets its needs and is affordable. The consortium has implemented and continues to populate and develop LibGuides CMS in fiscal year 2026 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 twice annually throughout the PrairieCat service area, with some meetings held remotely 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.

- The General Policy Manual and PrairieCat Bylaws were updated and approved by the appropriate governance bodies, as were revisions to the Circulation and Technical Services Policy and Procedures Manuals, at the suggestion of their respective standing committees. In fiscal year 2026, changes to the Bylaws resulted in Delegates Assembly meetings being held at multiple remote sites and networking sites via Zoom. This has worked well, and the in-person attendance at the remote sites is up compared to the previous year, while attendance via Zoom/remotely has decreased. This seems to have achieved PrairieCat's goal of improving in-person attendance at meetings.

- 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 member libraries for the services it provides with these charges and group purchase reimbursements 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 $1,980,701 as of the close of the fiscal year ended June 30, 2026. A portion of PrairieCat's net position, $1,215, reflects its net investment in capital assets (for example, computers, vehicles, and subscription assets), less any related debt used to acquire those assets. Of the total unrestricted net position balance of $1,979,486, $764,620 was designated for future reserve expenses and $1,214,866 was available for subsequent year's expenses. The net position balance available for subsequent year's expenses of $1,214,866 is adequate to fund operations for over six months, assuming that current spending remains static, membership remains level, and the grants agreement with RAILS, which subsidizes PrairieCat operations, continues.

PrairieCat's net position for the years ended June 30, 2026 and 2025 is summarized as follows:

Condensed Statement of Net Position

	2026	2025
Current Assets	$ 2,270,198	2,224,331
Capital Assets, Net of Accumulated Depreciation and Amortization	573,428	1,023,722
Total Assets	2,843,626	3,248,053
Deferred Outflows	334,353	360,693
Total Assets and Deferred Outflows	3,177,979	3,608,746
Current Liabilities	570,862	532,261
Long-Term Liabilities	601,361	1,059,878
Total Liabilities	1,172,223	1,592,139
Deferred Inflows	25,055	14,020
Total Liabilities and Deferred Inflows	1,197,278	1,606,159
Net Investment in Capital Assets	1,215	30,960
Unrestricted	1,979,486	1,971,627
Total Net Position	1,980,701	2,002,587

For the year ended June 30, 2026, 79.8 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, 2026, 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 the contracts for PrairieCat's ILS system.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2026	2025
Operating Revenues		
Charges for Services	$ 1,551,199	1,486,144
Operating Expenses		
Administration	1,628,349	1,533,684
Depreciation and Amortization	450,294	450,294
Total Operating Expenses	2,078,643	1,983,978
Operating (Loss)	(527,444)	(497,834)
Noncapital Subsidies		
Grants - RAILS Support	527,062	517,001
Operating Income (Loss) and Noncapital Subsidies	(382)	19,167
Other Nonoperating Revenues (Expenses)		
Investment Income	35,003	42,983
Disposal of Subscription Assets	—	(1,898)
Subscription Arrangements Interest	(56,507)	(11,957)
Total Other Nonoperating Revenues (Expenses)	(21,504)	29,128
Change in Net Position	(21,886)	48,295
Net Position - Beginning	2,002,587	1,954,292
Net Position - Ending	1,980,701	2,002,587

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, 2026. PrairieCat's operating revenues increased by $65,055 in fiscal year 2026 from fiscal year 2025, primarily due to a $79,991 increase in revenue from fully participating and basic online members. This increase resulted from the budgeted 5% increase in the library and hosting fees for these members. Beginning in fiscal year 2026, PrairieCat combined the library and hosting fees into a single revenue account; previously, these fees were recorded separately. Other operating revenue increases included $4,785 in mobile app reimbursements, primarily due to increased member participation. In fiscal year 2026, 71 members opted to participate in the mobile app, which increased from 57 participating members in fiscal year 2025. Additional increases in reimbursement revenue included $3,152 in catering costs associated with the PUG Day event that was held in person in fiscal year 2026. The previous year's event was held remotely. The increase in operating revenues was partially offset by a $25,512 decrease in reserve contributions from fully participating and basic online members. This decrease was primarily due to reserve contributions being lowered to 2% in fiscal year 2026 to help offset the overall increases in library and hosting fees for these members.

Operating expenses increased by $94,665 in fiscal year 2026 from fiscal year 2025, primarily due to increases in contractual services expenses of $49,945; personnel expenses of $29,965; travel and continuing education costs of $14,430; supplies, postage and printing costs of $10,887; and partially offset by a decrease in professional services costs $11,693.

Contractual services expenses increased primarily from information service costs ($43,901) and other contractual services costs ($6,343), due to the way that the Innovative Interfaces Sierra Software, Vega Discover, Hosting, Review Files, and Phone Alerts System are required to be accounted for under Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). Two amendments to the Innovative Interfaces maintenance contract were made in fiscal year 2025, resulting in a remeasurement and write-off of the SBITA liability and a corresponding decrease in information service costs and other contractual service costs. These amendments included replacing the iTiva phone system with Innovative Interfaces' Phone Alerts System and adding additional Review Files to the five-year maintenance contract. No amendments or remeasurements were made during fiscal year 2026. Other increases in information service costs included one-time mobile app implementation costs ($15,000) and increased mobile app member participation ($4,744). PrairieCat's contract with OCLC expired in October 2025, and the mobile app was replaced with Innovative Interfaces' product. Member participation for the mobile app increased to 71 members in fiscal year 2026, compared to 57 members in the prior fiscal year. Additional increases in information service costs included incremental increases in the annual IHLS-OCLC cataloging services costs ($3,491), data scoping fees for Putnam County Elementary School ($2,500), and training server data refresh costs ($2,000). These increases were partially offset by a decrease in Sierra Review Files costs ($8,859), resulting from the contract amendments described above.

Personnel expenses increases included an increase in salaries from the budgeted 3% COLA increase and 1% merit increase for staff in fiscal year 2026 ($61,571). Other personnel increases included health, dental and life insurance premiums due to staff benefit elections ($12,786), earned but unused paid time off ($6,446), social security taxes on the salary increases ($4,441), and the employer portion of the IMRF pension plan contributions ($3,644). These increases were partially offset by a decrease in the actuarially determined IMRF net pension expenses ($61,608).

Travel and continuing education costs increased primarily due to conferences and continuing education meetings costs in fiscal year 2026 ($12,089). This was primarily due to the PUG Day event being held in-person, causing additional costs for conference supplies, audiovisual equipment, space rental, catering, lodging, and mileage. PrairieCat holds this event in-person every other year. Additional increases included conference registration fees for PrairieCat staff and board members ($773), a full fiscal year of Gale Udemy training for PrairieCat staff ($700), and meeting room rental, food, and supplies for PrairieCat's Delegates Assembly meetings ($668).

Supplies, postage and printing costs increased within computers, software and supplies expenses, primarily due to the fiscal year 2026 budgeted purchase of twelve replacement Lenovo laptops and docking stations for PrairieCat staff ($9,975).

These operating expense increases were partially offset by decreases in professional services costs, including quarterly website support, development, and accessibility review ($6,388); the change in the pattern of the website support invoicing (the fiscal year 2024 fourth-quarter vendor invoice ($2,340) was received late and paid at the beginning of fiscal year 2025); the annual actuarial valuation service for PrairieCat's Other Post-Employment Benefits (OPEB) plan ($1,600) was less than then the prior year due to this being a rollover valuation; and the director's compensation survey ($1,000), which did not occur in fiscal year 2026.

Capital Assets

PrairieCat's investment in capital assets as of June 30, 2026 and 2025 is shown below:

	2026	2025
Computers	$ 287,558	287,558
Vehicles	12,450	12,450
Subscription Assets - Software	857,711	857,711
Subscription Assets - Hosting	232,417	232,417
Subscription Assets - Vega	434,590	434,590
Less: Accumulated Depreciation and Amortization	(1,251,298)	(801,004)
Total Net Capital Assets	573,428	1,023,722

The change in the net capital assets components from fiscal year 2025 to fiscal year 2026 was primarily due to amortization expense related to the three subscription assets associated with the Innovative Interfaces maintenance contracts: Sierra Software ($285,904), Hosting ($77,472), and Vega Discover ($86,918).

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

PrairieCat's long-term obligations for Subscription Arrangements as of June 30, 2026 and 2025 is shown below:

	2026	2025
Subscription Arrangements	$ 572,213	992,762

Additional information on PrairieCat's long-term obligations can be found in Note 2 of this report.

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, either alone or in combination with tangible capital assets, as specified in the contract, for a period 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 measured at the present value of the total subscription payments expected to be made during the agreement term. The subscription payments are discounted using either the interest rate charged by the SBITA vendor, if provided, or PrairieCat's incremental borrowing rate. In addition, PrairieCat records amortization expense for the subscription asset over the agreement term. PrairieCat determined that its contracts with Innovative Interfaces for Sierra Software, hosting, the Phone Alerts System, and Vega Discover meet the definition of SBITAs under GASB Statement No. 96.

Factors Bearing on PrairieCat's Future

Even though PrairieCat achieved staff independence from RAILS in fiscal year 2019, RAILS continues to support PrairieCat in other ways, providing the consortium with access to office space, accounting services, and firewall housing in its data center. Most importantly, RAILS provides PrairieCat with annual support grant funding. This funding accounted for approximately 24.56% of budgeted revenues in fiscal year 2027, down from 25.33% in fiscal year 2026.

PrairieCat recognized that achieving greater independence for its operations was essential for its sustainability 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. In fiscal year 2023, PrairieCat implemented its own online helpdesk ticketing system and a new list management system, both of which are hosted online. Also in fiscal year 2023, PrairieCat purchased its own laptops and other hardware, including printers, and now operates solely on PrairieCat-owned equipment except for the main copier/printer at the RAILS Coal Valley facility, which RAILS still allows PrairieCat to use for large print jobs. PrairieCat budgeted for and completed the replacement of all staff laptops in fiscal year 2026. On an ongoing basis, PrairieCat retains a budgeted amount for maintenance and upgrade needs. PrairieCat has implemented its own instances of Zoom meetings and phones, Exchange and Office 365 systems, an 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 data center and is now operating on new software in its vendor's hosted environment. As stated previously, in fiscal year 2024, PrairieCat transitioned to a fully remote workforce to save on office space costs. PrairieCat has also outfitted staff with appropriate office supplies, chairs, desks, etc., to facilitate their work from home environments. PrairieCat continues to budget for ongoing needs in these areas. In fiscal year 2026, 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 PrairieCat's 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 with the full implementation completed in fiscal year 2026. PrairieCat also contracted with HR Source to conduct a survey of directors' compensation in similar consortium environments nationwide. In this way, PrairieCat can continue to gauge its progress with staff and director salaries. At the end of fiscal year 2026, PrairieCat's Administrative Council adopted a pay scale for the director's position that was in line with the information gleaned from the previous study.

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. In addition to these plans, all PrairieCat staff developed sustainability plans for their positions in fiscal year 2026, including identifying their key responsibilities and identifying backup staff for those responsibilities. Major tasks performed by all positions are now thoroughly documented and shared among the staff. A formal transition plan for the director was also adopted by PrairieCat's Administrative Council in fiscal year 2026.

PrairieCat continues to stabilize and grow. The consortium continues to receive inquiries from 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, 2026

See Following Page

PRAIRIECAT

Statement of Net Position
June 30, 2026

ASSETS		
Current Assets		
Cash and Investments	$	1,761,794
Accounts Receivables - Net of Allowances		
Accounts		2,068
PayPal Funds		92
Accrued Investment Income		7,729
Prepaids		498,515
Total Current Assets		2,270,198
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		(1,251,298)
Total Noncurrent Assets		573,428
Total Assets		2,843,626
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Items - IMRF		327,618
Deferred Items - RBP		6,735
Total Deferred Outflows of Resources		334,353
Total Assets and Deferred Outflows of Resources		3,177,979

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

LIABILITIES		
Current Liabilities		
Accounts Payable	$	13,369
Accrued Liabilities		3,210
eCommerce Receipts Payable		17,341
Accrued Payroll		57,874
Deferred Revenue		25,370
Compensated Absences		7,501
Total OPEB Liability - RBP		1,955
Subscription Arrangements		444,242
Total Current Liabilities		570,862
Noncurrent Liabilities		
Compensated Absences		30,002
Net Pension Liability - IMRF		392,553
Total OPEB Liability - RBP		50,835
Subscription Arrangements		127,971
Total Noncurrent Liabilities		601,361
Total Liabilities		1,172,223
DEFERRED INFLOWS OF RESOURCES		
Deferred Items - IMRF		19,795
Deferred Items - RBP		5,260
Total Deferred Inflows of Resources		25,055
Total Liabilities and Deferred Inflows of Resources		1,197,278
NET POSITION		
Net Investment in Capital Assets		1,215
Unrestricted		1,979,486
Total Net Position		1,980,701

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

PRAIRIECAT

Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2026

Operating Revenues		
Fees for Services and Materials	$	1,489,634
Reimbursements		59,287
Miscellaneous		2,278
Total Operating Revenues		1,551,199
Operating Expenses		
Administration		1,628,349
Depreciation and Amortization		450,294
Total Operating Expenses		2,078,643
Operating (Loss)		(527,444)
Noncapital Subsidies		
Grants - RAILS Support		527,062
Operating (Loss) and Noncapital Subsidies		(382)
Other Nonoperating Revenues (Expenses)		
Investment Income		35,003
Subscription Arrangements Interest		(56,507)
		(21,504)
Change in Net Position		(21,886)
Net Position - Beginning		2,002,587
Net Position - Ending		1,980,701

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, 2026

Cash Flows from Operating Activities	
Receipts from Customers and Users	$ 1,489,634
Other Receipts	83,144
Payment to Suppliers	(347,182)
Payments to Employees	(1,243,159)
	(17,563)
Cash Flows from Noncapital Financing Activities	
Subsidies Received	527,062
Cash Flows from Capital and Related Financing Activities	
Payment of Debt Principal	(420,549)
Payment of Interest	(56,507)
	(477,056)
Cash Flows from Investing Activities	
Interest Received	35,003
Net Change in Cash, Cash Equivalents and Certificates of Deposits	67,446
Cash, Cash Equivalents and Certificates of Deposits	
Beginning	1,694,348
Ending	1,761,794
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities	
Operating (Loss)	(527,444)
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	18,120
(Increase) Decrease in Current Assets	21,579
Increase (Decrease) in Current Liabilities	19,888
Net Cash Provided by Operating Activities	(17,563)

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. Revenues received from capital grants, operating subsidies, and other nonexchange transactions are reported as nonoperating revenues. All revenues and expenses not meeting the definition of operating revenues or expenses are reported as nonoperating revenues and expenses.

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 PraireCat'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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

Compensated Absences

Vacation leave is accrued as compensated absences when the leave is attributable to services already rendered, has accumulated, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Liabilities for compensated absences are recorded as the benefits are earned and the recognition criteria are met. PrairieCat records a liability for employees' vacation leave earned, but not taken at salary rates in effect at the end of the 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.

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 assumptions 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 - 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 Public Reserves Investment Management Trust.

NOTE 2 - 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.

Deposits. At year-end, the carrying amount of PrairieCat's deposits totaled $1,422,987 and the bank balances totaled $1,444,620. In addition, PrairieCat had $333,487 invested in the Illinois Fund and $5,320 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 AAAmmf by Fitch and IPRIME Funds are rated AAAm by Standard & Poor's.

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).

NOTE 2 - 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	857,711	—	—	857,711
Subscription Assets - Hosting	232,417	—	—	232,417
Subscription Assets - Vega	434,590	—	—	434,590
	1,824,726	—	—	1,824,726
Less Accumulated Depreciation and Amortization				
Computers	287,558	—	—	287,558
Vehicles	12,450	—	—	12,450
Subscription Assets - Software	285,904	285,904	—	571,808
Subscription Assets - Hosting	77,472	77,472	—	154,944
Subscription Assets - Vega	137,620	86,918	—	224,538
	801,004	450,294	—	1,251,298
Total Net Depreciable and Amortizable Capital Assets	1,023,722	(450,294)	—	573,428
Total Net Capital Assets	1,023,722	(450,294)	—	573,428

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

NOTE 2 - DETAILED NOTES ON THE BASIC FINANCIAL STATEMENTS - Continued

LONG-TERM OBLIGATIONS

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
2027	$ 444,242	32,812
2028	89,688	7,781
2029	38,283	2,327
	572,213	42,920

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	$ 31,529	9,941	3,967	37,503	7,501
Net Pension Liability - IMRF	422,504	—	29,951	392,553	—
Total OPEB Liability - RBP	42,094	10,696	—	52,790	1,955
Subscription Arrangements	992,762	—	420,549	572,213	444,242
	1,488,889	20,637	454,467	1,055,059	453,698

NOTE 2 - 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	$	573,428
Less Capital Related Debt:		
Subscription Arrangements		(572,213)
Total Net Investment in Capital Assets		1,215
Unrestricted Net Position		
Designated for Future Purchases from Reserves		764,620
Undesignated		1,214,866
Total Unrestricted Net Position		1,979,486
Total Net Position		1,980,701

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

NOTE 3 - 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; and 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 litigation.

NOTE 3 - 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 2027 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 $534,487 during fiscal year 2027. 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).

NOTE 3 - 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, 2025, 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	12
Total	13

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, 2026, PrairieCat's contribution was 11.29% of covered payroll.

Net Pension Liability. PrairieCat's net pension liability was measured as of December 31, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NOTE 3 - 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, 2025, 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.

NOTE 3 - 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	24.00%	4.75%
Domestic Equities	32.50%	7.35%
International Equities	18.00%	7.45%
Real Estate	10.50%	6.25%
Blended	14.00%	3.90% - 8.50%
Cash and Cash Equivalents	1.00%	3.00%

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	$ 558,050	392,553	251,392

NOTE 3 - 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, 2024	$ 972,854	550,350	422,504
Changes for the Year:			
Service Cost	70,859	—	70,859
Interest on the Total Pension Liability	72,931	—	72,931
Changes of Benefit Terms	—	—	—
Difference Between Expected and Actual Experience of the Total Pension Liability	81,144	—	81,144
Changes of Assumptions	—	—	—
Contributions - Employer	—	97,609	(97,609)
Contributions - Employees	—	38,905	(38,905)
Net Investment Income	—	69,949	(69,949)
Benefit Payments, Including Refunds of Employee Contributions	(4,685)	(4,685)	—
Other (Net Transfer)	—	48,422	(48,422)
Net Changes	220,249	250,200	(29,951)
Balances at December 31, 2025	1,193,103	800,550	392,553

NOTE 3 - 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, 2026, PrairieCat recognized pension expense of $116,342. At June 30, 2026, 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	$ 277,166	—	277,166
Change in Assumptions	310	(6,373)	(6,063)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	(13,422)	(13,422)
Total Expense to be Recognized in Future Periods	277,476	(19,795)	257,681
Contributions Made Subsequent to Measurement Date	50,142	—	50,142
Total Deferred Amounts Related to IMRF	327,618	(19,795)	307,823

$50,142 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, 2027.

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
2027	$ 104,912
2028	87,806
2029	21,085
2030	11,751
2031	16,454
Thereafter	15,673
Total	257,681

NOTE 3 - 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, 2026, 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	12
Total	12

Total OPEB Liability

PrairieCat’s total OPEB liability was measured as of June 30, 2026, and was determined by an actuarial valuation as of July 1, 2025.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2026 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

NOTE 3 - 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	4.32%
Healthcare Cost Trend Rates	HMO plan is 7.00% and PPO 7.00% with an ultimate heath care cost trend rate of 4.50% in FY2046.
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 PubG.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, 2025	$ 42,094
Changes for the Year:	
Service Cost	2,827
Interest on the Total OPEB Liability	1,977
Changes of Benefit Terms	—
Difference Between Expected and Actual Experience	3,661
Changes of Assumptions or Other Inputs	4,186
Benefit Payments	(1,955)
Net Changes	10,696
Balance at June 30, 2026	52,790

NOTE 3 - 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 4.32%, while the prior valuation used 4.81%. 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 (3.32%)	Current Discount Rate (4.32%)	1% Increase (5.32%)
Total OPEB Liability	$ 54,951	52,790	50,741

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	$ 50,141	52,790	55,679

NOTE 3 - 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, 2026, PrairieCat recognized OPEB expense of $4,858. At June 30, 2026, 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	$ 3,132	(3,014)	118
Change in Assumptions	3,603	(2,246)	1,357
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	—	—	—
Total Expense to be Recognized in Future Periods	6,735	(5,260)	1,475
Contributions Made Subsequent to Measurement Date	—	—	—
Total Deferred Amounts Related to OPEB	6,735	(5,260)	1,475

$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, 2027. 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 Outflows of Resources
2027	$ 54
2028	54
2029	54
2030	322
2031	495
Thereafter	496
Total	1,475

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, 2026

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered 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%
2026	101,125	101,125	—	895,444	11.29%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	18 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.25%
Salary Increases	2.85% 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 2023 valuation pursuant to an experience study of the period 2020-2022.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 108%) and Female (adjusted 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.

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

Illinois Municipal Retirement Fund
Schedule of Changes in the Employer's Net Pension Liability
June 30, 2026

	12/31/2021*
Total Pension Liability	
Service Cost	$ —
Interest	—
Changes in Benefit Terms	—
Differences Between Expected and Actual Experience	450,657
Change of Assumptions	1,180
Benefit Payments, Including Refunds of Member Contributions	—
Net Change in Total Pension Liability	451,837
Total Pension Liability - Beginning	—
Total Pension Liability - Ending	451,837
Plan Fiduciary Net Position	
Contributions - Employer	$ 44,029
Contributions - Members	61,224
Net Investment Income	—
Benefit Payments, Including Refunds of Member Contributions	—
Other (Net Transfer)	3,448
Net Change in Plan Fiduciary Net Position	108,701
Plan Net Position - Beginning	—
Plan Net Position - Ending	108,701
Employer's Net Pension Liability	$ 343,136
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.06%
Covered Payroll	$ 314,046
Employer's Net Pension Liability as a Percentage of Covered Payroll	109.26%

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.

12/31/2022	12/31/2023	12/31/2024	12/31/2025
55,859	70,805	71,814	70,859
34,396	51,870	62,085	72,931
—	—	—	—
147,958	28,511	20,661	81,144
(1,954)	(8,638)	—	—
(8,055)	—	(4,295)	(4,685)
228,204	142,548	150,265	220,249
451,837	680,041	822,589	972,854
680,041	822,589	972,854	1,193,103
104,260	103,032	95,327	97,609
44,716	35,886	36,130	38,905
(1,592)	23,771	28,633	69,949
(8,055)	—	(4,295)	(4,685)
(5,825)	376	(10,715)	48,422
133,504	163,065	145,080	250,200
108,701	242,205	405,270	550,350
242,205	405,270	550,350	800,550
437,836	417,319	422,504	392,553
35.62%	49.27%	56.57%	67.10%
743,652	797,469	801,058	864,563
58.88%	52.33%	52.74%	45.40%

PRAIRIECAT

Retiree Benefit Plan
Schedule of Changes in the Employer's Total OPEB Liability
June 30, 2026

	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 - 2026.

*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	6/30/2026
—	3,784	3,225	2,233	2,162	2,827
—	868	1,636	1,774	1,693	1,977
—	—	—	—	—	—
—	—	—	(4,581)	—	3,661
—	(3,615)	(76)	(92)	(879)	4,186
—	—	(1,694)	(2,020)	(2,156)	(1,955)
—	1,037	3,091	(2,686)	820	10,696
—	39,832	40,869	43,960	41,274	42,094
—	40,869	43,960	41,274	42,094	52,790
—	754,464	785,018	794,919	826,974	895,189
—%	5.42%	5.60%	5.19%	5.09%	5.90%

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedule
- Notes to the Other Supplementary Information

PRAIRIECAT

Statement of Revenues, Expenses and Changes in Net Position - Budget and Actual
For the Fiscal Year Ended June 30, 2026

	Original Budget	Final Budget	Variance Final with Original	Actual Amounts	Variance Actual with Final
Operating Revenues					
Fees for Services and Materials	$ 1,489,737	1,489,737	—	1,489,634	(103)
Reimbursements	57,278	57,278	—	59,287	2,009
Miscellaneous	1,000	1,000	—	2,278	1,278
Total Operating Revenues	1,548,015	1,548,015	—	1,551,199	3,184
Operating Expenses					
Operations					
Administration	2,098,886	2,098,886	—	1,628,349	(470,537)
Depreciation and Amortization	—	—	—	450,294	450,294
Total Operating Expenses	2,098,886	2,098,886	—	2,078,643	(20,243)
Operating (Loss)	(550,871)	(550,871)	—	(527,444)	23,427
Noncapital Subsidies					
Operating Grants					
Grants - RAILS Support	527,062	527,062	—	527,062	—
Grants - Other	2,000	2,000	—	—	(2,000)
	529,062	529,062	—	527,062	(2,000)
Operating (Loss) and Noncapital Subsidies	(21,809)	(21,809)	—	(382)	21,427
Other Nonoperating Revenues (Expenses)					
Investment Income	35,000	35,000	—	35,003	3
Subscription Arrangements Interest	—	—	—	(56,507)	(56,507)
	35,000	35,000	—	(21,504)	(56,504)
Change in Net Position	13,191	13,191	—	(21,886)	(35,077)
Net Position - Beginning				2,002,587	
Net Position - Ending				1,980,701	

PRAIRIECAT

Schedule of Operating Expenses - Budget and Actual
For the Fiscal Year Ended June 30, 2026

	Original Budget	Final Budget	Variance Final with Original	Actual Amounts	Variance Actual with Final
Administration					
Other Professionals	$ 781,956	781,956	—	785,404	3,448
Support Services	118,420	118,420	—	118,609	189
Compensated Absences	—	—	—	5,974	5,974
Social Security Taxes	68,764	68,764	—	64,986	(3,778)
Unemployment Insurance	3,500	3,500	—	—	(3,500)
Worker's Compensation	2,020	2,020	—	1,960	(60)
Retirement Benefits	101,483	101,483	—	101,125	(358)
Health, Dental And Life Insurance	154,140	154,140	—	164,160	10,020
Net Pension Expense	—	—	—	15,218	15,218
Other Post-Employment Benefits	—	—	—	2,903	2,903
Other Fringe Benefits	1,000	1,000	—	618	(382)
Tuition Reimbursements	500	500	—	—	(500)
Staff Professional Memberships	1,000	1,000	—	322	(678)
Property Insurance	3,200	3,200	—	3,356	156
Fuel	1,000	1,000	—	549	(451)
Repairs and Maintenance	1,000	1,000	—	320	(680)
Vehicle Insurance	1,500	1,500	—	1,495	(5)
Vehicle Leasing and Rent	500	500	—	—	(500)
Other Vehicle Expenses	350	350	—	296	(54)
In-State Travel	8,000	8,000	—	15,700	7,700
Out-of-State Travel	—	—	—	558	558
Registration and Meetings, and Other Fees	10,400	10,400	—	10,969	569
Conferences and Continuing Education Meetings	20,000	20,000	—	15,614	(4,386)
Public Relations	2,000	2,000	—	1,445	(555)
Commercial Insurance	8,000	8,000	—	7,463	(537)
Computers, Software and Supplies	40,156	40,156	—	33,536	(6,620)
General Office Supplies and Equipment	1,500	1,500	—	677	(823)
Postage	—	—	—	27	27
Telephone and Telecommunications	11,000	11,000	—	10,040	(960)
Equipment Repair and Maintenance Agreements	1,500	1,500	—	930	(570)
Legal	3,000	3,000	—	2,292	(708)
Accounting	7,000	7,000	—	5,300	(1,700)
Consulting	15,000	15,000	—	9,360	(5,640)
Payroll Service Fees	8,000	8,000	—	8,843	843

PRAIRIECAT

Schedule of Operating Expenses - Budget and Actual - Continued
For the Fiscal Year Ended June 30, 2026

	Original Budget	Final Budget	Variance Final with Original	Actual Amounts	Variance Actual with Final
Administration - Continued					
Information Service Costs	$ 624,330	624,330	—	225,107	(399,223)
Outside Printing Services	2,000	2,000	—	—	(2,000)
Other Contractual Services	87,667	87,667	—	3,129	(84,538)
Professional Association Membership Dues	2,000	2,000	—	1,999	(1)
Miscellaneous	1,500	1,500	—	4,259	2,759
Miscellaneous - eCommerce Fees	5,500	5,500	—	3,806	(1,694)
Total Administration	2,098,886	2,098,886	—	1,628,349	(470,537)
Depreciation and Amortization	—	—	—	450,294	450,294
Total Operating Expenses	2,098,886	2,098,886	—	2,078,643	(20,243)

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 2026.

ANALYSIS OF VARIANCES BETWEEN ACTUAL AMOUNTS AND FINAL BUDGET

The following section summarizes significant variances between final budget amounts and actual results.

PrairieCat's operating revenues totaled $1,551,199, which was $3,184, or less than 1 percent above the budgeted amount of $1,548,015. The above budget revenues were primarily due to higher than budgeted reimbursement revenue of $2,009. This was due to the above budget reimbursement revenue from participating members for the Vega mobile app and the data-scoping revenue for Putnam County CUSD #535 Elementary School. Other above budget revenues of $1,278 included proceeds from decommissioned laptop purchases by PrairieCat staff, fines assessed to members who did not attend the required Delegates Assembly meetings during the fiscal year, late payment fees assessed to members, and cash-back rewards for PrairieCat’s credit cards. These above budget revenues were partially offset by lower than budgeted Interlibrary Loan (ILL) Barcode revenue of $100.

PrairieCat's operating expenses totaled $1,628,349, which was $470,537, or 22.42 percent below the budgeted amount of $2,098,886. This is primarily due to lower than budgeted contractual services expenses of $485,761; supplies, postage and printing costs of $7,416; professional services of $7,205; and partially offset by above budget personnel costs of $28,496 and travel and continuing education costs of $4,442.

Contractual services expenses were under budget primarily due to the accounting treatment required under GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). PrairieCat records monthly amortization and interest expense for the Sierra, Vega Discover, hosting, and phone alerts system subscriptions based on the present value of the contractual payments. These expenses were previously recorded as information service costs and other contractual services. Supplies, postage and printing costs were under budget primarily due to lower than budgeted costs and needs for computer equipment and software as well as office supplies and equipment throughout the fiscal year.

Professional services costs were also below budget primarily due to lower than budgeted needs for legal, accounting, and consulting services throughout the fiscal year, which were partially offset by above budget payroll service fees. Annual increases in payroll service fees and annual tax form processing costs were higher than anticipated.

These below budgeted expenses were partially offset by above budget personnel costs, primarily due to the annual adjustment for net pension expense required under GASB Statement No. 68. This IMRF pension liability adjustment is based on actuarial valuations and economic and demographic factors outside PrairieCat’s control and, therefore, can vary significantly from year to year. These adjustments are not included in the annual operating budget. Other above budget personnel costs included higher than anticipated health insurance premiums, changes in staff benefit elections effective January 2026, and the compensated absences adjustment required under GASB Statement No. 101. This annual adjustment recognizes the liability and expense for employee vacation and personal leave that has been earned but not yet taken as of June 30. This adjustment is also not included in the annual operating budget due to its variability from year to year.

Additional above budget expenses for travel and continuing education costs were for increases in in-state travel for the Innovative Users Group (IUG), Innovative Summit, Illinois Library Association (ILA) conference, and American Library Association (ALA) conference. These increased costs were partially offset by lower than budgeted conference registration fees and continuing education meetings expenses.