

**JOLIET ARSENAL
DEVELOPMENT AUTHORITY**
Joliet, Illinois

ANNUAL FINANCIAL REPORT
Year Ended June 30, 2025

JOLIET ARSENAL DEVELOPMENT AUTHORITY

Joliet, Illinois

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Directors
Joliet Arsenal Development Authority
Joliet, Illinois

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Joliet Arsenal Development Authority (JADA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise JADA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of JADA, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 JADA, 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.

Emphasis of Matter

As discussed in Note 8 to the financial statements, management has stated that JADA plans to cease operations in August 2030 unless the entity is extended by State of Illinois legislation. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

(Continued)

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 JADA'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 GAAS and *Government 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 GAAS and *Government 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 JADA'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 JADA'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 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.

(Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise JADA's basic financial statements. The General Fund Schedule of Expenditures is presented for purposes of additional analysis and is 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 General Fund Schedule of Expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025 on our consideration of JADA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of JADA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering JADA's internal control over financial reporting and compliance.


Crowe LLP

Oakbrook Terrace, Illinois
September 29, 2025

JOLIET ARSENAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
(UNAUDITED)

The management's discussion and analysis of the Joliet Arsenal Development Authority's (JADA) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at JADA's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of JADA's financial performance.

Financial Highlights

- The assets of Joliet Arsenal Development Authority exceeded its liabilities at the close of the fiscal year by \$455,705 (net position).
- JADA's total net position increased by \$82,588 during fiscal year 2025 as reported in the statement of activities. The majority of the increase was due to state grant revenue.

Overview of the Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand JADA as a financial whole, an entire operating entity. This discussion and analysis is intended to serve as an introduction to JADA's basic financial statements. Those statements are comprised of the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information as well as an individual fund financial schedule.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the JADA's finances using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of the related cash flows.

Statement of Net Position: The statement of net position presents information on assets, what is owned, liabilities, what is owed, and net position, the resources that would remain if all obligations were settled. The statement categorizes assets to show that some assets are very liquid, such as cash.

Statement of Activities: The statement of activities presents information that shows how the JADA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Also included is activity related to the acquisition and depreciation of capital assets, as well as interest paid on long-term debt.

The government-wide financial statements highlight the functions of JADA that are principally supported by intergovernmental revenues (governmental activities). The governmental activities of JADA are development activities.

The government-wide financial statements can be found on pages 11 and 12 of this report.

JOLIET ARSENAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
(UNAUDITED)

Reporting of JADA's Most Significant Fund

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. JADA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund: The Governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental fund is reported using the modified accrual method of accounting, which focuses on near-term inflows and outflows of spend-able resources, as well as on balances of spend-able resources at the end of the fiscal year. The governmental fund statements provide a detailed short-term view of the JADA's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance development programs. The relationship (or differences) between governmental activities (reported in the *Statement of Net Position* and the *Statement of Activities*) and governmental funds is reconciled in the financial statements. The governmental fund financial statements can be found on pages 13 through 16 of this report.

JADA maintains one governmental fund, the General Fund. Information is presented in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balance for the General Fund.

Notes to the Financial Statements: The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 to 22 of this report.

Individual fund schedule is presented immediately following the notes to the financial statements on page 23 of this report.

JOLIET ARSENAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
(UNAUDITED)

Government-Wide Financial Analysis

Statement of Net Position: The following table reflects the condensed Statement of Net Position.

Condensed Statement of Net Position	<u>2024</u>	<u>2025</u>
Assets:		
Current assets	\$ 465,884	\$ 528,171
Capital assets	<u>2,662</u>	<u>2,081</u>
Total assets	<u>468,546</u>	<u>530,252</u>
Liabilities:		
Short-term liabilities	<u>95,429</u>	<u>74,547</u>
Total liabilities	<u>95,429</u>	<u>74,547</u>
Net position:		
Investment in capital assets	2,662	2,081
Unrestricted	<u>370,455</u>	<u>453,624</u>
Total net position	<u>\$ 373,117</u>	<u>\$ 455,705</u>

Assets: Current assets consist of cash, short term investments, prepaid expenses, and accounts receivable. Capital assets were depreciated during the year.

Liabilities: Short-term liabilities include accounts payable, unearned grant revenue, accrued payroll, and compensated absences due within one year.

The Statement of Net Position can be found on page 11 of this report.

JOLIET ARSENAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
(UNAUDITED)

Statement of Activities: The following table reflects the condensed statement of activities.

Table 2

	<u>2024</u>	<u>2025</u>
Revenues:		
General revenues:		
Consulting income	\$ 60,000	\$ 60,000
Interest income	510	126
State grants	<u>609,104</u>	<u>602,479</u>
Total general revenues	<u>669,614</u>	<u>662,605</u>
Total revenues	<u>669,614</u>	<u>662,605</u>
Expenses:		
Development	<u>583,917</u>	<u>580,017</u>
Total expenses	<u>583,917</u>	<u>580,017</u>
Change in net position	85,697	82,588
Net position beginning of year	<u>287,420</u>	<u>373,117</u>
Net position end of year	<u>\$ 373,117</u>	<u>\$ 455,705</u>

Revenue: The majority of JADA's revenue in both the current and prior fiscal years was from state grants which funded operations and reimbursed expenses that had been incurred.

Expenses: The largest development expenses for JADA are related to the gatehouse reconstruction, Joliet Arsenal exhibit and video projects, comprehensive planning, and administration. The administrative costs consist of salaries, fringe benefits (FICA), and professional fees (engineers and other consultants). The development costs were associated with numerous economic development, transportation, and workforce related projects.

Net Position: In the prior year, net position increased \$85,697, primarily due to the receipt of state grants. Net position increased \$82,588 in the current fiscal year, primarily due to the receipt of state grants.

The Statement of Activities can be found on page 12 of this report.

JOLIET ARSENAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
(UNAUDITED)

GOVERNMENTAL FUND FINANCIAL STATEMENTS

As noted earlier, JADA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of JADA's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing JADA's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental Fund Financial Analysis

Fund Balance: The General Fund is the operating fund of JADA. As of the end of the current fiscal year JADA's General Fund reported an ending fund balance of \$497,992, an increase of \$323,893 in comparison with the previous fiscal year. The change was mostly due to the delay between when expenditures are incurred and when the state grants that reimburse those expenditures are received.

The General Fund Balance Sheet can be found on page 13 of this report.

Revenues: The following is the analysis of revenues for the past two years for the general fund of JADA.

COMPARATIVE SUMMARY OF REVENUES
GOVERNMENTAL FUND - GENERAL FUND
For the Fiscal Years ending June 30,

	<u>2024</u>	<u>2025</u>	<u>INCREASE (DECREASE) 2024 to 2025</u>	<u>% CHANGE</u>
Local Sources:				
Consulting	\$ 60,000	\$ 60,000	\$ -	0.00%
Interest Income	510	126	(384)	-75.29%
State Sources:				
Grants	<u>621,205</u>	<u>843,203</u>	<u>221,998</u>	35.74%
Total	<u>\$ 681,715</u>	<u>\$ 903,329</u>	<u>\$ 221,614</u>	32.51%

During 2024 and 2025, the most significant revenue source was state grant revenues which funded operations and reimbursed expenditures that had been incurred.

JOLIET ARSENAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
(UNAUDITED)

Expenditures: The following is the analysis of expenditures for the past two years for the general fund of JADA.

	2024	2025	INCREASE (DECREASE) 2024 to 2025	% CHANGE
Administrative	\$ 172,830	\$ 150,114	\$ (22,716)	-13.1%
Marketing & Public Relations	410,199	242,672	(167,527)	-40.8%
Capital Projects	-	186,650	186,650	N/A
Total	<u>\$ 583,029</u>	<u>\$ 579,436</u>	<u>\$ (3,593)</u>	-0.6%

The most significant expenditures in the prior fiscal year related to comprehensive planning and the Joliet Arsenal exhibit and video projects. The most significant expenditures in the current fiscal year related to the gatehouse reconstruction project and comprehensive planning.

The General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance can be found on page 15 of this report.

Budgetary Highlights

JADA's budget is normally prepared in accordance with Illinois law and is based on accounting for transactions on the modified accrual basis of accounting. For the year ended June 30, 2025, no budget was adopted.

Capital Asset Activity

The capital assets of JADA are those used in the performance of general governmental functions. They are recorded at original cost, which is considerably less than their present replacement value. Capital assets include land, improvements and equipment. JADA's investment in capital assets at year-end totaled \$2,081 (net of accumulated depreciation).

Additional information on JADA's capital assets can be found in Note 3 on page 21 of this report.

JOLIET ARSENAL DEVELOPMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025
(UNAUDITED)

Conditions Expected to Have a Significant Effect on Financial Position

JADA, on behalf of the State of Illinois, has acquired certain parcels of real estate from the United States of America, Department of the Army, pursuant to certain deeds of conveyance which indicate that there may be a deferred payment of consideration due from JADA to the United States of America with respect to the transaction. On May 21, 2015, the Department of the Army approved the Release of Lien and Discharge of Vendor's Lien, and therefore, there is no consideration is due for any property contained in the deeds.

JADA marketed the property and in November of 2017 was successful in completing an agreement that transferred the land in exchange for the bonds and forgiveness of the principal and interest on the bonds. In addition, in fiscal years 2022 through 2025, JADA was successful in obtaining appropriations for state grants from the State of Illinois.

JADA has been included in the State's fiscal year 2026 budget with a grant of \$800,000.

Based on State Statute, the Authority will wrap up operations in August 2030 unless extended legislatively.

Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Cash	\$ 468,528
Short term investments	10,540
Prepaid expenses	13,166
Accounts receivable	35,937
Capital assets being depreciated	2,081
Total assets	530,252
LIABILITIES AND NET POSITION	
Liabilities	
Accounts payable	30,163
Accrued payroll	16
Long-term obligations, due within one year:	
Compensated absences payable	44,368
Total liabilities	74,547
Net position	
Investment in capital assets	2,081
Unrestricted	453,624
Total net position	\$ 455,705

Statement of Activities
Year Ended June 30, 2025

	<u>Governmental Activities</u>
Expenses:	
Development activities	\$ 580,017
Total program expenses	<u>580,017</u>
Revenues:	
General revenues:	
Consulting income	60,000
Interest income	126
State grants	<u>602,479</u>
Total general revenues	<u>662,605</u>
Change in net position	82,588
Net position - beginning of the year	<u>373,117</u>
Net position - end of the year	<u>\$ 455,705</u>

Governmental Fund
Balance Sheet
June 30, 2025

	<u>Major Fund</u>
	<u>General Fund</u>
ASSETS	
Cash	\$ 468,528
Short term investments	10,540
Prepaid expenses	13,166
Accounts receivable	<u>35,937</u>
Total assets	<u>\$ 528,171</u>
 LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 30,163
Accrued payroll	<u>16</u>
Total liabilities	<u>30,179</u>
 Fund balance	
Nonspendable	13,166
Unassigned	<u>484,826</u>
Total fund balance	<u>497,992</u>
 Total liabilities and fund balance	<u>\$ 528,171</u>

Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Position
June 30, 2025

Total fund balance - governmental fund	\$	497,992
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Capital assets	\$	40,793	
Accumulated depreciation		<u>(38,712)</u>	
Net capital assets			2,081

Some liabilities reported in the statement of activities do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.

Compensated absences payable	<u>(44,368)</u>
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Net position of governmental activities	\$	<u>455,705</u>
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Governmental Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2025

	<u>Major Fund</u> <u>General</u> <u>Fund</u>
REVENUES	
Local sources	
Consulting	\$ 60,000
Interest income	126
Total local sources	<u>60,126</u>
State sources	
Grants	<u>843,203</u>
Total state sources	<u>843,203</u>
Total revenues	<u>903,329</u>
EXPENDITURES	
Current:	
Administrative	150,114
Marketing and public relations	242,672
Capital projects	<u>186,650</u>
Total expenditures	<u>579,436</u>
Net change in fund balance	323,893
Fund balance at beginning of year	<u>174,099</u>
Fund balance at end of year	<u>\$ 497,992</u>

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund
Balance to Statement of Activities
Year Ended June 30, 2025

Net change in fund balance	\$ 323,893
Amounts reported for governmental activities in the Statement of Activities are different because:	
Some revenues were not collected for several months after the close of the fiscal year and therefore were not considered to be available and are not reported as revenue in the general fund. The change from fiscal year 2024 to 2025 consists of:	
	(240,724)
The general fund reports purchases of capital assets as expenditures while governmental activities reports depreciation expense to allocate those expenditures over the life of the assets.	
Depreciation	<u>(581)</u>
Change in net position of governmental activities	<u>\$ 82,588</u>

JOLIET ARSENAL DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Joliet Arsenal Development Authority (JADA) have been prepared in conformity with accounting principles generally accepted in the United States of America (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 significant accounting policies are described below.

Reporting Entity: JADA has adopted the provisions of GASB Statements No. 14, No. 39 and No. 61, *The Financial Reporting Entity; Omnibus*, under which the financial statements include all the organizations, activities, boards, functions, and component units for which JADA is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) JADA's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on JADA. JADA does not have any component units that meet the above requirements.

Basis of Presentation: JADA's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information. The government-wide focus is more on the sustainability of JADA as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

Government-Wide Financial Statements – The statement of net position and the statement of activities display information about JADA as a whole. In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately. The government-wide statement of activities reflects both the direct expenses and net cost of each function of JADA's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of JADA, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function is self-financing or draws from the general revenues of JADA.

Fund Financial Statements – The financial transactions of JADA are recorded in an individual fund. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The emphasis of fund financial statements is on the major governmental fund.

Measurement Focus and Basis of Accounting: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the balance sheet and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, if measurable, and expenses are recognized as incurred, regardless of the timing of related cash flows.

While not all reported in the current year, JADA has reported three categories of program revenues in the statement of activities in past fiscal years: (1) charges for services, (2) program-specific operating grants and contributions, and (3) capital grants and contributions. Program revenues are derived directly from the program itself or from external sources, such as the State of Illinois; they reduce the net cost of each function to be financed from JADA's general revenues. For identifying the function to which a program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is the function to which the revenues are restricted.

(Continued)

JOLIET ARSENAL DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose JADA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues accrued at the end of the year, if any, include charges for services, intergovernmental revenues, and investment earnings. All other revenue items are considered to be measurable and available only when cash is received by JADA. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, long-term debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is JADA's policy to apply restricted resources first, then unrestricted resources as needed.

Differences occur from the manner in which the governmental activities and the government-wide financial statements are prepared due to the inclusion of capital asset and long-term obligations activity. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

JADA reports the following major governmental fund:

General Fund – The General Fund is the general operating fund of JADA. It is used to account for all financial resources except those required to be accounted for in another fund.

Cash: Cash is composed of cash on hand, checking accounts, savings accounts, highly liquid investments and certificates of deposit with original maturities of three months or less.

Short Term Investments: Investments consist of money market funds. These investments are stated at amortized cost. Investments are held in JADA's name and custodied with a major financial institution.

Capital Assets: Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by JADA as assets, with a useful life of more than one year, with an initial, individual cost over the following thresholds:

Land	\$ 25,000
Equipment	1,000

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

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

All reported capital assets except land and construction-in-progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Equipment	3-10 Years
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(Continued)

JOLIET ARSENAL DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences: The liability for compensated absences (unused vacation, sick leave, and compensatory time) of JADA relating to employees of the governmental fund at June 30, 2025, is \$44,368. The amount recorded includes the associated FICA amounts. In the current fiscal year, the entire balance is classified as current because it is expected to be paid out in the next fiscal year.

Net Position: Net Position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition construction of improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by JADA or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Fund Balance: The components of the fund balance include the following line items:

- a. Nonspendable fund balance is inherently nonspendable, such as portions of net resources that cannot be spent because of their form and portions of net resources that cannot be spent because they must be maintained intact
- b. Restricted fund balance is externally enforceable limitations on use, such as limitations imposed by creditors, grantors, contributors, or laws and regulations of other government as well as limitations imposed by law through constitutional provision or enabling legislation.
- c. Committed fund balance has self-imposed limitations set in place prior to the end of the period. The limitations are imposed at the highest level of decision making that requires formal action at the same level to remove. For JADA, the Board of Directors is the highest level of decision making. As of June 30, 2025, JADA does not have any commitments of fund balance.
- d. Assigned fund balance has limitations resulting from intended use consisting of amounts where the intended use is established by the Board of Directors designated for that purpose. The intended use is established by an official designated for that purpose. JADA has not designated anyone for this purpose.
- e. Unassigned fund balance is the total fund balance in the general fund in excess of nonspendable, restricted, committed, and assigned fund balance.

If there is an expenditure incurred for purposes for which both restricted and unrestricted fund balance is available, JADA will consider restricted fund balance to have been spent before unrestricted fund balance. Further, if there is an expenditure incurred for purposes for which committed, assigned, or unassigned fund balance classifications could be used, then JADA will consider committed fund balance to be spent before assigned fund balance, and consider assigned fund balance to be spent before unassigned fund balance.

Budgets: Budgets are adopted by JADA on a basis consistent with GAAP. Annual budgets are adopted for the General Fund. However, during the fiscal year ended June 30, 2025, no budget was adopted. All annual budgets lapse at fiscal year-end.

In the event the budget needs to be amended, a majority of the voting members must approve the amended budget in a regular council meeting.

The legal level of control (level at which expenditures may not exceed budget) is the department. JADA is not allowed to add, delete, or change the approved budget without creating an amendment to the budget.

(Continued)

JOLIET ARSENAL DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates: Management of JADA made certain estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash - The carrying amount of cash was \$468,528 at June 30, 2025, while the bank balances were \$485,065. Of the bank balances, \$288,800 was insured by the Federal Deposit Insurance Corporation (FDIC). \$196,265 was not insured by the FDIC or collateralized with securities of the U.S. government or with letters of credit issued by the Federal Home Loan Bank held in JADA's name by financial institutions acting as JADA's agent.

Investments - The following schedule reports the amounts and maturities (using the segmented time distribution method) for JADA's investments at June 30, 2025.

	<u>Investment Maturities</u>	
	<u>Total</u>	<u>Less Than One Year</u>
Money Market	\$ 10,540	\$ 10,540
Total	<u>\$ 10,540</u>	<u>\$ 10,540</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. JADA's investment policy limits investment maturities to match anticipated cash flow requirement or otherwise to one year from the date of purchase as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. JADA's general investment policy is to apply the prudent-person rule: Investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investments, considering the probable safety of their capital, as well as the probable income to be derived. JADA does not have any securities with credit ratings at year end.

One of the U.S. Treasury Department's objectives for conservatorships is to protect bondholders. As such, declines in fair value below the cost for investments in Freddie Mac and Fannie Mae bonds (that is, debt securities) may be treated as temporary. At year end, JADA does not have such investments.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, JADA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. JADA's investment policy requires that funds on deposit (checking accounts, certificate of deposit, etc.), in excess of FDIC limits must be secured by appropriate collateral, witnessed by a written agreement and held at an independent third-party institution in the name of the Authority. Collateral shall be limited to securities of the United States of America or its agencies such as the Federal National Mortgage Association. As of June 30, 2025, all JADA's investments were held by Trust accounts; thus are not subject for collateralization.

Concentration of Credit Risk - JADA places no limit on the amount it may invest in any one issuer. 100% of JADA's investments are in money markets at June 30, 2025.

(Continued)

JOLIET ARSENAL DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 - CAPITAL ASSETS

The summary of changes in capital assets is as follows:

	Balance 7/1/2024	Additions	Deletions	Ending 6/30/2025
Capital assets being depreciated				
Equipment	\$ 40,793	\$ -	\$ -	\$ 40,793
Accumulated depreciation				
Equipment	(38,131)	(581)	-	(38,712)
Capital assets being depreciated, net of depreciation	<u>\$ 2,662</u>	<u>\$ (581)</u>	<u>\$ -</u>	<u>\$ 2,081</u>

Depreciation expense of \$581 was charged to development activities.

NOTE 4 - RISK MANAGEMENT

JADA is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks for general, automobile, employment practices, and umbrella liabilities are covered by commercial insurance purchased from an independent third party. No claims exceeding commercial insurance coverage were incurred or paid in the past three fiscal years.

NOTE 5 – COMPENSATED ABSENCES

The summary of changes in long-term obligations is as follows:

	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025	Due within One Year
Compensated Absences	\$ 44,368	\$ -	\$ -	\$ 44,368	\$ 44,368

NOTE 6 - RETIREMENT SYSTEM

Employees are covered under the Federal Social Security Program. JADA's payments to this program for the year ended June 30, 2025 totaled \$5,809.

NOTE 7 - CONTINGENCIES AND COMMITMENTS

JADA, on behalf of the State of Illinois, has acquired certain parcels of real estate from the United States of America, Department of the Army, pursuant to certain deeds of conveyance which indicate that there may be a deferred payment of consideration due from JADA to the United States of America with respect to the transaction. On May 21, 2015, the Department of the Army approved the Release of Lien and Discharge of Vendor's Lien and therefore there is no consideration is due for any property contained in the deeds.

(Continued)

JOLIET ARSENAL DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - CONTINGENCIES AND COMMITMENTS (Continued)

In fiscal year 2006, JADA conveyed land to a developer. JADA has the right to repurchase the land from the developer for \$200,000 if the developer fails to comply with covenants as to how the land is developed. As of June 30, 2025, JADA continues to consider to exercise the option to repurchase the property from the developer.

NOTE 8 – ANTICIPATED ABOLISHMENT OF THE ENTITY

JADA was created by Illinois Public Act 70 ILCS 508 (the Act), which took effect July 1, 1995 and was signed into law August 17, 1995. The Act, as amended in August 2025, states that JADA shall be abolished upon the last to occur of the following: (1) expiration of the 35-year period that begins on the effective date of the Act; or (2) one year after all revenue bonds, notes, and other evidences of indebtedness of JADA have been fully paid and discharged or otherwise provided for. Upon abolition of JADA, all of its rights and property shall pass to and be vested in Will County, Illinois.

Unless the Act is amended by State of Illinois legislation to extend the 35-year period, management plans to cease operations in August 2030.

NOTE 9 – RELATED PARTY TRANSACTIONS

JADA has entered into intergovernmental agreements with the Village of Elwood, the City of Joliet, the Village of Manhattan, the Village of Symerton, and the City of Wilmington to assist those municipalities in the process of updating their comprehensive plans to evaluate land uses that will provide for good planning and expand economic development opportunities for the municipalities and the region. In accordance with the intergovernmental agreements, JADA paid \$50,000 to the City of Joliet and \$100,000 to the Village of Symerton in fiscal year 2025.

NOTE 10 – REVENUE CONCENTRATION

In fiscal year 2025, 91% of JADA's revenue was derived from grants from the State of Illinois. At June 30, 2025, \$289,801 of the \$800,000 Department of Commerce and Economic Opportunity (DCEO) grant 25-203001 award remained unexpended. The DCEO grant 25-203001 award covers the period of September 1, 2024 to June 30, 2026. In September 2025, JADA received a notice of state award for a grant in the amount of \$800,000 for the period of September 1, 2025 to June 30, 2026.

General Fund
Schedule of Expenditures
Year Ended June 30, 2025

Expenditures	
Current:	
Administrative	
Consultant	
Legal	\$ 14,550
Engineering	1,620
Total consultant	<u>16,170</u>
Contractual	
Insurance - liability	1,537
Audit fees	13,884
Total contractual	<u>15,421</u>
Fringe benefits	
FICA	5,809
Medicare	1,359
JADA - benefit	15,474
Total fringe benefits	<u>22,642</u>
Other expense	
Phones	1,171
Rent	1,767
Subscriptions/ads/notices	2,425
Dues/registrations	7,990
Miscellaneous	2,324
Total other expense	<u>15,677</u>
Personnel	
Director - salary	43,480
Admin - salary	35,871
Miscellaneous	216
Total personnel	<u>79,567</u>
Supplies	
Office	235
Miscellaneous	165
Total supplies	<u>400</u>
Travel	
Meals	237
Total travel	<u>237</u>
Total administrative	<u>150,114</u>
Marketing and public relations	
Web site development and maintenance	8,518
Joliet Arsenal exhibit and video	84,154
Comprehensive planning	150,000
Total marketing and public relations	<u>242,672</u>
Capital projects	
Real estate/sales acquisition	
Cancelled project	(15,400)
Total real estate/sales acquisition	<u>(15,400)</u>
Construction	
Gatehouse reconstruction	202,050
Total construction	<u>202,050</u>
Total capital projects	<u>186,650</u>
Total expenditures	<u>\$ 579,436</u>
