JOLIET ARSENAL DEVELOPMENT AUTHORITY

Joliet, Illinois

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2026

JOLIET ARSENAL DEVELOPMENT AUTHORITY
Joliet, Illinois

June 30, 2026

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Crowe LLP
Independent Member Crowe Global

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, 2026, 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, 2026, 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 and budgetary comparison schedule on pages 4-8 and 21 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)

Su*pplementary 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 October 2, 2026 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
October 2, 2026

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, 2026. 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

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 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 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 9 and 10 of this report.

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 spendable resources, as well as on balances of spendable resources at the end of the fiscal year. The governmental fund statements provide a detailed short-term view of 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 11 through 14 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 15 to 20 of this report.

Budgetary comparison schedule is presented immediately following the notes to the financial statements on page 21 of this report.

Individual fund schedule is presented on page 22 of this report.

FINANCIAL SUMMARY

Government-Wide Financial Statements

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

Table 1
Condensed Statement of Net Position

	2025	2026
Assets:		
Current assets	$ 528,171	$ 505,113
Capital assets	2,081	1,500
Total assets	530,252	506,613
Liabilities:		
Short-term liabilities	74,547	37,829
Total liabilities	74,547	37,829
Net position:		
Investment in capital assets	2,081	1,500
Unrestricted	453,624	467,284
Total net position	$ 455,705	$ 468,784

The Statement of Net Position can be found on page 9 of this report.

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

Table 2

	2025	2026
Revenues:		
General revenues:		
Consulting income	$ 60,000	$ 32,386
Interest income	126	1,223
State grants	602,479	471,427
Total general revenues	662,605	505,036
Total revenues	662,605	505,036
Expenses:		
Development	580,017	491,957
Total expenses	580,017	491,957
Change in net position	82,588	13,079
Net position beginning of year	373,117	455,705
Net position end of year	$ 455,705	$ 468,784

The Statement of Activities can be found on page 10 of this report.

DETAILED ANALYSES

Government-Wide Financial Statements

- The assets of Joliet Arsenal Development Authority exceeded its liabilities at the close of the fiscal year by $468,784 (net position).
- JADA's total net position increased by $13,079 during fiscal year 2026 as reported in the statement of activities. The majority of the increase was due to state grant revenue.

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

Liabilities: Short-term liabilities include accounts payable and accrued payroll.

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 promotion of the Route 66 100-year anniversary, administration, and website redesign. 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.

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.

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 $248,032, a decrease of $249,960 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 11 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,

	2025	2026	INCREASE (DECREASE) 2025 to 2026	% CHANGE
Local Sources:				
Consulting	$ 60,000	$ 32,386	$ (27,614)	-46.02%
Interest Income	126	1,223	1,097	870.63%
State Sources:				
Grants	843,203	252,175	(591,028)	-70.09%
Total	$ 903,329	$ 285,784	$ (617,545)	-68.36%

During 2025 and 2026, the most significant revenue source was state grant revenues which funded operations and reimbursed expenditures that had been incurred.

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

	2025	2026	INCREASE (DECREASE) 2025 to 2026	% CHANGE
Administrative	$ 150,114	$ 207,106	$ 56,992	38.0%
Marketing & Public Relations	242,672	325,041	82,369	33.9%
Capital Projects	186,650	3,597	(183,053)	-98.1%
Total	$ 579,436	$ 535,744	$ (43,692)	-7.5%

The most significant expenditures in the prior fiscal year related to the gatehouse reconstruction project and comprehensive planning. The most significant expenditures in the current fiscal year related to the promotion of the Route 66 100-year anniversary and website redesign.

The General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance can be found on page 13 of this report.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING 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 $1,500 (net of accumulated depreciation).

Additional information on JADA's capital assets can be found in Note 3 on page 19 of this report.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

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 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 2026, JADA was successful in obtaining appropriations for state grants from the State of Illinois.

The following appropriations were included in the State of Illinois' fiscal year 2027 budget:

- $800,000 for a grant to JADA, including prior years' costs
- $720,000 for a grant to JADA, including prior years' costs
- $10,000,000 from the Build Illinois Bond Fund to the Department of Commerce and Economic Opportunity for a grant to JADA for costs associated with a land inventory study and land acquisition for a public port
- $10,000,000 from the Build Illinois Bond Fund to the Department of Commerce and Economic Opportunity for a grant to JADA for costs associated with port feasibility study
- $7,720 from the Build Illinois Bond Fund to the Department of Commerce and Economic Opportunity for a grant to JADA for costs associated with capital improvements

Based on state statute, JADA will wrap up operations in August 2030 unless extended legislatively.

Statement of Net Position
June 30, 2026

	Governmental Activities
ASSETS	
Cash	$ 274,965
Short term investments	10,896
Accounts receivable	219,252
Capital assets being depreciated	1,500
Total assets	506,613
LIABILITIES AND NET POSITION	
Liabilities	
Accounts payable	37,813
Accrued payroll	16
Total liabilities	37,829
Net position	
Investment in capital assets	1,500
Unrestricted	467,284
Total net position	$ 468,784

See accompanying notes to the financial statements.

Statement of Activities
Year Ended June 30, 2026

	Governmental Activities
Expenses:	
Development activities	$ 491,957
Total program expenses	491,957
Revenues:	
General revenues:	
Consulting income	32,386
Interest income	1,223
State grants	471,427
Total general revenues	505,036
Change in net position	13,079
Net position - beginning of the year	455,705
Net position - end of the year	$ 468,784

See accompanying notes to the financial statements.

Governmental Fund
Balance Sheet
June 30, 2026

	Major Fund General Fund
ASSETS	
Cash	$ 274,965
Short term investments	10,896
Accounts receivable	219,252
Total assets	$ 505,113
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	
Liabilities	
Accounts payable	$ 37,813
Accrued payroll	16
Total liabilities	37,829
Deferred inflows of resources	
Unavailable state grant revenue	219,252
Total deferred inflows of resources	219,252
Fund balance	
Unassigned	248,032
Total fund balance	248,032
Total liabilities, deferred inflows of resources, and fund balance	$ 505,113

See accompanying notes to the financial statements.

Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Position
June 30, 2026

Total fund balance - governmental fund		$ 248,032
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 fund:		
Capital assets	$ 40,793	
Accumulated depreciation	(39,293)	
Net capital assets		1,500
Some receivables are not available to pay for current period expenditures and therefore are deferred in the fund:		
State grant receivable		219,252
Net position of governmental activities		$ 468,784

See accompanying notes to the financial statements.

Governmental Fund
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2026

	Major Fund General Fund
REVENUES	
Local sources	
Consulting	$ 32,386
Interest income	1,223
Total local sources	33,609
State sources	
Grants	252,175
Total state sources	252,175
Total revenues	285,784
EXPENDITURES	
Current:	
Administrative	207,106
Marketing and public relations	325,041
Capital projects	3,597
Total expenditures	535,744
Net change in fund balance	(249,960)
Fund balance at beginning of year	497,992
Fund balance at end of year	$ 248,032

See accompanying notes to the financial statements.

Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to Statement of Activities
Year Ended June 30, 2026

Net change in fund balance	$	(249,960)
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 2025 to 2026 consists of:		219,252
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		(581)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported in the general fund.		
Change in compensated absences payable		44,368
Change in net position of governmental activities	$	13,079

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)

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

(Continued)

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, 2026, is $0. In the current fiscal year, the full balance was paid out.

Net Position: Net Position represents 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 or 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 governments 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, 2026, 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. 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 Board 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)

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 $274,965 at June 30, 2026, while the bank balances were $335,225. Of the bank balances, $289,555 was insured by the Federal Deposit Insurance Corporation (FDIC). $45,670 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, 2026.

	Investment Maturities	
	Total	Less Than One Year
Money Market	$ 10,896	$ 10,896
Total	$ 10,896	$ 10,896

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 requirements 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, 2026, all JADA's investments were held in 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, 2026.

(Continued)

NOTE 3 - CAPITAL ASSETS

The summary of changes in capital assets is as follows:

	Balance 7/1/2025	Additions	Deletions	Balance 6/30/2026
Capital assets being depreciated				
Equipment	$ 40,793	$ -	$ -	$ 40,793
Accumulated depreciation				
Equipment	(38,712)	(581)	-	(39,293)
Capital assets being depreciated, net of depreciation	$ 2,081	$ (581)	$ -	$ 1,500

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 7/1/2025	Additions	Deletions	Balance 6/30/2026	Due within One Year
Compensated absences	$ 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, 2026 totaled $8,431.

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 no consideration is due for any property contained in the deeds.

(Continued)

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, 2026, JADA continues to consider exercising 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 $10,000 to the Village of Manhattan, $10,000 to the Village of Symerton, $10,000 to the Village of Elwood, and $10,000 to the City of Wilmington in fiscal year 2026.

NOTE 10 – REVENUE CONCENTRATION

In fiscal year 2026, 93% of JADA's revenue was derived from grants from the State of Illinois. At June 30, 2026, $328,573 of the $800,000 Department of Commerce and Economic Opportunity (DCEO) grant 26-203001 award remained unexpended. The DCEO grant 26-203001 award covers the period of July 1, 2025 to June 30, 2026.

The following appropriations were included in the State of Illinois' fiscal year 2027 budget:

- $800,000 for a grant to JADA, including prior years' costs
- $720,000 for a grant to JADA, including prior years' costs
- $10,000,000 from the Build Illinois Bond Fund to the Department of Commerce and Economic Opportunity for a grant to JADA for costs associated with a land inventory study and land acquisition for a public port
- $10,000,000 from the Build Illinois Bond Fund to the Department of Commerce and Economic Opportunity for a grant to JADA for costs associated with port feasibility study
- $7,720 from the Build Illinois Bond Fund to the Department of Commerce and Economic Opportunity for a grant to JADA for costs associated with capital improvements

JOLIET ARSENAL DEVELOPMENT AUTHORITY

Budgetary Comparison Schedule
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Year Ended June 30, 2026

	Original Budget	Final Budget	Variance from Original Budget Positive (Negative)	Actual	Variance from Final Budget Positive (Negative)
Revenues					
Local sources					
Consulting	$ 60,000	$ 60,000	$ -	$ 32,386	$ (27,614)
Interest income	100	1,000	900	1,223	223
Total local sources	60,100	61,000	900	33,609	(27,391)
State sources					
Grants	905,234	905,234	-	252,175	(653,059)
Total state sources	905,234	905,234	-	252,175	(653,059)
Total revenues	965,334	966,234	900	285,784	(680,450)
Expenditures					
Current:					
Administrative	168,660	223,900	(55,240)	207,106	16,794
Marketing and public relations	831,340	777,000	54,340	325,041	451,959
Capital projects	-	-	-	3,597	(3,597)
Total expenditures	1,000,000	1,000,900	(900)	535,744	465,156
Net change in fund balance	$ (34,666)	$ (34,666)	$ -	(249,960)	$ (215,294)
Fund balance at beginning of year				497,992	
Fund balance at end of year				$ 248,032	

Notes to RSI:

1. The General Fund's budget was adopted on a basis consistent with GAAP. The budget was amended in June 2026. Administrative expenditures were increased in the final budget because JADA paid out compensated absences that were earned in prior years.

2. The following actual results varied significantly from the final budget:
   a. State grant revenue was less than budgeted because it is dependent on the timing of grant-funded projects. Also, $219,252 of fiscal year 2026 grant revenue was received in fiscal year 2027.
   b. Marketing and public relations expenditures were less than budgeted primarily because of the delay of the Route 53 transportation study.

General Fund
Schedule of Expenditures
Year Ended June 30, 2026

Expenditures	
Current:	
Administrative	
Consultant	
Legal	$ 29,951
Engineering	8,040
Total consultant	37,991
Contractual	
Audit fees	13,166
Total contractual	13,166
Fringe benefits	
FICA	8,431
Medicare	1,972
JADA - benefit	15,474
Total fringe benefits	25,877
Other expense	
Phones	1,527
Rent	2,102
Subscriptions/ads/notices	2,309
Dues/registrations	1,095
Miscellaneous	194
Total other expense	7,227
Personnel	
Director - salary	43,480
Admin - salary	36,947
Pay-out of compensated absences	41,459
Total personnel	121,886
Supplies	
Office	155
Total supplies	155
Travel	
Meals	804
Total travel	804
Total administrative	207,106
Marketing and public relations	
Web site development and maintenance	26,837
Regional mobility and river studies	68,703
Marketing and public relations	207,847
Joliet Arsenal exhibit and video	11,654
Comprehensive planning	10,000
Total marketing and public relations	325,041
Capital projects	
Construction	
Gatehouse reconstruction	3,597
Total construction	3,597
Total capital projects	3,597
Total expenditures	$ 535,744