

STAN FELLER, CPA

Accountant - Tax Consultant

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(217) 351-3192 (fax 351-4135)

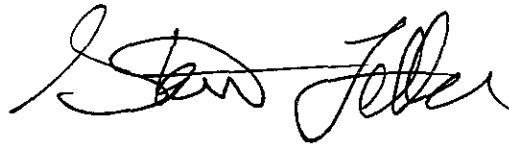
Comptroller, State of Illinois
Local Government Department
100 West Randolph Street, Suite 15-500
Chicago, IL 60601-3252

I have audited the financial statements of the funds and account groups of the Village of Homer, Illinois, for the year ended April 30, 2007 and issued my report thereon dated July 18, 2007.

This supplemental report attached to this letter, and prepared from the audited financial statements, a copy of which is enclosed, is intended solely for filing with the State of Illinois Comptroller's Office and is not intended for any other purpose.

The statements in this report are in the format prescribed by the Comptroller's Office, and consequently are not intended to and do not present financial position, results of operations, or changes in financial position in accordance with generally accepted accounting principles.

Champaign, Illinois
July 18, 2007



FILED

AUG 21 2007

Mark Sheldon
CHAMPAIGN COUNTY CLERK

FY 2007 Annual Financial Report

Multi-Purpose Long Form

CC Copy - 7/19/2007 7:20:05PM

FILED

AUG 21 2007

Mark Sheldon
 CHAMPAIGN COUNTY CLERK
 County: CHAMPAIGN

DO NOT SEND THIS PAPER COPY - THIS IS YOUR COPY.

MAKE SURE YOU HAVE CLICKED THE SUBMIT BUTTON IN THE COMPTROLLER CONNECT PROGRAM. THIS WILL PROVIDE THE COMPTROLLER'S OFFICE WITH A COPY OF YOUR ANNUAL FINANCIAL REPORT.

Unit Name: Homer Village

Unit Code: 010/040/32

I attest that, to the best of my knowledge, this report represents a complete and accurate statement of the financial position of Homer Village as of the end of this fiscal year

Cindy Pruitt

Written signature of government official
 Cindy Pruitt, Treasurer
 Please Sign

8/12/07
 Date

PLEASE CROSS OUT ALL INCORRECT INFORMATION AND PROVIDE CORRECTIONS

STEP 1: ENTER CONTACT INFORMATION

Is the following information correct and complete?

Yes No

A. Contact Person (elected or appointed official responsible for filling out this form):		B. Chief Executive Officer (elected or appointed official responsible for the executive administration, i.e. mayor, supervisor, or chairman):		C. Chief Financial Officer (elected or appointed official responsible for maintaining the government's financial records):	
Cindy	Pruitt	David	Lucas	Cindy	Pruitt
Treasurer		President		Treasurer	
500 E Second St.		500 E SECOND ST		500 E SECOND ST	
Homer		Homer		Homer	
IL		IL		IL	
61849		61849		61849	
Phone: 2178962521		Phone 2178962521		Phone 2178962521	
Fax 2178962559		Fax: 2178962559		Fax 2178962559	
E-mail		E-mail		E-mail	

If the Chief Executive Officer and the Chief Financial Officer are the same person as the Contact Person, please check this box and skip to Step 2. If not, please do not leave columns B and C blank.

Unit Name: Homer Village

Unit Code Number: 010/040/32

► **STEP 2: VERIFY FISCAL YEAR END**

FY END DATE: 04/30/2007

If the fiscal year end date, listed above, is incorrect, cross out the incorrect date and provide the correct date. Official documentation of this change must be sent to the Chicago office before the fiscal year end date is officially changed.

► **STEP 3: GASB 34, ACCOUNTING SYSTEM, DEBT, UTILITY, HOME RULE AND TIF**

A. Has your government implemented GASB34 in FY 2007 reporting or in previous reporting years? X Yes No

- If Yes:
- o Governments who have implemented GASB 34 and are using "other basis of accounting" (OCBOA) such as "Cash Basis" and "Modified Cash Basis" as their accounting system will now be able to select these types as their accounting system.
 - o Please fill out the Alternative Assets & Liabilities page, located on page FI(b)

B. Which type of accounting system does Homer Village use

Cash - with no assets (Cash Basis) Modified Accrual/Accrual
 X Cash - with assets (Modified Cash Basis) Combination (explain)

C. Does the government have debt this reporting fiscal year? X Yes No

D. If "Yes", indicate the type(s) of debt.

X G.O. Bonds X Revenue Bonds
 Alternate Revenue Bonds Contractual Commitments
 Other

E. Does Homer Village own a public utility company? X Yes No

F. Is Homer Village a home rule unit? Yes X No

G. Does Homer Village have a Tax Increment Finance(TIF) district? X Yes No

Unit Name: Homer Village

Unit Code Number: 010/040/32

► **STEP 4: POPULATION, EAV AND EMPLOYEES**

^What is the total population of Homer Village?	1,200
What is the total EAV of Homer Village?	\$ 10,034,781
*How many full time employees are paid?	3
*How many part time employees are paid?	20
What is the total salary paid to all employees?	\$ 132,519

^Or provide estimated population

*Do not include contractual employees

► **STEPS 5 AND 6: COMPONENT UNITS AND APPROPRIATIONS**

Provide the appropriation for the primary government listed in the first row of the table below

In the remaining rows, provide the names of all component units along with their appropriations. Indicate if the component units are blended or discretely presented, its fiscal year end date and if the component unit was funded with governmental fund types or enterprise fund types. If the component units are already indicated, that data is based on forms submitted last year. If you have more component units than the rows provided below, please indicate them on an attachment.

If you need assistance with the terms indicated below, refer to the *Chart of Accounts and Definitions* and the *How to Fill Out An AFR* documents.

Name of Unit/Component	Appropriation	Type of Component Unit	FISCAL YEAR END	Enterprise Fund Type or Governmental Fund Type
<u>FUNDS SHOULD NOT BE LISTED HERE</u>				
Homer Village	\$1,446,330		04/30	
Total Appropriations	\$1,446,330			

Unit Name: Homer Village

Unit Code Number: 010/040/32

► **STEP 7: AUDITS**

Provide CPA's information if Homer Village is required to submit an audit to the Office of the Comptroller

Firm Name:	STAN FELLER
CPA's first name:	STAN
CPA's last name:	FELLER
CPA's Title:	CPA
Address:	806 PARKLAND CT
City:	CHAMPAIGN
State:	IL
ZIP:	61821
Phone:	2173513192
Fax:	2173514135
Email:	sfeller@aol.com
State Registration Number:	065-0009488

► **STEP 8: OTHER GOVERNMENTS**

Indicate any payments Homer Village made to other governments for services or programs (include programs performed on a reimbursement cost-sharing basis or federal payroll taxes).

Intergovernmental agreements - indicate how much was paid	0
Federal government payroll taxes	10,237
All other intergovernmental payments	0

Unit Name: Homer Village

Unit Code Number: 010/040/32

► **STEP 9: FUND LISTING & ACCOUNT GROUPS**

A. List all funds and how much was spent in FY2007 for each fund. Also, indicate the Fund Type (Fund Types are at the top of each column beginning on page H). If any fund names appear below, the data is based on forms submitted last year. Please make all necessary corrections. If you have more fund names than the rows provided below, please indicate them on an attachment.

Fund Name	Expenditure	Fund Type	FY End
CDAP Fund	155,253	Special Revenue Fund	04/30
General Fund Fund	884,170	General Fund	04/30
Library Fund	27,163	Special Revenue Fund	04/30
MFT Fund	27,212	Special Revenue Fund	04/30
Police Fund	90,865	Special Revenue Fund	04/30
Recreation Fund	3,469	Special Revenue Fund	04/30
TIF Fund	12,460	Special Revenue Fund	04/30
Water Fund	102,961	Enterprise Fund	04/30
Total Expenditures	1,303,553		

B. Does Homer Village have assets or liabilities that should be recorded as a part of Account Group? See Chart of Accounts and Definitions and the How to Fill Out An AFR documents for more information about Account Groups.

Yes No

Unit Name: Homer Village

Unit Code Number: 010/040/32

▶ **STEP 10: GOVERNMENTAL ENTITIES**

List of governmental entities that are part of or related to the primary government Exclude component units detailed in Steps 5 & 6. Most small governments do not have governmental entities.

Entity Name	Relationship

▶ **STEP 11: REPORTING**

Check any state or local entity where financial reports are filed.

STATE AGENCIES	
<input type="checkbox"/> - Board of Education	<input type="checkbox"/> - Board of Higher Education
<input type="checkbox"/> - DCCA	<input type="checkbox"/> - Department of Insurance
OTHER STATE OR LOCAL OFFICES	
<input checked="" type="checkbox"/> - Illinois Comptroller	<input type="checkbox"/> - Secretary of State
<input type="checkbox"/> - General Assembly - House	<input type="checkbox"/> - General Assembly - Senate
<input checked="" type="checkbox"/> - County Clerk	<input type="checkbox"/> - Circuit Clerk
<input type="checkbox"/> - Governor's Office	<input type="checkbox"/> - Other - _____

Assets

Code	Enter all Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
Current Assets		Report In Whole Numbers			
101t	Cash and Cash Equivalent	491,718	90,921	0	0
102t	Investments	0	0	0	0
115t	Receivables	0	0	0	0
109t	Inventories	0	0	0	0
112t	Other Assets (Explain)	0	0	0	0
Non-Current Assets		Report In Whole Numbers			
116t	Capital Assets/Net of Accumulated Depreciation	906,197	1,571,634	0	0
117t	Other Capital Assets	0	0	0	0
120t	TOTAL ASSETS	1,397,915	1,662,555	0	0

Liabilities

Code	Enter all Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
Current Liabilities		Report In Whole Numbers			
122t	All Payables	5,085	0	0	0
132t	Deferred Revenues	0	0	0	0
128t	Other Liabilities (Explain)	0	0	0	0
Non-Current/Long-Term Liabilities		Report In Whole Numbers			
129t	Due Within One Year	20,000	25,000	0	0
130t	Due Beyond One Year	660,000	559,245	0	0
131t	Other Non-Current/Long Term Liabilities	0	0	0	0
135t	TOTAL LIABILITIES	685,085	584,245	0	0

Net Assets

Code	Enter all Amounts in Whole Numbers	Governmental Activity	Business-Like Activity	Fiduciary	Discretely Presented Component Units
143t	Investments in Capital Assets/Net of Related Debt	226,197	987,389	0	0
148t	Net Assets - Restricted	0	0	0	0
149t	Net Assets - Unrestricted	486,633	90,921	0	0
146t	TOTAL NET ASSETS	712,830	1,078,310	0	0
147t	TOTAL LIABILITIES & NET ASSETS	1,397,915	1,662,555	0	0

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Revenues and Receipts

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Local Taxes		Report In Whole Numbers							
201t	Property Tax	75,779	99,142	0	0	0	0	0	0
202t	Local Sales Tax	0	0	0	0	0	0	0	0
203t	Utilities Tax	32,290	0	0	0	0	0	0	0
203a	Electric Utilities	0	0	0	0	0	0	0	0
203b	Water Utilities	0	0	0	0	0	0	0	0
203c	Communications Utilities	32,290	0	0	0	0	0	0	0
203d	Other Utilities Tax (Explain)	0	0	0	0	0	0	0	0
204t	Other Taxes (Explain)	0	0	0	0	0	0	0	0

Intergovernmental Receipts & State or Federal Grants

211t	State Income Tax	99,997	0	0	0	0	0	0	0
212t	State Sales Tax	70,261	0	0	0	0	0	0	0
213t	State Motor Fuel Tax	0	34,717	0	0	0	0	0	0
214t	State Replacement Tax	3,543	0	0	0	0	0	0	0
205t	State Gaming Tax(es)	0	0	0	0	0	0	0	0
215t	Other State Sources (Explain)	3,000	157,522	0	0	0	0	0	0
215a	General Support	0	0	0	0	0	0	0	0
215b	Public Welfare	0	0	0	0	0	0	0	0
215c	Health and/or Hospitals	0	0	0	0	0	0	0	0
215d	Streets and Highways	0	0	0	0	0	0	0	0
215e	Culture and Recreation	0	0	0	0	0	0	0	0
215f	Housing and Community Dev	0	0	0	0	0	0	0	0
215g	Water Supply System	0	157,522	0	0	0	0	0	0
215h	Electric/Gas Power System	0	0	0	0	0	0	0	0
215i	Mass Transit	0	0	0	0	0	0	0	0
215j	Other (Explain)	3,000	0	0	0	0	0	0	0
225t	Federal Sources	0	0	0	0	0	0	0	0
225a	General Support	0	0	0	0	0	0	0	0
225b	Public Welfare	0	0	0	0	0	0	0	0
225c	Health and/or Hospitals	0	0	0	0	0	0	0	0
225d	Streets and Highways	0	0	0	0	0	0	0	0
225e	Culture and Recreation	0	0	0	0	0	0	0	0
225f	Housing and Community Dev	0	0	0	0	0	0	0	0
225g	Water Supply System	0	0	0	0	0	0	0	0

REVENUES AND RECEIPTS

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
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Intergovernmental Receipts & State or Federal Grants

225h	Electric/Gas Power System	0	0	0	0	0	0	0	0
225i	Mass Transit	0	0	0	0	0	0	0	0
225j	Other (Explain)	0	0	0	0	0	0	0	0
226t	Other Intergovernmental (Explain)	0	0	0	0	0	0	0	0

Other Sources

231t	Licenses and Permits	1,760	0	0	0	0	0	0	0
233t	Fines and Forfeitures	0	14,134	0	0	0	0	0	0
234t	Charges for Services	0	9,411	0	0	121,910	0	0	0
234a	Water Utilities	0	0	0	0	121,910	0	0	0
234b	Gas Utilities	0	0	0	0	0	0	0	0
234c	Electric Utilities	0	0	0	0	0	0	0	0
234d	Transit Utilities	0	0	0	0	0	0	0	0
234e	Sewer Utilities	0	0	0	0	0	0	0	0
234f	Refuse and Disposal Charges	0	0	0	0	0	0	0	0
234g	Parking	0	0	0	0	0	0	0	0
234h	Housing	0	0	0	0	0	0	0	0
234i	Highway or Bridge Tolls	0	0	0	0	0	0	0	0
234j	Culture and Recreation	0	9,411	0	0	0	0	0	0
234k	Other (Explain)	0	0	0	0	0	0	0	0
235t	Interest	5,584	17,249	0	0	2,498	0	0	0
236t	Miscellaneous (Explain)	24,393	913	0	0	0	0	0	0
240t	Total Receipts and Revenue	316,607	333,088	0	0	124,408	0	0	0

Disbursements, Expenditures and Expenses

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Report In Whole Numbers									
251t	General Government	61,086	0	0	0	0	0	0	0
251a	Financial Administration	61,086	0	0	0	0	0	0	0
251b	General Administrative Buildings	0	0	0	0	0	0	0	0
251c	Central Administration	0	0	0	0	0	0	0	0
251d	Other (Explain)	0	0	0	0	0	0	0	0
252t	Public Safety	0	77,437	0	0	0	0	0	0
252a	Police	0	77,437	0	0	0	0	0	0
252b	Fire	0	0	0	0	0	0	0	0
252c	Regulation - Building Inspection	0	0	0	0	0	0	0	0
252d	Other (Explain)	0	0	0	0	0	0	0	0
253t	Corrections	0	0	0	0	0	0	0	0
254t	Judiciary and Legal	0	0	0	0	0	0	0	0
255t	Transportation and Public Works	130,192	39,672	0	0	0	0	0	0
255a	Streets and Highways	130,192	39,672	0	0	0	0	0	0
255b	Airports	0	0	0	0	0	0	0	0
255c	Parking Meters	0	0	0	0	0	0	0	0
255d	Parking Facilities	0	0	0	0	0	0	0	0
255e	Other (Explain)	0	0	0	0	0	0	0	0
256t	Social Services	0	0	0	0	0	0	0	0
256a	Welfare	0	0	0	0	0	0	0	0
256b	Health (Other than hospitals)	0	0	0	0	0	0	0	0
256c	Hospital Operations	0	0	0	0	0	0	0	0
256d	Cemeteries	0	0	0	0	0	0	0	0
256e	Other (Explain)	0	0	0	0	0	0	0	0
257t	Culture and Recreation	5,010	30,632	0	0	0	0	0	0
257a	Library	0	30,632	0	0	0	0	0	0
257b	Parks	5,010	0	0	0	0	0	0	0
257c	Other (Explain)	0	0	0	0	0	0	0	0
258t	Housing	0	0	0	0	0	0	0	0
275t	Environment	0	0	0	0	0	0	0	0
275a	Sewage	0	0	0	0	0	0	0	0

Disbursements, Expenditures and Expenses

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Report In Whole Numbers									
275b	Solid Waste Management	0	0	0	0	0	0	0	0
275c	Other (Explain)	0	0	0	0	0	0	0	0
259t	Debt	0	20,000	0	0	0	0	0	0
259a	Interest	0	0	0	0	0	0	0	0
259b	Principal	0	20,000	0	0	0	0	0	0
271t	Public Utility Company	0	0	0	0	102,961	0	0	0
271a	Water	0	0	0	0	102,961	0	0	0
271b	Electric	0	0	0	0	0	0	0	0
271c	Transit	0	0	0	0	0	0	0	0
271d	Other (Explain)	0	0	0	0	0	0	0	0
272t	Depreciation	0	0	0	0	0	0	0	0
280t	Capital Outlay	687,882	168,681	0	0	48,347	0	0	0
260t	Other Expenditures (Explain)	0	0	0	0	0	0	0	0
270t	Total Expenditures/Expense	884,170	336,422	0	0	151,308	0	0	0

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Office of the Comptroller, Daniel W. Hynes
 FY 2007 AFR
 Multi-Purpose Form

Fund Balances and Other Financing Sources (Uses)

Code	Enter all Amounts in Whole Numbers	General	Special Revenue	Capital Projects	Debt Service	Enterprise	Internal Service	Fiduciary	Discretely Presented Component Units
Report in Whole Numbers									
301t	Excess of receipts/revenues over (under) expenditures/expenses (240t-270t)	-567,563	-3,334	0	0	-26,900	0	0	0
302t	Operating transfers in	0	36,000	0	0	0	0	0	0
303t	Operating transfers out	-36,000	0	0	0	0	0	0	0
304t	Bond proceeds	680,000	0	0	0	0	0	0	0
305t	Other (Explain)	0	0	0	0	0	0	0	0
306t	Net increase(decrease) in fund balance (301t + 302t - 303t + 304t + 305t)	76,437	32,666	0	0	-26,900	0	0	0
307t	Previous year fund balance	41,985	315,545	0	0	942,260	0	0	0
308t	Other (Explain)	0	20,000	0	0	-824,439	0	0	0
310t	Current Year Ending Fund Balance (306t + 307t + 308t)	118,422	368,211	0	0	90,921	0	0	0

Statement of Indebtedness

Debt Instruments for All Funds	Code	Outstanding Beginning of Year	Code	Issued Current Fiscal Year	Code	Retired Current Fiscal Year	Code	Outstanding End of Year
Report in Whole Numbers								
General Obligation Bonds	400	0	406	680,000	412	0	418	680,000
Water	400a	0	406a	0	412a	0	418a	0
Electric	400b	0	406b	0	412b	0	418b	0
Transportation	400c	0	406c	0	412c	0	418c	0
Housing	400d	0	406d	0	412d	0	418d	0
Other (Explain)	400e	0	406e	680,000	412e	0	418e	680,000
Revenue Bonds	401	584,245	407	0	413	0	419	584,245
Water	401a	584,245	407a	0	413a	0	419a	584,245
Electric	401b	0	407b	0	413b	0	419b	0
Transportation	401c	0	407c	0	413c	0	419c	0
Housing	401d	0	407d	0	413d	0	419d	0
Other (Explain)	401e	0	407e	0	413e	0	419e	0
Alternate Revenue Bonds	402	0	408	0	414	0	420	0
Contractual Commitments	403	0	409	0	415	0	421	0
Other (Explain)	404	22,000	410	0	416	22,000	422	0
Total Debt	405	606,245	411	680,000	417	22,000	423	1,264,245

Explanation or Comments

308t \$822,170 WAS DEDUCTED FROM WATER FUND BALANCE TO CONVERT TO BACK TO CASH BASIS
 \$20,000 was added back to special revenue fund to convert
 back to cash basis for this report

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Office of the Comptroller, Daniel W. Hynes
 FY 2007 AFR
 Multi-Purpose Form

*** Homer Village Capital Outlay**

Code	Function	These are not funds	
		Construction	Land, Structures, and Equipment
601t	General Government	0	687,882
602t	Law Enforcement	0	0
603t	Corrections	0	0
604t	Fire	0	0
605t	Sewerage	0	0
606t	Sanitation and Wastewater	0	0
607t	Parks and Recreation	0	0
608t	Housing and Community Development	0	0
609t	Highways, Roads and Bridges	0	0
610t	Parking Facilities	0	0
611t	Welfare	0	0
612t	Hospital	0	0
613t	Water	0	205,869
614t	Nursing Homes	0	0
615t	Conservation and Natural Resources	0	0
616t	Libraries	0	0
617t	Other	0	0

*This page should only be filled out if you have spent funds for capital projects or development.

*The Capital outlay page is requested by the U.S. Census Bureau and is considered optional by the State Comptroller.

*If you complete this page you WILL NOT have to complete the Survey of Government Finances from the U.S. Census Bureau.

*If you do NOT complete this page the U.S. Census Bureau will contact you for further information.

FILED

JUL 24 2007

2007-2008
Village of Homer
Champaign County, Illinois
Estimate of Revenues

Mark Sheldon
CHAMPAIGN COUNTY CLERK

GENERAL FUND – REVENUES	AMOUNT
General Property Tax	\$24,000.00
Audit – Property Tax Levy	\$3,945.30
Liability Insurance – Property Tax Levy	\$18,742.80
Workman’s Compensation – Property Tax Levy	\$4,437.60
Social Security – Property Tax Levy	\$15,690.00
Streets and Bridges	\$13,000.00
State Replacement Tax	\$2,200.00
State Sales Tax	\$68,000.00
State Income Tax	\$75,000.00
Zoning and Building Permits	\$200.00
Interest	\$4,500.00
Rental of Property	\$1,000.00
Cilco Franchise	\$1,700.00
Other Income	\$250.00
Cable Franchise	\$5,000.00
Telephone Franchise	\$1,200.00
Rock Hauling	\$100.00
Liquor Licenses	<u>\$1,400.00</u>
Total General Fund Revenues:	\$240,365.70

WATER DEPARTMENT REVENUES	
Water Sales	\$140,000.00
Fire Hydrant Rental	\$300.00
Hook-up Fees	\$1,000.00
Water Deposits	\$500.00
Interest	\$1,000.00
Wabash Well Sales	\$2,000.00
Wabash Keys	\$50.00
Miscellaneous	<u>100.00</u>
Total Water Department Revenues	\$144,950.00

MOTOR FUEL TAX FUND REVENUES

Interest	\$6,000.00
Motor Fuel Tax Revenues	<u>\$33,000.00</u>
Total Motor Fuel Revenues	\$39,000.00

POLICE FUND REVENUES

Real Estate Tax	\$40,000.00
Fines	<u>\$15,300.00</u>
Total Police Fund Revenues	\$55,300.00

RECREATION BOARD REVENUES

Property Taxes	\$6,000.00
Donations, July 4 th	<u>\$500.00</u>
Total Recreation Board Revenues	\$6,500.00

LIBRARY FUND REVENUES

Property Tax	\$14,000.00
Grants	\$1,500.00
Other Income	<u>\$7,000.00</u>
Total Library Fund Revenues	\$23,250.00

TAX INCREMENT FUND (TIF) REVENUES

Property Tax	\$44,800.00
Sale of Property	<u>\$5,000.00</u>
Total Tax Increment Fund Revenues	\$49,800.00

TOTAL ESTIMATED REVENUES \$559,165.70

The undersigned, Cynthia Pruitt, certifies that she is the Village Treasurer for the Village of Homer, Illinois, as she has personally assisted the Village Clerk and the Village Board of Trustees with the 2007-2008 Budget and Appropriation Ordinance and that these two pages represent the expected revenues for the Village of Homer, Illinois, as taken from the Municipal Budget of the Village of Homer, Illinois, omitting funds transfers, and represents the Village's Estimate of Revenues for the 2007-2008 Fiscal Year, May 1, 2007 to April 30, 2008.

Dated: July 9, 2007


Cynthia Pruitt, Village Treasurer

FILED

AUG 21 2007

Mark Sheldon
CHAMPAIGN COUNTY CLERK

Village of Homer

Homer, Illinois

ANNUAL FINANCIAL REPORT

For the Year Ended

April 30, 2007

Stan Feller, CPA
806 Parkland Ct. Suite 1
Champaign, IL 61821
217-351-3192

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STAN FELLER, CPA

Accountant - Tax Consultant
806 Parkland Ct. Suite 1 - Champaign, Illinois 61821
(217) 351-3192 (fax 351-4135)

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Village of Homer

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Homer, Illinois, as of and for the year ended April 30, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

As described in Note 1, the Village prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Village has not presented The Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Homer, as of April 30, 2007, and the respective changes in financial position – modified cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, I have also issued my report dated July 18, 2007, on my consideration of the Village's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The supplementary information is presented for purposes of additional analysis and are not required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Village. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1.

Champaign, Illinois
July 19, 2007

Stan Feller, CPA

VILLAGE OF HOMER

STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

April 30, 2007

	Governmental Activities	Business -Type Activities	Totals
<u>Assets</u>			
Cash	\$491,718	\$90,921	\$582,639
Receivable - other			
Capital assets net of accumulated depreciation	<u>906,197</u>	<u>1,571,634</u>	<u>2,477,831</u>
Total Assets	<u>1,397,915</u>	<u>1,662,555</u>	<u>3,060,470</u>
<u>Liabilities</u>			
Accrued liability	5,085		5,085
Loan - short term	20,000	25,000	45,000
Loan - long term	<u>660,000</u>	<u>559,245</u>	<u>1,219,245</u>
Total Liabilities	<u>685,085</u>	<u>584,245</u>	<u>1,269,330</u>
<u>Net assets</u>			
Invested in capital assets, net of related debt	226,197	987,389	1,213,586
Restricted			
Unrestricted	486,633	90,921	577,554
Total net assets	<u>\$712,830</u>	<u>\$1,078,310</u>	<u>\$1,791,140</u>

These financial statements should be read only in connection
with the accompanying notes to financial statements

VILLAGE OF HOMER
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
Year Ended April 30, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and changes in Net Assets		
	Expenses	Charges for Services	Operating	Capital	Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Grants and Contributions			
Primary Government:							
<i>Governmental activities:</i>							
General government	\$61,086	\$0	\$3,000	\$0	(58,086)	\$0	(\$58,086)
Public works & transportation	182,292	0	0	0	(182,292)	0	(182,292)
CDAP grant fund	155,253	0	0	155,253	0	0	0
Public safety	90,865	0	0	0	(90,865)	0	(90,865)
Culture & recreation	35,642	9,411	2,269	0	(23,962)	0	(23,962)
Total governmental activities	525,138	9,411	5,269	155,253	(355,205)	0	(355,205)
<i>Business-type activity</i>							
Water	143,611	121,910	0	155,253	0	133,552	133,552
Total primary government	\$204,697	\$121,910	\$3,000	\$155,253	(355,205)	133,552	(221,653)
General revenues:							
<i>Taxes</i>							
Property taxes					174,921	0	174,921
State income taxes					99,997	0	99,997
State replacement taxes					3,543	0	3,543
Sales tax					70,261	0	70,261
State motor fuel tax					34,717	0	34,717
Other state sources					0	0	0
License & permits					1,760	0	1,760
Franchise taxes					32,290	0	32,290
Fines					14,134	0	14,134
Investment income					22,833	2,498	25,331
Other					25,306	0	25,306
Transfers - Internal activity					0	0	0
Total general revenues and transfers					479,762	2,498	482,260
Change in net assets							
					124,557	136,050	260,607
Net assets - beginning							
					588,273	942,260	1,530,533
Net assets - ending							
					\$712,830	\$1,078,310	\$1,791,140

These financial statements should be read only in connection
with the accompanying notes to financial statements

VILLAGE OF HOMER

BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
April 30, 2007

<u>Assets</u>	General Funds	Other Governmental Funds	Total Governmental Funds
Cash	\$123,507	\$368,211	\$491,718
Total Assets	<u>\$123,507</u>	<u>\$368,211</u>	<u>\$491,718</u>
<u>Liabilities</u>			
Loan Homer Bank	0	0	0
Payroll taxes withholding	5,085	0	5,085
Total Liabilities	<u>5,085</u>	<u>0</u>	<u>5,085</u>
<u>Fund Balances</u>			
Unreserved	118,422		118,422
Reserved			
Unreserved, reported in nonmajor special revenue funds		368,211	368,211
Total Fund Balances	<u>118,422</u>	<u>368,211</u>	<u>486,633</u>
Total Liabilities and Fund Balances	<u>\$123,507</u>	<u>\$368,211</u>	

Reconciliation to Statement of Net Assets:

Amounts reported for governmental activities in the statement of net assets are different because.

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

906,197

Capital debt obligations

(680,000)

Net Assets of governmental activities

\$712,830

These financial statements should be read only in connection
with the accompanying notes to financial statements

VILLAGE OF HOMER
Statement of Revenues, Expenditures, Changes in Fund Balances
Modified Cash Basis
GOVERNMENTAL FUND
Year Ended April 30, 2007

<u>Revenues.</u>	General Fund	Other Governmental Funds	Totals Governmental Funds
Property taxes	\$75,779	\$99,142	\$174,921
State income tax	99,997	0	99,997
State replacement tax	3,543	0	3,543
Sales tax	70,261	0	70,261
State motor fuel tax	0	34,717	34,717
Other state sources	0	0	0
Licenses and permits	1,760	0	1,760
Franchise, telecomm and utility tax	32,290	0	32,290
Fines	0	14,134	14,134
Programs/library activity/donations	0	9,411	9,411
Grant	3,000	157,522	160,522
Interest	5,584	17,249	22,833
Other	24,393	913	25,306
Total Revenues	316,607	333,088	649,695
<u>Expenditures</u>			
General government	61,086	0	61,086
Public works & transportation	130,192	39,672	169,864
Public safety	0	77,437	77,437
Culture and recreation	5,010	30,632	35,642
Social services	0	0	0
Capital expenditures	687,882	168,681	856,563
Total Expenditures Disbursed	884,170	316,422	1,200,592
Excess (deficiency) of revenues over expenditures paid	(567,563)	16,666	(550,897)
Other financing sources (uses)			
Transfers in	0	36,000	36,000
Transfers (out)	(36,000)	0	(36,000)
GO Bond issue	680,000	0	680,000
Total other financing sources (uses)	644,000	36,000	680,000
Net change in fund balances	76,437	52,666	129,103
<i>Fund balances - beginning</i>	<u>41,985</u>	<u>315,545</u>	<u>357,530</u>
Fund balances - ending	<u>\$118,422</u>	<u>\$368,211</u>	<u>\$486,633</u>

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds \$129,103

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expenses to allocate those expenditures over the life of the assets

Capital asset purchases capitalized	687,882
Issuance of GO Bonds	(680,000)
Depreciation expense	(12,428)

Change in Net Assets of Governmental Activities \$124,557

These financial statements should be read only in connection
with the accompanying notes to financial statements

VILLAGE OF HOMER
Statement of Net Assets - Modified Cash Basis
PROPRIETARY - WATER FUND
April 30, 2007

<u>Assets</u>	
Current assets	
Cash	\$90,921
Total current assets	90,921
Noncurrent assets	
capital assets, net of accumulated depreciation	1,571,634
Total noncurrent assets	1,571,634
Total assets	1,662,555
<u>Liabilities</u>	
Current liabilities	
Payable	0
Notes payable - short term	25,000
Total current liabilities	25,000
Noncurrent liabilities	
Notes payable - long term	559,245
Total noncurrent liabilities	559,245
Total liabilities	584,245
<u>Net assets</u>	
Invested in in capital assets, net of related debt	987,389
Restricted for debt service	0
Unrestricted	90,921
Total net assets	\$1,078,310

These financial statements should be read only in connection
with the accompanying notes to financial statements.

VILLAGE OF HOMER
Statement of Revenues, Expenses,
and Changes in Fund Net Assets - Modified Cash Basis
Proprietary - WATER FUND
Year Ended April 30, 2007

OPERATING REVENUES

Water sales	\$121,810
Other income	100
	<hr/>
Total operating revenue received	121,910

OPERATING EXPENSES DISBURSED

Personnel services	16,326
Contractual services	46,200
Supplies and materials	40,435
Depreciation	40,650
	<hr/>

Total operating expenses	<hr/> 143,611
--------------------------	---------------

Operating income (loss)	(21,701)
-------------------------	----------

Nonoperating revenue - interest income	<hr/> 2,498
--	-------------

<u>Net income (loss) before transfers, contributions</u>	(19,203)
--	----------

Transfers in - CDAP expenditures	155,253
	<hr/>

Change in net assets	136,050
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Total net assets - beginning	<hr/> 942,260
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Total net assets - ending	<hr/> <u>\$1,078,310</u>
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These financial statements should be read only in connection
with the accompanying notes to financial statements

VILLAGE OF HOMER
Statement of Cash Flows - Modified Cash Basis
Proprietary - WATER FUND
Year Ended April 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$121,910
Payments to suppliers	(86,635)
Payments to employees	(16,326)
Net Cash Provided by Operating Activities	<u>18,949</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Transfers to other funds	0
Transfers from other funds	0
Net cash Provided by Noncapital Financing Activities	<u>0</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Loan, net	0
Purchases of capital assets	(50,616)
Principal paid on capital debt	0
Interest paid on capital debt	0
Change in accruals	0
General fund repaid loan	0
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(50,616)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest	2,498
Net cash Provided by Investing Activities	<u>2,498</u>

Net Increase in Cash and Cash Equivalents (29,169)

Cash:

Beginning	120,090
Ending	<u>\$90,921</u>

Reconciliation of operating income(loss) to net cash provided by operating activities:

Operating income(loss)	(\$21,701)
Adjustments to reconcile operating income to net cash provided used by operating activities.	
Depreciation expense	40,650
Change in assets and liabilities:	
Due from other governments	
Refundable deposits	
Miscellaneous non-operating receipts	
Net cash provided by operating activities	<u>\$18,949</u>

These financial statements should be read only in connection
with the accompanying notes to financial statements

VILLAGE OF HOMER
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 1. Summary of Significant Accounting Policies

As discussed further in Note 1.C these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the governmental wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

1.A. Financial Reporting Entity

In reporting the financial reporting entity, the Village complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

The Village of Homer operates as a non-home rule unit and provides the following services: water and general administrative services.

The Village, for financial purposes, includes all of the funds and account groups relevant to the operations of the Village. The financial statements presented do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Village.

No separately administered organizations are included in the financial statements of the Village. Control or dependence is determined on the basis of budget-adoption, taxing authority, funding and appointment of the respective governing board.

There are no blended component units.

1.B. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The Statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Village presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village. The General Fund meets that criteria.

VILLAGE OF HOMER
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 1. Summary of Significant Accounting Policies – continued

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund: The General Fund is the general operating fund of the Village and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Village. The Village reports all the special revenue funds as Nonmajor funds.

Capital Project Funds: Capital project funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The Village does not have any capital project funds.

Proprietary Funds

Enterprise Fund: Enterprise funds comprise those operations which are financed and operated in a manner similar to private business enterprises; where the intent is that the costs of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges. The Enterprise fund includes all funds established for the operation, maintenance, replacement, and improvement, financing and repayment of debt of the Village water operation. The Water Fund is shown as a major fund.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item b below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

VILLAGE OF HOMER
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 1. Summary of Significant Accounting Policies – continued

- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental, business-like, and component unit activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements, proprietary fund statements, and the similar discretely presented component unit statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the Village utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

1. D. ASSETS, LIABILITIES, AND EQUITY

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

INVESTMENTS

Investments classified in the financial statements consist entirely of a small investment account in a brokerage account. Investments are carried at cost, which approximates fair value.

CAPITAL ASSETS

The Village’s modified cash basis of accounting reports capital assets resulting form cash transactions and reports depreciation where appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

VILLAGE OF HOMER
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 1. Summary of Significant Accounting Policies – continued

Government-Wide Statements

In the government – wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to May 1, 2004. Prior to May 1, 2004, governmental funds' infrastructure assets were not capitalized. Infrastructure assets acquired since May 1, 2004 are recorded at cost.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5000 is used to report equipment and \$25,000 for buildings and infrastructure. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements other than building	10-25 years
Machinery, furniture, and equipment	3-20 years
Utility property and improvements	10-50 years
Infrastructure	25-50 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

LONG-TERM DEBT

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

EQUITY CLASSIFICATION

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt-Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

VILLAGE OF HOMER
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 1. Summary of Significant Accounting Policies – continued

- b. Restricted net assets-Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets-All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

It is the Village’s policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity or from parties outside the Village’s taxpayers are reported as program revenues.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Property taxes are levied by the County in December and attach as an enforceable lien on property as of the proceeding January 1. The date the levy was adopted by the Village for the taxes received this year was December 12, 2005. The County collects the Village’s property taxes in two installments. The bills were sent in May 2006. The County collected the taxes and mailed to the Village their money in seven distribution checks, with the final payment in November 2006.

No fund balance is reserved due to a special restricted tax levy.

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

UNPAID VACATION AND SICK PAY

There was no accumulated unpaid vacation or sick pay.

1.F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

In the process of aggregating the financial information for the government-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

VILLAGE OF HOMER
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

NOTE 1. Summary of Significant Accounting Policies – continued

FUND FINANCIAL STATEMENTS

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans-Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services-Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements-Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers-Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances-Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, *except for the net residual amounts due between governmental and business-type activities which are reported as Internal Balances.*
2. Internal activities-Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.
3. Primary government and component unit activity and balances-Non to report.

1.G. USE OF ESTIMATES

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the Village requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the Village and its component units are subject to various federal, state, and local laws and contractual regulations.

2.A. UNINSURED AND UNCOLLATERALIZED DEPOSITS

In accordance with State law, all uninsured deposits of municipal funds, in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit.

VILLAGE OF HOMER
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

2.B. BUDGETARY COMPLIANCE

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. Revenues and Expenditures are reported when they result from cash transactions.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, other services and charges, supplies, capital outlay, transfers, debt service. Expenditures may not exceed appropriations at this level. The Village follows these procedures in establishing data reflected in the financial statements: 1.) The Treasurer prepares a preliminary budget based on input from village officers and from historical data. 2.) The preliminary budget is then presented to the full Village Board for approval. 3.) After the preliminary budget has been made available to the public for the required amount of time, the Village Board formally adopts the final budget accordance with Chapter 24, para. 8-2-9 of the Illinois Revised Statutes. All budgeted funds are budgeted on the cash basis of accounting. The budget was approved at the July 10, 2006 board meeting. The supplemental Appropriation Ordinance was passed April 9, 2007. The appropriation budget lapses at the end of each fiscal year.

The Village does not use encumbrances.

For the year ended April 30, 2007, there was no budgetary noncompliance to report.

NOTE 3. DETAIL NOTES – TRANSACTIONS CLASSES/ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3.A. CASH AND INVESTMENTS

CUSTODIAL CREDIT RISK-DEPOSITS

The table presented below is designed to disclose the level of custodial credit risk assumed by the Village based upon how its deposits were insured or secured with collateral at April 30, 2007. The categories of custodial credit risk are defined as follows:

Category 1 – Insured by Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the village or by its agent in its name

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Village's name

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the Village's name; or properly collateralized with no written and approved collateral agreement.

VILLAGE OF HOMER
NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

3.A. CASH AND INVESTMENTS – continued

Type of Deposits	Total Bank	Custody Credit Risk Category			Total Carrying Value
	Balance	1	2	3	
Insured deposits	156,122	156,122			
Uninsured deposits:					
Collateralized	444,345		444,345		
Uncollateralized					
Total Deposits	<u>\$600,467</u>	<u>\$156,122</u>	<u>\$444,345</u>	<u>\$0</u>	\$582,639
Petty cash					0
					<u>\$582,639</u>

Reconciliation to Government-Wide Statement of Net Assets:

	Cash and cash equivalents	\$582,639
	Investments	0
		<u>\$582,639</u>
Less:	Investments in mutual funds recorded as cash and cash equivalents	0
		<u>\$582,639</u>

Investments and custodial Credit Risk

Investments are limited by State law.

During the year ended April 30, 2007, the Village's investments consisted mainly of checking and savings accounts at the Local Bank and with the Illinois Funds in Springfield, Illinois.

3.B. RESTRICTED ASSETS

No restricted assets are reported

VILLAGE OF HOMER
NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

3. C. CAPITAL ASSETS

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended April 30, 2007, was as follows:

	Balance at May 1, 2006	Additions	Deductions	Balance at April 30, 2007
Government activities:				
Capital assets not being depreciated.				
Land	74,000	0	0	
Construction-in-progress	0			0
Total capital assets not being depreciated:	<u>74,000</u>	<u>0</u>	<u>0</u>	<u>74,000</u>
Other capital assets:				
Buildings	144,500	687,882		832,382
Other improvements	0			0
Machinery and equipment	161,027			
Infrastructure				0
Total other capital assets at historical cost	<u>305,527</u>	<u>687,882</u>	<u>0</u>	<u>993,409</u>
Less accumulated depreciation for:				
Buildings	77,564	3,188		80,752
Other improvements				
Machinery and equipment	71,220	9,240		80,460
Infrastructure				0
Total accumulated depreciation	<u>148,784</u>	<u>12,428</u>	<u>0</u>	<u>161,212</u>
Other capital assets, net	<u>156,743</u>	<u>675,454</u>	<u>0</u>	<u>832,197</u>
Governmental activities capital assets, net	<u>230,743</u>	<u>675,454</u>	<u>0</u>	<u>906,197</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	21,000	0	0	21,000
Construction-in-progress				
Total capital assets not being depreciated:	<u>21,000</u>	<u>0</u>	<u>0</u>	<u>21,000</u>
Other capital assets:				
Buildings	23,000			23,000
Utility property and improvements	2,048,552	205,869		2,254,421
Total other capital assets at historical cost	<u>2,071,552</u>	<u>205,869</u>	<u>0</u>	<u>2,277,421</u>
Less accumulated depreciation for:				
Buildings	9,725	575		10,300
Utility property and improvements	676,412	40,075		716,487
Total accumulated depreciation	<u>686,137</u>	<u>40,650</u>	<u>0</u>	<u>726,787</u>
Other capital assets, net	<u>1,385,415</u>	<u>165,219</u>	<u>0</u>	<u>1,550,634</u>
Business-type activities capital assets, net	<u>1,406,415</u>	<u>165,219</u>	<u>0</u>	<u>1,571,634</u>

Primary government depreciation of \$12,428 was allocated to the street department.

VILLAGE OF HOMER
NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

3.D. LONG-TERM DEBT

At April 30, 2006, the water fund has \$ 584,245 in long term debt borrowed from the Illinois Environmental Protection Agency. The total loan approved was in the amount of \$647,622. The water construction project was still in progress at the end of the year. Once the project is complete, and the total draws are final, the loan will start to be amortized. The term of the loan is for 20 years at an annual fixed rate of 2.5% payable semi-annually. The following is what is needed to amortize the full amount of the loan over the next 20 years.

Pmt #	Payment	Interest	Principle	Balance
				647,622.00
1	20,673.01	8,095.28	12,577.74	635,044.27
2	20,673.01	7,938.05	12,734.96	622,309.31
3	20,673.01	7,778.87	12,894.14	609,415.16
4	20,673.01	7,617.69	13,055.32	596,359.84
5	20,673.01	7,454.50	13,218.51	583,141.33
6	20,673.01	7,289.27	13,383.74	569,757.59
7	20,673.01	7,121.97	13,551.04	556,206.55
8	20,673.01	6,952.58	13,720.43	542,486.12
9	20,673.01	6,781.08	13,891.93	528,594.19
10	20,673.01	6,607.43	14,065.58	514,528.60
11	20,673.01	6,431.61	14,241.40	500,287.20
12	20,673.01	6,253.59	14,419.42	485,867.78
13	20,673.01	6,073.35	14,599.66	471,268.12
14	20,673.01	5,890.85	14,782.16	456,485.96
15	20,673.01	5,706.07	14,966.94	441,519.03
16	20,673.01	5,518.99	15,154.02	426,365.00
17	20,673.01	5,329.56	15,343.45	411,021.56
18	20,673.01	5,137.77	15,535.24	395,486.32
19	20,673.01	4,943.58	15,729.43	379,756.88
20	20,673.01	4,746.96	15,926.05	363,830.84
21	20,673.01	4,547.89	16,125.12	347,705.71
22	20,673.01	4,346.32	16,326.69	331,379.02
23	20,673.01	4,142.24	16,530.77	314,848.25
24	20,673.01	3,935.60	16,737.41	298,110.84
25	20,673.01	3,726.39	16,946.62	281,164.22
26	20,673.01	3,514.55	17,158.46	264,005.76
27	20,673.01	3,300.07	17,372.94	246,632.82
28	20,673.01	3,082.91	17,590.10	229,042.72
29	20,673.01	2,863.03	17,809.98	211,232.75
30	20,673.01	2,640.41	18,032.60	193,200.15
31	20,673.01	2,415.00	18,258.01	174,942.14
32	20,673.01	2,186.78	18,486.23	156,455.91
33	20,673.01	1,955.70	18,717.31	137,738.59
34	20,673.01	1,721.73	18,951.28	118,787.32
35	20,673.01	1,484.84	19,188.17	99,599.15
36	20,673.01	1,244.99	19,428.02	80,171.13
37	20,673.01	1,002.14	19,670.87	60,500.26
38	20,673.01	756.25	19,916.76	40,583.50
39	20,673.01	507.29	20,165.72	20,417.78
40	20,673.01	255.22	20,417.79	0.00

VILLAGE OF HOMER
NOTES TO FINANCIAL STATEMENTS
 April 30, 2007

3.D. LONG-TERM DEBT – continued

During the current year, the Village purchased a building to be used as the new village hall. To finance the project, the village borrowed \$680,000 from the United States Department of Agriculture through their Community Facility Loan Program. The Village issued \$680,000 in General Obligation (Limited Tax) Debt Certificates purchased by the United States Department of Agriculture. The term is for 20 years, with an interest rate of 4.125%.

DEBT SERVICE REQUIREMENTS TO MATURITY

<u>Date</u>	<u>Payment Amount</u>	<u>Interest</u>	<u>Principle</u>	<u>Balance</u>
				680,000
5/1/2007	28,607	8,607	20,000	660,000
11/15/2007	13,613	13,613	0	660,000
5/15/2008	33,613	13,613	20,000	640,000
11/15/2008	13,200	13,200	0	640,000
5/15/2009	33,200	13,200	20,000	620,000
11/15/2009	12,788	12,788	0	620,000
5/15/2010	32,788	12,788	20,000	600,000
11/15/2010	12,375	12,375	0	600,000
5/15/2011	32,375	12,375	20,000	580,000
11/15/2011	11,963	11,963	0	580,000
5/15/2012	41,963	11,963	30,000	550,000
11/15/2012	11,344	11,344	0	550,000
5/15/2013	41,344	11,344	30,000	520,000
11/15/2013	10,725	10,725	0	520,000
5/15/2014	40,725	10,725	30,000	490,000
11/15/2014	10,106	10,106	0	490,000
5/15/2015	40,106	10,106	30,000	460,000
11/15/2015	9,488	9,488	0	460,000
5/15/2016	39,488	9,488	30,000	430,000
11/15/2016	8,869	8,869	0	430,000
5/15/2017	38,869	8,869	30,000	400,000
11/15/2017	8,250	8,250	0	400,000
5/15/2018	38,250	8,250	30,000	370,000
11/15/2018	7,631	7,631	0	370,000
5/15/2019	47,631	7,631	40,000	330,000
11/15/2019	6,806	6,806	0	330,000
5/15/2020	46,806	6,806	40,000	290,000
11/15/2020	5,981	5,981	0	290,000
5/15/2021	45,981	5,981	40,000	250,000
11/15/2021	5,156	5,156	0	250,000
5/15/2022	45,156	5,156	40,000	210,000
11/15/2022	4,331	4,331	0	210,000
5/15/2023	54,331	4,331	50,000	160,000
11/15/2023	3,300	3,300	0	160,000
5/15/2024	53,300	3,300	50,000	110,000
11/15/2024	2,269	2,269	0	110,000
5/15/2025	52,269	2,269	50,000	60,000
11/15/2025	1,238	1,238	0	60,000
5/15/2026	61,238	1,238	60,000	0
	1,007,470	327,470	680,000	

VILLAGE OF HOMER
NOTES TO FINANCIAL STATEMENTS
April 30, 2007

3.E. INTERFUND TRANSFERS AND BALANCES

INTERFUND BALANCES

None to report

DEFICIT FUND BALANCES

None to report

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

There are no employee pension or benefit plans

4.B. RISK MANAGMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village is a member of the Illinois Municipal League Risk Management Association with approximately 580 members throughout the State. The Village pays an annual contribution to the Association to purchase workmen's compensation, liability insurance and general insurance to handle these risks of loss. The Village's contributions are calculated in accordance with the loss experience of the Village, and the needs of the Association including total losses and expenditures of the Self-Insured Retention Fund of the Association. The Association can assess additional contributions from the Village based on the Associations losses. During the current fiscal year there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

4.C. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The Village is not reporting any commitments.

CONTINGENCIES

The Village is not aware of any litigation or other contingencies, which might have a material adverse affect on the Village's financial position.

VILLAGE OF HOMER
 Budgetary Comparison - Modified Cash Basis
 Statement of Revenues, Expenditures, and Changes in Fund Balance
 GENERAL FUND
 Year Ended April 30, 2007

	<u>Budgeted Amounts</u>		Actual <u>Amounts</u>
	<u>Original</u>	<u>Final</u>	
Revenues			
Property taxes			\$67,762
Road & bridge tax levy			8,017
State sales tax			70,261
State income tax			99,997
Personal property replacement tax			3,543
Zoning, liquor & building permits			1,760
Franchise fees			8,586
Telecommunications, utility taxes			23,704
Wireless grant			3,000
Miscellaneous			1,566
Donation			19,827
TIF loan repaid			3,000
Interest income			5,584
Total Revenues			<u>316,607</u>
Expenditures			
General Government:			
Village hall wages, taxes, benefits	39,400	39,400	26,841
Office commodities/services	7,200	7,200	4,405
Legal costs/Audit Services	10,500	13,500	12,070
Insurance	17,000	17,000	17,770
Total General Government	<u>74,100</u>	<u>77,100</u>	<u>61,086</u>
Public works/transportation			
Street salaries, taxes	55,900	55,900	49,773
Unemployment/health insurance	20,000	20,000	12,736
Supplies	1,750	1,750	239
Maintenance of village meeting hall	7,000	7,000	5,499
Maintenance of sidewalks	750	750	60
Maintenance of village streets & storm drains	3,500	3,500	3,054
Maintenance village park	3,500	3,500	3,545
Vehicle repair	3,000	3,000	455
Fuel	6,000	6,000	2,660
Utilities & street lights	26,000	26,000	31,296
Equipment	10,500	14,500	11,997
ESDA	4,470	4,470	1,843
Recycling program	3,000	3,000	3,300
Uniforms, other	7,750	7,750	3,735
Purchase Village hall	0	688,000	687,882
Total public works/transportation	<u>153,120</u>	<u>845,120</u>	<u>818,074</u>
Public relations/donations	0	6,000	5,010
Total Expenditures Disbursed	<u>227,220</u>	<u>928,220</u>	<u>884,170</u>
Excess (deficiency) revenues over expenditures			(567,563)
Disbursed before other financing sources(uses)			
Other sources(uses)			
Transfers in			0
Transfers (out)			(36,000)
GO Bond issue			680,000
Net change in fund balance			<u>76,437</u>
Beginning Fund Balance			<u>41,985</u>
Ending Fund Balance			<u>\$118,422</u>

Notes to Budgetary Comparison Schedule

The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. Revenue and expenditures are reported when they result from cash transactions. See notes to basic financial statements for greater detail of budget process.

VILLAGE OF HOMER
Combining Balance Sheet - Modified Cash Basis
NONMAJOR GOVERNMENTAL FUNDS
Arising From Cash Transactions
April 30, 2007

ASSETS	SPECIAL REVENUE FUNDS						Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	Police Protection Fund	Library Fund	CDAP Grant	Recreation Fund	TIF Fund	
Cash	\$147,033	\$4,265	\$194,547	\$13	\$7,033	\$15,320	\$368,211
Investments							
Due from other funds							
Total Assets	<u>147,033</u>	<u>4,265</u>	<u>194,547</u>	<u>13</u>	<u>7,033</u>	<u>15,320</u>	<u>368,211</u>
Loan Homer Bank Due to general fund							
Total liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance Unreserved	<u>147,033</u>	<u>4,265</u>	<u>194,547</u>	<u>13</u>	<u>7,033</u>	<u>15,320</u>	<u>368,211</u>
Total Fund Balance	<u>147,033</u>	<u>4,265</u>	<u>194,547</u>	<u>13</u>	<u>7,033</u>	<u>15,320</u>	<u>368,211</u>
Total Liabilities and Fund Balance	<u>\$147,033</u>	<u>\$4,265</u>	<u>\$194,547</u>	<u>\$13</u>	<u>\$7,033</u>	<u>\$15,320</u>	<u>\$368,211</u>

These financial statements should be read only in connection
with the accompanying notes to financial statements

VILLAGE OF HOMER
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis
NONMAJOR GOVERNMENTAL FUNDS
Year Ended April 30, 2007

Revenues	SPECIAL REVENUE FUNDS						Total Nonmajor Governmental Funds
	Motor Fuel Tax Fund	Police Protection Fund	Library Fund	CDAP Grant	Recreation Fund	TIF Fund	
Property tax	\$0	\$35,492	\$13,149		\$5,690	\$44,811	\$99,142
Motor Fuel Tax Allotment	34,717	0	0	0	0	0	34,717
Fines	0	14,134	0	0	0	0	14,134
Interest/dividends/cap gains	6,742	64	10,434	0	1	8	17,249
Programs Activity/Donations	0	0	8,145	0	1,266	0	9,411
Grant	0	0	2,269	155,253	0	0	157,522
Bank loan	0	0	0	0	0	0	0
Other	0	900	0	13	0	0	913
Total revenues	41,459	50,590	33,997	155,266	6,957	44,819	333,088
Expenditures							
General government	0	0	0	0	0	0	0
Public works and transportation	27,212	0	0	0	0	12,460	39,672
Public safety	0	77,437	0	0	0	0	77,437
Culture and recreation	0	0	27,163	0	3,469	0	30,632
Social services	0	0	0	0	0	0	0
Capital expenditures	0	13,428	0	155,253	0	0	168,681
Total expenditures disbursed	27,212	90,865	27,163	155,253	3,469	12,460	316,422
Excess (deficiency) of revenue over expenditures	14,247	(40,275)	6,834	13	3,488	32,359	16,666
Other financing sources (uses) Transfer In (Out)	0	36,000	0	0	0	0	36,000
Net change in fund balance	14,247	(4,275)	6,834	13	3,488	32,359	52,666
Fund balance - beginning	132,786	8,540	187,713	0	3,545	(17,039)	315,545
Fund balance - ending	\$147,033	\$4,265	\$194,547	\$13	\$7,033	\$15,320	\$368,211

These financial statements should be read only in connection
with the accompanying notes to financial statements

VILLAGE OF HOMER
 Budgetary Comparison Schedule - Modified Cash Basis
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS
 Year Ended April 30, 2007

SPECIAL REVENUE FUNDS

	Motor Fuel Tax Fund			Police Protection Fund			Library Fund			CDAP Grant			Recreation Fund			TIFF Fund		
	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts	Budgeted Amounts		Actual Amounts
	Original	Final		Original	Final		Original	Final		Original	Final		Original	Final		Original	Final	
Revenues																		
Property taxes			\$0			\$35,492			\$13,149			\$0			\$5,690			\$44,811
Intergovernmental:																		
Motor fuel tax			34,717			0			0			0			0			0
Utility tax			0			0			0			0			0			0
Total Intergovernmental			34,717			0			0			0			0			0
Fines			0			14,134			0			0			0			0
Program Income			0			0			8,145			0			1,266			0
Grant			0			0			0			155,253			0			0
Interest/dividends/cap gains			6,742			64			10,434			0			1			8
Other			0			900			2,269			13			0			0
Total Revenues			41,459			50,590			33,997			155,266			6,957			44,819
Expenditures																		
General government	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Public works & transportation	80,000	80,000	27,212	0	0	0	0	0	0	0	0	0	0	0	0	30,000	30,000	12,460
Public safety	0	0	0	122,050	122,050	77,437	0	0	0	0	0	0	0	0	0	0	0	0
Culture & recreation	0	0	0	0	0	0	20,710	20,710	27,163	0	0	0	8,100	8,100	3,469	0	0	0
Social services	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital expenditures	0	0	0	0	0	13,428	0	0	0	155,253	155,253	155,253	0	0	0	0	0	0
Total Expenditures	80,000	80,000	27,212	122,050	122,050	90,865	20,710	20,710	27,163	155,253	155,253	155,253	8,100	8,100	3,469	30,000	30,000	12,460
Excess (deficiency) of revenues over expenditures			14,247			(40,275)	(20,710)	(20,710)	6,834			13			3,488			32,359
Other financing sources (uses)																		
Transfers in (out)			0			36,000			0			0			0			0
Net change in fund balances			14,247			(4,275)			6,834			13			3,488			32,359
Beginning Budgetary Fund Balance			132,786			8,540			187,713			0			3,545			(17,039)
Ending Budgetary Fund Balance			\$147,033			\$4,265			\$194,547			\$13			\$7,033			\$15,320

Notes to Budgetary comparison Schedule
 The budget is prepared on the same modified cash basis of accounting as applied to the governmental funds in the basic financial statements. Revenue and expenditures are reported when they result from cash transactions. See notes to basic financial statements for greater detail of budget process.

STAN FELLER, CPA

Accountant - Tax Consultant

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REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Village of Homer
Homer, Illinois

I have audited the financial statements of the Village as of and for the year ended April 30, 2007, and have issued my report thereon dated July 18, 2007. I conducted My audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, I considered the Village's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, I do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain matters that we reported to management of the Village in a separate letter dated July 18, 2007.

This report is intended solely for the information and use of the audit committee, management, the Village Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Champaign, Illinois
July 18, 2007

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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Village of Homer
Homer, Illinois

Compliance

I have audited the compliance of Village of HOMER, Illinois, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended April 30, 2007. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Village's management. My responsibility is to express an opinion on the Village's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Village's compliance with those requirements

In my opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 2007.

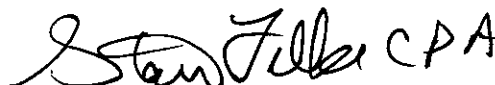
Internal Control Over Compliance

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, Village Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Champaign, Illinois
July 18, 2007



VILLAGE OF HOMER
Schedule of Findings and Questioned Costs
April 30, 2007

Summary of Auditor's Results

The auditor's report expresses an unqualified opinion on the financial statements of the Village.

No control deficiencies were reported.

No instances of noncompliance material to the financial statements of the Village were disclosed during the audit.

No reportable condition in internal control over major federal award programs was noted during the audit.

The auditor's report on compliance for the major federal award programs for the Village expresses an unqualified opinion on all major federal programs.

Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.

The program tested as a major program was "Community Facility Loan Program" CFDA # 10.766.

The threshold for distinguishing Types A and B programs was \$500,000.00.

The Village was determined to be a low-risk auditee.

Findings - Financial Statements Audit

No findings

VILLAGE OF HOMER
 Schedule of Expenditures of Federal Awards
 Notes to Schedule of Federal Awards
 April 30, 2007

Federal Grantor Pass Through Grantor Program Title	Federal CFDA	Pass-Through Grantors Number	Current Year Expenditures
United States Department of Agriculture Rural Development Community Facility Loan Program	10.766		680,000
Illinois CDAP grant#0324277 - Water & Sewer Design			155,253
			<u>835,253</u>

Note A - Basis of Presentation

The schedule of expenditures of federal awards is presented on the modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.