

Financial Statements

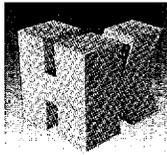
***Scenic Valley Area VIII
Agency on Aging***

June 30, 2004 and 2003

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Honkamp Krueger & Co., PC.
*Certified Public Accountants
& Business Consultants*

Independent Auditor's Report

To the Board of Directors
Scenic Valley Area VIII Agency on Aging
Dubuque, Iowa

We have audited the accompanying statements of financial position of Scenic Valley Area VIII Agency on Aging (a non-profit organization) as of June 30, 2004 and 2003, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Scenic Valley Area VIII Agency on Aging's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, 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 we 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scenic Valley Area VIII Agency on Aging as of June 30, 2004 and 2003, and the changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 1, 2004, on our consideration of Scenic Valley Area VIII Agency on Aging's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Scenic Valley Area VIII Agency on Aging taken as a whole. The supplemental information included on pages 13 through 15, is presented for the purpose of additional analysis and is not a 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 (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Harvey Granger & Co.

Dubuque, Iowa
September 1, 2004

**Scenic Valley Area VIII Agency on Aging
Statements of Financial Position
June 30, 2004 and 2003**

<i>ASSETS</i>	<u>2004</u>	<u>2003</u>
Current Assets		
Cash in Bank	\$ 286,720	\$ 327,490
Certificates of Deposit	257,645	344,165
Accounts Receivable	18,663	17,978
Grants Receivable	53,662	8,662
Interest Receivable	844	2,004
Prepaid Expenses	5,586	5,381
Total Current Assets	<u>623,120</u>	<u>705,680</u>
Property and Equipment, at Cost		
Equipment	289,634	259,174
Less: Accumulated Depreciation	<u>182,884</u>	<u>173,560</u>
Property and Equipment, Net	<u>106,750</u>	<u>85,614</u>
Total Assets	<u>\$ 729,870</u>	<u>\$ 791,294</u>
 <i>LIABILITIES AND NET ASSETS</i>		
Current Liabilities		
Accounts Payable	\$ 124,752	\$ 110,757
Accrued Payroll	10,409	7,685
Accrued Vacation	15,921	17,454
Accrued Pension	25,385	21,950
Other Accrued Expenses	7,422	6,367
Refundable Advances	5,045	118,672
Total Current Liabilities	<u>188,934</u>	<u>282,885</u>
Net Assets		
Unrestricted	351,620	256,199
Temporarily Restricted	<u>189,316</u>	<u>252,210</u>
Total Net Assets	<u>540,936</u>	<u>508,409</u>
Total Liabilities and Net Assets	<u>\$ 729,870</u>	<u>\$ 791,294</u>

See Notes to Financial Statements

Scenic Valley Area VIII Agency on Aging
Statements of Activities
For the Years Ended June 30, 2004 and 2003

2004

	Unrestricted	Temporarily Restricted	
SUPPORT AND REVENUE	Operations	Operations	Total
Federal Grants	\$ -	\$ 720,264	\$ 720,264
State of Iowa Grants	-	393,588	393,588
Dubuque Racing Association Grant	-	11,200	11,200
City of Dubuque Grant	-	20,500	20,500
Waiver Home Delivered Meals	-	73,522	73,522
County Supervisor	-	12,150	12,150
Contributions	-	347,269	347,269
Donations	5,542	834	6,376
Interest Income	10,857	-	10,857
Other Revenue	15,787	13,924	29,711
In Kind	-	8,493	8,493
Net Assets Released From Restrictions Due to Satisfaction of Program Restrictions	1,664,638	(1,664,638)	-
Total Support and Revenue	1,696,824	(62,894)	1,633,930
 EXPENSES			
Program:			
Area Plan Administration	\$ 75,289	\$ -	\$ 75,289
Social Services	720,599	-	720,599
Nutrition Services	805,515	-	805,515
Total Expenses	1,601,403	-	1,601,403
Change in Net Assets	95,421	(62,894)	32,527
Net Assets, Beginning of Year	256,199	252,210	508,409
Net Assets, End of Year	\$ 351,620	\$ 189,316	\$ 540,936

2003

Unrestricted	Temporarily Restricted	
Operations	Operations	Total
\$ -	\$ 613,923	\$ 613,923
-	375,079	375,079
-	12,000	12,000
-	20,000	20,000
-	76,670	76,670
-	12,150	12,150
-	350,432	350,432
3,840	2,334	6,174
17,653	-	17,653
22,298	19,446	41,744
-	9,456	9,456
1,631,977	(1,631,977)	-
1,675,768	(140,487)	1,535,281
\$ 74,530	\$ -	\$ 74,530
740,256	-	740,256
796,091	-	796,091
1,610,877	-	1,610,877
64,891	(140,487)	(75,596)
191,308	392,697	584,005
\$ 256,199	\$ 252,210	\$ 508,409

See Notes to Financial Statements

**Scenic Valley Area VIII Agency on Aging
Statements of Functional Expenses
For the Years Ended June 30, 2004 and 2003**

2004

	Area Plan Administration	Social Services	Nutrition Services	Total
Salaries and Related Expenses:				
Salaries	\$ 48,472	\$ 225,094	\$ 52,970	\$ 326,536
Fringe Benefits	13,438	62,385	14,673	90,496
Total Salaries and Related Expenses	<u>61,910</u>	<u>287,479</u>	<u>67,643</u>	<u>417,032</u>
Operating Expenses:				
Utilities	-	565	-	565
Telephone	210	4,811	448	5,469
Rent	1,416	12,268	2,045	15,729
Insurance	604	5,748	872	7,224
Postage	305	3,388	452	4,145
Dues and Publications	1,666	1,023	345	3,034
Printing	-	2,282	590	2,872
Advertising and Promotion	7	3,343	108	3,458
Supplies	368	3,734	3,869	7,971
Audit	527	4,563	761	5,851
Maintenance and Repair	275	3,004	12,342	15,621
Travel	2,571	9,310	2,034	13,915
Subcontracted Services	-	339,179	702,231	1,041,410
Workshops/Training	137	1,310	1,067	2,514
Profit Sharing	3,768	17,499	4,118	25,385
In Kind Expense	-	8,493	-	8,493
Miscellaneous	296	1,947	4,814	7,057
Total Operating Expenses	<u>12,150</u>	<u>422,467</u>	<u>736,096</u>	<u>1,170,713</u>
Total Expenses before Depreciation	<u>74,060</u>	<u>709,946</u>	<u>803,739</u>	<u>1,587,745</u>
Depreciation	<u>1,229</u>	<u>10,653</u>	<u>1,776</u>	<u>13,658</u>
Total Expenses	<u>\$ 75,289</u>	<u>\$ 720,599</u>	<u>\$ 805,515</u>	<u>\$ 1,601,403</u>

2003

<u>Area Plan Administration</u>	<u>Social Services</u>	<u>Nutrition Services</u>	<u>Total</u>
\$ 49,219	\$ 241,024	\$ 36,330	\$ 326,573
<u>12,139</u>	<u>59,408</u>	<u>8,948</u>	<u>80,495</u>
<u>61,358</u>	<u>300,432</u>	<u>45,278</u>	<u>407,068</u>
-	687	-	687
243	5,167	505	5,915
1,379	11,801	2,146	15,326
593	5,732	922	7,247
336	3,953	522	4,811
1,252	7,139	203	8,594
27	4,003	345	4,375
-	2,861	247	3,108
320	3,545	8,362	12,227
509	4,351	791	5,651
141	2,221	16,171	18,533
3,631	8,849	661	13,141
-	341,177	706,269	1,047,446
85	2,690	59	2,834
3,308	14,125	2,442	19,875
-	9,456	-	9,456
<u>128</u>	<u>1,625</u>	<u>9,270</u>	<u>11,023</u>
<u>11,952</u>	<u>429,382</u>	<u>748,915</u>	<u>1,190,249</u>
<u>73,310</u>	<u>729,814</u>	<u>794,193</u>	<u>1,597,317</u>
<u>1,220</u>	<u>10,442</u>	<u>1,898</u>	<u>13,560</u>
<u>\$ 74,530</u>	<u>\$ 740,256</u>	<u>\$ 796,091</u>	<u>\$ 1,610,877</u>

See Notes to Financial Statements

**Scenic Valley Area VIII Agency on Aging
Statements of Cash Flows
For the Years Ended June 30, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 32,527	\$ (75,596)
Adjustments to Change in Net Assets to Cash Provided by Operating Activities:		
Depreciation	13,658	13,560
(Increase) Decrease in Current Assets:		
Accounts Receivable	(685)	458
Grants Receivable	(45,000)	49,219
Interest Receivable	1,160	758
Prepaid Expenses	(205)	(11)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	13,995	11,105
Accrued Payroll	2,724	(657)
Accrued Vacation	(1,533)	2,929
Accrued Pension	3,435	(590)
Other Accrued Expenses	1,055	(239)
Refundable Advances	<u>(113,627)</u>	<u>95,323</u>
Net Cash Provided (Used) by Operating Activities	<u>(92,496)</u>	<u>96,259</u>
Cash Flows From Investing Activities:		
Purchase of Property and Equipment	(34,794)	(4,798)
Proceeds From Maturity of Certificates of Deposit	198,130	232,510
Purchase of Certificates of Deposit	<u>(111,610)</u>	<u>(262,138)</u>
Net Cash Provided (Used) in Investing Activities	<u>51,726</u>	<u>(34,426)</u>
Net Increase (Decrease) in Cash	(40,770)	61,833
Cash, Beginning of Year	<u>327,490</u>	<u>265,657</u>
Cash, End of Year	<u>\$ 286,720</u>	<u>\$ 327,490</u>

See Notes to Financial Statements

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

NOTE 1. Nature of Business and Significant Accounting Policies

Scenic Valley Area VIII Agency on Aging was established in 1978, under provisions enacted by the United States Congress (The Older American's Act, Public Law 100-175), and the Iowa General Assembly (Code of Iowa, Chapter 249D). The Agency is responsible for planning, coordinating, and advocating for the development of a comprehensive service delivery system to meet the short and long-term needs of persons aged 60 and older in Delaware, Dubuque, and Jackson Counties. A significant portion of the funding received is dependent upon federal and state agencies.

The financial statements of the Agency have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

The significant accounting policies of the Agency are as follows:

Reporting Entity

The financial statements include all funds of the Agency. Accordingly, the criteria specified by the Governmental Accounting Standards Board have been applied in determining the scope of the reporting entity for financial reporting purposes. Specifically, those agencies, offices, organizations, commissions, and public authorities over which the Agency's elected officials exercise oversight responsibility are included in the financial statements. Manifestations of oversight responsibility over an entity include: 1) financial interdependency, 2) selection of governing authority, 3) designation of management, 4) ability to significantly influence operations, and 5) accountability for fiscal matters.

Basis of Presentation

The Agency accounts for its activities in accordance with the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations" (SFAS No. 117). Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Agency and/or the passage of time. The Agency had temporarily restricted net assets of \$189,316 and \$252,210 for the years ended June 30, 2004 and 2003, respectively.

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

NOTE 1. Nature of Business and Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that neither expire by passage of time, nor can be met by actions of the Agency. The Agency has no permanently restricted net assets for the years ended June 30, 2004 and 2003.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue when received.

The Agency reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of income as net assets released from restrictions.

The Agency reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

NOTE 1. Nature of Business and Significant Accounting Policies (Continued)

Revenue

The Agency receives substantially all of its grant revenue from Federal and State agencies. The Agency recognizes grant revenue (up to the grant ceiling) from its grants, either on a pro-rata basis over a 12-month period, which represents the service period for certain grants, or to the extent of expenses. Revenue recognition depends on the grant. Contributions are recognized as made and interest income is recognized when earned.

Any of the grant funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Agency with the terms of the grants.

Refundable Advances

The Agency records grant revenue as a refundable advance until it is expended for the purpose of the grant, at which time, it is recognized as revenue. The balance in refundable advances at June 30, 2004 and 2003 represents amounts received under grant contracts that will be expended in the next fiscal year in accordance with the grant period.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid debt securities purchased with an original maturity of three months or less when purchased to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost, if purchased, or at fair market value on the date received, if donated, less accumulated depreciation. Major expenditures for improvements (those greater than \$500) and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as paid. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Proceeds from the sale of property and equipment, if unrestricted, are transferred to the operating fund balances, or, if restricted, to deferred amounts restricted for property and equipment acquisitions. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. The estimated useful lives are as follows:

Equipment

5 – 20 Years

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

NOTE 1. Nature of Business and Significant Accounting Policies (Continued)

Income Taxes

The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$3,458 and \$3,108 for the years ended June 30, 2004 and 2003, respectively.

Accounts Receivable

The Agency considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

NOTE 2. Lease Commitments

The Agency leases its administrative offices under a non-cancelable operating lease which expires on June 30, 2005. The lease requires a base rental of \$760 plus additional amounts for utilities to be paid at the beginning of each month through February 28, 1999. Commencing March 1, 1999, and on the 1st day of March of each year thereafter, the rent increases by 3% of the prior year's base rent.

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

NOTE 2. Lease Commitments (Continued)

Future minimum lease payments required over the remainder of the lease are as follows:

<u>Years Ending June 30</u>	
2005	\$ <u>14,868</u>

Total rent expense for the years ended June 30, 2004 and 2003 was \$15,729 and \$15,326, respectively.

NOTE 3. Grants Receivable

Grants Receivable at June 30, 2004 and 2003 consist of the following:

Iowa Department of Elder Affairs:	<u>2004</u>	<u>2003</u>
Title III B	\$ 4,679	\$ ----
Title III C	15,573	----
Title III D	1,563	3,960
City of Dubuque	----	643
Iowa Assessments	4,059	4,059
United Way -- Delaware County	560	----
Seamless Grant	26,574	----
DHS	654	----
	<u>\$ 53,662</u>	<u>\$ 8,662</u>

NOTE 4. Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Agency's programs, principally in the nutrition program. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

NOTE 5. Revenue Sharing Plan

On July 1, 1993, the Agency established a Revenue Sharing Plan for all employees with one year of service who have attained the age of 21 and have at least 1,000 hours of service during the year. Contributions may be made annually at the discretion of the Board of Directors. Participants are 100% vested in the plan after their first qualifying year. Contributions accrued by the Agency for the years ended June 30, 2004 and 2003 were \$25,385 and \$21,950, respectively.

NOTE 6. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2004 and 2003 are available for the following programs:

	<u>2004</u>	<u>2003</u>
Nutrition Program	\$ <u>189,316</u>	\$ <u>252,210</u>

NOTE 7. Concentration of Risk

The Agency maintains cash balances at various banks that sometimes exceed amounts insured by the Federal Deposit Insurance Corporation. Management believes the credit risk related to the uninsured balance is minimal.

Supplementary Information

**Scenic Valley Area VIII Agency on Aging
Iowa Department of Elder Affairs Cost Sharing Report/
Audit Reconciliation Schedule
For the Year Ended June 30, 2004**

FUND SERVICE CATEGORY	Area Plan Budget	Beginning Balance	Total Receipts	Total Expenditures	Ending Balance
Iowa Dept. of Elder Affairs:					
AAA Administration	\$ 5,132	\$ -	\$ 5,132	\$ 5,132	\$ -
Elderly Services	23,054	-	23,054	23,054	-
Case Management	79,079	-	79,079	79,079	-
Senior Living Program	240,532	-	240,532	240,532	-
Senior Living Program Supplemental	17,340	-	17,340	17,340	-
RICEP	-	-	-	-	-
RSVP	4,619	-	4,619	4,619	-
CRC Coordinator	3,901	-	3,901	3,901	-
Older American Act:					
Title III B	202,804	24,938	152,465	182,082	(4,679)
Title III C-1	222,143	55,127	157,174	222,089	(9,788)
Title III C-2	88,783	22,504	60,928	89,217	(5,785)
Title III D Preventive Health	17,264	-	15,701	17,264	(1,563)
Title III E Caregiver Support	94,288	4,281	77,234	78,869	2,646
USDA Cash	96,517	-	91,062	91,062	-
DOL SCSEP	-	-	-	-	-
Title XIX Assessments	28,003	-	29,438	29,438	-
Other Funds:					
Federal (Non-IDEA)	-	-	-	-	-
Local Public Funds	12,150	-	32,650	32,650	-
Other Local Cash	99,482	194,350	100,587	38,125	256,812
Program Income:					
Title III B	20,600	4,494	16,120	19,295	1,319
Title III C-1	201,073	156,203	175,244	180,908	150,539
Title III C-2	178,492	73,792	165,407	219,382	19,817
Other	-	80	-	80	-
Total Cash	1,635,256	535,769	1,447,667	1,574,118	409,318
Non-Cash: In-Kind Matching	273,146	-	223,573	223,573	-
Total Per Cost Sharing Report	\$ <u>1,908,402</u>	\$ <u>535,769</u>	\$ 1,671,240	\$ 1,797,691	\$ <u>409,318</u>
Reconciling Items:					
Non-Cash Not on Books			(217,094)	(217,094)	
Title III B Receivable			4,679	-	
Title III C Receivable			15,574	-	
Title III E Receivable			-	-	
ORT Report			8,013	8,013	
Seamless Survey Grant			24,174	24,174	
Performance Survey Grant			1,600	1,600	
Title IIIB			24,938	-	
Title III C			77,631	-	
Title III D Preventative Health			1,563	-	
Title III E			4,281	-	
SIP Employment			8,154	8,154	
Title III E			(2,646)	-	
Depreciation Expense			-	13,658	
Purchase of Property			-	(34,794)	
Robert Wood Grant			11,823	-	
Rounding			-	1	
Total Per Audit Report			\$ <u>1,633,930</u>	\$ <u>1,601,403</u>	

(Continued)

**Scenic Valley Area VIII Agency on Aging
Iowa Department of Elder Affairs Cost Sharing Report/
Audit Reconciliation Schedule (Continued)
For the Year Ended June 30, 2004**

<i>FUND/SERVICE CATEGORY</i>	<u>Total</u>	<u>AAA Administration</u>	<u>Personal Care 1</u>	<u>Chore 03s</u>	<u>Delivered Meals</u>
Iowa Dept. of Elder Affairs:					
AAA Administration	\$ 5,132	\$ 5,132	\$ -	\$ -	\$ -
Elderly Services	23,054	-	-	-	-
Case Management	79,079	-	-	-	-
Senior Living Program	240,532	16,837	42,226	4,254	-
Senior Living Program Supplement	17,340	-	-	-	-
RICEP	-	-	-	-	-
RSVP	4,619	-	-	-	-
CRC Coordinator	3,901	-	-	-	-
Older American Act:					
Title III B	182,082	32,817	-	8,712	-
Title III C-1	222,089	-	-	-	-
Title III C-2	89,217	-	-	-	69,217
Title III D Preventive Health	17,264	-	-	-	-
Title III E Caregiver Support	78,869	8,331	7,808	-	-
USDA Cash	91,062	-	-	-	42,799
DOL SCSEP	-	-	-	-	-
Title XIX Assessments	29,438	-	-	-	-
Other Funds:					
Federal (Non-IDEA)	-	-	-	-	-
Local Public Funds	32,650	-	-	-	-
Other Local Cash	38,125	9,147	-	-	5,600
Program Income:					
Title III B	19,295	-	-	-	-
Title III C-1	180,908	-	-	-	-
Title III E Caregiver Support	-	-	-	-	-
Other Local Cash	80	-	80	-	-
Senior Living Program Contributions	-	-	-	-	-
Title III C-2	219,382	-	-	-	219,382
Total Cash	1,574,118	72,264	50,114	12,966	336,998
Non-Cash: In-Kind Matching	223,574	-	4,028	978	86,349
Total Per Cost Sharing Report	<u>\$ 1,797,692</u>	<u>\$ 72,264</u>	<u>\$ 54,142</u>	<u>\$ 13,944</u>	<u>\$ 423,347</u>

<u>Adult Daycare 5</u>	<u>Case Management 6</u>	<u>Congregate Meals 7</u>	<u>Transportation 10</u>	<u>Legal Assistance 11S</u>	<u>Outreach 14S</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	21,005
-	79,079	-	-	-	-
57,511	-	-	5,000	-	-
-	17,340	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	103,504	-	5,540	7,370	11,002
-	-	222,089	-	-	-
-	-	-	-	-	20,000
-	12,404	-	-	-	-
-	15,388	-	-	-	47,342
-	-	48,263	-	-	-
-	-	-	-	-	-
-	29,438	-	-	-	-
-	-	-	-	-	-
-	-	-	12,150	-	-
-	-	5,600	-	-	17,778
-	-	-	19,295	-	-
-	-	180,908	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>57,511</u>	<u>257,153</u>	<u>456,860</u>	<u>41,985</u>	<u>7,370</u>	<u>117,128</u>
<u>4,891</u>	<u>13,788</u>	<u>62,674</u>	<u>36,788</u>	<u>1,330</u>	<u>6,480</u>
<u>\$ 62,402</u>	<u>\$ 270,941</u>	<u>\$ 519,534</u>	<u>\$ 78,773</u>	<u>\$ 8,700</u>	<u>\$ 123,608</u>

(Continued)

**Scenic Valley Area VIII Agency on Aging
Iowa Department of Elder Affairs Cost Sharing Report/
Audit Reconciliation Schedule (Continued)
For the Year Ended June 30, 2004**

<i>FUND/SERVICE CATEGORY</i>	Medical Alert <u>B4</u>	Medical Management <u>B6</u>	Advocacy <u>C1</u>	RAC Coordination <u>C3</u>
Iowa Dept. of Elder Affairs:				
AAA Administration	\$ -	\$ -	\$ -	\$ -
Elderly Services	-	729	-	-
Case Management	-	-	-	-
Senior Living Program	56,223	-	-	-
RICEP	-	-	-	-
RSVP	-	-	-	-
CRC Coordinator	-	-	-	3,901
Older American Act:				
Title III B	-	-	3,254	9,388
Title III C-1	-	-	-	-
Title III C-2	-	-	-	-
Title III D Preventive Health	-	4,860	-	-
Title III E Caregiver Support	-	-	-	-
USDA Cash	-	-	-	-
DOL SCSEP	-	-	-	-
Title XIX Assessments	-	-	-	-
Other Funds:				
Federal (Non-IDEA)	-	-	-	-
Local Public Funds	-	-	-	-
Other Local Cash	-	-	-	-
Program Income:				
Title III B	-	-	-	-
Title III C-1	-	-	-	-
Title III E Caregiver Support	-	-	-	-
Senior Living Program Contributions	-	-	-	-
Title III C-2	-	-	-	-
Total Cash	<u>56,223</u>	<u>5,589</u>	<u>3,254</u>	<u>13,289</u>
Non-Cash: In-Kind Matching	<u>1,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Per Cost Sharing Report	<u>\$ 58,218</u>	<u>\$ 5,589</u>	<u>\$ 3,254</u>	<u>13,289</u>

**Scenic Valley Area VIII Agency on Aging
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2004**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>
Passed Through State of Iowa Department of Elder Affairs:		
U.S. Department of Health and Human Services:		
Title III B - Grants for Supportive Services and Senior Centers	93.044	\$ 182,081
Title III C - Nutrition Services - Congregate Meals and Home Delivered Meals	93.045	311,307
Title III D - Preventive Health	93.043	17,264
Title IV - Training, Research and Discretionary Projects	93.048	4,243
Title III E - Caregiver Support	93.052	78,869
Title XIX - Medical Assistance	93.778	29,438
Operation Restore Trust	93.779	6,000
Total Department of Health and Human Services		<u>629,202</u>
U.S. Department of Agriculture Nutrition Program for the Elderly (Cash and Commodities)	10.570	<u>91,062</u>
Total Federal Awards		<u>\$ 720,264</u>

Scenic Valley Area VIII Agency on Aging

Notes to Schedule of Expenditures of Federal Awards

NOTE 1. General

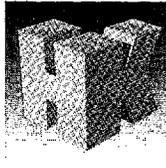
The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Scenic Valley Area VIII Agency on Aging. Scenic Valley Area VIII Agency on Aging is defined in Note 1 of the Agency's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies are included on the schedule.

NOTE 2. Basis of Accounting

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and in accordance with the same method of accounting used in the preparation of the financial statements.

NOTE 3. Risk-Based Audit Approach

The dollar threshold used to distinguish between Type A and Type B programs is \$300,000. The Agency does qualify as a low risk auditee.



Honkamp Krueger & Co., PC.
Certified Public Accountants
& Business Consultants

**Independent Auditor's Report on Compliance and
on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

To the Board of Directors
Scenic Valley Area VIII Agency on Aging
Dubuque, Iowa

We have audited the financial statements of Scenic Valley Area VIII Agency on Aging (a non-profit organization) as of and for the year ended June 30, 2004, and have issued our report thereon dated September 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Scenic Valley Area VIII Agency on Aging's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

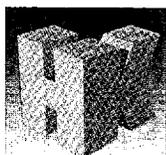
In planning and performing our audit, we considered Scenic Valley Area VIII Agency on Aging's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting

that might be material weaknesses. A material weakness is a 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization 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.

William S. ... & Co.

Dubuque, Iowa
September 1, 2004



Honkamp Krueger & Co., PC.
Certified Public Accountants
& Business Consultants

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

To the Board of Directors
Scenic Valley Area VIII Agency on Aging
Dubuque, Iowa

Compliance

We have audited the compliance of Scenic Valley Area VIII Agency on Aging (a non-profit organization) 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 its major federal program for the year ended June 30, 2004. Scenic Valley Area VIII Agency on Aging's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Scenic Valley Area VIII Agency on Aging's management. Our responsibility is to express an opinion on Scenic Valley Area VIII Agency on Aging's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; Chapter 11 of the Code of Iowa; 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 we 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 Scenic Valley Area VIII Agency on Aging's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Scenic Valley Area VIII Agency on Aging's compliance with those requirements.

In our opinion, Scenic Valley Area VIII Agency on Aging complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Scenic Valley Area VIII Agency on Aging 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 our audit, we considered Scenic Valley Area VIII Agency on Aging's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal controls over compliance in accordance with OMB Circular A-133.

Our 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 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 non-compliance with applicable requirements of laws, regulations, contracts and grants 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization, 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.



Dubuque, Iowa
September 1, 2004

**Scenic Valley Area VIII Agency on Aging
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2004**

Part I. Summary of the Independent Auditors' Results:

- a. An unqualified opinion was issued on the financial statements.
- b. No reportable conditions or material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any noncompliance which is material to the financial statements.
- d. No reportable conditions or material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- e. An unqualified opinion was issued on compliance with requirements applicable to the major program.
- f. The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget (OMB) Circular A-133, Section .510(a).
- g. Major program was as follows:
 - CFDA Number 93.045 - Special Programs for the Aging (Title III, Part C) Nutrition Services
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. Scenic Valley Area VIII Agency on Aging does qualify as a low-risk auditee.

Part II. Findings Related to the Financial Statements:

There were no findings related to the financial statements.

Part III. Findings and Questioned Costs for Federal Awards:

There were no findings and questioned costs for federal awards.

**Scenic Valley Area VIII Agency on Aging
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2004**

There were no prior audit findings.

735001

Scenic Valley Area VIII Agency on Aging
3505 Stoneman Road, Suite 4
Dubuque, IA 52002

October 28, 2004

PREPARATION OF AUDIT FOR THE YEAR ENDED JUNE 30, 2004.

<u>STAFF</u>	<u>HOURS</u>	<u>TOTAL</u>
Kristin L. Kluesner	42	\$ 3,551
Dale J. Leibfried	9	1,413
Sue M. Lawler	13	1,071
Karla A. Hosch	17	993
Chris Splinter (typing and copying)	<u>6</u>	<u>378</u>
	<u>87</u>	\$ 7,406
Less Discount		<u>1,356</u>
		<u>\$ 6,050</u>

News Release

FOR RELEASE _____

Honkamp Krueger & Co., P.C., today, released an audit report on Scenic Valley Area VIII Agency on Aging, Dubuque, Iowa.

Honkamp Krueger & Co., P.C. reported that the Agency had public support and revenues of \$1,633,930 for the year ended June 30, 2004, which was a 6.4% increase from the prior year. Expenses for the Agency's operations totaled \$1,601,403, a .6% decrease from the prior year. Expenses included \$1,526,114 for program services and \$75,289 for support services.

A copy of the audit report is available for review in the office of Auditor of State and Scenic Valley Area VIII Agency on Aging.

**Scenic Valley Area VIII Agency on Aging
Corrective Action Plan for Federal Audit Findings
For the Year Ended June 30, 2004**

No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements.



Honkamp Krueger & Co., PC.
Certified Public Accountants
& Business Consultants

To The Board of Directors
Scenic Valley Area VIII Agency on Aging
Dubuque, Iowa

We have audited the financial statements of Scenic Valley Area VIII Agency on Aging (a non-profit organization) for the year ended June 30, 2004, and have issued our report thereon dated September 1, 2004. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated July 12, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting standards. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Scenic Valley Area VIII Agency on Aging's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Scenic Valley Area VIII Agency on Aging's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Scenic Valley Area VIII Agency on Aging's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to its major federal program for the purpose of expressing an opinion on Scenic Valley Area VIII Agency on Aging's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Scenic Valley Area VIII Agency on Aging's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Scenic Valley Area VIII Agency on Aging are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Agency during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management, and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is the collectibility of grants and other accounts receivable.

Management's estimate of the collectibility of grants and accounts receivable is based on several factors and assumptions. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Organization's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Organization, either individually or in the aggregate, indicate matters that could have a significant effect on the Agency's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Board of Directors and management of Scenic Valley Area VIII Agency on Aging, and is not intended to be and should not be used by anyone other than these specified parties.



Dubuque, Iowa
September 1, 2004