

COPY

Financial Statements

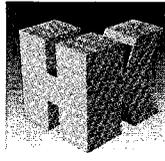
*Scenic Valley Area VIII
Agency on Aging*

June 30, 2005 and 2004

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Honkamp Krueger & Co., P.C.
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, 2005 and 2004, 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 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, 2005 and 2004, 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 8, 2005, 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.

Marking Krueger & Co.

Dubuque, Iowa
September 8, 2005

**Scenic Valley Area VIII Agency on Aging
Statements of Financial Position
June 30, 2005 and 2004**

ASSETS	<u>2005</u>	<u>2004</u>
Current Assets		
Cash in Bank	\$ 333,727	\$ 286,720
Certificates of Deposit	232,881	257,645
Accounts Receivable	2,943	18,663
Subcontractor Receivable	9,456	-
Grants Receivable	39,056	53,662
Interest Receivable	761	844
Prepaid Expenses	5,768	5,586
Total Current Assets	<u>624,592</u>	<u>623,120</u>
Property and Equipment, at Cost		
Equipment	305,355	289,634
Less: Accumulated Depreciation	202,192	182,884
Property and Equipment, Net	<u>103,163</u>	<u>106,750</u>
Total Assets	<u>\$ 727,755</u>	<u>\$ 729,870</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 51,371	\$ 124,752
Accrued Payroll	11,109	10,409
Accrued Vacation	15,969	15,921
Accrued Pension	27,547	25,385
Other Accrued Expenses	2,010	7,422
Refundable Advances	86,179	5,045
Total Current Liabilities	<u>194,185</u>	<u>188,934</u>
Net Assets		
Unrestricted	401,383	351,620
Temporarily Restricted	<u>132,187</u>	<u>189,316</u>
Total Net Assets	<u>533,570</u>	<u>540,936</u>
Total Liabilities and Net Assets	<u>\$ 727,755</u>	<u>\$ 729,870</u>

See Notes to Financial Statements

Scenic Valley Area VIII Agency on Aging
Statements of Activities
For the Years Ended June 30, 2005 and 2004

	2005		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	
	<u>Operations</u>	<u>Operations</u>	<u>Total</u>
SUPPORT AND REVENUE			
Federal Grants	\$ -	\$ 690,414	\$ 690,414
State of Iowa Grants	-	397,182	397,182
Dubuque Racing Association Grant	-	18,440	18,440
City of Dubuque Grant	-	-	-
Waiver Home Delivered Meals	-	81,040	81,040
County Supervisor	-	12,150	12,150
Contributions	-	330,112	330,112
Donations	2,822	789	3,611
Interest Income	9,168	-	9,168
Other Revenue	11,951	8,643	20,594
In Kind	-	1,347	1,347
Gain (Loss) on Disposal of Fixed Assets	(884)	-	(884)
Total Support and Revenue	<u>23,057</u>	<u>1,540,117</u>	<u>1,563,174</u>
Net Assets Released from Restrictions:			
Net Assets Released From			
Restrictions Due to Satisfaction			
of Program Restrictions	<u>1,597,246</u>	<u>(1,597,246)</u>	<u>-</u>
Total Functional Revenue	<u>1,620,303</u>	<u>(57,129)</u>	<u>1,563,174</u>
EXPENSES			
Program:			
Area Plan Administration	81,960	-	81,960
Social Services	679,980	-	679,980
Nutrition Services	808,600	-	808,600
Total Expenses	<u>1,570,540</u>	<u>-</u>	<u>1,570,540</u>
Change in Net Assets	49,763	(57,129)	(7,366)
Net Assets, Beginning of Year	<u>351,620</u>	<u>189,316</u>	<u>540,936</u>
Net Assets, End of Year	<u>\$ 401,383</u>	<u>\$ 132,187</u>	<u>\$ 533,570</u>

2004

Unrestricted	Temporarily Restricted	
Operations	Operations	Total
\$ -	\$ 720,264	\$ 720,264
-	393,588	393,588
-	11,200	11,200
-	20,500	20,500
-	73,522	73,522
-	12,150	12,150
-	347,269	347,269
5,542	834	6,376
10,857	-	10,857
15,787	13,924	29,711
-	8,493	8,493
-	-	-
32,186	1,601,744	1,633,930
1,664,638	(1,664,638)	-
1,696,824	(62,894)	1,633,930
75,289	-	75,289
720,599	-	720,599
805,515	-	805,515
1,601,403	-	1,601,403
95,421	(62,894)	32,527
256,199	252,210	508,409
\$ 351,620	\$ 189,316	\$ 540,936

See Notes to Financial Statements

**Scenic Valley Area VIII Agency on Aging
Statements of Functional Expenses
For the Years Ended June 30, 2005 and 2004**

2005

	<u>Area Plan Administration</u>	<u>Social Services</u>	<u>Nutrition Services</u>	<u>Total</u>
Salaries and Related Expenses:				
Salaries	\$ 53,269	\$ 210,268	\$ 53,651	\$ 317,188
Fringe Benefits	<u>13,404</u>	<u>52,880</u>	<u>13,500</u>	<u>79,784</u>
Total Salaries and Related Expenses	<u>66,673</u>	<u>263,148</u>	<u>67,151</u>	<u>396,972</u>
Operating Expenses:				
Utilities	-	614	-	614
Telephone	201	4,475	483	5,159
Rent	1,630	11,412	3,258	16,300
Insurance	708	5,458	1,414	7,580
Postage	292	3,516	595	4,403
Dues and Publications	1,681	394	95	2,170
Printing	67	1,142	152	1,361
Advertising and Promotion	7	4,052	104	4,163
Supplies	401	2,926	841	4,168
Audit	605	4,236	1,209	6,050
Maintenance and Repair	180	2,612	6,610	9,402
Travel	2,381	9,550	1,651	13,582
Subcontracted Services	-	324,671	708,248	1,032,919
Workshops/Training	136	4,735	1,532	6,403
Profit Sharing	4,620	18,274	4,653	27,547
In Kind Expense	-	1,347	-	1,347
Miscellaneous	<u>387</u>	<u>3,475</u>	<u>6,620</u>	<u>10,482</u>
Total Operating Expenses	<u>13,296</u>	<u>402,889</u>	<u>737,465</u>	<u>1,153,650</u>
Total Expenses before Depreciation	<u>79,969</u>	<u>666,037</u>	<u>804,616</u>	<u>1,550,622</u>
Depreciation	<u>1,991</u>	<u>13,943</u>	<u>3,984</u>	<u>19,918</u>
Total Expenses	<u>\$ 81,960</u>	<u>\$ 679,980</u>	<u>\$ 808,600</u>	<u>\$ 1,570,540</u>

2004

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

See Notes to Financial Statements

Scenic Valley Area VIII Agency on Aging
Statements of Cash Flows
For the Years Ended June 30, 2005 and 2004

	2005	2004
Cash Flows From Operating Activities:		
Change in Net Assets	\$ (7,366)	\$ 32,527
Adjustments to Change in Net Assets to Cash		
Provided by Operating Activities:		
Loss on Disposal of Fixed Assets	884	-
Depreciation	19,918	13,658
(Increase) Decrease in Current Assets:		
Accounts Receivable	15,720	(685)
Subcontractor Receivable	(9,456)	-
Grants Receivable	14,606	(45,000)
Interest Receivable	83	1,160
Prepaid Expenses	(182)	(205)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(73,381)	13,995
Accrued Payroll	700	2,724
Accrued Vacation	48	(1,533)
Accrued Pension	2,162	3,435
Other Accrued Expenses	(5,412)	1,055
Refundable Advances	81,134	(113,627)
Net Cash Provided (Used) by Operating Activities	39,458	(92,496)
Cash Flows From Investing Activities:		
Purchase of Property and Equipment	(17,215)	(34,794)
Proceeds From Maturity of Certificates of Deposit	52,861	198,130
Purchase of Certificates of Deposit	(28,097)	(111,610)
Net Cash Provided by Investing Activities	7,549	51,726
Net Increase (Decrease) in Cash	47,007	(40,770)
Cash, Beginning of Year	286,720	327,490
Cash, End of Year	\$ 333,727	\$ 286,720

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 \$132,187 and \$189,316 for the years ended June 30, 2005 and 2004, 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, 2005 and 2004.

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, 2005 and 2004 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 \$4,163 and \$3,458 for the years ended June 30, 2005 and 2004, 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 leased its administrative offices under a non-cancelable operating lease which expired on June 30, 2005. The Agency signed another non-cancelable operating lease beginning July 1, 2005 for a 5-year period ending June 30, 2010. The lease requires a base rental of \$1,284 plus additional amounts for utilities to be paid at the beginning of the month. On the 1st day of July every July thereafter, the rent increases by 3% of the prior year's base rental. The lease provides for two additional 5-year terms upon written notice.

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>	
2006	\$ 15,408
2007	15,870
2008	16,346
2009	16,836
2010	<u>17,341</u>
	<u>\$ 81,801</u>

Total rent expense for the years ended June 30, 2005 and 2004 was \$16,300 and \$15,729, respectively.

NOTE 3. Grants Receivable

Grants Receivable at June 30, 2005 and 2004 consist of the following:

Iowa Department of Elder Affairs:	<u>2005</u>	<u>2004</u>
Title III B	\$ -----	\$ 4,679
Title III C	-----	15,573
Title III D	244	1,563
Title III E	4,275	-----
Iowa Assessments	3,280	4,059
United Way – Delaware County	-----	560
Seamless Grant	-----	26,574
DHS	1,240	654
Waiver Home Delivered Meals	7,642	-----
Case Management	<u>22,375</u>	<u>-----</u>
	<u>\$ 39,056</u>	<u>\$ 53,662</u>

Scenic Valley Area VIII Agency on Aging

Notes to Financial Statements

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.

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, 2005 and 2004 were \$27,547 and \$25,385, respectively.

NOTE 6. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2005 and 2004 are available for the following programs:

	<u>2005</u>	<u>2004</u>
Nutrition Program	\$ <u>132,187</u>	\$ <u>189,316</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.

During 2005 and 2004, the Agency received 44% of its revenues from Federal Grants, and 25% and 24%, respectively, of its revenues from State of Iowa grants. The continued operation of the Agency is dependent upon remaining qualified to receive reimbursements from these sources.

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, 2005**

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	-	69,034	79,079	(10,045)
Senior Living Program	240,532	-	240,532	240,532	-
Senior Living Program Supplemental	17,340	-	17,340	17,340	-
Senior Living Pgm Case Mgmt	27,426	-	15,096	27,426	(12,330)
RSVP	4,619	-	4,619	4,619	-
Older American Act:					
Title III B	225,965	-	194,730	180,898	13,832
Title III C-1	275,770	-	275,770	220,623	55,147
Title III C-2	110,145	-	99,984	88,126	11,858
Title III D Preventive Health	11,278	-	10,878	8,514	2,364
Title III D Preventive Health MM	4,667	-	3,407	3,651	(244)
Title III E Caregiver Support	101,611	2,646	74,626	81,547	(4,275)
USDA Cash	79,201	-	79,201	79,201	-
Title XIX Assessments	31,693	-	21,648	21,648	-
Other Funds:					
Local Public Funds	22,985	-	12,150	12,150	-
Other Local Cash	136,890	256,812	119,737	66,395	310,154
Program Income:					
Title III B	17,000	1,319	12,661	13,980	-
Title III C-1	189,059	150,539	163,587	199,581	114,545
Title III C-2	165,134	19,817	159,990	179,807	-
Total Cash	1,768,580	431,133	1,603,176	1,553,303	481,006
Non-Cash: In-Kind Matching	282,701	-	221,103	221,103	-
Total Per Cost Sharing Report	\$ 2,051,281	\$ 431,133	\$ 1,824,279	\$ 1,774,406	\$ 481,006
Reconciling Items:					
Non-Cash Not on Books			(221,103)	(221,103)	
Title III D MM Receivable			244	-	
Title III E Receivable			4,275	-	
State of Iowa CM Receivable			10,045	-	
SLP CM Receivable			12,330	-	
Use Temp. Restricted III E Deferred			2,646	-	
SIP			6,989	6,989	
ORT			7,547	7,547	
Deferred Title III C-1			(55,147)	-	
Deferred Title III C-2			(11,858)	-	
Deferred Title III B			(13,832)	-	
Deferred Title III D			(2,364)	-	
Depreciation Expense			-	19,918	
Purchase of Property			-	(17,215)	
Loss on Disposal of Fixed Assets			(884)	-	
Robert Wood Grant			-	-	
Rounding			7	(2)	
Total Per Audit Report			\$ 1,563,174	\$ 1,570,540	

(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, 2005**

<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	34,529	-	-
Senior Living Program Supplement	17,340	-	-	-	-
Senior Living Pgm Case Mgmt	27,426	1,409	-	-	-
RSVP	4,619	-	-	-	-
Older American Act:					
Title III B	180,898	37,477	-	9,721	-
Title III C-1	220,623	-	-	-	-
Title III C-2	88,126	-	-	-	73,452
Title III D Preventive Health	8,514	-	-	-	-
Title III D Preventive Health MM	3,651	-	-	-	-
Title III E Caregiver Support	81,547	8,776	11,288	-	-
USDA Cash	79,201	-	-	-	37,224
Title XIX Assessments	21,648	-	-	-	-
Other Funds:					
Local Public Funds	12,150	-	-	-	-
Other Local Cash	59,705	10,331	-	-	38,777
Program Income:					
Title III B	13,980	-	-	5	-
Title III C-1	199,581	-	-	-	-
Other Local Cash	6,690	-	-	-	-
Title III C-2	179,807	-	-	-	179,807
Total Cash	<u>1,553,303</u>	<u>79,962</u>	<u>45,817</u>	<u>9,726</u>	<u>329,260</u>
Non-Cash: In-Kind Matching	<u>221,103</u>	<u>-</u>	<u>8,420</u>	<u>62</u>	<u>85,469</u>
Total Per Cost Sharing Report	<u>\$ 1,774,406</u>	<u>\$ 79,962</u>	<u>\$ 54,237</u>	<u>\$ 9,788</u>	<u>\$ 414,729</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	21,090
-	79,079	-	-	-	-
79,659	10,567	-	8,000	-	-
-	17,340	-	-	-	-
-	26,017	-	-	-	-
-	-	-	-	-	-
-	86,746	-	17,844	8,649	14,373
-	-	220,623	-	-	-
-	-	-	-	-	14,674
-	8,514	-	-	-	-
-	-	-	-	-	-
-	19,662	-	-	-	41,821
-	-	41,977	-	-	-
-	21,648	-	-	-	-
-	-	-	12,150	-	-
-	-	10,597	-	-	-
-	-	-	13,975	-	-
-	-	199,581	-	-	-
-	-	-	-	-	6,690
-	-	-	-	-	-
<u>79,659</u>	<u>269,573</u>	<u>472,778</u>	<u>51,969</u>	<u>8,649</u>	<u>98,648</u>
<u>17,089</u>	<u>13,750</u>	<u>59,890</u>	<u>28,489</u>	<u>1,476</u>	<u>-</u>
<u>\$ 96,748</u>	<u>\$ 283,323</u>	<u>\$ 532,668</u>	<u>\$ 80,458</u>	<u>\$ 10,125</u>	<u>\$ 98,648</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, 2005**

FUND/SERVICE CATEGORY	Medical Alert B4	Medical Management B6	Advocacy C1
Iowa Dept. of Elder Affairs:			
AAA Administration	\$ -	\$ -	\$ -
Elderly Services	-	644	-
Case Management	-	-	-
Senior Living Program	57,928	-	-
Senior Living Program Supplement	-	-	-
Senior Living Pgm Case Mgmt	-	-	-
RSVP	-	-	-
Older American Act:			
Title III B	-	-	5,228
Title III C-1	-	-	-
Title III C-2	-	-	-
Title III D Preventive Health	-	-	-
Title III D Preventive Health MM	-	3,651	-
Title III E Caregiver Support	-	-	-
USDA Cash	-	-	-
Title XIX Assessments	-	-	-
Other Funds:			
Local Public Funds	-	-	-
Other Local Cash	-	-	-
Program Income:			
Title III B	-	-	-
Title III C-1	-	-	-
Other Local Cash	-	-	-
Title III C-2	-	-	-
Total Cash	<u>57,928</u>	<u>4,295</u>	<u>5,228</u>
Non-Cash: In-Kind Matching	<u>1,922</u>	-	-
Total Per Cost Sharing Report	<u>\$ 59,850</u>	<u>\$ 4,295</u>	<u>\$ 5,228</u>

**Scenic Valley Area VIII Agency on Aging
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2005**

<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	\$ 180,904
Title III C - Nutrition Services - Congregate Meals and Home Delivered Meals	93.045	308,749
Title III D - Preventive Health	93.043	12,165
Title III E - Caregiver Support	93.052	81,547
Title XIX - Medical Assistance	93.778	21,648
Operation Restore Trust	93.779	<u>6,200</u>
Total Department of Health and Human Services		<u>611,213</u>
U.S. Department of Agriculture Nutrition Program for the Elderly (Cash and Commodities)	10.570	<u>79,201</u>
Total Federal Awards		<u>\$ 690,414</u>

See Accompanying Auditor's Report and
Notes to Schedule of Expenditures of Federal Awards

Scenic Valley Area VIII Agency on Aging

Notes to Schedule of Expenditures of Federal Awards

NOTE 1. General

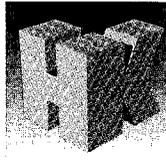
The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Scenic Valley Area VIII Agency on Aging. Scenic Valley Area VIII Agency on Aging is defined in Note 1 of the Agency's financial statements. All federal awards received directly from federal agencies, 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, 2005, and have issued our report thereon dated September 8, 2005. We conducted our 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.

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

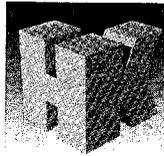
In planning and performing our audit, we considered Scenic Valley Area VIII Agency on Aging's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, and not to provide assurance on the internal control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

Harold R. Granger & Co.

Dubuque, Iowa
September 8, 2005



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, 2005. 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; 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, 2005.

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 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 non-compliance 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. 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.

Handwritten signature of William Kruger in cursive script.

Dubuque, Iowa
September 8, 2005

**Scenic Valley Area VIII Agency on Aging
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2005**

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:

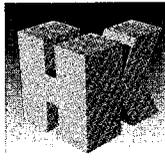
There were no findings related to the financial statements.

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, 2005**

There were no prior audit findings.



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

**Scenic Valley Area VIII Agency on Aging
Corrective Action Plan for Federal Audit Findings
For the Year Ended June 30, 2005**

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

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