

Financial Statements

*Scenic Valley Area VIII
Agency on Aging*

June 30, 2006 and 2005

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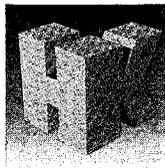
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Honkamp Krueger & Co., P.C.
Certified Public Accountants
& Business Consultants

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, 2006 and 2005, 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, 2006 and 2005, 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 7, 2006, 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.

Herbamp Krueger & Co.

Dubuque, Iowa
September 7, 2006

**Scenic Valley Area VIII Agency on Aging
Statements of Financial Position
June 30, 2006 and 2005**

ASSETS	<u>2006</u>	<u>2005</u>
Current Assets		
Cash in Bank	\$ 325,655	\$ 333,727
Certificates of Deposit	240,633	232,881
Accounts Receivable	9,195	2,943
Subcontractor Receivable	8,649	9,456
Grants Receivable	55,315	39,056
Interest Receivable	1,206	761
Prepaid Expenses	7,296	5,768
Total Current Assets	<u>647,949</u>	<u>624,592</u>
Property and Equipment, at Cost		
Equipment	301,536	305,355
Less: Accumulated Depreciation	<u>198,767</u>	<u>202,192</u>
Property and Equipment, Net	<u>102,769</u>	<u>103,163</u>
Total Assets	<u>\$ 750,718</u>	<u>\$ 727,755</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 87,922	\$ 51,371
Accrued Payroll	11,852	11,109
Accrued Vacation	14,676	15,969
Accrued Pension	24,475	27,547
Other Accrued Expenses	2,051	2,010
Refundable Advances	15,819	86,179
Total Current Liabilities	<u>156,795</u>	<u>194,185</u>
Net Assets		
Unrestricted	459,673	401,383
Temporarily Restricted	<u>134,250</u>	<u>132,187</u>
Total Net Assets	<u>593,923</u>	<u>533,570</u>
Total Liabilities and Net Assets	<u>\$ 750,718</u>	<u>\$ 727,755</u>

See Notes to Financial Statements

Scenic Valley Area VIII Agency on Aging
Statements of Activities
For the Years Ended June 30, 2006 and 2005

	2006		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	
	<u>Operations</u>	<u>Operations</u>	<u>Total</u>
SUPPORT AND REVENUE			
Federal Grants	\$ -	\$ 723,963	\$ 723,963
State of Iowa Grants	-	398,914	398,914
Dubuque Racing Association Grant	-	12,083	12,083
Waiver Home Delivered Meals	-	79,522	79,522
County Supervisor	-	10,491	10,491
Contributions	-	325,004	325,004
Donations	4,939	7	4,946
Interest Income	15,826	-	15,826
Other Revenue	5,210	6,668	11,878
In Kind	-	37,252	37,252
(Loss) on Disposal of Fixed Assets	(1,900)	-	(1,900)
Total Support and Revenue	<u>24,075</u>	<u>1,593,904</u>	<u>1,617,979</u>
Net Assets Released from Restrictions:			
Net Assets Released From			
Restrictions Due to Satisfaction			
of Program Restrictions	<u>1,591,841</u>	<u>(1,591,841)</u>	<u>-</u>
Total Revenue	<u>1,615,916</u>	<u>2,063</u>	<u>1,617,979</u>
EXPENSES			
Program:			
Area Plan Administration	88,636	-	88,636
Social Services	703,183	-	703,183
Nutrition Services	765,807	-	765,807
Total Expenses	<u>1,557,626</u>	<u>-</u>	<u>1,557,626</u>
Change in Net Assets	58,290	2,063	60,353
Net Assets, Beginning of Year	401,383	132,187	533,570
Net Assets, End of Year	<u>\$ 459,673</u>	<u>\$ 134,250</u>	<u>\$ 593,923</u>

2005

Unrestricted	Temporarily Restricted	
Operations	Operations	Total
\$ -	\$ 690,414	\$ 690,414
-	397,182	397,182
-	18,440	18,440
-	81,040	81,040
-	12,150	12,150
-	330,112	330,112
2,822	789	3,611
9,168	-	9,168
11,951	8,643	20,594
-	1,347	1,347
(884)	-	(884)
23,057	1,540,117	1,563,174
1,597,246	(1,597,246)	-
1,620,303	(57,129)	1,563,174
81,960	-	81,960
679,980	-	679,980
808,600	-	808,600
1,570,540	-	1,570,540
49,763	(57,129)	(7,366)
351,620	189,316	540,936
\$ 401,383	\$ 132,187	\$ 533,570

See Notes to Financial Statements

Scenic Valley Area VIII Agency on Aging
Statements of Functional Expenses
For the Years Ended June 30, 2006 and 2005

2006

	Area Plan Administration	Social Services	Nutrition Services	Total
Salaries and Related Expenses:				
Salaries	\$ 57,472	\$ 224,642	\$ 33,249	\$ 315,362
Fringe Benefits	15,790	61,599	9,133	86,522
Total Salaries and Related Expenses	<u>73,262</u>	<u>286,241</u>	<u>42,382</u>	<u>401,884</u>
Operating Expenses:				
Utilities	-	703	-	703
Telephone	161	4,724	359	5,244
Rent	1,420	13,666	2,662	17,748
Insurance	574	6,028	1,076	7,678
Postage	138	2,472	194	2,804
Dues and Publications	1,703	6,024	85	7,812
Printing	12	2,195	623	2,829
Advertising and Promotion	-	8,763	78	8,841
Supplies	263	2,743	533	3,539
Audit	500	4,813	938	6,250
Maintenance and Repair	160	3,727	1,788	5,675
Travel	1,624	11,638	1,859	15,121
Subcontracted Services	-	275,033	702,354	977,387
Workshops/Training	154	6,473	23	6,650
Profit Sharing	4,460	17,435	2,580	24,475
In Kind Expense	2,580	34,672	-	37,252
Miscellaneous	22	403	5,268	5,693
Total Operating Expenses	<u>13,771</u>	<u>401,511</u>	<u>720,419</u>	<u>1,135,701</u>
Total Expenses before Depreciation	<u>87,033</u>	<u>687,751</u>	<u>762,801</u>	<u>1,537,585</u>
Depreciation	<u>1,603</u>	<u>15,432</u>	<u>3,006</u>	<u>20,041</u>
Total Expenses	<u>\$ 88,636</u>	<u>\$ 703,183</u>	<u>\$ 765,807</u>	<u>\$ 1,557,626</u>

2005

<u>Area Plan Administration</u>	<u>Social Services</u>	<u>Nutrition Services</u>	<u>Total</u>
\$ 53,269	\$ 210,268	\$ 53,651	\$ 317,138
<u>13,404</u>	<u>52,880</u>	<u>13,500</u>	<u>79,734</u>
<u>66,673</u>	<u>263,148</u>	<u>67,151</u>	<u>396,972</u>
-	614	-	614
201	4,475	483	5,159
1,630	11,412	3,258	16,300
708	5,458	1,414	7,580
292	3,516	595	4,403
1,681	394	95	2,170
67	1,142	152	1,361
7	4,052	104	4,163
401	2,926	841	4,168
605	4,236	1,209	6,050
180	2,612	6,610	9,402
2,381	9,550	1,651	13,582
-	324,671	708,248	1,032,919
136	4,735	1,532	6,403
4,620	18,274	4,653	27,547
-	1,347	-	1,347
<u>387</u>	<u>3,475</u>	<u>6,620</u>	<u>10,482</u>
<u>13,296</u>	<u>402,889</u>	<u>737,465</u>	<u>1,153,650</u>
<u>79,969</u>	<u>666,037</u>	<u>804,616</u>	<u>1,550,622</u>
<u>1,991</u>	<u>13,943</u>	<u>3,984</u>	<u>19,918</u>
<u>\$ 81,960</u>	<u>\$ 679,980</u>	<u>\$ 808,600</u>	<u>\$ 1,570,540</u>

See Notes to Financial Statements

Scenic Valley Area VIII Agency on Aging
Statements of Cash Flows
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash Flows From Operating Activities:		
Change in Net Assets	\$ 60,353	\$ (7,366)
Adjustments to Change in Net Assets to Cash		
Provided by Operating Activities:		
Loss on Disposal of Fixed Assets	1,900	884
Depreciation	20,041	19,918
(Increase) Decrease in Current Assets:		
Accounts Receivable	(6,252)	15,720
Subcontractor Receivable	807	(9,456)
Grants Receivable	(16,259)	14,606
Interest Receivable	(445)	83
Prepaid Expenses	(1,528)	(182)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	36,551	(73,381)
Accrued Payroll	743	700
Accrued Vacation	(1,293)	48
Accrued Pension	(3,072)	2,162
Other Accrued Expenses	41	(5,412)
Refundable Advances	(70,360)	81,134
Net Cash Provided by Operating Activities	<u>21,227</u>	<u>39,458</u>
Cash Flows From Investing Activities:		
Purchase of Property and Equipment	(21,547)	(17,215)
Proceeds From Maturity of Certificates of Deposit	128,100	52,861
Purchase of Certificates of Deposit	(135,852)	(28,097)
Net Cash Provided (Used) by Investing Activities	<u>(29,299)</u>	<u>7,549</u>
Net Increase (Decrease) in Cash	(8,072)	47,007
Cash, Beginning of Year	<u>333,727</u>	<u>286,720</u>
Cash, End of Year	<u>\$ 325,655</u>	<u>\$ 333,727</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 \$134,250 and \$132,187 for the years ended June 30, 2006 and 2005, 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, 2006 and 2005.

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, 2006 and 2005 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 \$8,841 and \$4,163 for the years ended June 30, 2006 and 2005, 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 expires 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>	
2007	\$ 15,870
2008	16,346
2009	16,836
2010	<u>17,341</u>
	<u>\$ 66,393</u>

Total rent expense for the years ended June 30, 2006 and 2005 was \$17,748 and \$16,300, respectively.

NOTE 3. Grants Receivable

Grants Receivable at June 30, 2006 and 2005 consist of the following:

Iowa Department of Elder Affairs:	<u>2006</u>	<u>2005</u>
Title III C	\$ 13,806	\$ ----
Title III D	5,283	244
Title III E	3,229	4,275
Iowa Assessments	6,314	3,280
Dubuque Racing Association	4,985	----
Hawkeye Valley AAA	1,500	----
DHS	676	1,240
Waiver Home Delivered Meals	----	7,642
Senior Living Program	9,477	12,330
Case Management	<u>10,045</u>	<u>10,045</u>
	<u>\$ 55,315</u>	<u>\$ 39,056</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, 2006 and 2005 were \$24,475 and \$27,547, respectively.

NOTE 6. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2006 and 2005 are available for the following programs:

	<u>2006</u>	<u>2005</u>
Nutrition Program	\$ <u>134,250</u>	\$ <u>132,187</u>

NOTE 7. Concentration of Risk

During 2006 and 2005, the Agency received 45% and 44%, respectively, of its revenues from Federal grants, and 25%, 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, 2006**

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	23,263	-	23,263	23,263	-
Case Management	79,201	-	79,201	79,201	-
Senior Living Program Base	269,893	-	269,893	269,893	-
Senior Living Program Supplemental	21,425	-	21,425	21,425	-
Older American Act:					
Title IIIB Supportive Services	227,473	13,832	168,040	181,872	-
Title IIIC(1) Congregate Meals	278,528	55,147	167,536	222,683	-
Title IIIC(2) HD Meals	110,377	11,858	98,519	110,377	-
Title IIIE Caregiver Support	100,935	2,364	79,299	81,663	-
Title IIID Preventive Health	13,628	-	13,628	13,628	-
Title IIID Preventive Health MM	5,339	-	5,339	5,339	-
USDA Cash	85,852	-	82,367	82,367	-
Title XIX Assessment	19,311	-	19,147	19,147	-
Other Funds:					
Local Public Funds	12,150	-	12,150	10,491	1,659
Other Local Cash	136,382	310,154	113,102	47,961	375,295
Senior Living Program Contributions	-	-	7	7	-
Program Income:					
Title IIIB Supportive Services	16,795	-	11,074	9,697	1,377
Title IIIC(1)	186,874	114,545	172,160	173,133	113,572
Title IIIC(2) HD Meals	155,043	-	157,513	157,513	-
Total Cash	1,747,601	507,900	1,498,795	1,514,792	491,903
Non-Cash: In-Kind Matching	323,797	-	224,100	224,100	-
Total Per Cost Sharing Report	\$ 2,071,398	\$ 507,900	\$ 1,722,895	\$ 1,738,892	\$ 491,903
Reconciling Items:					
Non-Cash Not on Books			(189,169)	(189,169)	
Title IIIB Supportive Services			13,832	-	
Title IIIC(1) Congregate Meals			55,147	-	
Title IIIC(2) HD Meals			11,858	-	
Title IIIE Caregiver Support			2,364	-	
Title III C Project Income			973	-	
Deferred Title III B			(4,903)	-	
ORT Deferred Revenue			(1,312)	-	
ORT			8,200	9,409	
Depreciation Expense			-	20,041	
Purchase of Property			-	(21,547)	
Loss on Disposal of Fixed Assets			(1,900)	-	
Rounding			(6)	-	
Total Per Audit Report			<u>\$ 1,617,979</u>	<u>\$ 1,557,626</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, 2006**

<i>FUND/SERVICE CATEGORY</i>	<u>Total</u>	<u>AAA Administration</u>	<u>Chore 03s</u>	<u>Delivered Meals</u>	<u>Adult Daycare 5</u>
Iowa Dept. of Elder Affairs:					
AAA Administration	\$ 5,132	\$ 5,132	\$ -	\$ -	\$ -
Elderly Services	23,263	-	-	-	-
Case Management	79,201	-	-	-	-
Senior Living Program	269,893	18,229	12,836	-	73,352
Senior Living Program Supplement	21,424	-	-	-	-
Older American Act:					
Title IIIB Supportive Services	181,872	44,047	-	-	-
Title IIIC(1) Congregate Meals	222,683	-	-	-	-
Title IIIC(2) HD Meals	110,377	-	-	110,377	-
Title IIIE Caregiver Support	81,663	6,471	-	-	-
Title IIID Preventive Health	13,628	-	-	-	-
Title IIID Preventive Health MM	5,339	-	-	-	-
USDA Cash	82,367	-	-	38,712	-
Title XIX Assessments	19,147	-	-	-	-
Other Funds:					
Local Public Funds	10,491	-	-	-	-
Other Local Cash	47,961	10,734	-	25,009	-
Senior Living Program Contributions	7	-	7	-	-
Program Income:					
Title IIIB Supportive Services	9,697	-	-	-	-
Title IIIC(1) Congregate Meals	173,133	-	-	-	-
Title IIIC(2) HD Meals	157,513	-	-	157,513	-
Total Cash	<u>1,514,792</u>	<u>84,613</u>	<u>12,843</u>	<u>331,611</u>	<u>73,352</u>
Non-Cash: In-Kind Matching	<u>224,100</u>	<u>2,580</u>	<u>-</u>	<u>85,240</u>	<u>-</u>
Total Per Cost Sharing Report	<u>\$ 1,738,892</u>	<u>\$ 87,193</u>	<u>\$ 12,843</u>	<u>\$ 416,851</u>	<u>\$ 73,352</u>

<u>Case Management 6</u>	<u>Congregate Meals 7</u>	<u>Transportation 10</u>	<u>Legal Assistance 11S</u>	<u>Information Assistance 13</u>	<u>Outreach 14S</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	25	-	-	22,437
79,201	-	-	-	-	-
56,759	-	4,000	-	-	-
21,425	-	-	-	-	-
84,476	-	13,131	8,701	-	18,570
-	222,378	-	-	-	305
-	-	-	-	-	-
-	-	-	-	42,525	-
13,628	-	-	-	-	-
-	-	-	-	-	-
-	43,655	-	-	-	-
19,147	-	-	-	-	-
-	-	10,491	-	-	-
-	6,042	-	-	5,668	18
-	-	-	-	-	-
-	-	9,697	-	-	-
-	173,133	-	-	-	-
-	-	-	-	-	-
<u>274,636</u>	<u>445,208</u>	<u>37,344</u>	<u>8,701</u>	<u>48,193</u>	<u>41,330</u>
<u>9,960</u>	<u>60,309</u>	<u>24,734</u>	<u>1,535</u>	<u>18,652</u>	<u>-</u>
<u>\$ 284,596</u>	<u>\$ 505,517</u>	<u>\$ 62,078</u>	<u>\$ 10,236</u>	<u>\$ 66,845</u>	<u>\$ 41,330</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, 2006**

<i>FUND/SERVICE CATEGORY</i>	Caregiver Support A2	Respite B3	Medical Alert B4	Medical Management B6
Iowa Dept. of Elder Affairs:				
AAA Administration	\$ -	\$ -	\$ -	\$ -
Elderly Services	-	-	-	801
Case Management	-	-	-	-
Senior Living Program	-	18,029	57,822	-
Senior Living Program Supplement	-	-	-	-
Older American Act:				
Title IIIB Supportive Services	-	10,026	-	-
Title IIIC(1) Congregate Meals	-	-	-	-
Title IIIC(2) HD Meals	-	-	-	-
Title IIIE Caregiver Support	2,181	8,521	-	-
Title IIID Preventive Health	-	-	-	-
Title IIID Preventive Health MM	-	-	-	5,339
USDA Cash	-	-	-	-
Title XIX Assessments	-	-	-	-
Other Funds:				
Local Public Funds	-	-	-	-
Other Local Cash	-	-	-	-
Senior Living Program Contributions	-	-	-	-
Program Income:				
Title IIIB Supportive Services	-	-	-	-
Title IIIC(1) Congregate Meals	-	-	-	-
Title IIIC(2) HD Meals	-	-	-	-
Total Cash	2,181	36,576	57,822	6,140
Non-Cash: In-Kind Matching	323	17,351	-	-
Total Per Cost Sharing Report	\$ 2,504	\$ 53,927	\$ 57,822	\$ 6,140

Advocacy C1	Training & Education D1	Material Aid F2	Public Information F3
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	28,867	-
-	-	-	-
2,921	-	-	-
-	-	-	-
-	-	-	-
-	9,261	-	12,704
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	490	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,921	9,751	28,867	12,704
-	1,995	-	1,421
\$ 2,921	\$ 11,746	\$ 28,867	\$ 14,125

**Scenic Valley Area VIII Agency on Aging
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006**

<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	\$ 181,872
Title III C - Nutrition Services - Congregate Meals and Home Delivered Meals	93.045	333,060
Title III D - Preventive Health	93.043	18,967
Title III E - Caregiver Support	93.052	81,827
Title XIX - Medical Assistance	93.778	<u>19,147</u>
Total Department of Health and Human Services		<u>634,873</u>
U.S. Department of Agriculture Nutrition Program for the Elderly (Cash and Commodities)	10.570	<u>82,367</u>
Total Federal Awards		<u>\$ 717,240</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

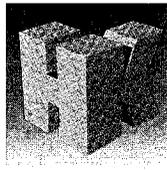
The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Scenic Valley Area VIII Agency on Aging. Scenic Valley Area VIII Agency on Aging is defined in Note 1 of the Agency's financial statements. All federal awards received directly from federal agencies, 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, 2006, and have issued our report thereon dated September 7, 2006. 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

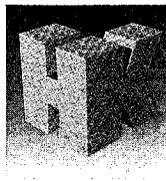
In planning and performing our audit, we considered Scenic Valley Area VIII Agency on Aging's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements, and not to provide assurance on the internal control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

Herkamp Granger & Co.

Dubuque, Iowa
September 7, 2006



Honkamp Krueger & Co., P.C.
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, 2006. 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, 2006.

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.

Horst Kamp Granger & Co.

Dubuque, Iowa
September 7, 2006

**Scenic Valley Area VIII Agency on Aging
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2006**

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, 2006**

There were no prior audit findings.