

*Financial Statements*

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

***June 30, 2008 and 2007***

## ***Table of Contents***

***Page(s)***

---

<b>Independent Auditor's Report</b>	1 – 2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 12
<b>Supplementary Information</b>	
Iowa Department of Elder Affairs Cost Sharing Report/Audit Reconciliation Schedule	13 – 15
Schedule of Expenditures of Federal Awards	16
Notes to Schedule of Expenditures of Federal Awards	17
<b>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u></b>	18 – 19
<b>Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133</b>	20 – 21
<b>Schedule of Findings and Questioned Costs</b>	22
<b>Summary Schedule of Prior Audit Findings</b>	23



## 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, 2008 and 2007, 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 our audits 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, 2008 and 2007, 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, 2008, 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.

**HONKAMP KRUEGER & CO., P.C.**

*Honkamp Krueger & Co.*

Dubuque, Iowa  
September 8, 2008

**Scenic Valley Area VIII Agency on Aging**  
**Statements of Financial Position**  
**June 30, 2008 and 2007**

<b>ASSETS</b>	<u>2008</u>	<u>2007</u>
<b>Current Assets</b>		
Cash in Bank	\$ 395,607	\$ 431,952
Certificates of Deposit	312,352	248,484
Accounts Receivable	26,612	23,839
Subcontractor Receivable	14,272	7,277
Grants Receivable	11,249	5,408
Interest Receivable	1,109	3,623
Prepaid Expenses	<u>14,568</u>	<u>7,681</u>
Total Current Assets	<u>775,769</u>	<u>728,264</u>
<b>Property and Equipment, at Cost</b>		
Equipment	274,757	273,834
Less: Accumulated Depreciation	<u>173,348</u>	<u>166,261</u>
Property and Equipment, Net	<u>101,409</u>	<u>107,573</u>
Total Assets	<u>\$ 877,178</u>	<u>\$ 835,837</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 57,150	\$ 85,608
Accrued Payroll	1,492	-
Accrued Vacation	16,035	17,071
Accrued Pension	29,887	25,679
Other Accrued Expenses	4,230	6,102
Refundable Advances	<u>39,513</u>	<u>54,599</u>
Total Current Liabilities	<u>148,307</u>	<u>189,059</u>
<b>Net Assets</b>		
Unrestricted	569,551	489,147
Temporarily Restricted	<u>159,320</u>	<u>157,631</u>
Total Net Assets	<u>728,871</u>	<u>646,778</u>
Total Liabilities and Net Assets	<u>\$ 877,178</u>	<u>\$ 835,837</u>

See Notes to Financial Statements

**Scenic Valley Area VIII Agency on Aging**  
**Statements of Activities**  
**For the Years Ended June 30, 2008 and 2007**

	<b>2008</b>		
	Unrestricted	Temporarily Restricted	
<b>SUPPORT AND REVENUE</b>	Operations	Operations	Total
Federal Grants	\$ -	\$ 613,325	\$ 613,325
State of Iowa Grants	-	354,258	354,258
Dubuque Racing Association Grant	-	-	-
Waiver Home Delivered Meals	-	86,506	86,506
County Supervisor	-	10,366	10,366
Contributions	-	352,390	352,390
Donations	3,904	2,012	5,916
Interest Income	20,855	-	20,855
Other Revenue	160,082	9,071	169,153
In Kind	-	29,263	29,263
(Loss) on Disposal of Fixed Assets	-	-	-
Total Support and Revenue	184,841	1,457,191	1,642,032
<b>Net Assets Released from Restrictions:</b>			
Net Assets Released from Restrictions Due to Satisfaction of Program Restrictions	1,455,502	(1,455,502)	-
Total Revenue	1,640,343	1,689	1,642,032
<b>EXPENSES</b>			
<b>Program:</b>			
Area Plan Administration	95,734	-	95,734
Social Services	783,963	-	783,963
Nutrition Services	680,242	-	680,242
Total Expenses	1,559,939	-	1,559,939
Change in Net Assets	80,404	1,689	82,093
Net Assets, Beginning of Year	489,147	157,631	646,778
Net Assets, End of Year	\$ 569,551	\$ 159,320	\$ 728,871

**2007**

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	
<u>Operations</u>	<u>Operations</u>	<u>Total</u>
\$ -	\$ 681,073	\$ 681,073
-	380,123	380,123
-	4,000	4,000
-	94,143	94,143
-	10,090	10,090
-	308,268	308,268
1,161	-	1,161
20,639	-	20,639
111,260	7,589	118,849
-	31,701	31,701
(480)	-	(480)
<u>132,580</u>	<u>1,516,987</u>	<u>1,649,567</u>
<u>1,493,606</u>	<u>(1,493,606)</u>	<u>-</u>
<u>1,626,186</u>	<u>23,381</u>	<u>1,649,567</u>
91,715	-	91,715
752,436	-	752,436
<u>752,561</u>	<u>-</u>	<u>752,561</u>
<u>1,596,712</u>	<u>-</u>	<u>1,596,712</u>
29,474	23,381	52,855
<u>459,673</u>	<u>134,250</u>	<u>593,923</u>
<u>\$ 489,147</u>	<u>\$ 157,631</u>	<u>\$ 646,778</u>

See Notes to Financial Statements

**Scenic Valley Area VIII Agency on Aging  
Statements of Functional Expenses  
For the Years Ended June 30, 2008 and 2007**

	<b>2008</b>			
	<u>Area Plan Administration</u>	<u>Social Services</u>	<u>Nutrition Services</u>	<u>Total</u>
<b>Salaries and Related Expenses:</b>				
Salaries	\$ 61,783	\$ 310,234	\$ 24,856	\$ 396,873
Fringe Benefits	<u>17,000</u>	<u>82,847</u>	<u>6,840</u>	<u>106,687</u>
Total Salaries and Related Expenses	<u>78,783</u>	<u>393,081</u>	<u>31,696</u>	<u>503,560</u>
<b>Operating Expenses:</b>				
Utilities	-	709	-	709
Telephone	231	4,427	238	4,896
Rent	1,368	17,006	1,173	19,547
Insurance	568	7,593	487	8,648
Postage	160	3,055	138	3,353
Dues and Publications	1,735	564	17	2,316
Printing	-	860	-	860
Advertising and Promotion	-	3,143	-	3,143
Supplies	181	4,055	293	4,529
Audit	551	6,851	473	7,875
Maintenance and Repair	269	6,866	2,077	9,212
Travel	1,363	10,180	278	11,821
Subcontracted Services	-	251,138	636,283	887,421
Workshops/Training	126	7,672	1,020	8,818
Profit Sharing	4,653	23,362	1,872	29,887
In-Kind Expense	3,328	25,934	-	29,262
Miscellaneous	<u>1,039</u>	<u>330</u>	<u>3,015</u>	<u>4,384</u>
Total Operating Expenses	<u>15,572</u>	<u>373,745</u>	<u>647,364</u>	<u>1,036,681</u>
Total Expenses before Depreciation	<u>94,355</u>	<u>766,826</u>	<u>679,060</u>	<u>1,540,241</u>
Depreciation	<u>1,379</u>	<u>17,137</u>	<u>1,182</u>	<u>19,698</u>
Total Expenses	<u>\$ 95,734</u>	<u>\$ 783,963</u>	<u>\$ 680,242</u>	<u>\$ 1,559,939</u>

**2007**

<u>Area Plan Administration</u>	<u>Social Services</u>	<u>Nutrition Services</u>	<u>Total</u>
\$ 57,907	\$ 283,607	\$ 24,639	\$ 366,153
<u>16,943</u>	<u>81,161</u>	<u>7,209</u>	<u>105,313</u>
<u>74,850</u>	<u>364,768</u>	<u>31,848</u>	<u>471,466</u>
-	667	-	667
155	4,187	195	4,537
1,484	15,771	1,299	18,554
642	7,368	562	8,572
178	2,823	156	3,157
1,722	3,016	63	4,801
-	1,396	35	1,431
1	9,760	1	9,762
287	3,534	295	4,116
600	6,375	525	7,500
442	4,698	3,096	8,236
1,731	11,037	419	13,187
-	248,806	706,920	955,726
298	5,425	180	5,903
4,061	19,890	1,728	25,679
3,874	27,827	-	31,701
4	362	4,026	4,392
<u>15,479</u>	<u>372,942</u>	<u>719,500</u>	<u>1,107,921</u>
<u>90,329</u>	<u>737,710</u>	<u>751,348</u>	<u>1,579,387</u>
<u>1,386</u>	<u>14,726</u>	<u>1,213</u>	<u>17,325</u>
<u>\$ 91,715</u>	<u>\$ 752,436</u>	<u>\$ 752,561</u>	<u>\$ 1,596,712</u>

See Notes to Financial Statements

**Scenic Valley Area VIII Agency on Aging  
Statements of Cash Flows  
For the Years Ended June 30, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 82,093	\$ 52,855
Adjustments to Change in Net Assets to Cash		
Provided by Operating Activities:		
Loss on Disposal of Fixed Assets	-	480
Depreciation	19,698	17,325
(Increase) Decrease in Current Assets:		
Accounts Receivable	(2,773)	(14,644)
Subcontractor Receivable	(6,995)	1,372
Grants Receivable	(5,841)	49,907
Interest Receivable	2,514	(2,417)
Prepaid Expenses	(6,887)	(385)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(28,458)	(2,314)
Accrued Payroll	1,492	(11,852)
Accrued Vacation	(1,036)	2,395
Accrued Pension	4,208	1,204
Other Accrued Expenses	(1,872)	4,051
Refundable Advances	(15,086)	38,780
Net Cash Provided by Operating Activities	<u>41,057</u>	<u>136,757</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Property and Equipment	(13,534)	(22,609)
Proceeds from Maturity of Certificates of Deposit	133,977	28,178
Purchase of Certificates of Deposit	<u>(197,845)</u>	<u>(36,029)</u>
Net Cash (Used) by Investing Activities	<u>(77,402)</u>	<u>(30,460)</u>
Net Increase (Decrease) in Cash	(36,345)	106,297
Cash, Beginning of Year	<u>431,952</u>	<u>325,655</u>
Cash, End of Year	<u>\$ 395,607</u>	<u>\$ 431,952</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 (the "Agency") 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 \$159,320 and \$157,631 for the years ended June 30, 2008 and 2007, 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, 2008 and 2007.

#### 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.

#### 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.

# Scenic Valley Area VIII Agency on Aging

## Notes to Financial Statements

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

#### Revenue (Continued)

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, 2008 and 2007, 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
-----------	--------------

#### Income Taxes

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

# Scenic Valley Area VIII Agency on Aging

## Notes to Financial Statements

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

#### 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 \$3,143 and \$9,762 for the years ended June 30, 2008 and 2007, 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 June 30, 2010. The lease requires a base rental of \$1,362 plus additional amounts for utilities to be paid at the beginning of the month. On the first day of July every July thereafter, the rent increases by 3% of the prior year's base rental. The lease provides for two additional five-year terms upon written notice.

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

<u>Years Ending June 30</u>	
2009	\$ 16,836
2010	<u>17,341</u>
	<u>\$ 34,177</u>

Total rent expense for the years ended June 30, 2008 and 2007, was \$19,547 and \$18,554, respectively.

# Scenic Valley Area VIII Agency on Aging

## Notes to Financial Statements

### NOTE 3. Grants Receivable

Grants receivable at June 30, 2008 and 2007, consist of the following:

<b>Iowa Department of Elder Affairs:</b>	<u>2008</u>	<u>2007</u>
Title III D	\$ 3,180	\$ 643
Iowa Assessments	739	----
Dubuque Racing Association	----	4,000
DHS	----	765
Senior Living Program	6,130	----
Encryption	1,200	----
	<u>\$ 11,249</u>	<u>\$ 5,408</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.

### 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, 2008 and 2007, were \$29,887 and \$25,679, respectively.

### NOTE 6. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2008 and 2007, are available for the following programs:

	<u>2008</u>	<u>2007</u>
Nutrition Program	<u>\$ 159,320</u>	<u>\$ 157,631</u>

# Scenic Valley Area VIII Agency on Aging

## Notes to Financial Statements

### **NOTE 7. Concentration of Risk**

During 2008 and 2007, the Agency received 37% and 41%, respectively, of its revenues from Federal grants, and 22% and 23%, 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, 2008**

<b>FUND/SERVICE CATEGORY</b>	<b>Area Plan Budget</b>	<b>Beginning Balance</b>	<b>Total Receipts</b>	<b>Total Expenditures</b>	<b>Ending Balance</b>
<b>Iowa Dept. of Elder Affairs:</b>					
AAA Administration	\$ 5,132	\$ -	\$ 5,132	\$ 5,132	\$ -
Elderly Services	20,656	-	20,656	20,656	-
Case Management	81,755	-	81,755	81,755	-
Senior Living Program Base	201,237	-	207,367	207,367	-
Senior Living Program Supplemental	21,425	-	21,425	21,425	-
Senior Living Program Case Mgt	17,923	-	17,923	17,923	-
<b>Older American Act:</b>					
Title IIIB Supportive Services	204,206	-	178,426	178,426	-
Title IIIC(1) Congregate Meals	244,157	-	191,292	191,292	-
Title IIIC(2) HD Meals	87,401	-	70,807	70,807	-
Title IIIE Caregiver Support	95,909	-	72,903	72,903	-
Title IIID Preventive Health	10,720	-	10,720	10,720	-
Title IIID Preventive Health MM	3,922	-	4,239	4,239	-
<b>USDA Cash</b>	<b>80,840</b>	<b>-</b>	<b>79,738</b>	<b>79,738</b>	<b>-</b>
<b>Other Funds:</b>					
Local Public Funds	13,809	1,659	14,225	10,381	5,503
Medical Assistance Waiver	120,657	-	156,030	156,030	-
Other Local Cash	124,337	375,295	161,739	47,918	489,116
Senior Living Program Contributions	-	-	-	-	-
<b>Program Income:</b>					
Title IIIB Supportive Services	15,500	1,377	15,088	14,235	2,230
Title IIIC(1)	196,972	113,572	195,798	177,345	132,025
Title IIIC(2) HD Meals	145,014	-	150,318	150,318	-
Total Cash	1,691,572	491,903	1,655,581	1,518,610	628,874
Non-Cash: In-Kind Matching	205,683	-	309,233	309,233	-
<b>Total Per Cost Sharing Report</b>	<b>\$ 1,897,255</b>	<b>\$ 491,903</b>	<b>\$ 1,964,814</b>	<b>\$ 1,827,843</b>	<b>\$ 628,874</b>
<b>Reconciling Items:</b>					
Non-Cash Not on Books			(279,971)	(279,971)	
Title IIIB Supportive Services			(5,983)	-	
Title IIIC(1) Congregate Meals			(11,437)	-	
Title IIIC(2) HD Meals			(9,439)	-	
Title IIIE Caregiver Support			(2,017)	-	
Dubuque County Transportation			(5,503)	-	
Dubuque Delaware Cty PI			(2,230)	-	
Depreciation Expense			-	19,698	
Purchase of Property			-	(13,534)	
SMP			(5,200)	5,200	
Encryption			(702)	702	
Rounding			(300)	1	
Total Per Audit Report			<b>\$ 1,642,032</b>	<b>\$ 1,559,939</b>	

(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, 2008**

<b>FUND/SERVICE CATEGORY</b>	<u>Total</u>	<u>AAA Administration</u>	<u>Delivered Meals</u>	<u>Adult Daycare 5</u>
<b>Iowa Dept. of Elder Affairs:</b>				
AAA Administration	\$ 5,132	\$ 5,132	\$ -	\$ -
Elderly Services	20,656	-	-	-
Case Management	81,755	-	-	-
Senior Living Program	207,367	14,087	-	68,590
Senior Living Program Supplement	21,425	-	-	-
Senior Living Program Case Management	17,923	1,255	-	-
<b>Older American Act:</b>				
Title IIIB Supportive Services	178,426	49,560	-	-
Title IIIC(1) Congregate Meals	191,292	908	-	-
Title IIIC(2) HD Meals	70,807	-	70,807	-
Title IIIE Caregiver Support	72,903	8,778	-	5,868
Title IIID Preventive Health	10,720	-	-	-
Title IIID Preventive Health MM	4,239	-	-	-
<b>USDA Cash</b>	79,738	-	37,477	-
<b>Title XIX Assessments</b>	-	-	-	-
<b>Other Funds:</b>				
Local Public Funds	10,381	15	-	-
Medical Assistance Waiver	156,030	-	-	-
Other Local Cash	47,918	11,294	24,000	-
Senior Living Program Contributions	-	-	-	-
<b>Program Income:</b>				
Title IIIB Supportive Services	14,235	-	-	-
Title IIIC(1) Congregate Meals	177,345	-	-	-
Title IIIC(2) HD Meals	150,318	-	150,318	-
Total Cash	1,518,610	91,029	282,602	74,458
Non-Cash: In-Kind Matching	309,233	3,328	116,578	38,367
Total Per Cost Sharing Report	<u>\$ 1,827,843</u>	<u>\$ 94,357</u>	<u>\$ 399,180</u>	<u>\$ 112,825</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	50	-	13,217	6,571
81,755	-	-	-	-	-
34,014	-	-	-	-	-
21,425	-	-	-	-	-
16,668	-	-	-	-	-
62,583	-	10,173	10,500	-	29,248
-	190,384	-	-	-	-
-	-	-	-	-	-
-	-	-	-	31,355	-
5,000	-	-	-	-	-
-	-	-	-	-	-
-	42,261	-	-	-	-
-	-	-	-	-	-
-	-	10,366	-	-	-
156,030	-	-	-	-	-
-	-	-	-	4,415	7,709
-	-	-	-	-	-
-	-	14,235	-	-	-
-	177,345	-	-	-	-
-	-	-	-	-	-
<u>377,475</u>	<u>409,990</u>	<u>34,824</u>	<u>10,500</u>	<u>48,987</u>	<u>43,528</u>
-	<u>61,866</u>	<u>45,040</u>	<u>1,853</u>	<u>22,298</u>	-
<u>\$ 377,475</u>	<u>\$ 471,856</u>	<u>\$ 79,864</u>	<u>\$ 12,353</u>	<u>\$ 71,285</u>	<u>\$ 43,528</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, 2008**

<b>FUND/SERVICE CATEGORY</b>	Caregiver Support A2	Respite B3	Medical Alert B4	Medical Management B6
<b>Iowa Dept. of Elder Affairs:</b>				
AAA Administration	\$ -	\$ -	\$ -	\$ -
Elderly Services	-	-	-	818
Case Management	-	-	-	-
Senior Living Program	-	19,249	52,444	-
Senior Living Program Supplement	-	-	-	-
Senior Living Program Case Management	-	-	-	-
<b>Older American Act:</b>				
Title IIIB Supportive Services	-	8,657	-	-
Title IIIC(1) Congregate Meals	-	-	-	-
Title IIIC(2) HD Meals	-	-	-	-
Title IIIE Caregiver Support	2,267	12,423	-	-
Title IIID Preventive Health	-	-	-	-
Title IIID Preventive Health MM	-	-	-	4,239
<b>USDA Cash</b>	-	-	-	-
<b>Title XIX Assessments</b>	-	-	-	-
<b>Other Funds:</b>				
Local Public Funds	-	-	-	-
Medical Assistance Waiver	-	-	-	-
Other Local Cash	-	-	-	-
Senior Living Program Contributions	-	-	-	-
<b>Program Income:</b>				
Title IIIB Supportive Services	-	-	-	-
Title IIIC(1) Congregate Meals	-	-	-	-
Title IIIC(2) HD Meals	-	-	-	-
Total Cash	<u>2,267</u>	<u>40,329</u>	<u>52,444</u>	<u>5,057</u>
Non-Cash: In-Kind Matching	<u>336</u>	<u>14,229</u>	<u>3,242</u>	<u>-</u>
Total Per Cost Sharing Report	<u>\$ 2,603</u>	<u>\$ 54,558</u>	<u>\$ 55,686</u>	<u>\$ 5,057</u>

Advocacy C1	Training & Education D1	Material Aid F2	Public Information F3
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	18,983	-
-	-	-	-
-	-	-	-
929	-	6,776	-
-	-	-	-
-	1,322	-	10,890
-	5,720	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	500	-	-
-	-	-	-
-	-	-	-
-	-	-	-
929	7,542	25,759	10,890
-	1,314	-	782
<u>\$ 929</u>	<u>\$ 8,856</u>	<u>\$ 25,759</u>	<u>\$ 11,672</u>

**Scenic Valley Area VIII Agency on Aging  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2008**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>
Passed Through State of Iowa Department of Elder Affairs:		
<b>U.S. Department of Health and Human Services:</b>		
Title III B - Grants for Supportive Services and Senior Centers	93.044	\$ 178,426
Title III C - Nutrition Services - Congregate Meals and Home Delivered Meals	93.045	262,099
Title III D - Preventive Health	93.046	14,959
Title III E - Caregiver Support	93.052	72,903
Operation Restore Trust (Passed through from Hawkeye Valley Agency on Aging)	93.779	<u>5,200</u>
Total Department of Health and Human Services		<u>533,587</u>
<b>U.S. Department of Agriculture Nutrition Program for the Elderly (Cash and Commodities)</b>	10.570	<u>79,738</u>
Total Federal Awards		<u>\$ 613,325</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.



**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
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, 2008, and have issued our report thereon dated September 8, 2008. 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.

**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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Scenic Valley Area VIII Agency on Aging's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of Scenic Valley Area VIII Agency on Aging in a separate letter dated September 8, 2008.

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

**HONKAMP KRUEGER & CO., P.C.**

Handwritten signature in cursive script that reads "Honkamp Krueger & Co."

Dubuque, Iowa  
September 8, 2008



## **Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

To the 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, 2008. 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, 2008.

### **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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Scenic Valley Area VIII Agency on Aging's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Scenic Valley Area VIII Agency on Aging's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Scenic Valley Area VIII Agency on Aging's response and, accordingly, we express no opinion on it.

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

**HONKAMP KRUEGER & CO., P.C.**



Dubuque, Iowa  
September 8, 2008

**Scenic Valley Area VIII Agency on Aging  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2008**

**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) Congregate Meals and Home-Delivered Meals
- 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, 2008**

There were no prior audit findings.