

CITY OF PORTSMOUTH, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2006

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards of the City of Portsmouth, Virginia (the City). The City's reporting entity is defined in note 1 to the City's financial statements. All federal awards received directly from federal agencies as well as Federal awards passed through other government agencies are included in the schedule. The City reports federal grants for the School Board in its Schedule of Expenditures of Federal Awards because the City is the legal grantee of these funds.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in note 1 to the City's financial statements.

(3) Relationship to Financial Statements

Federal awards revenues are reported in the City's financial statements as follows:

Intergovernmental revenue:

City:

Governmental Funds:

Special Revenue Funds:

Virginia Public Assistance	\$ 12,398,212
Mental Health Services	1,629,994
Donations	192,996
Grants	2,781,857

Capital Projects Funds -

Community Development	3,488,409
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Proprietary Funds -

Enterprise Fund - Public Utility	987,911
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Total City	21,479,379
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Component Unit - School Board:

Operating	670,970
Grants	13,173,798
Cafeteria	4,350,696

Total component unit - School Board	18,195,464
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Total federal expenditures from intergovernmental revenue	39,674,843
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Add: Donations Fund expenditures in excess of revenues	112,866
Less: Grants Fund unspent revenues	(20,626)
Total federal expenditures per Schedule of Expenditures of Federal Awards	39,767,083

Add: Grants Fund unspent revenues	20,626
Less: School Board intergovernmental revenues	(18,195,464)
Donations Fund expenditures in excess of revenues	(112,866)

Intergovernmental Revenue per basic financial statements - City	\$ 21,479,379
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(4) Subrecipients

Federal funds passed through to subrecipients for the year ended June 30, 2006 were as follows:

Federal Granting Agency/Grant Program	Amount
Department of Education -	
Special Education Grants for Infants and Families with Disabilities	\$ 284,141
Department of Health and Human Services -	
Child Care and Development Fund	2,078,856
Department of Housing and Urban Development:	
Community Development Block Grant	2,060,274
HOME Investment Partnerships Program	798,616
Emergency Shelter Grants Program	78,076
Shelter Plus Care	236,908
Total federal funds passed through to subrecipients	\$ 5,536,871