

## Explanation of Final Obligations under Operating Fund Program for Calendar Year (CY) 2012

The document describes the final obligations under the Operating Fund program for CY 2012. The funds under these obligations will be available for drawdown in eLOCCS by September 30, 2012.

### Obligation Period

The final obligations for CY 2012 cover an additional three months, from October 1 through December 2012. The previous funding obligations covered the first nine months of 2012.

### Final Proration

The Appropriations for 2012 provided \$3.962 billion with an Allocation Adjustment for reserves (as described below) for operating subsidies. Final total program eligibility for CY 2012 is \$4.888 billion, which resulted in eligibility proration of approximately 95% percent.

<b>CY 2012 Proration Calculation</b>		
#	Description	Amount
1	CY 2012 Appropriation	\$ 3,961,850,000
2	Less: Set-aside for financial hardship	\$ (20,000,000)
3	Less: Amount unavailable due to recaptures	\$ (678,624)
<b>4</b>	<b>Amount Available for Distributions (1-2-3)</b>	<b>\$ 3,941,171,376</b>
5	CY 2012 Estimated Eligibility	\$ 4,888,046,046
6	Add: Estimated Eligibility for HTK & MHP Submissions	\$ 254,282
7	Less: Allocation Adjustment (Reserves off-set)	\$ (738,316,329)
<b>8</b>	<b>Total Estimated Eligibility (5 through 7)</b>	<b>\$ 4,149,983,999</b>
<b>9</b>	<b>Proration (4) / (8)</b>	<b>94.968%</b>

For the previous obligations for CY 2012 funding with interim eligibility was prorated at average about 95 percent. The final proration factor is applied cumulatively to the start of the year.

### Final Obligations

For each PHA project, the Department has applied the proration factor of 100 percent to the final CY 2011 eligibility, and then subtracted the amount that was obligated for the first nine months, with the resulting figure representing the final obligation funding. Where PHAs had changes in project inventory, adjustments were made to reconcile project level funding.

The Financial Management Division (FMD) will post the following 2012 obligating documents on its website:

1. Obligating letter showing the amount funded in the final obligation;
2. Copy of final approved HUD-52723 for each project; and
3. A worksheet showing the funding reconciliation across PHA projects.

Table 2 presents CY 2012 operating subsidy eligibility by key formula components.

<b>Table 2: CY 2012 Operating Fund Eligibility</b>		
<b>#</b>	<b>Description</b>	<b>CY 2012</b>
1	<b>Unit Count</b>	<b>1,162,173</b>
2	<b>Eligible Unit Months (EUM)<sup>1</sup></b>	<b>12,683,694</b>
3	<b>Project Expense Level</b>	<b>\$5,122,548,515</b>
4	<b>Utility Expense Level</b>	<b>\$1,719,824,883</b>
5	Add-Ons:	
6	Self-Sufficiency	\$16,358,721
7	Energy Loan Amortization	\$41,548,571
8	PILOT	\$127,306,892
9	Cost of Independent Audit	\$23,785,443
10	Funding for Resident Participation Units	\$25,338,625
11	Asset Management Fee	\$39,775,232
12	Information Technology Fee	\$26,464,098
13	Asset Repositioning Fee	\$53,498,730
14	<b>Total Add-Ons (6 through 13)</b>	<b>\$354,076,312</b>
15	<b>Total Formula Expense (3+4+14)</b>	<b>\$7,196,449,710</b>
16	Formula Income	\$2,941,173,235
17	Change in Utility Allowance	\$0
18	<b>Total Formula Income (16+17)</b>	<b>\$2,941,173,235</b>
19	Other Formula Provisions:	
20	Moving To Work (MTW) with alternative subsidy calculation	\$494,544,984
21	Transition Funding (Decliners)	\$136,760,478
22	Other	\$655,916
23	<b>Total Other Formula Provisions (20+21+22)</b>	<b>\$631,961,378</b>
24	<b>Total Eligibility (15-18+23)<sup>2</sup></b>	<b>\$4,888,046,046</b>

<sup>1</sup>MTW PHAs with alternative subsidy calculation do not report EUMs.

<sup>2</sup>Totals of the key formula components may not add to the total eligibility on Line 24 because of certain projects that receive funding for audit costs only as their formula income exceeds formula expenses.