

Explanation of Final Obligations under Operating Fund Program for Calendar Year (CY) 2011

The document describes the final obligations under the Operating Fund program for CY 2011. The funds under these obligations have been loaded in eLOCCS and will be available for drawdown by September 30, 2011.

Obligation Period

The final obligations for CY 2011 cover an additional three months, from October 1 through December 2011. The previous funding obligations covered the first nine months of 2011.

Final Proration

The Consolidated Appropriations Act of 2011 provided \$4.6 billion for Operating Fund Program for CY 2011. Final total program eligibility for CY 2011 is \$4.59 billion, which resulted in eligibility proration of 100 percent (see Table 1).

Table 1: CY 2010 Proration Calculation

#	Description	Amount (in \$)
1	CY 2011 Appropriation	\$4,601,778,000
2	Less: Funds subject to de-obligation/ recaptures	\$(5,769,272)
3	Net Amount Available for Distribution (1) – (2)	\$4,596,008,728
4	CY 2011 Eligibility (Operating Fund)	\$4,594,051,155
5	CY 2011 Eligibility (Turnkey & Mutual Help Programs)	\$242,905
6	Total CY 2010 Eligibility (4) + (5)	\$4,594,294,060
7	Proration (3) / (6)	100%

For the previous obligations for CY 2011 funding, estimated subsidy eligibility was prorated at 95 percent. The higher proration factor (100 percent) is applied cumulatively to the start of the year.

Table 2 presents CY 2011 operating subsidy eligibility by key formula components.

Table 2: CY 2011 Operating Fund Eligibility

#	Description	CY 2011
1	Unit Count	1,159,940
2	Eligible Unit Months (EUM)¹	12,696,812
3	Project Expense Level	\$4,993,663,517
4	Utility Expense Level	\$1,521,005,759
5	Add-ons:	
6	Self-Sufficiency	\$15,890,496
7	Energy Loan Amortization	\$35,387,232
8	PILOT	\$121,467,343
9	Cost of Independent Audit	\$24,118,165
10	Funding for Resident Participation Units	\$25,342,775
11	Asset Management Fee	\$40,267,078
12	Information Technology Fee	\$26,573,342
13	Asset Repositioning Fee	\$66,404,971
14	Total Add-Ons (6 through 13)	\$355,451,402
15	Total Formula Expense (3+4+14)	\$6,870,120,678
16	Formula Income	\$2,898,656,884
17	Change in Utility Allowance	\$0
18	Total Formula Income (16+17)	\$2,898,656,884
19	Other Formula Provisions:	
20	Moving to Work (MTW) with Alternative Subsidy Calculation	\$479,324,159
21	Transition Funding (Decliners)	\$140,774,493
22	Other	\$1,613,198
23	Total Other Formula Provisions (20+21+22)	\$621,711,850
24	Total Eligibility (15-18+23)²	\$4,594,051,155

¹ MTW PHAs with alternative subsidy calculation do not report EUMs.

² 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.

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 2011 obligating documents on the Operating Subsidy 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.