

### **Final Calendar Year (CY) 2009 Operating Subsidy Obligation: Reconciliation Methodology**

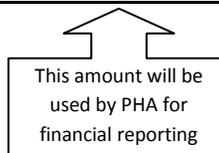
This document explains the methodology that HUD used to reconcile final eligibility<sup>1</sup> with amounts previously obligated. It also recommends how public housing agencies (PHAs) should report subsidy amounts for purposes of PHA year-end financial reporting.

#### **Explanation**

For the final funding obligation, HUD has compared the final eligibility for each project with the amounts previously obligated. Generally, a project's final obligation will be the difference between the final prorated 2009 eligibility and the amount already obligated. In cases where the amount already obligated exceeds the final eligibility, HUD reduced the final obligation from one or more projects with an excess of final eligibility over amount previously obligated, as shown in the example below.

**Example:** A PHA has five projects (see table below). These five projects were obligated \$950 in the previous funding cycles. Combined, these five projects have a final CY 2009 eligibility of \$1,150. Therefore, the PHA overall will need \$200 obligated in the final funding obligation; however, two projects (2 and 5) were obligated more in the previous funding cycles than their final 2009 eligibility. Consequently, in the final funding obligation, HUD reduced the final obligation to other projects, accordingly. In this case, the final funding obligation for Projects 3 and 4 were reduced by \$50 and \$75, respectively. Generally, HUD will adjust final obligations in ascending order (based on project numbers) until overall funding has been reconciled.

Project #	Amount Obligated to Date	Final Prorated CY 2009 Eligibility	Final Obligation
PH001000001	\$ 200	\$ 300	\$ 100
PH001000002	\$ 100	\$ -	\$ -
PH001000003	\$ 250	\$ 400	\$ 100
PH001000004	\$ 275	\$ 350	\$ -
PH001000005	\$ 125	\$ 100	\$ -
	\$ 950	\$ 1,150	\$ 200


  
 This amount will be used by PHA for financial reporting

<sup>1</sup> For purposes of this document, "final eligibility" means a project's final operating subsidy eligibility, adjusted for proration.

HUD has prepared a reconciliation sheet for each PHA that captures the information contained in the table above.

**PHA Year-End Financial Reporting:** For financial reporting purposes, PHAs should use the “Final Prorated CY 2009 Eligibility” column on the subsidy reconciliation sheet to report the amount of subsidy received by each project for the calendar year.

**Recaptures:** In rare cases where a PHA as a whole has received more funding in the previous funding obligations than its final subsidy eligibility, the excess funds will be recaptured. The Financial Management Division (FMD) will provide further guidance to PHAs and Field Offices on processing these recaptures.