

Attachment 3

Examples of Administrative Fee Analysis and Recapture

Decision Questions:

1. Do HA FY 2003 administrative expenses exceed administrative fees paid?
If "Yes", HA retains all administrative fees paid
2. If "No", Is the Administrative Fee Reserve balance prior to any HA FY 2003 accrual greater than or equal to 5% of HA FY 2003 fees paid
If "Yes", HUD recaptures HA FY 2003 fees that exceed FY 2003 administrative costs
If "No", HA retains sufficient excess fees to increase reserve to 5% of HA FY 2003 fees earned and HUD recaptures the balance

Note: For this purpose, fees earned represents calculated administrative fees for the HA FY. Fees paid represents this amount less any amount from the Administrative Fee Reserve that was used to offset fee payments during the FY

In all examples, the HA FYE is 12/31

Example 1:

Administrative Fee Reserve Balance 1/31/2003:	\$335,000	
Administrative Fees Earned FFY 2002:	\$300,000	
Administrative Fee Reserve Balance 12/31/2003:	\$175,000	(The HA fiscal year end administrative fee reserve balance remains intact unless the HA chooses to spend a portion for "other housing purposes")
105% FFY 2002 Administrative Fees Earned:	\$315,000	
HA FY 2003 Administrative Fees Offset by Reserve Balance:	\$20,000	(\$335,000 minus \$315,000)
Administrative Fees Earned HA FY 2003:	\$310,000	(5% = \$15,500)
Administrative Fees Paid HA FY 2003: \$310,000 - \$20,000:	\$290,000	
Administrative Expenses HA FY 2003:	\$284,000	

FYE Analysis:

Do HA FY 2003 administrative expenses exceed administrative fees paid?: No (\$284,000 < \$290,000)
Is Admin Fee Reserve balance > or = 5% of FY fees earned: Yes (\$175,000 > \$15,500)
Result: HUD recaptures HA FY 2003 fees paid that exceed FY 2003 costs: \$290,000 - \$284,000 = \$6,000

Example 2:

Administrative Fee Reserve Balance 1/31/2003:	\$10,000	
Administrative Fees Earned FFY 2002:	\$300,000	
Administrative Fee Reserve Balance 12/31/2003:	\$10,000	(The HA fiscal year end administrative fee reserve balance remains intact unless the HA chooses to spend a portion for "other housing purposes")
105% FFY 2002 Administrative Fees Earned:	\$315,000	
HA FY 2003 Administrative Fees Offset by Reserve Balance:	\$0	(\$10,000 minus \$315,000 is less than zero)
Administrative Fees Earned HA FY 2003:	\$310,000	(5% = \$15,500)
Administrative Fees Paid HA FY 2003:	\$310,000	
Administrative Expenses HA FY 2003:	\$284,000	

FYE Analysis:

Do HA FY 2003 administrative expenses exceed administrative fees paid?: No (\$284,000 < \$310,000)
Is Admin Fee Reserve balance > or = 5% of FY fees earned: No (\$10,000 < \$15,500)
Result: HA retains \$5,500 of excess fees, to raise Admin Fee Reserve to \$15,500; HUD recaptures balance of excess HA FY 2003 fees
Excess Fees: \$310,000 - \$284,000 = \$26,000
Less amount retained by HA to raise reserve level to \$15,500: \$5,500
Recaptured: \$20,500

Example 3:

Administrative Fee Reserve Balance 1/31/2003:	\$10,000	
Administrative Fees Earned FFY 2002:	\$300,000	
Administrative Fee Reserve Balance 12/31/2003:	\$10,000	(The HA fiscal year end administrative fee reserve balance remains intact unless the HA chooses to spend a portion for "other housing purposes")
105% FFY 2002 Administrative Fees Earned:	\$315,000	
HA FY 2003 Administrative Fees Offset by Reserve Balance:	\$0	(\$10,000 minus \$315,000 is less than zero)
Administrative Fees Earned HA FY 2003:	\$310,000	(5% = \$15,500)
Administrative Fees Paid HA FY 2003:	\$310,000	
Administrative Expenses HA FY 2003:	\$317,000	

FYE Analysis:

Do HA FY 2003 administrative expenses exceed administrative fees paid?: Yes (\$317,000 > \$310,000)
Result: HA retains all administrative fees paid