

**Explanation of
October through December Final Obligations
Under Operating Fund Program
For Calendar Year (CY) 2013**

This document describes the October through December final obligations under the Operating Fund program for CY 2013. The funds under these obligations were available in eLOCCS September 27, 2013. The October obligations for CY 2013 cover 3 months and the obligation letters reflecting this amount will be posted by the Financial Management Division (FMD) on the Calendar Year 2013 Subsidy Processing website at:

http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/ph/am/of/opfnd2013

Final Proration

The Congress adopted a Full Year Continuing Resolution through September 30, 2013 and provided for a sequestration. The Full Year Continuing Resolution with sequestration served as the basis for the final proration used for the obligations. Table 1 shows the interim proration calculation at approximately 82%. As noted in prior correspondence to the industry, because HUD funded PHAs at a higher proration initially, funding levels for the remainder of the year reflect the balance remaining in order to meet the annualized proration level.

Table 1: CY 2013 Final Proration		
#	Description	Amount
1	CY 2013 Estimated Appropriation	\$ 4,054,181,154
2	Amount Available for Distributions	\$ 4,054,181,154
3	CY 2013 Final Eligibility	\$ 4,952,327,833
4	Add: Eligibility for HTK & MHP Submissions	\$ 165,140
5	Total Estimated Eligibility (3 through 4)	\$ 4,952,492,973
6	Proration (2) / (5)	81.86%

The final proration is based on all CY 2013 operating subsidy approved eligibility forms.

Final Operating Fund Eligibility Summary

Table 2 presents summary of CY 2013 Operating Subsidy eligibility by key formula components.

Table 2: Operating Fund Eligibility 2013		
#	Description	CY 2013
1	Unit Count	1,122,424
2	Eligible Unit Months (EUMs)	12,636,582
3	Project Expense Level (PEL)	\$ 5,224,933,414
4	Utilities Expense Level (UEL)	\$ 1,653,056,550
5	Add-ons:	
6	Self-Sufficiency	\$ 16,511,080
7	Energy-Add On for Loan Amortization	\$ 41,770,433
8	Payments in Lieu of Taxes (PILOT)	\$ 130,857,536
9	Cost of Independent Audit	\$ 24,676,940
10	Funding for Resident Participation Units	\$ 25,448,825
11	Asset Management Fee	\$ 39,262,434
12	Information Technology Fee	\$ 26,173,764
13	Asset Repositioning Fee	\$ 45,080,654
14	Total Add-Ons (7 through 14)	\$ 349,781,666
15	Total Formula Expense (3+4+15)	\$ 7,227,771,630
16	Formula Income	\$ 2,941,214,343
17	Other Formula Provisions:	
18	Moving to Work (MTW with alternative subsidy calculations)	\$ 525,098,707
19	Stop Loss	\$ 141,659,039
20	Other	\$ (1,687,157)
21	Total Other Formula Provisions	\$ 665,070,589
22	Total Eligibility : Operating Fund Base (line 4-19)	\$ 4,951,627,876

Notes:

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 81.86% percent to the final CY 2013 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.

3/11/2014

The Financial Management Division (FMD) has posted the following 2013 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.