



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
WATER

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SRF 97-14

MEMORANDUM

SUBJECT: State Revolving Fund (SRF) Cash Flow Model

FROM: Connie M. Bosma, Chief /s/
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Office of Ground Water and Drinking Water

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TO: Clean Water and Drinking Water SRF Program Coordinators

As part of the EPA commitment to provide ongoing support and tools that our state partners can use to effectively manage the Clean Water and Drinking Water SRF programs, we have enclosed a copy of the new *SRF Cash Flow Model*.

This new software tool has been designed to model SRF programs in a user friendly, flexible and comprehensive manner. It should be a useful vehicle for detailed and effective financial planning and management. It uses a building-block approach which will allow users to analyze loan structures, size bond issues, and track grant and match payments to create cash flow projections. The projection results can be previewed on the screen or printed as reports and graphs.

Earlier this year, we distributed the SRF Planning Model which allows states to evaluate possible scenarios for managing the Clean Water and Drinking Water SRFs. The *SRF Cash Flow Model* is a more detailed and complete financial management tool intended for more detailed analysis and day to day management of the program. It can be used in conjunction with the Planning Model by using some of the same assumptions to explore projected revenues, expenses, and cash flows while introducing variables in bond issuance, project funding, and grant and match levels.

The model contains two disks and an extensive user's manual which will guide the exploration of this program's detailed features. For the Drinking Water SRF, you may enter summary data to evaluate the impact of variables on the program. The model contains the Clean Water SRF historical data through 1996 and will be updated with the 1997 data in the next few

months. The user's manual contains sample reports and graphs, and three cash flow modeling approaches.

Because of the complexity of the model, the software required is Microsoft Excel 5.0 or higher. Please refer to the "Loading the Software" section of the user's manual for installation instructions and hardware requirements.

This version of the *SRF Cash Flow Model* is a "working draft." We hope that you will provide us with constructive suggestions about the model over the next three months. We welcome your ideas and suggestions for improvement.

Please provide copies of this letter to each state when you distribute the cash flow model. We want to be sure that the model meets their needs and we also welcome their suggestions and comments.

If you have any questions, comments, or suggestions about the *SRF Cash Flow Model*, please contact Mike Caron at (202) 260-2874.