



**November 13, 2023**

# **North Carolina's SRF Cash Flow Model**

*Department of Environmental Quality*

*Division of Water Infrastructure*



# NC's SRF Capitalization Grants – FY23

	DWSRF	CWSRF
Base	\$13.6 M	\$13.5 M
BIL General Supplemental	\$58.0 M	\$37.6 M
<b>Total</b>	<b>\$71.6 M</b>	<b>\$51.1 M</b>

SRF programs are not leveraged in NC, but we obligate more than we have available.

# *Overview of the Cash Flow Model*

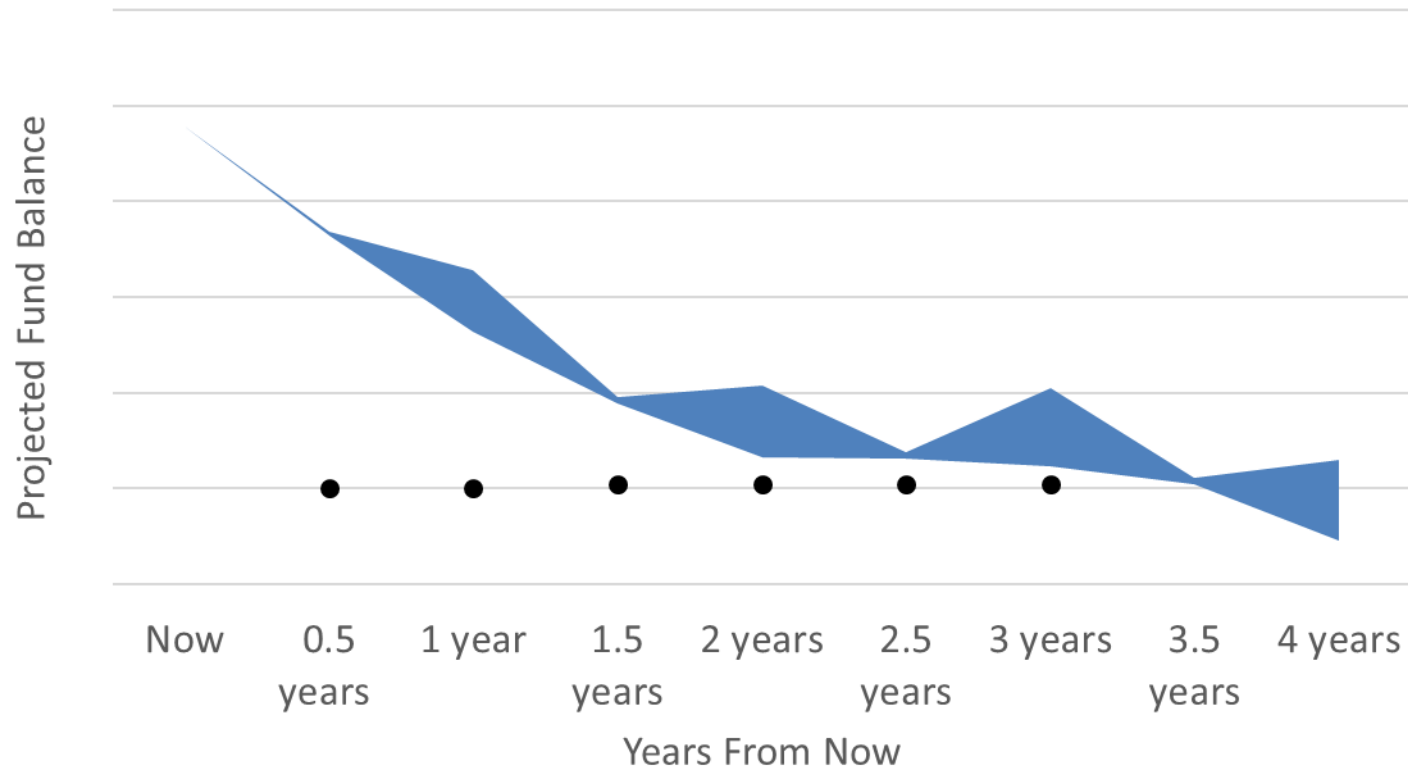
- Projections in 6-month periods for 5-20 years
- Current cash balance
  - Each project's projected disbursements
  - + Projected projects' repayment revenues over 20 years
  - + Projected cap grants & match revenues over 5 years
  - Projected outlays from new awards over next 5 years
- = Cash balance over next 5 years
  
- Goal: maintain 6-12 months of cash on hand throughout next 5 years, but can adjust to be more aggressive if needed
  
- Update the model at least 5 times a year
- Started the model in 2012

# *Examples of Uses and Scenario-Building*

- Determine how much we can award in each funding cycle; maintaining minimum projected fund balance.
- Currently we have 1.5x - 1.7x in obligations relative to cash available.
- Determine if we can approve loan increases or extensions, as long as fund balance does not drop below minimum threshold
- Estimate impact of policy and interest rate/PF changes
- Tracking projections vs. reality: review timeliness of disbursements / the economy
- If reduce cap grants, how much do we need to slow down to maintain long-term integrity of the SRF funds?

# Example: Determining Funding Awards

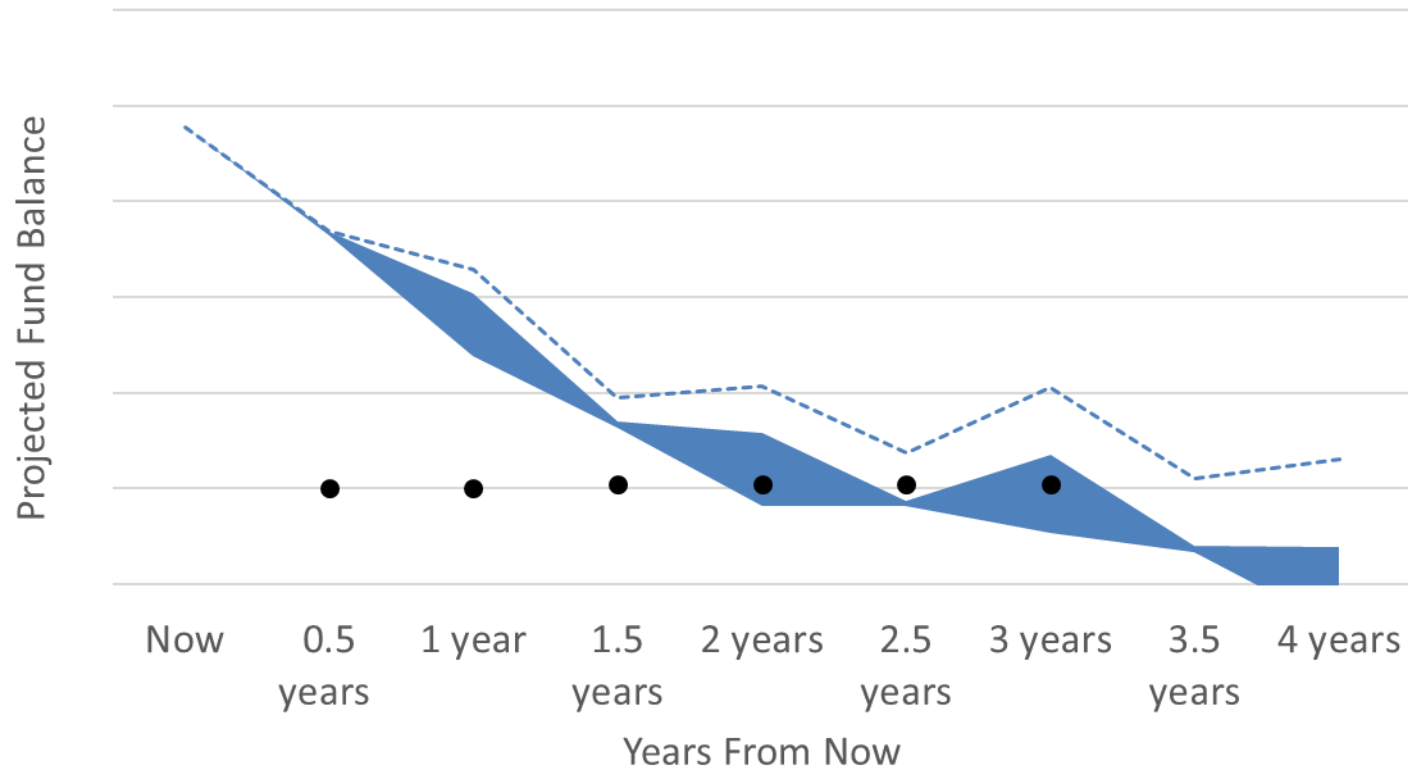
**SRF Fund Balance Projections (Example)**



Projections are estimates only, and are often updated. Projections are more accurate for next 1 - 2 years.

# Example: Loss of Cap Grants for Base SRF

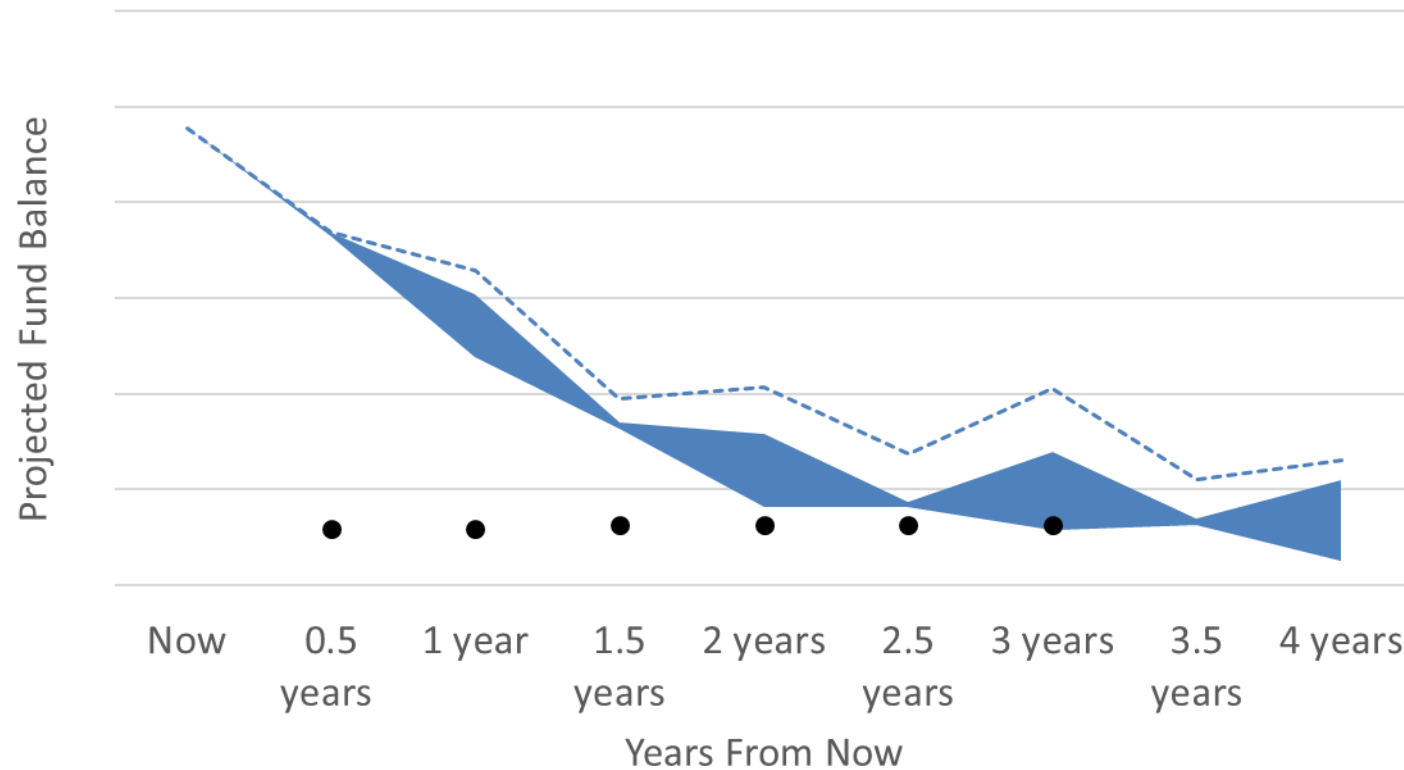
**SRF Fund Balance Projections (Without Base Cap Grants)**



Projections are estimates only, and are often updated. Projections are more accurate for next 1 - 2 years.

# Example: Adjusting Funding Award Levels Due To Loss of Cap Grants

**SRF Fund Balance Projections (Without Base Cap Grants, Reducing Funding Awards)**



Projections are estimates only, and are often updated. Projections are more accurate for next 1 - 2 years.



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## **Division of Water Infrastructure**

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## **State Water Infrastructure Authority**

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