State Revolving Fund Cash Flow Model

Model Summary Document (MSD)

1. Model Purpose and Description

The State Revolving Fund (SRF) Cash Flow Model (CFM) measures the amount of program enhancement available to bondholders. It does so by stressing loan (or other) revenues to find the "default tolerance", or the breakeven amount of defaults, offset by assumed recoveries, a transaction can withstand over a given period before revenues are no longer sufficient to pay bond debt service in full. Once the breakeven loss is determined, it is measured against liability rating stress hurdles produced by the SRF Portfolio Stress Model (PSM) to produce pass/fail results relative to a specific rating category.

2. Model Assumptions

The assumptions in the model are described in Fitch's criteria

- State Revolving Fund and Municipal Finance Pool Program Rating Criteria

3. Model Inputs

The key inputs to the model include:

- Cash sources
- Cash uses
- Debt service reserve requirement(s) and releases
- Surplus release parameters
- Liability rating stress hurdle results and weighted average recovery rate produced by Fitch's Portfolio Stress Model (PSM).

4. Model Development Data

Not applicable to this rating model as it does not directly use historical data for its development and calibration, and it only uses issuer specific data and other related data as described in the relevant criteria and/or RAC.

5. Model Limitations

The model is intended only to analyse state revolving fund (SRF) and municipal finance pool (MFP) programs within the scope of Fitch's "State Revolving Fund and Municipal Finance Pool Program Rating Criteria".

6. Material Changes

The current model version is 1.18.x. Any future material changes will be disclosed in this section.

Contact Information

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