

Sample C

Example of Percentage Schedule:

The municipality's annual audit, or financial statement, reports that equipment is valued at \$5,000,000. This is only equipment, including such things as vehicles and computers if used 100% for the sewerage system. It does not include pipes in the ground or buildings.

Referring to the Percentage Schedule chart, \$5,000,000 requires a minimum of 30% to be maintained in the ERF. The amount to be maintained is \$1,500,000 ($\$5,000,000 \times 30\% = \$1,500,000$)

Attaining the \$1,500,000 balance within three years:

- If entering into a CWFPP loan, and a balance exists in the ERF that is less than \$1,500,000, the municipality has a maximum of three years from the year the first principal payment is made on the CWFPP loan to achieve the required balance/percentage. This may be done over one, two or three years. Three years is the maximum allowed.
- If converting from the itemized method and the current balance is lower, funds must be added to the ERF to reach the \$1,500,000 level. This may be done over one, two or three years. Three years is the maximum allowed.
- If converting from the itemized method and the current ERF balance is higher than \$1,500,000, funds may remain in the ERF account or may be used for any legal purpose of the sewerage system.

One example: A special account may be established for pipe replacement.

When using a portion of the ERF to replace eligible equipment, funds must be added to the ERF to again reach the \$1,500,000 level. This may be done over one, two or three years. Three years is the maximum allowed.