

Ministry of Finance

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November 14, 2013

Dear Treasurer / Clerk-Treasurer:

In their November 14th letter to Heads of Council, the Ministers of Finance and Municipal Affairs and Housing announced the redesigned 2014 Ontario Municipal Partnership Fund (OMPF). I am writing to provide you with more details regarding your 2014 allocation.

In 2014, the Province will provide a total of \$550 million in unconditional funding through the OMPF to 388 municipalities across the province. This funding, combined with the municipal benefit resulting from the provincial uploads, will total over \$2 billion in 2014. This is more than three times the level of funding provided in 2004.

As noted in the joint Ministers' letter to Heads of Council, for 2014, the Province will ensure that municipalities receive a guaranteed level of support based on their 2013 OMPF allocation. This means that in 2014 your municipality will receive, at a minimum, 90 per cent of its 2013 OMPF allocation. The minimum level of support will be enhanced for northern municipalities with more challenging fiscal circumstances.

The details specific to your municipality's 2014 allocation are outlined in the attached *2014 OMPF Allocation Notice and Inserts*.

REDESIGNED 2014 OMPF

The Province has been working with the Association of Municipalities of Ontario and municipal representatives over the past 18 months to review the OMPF program.

The 2014 OMPF reflects feedback the government received from municipalities with respect to the program redesign over the course of these consultations.

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The redesigned 2014 OMPF is composed of four core grants and transitional support as outlined below.

Redesigned 2014 OMPF (\$550 million)	
1. Assessment Equalization Grant (\$149 million)	Provides funding to municipalities with limited property assessment
2. Northern Communities Grant (\$79 million)	Provides funding to northern communities in recognition of unique challenges they face
3. Rural Communities Grant (\$138 million)	Provides funding to rural communities in recognition of unique challenges they face
4. Northern and Rural Fiscal Circumstances Grant (\$50 million)	Provides additional, targeted funding to northern and rural municipalities based on their individual municipal fiscal circumstances
5. Transitional Assistance (\$134 million)	Provides support to municipalities as they transition to the redesigned OMPF

The 2014 OMPF continues to provide support to municipalities through the Assessment Equalization, Northern Communities, and Rural Communities Grants, which have been in place since the introduction of the program in 2005.

In addition, as part of the redesign of the program, the Province is introducing a new grant – the Northern and Rural Fiscal Circumstances Grant – in 2014. This new grant is provided to municipalities eligible for funding through the Northern Communities and/or Rural Communities Grants.

Furthermore, the 2014 OMPF also includes a significant amount of transitional support in order to assist municipalities as they transition to the redesigned program.

The four grants and Transitional Assistance will remain the core elements of the redesigned program in future years. As indicated in the joint Ministers' letter to Heads of Council, the government will continue to consult with municipalities in the coming months on how best to support their needs through the OMPF, while also adhering to the scheduled phase-down of the program.

Given the significant amount of Transitional Assistance provided in 2014, these consultations will focus on whether the program should further enhance targeted support or include other objectives beyond those announced as part of the redesign.

2014 OMPF – SUPPORTING MATERIAL

In order to assist municipalities in understanding the redesign of the OMPF and their individual 2014 allocations, the Ministry of Finance (MOF) has prepared detailed and customized supporting documentation:

- A.** 2014 OMPF Technical Guide
- B.** 2014 OMPF Allocation Notice and Inserts
- C.** Municipal Workbooks and Upload Benefit Report

A. 2014 OMPF Technical Guide

The attached *2014 OMPF Technical Guide* provides information with respect to individual grant thresholds, parameters and data sources.

B. 2014 OMPF Allocation Notice and Inserts

The *OMPF Allocation Notice* and *Insert* outline individual municipal OMPF allocations by grant, and also provide a summary of key data inputs for 2014. Your municipality's funding allocation is noted on line A.

As indicated in the *2014 Transitional Assistance Calculation Insert*, your municipality will receive an enhancement to the minimum 2014 level of support based on its northern and rural Municipal Fiscal Circumstance Index (MFCI).

The additional benefit to your municipality from the provincial uploads is presented in the accompanying *2014 Upload Notice Insert*.

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C. 2014 Municipal Workbooks and Upload Benefit Report

The *2014 OMPF Workbook* and the *2014 Northern and Rural MFCI Workbook* provide detailed calculations of the 2014 OMPF grants, the determination of the northern and rural MFCI, and outline all underlying data elements.

The *2014 Upload Benefit Report* presents a detailed breakdown of each municipality's estimated benefit resulting from the provincial uploads.

These documents will be provided electronically to municipal treasurers and clerk-treasurers in the coming weeks.

The *2014 OMPF Technical Guide* as well as individual municipal *OMPF Allocation Notices* are also available electronically on the MOF website:

<http://www.fin.gov.on.ca/en/budget/ompf/2014/>
<http://www.fin.gov.on.ca/fr/budget/ompf/2014/>

Finally, to further assist municipalities, MOF will be hosting information sessions over the next several months. Specifics regarding these sessions will be shared with you shortly.

2014 PAYMENT SCHEDULE

Also enclosed is a *Cash Flow Notice* that identifies your municipality's 2014 quarterly payment schedule. The quarterly payments will be processed at the end of January, April, July, and October 2014.

2014 REPORTING OBLIGATIONS

I would also like to remind you that, as in previous years, municipalities continue to be required to submit the following to the Ministry of Municipal Affairs and Housing (MMAH):

- their 2013 Financial Information Return (FIR) by **June 2, 2014**; and
- their 2014 tax rate by-laws by **September 30, 2014**.

Payments for municipalities that do not meet these reporting obligations will be subject to holdback until these documents have been filed.

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In closing, I would like to thank the members of the OMPF Municipal Reference Group and all municipalities we have heard from during the consultation process for their valuable input and advice. I look forward to continuing the dialogue with municipalities as we consider refinements to the 2015 program.

If you require additional information, you may e-mail your inquiries and contact information to: info.ompf@ontario.ca.

Sincerely,

Information Copy
Original Signed By

Allan Doheny
Assistant Deputy Minister (A)
Provincial Local Finance Division

Enclosures

c. Janet Mason
Assistant Deputy Minister
Local Government and Planning Policy Division
Ministry of Municipal Affairs and Housing

Elizabeth Harding
Assistant Deputy Minister
Municipal Services Division
Ministry of Municipal Affairs and Housing

Ontario Municipal Partnership Fund (OMPF) 2014 Allocation Notice



Town of Fort Frances

87401

2014 Highlights for the Town of Fort Frances

- The Town of Fort Frances' combined benefit of the 2014 OMPF and provincial uploads totals \$3,687,400 which is the equivalent of 34% of the Town's municipal property tax revenue.
- The Town's combined benefit includes:
 - \$3,069,500 through the OMPF
 - \$617,900 benefit resulting from the provincial uploads
- This exceeds the payments received in 2004 by \$587,400.

A	Total 2014 OMPF	\$3,069,500
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1. Assessment Equalization Grant	\$888,900
2. Northern Communities Grant	\$820,500
3. Rural Communities Grant	\$515,200
4. Northern and Rural Fiscal Circumstances Grant	\$240,500
5. Transitional Assistance	\$604,400

B	2014 Combined Benefit of OMPF and Provincial Uploads (Line B1 + Line B2)	\$3,687,400
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1. Total OMPF (Equal to Line A)	\$3,069,500
2. Provincial Uploads (see 2014 Upload Notice Insert)	\$617,900

C	Other Ongoing Provincial Support	\$985,900
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1. Public Health	\$506,300
2. Land Ambulance	\$405,800
3. Provincial Gas Tax Program	\$73,800

D Key OMPF Data Inputs

1. Households	3,816
2. Total Weighted Assessment per Household	\$186,183
3. Rural and Small Community Measure	100.0%
4. Northern and Rural Municipal Fiscal Circumstances Index	7.0
5. 2014 Guaranteed Level of Support	96.0%
6. 2013 OMPF (Line A from 2013 Allocation Notice)	\$3,197,300

Ontario Municipal Partnership Fund (OMPF) 2014 Allocation Notice



Town of Fort Frances

87401

2014 OMPF Allocation Notice - Line Item Descriptions

- A** The OMPF grants are described in detail in the OMPF Technical Guide – this document can be found on the Ministry of Finance's website at: <http://www.fin.gov.on.ca/en/budget/ompf/2014>
- A5** If applicable, reflects the amount of transitional support provided to assist the municipality in adjusting to the redesigned OMPF program. See the enclosed Transitional Assistance Calculation Insert for further details.
- B1** Sum of 2014 OMPF grants. (Equal to Line A)
- B2** Estimated 2014 benefit of the Province's upload of social assistance benefit program as well as court security and prisoner transportation costs. For further details see the 2014 Upload Benefit Report.
- C1** The estimated 2014 municipal benefit of the Province's 75 per cent share of public health funding relative to its 50 per cent share in 2004. Actual municipal savings may not correspond with the Allocation Notice due to budget approvals made by the local Boards of Health. Municipalities may provide additional funding beyond their obligated cost share. Any additional municipal funding is not included in the calculation of the public health figure.
- C2** The estimated 2014 municipal benefit of the Province's 50 per cent share of land ambulance funding is relative to its share in 2005. This incremental increase in land ambulance funding delivers on the Province's commitment to strengthen land ambulance services and maintain the 50:50 sharing of land ambulance costs.
- C3** Funding provided to the municipality through the 2012-13 provincial gas tax program.
- D2** Refers to the total assessment for a municipality weighted by the tax ratio for each class of property (including payments in lieu of property taxes retained by the municipality) divided by the total number of households.
- D3** Represents the proportion of a municipality's population that resides in rural areas or small communities. For additional information see the 2014 OMPF Technical Guide.
- D4** The northern and rural Municipal Fiscal Circumstances Index (MFCI) measures a municipality's fiscal circumstances relative to other northern and rural municipalities in the province, and ranges from 0 to 10. A lower MFCI corresponds to relatively positive fiscal circumstances, whereas a higher MFCI corresponds to more challenging fiscal circumstances. For additional information see the 2014 OMPF Technical Guide.
- D5** Represents the guaranteed level of support the municipality will receive from the Province through the 2014 OMPF. For additional information see the 2014 OMPF Technical Guide.
- D6** 2013 OMPF allocation.

Note: Provincial funding and other ongoing provincial support initiatives rounded to multiples of \$100.

Ontario Municipal Partnership Fund (OMPF)
2014 Transitional Assistance Calculation Insert



Town of Fort Frances

87401

A 2014 OMPF Transitional Assistance (Line B2 - Line B1 if positive)	\$604,400
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B Supporting Details	
1. Sum of 2014 OMPF Grants, Excluding Transitional Assistance	\$2,465,100
2. 2014 Guaranteed Support (Line B2a x Line B2b)	\$3,069,500
a. 2013 OMPF (Line A from 2013 Allocation Notice)	\$3,197,300
b. 2014 Guaranteed Level of Support (Line C)	96.0%

C 2014 Guaranteed Level of Support (Line C1 + Line C2)	96.0%
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1. 2014 OMPF Minimum Guarantee	90.0%
2. Enhancement Based on Northern and Rural Municipal Fiscal Circumstances Index	6.0%

Ontario Municipal Partnership Fund (OMPF)
2014 Transitional Assistance Calculation Insert



Town of Fort Frances

87401

2014 Transitional Assistance Calculation Insert - Line Item Descriptions

A Represents the total Transitional Assistance the municipality will receive in 2014.

B1 Sum of 2014 Assessment Equalization, Northern Communities, Rural Communities, and Northern and Rural Fiscal Circumstances Grants.

B2 Guaranteed amount of funding through the 2014 OMPF.

B2a 2013 OMPF allocation.

B2b Represents the guaranteed level of support the municipality will receive from the Province through the 2014 OMPF. For additional information see the 2014 OMPF Technical Guide.

C1 Reflects the minimum level of support for northern municipalities.

C2 Reflects the enhancement to the minimum level of support based on the municipality's northern and rural MFCI.

Note: Provincial funding and other ongoing provincial support initiatives rounded to multiples of \$100.

Ontario Municipal Partnership Fund (OMPF)

2014 Northern and Rural Municipal Fiscal Circumstances Index



Town of Fort Frances

87401

A Northern and Rural MFCI - Town of Fort Frances

7.0

The northern and rural Municipal Fiscal Circumstances Index (MFCI) measures a municipality's fiscal circumstances relative to other northern and rural municipalities in the province on a scale of 0 to 10. A lower MFCI corresponds to relatively positive fiscal circumstances, whereas a higher MFCI corresponds to more challenging fiscal circumstances.

The northern and rural MFCI is determined by six indicators that are classified as either primary or secondary, to reflect their relative importance in determining a municipality's fiscal circumstances.

The table below provides a comparison of the indicator values for the Town and the median for northern and rural municipalities.

B Northern and Rural MFCI - Indicators

	Fort Frances T	Median
Primary Indicators		
1. Weighted Assessment per Household	\$186,183	\$231,000
2. Median Household Income	\$58,841	\$61,000
Secondary Indicators		
3. Average Annual Change in Assessment (New Construction)	0.3%	1.1%
4. Employment Rate	56.2%	58.0%
5. Ratio of Working Age to Dependent Population	181.2%	194.0%
6. Per cent of Population Above Low Income Threshold	86.0%	87.0%

Note: A value that is higher than the median corresponds to relatively positive fiscal circumstances, while a value below the median corresponds to more challenging fiscal circumstances.

Additional details regarding the calculation of the northern and rural MFCI are provided in the 2014 OMPF Technical Guide, as well as in the customized municipal 2014 Northern and Rural MFCI Workbook.

Ontario Municipal Partnership Fund (OMPF)
2014 Northern and Rural Municipal Fiscal Circumstances Index



Town of Fort Frances

87401

2014 Northern and Rural Municipal Fiscal Circumstances Index - Line Item Descriptions

- | | |
|-----------|---|
| A | The municipality's 2014 northern and rural MFCI. Additional details are provided in the municipality's customized 2014 Northern and Rural MFCI Workbook. |
| B1 | Refers to the total assessment for a municipality weighted by the tax ratio for each class of property (including payments in lieu of property taxes retained by the municipality) divided by the total number of households. |
| B2 | Statistics Canada measure of median income for all private households. |
| B3 | Measures the five-year (2008 - 2013) average annual change in a municipality's assessment, for example as a result of new construction, excluding the impact of reassessment. |
| B4 | Statistics Canada measure of number of employed persons, divided by persons aged 15 and over. |
| B5 | Statistics Canada measure of working age population, divided by youth (aged 14 and under) and senior population (aged 65 and over). |
| B6 | Reflects the Statistics Canada measure of the population in private households above the low income threshold for Ontario, compared to the total population in private households. |

Ontario Municipal Partnership Fund (OMPF)
2014 Upload Notice



Town of Fort Frances

87401

A Estimated 2014 Provincial Uploads		\$617,900
1. Ontario Drug Benefits	\$67,600	
2. Ontario Disability Support Program - Administration Component	\$53,000	
3. Ontario Disability Support Program - Benefits Component	\$371,300	
4. Ontario Works - Benefits Component	\$63,700	
5. Ontario Works - Administration Component (Additional Support)	\$47,700	
6. Court Security and Prisoner Transportation	\$14,600	
B 2013 Provincial Uploads		\$549,800
C Increase in Provincial Uploads Compared to 2013 (Line A - Line B)		\$68,100

Ontario Municipal Partnership Fund (OMPF)
2014 Upload Notice



Town of Fort Frances

87401

2014 Upload Notice - Line Item Descriptions

- Estimated 2014 municipal benefit resulting from the Province's upload of Ontario Drug Benefit Program; Ontario Disability Support Program; the phased upload of Ontario Works benefits; and court security and prisoner transportation costs, as well as additional support in respect of municipal Ontario Works administration costs.

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- B** Equal to Line A of the 2013 Upload Notice.

Note: Provincial funding and other ongoing provincial support initiatives rounded to multiples of \$100.

Ministry of Finance

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November 14, 2013

Dear Head of Council:

We are writing to announce the release of the redesigned Ontario Municipal Partnership Fund (OMPF) and program allocations for 2014.

In 2014, the province will provide a total of \$550 million in unconditional funding through the OMPF to 388 municipalities across the province. This funding, combined with the municipal benefit resulting from the provincial uploads, will total more than \$2 billion in 2014. This is over three times the level of funding provided in 2004.

As you know, 2013 was a transition year for the OMPF. The transition year provided us with the opportunity to consult with the Association of Municipalities of Ontario and other municipal representatives on how best to redesign the program to support municipal needs. We also received valuable input from a number of municipalities across the province. These consultations helped to shape the redesign of the program.

With respect to the redesign of the program, municipal representatives emphasized that the OMPF should:

- continue to support municipalities with limited property assessment;
- continue to recognize the challenges of northern and rural municipalities, while better targeting funding to those municipalities with more challenging fiscal circumstances; and
- include support to assist municipalities as they transition to the redesigned program.

We are pleased to announce that the 2014 OMPF will continue to provide support to municipalities through the *Assessment Equalization, Northern Communities, and Rural Communities* grants. In addition, a new *Northern and Rural Fiscal Circumstances Grant* is being introduced to better target funding to northern and rural municipalities with more challenging fiscal circumstances.

The \$550 million OMPF for 2014 also includes a significant amount of transitional assistance which is intended to provide stability and support to local governments as they transition to the redesigned program. More specifically, the transitional assistance provided through the 2014 OMPF will ensure that municipalities receive a guaranteed level of support based on their 2013 OMPF allocation.

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Municipalities in the north will receive at least 90 per cent of their 2013 OMPF allocation, while municipalities in other regions of the province will receive at least 85 per cent. These minimum levels of support will be enhanced up to 100 per cent for eligible municipalities with more challenging fiscal circumstances.

The Ministry of Finance's (MOF) Provincial-Local Finance Division will be providing your municipal Treasurers and Clerk-Treasurers with further details on the 2014 OMPF. This information and other supporting materials will be posted in both English and French on the MOF website:

<http://www.fin.gov.on.ca/en/budget/ompf/2014/>
<http://www.fin.gov.on.ca/fr/budget/ompf/2014/>

The review of the OMPF and the phase-down of the program to \$500 million by 2016 was announced in 2012, and was also part of the 2008 Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR) agreement with municipalities. As part of the next phase of the program review, over the coming months, we will continue to consult with our municipal partners on refining the OMPF as well as to consider whether the grant should include other objectives beyond those announced as part of the 2014 program.

We are also pleased to reaffirm our commitment to the upload of municipal costs in accordance with the timetable agreed to through the PMFSDR.

In 2014, we will continue the phased upload of Ontario Works (OW) benefit costs and court security and prisoner transportation costs. This builds on our previous uploads of Ontario Drug Benefits (ODB) and Ontario Disability Support Program (ODSP).

As a result of the uploads, municipalities will benefit from more than \$1.5 billion in reduced costs in 2014 alone. Combined with the OMPF, this is the equivalent of over 12 per cent of municipal property tax revenue in the province.

It is important to acknowledge that in two-tier systems, the removal of these costs off the property tax base benefits all local taxpayers including those residing in lower-tier municipalities.

Despite the adjustments to the OMPF, the combined benefit of the provincial uploads and support provided through the OMPF will continue to increase, with the provincial uploads more than offsetting the reduction to the program.

Our government has a very strong record of supporting and working with municipalities. Together with other provincial initiatives, we will provide municipalities with ongoing support of approximately \$3.5 billion in 2014 — an increase of more than 200 per cent from the level provided in 2003.

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In addition to this ongoing support, the province has made significant investments in municipal infrastructure. Since 2003, we have provided municipalities with approximately \$13 billion in infrastructure funding.

In August 2012, the province launched the Municipal Infrastructure Strategy. As part of the strategy, we have provided \$9 million to help municipalities prepare asset management plans, and nearly \$90 million for critical projects through the Municipal Infrastructure Investment Initiative. As a continuation of the strategy, we are providing \$100 million through the Small, Rural and Northern Municipal Infrastructure Fund. We have consulted with our municipal partners on the design of the fund and a potential permanent program for consideration in the 2014 Budget.

We look forward to continuing to build on our partnership with municipalities as we move forward to address our shared challenges.

Sincerely,

*Information Copy
Original Signed By*

Charles Sousa
Minister
Ministry of Finance

*Information Copy
Original Signed By*

Linda Jeffrey
Minister
Ministry of Municipal Affairs and Housing