

Ministry of Finance

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**Ministry of Municipal
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December 18, 2006

Dear Treasurer/Clerk-Treasurer,

In a recent letter to Heads of Council, the Ministers of Finance and Municipal Affairs and Housing advised that funding for the 2007 Ontario Municipal Partnership Fund (OMPF) will be increased to \$824 million, \$61 million or 8% more than the 2006 funding of \$736 million announced last March.

The increased funding reflects the government's commitment to ensure that the OMPF remains responsive to changing municipal circumstances. While the basic structure of the OMPF grants will remain the same in 2007, further refinements to OMPF grant parameters have been introduced to continue to provide enhanced support to municipalities.

The specific refinements to the grant parameters incorporated in the 2007 OMPF are as follows:

- The per household limit of the Income Threshold Component of the Social Programs Grant (originally announced in March, 2006) has been increased to \$50 per household, from \$35 per household.
- Funding for the Rural Communities and Northern Communities Grant Components has been further enhanced for 2007. Consistent with the enhancement introduced in 2006, funding benchmarks for these two grant components have each been increased by a further 2%, to \$156 and \$235 per household, respectively.
- The assessment thresholds for the Social Programs Grant and the Assessment Equalization Grant Component have been adjusted to reflect year over year changes in assessment.
- The tax revenue threshold for the Northern and Rural Social Programs Grant Component has been lowered to 13%, from 14% to reflect the increase in the average tax revenue from 2004 to 2005.

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These refinements, together with updates to data elements such as social program and policing services costs, are projected to bring the 2007 OMPF funding to \$824 million, including:

- \$290 million for the Social Programs Grant;
- \$199 million for the Equalization Grant;
- \$267 million for the Northern and Rural Communities Grant; and
- \$68 million for the Police Services Grant.

Details of the 2007 refinements to the OMPF are provided in the attached *Ontario Municipal Partnership Fund Technical Guide 2007*. In addition, a summary overview of the 2007 OMPF is provided in the attached brochure. The results for your municipality are reflected in the enclosed *2007 OMPF Allocation Notice*.

As the Ministers' letter also advised, no municipality will receive less funding in 2007 than the level of funding announced under the 2006 OMPF in March. To ensure this, municipalities otherwise projected to see lower OMPF funding in 2007 will receive additional special assistance (Line B on the *Allocation Notice*).

2007 Cash Flow

The attached *2007 Cash Flow Notice* identifies each of the 2007 OMPF quarterly payments. The quarterly payments to municipalities will be processed at the end of January, April, July and October 2007.

2007 Reporting Requirements

Municipalities are also reminded of the 2007 reporting requirements. Municipalities are required to submit the following to the Ministry of Municipal Affairs and Housing:

- their 2006 Financial Information Returns (FIRs) by **May 31, 2007**;
- their 2007 tax rate by-laws by **September 30, 2007**; and
- any outstanding 2005 Financial Information Returns (if applicable).

Failure to meet these deadlines may result in the withholding of 2007 OMPF payments until these documents have been provided to the Province.

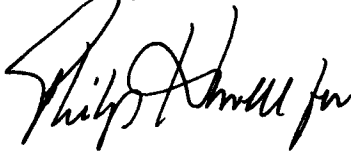
All 2007 OMPF Allocation Notices, the 2007 Ontario Municipal Partnership Fund Technical Guide and Brochure will be posted in English and French on the Ministry of Finance website:

<http://www.fin.gov.on.ca/english/community/ompf/>
<http://www.fin.gov.on.ca/french/community/ompf/>

Staff from the Ministries of Finance and Municipal Affairs and Housing would also be pleased to arrange technical briefings on the modifications to the OMPF grant parameters in the upcoming months if requested.

If you require additional information regarding your 2007 OMPF allocation, you may contact your local Municipal Services Office of the Ministry of Municipal Affairs and Housing, or e-mail your inquiries and your contact phone number to: info.ompf@ontario.ca

Sincerely,



Colin Andersen
Deputy Minister
Ministry of Finance



John Burke
Deputy Minister
Ministry of Municipal Affairs and Housing