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**Ministry of Municipal
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January 27, 2006

Dear Treasurer/Clerk-Treasurer,

In a recent letter to Heads of Council, the Ministers of Finance and Municipal Affairs and Housing announced that the funding for the 2006 Ontario Municipal Partnership Fund (OMPF) will be increased to \$707 million, \$51 million or 7.7% more than the 2005 funding of \$656 million.

The increased funding reflects the government's commitment to ensure that the OMPF remains responsive to changing municipal circumstances. The government has also extended the OMPF phase-in strategy to 2010 in order to better support municipalities in their adjustment to the new funding model.

While the basic structure of the OMPF grants will remain the same in 2006, several refinements have been introduced in response to suggestions from municipalities. These refinements include updates to key thresholds and grant parameters to reflect the results of the 2006 reassessment as well as funding enhancements to specific grant components.

The specific modifications incorporated in the 2006 OMPF are as follows:

- The assessment thresholds for the Social Programs Grant and the Assessment Equalization Grant Component have been adjusted to reflect the results of the recent reassessment.
- The municipal reinvestment of the National Child Benefit savings is now considered an eligible social program cost for the Social Programs Grant and the Northern and Rural Social Programs Grant Component.
- Upper-tier municipalities are now eligible for the Farmland and Managed Forest Assessment Grant Component.
- The funding benchmarks for the Northern Communities and the Rural Communities Grant Components have been increased to \$153 and \$230 per household, respectively.
- The Police Services Grant has been modified to provide additional assistance to eligible rural municipalities with per household policing costs exceeding \$750.

These refinements, together with updates to data elements such as social program and policing services costs, are projected to bring the 2006 OMPF funding to \$707 million, including:

- \$184 million for the Social Programs Grant;
- \$197 million for the Equalization Grant;
- \$260 million for the Northern and Rural Communities Grant; and
- \$66 million for the Police Services Grant.

Details of the 2006 modifications to the OMPF are provided in the attached *Ontario Municipal Partnership Fund Technical Guide 2006*. In addition, a summary overview of the 2006 OMPF is provided in the attached brochure.

The results of these modifications for your municipality are reflected in the enclosed 2006 OMPF Allocation Notice. Adjustments related to the OMPF phase-in strategy are shown on Line A5 of the Allocation Notice.

As the Ministers' letter also advised, no municipality will receive less funding in 2006 than the level of funding provided under the 2005 OMPF. Municipalities projected to see lower OMPF funding in 2006 will receive additional one-time special assistance (Line B on the Allocation Notice).

2006 Cash Flow

The attached 2006 Cash Flow Notice identifies each of the 2006 OMPF quarterly payments and the one-time remainder of transition funding issued in April 2005. The quarterly payments to municipalities will be processed at the end of January, April, July and October 2006.

2006 Reporting Requirements

Municipalities are also reminded of the 2006 reporting requirements. Municipalities are required to submit the following to the Ministry of Municipal Affairs and Housing:

- (i) their 2005 Financial Information Returns (FIRs) by **May 31, 2006**; and
- (ii) their 2006 tax rate by-laws by **September 30, 2006**.

Failure to meet these deadlines may result in the withholding of 2006 OMPF payments until these documents have been provided to the Province.

Treasurer/Clerk-Treasurer
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All 2006 OMPF Allocation Notices, the *2006 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/>.

Staff from the Ministries of Finance and Municipal Affairs and Housing will work with municipal associations to provide technical briefings on the modifications to the grant parameters at municipal conferences in upcoming months.

If you require additional information regarding your 2006 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@fin.gov.on.ca**](mailto:info.ompf@fin.gov.on.ca)

Sincerely,



Colin Andersen
Deputy Minister
Ministry of Finance



John Burke
Deputy Minister
Ministry of Municipal Affairs and Housing

Attachments (6)