

Ontario Municipal Partnership Fund

2017 Technical Guide

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INTRODUCTION

This guide outlines the grant parameters for the 2017 Ontario Municipal Partnership Fund (OMPF). It is intended to provide a technical overview of the funding program.

OVERVIEW

The OMPF is the Province's main transfer payment to municipalities. In 2017, the Province will maintain OMPF funding at \$505 million, which will provide unconditional support to 388 municipalities across the province. The Province will continue to provide unconditional funding in 2017 and beyond. The OMPF, combined with the municipal benefit resulting from the provincial uploads, will total over \$2.4 billion in 2017. This is nearly four times the level of funding provided in 2004.

OMPF Review and Redesign

The OMPF was redesigned in 2014 following consultations with municipalities from across the province. A key component of the redesigned OMPF is that it better targets funding to northern and rural municipalities with challenging fiscal circumstances.

The program is comprised of four core grant components as well as Transitional Assistance that reflect the following objectives:

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

What's New for 2017

In 2016, the Ministry of Finance has continued to consult with the Association of Municipalities of Ontario (AMO) and other municipal representatives on refining the design of the program to ensure it meets the long-term priorities of municipalities.

The 2017 OMPF reflects the core objectives of the redesigned program, while balancing the range of views expressed by municipalities through this year's consultations. Specifically, the 2017 program:

- Further targets support to municipalities with challenging fiscal circumstances by increasing the Northern and Rural Fiscal Circumstances Grant to \$82 million from \$67 million in 2016. This is an increase of over 20 per cent to this grant component. This means that municipalities with challenging fiscal circumstances will see their funding through this component of the grant increase in 2017.

- Enhances the Rural Communities Grant to \$148 million from \$143 million in 2016, with this funding targeted to rural municipalities across the province with the highest levels of farm land. This funding increase builds upon the funding enhancement introduced last year to recognize the particular challenges of these municipalities.
- Provides a guaranteed minimum level of funding in order to help municipalities as they adjust to the redesigned program. The 2017 minimum funding guarantee for municipalities in southern Ontario is at least 85 per cent of their 2016 OMPF allocation and for municipalities in northern Ontario is at least 90 per cent of their 2016 OMPF allocation.

2017 Minimum Levels of Support (Per Cent of 2016 OMPF Allocation)	
Northern Ontario	90%
Southern Ontario	85%

These minimum levels of support will be further enhanced up to 100 per cent for municipalities with more challenging fiscal circumstances.

PROVINCIAL UPLOADS

The *2016 Ontario Budget* confirmed that the government will continue to fulfil its commitment to upload social assistance benefit programs as well as court security and prisoner transportation costs off the local property tax base, as agreed with municipalities in 2008. These uploads will be fully implemented by 2018.

In 2017, the Province will continue to deliver on its commitment to the phased upload of:

- Ontario Works (OW) benefits; and
- court security and prisoner transportation costs (up to \$125 million annually at maturity).

This builds on the government's previous uploads of:

- Ontario Drug Benefit (ODB) costs in 2008;
- Ontario Disability Support Program (ODSP) administration costs in 2009; and
- ODSP benefits, completed in 2011.

Furthermore, the Province will make available \$219 million in additional support for municipal OW administration costs.

As a result of the uploads, municipalities will benefit from more than \$1.9 billion in reduced costs in 2017 alone.

2017 Upload Benefit to Municipalities	
Program	2017
ODB Upload	\$251 million
ODSP Administration	\$85 million
ODSP Benefits	\$884 million
OW Benefits (86% uploaded in 2017)	\$408 million
Court Security and Prisoner Transportation (86% uploaded in 2017)	\$107 million
OW Administration additional support	\$219 million
Total Upload Benefit	\$1.9 billion

For additional details regarding the Provincial-Municipal Fiscal and Service Delivery Review (PMFSDR) report, see <http://www.mah.gov.on.ca/Page181.aspx>.

These uploads have ensured that more property tax dollars are available for important municipal priorities, including investments in infrastructure.

2017 COMBINED BENEFIT

Since 2009, support provided to municipalities has been calculated as a combination of both the OMPF and provincial uploads.

In 2017, the Province will provide municipalities with a combined benefit of over \$2.4 billion — nearly four times the level of support provided in 2004. The combined benefit includes:

- OMPF support of \$505 million; and
- the upload of over \$1.9 billion in social assistance benefit program and court security and prisoner transportation costs.

The government's commitment to the provincial uploads means that overall support to municipalities will continue to increase.

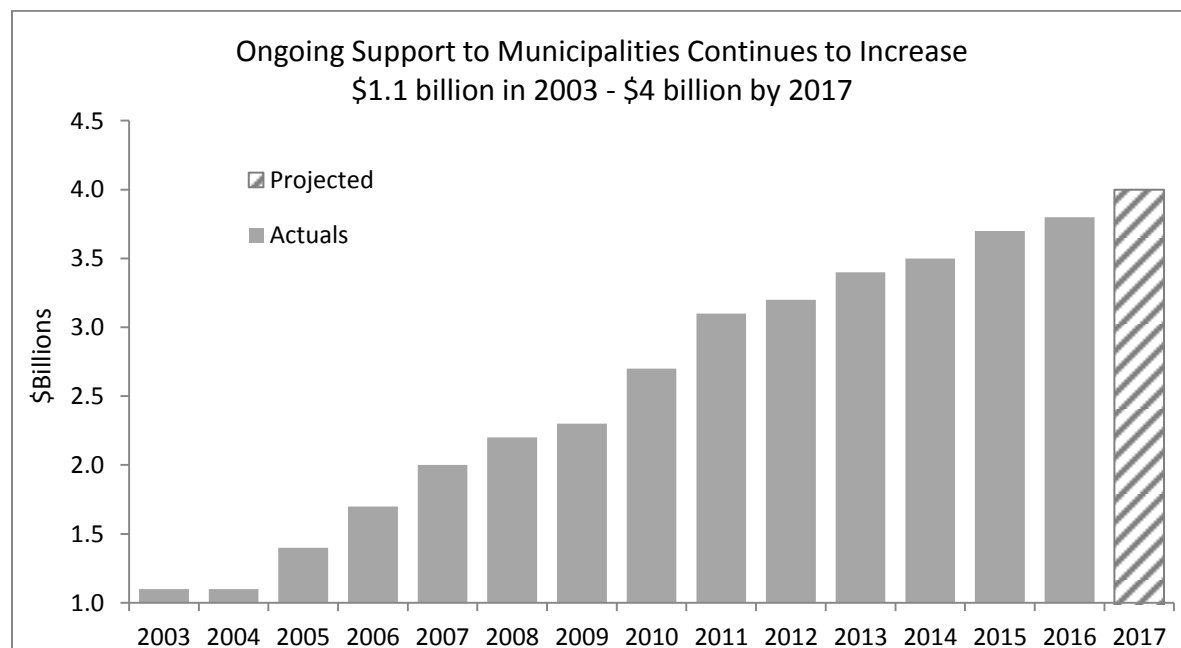
2017 Combined Benefit Compared to Prior Years			
	2004	2016	2017
CRF/OMPF	\$618 million	\$505 million	\$505 million
Provincial Uploads		\$1.8 billion	\$1.9 billion
Combined Benefit	\$618 million	\$2.3 billion	\$2.4 billion
Year-over-Year Increase			\$100 million
Increase Since 2004			\$1.8 billion

ONGOING SUPPORT TO MUNICIPALITIES

In 2017 alone, municipalities will benefit from more than \$4 billion in ongoing support through the OMPF, provincial uploads and other provincial initiatives — an increase of \$2.9 billion from the level provided in 2003.

For 2017, total ongoing provincial support in addition to the combined benefit of OMPF and uploads includes:

- \$546 million in funding to support 50:50 cost sharing of land ambulance costs;
- \$568 million in public health funding for mandatory programs and the vector-borne diseases program, which includes the upload of public health costs from 50 per cent in 2004 to 75 per cent in 2007. This funding is part of the total \$701 million in public health funding the Province provides for these programs and related support;
- \$332 million in provincial gas tax funding for the 2015–16 program year; and
- funding to small, northern and rural municipalities through the permanent Ontario Community Infrastructure Fund (OCIF), including:
 - about \$95 million in OCIF formula funding in 2017; and
 - an intake of \$100 million under the OCIF top-up application component in 2017.



Source: Provincial-Municipal Fiscal and Service Delivery Review: “Facing the Future Together” (October 2008). Note that the graph has been adjusted to reflect: the OW administration funding model announced in 2011; the phase-out of Toronto Pooling Compensation; the phase-down of the OMPF to \$505 million; the Ontario Community Infrastructure Fund announced in 2014 which is being expanded to \$300 million per year by 2019; and updated projections.

MUNICIPAL INFRASTRUCTURE INVESTMENTS

The Province's infrastructure commitments include transit, transportation and other priority infrastructure through Moving Ontario Forward that is supported by \$31.5 billion in dedicated funds.

As part of Moving Ontario Forward, the Ontario Community Infrastructure Fund (OCIF) is being expanded to \$300 million per year by 2019, and will provide ongoing support for critical local infrastructure priorities. The expanded fund was launched in July of 2016.

Also as part of Moving Ontario Forward, the *2016 Ontario Budget* announced that the government is introducing a new Connecting Links program that will provide \$20 million in 2016–17 to help municipalities pay for construction and repair costs for municipal roads that connect two ends of a provincial highway through a community or to a border crossing. Funding for this program will increase to \$30 million per year by 2018–19.

In addition, in September 2016, the Province signed a bilateral agreement with the federal government to make funding available under the federal Clean Water and Wastewater Fund (CWWF). The Province will contribute about \$270 million in funding through the program to support immediate improvements to water distribution and treatment infrastructure, starting in 2016–17. This is in addition to a federal contribution of about \$570 million.

2017 ONTARIO MUNICIPAL PARTNERSHIP FUND

The 2017 OMPF will provide \$505 million through the following four core grant components and Transitional Assistance:

I. Assessment Equalization Grant – \$149 million

Provides funding to municipalities with limited property assessment.

II. Northern Communities Grant – \$84 million

Provides funding to all northern municipalities in recognition of their unique challenges.

III. Rural Communities Grant – \$148 million

Provides funding to rural municipalities, including targeted funding for rural farming communities, in recognition of their unique challenges.

IV. Northern and Rural Fiscal Circumstances Grant – \$82 million

Provides additional, targeted funding to northern and rural municipalities based on their fiscal circumstances.

V. Transitional Assistance – \$41 million

Ensures a guaranteed level of support to municipalities based on their 2016 OMPF allocation.

Note: The above numbers have been rounded.

2017 OMPF GRANT COMPONENTS

I. ASSESSMENT EQUALIZATION GRANT

The Assessment Equalization Grant provides funding to single- and lower-tier municipalities with limited property assessment due to lower property values and/or limited non-residential assessment.

To determine the grant amount, a total assessment differential (i.e., the total municipal assessment below the median per-household threshold of \$264,500) is calculated for each municipality. Single- and lower-tier municipalities receive funding based on the total assessment differential. Funding provided through this grant increases the further a municipality's total weighted assessment per household is below the provincial median.

Every \$10,000 increment in a municipality's total assessment differential results in an additional \$36.40 in funding.

Example 1.1

Municipality A:

- Total weighted assessment per household: \$200,000
- Assessment per household below the \$264,500 threshold: $\$264,500 - \$200,000 = \$64,500$
- Number of households: 2,000
- Total assessment differential: $\$64,500 \times 2,000 = \$129,000,000$

Grant Amount: $\$129,000,000 / \$10,000 \times \$36.40 = \$469,560$

II. NORTHERN COMMUNITIES GRANT

The Northern Communities Grant provides funding to all northern municipalities in recognition of the unique challenges they face.

The grant is based on the number of households, and the per-household amount is \$227.50.

Example 2.1

Municipality A (Northern):

- Number of households: 3,000

Grant Amount: $3,000 \times \$227.50 = \$682,500$

III. RURAL COMMUNITIES GRANT

The Rural Communities Grant recognizes the unique challenges of rural municipalities and particularly those of rural farming communities.

The Rural Communities Grant provides funding to single- and lower-tier municipalities across the province based on the proportion of their population residing in rural areas and/or small communities, as measured by the Rural and Small Community Measure (RSCM).

Funding provided through the Rural Communities Grant has been further enhanced in 2017 to provide additional targeted support to municipalities with the highest levels of farm land (i.e., where more than 70 per cent of land area is comprised of farm land. See the next section on the following page for details).

Municipalities with an RSCM of 75 per cent or more will receive \$133 per household. Municipalities with an RSCM between 25 per cent and 75 per cent will receive a portion of this funding on a sliding scale. For additional information on the RSCM, see Appendix A.

Every 5 percentage point increase in the RSCM between 25 per cent and 75 per cent results in an additional \$13.30 per household:

Rural Communities Grant*											
RSCM (%)	25	30	35	40	45	50	55	60	65	70	75+
Per-household amount (\$)	0	13.30	26.60	39.90	53.20	66.50	79.80	93.10	106.40	119.70	133.00

**Note: The per-household amounts above are for municipalities where 70 per cent or less of municipal land area is comprised of farms.*

Example 3.1

Municipality A:

- RSCM: 80%
- Number of households: 3,000

Grant Amount: 3,000 x \$133 = \$399,000

Municipality B:

- RSCM: 55%
- Number of households: 3,000

Grant Amount: 3,000 x \$79.80 = \$239,400

Rural municipalities where farm land represents more than 70 per cent of their land area

Beginning in 2016, per-household funding provided through the Rural Communities Grant was enhanced for municipalities with the highest levels of farm land (i.e., where farm land represents more than 70 per cent of municipal land area) in recognition of their particular challenges. The Ministry of Finance worked with municipalities to develop a Farm Area Measure (FAM), which reflects the percentage of a municipality's land area comprised of farm land (See Appendix B for further information on the FAM).

In 2017, this funding will be further enhanced. As a result, municipalities with a FAM of more than 70 per cent will receive up to an additional \$60 per household through this grant component in 2017.

Single- and lower-tier rural municipalities with a FAM of more than 70 per cent and an RSCM of 75 per cent or greater, receive funding according to the table outlined below.

Every 2 percentage point increase in the FAM between 70 per cent and 90 per cent results in an additional \$6 per household:

Rural Communities Grant for Municipalities with a FAM of more than 70 Per Cent											
FAM (%)	70	72	74	76	78	80	82	84	86	88	90+
Per-household amount (\$)	133	139	145	151	157	163	169	175	181	187	193

Example 3.2

Municipality A (FAM < 70%):

- RSCM: 100%
- FAM: 50%
- Number of households: 3,000

Grant Amount: 3,000 x \$133 = \$399,000

Municipality B (FAM > 70%):

- RSCM: 100%
- FAM: 80%
- Number of households: 3,000

Grant Amount: 3,000 x \$163 = \$489,000

Municipality C (FAM > 90%):

- RSCM: 100%
- FAM: 93%
- Number of households: 3,000

Grant Amount: 3,000 x \$193 = \$579,000

Rural municipalities with an RSCM between 25 and 75 per cent

Single- and lower-tier rural municipalities with a FAM of more than 70 per cent and an RSCM between 25 per cent and 75 per cent will receive a portion of the funding according to their RSCM.

The following table provides the per-household funding for a municipality with an RSCM of 50 per cent. (See Appendix C for a summary of Rural Communities Grant parameters based on the RSCM and FAM).

Rural Communities Grant for Municipalities with an RSCM of 50 Per Cent and a FAM of more than 70 Per Cent											
FAM (%)	70	72	74	76	78	80	82	84	86	88	90+
Per-household amount (\$)	66.50	69.50	72.50	75.50	78.50	81.50	84.50	87.50	90.50	93.50	96.50

Example 3.3

Municipality A:

- RSCM: 50%
- FAM: 80%
- Number of households: 3,000

Grant Amount: 3,000 x \$81.50 = \$244,500

IV. NORTHERN AND RURAL FISCAL CIRCUMSTANCES GRANT

This grant is provided to municipalities eligible for funding through the Northern Communities and/or Rural Communities Grants, both of which provide a fixed per-household funding amount to northern as well as single- and lower-tier rural municipalities. In addition to these fixed per-household amounts, the Northern and Rural Fiscal Circumstances Grant provides targeted support in recognition that not all northern and rural municipalities have the same fiscal circumstances.

The Northern and Rural Fiscal Circumstances Grant provides targeted funding to eligible municipalities based on their relative fiscal circumstances, as measured by the Northern and Rural Municipal Fiscal Circumstances Index (MFCI). For additional details on the Northern and Rural MFCI, see Appendix D.

Funding provided through this grant has been enhanced in 2017 to provide additional targeted support to municipalities with challenging fiscal circumstances. Compared to 2016, municipalities with the most challenging fiscal circumstances will receive an increase of over 25 per cent in per-household funding allocated through this grant. See Appendix E for additional information on the Northern and Rural Fiscal Circumstances Grant parameters.

Northern and rural municipalities with an RSCM of 75 per cent or greater

Northern municipalities, as well as single- and lower-tier rural municipalities with an RSCM of 75 per cent or greater, receive funding according to their MFCI as outlined in the table below.

Northern and Rural Fiscal Circumstances Grant											
Relatively positive circumstances ← → Relatively challenging circumstances											
MFCI	0	1	2	3	4	5	6	7	8	9	10
Per-household amount (\$)	0	10	20	30	40	60	85	115	150	185	230

Example 4.1

Municipality A (Northern):

- MFCI: 7
- Number of households: 1,200

Grant Amount: 1,200 x \$115 = \$138,000

Rural municipalities with an RSCM between 25 and 75 per cent

Single- and lower-tier rural municipalities with an RSCM between 25 per cent and 75 per cent will receive a portion of the per-household funding according to their RSCM.

Per-Household Funding at MFCI 4					
RSCM (%)	25	35	50	65	75
Per-household amount (\$)	0	8	20	32	40

See Appendix E for more detailed information.

Example 4.2

Municipality B (Rural):

- MFCI: 4
- RSCM: 65%
- Number of households: 1,200

Grant Amount: 1,200 x \$32 = \$38,400

Additional municipality-specific details are provided in the customized 2017 Northern and Rural MFCI Workbooks.

V. TRANSITIONAL ASSISTANCE

Transitional Assistance is designed to assist municipalities in adjusting to the redesigned program. This funding ensures that municipalities receive a guaranteed level of support based on their previous year's OMPF allocation.

In 2017, minimum funding guarantees have been set at 85 per cent for southern Ontario and 90 per cent for northern Ontario. This means that municipalities in southern Ontario will receive at least 85 per cent of their 2016 OMPF allocation and northern municipalities will receive at least 90 per cent of their 2016 OMPF allocation.

These minimum levels of support will continue to be enhanced, up to 100 per cent, for eligible northern and rural municipalities across the province with more challenging fiscal circumstances, as measured by the Northern and Rural MFCI.

2017 Municipal Funding Levels Based on Northern and Rural MFCI											
MFCI	0	1	2	3	4	5	6	7	8	9	10
Northern Ontario (%)	90.0	90.0	90.0	90.0	91.0	92.0	94.0	96.0	98.0	100.0	100.0
Southern Ontario (%)	85.0	85.0	85.0	85.0	86.5	88.0	91.0	94.0	97.0	100.0	100.0

Example 5.1

Municipality A (Northern):

- 2016 OMPF allocation: \$250,000
- 2017 minimum level of support for northern municipality: 90%
- MFCI: 8
- 2017 enhanced guaranteed level of support for MFCI 8: 98%
- 2017 guaranteed funding amount: $\$250,000 \times 98\% = \$245,000$
- Sum of 2017 OMPF grants prior to Transitional Assistance: \$180,000

2017 Transitional Assistance: $\$245,000 - \$180,000 = \$65,000$

Example 5.2

Municipality B (Southern Rural):

- 2016 OMPF allocation: \$350,000
- 2017 minimum level of support for southern municipality: 85%
- MFCI: 7
- 2017 enhanced guaranteed level of support for MFCI 7: 94%
- 2017 guaranteed funding amount: $\$350,000 \times 94\% = \$329,000$
- Sum of 2017 OMPF grants prior to Transitional Assistance: \$205,000

2017 Transitional Assistance: $\$329,000 - \$205,000 = \$124,000$

Example 5.3

Municipality C (Southern Urban):

- 2016 OMPF allocation: \$250,000
- 2017 minimum level of support for southern municipality: 85%
- MFCI: n/a
- 2017 guaranteed funding amount: $\$250,000 \times 85\% = \$212,500$
- Sum of 2017 OMPF grants prior to Transitional Assistance: \$125,000

2017 Transitional Assistance: $\$212,500 - \$125,000 = \$87,500$

IMPLEMENTATION

OMPF allocations are announced annually in time to support the municipal budget planning process, and payments are issued in quarterly installments to municipalities. All OMPF allocations are provided to municipalities as unconditional grants.

The Ministry of Finance calculates municipal allocations based on a defined set of data elements (see Appendix F).

MUNICIPAL WORKBOOKS AND UPLOAD BENEFIT REPORT

In order to assist municipalities in better understanding the 2017 program, the Ministry of Finance has developed a customized set of municipal workbooks for each municipality. These include:

1. *2017 Ontario Municipal Partnership Fund Workbook*
2. *2017 Northern and Rural Municipal Fiscal Circumstances Index Workbook*

The workbooks provide municipality-specific details and are shared electronically with municipal treasurers and clerk-treasurers.

In addition, municipalities receive a 2017 Upload Benefit Report which provides a detailed breakdown of their benefit from the provincial uploads. This report is also shared electronically with municipal treasurers and clerk-treasurers.

2017 REPORTING OBLIGATIONS

Municipalities are required to submit their 2016 Financial Information Returns (FIRs) to the Ministry of Municipal Affairs (MMA) by **May 31, 2017**.

Municipalities are also required to submit their 2017 tax rates through the Online Property Tax Analysis (OPTA) System or to MMA by **September 30, 2017**.

Failure to meet these deadlines will result in the withholding of OMPF payments until these documents have been submitted.

ADDITIONAL INFORMATION

This Technical Guide and other 2017 OMPF supporting materials are posted in English and French on the Ministry of Finance website at:

www.fin.gov.on.ca/en/budget/ompf/2017

www.fin.gov.on.ca/fr/budget/ompf/2017

For additional information regarding 2017 OMPF allocations or for other general inquiries about the program, email your query and contact information to: **info.ompf@ontario.ca**

Municipal Services Offices at the Ministry of Municipal Affairs

Alternatively, municipalities may also contact their local Municipal Services Office of the Ministry of Municipal Affairs who can assist in directing their inquiry:

Municipal Services Offices: Ministry of Municipal Affairs	
CENTRAL: 777 Bay Street, 13th Floor Toronto ON M5G 2E5	General Inquiry: (416) 585-6226 Toll Free: 1-800-668-0230 Fax: (416) 585-6882
WESTERN: 659 Exeter Road, 2nd Floor London ON N6E 1L3	General Inquiry: (519) 873-4020 Toll Free: 1-800-265-4736 Fax: (519) 873-4018
EASTERN: Rockwood House, 8 Estate Lane Kingston ON K7M 9A8	General Inquiry: (613) 545-2100 Toll Free: 1-800-267-9438 Fax: (613) 548-6822
NORTH (THUNDER BAY): 435 James St. S., Suite 223 Thunder Bay ON P7E 6S7	General Inquiry: (807) 475-1651 Toll Free: 1-800-465-5027 Fax: (807) 475-1196
NORTH (SUDBURY): 159 Cedar Street, Suite 401 Sudbury ON P3E 6A5	General Inquiry: (705) 564-0120 Toll Free: 1-800-461-1193 Fax: (705) 564-6863

Note: The Ministry of Municipal Affairs (MMA) and Municipal Services Offices (MSOs) provide advice and assistance to municipalities in developing targeted action plans to help them achieve financial sustainability.

To find the MSO in your area, please see above or visit MMA's website at: www.mah.gov.on.ca.

APPENDICES

APPENDIX A: RURAL AND SMALL COMMUNITY MEASURE

The Rural and Small Community Measure (RSCM) represents the proportion of a municipality's population residing in rural areas and/or small communities. This approach recognizes that some municipalities include a mix of rural and non-rural areas.

The measure is based on Statistics Canada data and is calculated as follows:

- 1) Statistics Canada divides municipalities into small geographic areas, typically less than a few hundred residents.
- 2) These areas are classified by Statistics Canada as rural areas or small communities if they meet one of the following conditions:
 - they have a population density of less than 400 per square kilometre;
 - they have a population density of greater than 400 per square kilometre but cannot be grouped with other adjacent areas (each also with a population density of greater than 400 per square kilometre), to produce a total population concentration greater than 1,000; or
 - they are not economically integrated with a population centre of greater than 10,000 (see table below).
- 3) The RSCM is determined by calculating the proportion of a municipality's population residing in areas that are classified as either rural or a small community.

OMPF calculations incorporate a minor adjustment to Statistics Canada's classification of "small community". This adjustment provides a transition between the small community and urban centre classification for areas with a population between 10,000 and 12,000 and is made on a sliding scale:

Percentage of Area Population Included as a Small Community					
Area population	10,000	10,500	11,000	11,500	12,000
Percentage (%)	100	75	50	25	0

Note: Additional details for individual municipalities are provided in their customized 2017 Ontario Municipal Partnership Fund Workbook.

APPENDIX B: FARM AREA MEASURE

The Farm Area Measure (FAM) represents the percentage of a municipality's land area comprised of farm land. The measure was introduced in the 2016 OMPF in response to feedback from some municipalities that the OMPF should recognize the variation in farm land across the province.

The FAM is calculated as follows:

$$\frac{\text{Farm Land Area}}{\text{Municipal Land Area}} = \text{Farm Area Measure}$$

A municipality's FAM is determined using the following components:

- 1) Farm Land Area, which is equal to acres of land for properties in the farm property tax class, as of December 31st, 2015.**
 - a. The Ministry of Agriculture, Food and Rural Affairs (OMAFRA) administers the application process for the farm property tax class, and is responsible for reviewing eligibility criteria before a property can be placed in the farm property tax class. These criteria include:
 - The property must be assessed and valued as farm land.
 - The farming business generates at least \$7,000 in Gross Farm Income (GFI) per year.
 - The farming business has a valid Farm Business Registration number from Agricorp or a valid exemption.
 - The property is being used for a farming business by either the owner or tenant farmer or both.
 - b. The acreage of properties in the farm property tax class is determined using the Ontario Parcel database. This database was developed in partnership between the Ministry of Natural Resources, Municipal Property Assessment Corporation (MPAC) and Teranet Enterprises Inc., and provides information on the land area for each individual property or parcel of land in the province.
- 2) Municipal Land Area, which represents the number of acres of land in a municipality and reflects municipal boundaries as of December 31st, 2015. This measure is based on the Spatial Data Infrastructure (SDI) from Statistics Canada, and excludes bodies of water.**

APPENDIX C: SUMMARY OF RURAL COMMUNITIES GRANT PARAMETERS

The following table supports the Rural Communities Grant calculation for single- and lower-tier rural municipalities with an RSCM between 25 and 75 per cent and a FAM of 70 per cent or more.

Rural Communities Grant Funding Levels Based on RSCM and FAM (\$ per household)											
FAM (%) RSCM (%)	70	72	74	76	78	80	82	84	86	88	90+
25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35	26.60	27.80	29.00	30.20	31.40	32.60	33.80	35.00	36.20	37.40	38.60
50	66.50	69.50	72.50	75.50	78.50	81.50	84.50	87.50	90.50	93.50	96.50
65	106.40	111.20	116.00	120.80	125.60	130.40	135.20	140.00	144.80	149.60	154.40
75+	133.00	139.00	145.00	151.00	157.00	163.00	169.00	175.00	181.00	187.00	193.00

APPENDIX D: NORTHERN AND RURAL MUNICIPAL FISCAL CIRCUMSTANCES INDEX

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. The index was developed in close consultation with municipal representatives during the first phase of the OMPF review in 2012.

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

The indicators include:

Primary Indicators

- Weighted Assessment Per Household
- Median Household Income

Secondary Indicators

- Average Annual Change in Assessment (New Construction)
- Employment Rate
- Ratio of Working Age to Dependent Population
- Per Cent of Population Above Low-Income Threshold

A municipality's Northern and Rural MFCI is determined through three steps, as listed below and as described in more detail on the following pages.

- 1) Indicator Score** — Each primary and secondary indicator is scored based on its relationship to the median for northern and rural municipalities.
- 2) Average Indicator Score** — An average indicator score is calculated based on the average of both the primary and secondary indicators.
- 3) Northern and Rural MFCI** — This index reflects a municipality's fiscal circumstances relative to other northern and rural municipalities in the province, and is based on the relative results of each municipality's average indicator score. The Northern and Rural MFCI is measured on a scale from 0 to 10.

A lower MFCI corresponds to relatively positive fiscal circumstances, whereas a higher MFCI corresponds to more challenging fiscal circumstances. As a result, an MFCI of 5 corresponds to fiscal circumstances similar to the median for northern and rural municipalities.

Additional municipality-specific details are provided in the 2017 Northern and Rural MFCI Workbook.

1. Indicator Score

The indicator score has a range from -100 per cent to 100 per cent and reflects how the value of a municipality's indicator compares to the median for northern and rural municipalities.

Indicator Value Above Median

An indicator value that is above the median will have a positive score, which is reflective of relatively positive fiscal circumstances.

The indicator score is calculated based on the position of the municipality's indicator data between the median and highest value for northern and rural municipalities.

Indicator Value Below Median

An indicator value that is below the median will have a negative score, which is reflective of more challenging fiscal circumstances.

The indicator score is calculated based on the position of the municipality's indicator data between the median and lowest value for northern and rural municipalities.

For example, an indicator score of 25 per cent indicates a data value is one quarter of the distance between the median and highest value, while an indicator score of -25 per cent indicates a data value is one quarter of the distance between the median and lowest value. An indicator score of 0 per cent reflects the median for northern and rural municipalities.

The following table outlines the median, highest and lowest values for each MFCI indicator. Illustrative examples of indicator score calculations are provided on the following page.

MFCI Indicator Parameters			
Primary Indicators	Lowest	Median	Highest
Weighted Assessment per Household	\$40,000	\$253,000	\$668,000
Median Household Income	\$29,000	\$61,000	\$117,000
Secondary Indicators	Lowest	Median	Highest
Average Annual Change in Assessment (New Construction)	-2.0%	1.1%	4.3%
Employment Rate	22.0%	58.0%	84.0%
Ratio of Working Age to Dependent Population	120.0%	194.0%	320.0%
Per cent of Population Above Low-Income Threshold	62.0%	87.0%	100.0%

Example 1.1

Indicator: Median Household Income

Lowest Value	Median Value	Highest Value
\$29,000	\$61,000	\$117,000

Example Municipality: Indicator Data Value = \$53,000

A. Difference between Indicator Value and Median: $\$53,000 - \$61,000 = -\$8,000$

Since the indicator value is below the median for northern and rural municipalities, the difference between the median and the lowest value for northern and rural municipalities is calculated.

B. Difference between Median and Lowest Value: $\$61,000 - \$29,000 = \$32,000$

C. Indicator Score = A / B: $-\$8,000 / \$32,000 = -25\%$

Example 1.2

Indicator: Ratio of Working Age to Dependent Population

Lowest Value	Median Value	Highest Value
120%	194%	320%

Example Municipality: Indicator Data Value = 257%

A. Difference between Indicator Value and Median: $257\% - 194\% = 63\%$

Since the indicator value is above the median for northern and rural municipalities, the difference between the median and the highest value for northern and rural municipalities is calculated.

B. Difference between Median and Highest Value: $320\% - 194\% = 126\%$

C. Indicator Score = A / B: $63\% / 126\% = 50\%$

2. Average Indicator Score

The average indicator score summarizes a municipality's overall results on all six indicators. A municipality's average indicator score is based on both the primary and secondary indicator average, as shown below.

Calculating Average Indicator Score

$$\text{Average Indicator Score} = (\text{Primary Indicator Average} + \text{Secondary Indicator Average}) / 2$$

$$\text{Primary Indicator Average: } (A + B) / 2$$

- A. Weighted Assessment Per Household indicator score
- B. Median Household Income indicator score

$$\text{Secondary Indicator Average: } (C + D + E + F) / 4$$

- C. Average Annual Change in Assessment (New Construction) indicator score
- D. Employment Rate indicator score
- E. Ratio of Working Age to Dependent Population indicator score
- F. Per Cent of Population Above Low-Income Threshold indicator score

Note: A positive average indicator score reflects relatively positive fiscal circumstances, while a negative average indicator score reflects more challenging fiscal circumstances.

Example 2.1

Average Indicator Score

- A. Weighted Assessment per Household indicator score: -9%
- B. Median Household Income indicator score: -25%

$$\text{Primary Indicator Average: } (-9\% + (-25\%)) / 2 = -17\%$$

- C. Average Annual Change in Assessment (New Construction) indicator score: -85%
- D. Employment Rate indicator score: 5%
- E. Ratio of Working Age to Dependent Population indicator score: 50%
- F. Per cent of Population Above Low-Income Threshold indicator score: -82%

$$\text{Secondary Indicator Average: } (-85\% + 5\% + 50\% + (-82\%)) / 4 = -28\%$$

$$\text{Average Indicator Score: } (-17\% + (-28\%)) / 2 = -22.5\%$$

3. Determination of Northern and Rural MFCI

The Northern and Rural MFCI reflects a municipality's fiscal circumstances relative to other northern and rural municipalities in the province.

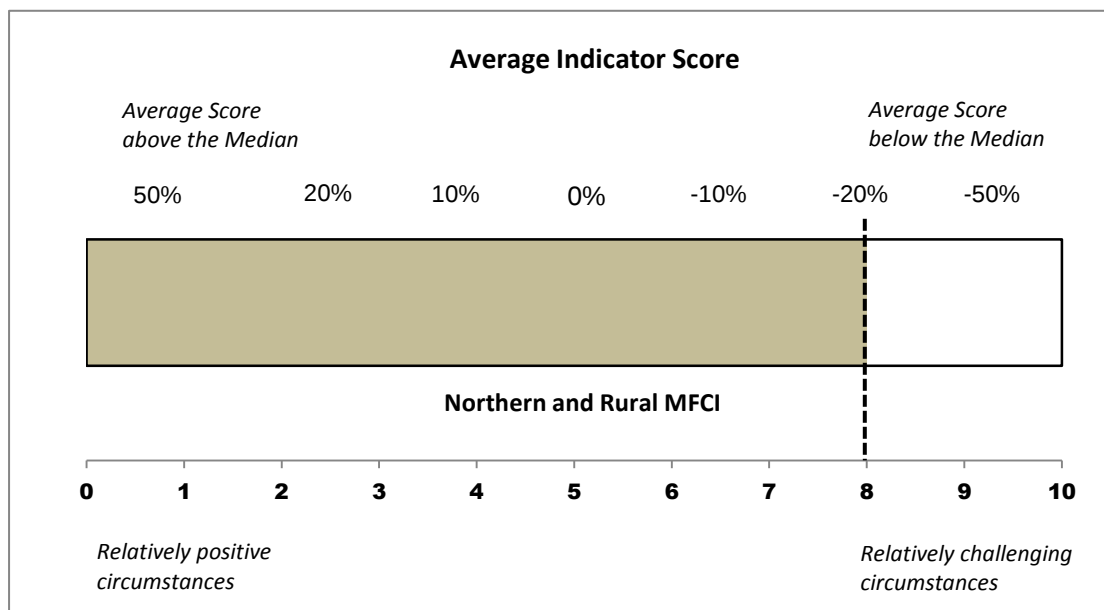
The Northern and Rural MFCI is measured on a scale of 0 to 10. A lower MFCI corresponds to relatively positive fiscal circumstances, while a higher MFCI corresponds to more challenging fiscal circumstances. A Northern and Rural MFCI of 5 corresponds to fiscal circumstances similar to the median for northern and rural municipalities.

A municipality's MFCI is determined based on the value of the average indicator score. The example below presents how average indicator scores are used to determine a municipality's MFCI.

Example 3.1

Average Indicator Score: -22.5%

Northern and Rural MFCI: 8.0



APPENDIX E: NORTHERN AND RURAL FISCAL CIRCUMSTANCES GRANT PARAMETERS

The Northern and Rural MFCI is measured on a scale from 0 to 10. A lower MFCI corresponds to relatively positive fiscal circumstances, while a higher MFCI corresponds to more challenging fiscal circumstances. The following table provides additional details regarding 2017 enhancements to the Northern and Rural Fiscal Circumstances Grant.

Northern and Rural Fiscal Circumstances Grant <i>Relatively positive circumstances</i> ←————→ <i>Relatively challenging circumstances</i>											
MFCI	0	1	2	3	4	5	6	7	8	9	10
2016 Per-household (\$)	0	10	20	30	40	55	70	90	110	130	160
2017 Per-household (\$)	0	10	20	30	40	60	85	115	150	185	230
Percentage Change (%)	-	-	-	-	-	9	21	28	36	42	44

The following table supports the Northern and Rural Fiscal Circumstances Grant calculation for single- and lower-tier rural municipalities with an RSCM between 25 and 75 per cent. The table illustrates the per-household funding amount associated with a range of RSCM and MFCI values.

Summary of MFCI Funding Levels Based on RSCM (\$ per household)											
MFCI RSCM (%)	0	1	2	3	4	5	6	7	8	9	10
25	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
35	0.0	2.00	4.00	6.00	8.00	12.00	17.00	23.00	30.00	37.00	46.00
50	0.0	5.00	10.00	15.00	20.00	30.00	42.50	57.50	75.00	92.50	115.00
65	0.0	8.00	16.00	24.00	32.00	48.00	68.00	92.00	120.00	148.00	184.00
75+	0.0	10.00	20.00	30.00	40.00	60.00	85.00	115.00	150.00	185.00	230.00

APPENDIX F: DATA SOURCES

Data Elements and Sources		
Data	Year	Source(s)
OMPF		
Weighted Assessment	2016 Returned Roll and 2017 starting tax ratios	Municipal Property Assessment Corporation (MPAC) and municipal tax rate bylaws
PIL Weighted Assessment	2015 or 2014	Municipal FIRs
Number of Households	2016	MPAC Returned Roll
Median Household Income	2011	Statistics Canada
Rural and Small Community Measure	2011	Statistics Canada
Per Cent of Population Above Low-Income Threshold	2011	Statistics Canada
Ratio of Working Age to Dependent Population	2011	Statistics Canada
Employment Rate	2011	Statistics Canada
Average Annual Change in Assessment (New Construction)	2011–2016	Online Property Tax Analysis System (OPTA)
Municipal Land Area	2015	Statistics Canada
Farm Land Area	2015	MPAC and Ontario Parcel
Provincial Uploads		
Social Assistance Benefit Programs	2017 estimates	MCSS/MMA
Court Security and Prisoner Transportation	2017	MCSCS/OPP

Note: For municipality-specific details, refer to customized 2017 workbooks developed by the Ministry of Finance.

APPENDIX G: DEFINITIONS

Average Annual Change in Assessment (New Construction)	Measures the five-year (2011 – 2016) average annual change in a municipality's assessment, for example, as a result of new construction, excluding the impact of reassessment.
Average Indicator Score	Summarizes a municipality's overall results on all six indicators, based on both the primary and secondary indicator average.
Combined Benefit	Since 2009, municipal benefits have been calculated as a combination of both the Ontario Municipal Partnership Fund (OMPF) and provincial uploads.
Employment Rate	Statistics Canada's measure of number of employed persons, divided by persons aged 15 and over.
Farm Area Measure (FAM)	Represents the percentage of a municipality's land area comprised of farm land.
Farm Land Area	Equal to the acres of land for properties in the farm property tax class, as of December 31 st , 2015. The acreage of properties in the farm property tax class is determined using the Ontario Parcel database.
Households	Municipal Property Assessment Corporation's (MPAC) measure of households based on the 2016 returned roll. Includes the following classes: (1) Residential Unit (RU) - Permanent households; (2) Residential Dwelling Unit (RDU) - Seasonal households such as cottages; and (3) Farm Residential Unit (FRU) - Farmlands on which a farm residence exists.
Indicator Score	Reflects the position of a municipality's indicator data value relative to other municipalities, and has a range from -100 per cent to 100 per cent. A positive indicator score is reflective of relatively positive fiscal circumstances, while a negative score is reflective of more challenging fiscal circumstances.
Median Household Income	Statistics Canada's measure of median income for all private households in 2010.
Municipal Land Area	Equal to the acres of land in a municipality and reflects municipal boundaries, as of December 31 st , 2015. This measure is based on the Spatial Data Infrastructure (SDI) from Statistics Canada, and excludes bodies of water.

2017 OMPF Minimum Guarantee	The 2017 minimum guaranteed level of support based on 2016 OMPF allocations. In 2017, minimum funding guarantees for municipalities in southern Ontario will be at least 85 per cent of their 2016 OMPF allocation. Northern municipalities will receive at least 90 per cent of their 2016 OMPF allocation. These minimum levels of support will be enhanced, up to 100 per cent, for municipalities in all regions of the province with more challenging fiscal circumstances.
Northern and Rural Municipal Fiscal Circumstances Index (MFCI)	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 relatively more challenging fiscal circumstances. An MFCI of 5 corresponds to fiscal circumstances similar to the median for northern and rural municipalities.
Per Cent of Population Above Low-Income Threshold	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. The measure is based on after-tax income, and the low-income threshold is based on half the median adjusted household income in 2010.
Primary Indicators	The Northern and Rural MFCI is determined by six indicators which are classified as either primary or secondary to reflect their relative importance in determining a municipality's fiscal circumstances. The primary indicators are weighted assessment per household and median household income.
Property Tax Revenue	Represents the municipal property tax revenue as reported in municipal Financial Information Returns (Schedule 10, Line 0299).
Ratio of Working Age to Dependent Population	Statistics Canada's measure of working age population, divided by youth (aged 14 and under) and senior population (aged 65 and over).
Rural and Small Community Measure (RSCM)	The Rural and Small Community Measure (RSCM) represents the proportion of a municipality's population residing in rural areas and/or small communities. This approach recognizes that some municipalities include a mix of rural and non-rural areas. The measure is based on Statistics Canada data from the 2011 Census.

Secondary Indicators	The Northern and Rural MFCI is determined by six indicators, which are classified as either primary or secondary to reflect their relative importance in determining a municipality's fiscal circumstances. The secondary indicators are average annual change in assessment (new construction), employment rate, ratio of working age to dependent population, and per cent of population above low-income threshold.
Upload Benefit	Represents the benefit to municipalities as a result of the Province's agreement to upload social assistance benefit programs and up to \$125 million in court security and prisoner transportation costs. The upload benefit reflects costs municipalities no longer incur in 2017. 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.
Weighted Assessment Per Household	Measures the size of the municipality's tax base. 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.



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