

Aitkin County Health & Human Services

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Handout
2B

To: Aitkin County Board of Commissioners
CC: Patrick Wussow
From: Thomas Burke, Director
Date: 8/20/2013
Re: 2014 Health and Human Services Budget / Present Budget

As of July 31, we were 58% through the calendar year, at that time our expenditures were at 54%. Areas in our budget with positive impact include significantly lower out of home placement costs, positions that have been left open periodically through the year (Account Technician, Social Service Supervisor, OSS, and Child Support Case Aide) and the exceptional work completed by staff to draw down grant and case management revenues. It is projected that the Health and Human Services operating balance will close out the year with an increase over 2012's ending balance by several hundred thousands of dollars.

Needs:

We presently have 5 vacant FTEs which leaves us four FTEs below what we had in 1997. We are seeing an increase in service needs in the following areas:

Child protection has had two case manager positions not filled over the past several years. This reduction has made it increasingly difficult for staff to cover this area adequately. Staff has done very well to this point. However, the ongoing stress in efficiently managing very complex cases within mandated timelines without relief is leading to worker burn out. In order for staff to get some support in managing our children's case load and to maintain preventative work with the goal of managing high end service costs such as out of home placement, I am recommending that we hire one case manager back in September of this year. (1 for 2)

Adult Services has a few variables that will be coming in the next year. Some of these variables include an increase in our senior population, new programs such as MNChoices and changes brought on by Reprocurement. Looking forward we are projecting that we will need 1-2 case managers to assist with adequately managing this shift in workload before the end of the year. (one to two new)

Accounting and Child Support have each had a position vacated in the last year. We have done our best to manage without these positions but are feeling we do not have adequate, ongoing coverage. We would recommend adding a hybrid position to replace the two open positions to assist in covering these areas. (1 for 2)

Public Health has been unable to adequately cover ongoing Emergency Preparedness and other forms of early intervention due to not having a full nursing position. In addition we have not had as much of a presence in the community and/or schools. We believe this type of position could further our attempts to reduce higher-end services if we could get more involved with educational programs. We would like to hire one nurse or at least a part time nurse to assist in these areas. (1 or 1/2 for 1/2)

2014 Budget:

Looking at our current budget and the planning process our agency is working on, we would be able to lower our County Levy request by \$100,000 and absorb all of the above recommended staffing changes within our current operating balance. This will be accomplished by managing high end service costs, by continuing to provide early intervention services, and by drawing down State and Federal Administrative dollars.

We are presenting our preliminary budget proposal. At this time we are still waiting for verification of some grant allocations and administrative reimbursements.

An Equal Opportunity Employer

2014 Budget Overview

August 20, 2013

The Highway Department Budget contains three components:

1. Operations

- Expenditures itemized for three work sections:
 - Administration - 4.3 FTEs
 - Engineering - 6 FTEs
 - Maintenance - 19 FTEs

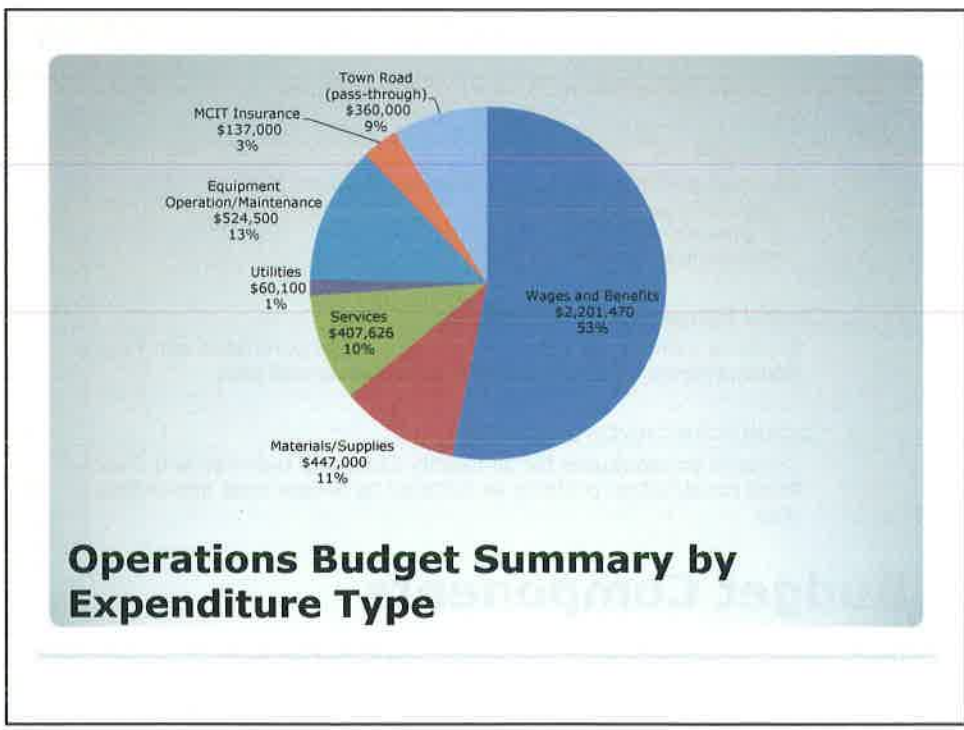
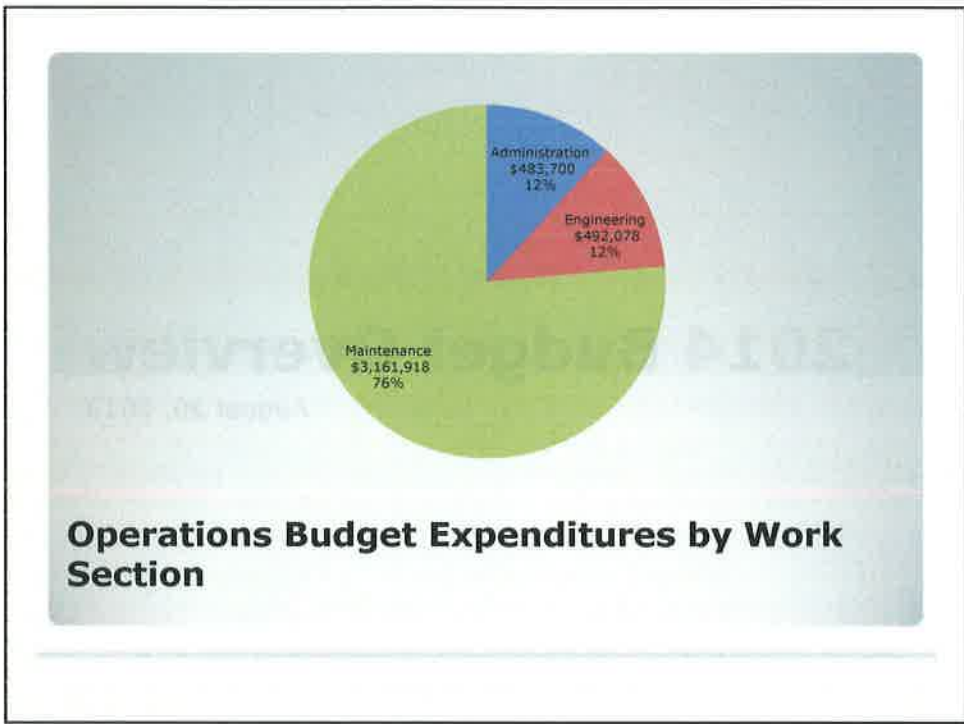
2. Capital Equipment and Facilities

- Contains initial expenditure for all equipment purchases and facility improvements as outlined by 5-year replacement plan

3. Capital Infrastructure

- Contains expenditures for all County State-Aid Highway and County Road construction projects as outlined by 5-year road improvement plan

Budget Components

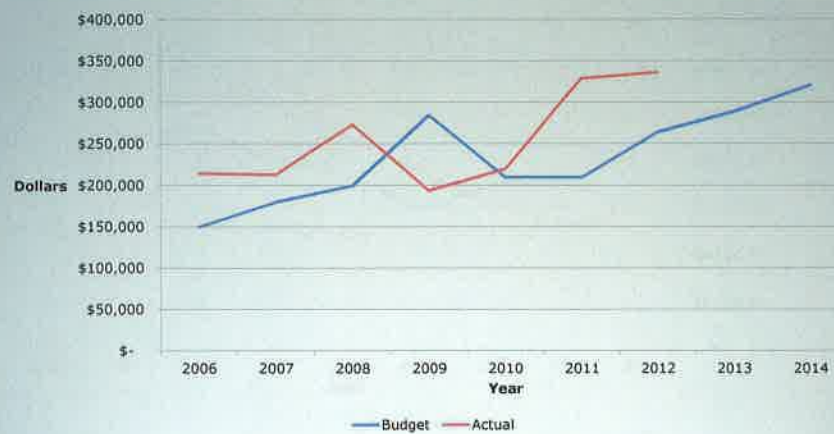


- Operations expenditures increased by \$105,546
 - Not including \$360,000 Town Road (pass-through)
 - Payroll costs increased by \$27,469
 - Eliminated temporary technician position and recently added equipment operator position
 - Motor oil/fuel, salt, and gravel supply costs increased collectively \$122,000.
 - Expenditure for MCIT insurance likely to be higher than budgeted
 - Expenditures reflect approximately \$45,000 sales tax savings

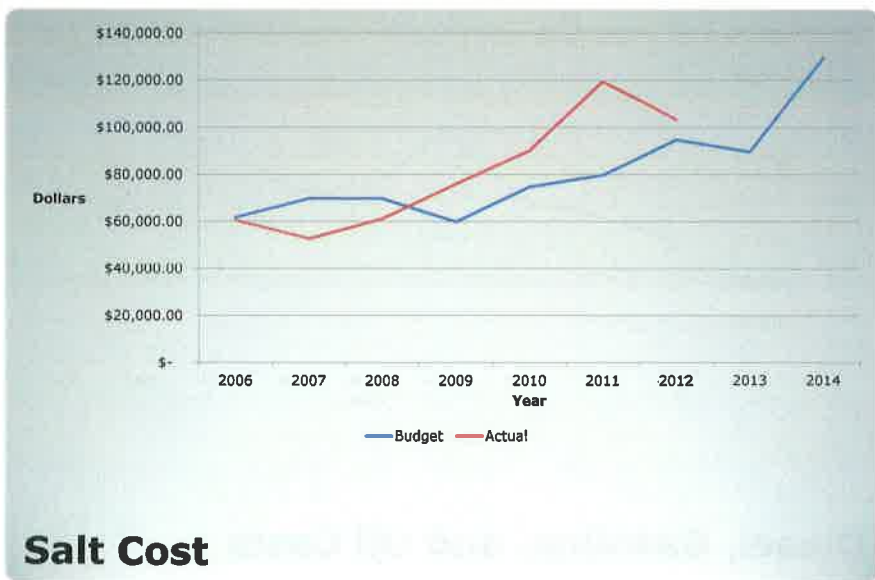
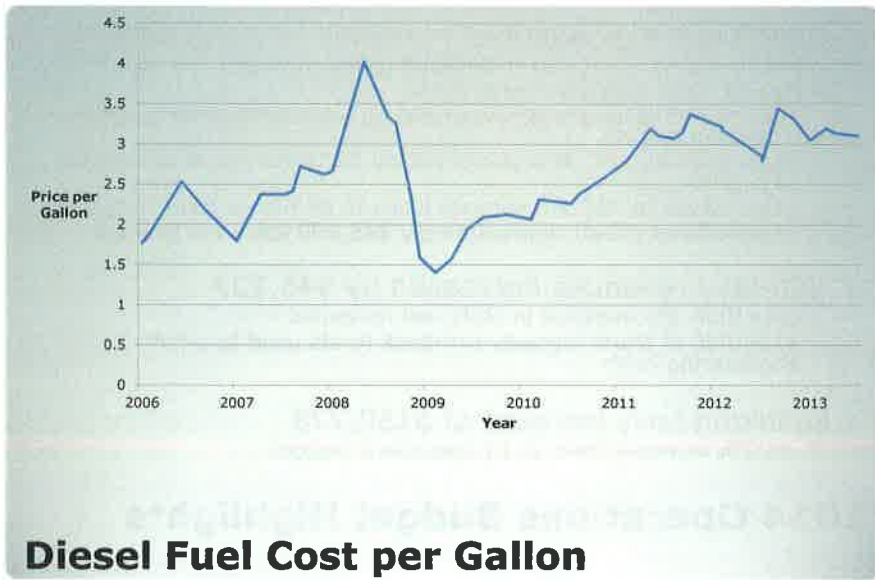
- Non-levy revenues decreased by \$45,232
 - Less than 1% increase in state-aid revenues
 - \$100,000 of trunk highway turnback funds used to offset engineering costs

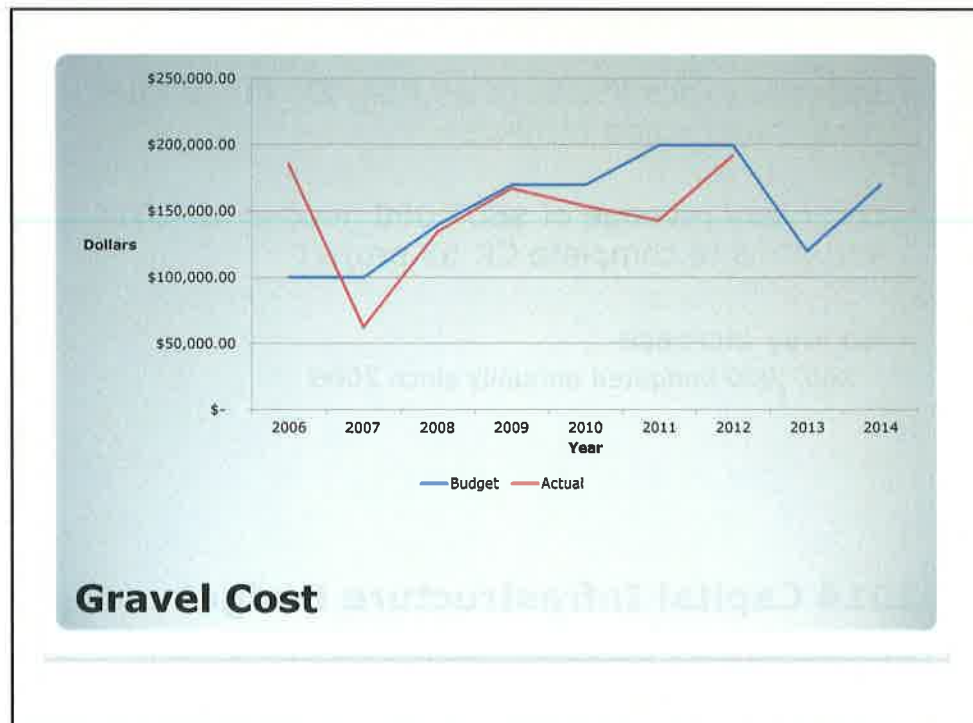
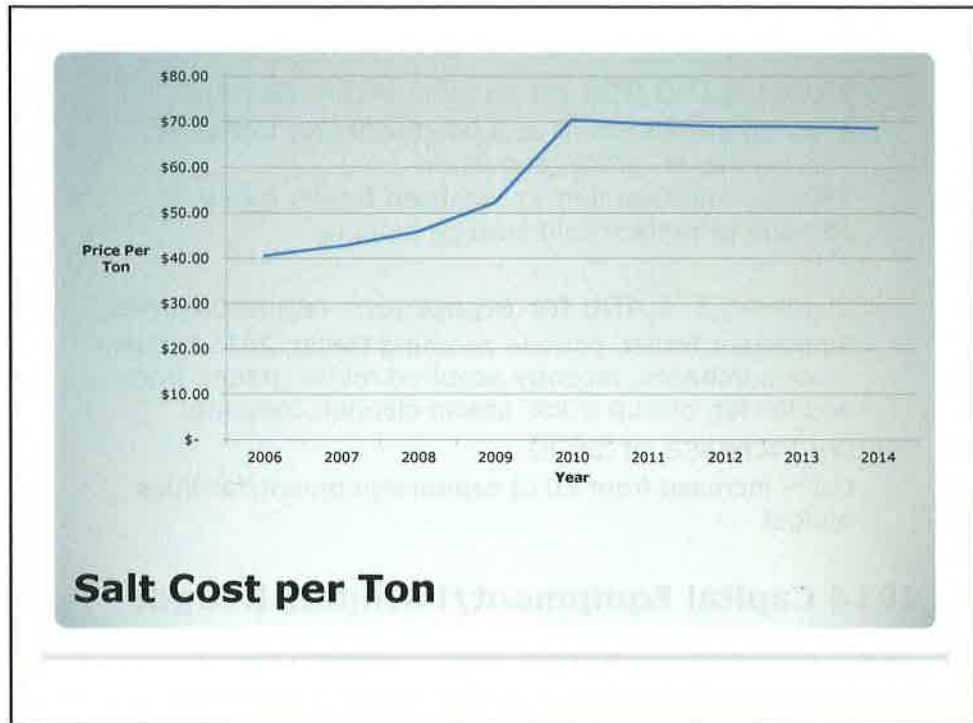
- Resulting Levy increase of \$150,778
 - -11.7% increase from 2013 operations budget

2014 Operations Budget Highlights



Diesel, Gasoline, and Oil Costs





- Includes \$100,000 for facility improvement
 - \$70,000 improvement at Aitkin facility for lot/fence improvements, office renovation
 - \$30,000 improvement at Jacobson facility for small addition to replace cold storage building
- Includes \$374,400 for equipment replacements
 - Equipment trailer, pothole patching trailer, 2015 tandem truck purchases, recently acquired motor grader, front-end loader, pickup truck, steam cleaner, computer
- Levy increase of \$900
 - 0.2% increase from 2013 capital equipment/facilities budget

2014 Capital Equipment/Facilities Budget

- Includes expenditures of \$5,854,000 for various road construction projects
- Local levy revenue of \$607,000 needed for 2014 and 2015 to complete CR 53 project
- No levy increase
 - \$607,000 budgeted annually since 2006

2014 Capital Infrastructure Budget

| 2014 Highway Department Budget Summary | | | | | |
|--|----------------------|---------------------|--------------------|--------------------|---------------------|
| Revenue: | | | | | |
| | 2011 | 2012 | Adopted | 2013 | Proposed |
| | Actual | Actual | 2013 Budget | As of 6-30-13 | 2014 Budget |
| Operating | \$ 3,609,342 | \$ 4,183,831 | \$3,872,150 | \$1,447,072 | \$ 4,037,886 |
| Capital Equipment/Facilities | \$ 314,000 | \$ 370,260 | \$ 473,500 | \$ 473,500 | \$ 474,400 |
| Capital Infrastructure | \$ 8,076,121 | \$ 8,386,132 | \$3,712,400 | \$2,990,839 | \$ 4,821,000 |
| 232 Turnback | | \$ 8,000,000 | | | |
| Total: | \$ 8,999,463 | \$19,820,213 | \$7,766,080 | \$4,811,211 | \$ 8,333,086 |
| Expenditures: | | | | | |
| Operating | \$ 3,812,999 | \$ 4,021,353 | \$3,872,150 | \$2,070,019 | \$ 4,137,886 |
| Capital Equipment/Facilities | \$ 564,442 | \$ 701,833 | \$ 473,500 | \$ 388,810 | \$ 474,400 |
| Capital Infrastructure | \$ 7,094,645 | \$ 8,066,854 | \$3,105,400 | \$1,170,028 | \$ 5,854,000 |
| 232 Turnback | \$ - | \$ - | \$ - | \$ 508,907 | |
| Total: | \$ 11,271,748 | \$11,120,040 | \$7,281,080 | \$4,137,764 | \$10,486,086 |
| Local Levy Revenue: | | | | | |
| | 2011 | 2012 | Adopted | 2013 | Proposed |
| | Actual | Actual | 2013 Budget | As of 6-30-13 | 2014 Budget |
| Operating | \$ 1,170,322 | \$ 1,360,862 | \$1,283,870 | \$ 130,823 | \$ 1,444,048 |
| Capital Equipment/Facilities | \$ 314,000 | \$ 362,250 | \$ 473,500 | \$ 473,500 | \$ 474,400 |
| Capital Infrastructure | \$ 607,000 | \$ 607,000 | \$ 607,000 | \$ 607,000 | \$ 607,000 |
| Total: | \$ 2,087,322 | \$ 2,330,102 | \$2,374,370 | \$1,211,323 | \$ 2,526,048 |
| % Increase Over Previous Year's Budget: | | | | | 6.33% |

Local Governments – Cities, Counties, and Townships

176

Sales Tax Fact Sheet 176

This fact sheet explains sales tax exemptions that apply to local governments.

What's New in 2013

Starting January 1, 2014, cities and counties are exempt from sales and use tax on purchases used to provide certain government services. Townships have had this exemption since October 1, 2011.

Cities and counties must pay sales tax on most taxable purchases made through December 31, 2013.

Minnesota Statutes, section 297A.70, subdivision 2, allows local governments to buy some goods and services without paying sales and use tax.

For purposes of this exemption, “local governments” means only cities, counties, and townships. It does **not** apply to special taxing districts, joint powers agreements, or joint powers entities such as Counties Transit Improvement Board or Metropolitan Council.

To qualify, purchases must meet the following requirements:

- The purchases are “inputs,” used to provide government services (see Nontaxable Purchases, below, and Other Taxable Purchases, next page).
- The purchases are not used as inputs to services that are generally provided by a private business (see Taxable Purchases, on next page).
- The purchases are billed to, and paid directly by, the local government. (Employee purchases that are reimbursed are taxable.)

For each eligible purchase, local government must give the seller a completed exemption certificate (Form ST3). Select “B” as the reason for exemption.

Nontaxable Purchases

Purchases of items or services are exempt if they’re used to provide local government services that are not generally provided by a private business.

For example, purchases used to provide the following services would be exempt:

- Housing services
- Sewer and water services
- Wastewater treatment services
- Ambulance services
- Public safety services
- Correctional services
- Chore or homemaking services for residents who are elderly or disabled
- Road and street maintenance
- Lighting

Examples of what local governments can buy exempt:

- Gravel, sand, salt, and salt/sand mixtures
- Lawn care, tree, bush, shrub, and stump removal services
- Office supplies, office equipment, and telephone service
- Machinery and equipment (other than motor vehicles), accessories for public safety, and road and bridge maintenance
- Fuel and construction materials (see below)

Fuel. Local governments are exempt only from sales and use tax on fuel when used to provide exempt services. They still must pay the state road tax on gasoline or undyed diesel.

Construction materials. Local governments are exempt from sales tax on purchases of construction materials for their own use, such as materials to upgrade their correctional facility. (For more information, see Contracts to Improve Real Property, next page.)

Purchases of culverts the government will install into real property are exempt from sales tax. But if they sell culverts at retail to landowners – without installation – the sale is taxable. (They may purchase the culverts exempt for resale by selecting “H” as the reason for exemption on Form ST3.)

Taxable Purchases

The exemption does **not** apply to purchases used to provide services that are generally provided by a private business. Examples include:

- Liquor stores
- Gas and electric utilities
- Golf courses
- Marinas
- Health and fitness centers
- Community and sports centers
- Campgrounds
- Cafes
- Laundromats
- Waste management

Local governments must pay tax on purchases used to provide these services or others that are generally provided by a private business.

Other Taxable Purchases

The local government exemption does not apply to:

- Purchases of lodging, prepared food, candy, soft drinks, and alcoholic beverages.
- Certain purchases by a city, county or town cemetery, such as equipment, furniture, office supplies and computers.

However, lawn maintenance services for the cemetery’s burial grounds are exempt – such as mowing, raking, and tree and bush trimming. (For more information, see Fact Sheet 121, Lawn and Garden Care, Tree and Bush Service, Landscaping.)

- Solid Waste Management Tax
- Purchases of repair labor that is taxable starting July 1, 2013, for certain equipment and machinery. (For more information, see Fact Sheet 152B, Labor – Repair for Businesses.)

Motor Vehicles

Local governments can buy certain motor vehicles exempt from the state’s motor vehicle sales tax. These include:

- Municipal fire trucks, marked police patrol vehicles, and ambulances that do not have to be registered.
- Road maintenance vehicles (for townships only). This includes snowplows, dump trucks, and others used exclusively for road maintenance – except for automobiles, vans or pickup trucks.
- Transit vehicles used by public or private transit operators, such as city or town buses and vehicles used to provide special transportation services for elderly or disabled residents. To qualify for this exemption, the transit operator must:
 - receive financial assistance or reimbursement under Minnesota Statutes, sections 174.24 or 473.384; or
 - operate under Minnesota Statutes, sections 174.29, 473.388, or 473.405.

Contracts to Improve Real Property

This exemption does not apply to material purchases when a local government hires a contractor under a lump-sum contract that includes both labor and materials.

Contractors do not charge sales tax to their customers on construction contracts. A contractor must pay sales or use tax on the cost of all materials, supplies, and equipment to complete the construction contract unless authorized to act as the local government’s purchasing agent.

For more information on construction contracts and how to appoint a contractor as a purchasing agent, see Fact Sheet 128, Contractors, and Revenue Notice 95-05, Construction Contracts—Purchasing Agent Exemption.

Local Taxes

Local governments are exempt from local general sales or use taxes. However, they must pay other types of local taxes, such as restaurant, liquor, or lodging taxes.

References

- M. S. 297A.67, subd. 25, Maintenance of cemetery grounds
- M. S. 297A.68, subd. 19, Petroleum products
- M. S. 297A.70, subd. 2, Sales to government
- M. S. 297A.70, subd. 3, Sales of certain goods and services to governments
- M. S. 297B.03, Exemptions
- Revenue Notice 95-05, Construction Contracts – Purchasing Agent Exemption
- Revenue Notice 12-08, Exemption for Towns

Other Fact Sheets You May Need

- No. 121, Lawn and Garden Care, Tree and Bush Service, Landscaping
- No. 123, Athletic Facilities, Recreational Areas, Resorts, and Campgrounds
- No. 128, Contractors
- No. 142, Sales to Governments
- No. 152B, Labor – Repair for Businesses

