

### **Charitable Gambling Fund Background**

The city's Charitable Gambling Fund was established in 1993 to account for the proceeds of a 10 percent contribution that charitable gambling organizations operating within Blaine are required to submit to the city (Code Section 22-384). The organizations participating in charitable gambling in 2019 are the Blaine Festival Committee, Blaine Youth Hockey, Centennial HS Football Boosters, VFW – Sgt. John Rice, and Spring Lake Lions Club. These organizations are required to submit 10 percent of their net profits to the city within 15 days of the end of a calendar quarter.

### **Charitable Gambling Fund Revenues**

Charitable gambling proceeds are rebounding quite nicely since 2017. Staff is anticipating that revenue will exceed expectations in 2019. Based on actual receipts to date, a preliminary projection indicates \$150,000 in charitable gambling contributions for 2019, or \$10,000 more than the budget expectations. Staff is comfortable in projecting \$150,000 in gambling proceeds for 2020.

### **Charitable Gambling Fund Expenditures**

Expenditures from this fund are at the city council's discretion, provided that they fall within the guidelines established by Minnesota Statute 349.12 subdivision 25. Specifically allowable contributions include donations to:

- 501(c)(3) organizations; and 501(c)(4) festival organizations
- Relieve the effects of poverty, homelessness, or physical or mental disabilities
- Treatment of post-traumatic-stress syndrome or compulsive gambling
- Public or private accredited nonprofit educational institution
- Scholarship funds
- Recognition of humanitarian or military service
- Activities and facilities that benefit youth under the age of 21
- Support police, fire, or other public safety-related services, equipment, and training
- Wildlife management projects
- Maintenance of snowmobile and/or ATV trails
- Support nutritional and congregate dining programs, and food shelves
- Community arts programs.

Annually, an expenditure report is submitted to the State of Minnesota, disclosing the amount, purpose and recipients of funds.

The city appropriated donations totaling \$155,250 for 2019, all of which have been paid. An additional \$10,000 is planned to be distributed to the Blaine Historical Society, and \$2,500 has been authorized by council for the Civil Air Patrol. Finally, a one-time \$1,292 grant to St. Timothy's Church has been authorized by council budget amendment. The fund is expected to end 2019 with a fund reserve of over \$89,000.

### **2020 Proposed Budget**

Council has set the fund reserve target at \$85,000. Should legislation be adopted by the State of Minnesota that would limit or end the city's ability to continue to fund this program, the higher fund reserve would allow for one final year of charitable gambling funds to be distributed before ending the program, albeit at much lower funding levels.

Except for the three food shelves that receive charitable gambling proceeds, the proposed 2020 Budget includes the same funding amounts to the same recipients as the 2019 Budget less the \$10,000 grant to the Veterans Memorial, but adding \$2,500 for the Civil Air Patrol. At the November 18, 2019 Workshop, Council approved an additional \$850 appropriation to each of the three food shelves operating in Blaine for 2020. No other new requests for funding have been received by staff.

The proposed 2020 budget is presented here for council's consideration.

<b>CITY OF BLAINE, MINNESOTA</b>					
<b>2020 Budget</b>					
<b>CHARITABLE GAMBLING FUND - 240</b>					
	<b>2017 Actual</b>	<b>2018 Actual</b>	<b>2019 Budget</b>	<b>2019 Projected</b>	<b>2020 Proposed</b>
<b>FUND RESERVE AT BEGINNING OF YEAR</b>	<b>114,677</b>	<b>98,750</b>	<b>107,351</b>	<b>107,351</b>	<b>89,259</b>
<b><u>REVENUES AND OTHER SOURCES</u></b>					
Investment earnings	\$ 165	\$ 1,315	\$ 250	\$ 950	\$ 950
Charitable Gambling Contributions	134,658	150,036	140,000	150,000	150,000
<b>Total revenues and other sources</b>	<b>134,823</b>	<b>151,351</b>	<b>140,250</b>	<b>150,950</b>	<b>150,950</b>
<b><u>EXPENDITURES AND OTHER USES</u></b>					
<b>To be appropriated in budget year</b>					
Alexandra House	50,000	50,000	50,000	50,000	50,000
CEAP	8,500	8,500	8,500	-	-
Salvation Army food shelf	-	-	-	8,500	9,350
Centennial Community food shelf	8,500	8,500	8,500	8,500	9,350
Hope for the Community food shelf	8,500	8,500	8,500	8,500	9,350
Senior High Schools	2,250	2,250	2,250	2,250	2,250
Civil Air Patrol	2,500	-	-	2,500	2,500
SBM Fire - Annual fireworks show	35,000	35,000	35,000	35,000	35,000
Blaine Historical Society	-	-	-	10,000	-
Beyond the Yellow Ribbon	2,500	-	2,500	2,500	2,500
Veterans Memorial	-	-	10,000	10,000	-
Family Promise in Anoka County	10,000	10,000	10,000	10,000	10,000
Hope 4 Youth	10,000	10,000	10,000	10,000	10,000
Stepping Stone	10,000	10,000	10,000	10,000	10,000
Church of St Timothy	-	-	-	1,292	-
Bridgeview Drop-In Center	3,000	-	-	-	-
<b>Total expenditures and other uses</b>	<b>150,750</b>	<b>142,750</b>	<b>155,250</b>	<b>169,042</b>	<b>150,300</b>
<b>Increase (decrease) in fund balance</b>	<b>(15,927)</b>	<b>8,601</b>	<b>(15,000)</b>	<b>(18,092)</b>	<b>650</b>
<b>FUND RESERVE AT END OF YEAR</b>	<b>\$ 98,750</b>	<b>\$ 107,351</b>	<b>\$ 92,351</b>	<b>\$ 89,259</b>	<b>89,909</b>
<b>FUND RESERVE GOAL</b>	<b>\$ 100,000</b>	<b>\$ 100,000</b>	<b>\$ 85,000</b>	<b>\$ 85,000</b>	<b>85,000</b>
<b>FUND RESERVE ABOVE (BELOW) GOAL</b>	<b>\$ (1,250)</b>	<b>\$ 7,351</b>	<b>\$ 7,351</b>	<b>\$ 4,259</b>	<b>4,909</b>