

Charitable Gambling Fund Background

The City's Charitable Gambling Fund was established in 1993 to account for the proceeds of a 10% 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 2013 are the Blaine's Blazin' 4th Committee, Blaine Youth Hockey, VFW – Sgt. John Rice, and Spring Lake Park Youth Hockey. These organizations are required to submit 10% of their net profits to the City within 15 days of the end of a calendar quarter.

Charitable Gambling Fund Revenues

A preliminary projection of 2013 charitable gambling contribution revenue is \$92,000 – \$27,000 more than the budgeted amount of \$65,000 and on par with the 2012 final total. This marks the fourth consecutive year of increased revenue for the fund. One unknown is the effect, if any, that electronic pull-tabs will have on charitable gambling proceeds. Because of this unknown, staff is limiting its recommendation to a \$20,000 increase in the budget for Charitable Gambling proceeds to \$85,000.

Charitable Gambling Fund Expenditures

Expenditures from this fund are at the City'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.

In total, the City appropriated \$84,750 for 2013, all of which has been paid. The expenditures are summarized as follows:

<u>Organization</u>	<u>2013 Funding</u>
Alexandra House	\$30,000
CEAP	\$ 7,500
Centennial Community Food Shelf	\$ 7,500
Kingswood Church Food Shelf	\$ 7,500
Senior High Schools (3)	\$ 2,250
Civil Air Patrol	\$ 5,000
Poseidon Sea Cadet Unit	\$25,000

The fund is expected to end 2013 with a fund reserve of over \$127,000.

2014 Proposed Budget

In addition to the increase in current revenue, the positive performance of the fund over the last two years has contributed to an increase in fund reserves that is estimated to be over \$93,000 above the fund’s reserve goal. This leaves Council with the following choices to consider:

- Maintain current contribution levels for all current participants, thus continuing to build the fund’s reserves.
- Increase the amount contributed by increasing the annual appropriation for current participants, adding other organizations to which to make contributions, or both increasing current appropriations and adding new organizations.
- In a previous Workshop, City Council consensus was to provide additional appropriations for certain groups. These adjustments have been incorporated into the proposed budget shown below

The current draft proposed budget is as follows:

CITY OF BLAINE, MINNESOTA						
2014 Budget						
CHARITABLE GAMBLING FUND - 240						
	2010 Actual	2011 Actual	2012 Actual	2013 Projected	(9/12) 2014 Proposed	(10/17) 2014 Proposed
FUND RESERVE AT BEGINNING OF YEAR	28,243	36,813	73,376	119,703	127,453	125,203
<u>REVENUES AND OTHER SOURCES</u>						
Investment earnings	\$ 221	\$ 1,528	\$ 1,092	\$ 500	\$ 500	\$ 500
Charitable Gambling Contributions	41,349	70,535	91,735	92,000	85,000	85,000
Total revenues and other sources	41,570	72,063	92,827	92,500	85,500	85,500
<u>EXPENDITURES AND OTHER USES</u>						
Alexandra House	16,500	19,000	20,000	30,000	30,000	40,000
BB4 Committee	5,000	5,000	10,000	-	-	-
CEAP	5,000	5,000	5,000	7,500	7,500	7,500
Centennial Community Food Shelf	5,000	2,500	5,000	7,500	7,500	7,500
Kingswood Church Food Shelf	-	2,500	5,000	7,500	7,500	7,500
Creating Community	-	-	-	-	-	5,000
Senior High Schools	1,500	1,500	1,500	2,250	2,250	2,250
Civil Air Patrol	-	-	-	5,000	5,000	5,000
Poseidon Sea Cadet Unit/fireworks	-	-	-	25,000	25,000	25,000
Blaine Historical Society	-	-	-	-	-	10,000
Beyond the Yellow Ribbon	-	-	-	-	3,000	5,000
Total expenditures and other uses	33,000	35,500	46,500	84,750	87,750	114,750
Increase (decrease) in fund balance	8,570	36,563	46,327	7,750	(2,250)	(29,250)
FUND RESERVE AT END OF YEAR	\$ 36,813	\$ 73,376	\$ 119,703	\$ 127,453	\$ 125,203	\$ 95,953
FUND RESERVE GOAL	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
FUND RESERVE ABOVE (BELOW) GOAL	\$ 1,813	\$ 38,376	\$ 84,703	\$ 92,453	\$ 90,203	\$ 60,953