

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 2016 are the Blaine Festival 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

After experiencing steady declines from 2007 through 2010, revenue from charitable gambling proceeds has experienced a steady increase over the past five years. Based on actual receipts through June 30, a preliminary projection indicates \$137,000 in charitable gambling contributions for 2016. This is \$15,000 more than the budgeted amount of \$122,000 and a 5.6% increase over the 2015 amount. Staff prefers to err on the conservative side by estimating proceeds to reach \$140,000, an increase of just under 2.2% over the 2016 estimate.

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.

The City appropriated donations totaling \$167,250 for 2016, all of which have been paid except for the \$10,000 to the Blaine Historical Society. Appropriations are summarized as follows:

<u>Organization</u>	<u>2016 Funding</u>
Alexandra House	\$50,000
CEAP	\$ 7,500
Centennial Community Food Shelf	\$ 7,500
Hope for Community Church Food Shelf	\$ 7,500
Good Shepherd Church Food Shelf	\$ 7,500
Senior High Schools (3)	\$ 2,250
Civil Air Patrol	\$ 5,000
SBM Fire Department (Fireworks)	\$35,000
Blaine Historical Society	\$10,000
Family Promise in Anoka Co.	\$10,000
Beyond the Yellow Ribbon	\$ 5,000
Hope 4 Youth	\$10,000
Stepping Stone	\$10,000

The fund is expected to end 2016 with a fund reserve of over \$101,000.

2017 Proposed Budget

Staff is again recommending that the City maintain a fund reserve of \$100,000 for Charitable Gambling. The basis for this recommendation resides in the fact that the collection of funds is controlled by statute and there is the potential that legislative changes could result in the City no longer collecting charitable gambling proceeds. Should legislation be adopted that would limit or end the City's ability to continue to fund this program, a fund reserve of \$100,000 would allow for one final year of charitable gambling funds to be distributed before ending the program.

Staff also recommends that annual funding be limited to an amount such that the fund's projected year-end reserve is within 1% of the fund's reserve goal of \$100,000. For 2017, this would allow up to \$144,000 in charitable contributions. Annually Council would prioritize and appropriate funding to those organizations as Council sees fit within the adopted funding policy.

The current draft proposed budget is shown below.

CITY OF BLAINE, MINNESOTA					
2017 Budget					
CHARITABLE GAMBLING FUND - 240					
	2013 Actual	2014 Actual	2015 Actual	2016 Projected	2017 Proposed
FUND RESERVE AT BEGINNING OF YEAR	119,703	125,396	126,694	130,406	101,476
<u>REVENUES AND OTHER SOURCES</u>					
Investment earnings	\$ (919)	\$ 2,606	\$ 1,286	\$ 1,320	\$ 2,000
Charitable Gambling Contributions	91,362	113,442	129,676	137,000	140,000
Total revenues and other sources	90,443	116,048	130,962	138,320	142,000
<u>EXPENDITURES AND OTHER USES</u>					
To be appropriated in budget year					144,000
Alexandra House	30,000	40,000	40,000	50,000	
CEAP	7,500	7,500	7,500	7,500	
Centennial Community food shelf	7,500	7,500	7,500	7,500	
Hope for the Community food shelf	7,500	7,500	7,500	7,500	
Good Shepherd Church food shelf	-	5,000	7,500	7,500	
Senior High Schools	2,250	2,250	2,250	2,250	
Civil Air Patrol	5,000	5,000	5,000	5,000	
Poseidon Sea Cadet Unit/fireworks	25,000	25,000	-	-	
SBM Fire	-	-	30,000	35,000	
Blaine Historical Society	-	10,000	-	10,000	
Beyond the Yellow Ribbon	-	5,000	-	5,000	
Family Promise in Anoka County	-	-	10,000	10,000	
Hope 4 Youth	-	-	10,000	10,000	
Stepping Stone	-	-	-	10,000	
Total expenditures and other uses	84,750	114,750	127,250	167,250	144,000
Increase (decrease) in fund balance	5,693	1,298	3,712	(28,930)	(2,000)
FUND RESERVE AT END OF YEAR	\$ 125,396	\$ 126,694	\$ 130,406	\$ 101,476	99,476
FUND RESERVE GOAL	\$ 35,000	\$ 35,000	\$ 35,000	\$ 100,000	100,000
FUND RESERVE ABOVE (BELOW) GOAL	\$ 90,396	\$ 91,694	\$ 95,406	\$ 1,476	(524)