

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 2017 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% of their net profits to the City within 15 days of the end of a calendar quarter.

Charitable Gambling Fund Revenues

While revenue from charitable gambling proceeds has steadily increased since 2010, it appears that 2017 total revenue may actually decrease. Based on actual receipts through June 30, a preliminary projection indicates \$130,400 in charitable gambling contributions for 2017, which is nearly \$11,000 less than the 2016 actual amount of \$141,160, but more in line with 2015 receipts. Staff has estimates that 2018 receipts will reach \$130,000.

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.

The City appropriated donations totaling \$150,750 for 2017, all of which have been paid except for the \$2,500 to the Civil Air Patrol. Appropriations are summarized as follows:

<u>Organization</u>	<u>2017 Funding</u>
Alexandra House	\$50,000
CEAP	\$ 8,500
Centennial Community Food Shelf	\$ 8,500
Hope for Community Church Food Shelf	\$ 8,500
Senior High Schools (3)	\$ 2,250
Civil Air Patrol	\$ 2,500
SBM Fire Department (Fireworks)	\$35,000
Family Promise in Anoka Co.	\$10,000
Beyond the Yellow Ribbon	\$ 2,500
Hope 4 Youth	\$10,000
Stepping Stone	\$10,000
Bridgeview Drop-in Center	\$ 3,000

The fund is expected to end 2017 with a fund reserve of over \$96,000.

2018 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.

Some adjustments in appropriations have been made from the 2017 to the 2018 budget. Contributions of \$2,500 each to the Civil Air Patrol and Beyond the Yellow Ribbon have been discontinued. The \$3,000 contribution to the Bridgeview Drop-in Center has also been discontinued, as it was intended to be for one year only. No new organizations are receiving contributions in 2018.

The recommended 2018 Budget is shown below:

CITY OF BLAINE, MINNESOTA					
2018 Budget					
CHARITABLE GAMBLING FUND - 240					
	2014 Actual	2015 Actual	2016 Actual	2017 Projected	2018 Request
FUND RESERVE AT BEGINNING OF YEAR	125,396	126,694	130,406	115,638	96,388
<u>REVENUES AND OTHER SOURCES</u>					
Investment earnings	\$ 2,606	\$ 1,286	\$ 1,320	\$ 1,100	\$ 1,000
Charitable Gambling Contributions	113,442	129,676	141,162	130,400	130,000
Total revenues and other sources	116,048	130,962	142,482	131,500	131,000
<u>EXPENDITURES AND OTHER USES</u>					
To be appropriated in budget year					
Alexandra House	40,000	40,000	50,000	50,000	50,000
CEAP	7,500	7,500	7,500	8,500	8,500
Centennial Community food shelf	7,500	7,500	7,500	8,500	8,500
Hope for the Community food shelf	7,500	7,500	7,500	8,500	8,500
Good Shepherd Church food shelf	5,000	7,500	7,500	-	-
Senior High Schools	2,250	2,250	2,250	2,250	2,250
Civil Air Patrol	5,000	5,000	5,000	2,500	-
Poseidon Sea Cadet Unit/fireworks	25,000	-	-	-	-
SBM Fire	-	30,000	35,000	35,000	35,000
Blaine Historical Society	10,000	-	-	-	-
Beyond the Yellow Ribbon	5,000	-	5,000	2,500	-
Family Promise in Anoka County	-	10,000	10,000	10,000	10,000
Hope 4 Youth	-	10,000	10,000	10,000	10,000
Stepping Stone	-	-	10,000	10,000	10,000
Bridgeview Drop-In Center	-	-	-	3,000	-
Total expenditures and other uses	114,750	127,250	157,250	150,750	142,750
Increase (decrease) in fund balance	1,298	3,712	(14,768)	(19,250)	(11,750)
FUND RESERVE AT END OF YEAR	\$ 126,694	\$ 130,406	\$ 115,638	\$ 96,388	84,638
FUND RESERVE GOAL	\$ 35,000	\$ 35,000	\$ 100,000	\$ 85,000	85,000
FUND RESERVE ABOVE (BELOW) GOAL	\$ 91,694	\$ 95,406	\$ 15,638	\$ 11,388	(362)