

Master Settlement Agreement

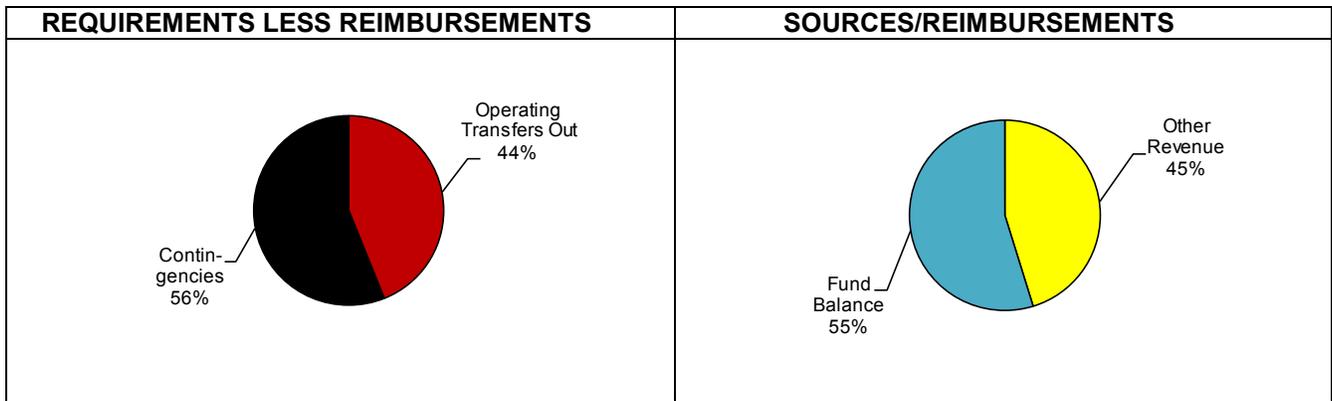
DESCRIPTION OF MAJOR SERVICES

This budget unit accounts for proceeds received from the tobacco lawsuit Master Settlement Agreement (MSA). In late 1998, a settlement was reached in a lawsuit filed by states against the tobacco industry. In California, the proceeds of the settlement are divided equally between the state and local governments who partnered in the lawsuit. Payments to local governments are based on a formula involving total tobacco sales and each local entity's population.

Budget at a Glance	
Requirements Less Reimbursements*	\$38,958,405
Sources/Reimbursements	\$17,508,893
Fund Balance	\$21,449,512
Contribution to Fund Balance	\$508,893
Total Staff	0
<small>*Includes Contingencies</small>	

A majority of the County's total proceeds are used each year to fund a portion of the Arrowhead Regional Medical Center (ARMC) debt.

2014-15 ADOPTED BUDGET



ANALYSIS OF 2014-15 ADOPTED BUDGET

GROUP: Human Services
DEPARTMENT: Health Administration
FUND: Master Settlement Agreement

BUDGET UNIT: RSM MSA
FUNCTION: Health and Sanitation
ACTIVITY: Hospital Care

	2010-11 Actual	2011-12 Actual	2012-13 Actual	2013-14 Actual	2013-14 Final Budget	2014-15 Adopted Budget	Change From 2013-14 Final Budget
Requirements							
Staffing Expenses	0	0	0	0	0	0	0
Operating Expenses	0	0	0	0	0	0	0
Capital Expenditures	0	0	0	0	0	0	0
Contingencies	0	0	0	0	21,858,857	21,958,405	99,548
Total Exp Authority	0	0	0	0	21,858,857	21,958,405	99,548
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	0	0	0	21,858,857	21,958,405	99,548
Operating Transfers Out	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	0
Total Requirements	17,000,000	17,000,000	17,000,000	17,000,000	38,858,857	38,958,405	99,548
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	17,812,890	18,134,168	27,322,460	17,994,676	18,404,020	17,508,893	(895,127)
Total Revenue	17,812,890	18,134,168	27,322,460	17,994,676	18,404,020	17,508,893	(895,127)
Operating Transfers In	0	3,146,181	0	0	0	0	0
Total Sources	17,812,890	21,280,349	27,322,460	17,994,676	18,404,020	17,508,893	(895,127)
				Fund Balance	20,454,837	21,449,512	994,675
				Budgeted Staffing	0	0	0

MAJOR EXPENDITURES AND REVENUE IN 2014-15 ADOPTED BUDGET

Operating transfers out of \$17.0 million reflect a transfer to the general fund, which is then used to fund the Net County Cost within the Health Administration budget unit and to offset increased health care costs within the Department of Public Health. Health Administration uses that Net County Cost to fund the \$4.3 million realignment local match requirement for 1991 Health Realignment and \$10.7 million of the debt service (lease payment) for ARMC.

Other revenue of \$17.5 million reflects the County’s anticipated settlement revenue from the major tobacco companies.

BUDGET CHANGES AND OPERATIONAL IMPACT

Sources from the Master Settlement Agreement have been budgeted conservatively to reflect a decrease of \$895,127. Revenues have remained stable over the past four years with the exception of approximately \$9.8 million of extraordinary revenue received in 2012-13 for a Non-Participating Manufacturers (NPM) Adjustment settlement payment.

STAFFING CHANGES AND OPERATIONAL IMPACT

There is no staffing associated with this budget unit.

