

## Master Settlement Agreement

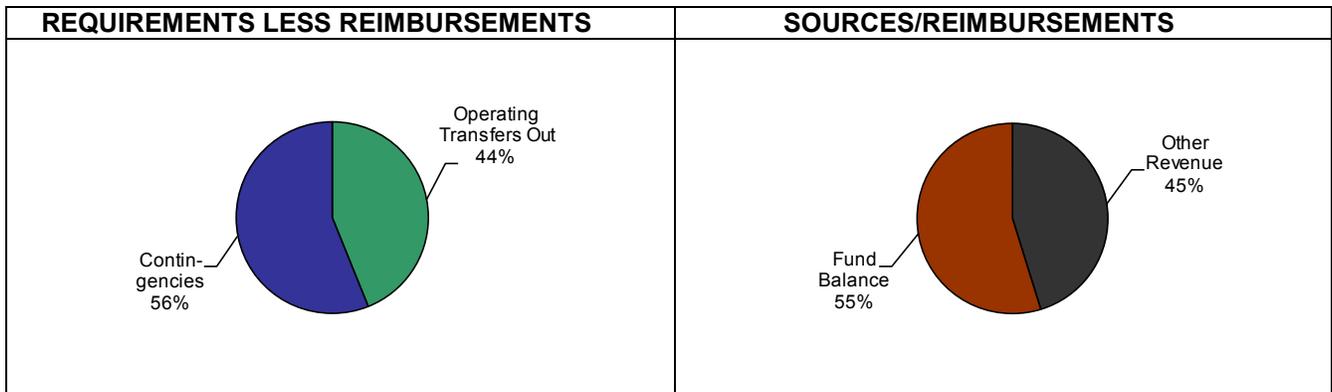
### DESCRIPTION OF MAJOR SERVICES

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*	\$38,732,453
Sources/Reimbursements	\$17,508,893
Fund Balance	\$21,223,560
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 RECOMMENDED BUDGET



HUMAN SERVICES



**ANALYSIS OF 2014-15 RECOMMENDED 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 Estimate	2013-14 Modified Budget	2014-15 Recommended Budget	Change From 2013-14 Modified Budget
<b>Requirements</b>							
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	21,732,453	(126,404)
Total Exp Authority	0	0	0	0	21,858,857	21,732,453	(126,404)
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	0	0	0	21,858,857	21,732,453	(126,404)
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	38,732,453	(126,404)
<b>Sources</b>							
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	17,768,723	18,404,020	17,508,893	(895,127)
Total Revenue	17,812,890	18,134,168	27,322,460	17,768,723	18,404,020	17,508,893	(895,127)
Operating Transfers In	0	3,146,181	0	0	0	0	0
Total Financing Sources	17,812,890	21,280,349	27,322,460	17,768,723	18,404,020	17,508,893	(895,127)
				Fund Balance	20,454,837	21,223,560	768,723
				Budgeted Staffing	0	0	0

**MAJOR EXPENDITURES AND REVENUE IN 2014-15 RECOMMENDED 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 net debt service lease payment for ARMC.

Other revenue of \$17.5 million reflects anticipated revenue from the major tobacco companies to the Master Settlement Agreement fund.

**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.

