

Master Settlement Agreement

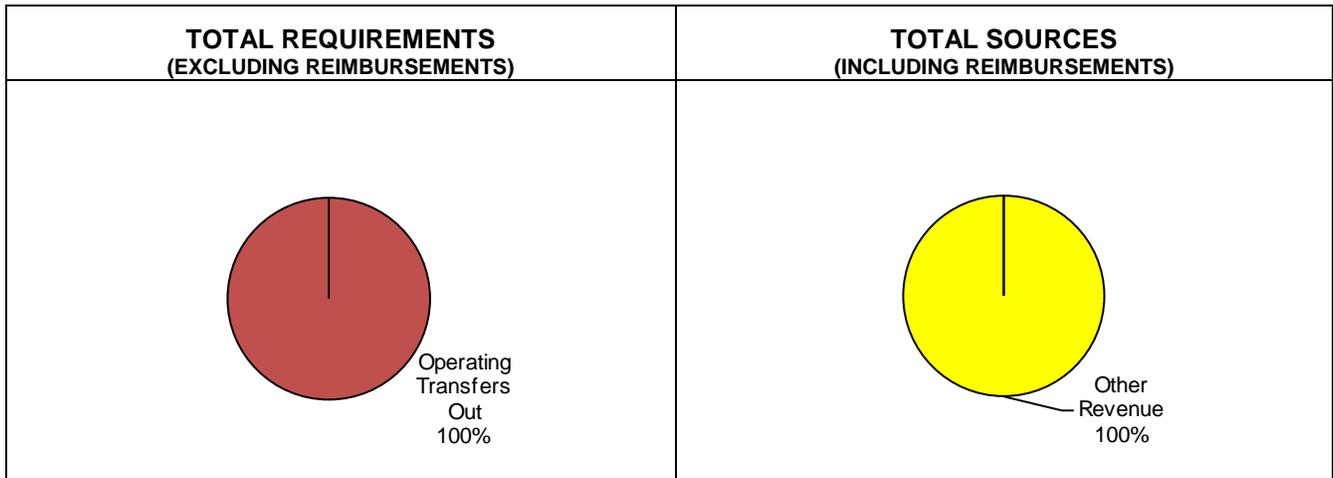
DESCRIPTION OF MAJOR SERVICES

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	
Total Requirements (Excl. Reimb.)	\$17,000,000
Total Sources (Incl. Reimb.)	\$17,381,156
Use of/ (Contribution to) Fund Balance	(\$381,156)
Total Staff	0

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

2016-17 RECOMMENDED BUDGET



ANALYSIS OF 2016-17 RECOMMENDED BUDGET

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

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

	2012-13	2013-14	2014-15	(A) 2015-16	2015-16	(B) 2016-17	(B-A) Change From Prior Year Modified Budget
	Actual	Actual	Actual	Modified Budget	Estimate	Recommended 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
Total Exp Authority	0	0	0	0	0	0	0
Reimbursements	0	0	0	0	0	0	0
Total Appropriation	0	0	0	0	0	0	0
Operating Transfers Out	17,000,000	17,000,000	19,200,000	35,300,000	35,300,000	17,000,000	(18,300,000)
Total Requirements	17,000,000	17,000,000	19,200,000	35,300,000	35,300,000	17,000,000	(18,300,000)
Sources							
Taxes	0	0	0	0	0	0	0
Realignment	0	0	0	0	0	0	0
State/Fed/Other Government	0	0	0	0	0	0	0
Fee/Rate	0	0	0	0	0	0	0
Other Revenue	27,311,849	17,994,676	17,836,962	17,783,935	17,619,094	17,381,156	(402,779)
Total Revenue	27,311,849	17,994,676	17,836,962	17,783,935	17,619,094	17,381,156	(402,779)
Operating Transfers In	10,611	0	0	0	0	0	0
Total Financing Sources	27,322,460	17,994,676	17,836,962	17,783,935	17,619,094	17,381,156	(402,779)
Fund Balance							
Use of / (Contribution to) Fund Balance**	(10,322,460)	(994,676)	1,363,038	17,516,065	17,680,906	(381,156)	(17,897,221)
Available Reserves				2,570,410	2,405,569	2,786,725	216,315
Total Fund Balance				20,086,475	20,086,475	2,405,569	(17,680,906)
Budgeted Staffing*	0	0	0	0	0	0	0

*Data represents modified budgeted staffing

**Contribution to Fund Balance appears as a negative number and increases Available Reserves.

MAJOR REQUIREMENTS AND SOURCES IN 2016-17 RECOMMENDED BUDGET

Operating Transfers Out of \$17.0 million reflect a transfer to the General Fund 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 local match requirement for 1991 Health Realignment and \$10.7 million of debt service for ARMC.

BUDGET CHANGES AND OPERATIONAL IMPACT

Sources from the Master Settlement Agreement have been budgeted conservatively based on average receipts over the last four years excluding extraordinary revenue. Revenues have remained stable over the past four years with the exception of the approximate \$9.8 million of extraordinary revenue received in 2012-13 for a Non-Participating Manufacturers (NPM) Adjustment settlement payment.

ANALYSIS OF FUND BALANCE

Fund balance is expected to increase by \$381,156 based on the continued trend of revenues exceeding the base expenditure. In 2015-16, a one-time contribution was made to a General Fund Reserve for an ARMC Jail Ward. There are no ongoing uses of fund balance anticipated in 2016-17.

STAFFING CHANGES AND OPERATIONAL IMPACT

There is no staffing associated with this budget unit.

