

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 to be 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.

A majority of the county's total proceeds are used each year to finance a portion of the Arrowhead Regional Medical Center debt.

There is no staffing associated with this budget unit.

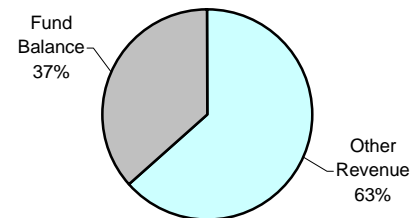
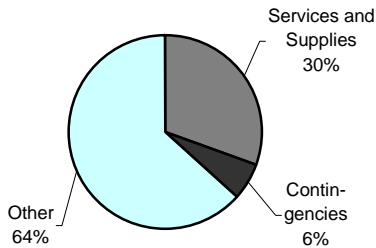
BUDGET AND WORKLOAD HISTORY

	Actual 2003-04	Budget 2004-05	Actual 2004-05	Budget 2005-06
Appropriation	17,730,393	29,365,478	18,633,000	29,894,255
Departmental Revenue	18,470,707	18,596,435	18,757,407	18,904,942
Fund Balance		10,769,043		10,989,313

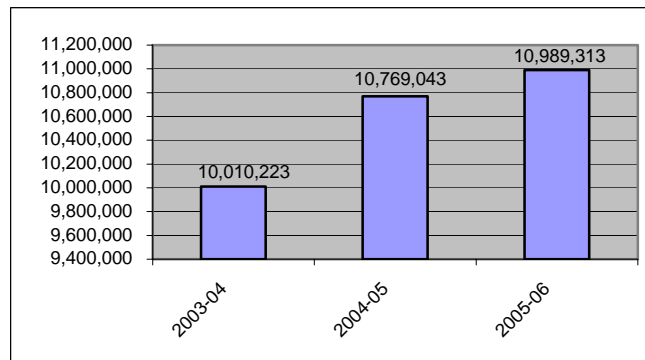
In accordance with Section 29009 of the State Government Code, the entire unreserved fund balance must be appropriated each year. Accordingly, actual expenditures in this fund are typically less than budgeted. The amount not expended is carried over to the subsequent year's budget.

2005-06 BREAKDOWN BY EXPENDITURE AUTHORITY

2005-06 BREAKDOWN BY FINANCING SOURCE



2005-06 FUND BALANCE TREND CHART



GROUP: Administrative/Executive
DEPARTMENT: Master Settlement Agreement
FUND: Tobacco Settlement Agreement

BUDGET UNIT: RSM MSA
FUNCTION: General
ACTIVITY: Finance

	2004-05 Actuals	2004-05 Final Budget	2005-06 Board Approved Base Budget	2005-06 Board Approved Changes to Base Budget	2005-06 Final Budget
Appropriation					
Services and Supplies	-	10,732,478	10,732,478	(1,638,917)	9,093,561
Contingencies	-	-	-	1,867,694	1,867,694
Total Appropriation	-	10,732,478	10,732,478	228,777	10,961,255
Operating Transfers Out	18,633,000	18,633,000	18,633,000	300,000	18,933,000
Total Requirements	18,633,000	29,365,478	29,365,478	528,777	29,894,255
Departmental Revenue					
Use of Money and Prop	280,108	220,000	220,000	8,000	228,000
Other Revenue	18,477,299	18,376,435	18,376,435	300,507	18,676,942
Total Revenue	18,757,407	18,596,435	18,596,435	308,507	18,904,942
Fund Balance		10,769,043	10,769,043	220,270	10,989,313

The 2004-05 Actuals column above reflects no usage of the budgeted \$10.7 million of one-time available funds in services and supplies. Additionally, actual interest revenue and tobacco settlement proceeds were slightly higher than anticipated.

This budget unit is used to account for tobacco settlement proceeds and to disburse these proceeds to other budget units for health related costs. Since there are no costs to maintain current program services, there is no change to the prior year final budget reflected in the Board Approved Base Budget column above. Approved changes to the base budget include appropriation increases resulting from increases in tobacco settlement proceeds and fund balance changes. Additionally, a contingency based on 10% of projected revenue receipts has been established for the 2005-06 budget year.

DEPARTMENT: Master Settlement Agreement
FUND: Tobacco Settlement Agreement
BUDGET UNIT: RSM MSA

BOARD APPROVED CHANGES TO BASE BUDGET

Brief Description of Board Approved Changes	Budgeted Staffing	Appropriation	Departmental Revenue	Fund Balance
1. Budget for Contingency The County Administrative Office is recommending a contingency be established that is equal to 10% of projected revenues	-	1,867,694	-	1,867,694
2. Increase in Operating Transfers Out The expected increase in revenue growth is being utilized as financing available for the general fund. Total financing available to the general fund for health related departments now totals \$3,933,000.	-	300,000	-	300,000
3. Increase in Interest Income Based on increasing cash balances and an estimated increase in interest earnings.	-	-	8,000	(8,000)
4. Increase in Tobacco Settlement Proceeds Increase in projected annual payment for 2005-06 from the Tobacco Settlement. Increase based on cigarette consumption projections as of October 2002.	-	-	300,507	(300,507)
5. Decrease in Services and Supplies One-time funds are decreased by \$1,594,948 in this budget unit as a result of budgeting 10% of projected revenues as a contingency, coupled with the increase in operating transfers out to finance the health related departments.	-	(1,638,917)	-	(1,638,917)
** Final Budget Adjustment - Fund Balance Reduction in services and supplies by \$43,969 due to a lower fund balance than anticipated.				
Total	-	528,777	308,507	220,270

** Final Budget Adjustments were approved by the Board after the proposed budget was submitted.

