

13N - ORANGE COUNTY TOBACCO SETTLEMENT

Operational Summary

Description:

To administer the use of the County's share of the national Tobacco Settlement in accordance with the conditions set forth in a local initiative, Measure "H", approved by the voters on November 7, 2000.

On November 23, 1998 the major American cigarette manufacturers agreed to a settlement (Master Settlement Agreement, MSA) of litigation brought by the Attorneys General of 46 States (including California), five U.S. territories and the District of Columbia. In addition to restrictions related to cigarette advertising and underage smoking, the MSA requires that the tobacco companies pay the participants an estimated \$206 Billion over the next 25 years. After certain adjustments the payments are distributed on a population basis, with California estimated to receive (2000 census) about 12.0%. California's share is split 50-50 between the State and the eligible cities and Counties. Orange County's portion of the local share is about 8.4%.

Although there are not any conditions placed on the use of TSR local share by the MSA or State statute, Measure "H", which takes effect on July 1, 2001 restricts the use of TSR to specific health and public safety initiatives. Measure "H" which has been upheld in the Superior Court, requires the use of TSR be restricted to specific health related categories, 80% and public protection programs, 20%. The specific categories are described herein at the Activity level.

Due to the possibility that tobacco companies could fall into bankruptcy as the result of having to make large payments with litigants, there was a doubt as to whether all dollars budgeted will be fully received after FY 03-04. The actual FY 03-04 payments as of April 30, 2004 were \$181K more than the budgeted amount (\$30.1 million). The actual FY 04-05 payments as of April 30, 2005 were \$307K more than the budgeted amount (\$30.5 million).

Measure "H" applies only to TSR received after July 1, 2001. Please see Fund 14X in program VII for TSR received by the County prior to July 1, 2001.

At a Glance:

Total FY 2004-2005 Projected Expend + Encumb:	32,919,036
Total Recommended FY 2005-2006	37,099,164
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- Administer the County's share of Tobacco Settlement Revenue received on or after July 1, 2001, in strict accordance with the requirements of voter approved Measure "H".

Seniors & Persons w/Disabilities - 19% is allocated to this Measure "H" category.

Child & Family Health Services - 20% is allocated to this Measure "H" category.

Emergency Room Physicians & Specialists - 23% is allocated to this Measure "H" category.

Comprehensive E.R. Services/Trauma Centers - 6% is allocated to this Measure "H" category.

Tobacco Prevention & Control - 12% is allocated to this Measure "H" category.

13N - Orange County Tobacco Settlement

Summary of Proposed Budget by Revenue and Expense Category:

Revenues/Appropriations	FY 2003-2004		FY 2004-2005		FY 2004-2005		FY 2005-2006		Change from FY 2004-2005	
	Actual	Budget	As of 3/31/05	Projected ⁽¹⁾	As of 6/30/05	Recommended	Projected	Amount	Percent	
Miscellaneous Revenues	\$ 30,306,450	\$ 30,458,926	\$ 30,458,926	\$ 30,458,926	\$ 30,860,644	\$ 401,718	1.31%			
Total FBA	20,031,925	8,698,630	8,698,630	8,698,630	6,238,520	(2,460,110)	-28.28			
Total Revenues	50,338,375	39,157,556	39,157,556	39,157,556	37,099,164	(2,058,392)	-5.25			
Other Financing Uses	41,639,745	39,157,556	32,919,036	37,099,164	4,180,128	12.69				
Total Requirements	41,639,745	39,157,556	32,919,036	37,099,164	4,180,128	12.69				
Balance	\$ 8,698,630	\$ 0	\$ 6,238,520	\$ 0	\$ (6,238,520)	-100.00%				

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2004-05 projected requirements included in "At a Glance" (Which exclude these).

Proposed Budget Summary of Seniors & Persons w/Disabilities:

Revenues/Appropriations	FY 2003-2004		FY 2004-2005		FY 2004-2005		FY 2005-2006		Change from FY 2004-2005	
	Actual	Budget	As of 3/31/05	Projected ⁽¹⁾	As of 6/30/05	Recommended	Projected	Amount	Percent	
Miscellaneous Revenues	\$ 30,306,450	\$ 5,787,196	\$ 5,787,196	\$ 5,787,196	\$ 5,863,522	\$ 76,326	1.31%			
Total FBA	20,031,925	8,698,630	8,698,630	8,698,630	6,238,520	(2,460,110)	-28.28			
Total Revenues	50,338,375	14,485,826	14,485,826	14,485,826	12,102,042	(2,383,784)	-16.45			
Other Financing Uses	41,639,745	12,719,682	8,213,212	9,994,992	1,781,780	21.69				
Total Requirements	41,639,745	12,719,682	8,213,212	9,994,992	1,781,780	21.69				
Balance	\$ 8,698,630	\$ 1,766,144	\$ 6,272,614	\$ 2,107,050	\$ (4,165,564)	-66.40%				

Proposed Budget Summary of Emergency Room Physicians & Specialists:

Revenues/Appropriations	FY 2003-2004		FY 2004-2005		FY 2004-2005		FY 2005-2006		Change from FY 2004-2005	
	Actual	Budget	As of 3/31/05	Projected ⁽¹⁾	As of 6/30/05	Recommended	Projected	Amount	Percent	
Miscellaneous Revenues	\$ 0	\$ 7,005,553	\$ 7,005,553	\$ 7,005,553	\$ 7,097,948	\$ 92,395	1.31%			
Total Revenues	0	7,005,553	7,005,553	7,005,553	7,097,948	92,395	1.31			
Other Financing Uses	0	7,005,553	6,981,918	7,121,583	139,665	2.00				
Total Requirements	0	7,005,553	6,981,918	7,121,583	139,665	2.00				
Balance	\$ 0	\$ 0	\$ 23,635	\$ (23,635)	\$ (47,270)	-200.00%				



Proposed Budget Summary of Tobacco Prevention & Control:

Revenues/Appropriations	FY 2003-2004	FY 2004-2005		FY 2004-2005	FY 2005-2006	Change from FY 2004-2005	
	Actual	Budget	Projected ⁽¹⁾	As of 6/30/05	Recommended	Projected	Percent
		As of 3/31/05	As of 6/30/05			Amount	
Miscellaneous Revenues	\$ 0	\$ 3,655,071	\$ 3,655,071	\$ 3,655,071	\$ 3,703,277	\$ 48,206	1.31%
Total Revenues	0	3,655,071	3,655,071	3,655,071	3,703,277	48,206	1.31
Other Financing Uses	0	4,610,113	3,692,392	3,692,392	4,620,998	928,606	25.14
Total Requirements	0	4,610,113	3,692,392	3,692,392	4,620,998	928,606	25.14
Balance	\$ 0	\$ (955,042)	\$ (37,321)	\$ (37,321)	\$ (917,721)	\$ (880,400)	2,358.99%

Proposed Budget Summary of Child & Family Health Services:

Revenues/Appropriations	FY 2003-2004	FY 2004-2005		FY 2004-2005	FY 2005-2006	Change from FY 2004-2005	
	Actual	Budget	Projected ⁽¹⁾	As of 6/30/05	Recommended	Projected	Percent
		As of 3/31/05	As of 6/30/05			Amount	
Miscellaneous Revenues	\$ 0	\$ 6,091,785	\$ 6,091,785	\$ 6,091,785	\$ 6,172,129	\$ 80,344	1.31%
Total Revenues	0	6,091,785	6,091,785	6,091,785	6,172,129	80,344	1.31
Other Financing Uses	0	6,652,128	6,070,669	6,070,669	6,753,588	682,919	11.24
Total Requirements	0	6,652,128	6,070,669	6,070,669	6,753,588	682,919	11.24
Balance	\$ 0	\$ (560,343)	\$ 21,116	\$ 21,116	\$ (581,459)	\$ (602,575)	-2,853.64%

Proposed Budget Summary of Comprehensive E.R. Services/Trauma Centers:

Revenues/Appropriations	FY 2003-2004	FY 2004-2005		FY 2004-2005	FY 2005-2006	Change from FY 2004-2005	
	Actual	Budget	Projected ⁽¹⁾	As of 6/30/05	Recommended	Projected	Percent
		As of 3/31/05	As of 6/30/05			Amount	
Miscellaneous Revenues	\$ 0	\$ 1,827,536	\$ 1,827,536	\$ 1,827,536	\$ 1,851,639	\$ 24,103	1.31%
Total Revenues	0	1,827,536	1,827,536	1,827,536	1,851,639	24,103	1.31
Other Financing Uses	0	2,027,276	2,021,110	2,021,110	1,857,805	(163,305)	-8.07
Total Requirements	0	2,027,276	2,021,110	2,021,110	1,857,805	(163,305)	-8.07
Balance	\$ 0	\$ (199,740)	\$ (193,574)	\$ (193,574)	\$ (6,166)	\$ 187,408	-96.81%

Proposed Budget Summary of Public Safety Program & Services:

Revenues/Appropriations	FY 2003-2004	FY 2004-2005		FY 2004-2005	FY 2005-2006	Change from FY 2004-2005	
	Actual	Budget	Projected ⁽¹⁾	As of 6/30/05	Recommended	Projected	Percent
		As of 3/31/05	As of 6/30/05			Amount	
Miscellaneous Revenues	\$ 0	\$ 6,091,785	\$ 6,091,785	\$ 6,091,785	\$ 6,172,129	\$ 80,344	1.31%
Total Revenues	0	6,091,785	6,091,785	6,091,785	6,172,129	80,344	1.31
Other Financing Uses	0	6,142,804	5,939,735	5,939,735	6,750,198	810,463	13.64
Total Requirements	0	6,142,804	5,939,735	5,939,735	6,750,198	810,463	13.64
Balance	\$ 0	\$ (51,019)	\$ 152,050	\$ 152,050	\$ (578,069)	\$ (730,119)	-480.18%