

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 (2000 census), with California estimated to receive 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 Tobacco Settlement Revenue (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 2005-2006 Projected Expend + Encumb:	31,482,216
Total Recommended FY 2006-2007	38,431,627
Percent of County General Fund:	N/A
Total Employees:	0.00

Strategic Goals:

- Administer the County's share of Tobacco Settlement Revenue (TSR) 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.

Public Safety Program & Services - 20%, is allocated to this Measure "H" category. Of the total in the public safety category, \$651,548 will be budgeted for the operation of the 64 bed secured substance abuse program at the Theo Lacy Branch Jail (additional \$861,100 for the above 64-bed program will be budgeted using the remaining public safety category carryover balance in Pre-Measure H TSR Fund-14X). The remainder of the Measure H public safety category balance, \$5,993,650 is allocated to the Theo Lacy Branch Jail Expansion, Phase III (Building "B").

Budget Summary

Plan for Support of the County's Strategic Priorities:

The revenue in this fund is used in accordance to Measure "H" allocation and reimbursed to the Health Care Agency and the Sheriff-Coroner according to their claim and the available balance.

Proposed Budget History:

Sources and Uses	FY 2004-2005	FY 2005-2006	FY 2005-2006	FY 2006-2007	Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected ⁽¹⁾ At 6/30/06	Recommended	Projected Amount	Percent
Total Revenues	39,464,213	38,339,937	38,339,937	38,431,627	91,690	0.24
Total Requirements	31,984,920	38,339,937	31,482,216	38,431,627	6,949,411	22.07
Balance	7,479,293	0	6,857,721	0	(6,857,721)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2005-06 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.

Detailed budget by expense category and by activity is presented for agency: Orange County Tobacco Settlement in the Appendix on page A138



13N - Orange County Tobacco Settlement

Summary of Proposed Budget by Revenue and Expense Category:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006		FY 2006-2007		Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected ⁽¹⁾ At 6/30/06	Recommended	Projected Amount	Percent		
Miscellaneous Revenues	\$ 30,765,583	\$ 30,860,644	\$ 30,860,644	\$ 31,573,906	\$ 713,262		2.31%	
Total FBA	8,698,630	7,479,293	7,479,293	6,857,721	(621,572)		-8.31	
Total Revenues	39,464,213	38,339,937	38,339,937	38,431,627	91,690		0.24	
Other Financing Uses	31,984,920	38,339,937	31,482,216	38,431,627	6,949,411		22.07	
Total Requirements	31,984,920	38,339,937	31,482,216	38,431,627	6,949,411		22.07	
Balance	\$ 7,479,293	\$ 0	\$ 6,857,721	\$ 0	\$ (6,857,721)		-100.00%	

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2005-06 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.

Proposed Budget Summary of Seniors & Persons w/Disabilities:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006		FY 2006-2007		Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected ⁽¹⁾ At 6/30/06	Recommended	Projected Amount	Percent		
Miscellaneous Revenues	\$ 5,845,461	\$ 5,863,522	\$ 5,863,522	\$ 5,999,042	\$ 135,520		2.31%	
Total FBA	8,698,630	7,479,293	7,479,293	6,857,721	(621,572)		-8.31	
Total Revenues	14,544,091	13,342,815	13,342,815	12,856,763	(486,052)		-3.64	
Other Financing Uses	31,984,920	10,849,600	5,462,162	11,386,481	5,924,319		108.46	
Total Requirements	31,984,920	10,849,600	5,462,162	11,386,481	5,924,319		108.46	
Balance	\$ (17,440,829)	\$ 2,493,215	\$ 7,880,653	\$ 1,470,282	\$ (6,410,371)		-81.34%	

Proposed Budget Summary of Emergency Room Physicians & Specialists:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006		FY 2006-2007		Change from FY 2005-2006	
	Actual	Budget As of 3/31/06	Projected ⁽¹⁾ At 6/30/06	Recommended	Projected Amount	Percent		
Miscellaneous Revenues	\$ 7,076,084	\$ 7,097,948	\$ 7,097,948	\$ 7,261,999	\$ 164,051		2.31%	
Total Revenues	7,076,084	7,097,948	7,097,948	7,261,999	164,051		2.31	
Other Financing Uses	0	7,097,948	7,097,948	7,261,999	164,051		2.31	
Total Requirements	0	7,097,948	7,097,948	7,261,999	164,051		2.31	
Balance	\$ 7,076,084	\$ 0	\$ 0	\$ 0	\$ 0		0.00%	

Proposed Budget Summary of Tobacco Prevention & Control:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006		FY 2005-2006		Change from FY 2005-2006	
	Actual	Budget	Projected ⁽¹⁾	FY 2006-2007	Projected	Amount	Percent	
Miscellaneous Revenues	\$ 3,691,870	\$ 3,703,277	\$ 3,703,277	\$ 3,788,869	\$ 85,592	2.31%		
Total Revenues	3,691,870	3,703,277	3,703,277	3,788,869	85,592	2.31		
Other Financing Uses	0	4,797,591	3,768,131	4,818,329	1,050,198	27.87		
Total Requirements	0	4,797,591	3,768,131	4,818,329	1,050,198	27.87		
Balance	\$ 3,691,870	\$ (1,094,314)	\$ (64,854)	\$ (1,029,460)	\$ (964,606)	1,487.35%		

Proposed Budget Summary of Child & Family Health Services:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006		FY 2005-2006		Change from FY 2005-2006	
	Actual	Budget	Projected ⁽¹⁾	FY 2006-2007	Projected	Amount	Percent	
Miscellaneous Revenues	\$ 6,153,117	\$ 6,172,129	\$ 6,172,129	\$ 6,314,781	\$ 142,652	2.31%		
Total Revenues	6,153,117	6,172,129	6,172,129	6,314,781	142,652	2.31		
Other Financing Uses	0	6,912,575	6,471,753	6,755,603	283,850	4.39		
Total Requirements	0	6,912,575	6,471,753	6,755,603	283,850	4.39		
Balance	\$ 6,153,117	\$ (740,446)	\$ (299,624)	\$ (440,822)	\$ (141,198)	47.13%		

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

Revenues/Appropriations	FY 2004-2005		FY 2005-2006		FY 2005-2006		Change from FY 2005-2006	
	Actual	Budget	Projected ⁽¹⁾	FY 2006-2007	Projected	Amount	Percent	
Miscellaneous Revenues	\$ 1,845,935	\$ 1,851,639	\$ 1,851,639	\$ 1,894,434	\$ 42,795	2.31%		
Total Revenues	1,845,935	1,851,639	1,851,639	1,894,434	42,795	2.31		
Other Financing Uses	0	1,851,639	1,851,639	1,894,434	42,795	2.31		
Total Requirements	0	1,851,639	1,851,639	1,894,434	42,795	2.31		
Balance	\$ 1,845,935	\$ 0	\$ 0	\$ 0	\$ 0	0.00%		

Proposed Budget Summary of Public Safety Program & Services:

Revenues/Appropriations	FY 2004-2005		FY 2005-2006		FY 2005-2006		Change from FY 2005-2006	
	Actual	Budget	Projected ⁽¹⁾	FY 2006-2007	Projected	Amount	Percent	
Miscellaneous Revenues	\$ 6,153,117	\$ 6,172,129	\$ 6,172,129	\$ 6,314,781	\$ 142,652	2.31%		
Total Revenues	6,153,117	6,172,129	6,172,129	6,314,781	142,652	2.31		
Other Financing Uses	0	6,830,584	6,830,583	6,314,781	(515,802)	-7.55		
Total Requirements	0	6,830,584	6,830,583	6,314,781	(515,802)	-7.55		
Balance	\$ 6,153,117	\$ (658,455)	\$ (658,454)	\$ 0	\$ 658,454	-100.00%		

