

# APPENDIX 13

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
**Discussion and Analysis of Unaudited Financial Statements**  
**For the Period July 1, 2013 through December 31, 2013**

The December 31, 2013 financial statements of the California Prison Health Care Receivership Corp (CPR) are presented in compliance with the measurement focus, basis of accounting and financial presentation set forth by the Government Accounting Standards Board (GASB), and include a Statement of Net Assets and General Fund Balance (Balance Sheet) and a Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance (Revenues and Expenses). In lieu of comparing net asset and operating activities to prior period amounts, operating activities are compared to budget.

A review of expenses included on the unaudited statement of activities compared to what was budgeted for the six months ended December 31, 2013 shows a total difference of \$1,025,923 or 55.6% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were \$935,002 or 70.1% under budget. The Legal costs anticipated in the budget have been much less to date than originally considered primarily because of timing with court dates and filings.

Capital assets have not increased during the first six months of the Fiscal year.

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance  
For the six months ended  
December 31, 2013

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$113,045	\$ -	\$ 113,045
Prepaid items	<u>\$15,691</u>	<u>-</u>	<u>15,691</u>
	128,736	-	128,736
<b>Noncurrent assets:</b>			
Deposits with others	0	-	-
Capital assets, net	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 128,736</u>	<u>-</u>	<u>\$ 128,736</u>
<b>Liabilities</b>			
Liabilities:			
Accounts payable	45,130	-	45,130
Accrued salaries and benefits	32,833	-	32,833
Other accrued expenses	3,279		3,279
Compensated absences	<u>0</u>	<u>41,808</u>	<u>41,808</u>
Total liabilities	<u>\$ 81,242</u>	<u>\$ 41,808</u>	<u>\$ 123,050</u>
<b>Fund Balance/Net Assets</b>			
Fund balance:			
Reserved for prepaid items and deposits with others	15,691	(15,691)	-
Unreserved, undesignated	<u>31,803</u>	<u>(31,803)</u>	<u>-</u>
Total fund balance	<u>47,494</u>	<u>(47,494)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 128,736</u>		
<b>Net assets:</b>			
Invested in capital assets, net of related debt		-	-
Unrestricted		<u>5,688</u>	<u>5,688</u>
Total net assets		<u>\$ 5,688</u>	<u>\$ 5,688</u>

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance  
 For the six months ended  
 December 31, 2013

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 875,000	-	\$ 875,000
General revenues:			
Investment earnings	64	-	64
Miscellaneous Income	0	-	-
Total revenues	875,064	-	875,064
<b>Expenditures/Expenses:</b>			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	410,173	-	410,173
Legal and professional services	398,516	-	398,516
Travel	4,706	-	4,706
Insurance	2,432	-	2,432
Other	4,606	-	4,606
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	820,433	-	820,433
Change in fund balance	54,631	(54,631)	-
Change in net assets	-	-	54,631
Fund balance/net position - July 1, 2013	(7,135)	(41,808)	(48,943)
Fund balance/net position - December 31, 2013	\$ 47,496	\$ (96,439)	\$ 5,688

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance  
 For the six months ended  
 December 31, 2013

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$1,846,356	\$875,000	\$ (971,356)
Investment earnings	\$0	\$64	64
Miscellaneous Income	-	\$0	-
Total revenues	\$1,846,356	\$875,064	(971,292)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	430,878	410,173	20,705
Legal and professional services	1,333,518	398,516	935,002
Travel	30,000	4,706	25,294
Office expenses	4,200	1,932	2,268
Telephone and network	3,360	397	2,963
Insurance	9,600	2,432	7,168
Other	34,800	\$2,278	32,522
Capital outlay	-	-	-
Total expenditures	1,846,356	820,433	1,025,923
Change in fund balance	\$ -	54,631	\$ 54,631
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2013		(7,135)	
Fund balance/net position - December 31, 2013		\$ 47,496	

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance  
For the five months ended  
November 30, 2013

	General Fund	Adjustments	Statement of Net Assets
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$72,946	\$ -	\$ 72,946
Prepaid items	\$17,911	-	17,911
	90,857	-	90,857
<b>Noncurrent assets:</b>			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 90,857	-	\$ 90,857
<b>Liabilities</b>			
<b>Liabilities:</b>			
Accounts payable	83,762	-	83,762
Accrued salaries and benefits	32,833	-	32,833
Other accrued expenses	(3,087)	-	(3,087)
Compensated absences	0	41,808	41,808
	-	41,808	41,808
Total liabilities	\$ 113,508	\$ 41,808	\$ 155,316
<b>Fund Balance/Net Assets</b>			
<b>Fund balance:</b>			
Reserved for prepaid items and deposits with others	17,911	(17,911)	-
Unreserved, undesignated	-	40,562	-
	(40,562)	40,562	-
Total fund balance	(22,651)	22,651	-
Total liabilities and fund balance	\$ 90,857		
<b>Net assets:</b>			
Invested in capital assets, net of related debt		-	-
Unrestricted		(64,459)	(64,459)
		(64,459)	(64,459)
Total net assets		\$ (64,459)	\$ (64,459)

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance  
 For the five months ended  
 November 30, 2013

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 700,000	-	\$ 700,000
General revenues:			
Investment earnings	53	-	53
Miscellaneous Income	0	-	-
Total revenues	700,053	-	700,053
<b>Expenditures/Expenses:</b>			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	356,320	-	356,320
Legal and professional services	342,557	-	342,557
Travel	4,524	-	4,524
Insurance	8,122	-	8,122
Other	4,047	-	4,047
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	715,569	-	715,569
Change in fund balance	(15,516)	15,516	-
Change in net assets	-	-	(15,516)
Fund balance/net position - July 1, 2013	(7,135)	(41,808)	(48,943)
Fund balance/net position - November 30, 2013	\$ (22,651)	\$ (26,292)	\$ (64,459)

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance  
For the five months ended  
November 30, 2013

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
<b>Revenues:</b>			
State of California appropriation to Receivership	\$1,538,630	\$700,000	\$ (838,630)
Investment earnings	\$0	\$53	53
Miscellaneous Income	-	\$0	-
Total revenues	\$1,538,630	\$700,053	(838,577)
<b>Expenditures:</b>			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	359,065	356,320	2,745
Legal and professional services	1,111,265	342,557	768,708
Travel	25,000	4,524	20,476
Office expenses	3,500	1,766	1,734
Telephone and network	2,800	397	2,403
Insurance	8,000	8,122	(122)
Other	29,000	\$1,884	27,116
Capital outlay	-	-	-
Total expenditures	1,538,630	715,569	823,061
Change in fund balance	\$ -	(15,516)	\$ (15,516)
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2013		(7,135)	
Fund balance/net position - November 30, 2013		\$ (22,651)	

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance  
 For the four months ended  
 October 31, 2013

	General Fund	Adjustments	Statement of Net Assets
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$1,367	\$ -	\$ 1,367
Prepaid items	\$20,162	-	20,162
	21,529	-	21,529
<b>Noncurrent assets:</b>			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	\$0	-
Total assets	\$ 21,529	-	\$ 21,529
<b>Liabilities</b>			
Liabilities:			
Accounts payable	45,239	-	45,239
Accrued salaries and benefits	32,833	-	32,833
Other accrued expenses	4,902	-	4,902
Compensated absences	0	41,808	41,808
	82,974	41,808	124,782
Total liabilities	\$ 82,974	\$ 41,808	\$ 124,782
<b>Fund Balance/Net Assets</b>			
Fund balance:			
Reserved for prepaid items and deposits with others	20,162	(20,162)	-
Unreserved, undesignated	(81,607)	81,607	-
	(61,445)	61,445	-
Total fund balance	(61,445)	61,445	-
Total liabilities and fund balance	\$ 21,529		
<b>Net assets:</b>			
Invested in capital assets, net of related debt		-	-
Unrestricted		(103,252)	(103,252)
		(103,252)	(103,252)
Total net assets		\$ (103,252)	\$ (103,252)

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance  
 For the four months ended  
 October 31, 2013

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 525,000	-	\$ 525,000
General revenues:			
Investment earnings	43	-	43
Miscellaneous Income	0	-	-
Total revenues	525,043	-	525,043
<b>Expenditures/Expenses:</b>			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	302,191	-	302,191
Legal and professional services	264,334	-	264,334
Travel	2,891	-	2,891
Insurance	6,457	-	6,457
Other	3,479	-	3,479
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	579,352	-	579,352
Change in fund balance	(54,309)	54,309	-
Change in net assets	-	-	(54,309)
Fund balance/net position - July 1, 2013	(7,135)	(41,808)	(48,943)
Fund balance/net position - October 31, 2013	\$ (61,444)	\$ 12,501	\$ (103,252)

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance  
For the four months ended  
October 31, 2013

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$1,230,904	\$525,000	\$ (705,904)
Investment earnings	\$0	\$43	43
Miscellaneous Income	-	\$0	-
Total revenues	\$1,230,904	\$525,043	(705,861)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	287,252	302,191	(14,939)
Legal and professional services	889,012	264,334	624,678
Travel	20,000	2,891	17,109
Office expenses	2,800	1,594	1,206
Telephone and network	2,240	397	1,843
Insurance	6,400	6,457	(57)
Other	23,200	\$1,488	21,712
Capital outlay	-	-	-
Total expenditures	1,230,904	579,352	651,552
Change in fund balance	\$ -	(54,309)	\$ (54,309)
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2013		(7,135)	
Fund balance/net position - October 31, 2013		\$ (61,444)	

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance  
For the three months ended  
September 30, 2013

	General Fund	Adjustments	Statement of Net Assets
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$46,082	\$ -	\$ 46,082
Prepaid items	\$20,556	-	20,556
	66,638	-	66,638
<b>Noncurrent assets:</b>			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 66,638	-	\$ 66,638
<b>Liabilities</b>			
Liabilities:			
Accounts payable	120,778	-	120,778
Accrued salaries and benefits	32,833	-	32,833
Other accrued expenses	7,039	-	7,039
Compensated absences	0	41,808	41,808
	-	41,808	41,808
Total liabilities	\$ 160,650	\$ 41,808	\$ 202,458
<b>Fund Balance/Net Assets</b>			
Fund balance:			
Reserved for prepaid items and deposits with others	20,556	(20,556)	-
Unreserved, undesignated	(114,568)	114,568	-
	-	94,012	-
Total fund balance	(94,012)	94,012	-
Total liabilities and fund balance	\$ 66,638		
<b>Net assets:</b>			
Invested in capital assets, net of related debt		-	-
Unrestricted		(135,818)	(135,818)
Total net assets		\$ (135,818)	\$ (135,818)

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance  
 For the three months ended  
 September 30, 2013

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 350,000	-	\$ 350,000
General revenues:			
Investment earnings	32	-	32
Miscellaneous Income	0	-	-
	350,032	-	350,032
Total revenues			
	350,032	-	350,032
<b>Expenditures/Expenses:</b>			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	229,029	-	229,029
Legal and professional services	197,982	-	197,982
Travel	2,263	-	2,263
Insurance	4,792	-	4,792
Other	2,840	-	2,840
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
	-	-	-
Total expenditures/expenses			
	436,907	-	436,907
Change in fund balance	(86,875)	86,875	-
Change in net assets	-	-	(86,875)
Fund balance/net position - July 1, 2013	(7,135)	(41,808)	(48,943)
Fund balance/net position - September 30, 2013	\$ (94,010)	\$ 45,067	\$ (135,818)

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance  
For the three months ended  
September 30, 2013

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$923,178	\$350,000	\$ (573,178)
Investment earnings	\$0	\$32	32
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$923,178</u>	<u>\$350,032</u>	<u>(573,146)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	215,439	229,029	(13,590)
Legal and professional services	666,759	197,982	468,777
Travel	15,000	2,263	12,737
Office expenses	2,100	1,354	746
Telephone and network	1,680	397	1,283
Insurance	4,800	4,792	8
Other	17,400	\$1,090	16,310
Capital outlay	-	-	-
Total expenditures	<u>923,178</u>	<u>436,907</u>	<u>486,271</u>
Change in fund balance	<u>\$ -</u>	<u>(86,875)</u>	<u>\$ (86,875)</u>
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2013		<u>(7,135)</u>	
Fund balance/net position - September 30, 2013		<u>\$ (94,010)</u>	