

APPENDIX 11

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2013 through April 30, 2014

The April 30, 2014 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 ten months ended April 30, 2014 shows a total difference of \$1,604,861 or 52.2% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were \$1,432,910 or 64.5% 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 ten 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 ten months ended
April 30, 2014

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$19,754	\$ -	\$ 19,754
Prepaid items	\$6,903	-	6,903
	26,657	-	26,657
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
Total assets	\$ 26,657	-	\$ 26,657
Liabilities			
Liabilities:			
Accounts payable	91,580	-	91,580
Accrued salaries and benefits	32,833	-	32,833
Other accrued expenses	49,324	-	49,324
Compensated absences	0	49,162	49,162
Total liabilities	\$ 173,737	\$ 49,162	\$ 222,899
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	6,903	(6,903)	-
Unreserved, undesignated	(153,983)	153,983	-
Total fund balance	(147,080)	147,080	-
Total liabilities and fund balance	\$ 26,657		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(196,238)	(196,238)
Total net assets		\$ (196,238)	\$ (196,238)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the ten months ended
April 30, 2014

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,325,000	-	\$ 1,325,000
General revenues:			
Investment earnings	104	-	104
Miscellaneous Income	0	-	-
Total revenues	1,325,104	-	1,325,104
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	651,855	7,354	659,209
Legal and professional services	789,620	-	789,620
Travel	7,171	-	7,171
Insurance	9,091	-	9,091
Other	7,309	-	7,309
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	1,465,045	7,354	1,472,399
Change in fund balance	(139,941)	139,941	-
Change in net assets	-	(7,354)	(147,295)
Fund balance/net position - July 1, 2013	(7,135)	(41,808)	(48,943)
Fund balance/net position - April 30, 2014	\$ (147,076)	\$ 90,779	\$ (196,238)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the ten months ended
April 30, 2014

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$3,077,260	\$1,325,000	\$ (1,752,260)
Investment earnings	\$0	\$104	104
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$3,077,260</u>	<u>\$1,325,104</u>	<u>(1,752,156)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	718,130	659,209	58,921
Legal and professional services	2,222,530	789,620	1,432,910
Travel	50,000	7,171	42,829
Office expenses	7,000	2,992	4,008
Telephone and network	5,600	397	5,203
Insurance	16,000	9,091	6,909
Other	58,000	\$3,920	54,080
Capital outlay	-	-	-
Total expenditures	<u>3,077,260</u>	<u>1,472,399</u>	<u>1,604,861</u>
Change in fund balance	<u>\$ -</u>	<u>(147,295)</u>	<u>\$ (147,295)</u>
GAAP basis difference - compensated absences	\$0	7,354	(7,354)
Fund balance/net position - July 1, 2013		<u>(7,135)</u>	
Fund balance/net position - April 30, 2014		<u>\$ (147,076)</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the nine months ended
March 31, 2014

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$72,722	\$ -	\$ 72,722
Prepaid items	\$9,236	-	9,236
	<u>81,958</u>	<u>-</u>	<u>81,958</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 81,958</u>	<u>-</u>	<u>\$ 81,958</u>
Liabilities			
Liabilities:			
Accounts payable	84,942	-	84,942
Accrued salaries and benefits	32,833	-	32,833
Other accrued expenses	6,098	-	6,098
Compensated absences	0	41,808	41,808
	<u>0</u>	<u>41,808</u>	<u>41,808</u>
Total liabilities	<u>\$ 123,873</u>	<u>\$ 41,808</u>	<u>\$ 165,681</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	9,236	(9,236)	-
Unreserved, undesignated	(51,151)	51,151	-
	<u>(41,915)</u>	<u>41,915</u>	<u>-</u>
Total fund balance	<u>(41,915)</u>	<u>41,915</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 81,958</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(83,720)	(83,720)
		<u>(83,720)</u>	<u>(83,720)</u>
Total net assets		<u>\$ (83,720)</u>	<u>\$ (83,720)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the nine months ended
 March 31, 2014

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,225,000	-	\$ 1,225,000
General revenues:			
Investment earnings	96	-	96
Miscellaneous Income	0	-	-
	1,225,096	-	1,225,096
Total revenues			
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	591,117	-	591,117
Legal and professional services	647,644	-	647,644
Travel	6,983	-	6,983
Insurance	7,426	-	7,426
Other	6,704	-	6,704
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
	1,259,873	-	1,259,873
Total expenditures/expenses			
Change in fund balance	(34,777)	34,777	-
Change in net assets	-	-	(34,777)
Fund balance/net position - July 1, 2013	(7,135)	(41,808)	(48,943)
Fund balance/net position - March 31, 2014	\$ (41,912)	\$ (7,031)	\$ (83,720)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the nine months ended
March 31, 2014

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$2,769,534	\$1,225,000	\$ (1,544,534)
Investment earnings	\$0	\$96	96
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,769,534</u>	<u>\$1,225,096</u>	<u>(1,544,438)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	646,317	591,117	55,200
Legal and professional services	2,000,277	647,644	1,352,633
Travel	45,000	6,983	38,017
Office expenses	6,300	2,789	3,511
Telephone and network	5,040	397	4,643
Insurance	14,400	7,426	6,974
Other	52,200	\$3,519	48,681
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,769,534</u>	<u>1,259,873</u>	<u>1,509,661</u>
Change in fund balance	<u>\$ -</u>	<u>(34,777)</u>	<u>\$ (34,777)</u>
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2013		<u>(7,135)</u>	
Fund balance/net position - March 31, 2014		<u>\$ (41,912)</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eight months ended
February 28, 2014

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$117,368	\$ -	\$ 117,368
Prepaid items	\$11,474	-	11,474
	128,842	-	128,842
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 128,842	-	\$ 128,842
Liabilities			
Liabilities:			
Accounts payable	60,786	-	60,786
Accrued salaries and benefits	32,833	-	32,833
Other accrued expenses	(1,148)	-	(1,148)
Compensated absences	0	41,808	41,808
	-	41,808	41,808
Total liabilities	\$ 92,471	\$ 41,808	\$ 134,279
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	11,474	(11,474)	-
Unreserved, undesignated	-	(24,897)	-
	-	(24,897)	-
Total fund balance	36,371	(36,371)	-
Total liabilities and fund balance	\$ 128,842		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(5,435)	(5,435)
		(5,435)	(5,435)
Total net assets		\$ (5,435)	\$ (5,435)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eight months ended
February 28, 2014

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,125,000	-	\$ 1,125,000
General revenues:			
Investment earnings	85	-	85
Miscellaneous Income	0	-	-
Total revenues	1,125,085	-	1,125,085
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	527,370	-	527,370
Legal and professional services	536,485	-	536,485
Travel	5,754	-	5,754
Insurance	5,761	-	5,761
Other	6,207	-	6,207
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	1,081,577	-	1,081,577
Change in fund balance	43,508	(43,508)	-
Change in net assets	-	-	43,508
Fund balance/net position - July 1, 2013	(7,135)	(41,808)	(48,943)
Fund balance/net position - February 28, 2014	\$ 36,373	\$ (85,316)	\$ (5,435)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the eight months ended
February 28, 2014

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$2,461,808	\$1,125,000	\$ (1,336,808)
Investment earnings	\$0	\$85	85
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,461,808</u>	<u>\$1,125,085</u>	<u>(1,336,723)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	574,504	527,370	47,134
Legal and professional services	1,778,024	536,485	1,241,539
Travel	40,000	5,754	34,246
Office expenses	5,600	2,686	2,914
Telephone and network	4,480	397	4,083
Insurance	12,800	5,761	7,039
Other	46,400	\$3,124	43,276
Capital outlay	-	-	-
Total expenditures	<u>2,461,808</u>	<u>1,081,577</u>	<u>1,380,231</u>
Change in fund balance	<u>\$ -</u>	43,508	\$ 43,508
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2013		<u>(7,135)</u>	
Fund balance/net position - February 28, 2014		<u>\$ 36,373</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the seven months ended
January 31, 2014

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$158,961	\$ -	\$ 158,961
Prepaid items	\$13,452	-	13,452
	172,413	-	172,413
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 172,413	-	\$ 172,413
Liabilities			
Liabilities:			
Accounts payable	82,691	-	82,691
Accrued salaries and benefits	32,833	-	32,833
Other accrued expenses	(161)	-	(161)
Compensated absences	0	41,808	41,808
	-	41,808	41,808
Total liabilities	\$ 115,363	\$ 41,808	\$ 157,171
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	13,452	(13,452)	-
Unreserved, undesignated	43,598	(43,598)	-
	-	-	-
Total fund balance	57,050	(57,050)	-
Total liabilities and fund balance	\$ 172,413		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		15,244	15,244
		-	-
Total net assets		\$ 15,244	\$ 15,244

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the seven months ended
 January 31, 2014

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,025,000	-	\$ 1,025,000
General revenues:			
Investment earnings	75	-	75
Miscellaneous Income	0	-	-
Total revenues	1,025,075	-	1,025,075
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	470,730	-	470,730
Legal and professional services	475,048	-	475,048
Travel	5,754	-	5,754
Insurance	4,096	-	4,096
Other	5,260	-	5,260
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	960,888	-	960,888
Change in fund balance	64,187	(64,187)	-
Change in net assets	-	-	64,187
Fund balance/net position - July 1, 2013	(7,135)	(41,808)	(48,943)
Fund balance/net position - January 31, 2014	\$ 57,052	\$ (105,995)	\$ 15,244

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the seven months ended
January 31, 2014

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$2,154,082	\$1,025,000	\$ (1,129,082)
Investment earnings	\$0	\$75	75
Miscellaneous Income	-	\$0	-
Total revenues	\$2,154,082	\$1,025,075	(1,129,007)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	502,691	470,730	31,961
Legal and professional services	1,555,771	475,048	1,080,723
Travel	35,000	5,754	29,246
Office expenses	4,900	2,149	2,751
Telephone and network	3,920	397	3,523
Insurance	11,200	4,096	7,104
Other	40,600	\$2,715	37,885
Capital outlay	-	-	-
Total expenditures	2,154,082	960,888	1,193,194
Change in fund balance	\$ -	64,187	\$ 64,187
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2013		(7,135)	
Fund balance/net position - January 31, 2014		\$ 57,052	