

APPENDIX 5

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2014 through April 30, 2015

The January through April 2015 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, 2015 shows a total difference of \$1,230,425 or 48.5% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were \$1,177,049 or 61.8% 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, 2015

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$106,141	\$ -	\$ 106,141
Prepaid items	\$2,030	-	2,030
	108,171	-	108,171
Noncurrent assets:			
Deposits with others	5	-	5
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 108,176	-	\$ 108,176
Liabilities			
Liabilities:			
Accounts payable	121,687	-	121,687
Accrued salaries and benefits	26,187	-	26,187
Other accrued expenses	59,790	-	59,790
Compensated absences	0	\$47,720	47,720
	-	-	-
Total liabilities	\$ 207,664	\$ 47,720	\$ 255,384
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	2,035	(2,035)	-
Unreserved, undesignated	(101,523)	101,523	-
	-	-	-
Total fund balance	(99,488)	99,488	-
Total liabilities and fund balance	\$ 108,176	-	-
Net assets:			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	-	(160,259)	(160,259)
	-	-	-
Total net assets	-	\$ (160,259)	\$ (160,259)

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, 2015

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,200,000	-	\$ 1,200,000
General revenues:			
Investment earnings	71	-	71
Miscellaneous Income	0	-	-
Total revenues	<u>1,200,071</u>	<u>-</u>	<u>1,200,071</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	559,091	-	559,091
Legal and professional services	726,281	-	726,281
Travel	1,408	-	1,408
Insurance	12,227	-	12,227
Other	6,467	-	6,467
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>1,305,475</u>	<u>-</u>	<u>1,305,475</u>
Change in fund balance	(105,404)	105,404	-
Change in net assets	-	-	(105,404)
Fund balance/net position - July 1, 2014	<u>(7,135)</u>	<u>(47,720)</u>	<u>(48,943)</u>
Fund balance/net position - April 30, 2015	<u>\$ (112,539)</u>	<u>\$ 57,684</u>	<u>\$ (154,347)</u>

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, 2015

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$2,535,900	\$1,200,000	\$ (1,335,900)
Investment earnings	\$0	\$71	71
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,535,900</u>	<u>\$1,200,071</u>	<u>(1,335,829)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	563,820	559,091	4,729
Legal and professional services	1,903,330	726,281	1,177,049
Travel	12,000	1,408	10,592
Office expenses	4,500	2,987	1,513
Telephone and network	600	(1,050)	1,650
Insurance	16,650	12,227	4,423
Other	35,000	\$4,530	30,470
Capital outlay	-	-	-
Total expenditures	<u>2,535,900</u>	<u>1,305,475</u>	<u>1,230,425</u>
Change in fund balance	<u>\$ -</u>	<u>(105,404)</u>	<u>\$ (105,404)</u>
GAAP basis difference - compensated absences	\$0		-
Fund balance/net position - July 1, 2014		<u>(7,135)</u>	
Fund balance/net position -April 30, 2015		<u>\$ (112,539)</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, 2015

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$152,573	\$ -	\$ 152,573
Prepaid items	\$3,687	-	3,687
	<u>156,260</u>	<u>-</u>	<u>156,260</u>
Noncurrent assets:			
Deposits with others	5	-	5
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 156,265</u>	<u>-</u>	<u>\$ 156,265</u>
Liabilities			
Liabilities:			
Accounts payable	125,664	-	125,664
Accrued salaries and benefits	26,187	-	26,187
Other accrued expenses	5,859	-	5,859
Compensated absences	0	\$47,720	47,720
	<u>-</u>	<u>47,720</u>	<u>47,720</u>
Total liabilities	<u>\$ 157,710</u>	<u>\$ 47,720</u>	<u>\$ 205,430</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	3,692	(3,692)	-
Unreserved, undesignated	(5,137)	5,137	-
	<u>(1,445)</u>	<u>1,445</u>	<u>-</u>
Total fund balance	<u>(1,445)</u>	<u>1,445</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 156,265</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(62,215)	(62,215)
Total net assets		<u>\$ (62,215)</u>	<u>\$ (62,215)</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, 2015

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,100,000	-	\$ 1,100,000
General revenues:			
Investment earnings	65	-	65
Miscellaneous Income	0	-	-
Total revenues	1,100,065	-	1,100,065
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	504,860	-	504,860
Legal and professional services	583,979	-	583,979
Travel	1,373	-	1,373
Insurance	11,135	-	11,135
Other	6,078	-	6,078
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	1,107,425	-	1,107,425
Change in fund balance	(7,360)	7,360	-
Change in net assets	-	-	(7,360)
Fund balance/net position - July 1, 2014	(7,135)	(47,720)	(48,943)
Fund balance/net position - March 31, 2015	\$ (14,495)	\$ (40,360)	\$ (56,303)

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, 2015

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$2,282,310	\$1,100,000	\$ (1,182,310)
Investment earnings	\$0	\$65	65
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,282,310</u>	<u>\$1,100,065</u>	<u>(1,182,245)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	507,438	504,860	2,578
Legal and professional services	1,712,997	583,979	1,129,018
Travel	10,800	1,373	9,427
Office expenses	4,050	2,866	1,184
Telephone and network	540	(1,050)	1,590
Insurance	14,985	11,135	3,850
Other	31,500	\$4,262	27,238
Capital outlay	-	-	-
Total expenditures	<u>2,282,310</u>	<u>1,107,425</u>	<u>1,174,885</u>
Change in fund balance	<u>\$ -</u>	<u>(7,360)</u>	<u>\$ (7,360)</u>
GAAP basis difference - compensated absences	\$0		
Fund balance/net position - July 1, 2014		<u>(7,135)</u>	
Fund balance/net position -March 31, 2015		<u>\$ (14,495)</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, 2015

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$202,405	\$ -	\$ 202,405
Prepaid items	\$5,346	-	5,346
	<u>207,751</u>	<u>-</u>	<u>207,751</u>
Noncurrent assets:			
Deposits with others	5	-	5
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 207,756</u>	<u>-</u>	<u>\$ 207,756</u>
Liabilities			
Liabilities:			
Accounts payable	91,450	-	91,450
Accrued salaries and benefits	26,187	-	26,187
Other accrued expenses	7,371	-	7,371
Compensated absences	0	\$47,720	47,720
	<u>-</u>	<u>\$47,720</u>	<u>47,720</u>
Total liabilities	<u>\$ 125,008</u>	<u>\$ 47,720</u>	<u>\$ 172,728</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	5,351	(5,351)	-
Unreserved, undesignated	77,397	(77,397)	-
	<u>-</u>	<u>(77,397)</u>	<u>-</u>
Total fund balance	<u>82,748</u>	<u>(82,748)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 207,756</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		21,977	21,977
		<u>21,977</u>	<u>21,977</u>
Total net assets		<u>\$ 21,977</u>	<u>\$ 21,977</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, 2015

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,000,000	-	\$ 1,000,000
General revenues:			
Investment earnings	57	-	57
Miscellaneous Income	0	-	-
Total revenues	1,000,057	-	1,000,057
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	447,907	-	447,907
Legal and professional services	458,658	-	458,658
Travel	1,340	-	1,340
Insurance	10,042	-	10,042
Other	5,278	-	5,278
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	923,225	-	923,225
Change in fund balance	76,832	(76,832)	-
Change in net assets	-	-	76,832
Fund balance/net position - July 1, 2014	(7,135)	(47,720)	(48,943)
Fund balance/net position - February 28, 2015	\$ 69,697	\$ (124,552)	\$ 27,889

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, 2015

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$2,028,720	\$1,000,000	\$ (1,028,720)
Investment earnings	\$0	\$57	57
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,028,720</u>	<u>\$1,000,057</u>	<u>(1,028,663)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	451,056	447,907	3,149
Legal and professional services	1,522,664	458,658	1,064,006
Travel	9,600	1,340	8,260
Office expenses	3,600	2,629	971
Telephone and network	480	(1,050)	1,530
Insurance	13,320	10,042	3,278
Other	28,000	\$3,699	24,301
Capital outlay	-	-	-
Total expenditures	<u>2,028,720</u>	<u>923,225</u>	<u>1,105,495</u>
Change in fund balance	<u>\$ -</u>	76,832	\$ 76,832
GAAP basis difference - compensated absences	\$0		
Fund balance/net position - July 1, 2014		<u>(7,135)</u>	
Fund balance/net position -February 28, 2015		<u>\$ 69,697</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, 2015

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$222,030	\$ -	\$ 222,030
Prepaid items	\$6,983	-	6,983
	229,013	-	229,013
Noncurrent assets:			
Deposits with others	5	-	5
Capital assets, net	-	\$0	-
	-	-	-
Total assets	\$ 229,018	-	\$ 229,018
Liabilities			
Liabilities:			
Accounts payable	57,040	-	57,040
Accrued salaries and benefits	26,187	-	26,187
Other accrued expenses	3,973	-	3,973
Compensated absences	0	\$47,720	47,720
	-	-	-
Total liabilities	\$ 87,200	\$ 47,720	\$ 134,920
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	6,988	(6,988)	-
Unreserved, undesignated	134,830	(134,830)	-
	-	-	-
Total fund balance	141,818	(141,818)	-
Total liabilities and fund balance	\$ 229,018		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		81,048	81,048
	-	-	-
Total net assets		\$ 81,048	\$ 81,048

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, 2015

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 900,000	-	\$ 900,000
General revenues:			
Investment earnings	47	-	47
Miscellaneous Income	0	-	-
Total revenues	<u>900,047</u>	<u>-</u>	<u>900,047</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	393,348	-	393,348
Legal and professional services	356,059	-	356,059
Travel	1,340	-	1,340
Insurance	8,950	-	8,950
Other	4,449	-	4,449
Depreciation	-	-	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>764,144</u>	<u>-</u>	<u>764,144</u>
Change in fund balance	135,903	(135,903)	-
Change in net assets	-	-	135,903
Fund balance/net position - July 1, 2014	<u>(7,135)</u>	<u>(47,720)</u>	<u>(48,943)</u>
Fund balance/net position - January 31, 2015	<u>\$ 128,768</u>	<u>\$ (183,623)</u>	<u>\$ 86,960</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, 2015

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$1,775,130	\$900,000	\$ (875,130)
Investment earnings	\$0	\$47	47
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$1,775,130</u>	<u>\$900,047</u>	<u>(875,083)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	394,674	393,348	1,326
Legal and professional services	1,332,331	356,059	976,272
Travel	8,400	1,340	7,060
Office expenses	3,150	2,199	951
Telephone and network	420	(1,050)	1,470
Insurance	11,655	8,950	2,705
Other	24,500	\$3,300	21,200
Capital outlay	-	-	-
Total expenditures	<u>1,775,130</u>	<u>764,144</u>	<u>1,010,986</u>
Change in fund balance	<u>\$ -</u>	<u>135,903</u>	<u>\$ 135,903</u>
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2014		<u>(7,135)</u>	
Fund balance/net position - January 31, 2015		<u>\$ 128,768</u>	