

APPENDIX 7

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2015 through December 31, 2015

The December 31, 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 six months ended December 31, 2015 shows a total difference of \$653,565 or 49.0% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were \$634,636 or 65.6% 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, 2015

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$65,404	\$ -	\$ 65,404
Prepaid items	\$15,167	-	15,167
	<u>80,571</u>	<u>-</u>	<u>80,571</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 80,571</u>	<u>-</u>	<u>\$ 80,571</u>
Liabilities			
Liabilities:			
Accounts payable	38,160	-	38,160
Accrued salaries and benefits	22,721	-	22,721
Other accrued expenses	29,338	-	29,338
Compensated absences	<u>0</u>	<u>\$49,783</u>	<u>49,783</u>
Total liabilities	<u>\$ 90,219</u>	<u>\$ 49,783</u>	<u>\$ 140,002</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	15,167	(15,167)	-
Unreserved, undesignated	<u>(24,815)</u>	<u>24,815</u>	<u>-</u>
Total fund balance	<u>(9,648)</u>	<u>9,648</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 80,571</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		<u>(149,641)</u>	<u>(149,641)</u>
Total net assets		<u>\$ (149,641)</u>	<u>\$ (149,641)</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, 2015

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$1,334,370	\$575,000	\$ (759,370)
Investment earnings	\$0	\$37	37
Miscellaneous income	-	\$0	-
Total revenues	<u>\$1,334,370</u>	<u>\$575,037</u>	<u>(759,333)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	332,022	332,969	(947)
Legal and professional services	966,798	332,162	634,636
Travel	3,000	3,044	(44)
Office expenses	2,700	1,441	1,259
Telephone and network	-	-	-
Insurance	9,000	7,429	1,571
Other	20,850	53,761	17,089
Capital outlay	-	-	-
Total expenditures	<u>1,334,370</u>	<u>680,805</u>	<u>653,565</u>
Change in fund balance	<u>\$ -</u>	<u>(105,768)</u>	<u>\$ (105,768)</u>
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2015		<u>5,910</u>	
Fund balance/net position - December 31, 2015		<u>\$ (99,858)</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, 2015

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 575,000	-	\$ 575,000
General revenues:			
Investment earnings	37	-	37
Miscellaneous Income	0	-	-
Total revenues	<u>575,037</u>	<u>-</u>	<u>575,037</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	332,969	-	332,969
Legal and professional services	332,162	-	332,162
Travel	3,044	-	3,044
Insurance	7,429	-	7,429
Other	5,202	-	5,202
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>680,805</u>	<u>-</u>	<u>680,805</u>
Change in fund balance	(105,768)	105,768	-
Change in net assets	-	-	(105,768)
Fund balance/net position - July 1, 2015	5,910	(47,720)	(48,943)
Fund balance/net position - December 31, 2015	<u>\$ (99,858)</u>	<u>\$ 58,048</u>	<u>\$ (154,711)</u>

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, 2015

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$171,196	\$ -	\$ 171,196
Prepaid items	\$14,230	-	14,230
	<u>185,426</u>	-	<u>185,426</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 185,426</u>	<u>-</u>	<u>\$ 185,426</u>
Liabilities			
Liabilities:			
Accounts payable	44,320	-	44,320
Accrued salaries and benefits	22,721	-	22,721
Other accrued expenses	4,997	-	4,997
Compensated absences	0	\$49,783	49,783
	<u>0</u>	<u>\$49,783</u>	<u>49,783</u>
Total liabilities	<u>\$ 72,038</u>	<u>\$ 49,783</u>	<u>\$ 121,821</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	14,230	(14,230)	-
Unreserved, undesignated	99,158	(99,158)	-
	<u>113,388</u>	<u>(113,388)</u>	<u>-</u>
Total fund balance	<u>113,388</u>	<u>(113,388)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 185,426</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(26,605)	(26,605)
		<u>(26,605)</u>	<u>(26,605)</u>
Total net assets		<u>\$ (26,605)</u>	<u>\$ (26,605)</u>

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, 2015

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 575,000	-	\$ 575,000
General revenues:			
Investment earnings	31	-	31
Miscellaneous Income	0	-	-
Total revenues	<u>575,031</u>	<u>-</u>	<u>575,031</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	278,748	-	278,748
Legal and professional services	265,210	-	265,210
Travel	3,044	-	3,044
Insurance	6,118	-	6,118
Other	4,644	-	4,644
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>557,763</u>	<u>-</u>	<u>557,763</u>
Change in fund balance	17,268	(17,268)	-
Change in net assets	-	-	17,268
Fund balance/net position - July 1, 2015	5,910	(47,720)	(48,943)
Fund balance/net position - November 30, 2015	<u>\$ 23,178</u>	<u>\$ (64,988)</u>	<u>\$ (31,675)</u>

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, 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	\$1,111,975	\$575,000	\$ (536,975)
Investment earnings	\$0	\$31	31
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$1,111,975</u>	<u>\$575,031</u>	<u>(536,944)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	276,685	278,748	(2,063)
Legal and professional services	805,665	265,210	540,455
Travel	2,500	3,044	(544)
Office expenses	2,250	1,287	963
Telephone and network	-	-	-
Insurance	7,500	6,118	1,382
Other	17,375	\$3,357	14,018
Capital outlay	-	-	-
Total expenditures	<u>1,111,975</u>	<u>557,763</u>	<u>554,212</u>
Change in fund balance	<u>\$ -</u>	17,268	\$ 17,268
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2015		<u>5,910</u>	
Fund balance/net position - November 30, 2015		<u>\$ 23,178</u>	

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, 2015

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$115,189	\$ -	\$ 115,189
Prepaid items	\$16,118	-	16,118
	<u>131,307</u>	<u>-</u>	<u>131,307</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 131,307</u>	<u>-</u>	<u>\$ 131,307</u>
Liabilities			
Liabilities:			
Accounts payable	70,153	-	70,153
Accrued salaries and benefits	22,721	-	22,721
Other accrued expenses	7,849	-	7,849
Compensated absences	0	\$49,783	49,783
	<u>0</u>	<u>\$49,783</u>	<u>49,783</u>
Total liabilities	<u>\$ 100,723</u>	<u>\$ 49,783</u>	<u>\$ 150,506</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	16,118	(16,118)	-
Unreserved, undesignated	14,466	(14,466)	-
	<u>30,584</u>	<u>(30,584)</u>	<u>-</u>
Total fund balance	<u>30,584</u>	<u>(30,584)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 131,307</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(109,409)	(109,409)
		<u>(109,409)</u>	<u>(109,409)</u>
Total net assets		<u>\$ (109,409)</u>	<u>\$ (109,409)</u>

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, 2015

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 375,000	-	\$ 375,000
General revenues:			
Investment earnings	25	-	25
Miscellaneous Income	0	-	-
Total revenues	<u>375,025</u>	<u>-</u>	<u>375,025</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	225,275	-	225,275
Legal and professional services	203,278	-	203,278
Travel	3,044	-	3,044
Insurance	4,807	-	4,807
Other	4,158	-	4,158
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>440,561</u>	<u>-</u>	<u>440,561</u>
Change in fund balance	(65,536)	65,536	-
Change in net assets	-	-	(65,536)
Fund balance/net position - July 1, 2015	5,910	(47,720)	(48,943)
Fund balance/net position - October 31, 2015	<u>\$ (59,626)</u>	<u>\$ 17,816</u>	<u>\$ (114,479)</u>

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, 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	\$889,580	\$375,000	\$ (514,580)
Investment earnings	\$0	\$25	25
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$889,580</u>	<u>\$375,025</u>	<u>(514,555)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	221,348	225,275	(3,927)
Legal and professional services	644,532	203,278	441,254
Travel	2,000	3,044	(1,044)
Office expenses	1,800	1,195	605
Telephone and network	-	-	-
Insurance	6,000	4,807	1,193
Other	13,900	\$2,963	10,937
Capital outlay	-	-	-
Total expenditures	<u>889,580</u>	<u>440,561</u>	<u>449,019</u>
Change in fund balance	<u>\$ -</u>	<u>(65,536)</u>	<u>\$ (65,536)</u>
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2015		<u>5,910</u>	
Fund balance/net position - October 31, 2015		<u>\$ (59,626)</u>	

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, 2015

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$243,682	\$ -	\$ 243,682
Prepaid items	\$18,005	-	18,005
	261,687	-	261,687
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	-	\$0	-
Total assets	\$ 261,687	-	\$ 261,687
Liabilities			
Liabilities:			
Accounts payable	76,530	-	76,530
Accrued salaries and benefits	22,721	-	22,721
Other accrued expenses	10,972	-	10,972
Compensated absences	0	\$49,783	49,783
	-	\$49,783	49,783
Total liabilities	\$ 110,223	\$ 49,783	\$ 160,006
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	18,005	(18,005)	-
Unreserved, undesignated	133,459	(133,459)	-
	-	-	-
Total fund balance	151,464	(151,464)	-
Total liabilities and fund balance	\$ 261,687	-	-
Net assets:			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	-	11,471	11,471
	-	11,471	11,471
Total net assets	-	\$ 11,471	\$ 11,471

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, 2015

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 375,000	-	\$ 375,000
General revenues:			
Investment earnings	19	-	19
Miscellaneous Income	0	-	-
Total revenues	<u>375,019</u>	<u>-</u>	<u>375,019</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	167,957	-	167,957
Legal and professional services	143,317	-	143,317
Travel	2,571	-	2,571
Insurance	3,496	-	3,496
Other	2,335	-	2,335
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>319,675</u>	<u>-</u>	<u>319,675</u>
Change in fund balance	55,344	(55,344)	-
Change in net assets	-	-	55,344
Fund balance/net position - July 1, 2015	<u>5,910</u>	<u>(47,720)</u>	<u>(48,943)</u>
Fund balance/net position - September 30, 2015	<u>\$ 61,254</u>	<u>\$ (103,064)</u>	<u>\$ 6,401</u>

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, 2015

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$667,185	\$375,000	\$ (292,185)
Investment earnings	\$0	\$19	19
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$667,185</u>	<u>\$375,019</u>	<u>(292,166)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	166,011	167,957	(1,946)
Legal and professional services	483,399	143,317	340,082
Travel	1,500	2,571	(1,071)
Office expenses	1,350	702	648
Telephone and network	-	-	-
Insurance	4,500	3,496	1,004
Other	10,425	\$1,633	8,792
Capital outlay	-	-	-
Total expenditures	<u>667,185</u>	<u>319,675</u>	<u>347,510</u>
Change in fund balance	<u>\$ -</u>	<u>55,344</u>	<u>\$ 55,344</u>
GAAP basis difference - compensated absences	\$0		
Fund balance/net position - July 1, 2015		<u>5,910</u>	
Fund balance/net position - September 30, 2015		<u>\$ 61,254</u>	