

APPENDIX 4

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION

Discussion and Analysis of Unaudited Financial Statements

For the Period July 1, 2015 through April 30, 2016

The April 30, 2016 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, 2016 shows a total difference of \$1,059,220 or 47.6% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were \$1,035,675 or 64.3% 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, 2016

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$138,252	\$ -	\$ 138,252
Prepaid items	\$7,600	-	7,600
	<u>145,852</u>	<u>-</u>	<u>145,852</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 145,852</u>	<u>-</u>	<u>\$ 145,852</u>
Liabilities			
Liabilities:			
Accounts payable	67,235	-	67,235
Accrued salaries and benefits	22,721	-	22,721
Other accrued expenses	49,443	-	49,443
Compensated absences	0	\$49,783	49,783
	<u>0</u>	<u>\$49,783</u>	<u>49,783</u>
Total liabilities	<u>\$ 139,399</u>	<u>\$ 49,783</u>	<u>\$ 189,182</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	7,600	(7,600)	-
Unreserved, undesignated	(1,147)	1,147	-
	<u>6,453</u>	<u>(6,453)</u>	<u>-</u>
Total fund balance	<u>6,453</u>	<u>(6,453)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 145,852</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(133,540)	(133,540)
		<u>(133,540)</u>	<u>(133,540)</u>
Total net assets		<u>\$ (133,540)</u>	<u>\$ (133,540)</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, 2016

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$2,223,950	\$1,075,000	\$ (1,148,950)
Investment earnings	\$0	\$63	63
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,223,950</u>	<u>\$1,075,063</u>	<u>(1,148,887)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	553,370	565,178	(11,808)
Legal and professional services	1,611,330	575,655	1,035,675
Travel	5,000	3,044	1,956
Office expenses	4,500	2,179	2,321
Telephone and network	-	323	(323)
Insurance	15,000	12,672	2,328
Other	34,750	55,679	29,071
Capital outlay	-	-	-
Total expenditures	<u>2,223,950</u>	<u>1,164,730</u>	<u>1,059,220</u>
Change in fund balance	<u>\$ -</u>	<u>(89,667)</u>	<u>\$ (89,667)</u>
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2015		<u>5,910</u>	
Fund balance/net position - April 30, 2016		<u>\$ (83,757)</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, 2016

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,075,000	-	\$ 1,075,000
General revenues:			
Investment earnings	63	-	63
Miscellaneous Income	0	-	-
Total revenues	<u>1,075,063</u>	<u>-</u>	<u>1,075,063</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	565,178	-	565,178
Legal and professional services	575,655	-	575,655
Travel	3,044	-	3,044
Insurance	12,672	-	12,672
Other	8,181	-	8,181
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>1,164,730</u>	<u>-</u>	<u>1,164,730</u>
Change in fund balance	(89,667)	89,667	-
Change in net assets	-	-	(89,667)
Fund balance/net position - July 1, 2015	5,910	(47,720)	(48,943)
Fund balance/net position - April 30, 2016	<u>\$ (83,757)</u>	<u>\$ 41,947</u>	<u>\$ (138,610)</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, 2016

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$88,311	\$ -	\$ 88,311
Prepaid items	\$9,494	-	9,494
	<u>97,805</u>	<u>-</u>	<u>97,805</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 97,805</u>	<u>-</u>	<u>\$ 97,805</u>
Liabilities			
Liabilities:			
Accounts payable	41,099	-	41,099
Accrued salaries and benefits	22,721	-	22,721
Other accrued expenses	32,158	-	32,158
Compensated absences	0	\$49,783	49,783
	<u>0</u>	<u>\$49,783</u>	<u>49,783</u>
Total liabilities	<u>\$ 95,978</u>	<u>\$ 49,783</u>	<u>\$ 145,761</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	9,494	(9,494)	-
Unreserved, undesignated	(7,667)	7,667	-
	<u>1,827</u>	<u>(1,827)</u>	<u>-</u>
Total fund balance	<u>1,827</u>	<u>(1,827)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 97,805</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(138,165)	(138,165)
		<u>(138,165)</u>	<u>(138,165)</u>
Total net assets		<u>\$ (138,165)</u>	<u>\$ (138,165)</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, 2016

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$2,001,555	\$925,000	\$ (1,076,555)
Investment earnings	\$0	\$56	56
Miscellaneous income	-	\$0	-
Total revenues	<u>\$2,001,555</u>	<u>\$925,056</u>	<u>(1,076,499)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	498,033	507,878	(9,845)
Legal and professional services	1,450,197	489,759	960,438
Travel	4,500	3,044	1,456
Office expenses	4,050	2,005	2,045
Telephone and network	-	323	(323)
Insurance	13,500	11,361	2,139
Other	31,275	\$4,978	26,297
Capital outlay	-	-	-
Total expenditures	<u>2,001,555</u>	<u>1,019,349</u>	<u>982,206</u>
Change in fund balance	<u>\$ -</u>	<u>(94,292)</u>	<u>\$ (94,292)</u>
GAAP basis difference - compensated absences	\$0		
Fund balance/net position - July 1, 2015		<u>5,910</u>	
Fund balance/net position - March 31, 2016		<u>\$ (88,382)</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, 2016

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 925,000	-	\$ 925,000
General revenues:			
Investment earnings	56	-	56
Miscellaneous Income	0	-	-
Total revenues	<u>925,056</u>	<u>-</u>	<u>925,056</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	507,878	-	507,878
Legal and professional services	489,759	-	489,759
Travel	3,044	-	3,044
Insurance	11,361	-	11,361
Other	7,306	-	7,306
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>1,019,349</u>	<u>-</u>	<u>1,019,349</u>
Change in fund balance	(94,292)	94,292	-
Change in net assets	-	-	(94,292)
Fund balance/net position - July 1, 2015	5,910	(47,720)	(48,943)
Fund balance/net position - March 31, 2016	<u>\$ (88,382)</u>	<u>\$ 46,572</u>	<u>\$ (143,235)</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 29, 2016

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$207,236	\$ -	\$ 207,236
Prepaid items	\$11,399	-	11,399
	<u>218,635</u>	<u>-</u>	<u>218,635</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 218,635</u>	<u>-</u>	<u>\$ 218,635</u>
Liabilities			
Liabilities:			
Accounts payable	52,616	-	52,616
Accrued salaries and benefits	22,721	-	22,721
Other accrued expenses	36,872	-	36,872
Compensated absences	0	\$49,783	49,783
	<u>0</u>	<u>\$49,783</u>	<u>49,783</u>
Total liabilities	<u>\$ 112,209</u>	<u>\$ 49,783</u>	<u>\$ 161,992</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	11,399	(11,399)	-
Unreserved, undesignated	95,027	(95,027)	-
	<u>106,426</u>	<u>(106,426)</u>	<u>-</u>
Total fund balance	<u>106,426</u>	<u>(106,426)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 218,635</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(33,566)	(33,566)
		<u>(33,566)</u>	<u>(33,566)</u>
Total net assets		<u>\$ (33,566)</u>	<u>\$ (33,566)</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 29, 2016

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$1,779,160	\$925,000	\$ (854,160)
Investment earnings	\$0	\$50	50
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$1,779,160</u>	<u>\$925,050</u>	<u>(854,110)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	442,696	449,743	(7,047)
Legal and professional services	1,289,064	445,292	843,772
Travel	4,000	3,044	956
Office expenses	3,600	1,722	1,878
Telephone and network	-	323	(323)
Insurance	12,000	10,050	1,950
Other	27,800	\$4,568	23,232
Capital outlay	-	-	-
Total expenditures	<u>1,779,160</u>	<u>914,743</u>	<u>864,417</u>
Change in fund balance	<u>\$ -</u>	10,307	\$ 10,307
GAAP basis difference - compensated absences	\$0		
Fund balance/net position - July 1, 2015		<u>5,910</u>	
Fund balance/net position - February 29, 2016		<u>\$ 16,217</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 29, 2016

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 925,000	-	\$ 925,000
General revenues:			
Investment earnings	50	-	50
Miscellaneous Income	0	-	-
Total revenues	<u>925,050</u>	<u>-</u>	<u>925,050</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	449,743	-	449,743
Legal and professional services	445,292	-	445,292
Travel	3,044	-	3,044
Insurance	10,050	-	10,050
Other	6,613	-	6,613
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>914,743</u>	<u>-</u>	<u>914,743</u>
Change in fund balance	10,307	(10,307)	-
Change in net assets	-	-	10,307
Fund balance/net position - July 1, 2015	<u>5,910</u>	<u>(47,720)</u>	<u>(48,943)</u>
Fund balance/net position - February 29, 2016	<u>\$ 16,217</u>	<u>\$ (58,027)</u>	<u>\$ (38,636)</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, 2016

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$185,004	\$ -	\$ 185,004
Prepaid items	\$13,284	-	13,284
	<u>198,288</u>	<u>-</u>	<u>198,288</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 198,288</u>	<u>-</u>	<u>\$ 198,288</u>
Liabilities			
Liabilities:			
Accounts payable	56,652	-	56,652
Accrued salaries and benefits	22,721	-	22,721
Other accrued expenses	31,706	-	31,706
Compensated absences	0	\$49,783	49,783
	<u>0</u>	<u>\$49,783</u>	<u>49,783</u>
Total liabilities	<u>\$ 111,079</u>	<u>\$ 49,783</u>	<u>\$ 160,862</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	13,284	(13,284)	-
Unreserved, undesignated	73,925	(73,925)	-
	<u>87,209</u>	<u>(87,209)</u>	<u>-</u>
Total fund balance	<u>87,209</u>	<u>(87,209)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 198,288</u>	<u>-</u>	<u>\$ 198,288</u>
Net assets:			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	-	(52,784)	(52,784)
	<u>-</u>	<u>(52,784)</u>	<u>(52,784)</u>
Total net assets	<u>-</u>	<u>\$ (52,784)</u>	<u>\$ (52,784)</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, 2016

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 750,000	-	\$ 750,000
General revenues:			
Investment earnings	43	-	43
Miscellaneous Income	0	-	-
Total revenues	<u>750,043</u>	<u>-</u>	<u>750,043</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	392,162	-	392,162
Legal and professional services	348,996	-	348,996
Travel	3,044	-	3,044
Insurance	8,740	-	8,740
Other	6,013	-	6,013
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>758,955</u>	<u>-</u>	<u>758,955</u>
Change in fund balance	(8,911)	8,911	-
Change in net assets	-	-	(8,911)
Fund balance/net position - July 1, 2015	<u>5,910</u>	<u>(47,720)</u>	<u>(48,943)</u>
Fund balance/net position - January 31, 2016	<u>\$ (3,001)</u>	<u>\$ (38,809)</u>	<u>\$ (57,854)</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, 2016

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$1,556,765	\$750,000	\$ (806,765)
Investment earnings	\$0	\$43	43
Miscellaneous income	-	\$0	-
Total revenues	<u>\$1,556,765</u>	<u>\$750,043</u>	<u>(806,722)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	387,359	392,162	(4,803)
Legal and professional services	1,127,931	348,996	778,935
Travel	3,500	3,044	456
Office expenses	3,150	1,568	1,582
Telephone and network	-	290	(290)
Insurance	10,500	8,740	1,760
Other	24,325	\$4,155	20,170
Capital outlay	-	-	-
Total expenditures	<u>1,556,765</u>	<u>758,955</u>	<u>797,810</u>
Change in fund balance	<u>\$ -</u>	(8,911)	\$ (8,911)
GAAP basis difference - compensated absences	\$0		
Fund balance/net position - July 1, 2015		<u>5,910</u>	
Fund balance/net position - January 31, 2016		<u>\$ (3,001)</u>	