

APPENDIX 4

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2015 through June 30, 2016

The July 2015 through June 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 twelve months ended June 30, 2016 shows a total difference of \$1,297,837 or 48.6% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were \$1,271,490 or 65.8% under budget. The Legal costs anticipated this fiscal year were less than originally considered primarily because of timing with court dates and filings.

No Capital assets were purchased during the Fiscal year.

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the Eleven months ended
May 31, 2016

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$137,357	\$ -	\$ 137,357
Prepaid items	\$2,911	-	2,911
	<u>140,268</u>	<u>-</u>	<u>140,268</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 140,268</u>	<u>-</u>	<u>\$ 140,268</u>
Liabilities			
Liabilities:			
Accounts payable	33,348	-	33,348
Accrued salaries and benefits	22,721	-	22,721
Other accrued expenses	30,071	-	30,071
Compensated absences	0	\$49,783	49,783
	<u>86,140</u>	<u>\$49,783</u>	<u>135,923</u>
Total liabilities	<u>\$ 86,140</u>	<u>\$ 49,783</u>	<u>\$ 135,923</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	2,911	(2,911)	-
Unreserved, undesignated	51,217	(51,217)	-
	<u>54,128</u>	<u>(54,128)</u>	<u>-</u>
Total fund balance	<u>54,128</u>	<u>(54,128)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 140,268</u>	<u>-</u>	<u>-</u>
Net assets:			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	-	(85,866)	(85,866)
	<u>-</u>	<u>(85,866)</u>	<u>(85,866)</u>
Total net assets	<u>-</u>	<u>\$ (85,866)</u>	<u>\$ (85,866)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the Eleven months ended
 May 31, 2016

	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	69	-	69
Miscellaneous Income	0	-	-
Total revenues	<u>1,225,069</u>	<u>-</u>	<u>1,225,069</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	626,593	-	626,593
Legal and professional services	614,108	-	614,108
Travel	3,044	-	3,044
Insurance	13,983	-	13,983
Other	9,335	-	9,335
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>1,267,062</u>	<u>-</u>	<u>1,267,062</u>
Change in fund balance	(41,993)	41,993	-
Change in net assets	-	-	(41,993)
Fund balance/net position - July 1, 2015	<u>5,910</u>	<u>(47,720)</u>	<u>(48,943)</u>
Fund balance/net position - May 31, 2016	<u>\$ (36,083)</u>	<u>\$ (5,727)</u>	<u>\$ (90,936)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the Eleven months ended
 May 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	\$2,446,345	\$1,225,000	\$ (1,221,345)
Investment earnings	\$0	\$69	69
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$2,446,345</u>	<u>\$1,225,069</u>	<u>(1,221,276)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	608,707	626,593	(17,886)
Legal and professional services	1,772,463	614,108	1,158,355
Travel	5,500	3,044	2,456
Office expenses	4,950	2,514	2,436
Telephone and network	-	323	(323)
Insurance	16,500	13,983	2,517
Other	38,225	\$6,498	31,727
Capital outlay	-	-	-
Total expenditures	<u>2,446,345</u>	<u>1,267,062</u>	<u>1,179,283</u>
Change in fund balance	<u>\$ -</u>	<u>(41,993)</u>	<u>\$ (41,993)</u>
GAAP basis difference - compensated absences	\$0		
Fund balance/net position - July 1, 2015		<u>5,910</u>	
Fund balance/net position - May 31, 2016		<u>\$ (36,083)</u>	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the Twelve months ended
 June 30, 2016

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$172,931	\$ -	\$ 172,931
Prepaid items	\$2,622	-	2,622
	<u>175,553</u>	-	<u>175,553</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 175,553</u>	<u>-</u>	<u>\$ 175,553</u>
Liabilities			
Liabilities:			
Accounts payable	35,403	-	35,403
Accrued salaries and benefits	25,458	-	25,458
Other accrued expenses	14,893	-	14,893
Compensated absences	0	\$49,291	49,291
	<u>0</u>	<u>\$49,291</u>	<u>49,291</u>
Total liabilities	<u>\$ 75,754</u>	<u>\$ 49,291</u>	<u>\$ 125,045</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	2,622	(2,622)	-
Unreserved, undesignated	97,177	(97,177)	-
	<u>99,799</u>	<u>(99,799)</u>	<u>-</u>
Total fund balance	<u>99,799</u>	<u>(99,799)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 175,553</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(39,210)	(39,210)
		<u>(39,210)</u>	<u>(39,210)</u>
Total net assets		<u>\$ (39,210)</u>	<u>\$ (39,210)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes In Fund Balance
 For the Twelve months ended
 June 30, 2016

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,375,000	-	\$ 1,375,000
General revenues:			
Investment earnings	74	-	74
Miscellaneous Income	0	-	-
Total revenues	<u>1,375,074</u>	<u>-</u>	<u>1,375,074</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	679,336	-	679,336
Legal and professional services	662,106	-	662,106
Travel	3,651	-	3,651
Insurance	15,294	-	15,294
Other	10,516	-	10,516
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>1,370,904</u>	<u>-</u>	<u>1,370,904</u>
Change in fund balance	4,171	(4,171)	-
Change in net assets	-	-	4,171
Fund balance/net position - July 1, 2015	<u>5,910</u>	<u>(47,720)</u>	<u>(48,943)</u>
Fund balance/net position - June 30, 2016	<u>\$ 10,081</u>	<u>\$ (51,891)</u>	<u>\$ (44,772)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the Twelve months ended
June 30, 2016

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$2,668,740	\$1,375,000	\$ (1,293,740)
Investment earnings	\$0	\$74	74
Miscellaneous Income	-	\$0	-
Total revenues	\$2,668,740	\$1,375,074	(1,293,666)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	664,044	679,336	(15,292)
Legal and professional services	1,933,596	662,106	1,271,490
Travel	6,000	3,651	2,349
Office expenses	5,400	3,151	2,249
Telephone and network	-	323	(323)
Insurance	18,000	15,294	2,706
Other	41,700	\$7,042	34,658
Capital outlay	-	-	-
Total expenditures	2,668,740	1,370,904	1,297,837
Change in fund balance	\$ -	4,171	\$ 4,171
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2015		5,910	
Fund balance/net position - June 30, 2016		\$ 10,081	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2016 through August 31, 2016

The August 31, 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 two months ended August 31, 2016 shows a total difference of \$ 83,748 or 29.6% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were \$79,566 or 50.2% under budget. The Legal costs anticipated in the budget have been much less to date than originally considered.

No Capital assets have been purchased during the first two 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 One month ended
 July 31, 2016

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$85,324	\$ -	\$ 85,324
Prepaid items	\$747	-	747
	<u>86,071</u>	<u>-</u>	<u>86,071</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 86,071</u>	<u>-</u>	<u>\$ 86,071</u>
Liabilities			
Liabilities:			
Accounts payable	46,299	-	46,299
Accrued salaries and benefits	25,458	-	25,458
Other accrued expenses	4,085	-	4,085
Compensated absences	0	\$49,291	49,291
	<u>75,842</u>	<u>\$ 49,291</u>	<u>\$ 125,133</u>
Total liabilities	<u>\$ 75,842</u>	<u>\$ 49,291</u>	<u>\$ 125,133</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	747	(747)	-
Unreserved, undesignated	9,482	(9,482)	-
	<u>10,229</u>	<u>(10,229)</u>	<u>-</u>
Total fund balance	<u>10,229</u>	<u>(10,229)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 86,071</u>	<u>-</u>	<u>-</u>
Net assets:			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	-	(125,749)	(125,749)
	<u>-</u>	<u>(125,749)</u>	<u>(125,749)</u>
Total net assets	<u>\$ -</u>	<u>\$ (125,749)</u>	<u>\$ (125,749)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the One month ended
 July 31, 2016

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ -	-	\$ -
General revenues:			
Investment earnings	6	-	6
Miscellaneous Income	0	-	-
Total revenues	<u>6</u>	<u>-</u>	<u>6</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	54,408	-	54,408
Legal and professional services	30,042	-	30,042
Travel	239	-	239
Insurance	1,093	-	1,093
Other	764	-	764
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>86,545</u>	<u>-</u>	<u>86,545</u>
Change in fund balance	(86,539)	86,539	-
Change in net assets	-	-	(86,539)
Fund balance/net position - July 1, 2016	<u>10,081</u>	<u>(47,720)</u>	<u>(48,943)</u>
Fund balance/net position - July 31, 2016	<u>\$ (76,458)</u>	<u>\$ 38,819</u>	<u>\$ (135,482)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the One month ended
July 31, 2016

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$141,457	\$0	\$ (141,457)
Investment earnings	\$0	\$6	6
Miscellaneous Income	-	\$0	-
Total revenues	\$141,457	\$6	(141,451)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	56,432	54,408	2,024
Legal and professional services	79,200	30,042	49,158
Travel	500	239	261
Office expenses	450	228	222
Telephone and network	-	-	-
Insurance	1,400	1,093	308
Other	3,475	\$536	2,939
Capital outlay	-	-	-
Total expenditures	141,457	86,545	54,912
Change in fund balance	\$ -	(86,539)	\$ (86,539)
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2016		10,081	
Fund balance/net position - July 31, 2016		\$ (76,458)	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the two months ended
August 31, 2016

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$145,798	\$ -	\$ 145,798
Prepaid items	(\$1,160)	-	(1,160)
	<u>144,638</u>	<u>-</u>	<u>144,638</u>
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 144,638</u>	<u>-</u>	<u>\$ 144,638</u>
Liabilities			
Liabilities:			
Accounts payable	32,476	-	32,476
Accrued salaries and benefits	25,458	-	25,458
Other accrued expenses	14,093	-	14,093
Compensated absences	0	\$49,291	49,291
	<u>72,027</u>	<u>\$ 49,291</u>	<u>\$ 121,318</u>
Total liabilities	<u>\$ 72,027</u>	<u>\$ 49,291</u>	<u>\$ 121,318</u>
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	(1,160)	1,160	-
Unreserved, undesignated	73,771	(73,771)	-
	<u>72,611</u>	<u>(72,611)</u>	<u>-</u>
Total fund balance	<u>72,611</u>	<u>(72,611)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 144,638</u>		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(63,369)	(63,369)
		<u>(63,369)</u>	<u>(63,369)</u>
Total net assets		<u>\$ (63,369)</u>	<u>\$ (63,369)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
 Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
 For the two months ended
 August 31, 2016

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 175,000	-	\$ 175,000
General revenues:			
Investment earnings	7	-	7
Miscellaneous Income	0	-	-
Total revenues	<u>175,007</u>	<u>-</u>	<u>175,007</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	116,194	-	116,194
Legal and professional services	78,834	-	78,834
Travel	239	-	239
Insurance	2,403	-	2,403
Other	1,495	-	1,495
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>199,166</u>	<u>-</u>	<u>199,166</u>
Change in fund balance	(24,159)	24,159	-
Change in net assets	-	-	(24,159)
Fund balance/net position - July 1, 2016	<u>10,081</u>	<u>(47,720)</u>	<u>(48,943)</u>
Fund balance/net position - August 31, 2016	<u>\$ (14,078)</u>	<u>\$ (23,561)</u>	<u>\$ (73,102)</u>

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the two months ended
August 31, 2016

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$282,914	\$175,000	\$ (107,914)
Investment earnings	\$0	\$7	7
Miscellaneous Income	-	\$0	-
Total revenues	\$282,914	\$175,007	(107,907)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	112,864	116,194	(3,330)
Legal and professional services	158,400	78,834	79,566
Travel	1,000	239	761
Office expenses	900	364	536
Telephone and network	-	-	-
Insurance	2,800	2,403	397
Other	6,950	\$1,131	5,819
Capital outlay	-	-	-
Total expenditures	282,914	199,166	83,748
Change in fund balance	\$ -	(24,159)	\$ (24,159)
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2016		10,081	
Fund balance/net position - August 31, 2016		\$ (14,078)	