APPENDIX 9

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2011 through June 30, 2012

The June 30, 2012 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, 2012 shows a total difference of $3,932,909 or 65.6 % variance under budget. One line item or activities in the statement account for the majority of the difference.

Professional fees were $4,040,509 or 84.8% 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 decreased $94,226,885 for the twelve months ending June 30, 2012. The primary reason for the decrease was the transfer of all remaining capital projects from CPR records to CDCR accounting records.

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, 2012

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$77,738	$ -	$ 77,738
Prepaid items	$0	-	-
	77,738	-	77,738
Noncurrent assets:			
Deposits with others	(6,823)	-	(6,823)
Capital assets, net	-	$0	-
Total assets	$ 70,915	-	$ 70,915
Liabilities			
Liabilities:			
Accounts payable	196,118	-	196,118
Accrued salaries and benefits	37,798	-	37,798
Other accrued expenses	61,102		61,102
Compensated absences	0	55,415	55,415
Total liabilities	$ 295,018	$ 55,415	$ 350,433
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	(6,823)	6,823	-
Unreserved, undesignated	(217,280)	217,280	-
Total fund balance	(224,103)	224,103	-
Total liabilities and fund balance	$ 70,915		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(329,814)	(329,814)
Total net assets		$ (329,814)	$ (329,814)

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, 2012

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	$ 1,625,000	-	$ 1,625,000
General revenues:			
Investment earnings	117	-	117
Miscellaneous Income	8,781	-	8,781
Total revenues	1,633,898	-	1,633,898
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	1,102,667	-	1,102,667
Legal and professional services	723,611	-	723,611
Travel	27,159	-	27,159
Rents and leases	(15,121)	-	(15,121)
Insurance	18,638	-	18,638
Other	209,567	-	209,567
Depreciation	0	1,170,056	1,170,056
Capital outlay - Fixed Assets	-	93,056,829	93,056,829
Total expenditures/expenses	2,066,522	94,226,885	96,293,407
Change in fund balance	(432,625)	432,625	-
Change in net assets	-	(94,226,885)	(94,659,510)
Fund balance/net assets - July 1, 2011	158,226	94,031,467	94,329,697
Fund balance/net assets - June 30, 2012	$ (274,399)	$ 237,207	$ (329,813)

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, 2012

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$5,999,431	$1,625,000	$ (4,374,431)
Investment earnings	$0	$117	117
Miscellaneous Income	-	$8,781	8,781
Total revenues	$5,999,431	$1,633,898	(4,365,533)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	1,006,248	1,102,667	(96,419)
Legal and professional services	4,764,120	723,611	4,040,509
Travel	36,000	27,159	8,841
Rents and leases	2,539	(15,121)	17,660
Office expenses	18,000	7,635	10,365
Telephone and network	6,780	6,729	51
Insurance	18,000	18,638	(638)
Other	147,744	$195,203	(47,459)
Capital outlay	-	-	-
Total expenditures	5,999,431	2,066,522	3,932,909
Change in fund balance	$ -	(432,625)	$ (432,625)
GAAP basis difference - compensated absences	$0	-	-
Fund balance - July 1, 2011		158,226	
Fund balance - June 30, 2012		$ (274,399)	

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, 2012

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$60,189	$ -	$ 60,189
Prepaid items	$0	-	-
	60,189	-	60,189
Noncurrent assets:			
Deposits with others	(4,355)	-	(4,355)
Capital assets, net	-	$0	-
Total assets	$ 55,834	-	$ 55,834
Liabilities			
Liabilities:			
Accounts payable	75,696	-	75,696
Accrued salaries and benefits	141,741	-	141,741
Other accrued expenses	(36,176)		(36,176)
Compensated absences	0	55,415	55,415
Total liabilities	$ 181,261	$ 55,415	$ 236,676
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	(4,355)	4,355	-
Unreserved, undesignated	(121,072)	121,072	-
Total fund balance	(125,427)	125,427	-
Total liabilities and fund balance	$ 55,834		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(286,553)	(286,553)
Total net assets		$ (286,553)	$ (286,553)

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, 2012

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	$ 1,475,000	-	$ 1,475,000
General revenues:			
Investment earnings	110	-	110
Miscellaneous Income	8,781	-	8,781
Total revenues	1,483,891	-	1,483,891
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	1,010,519	-	1,010,519
Legal and professional services	640,270	-	640,270
Travel	23,400	-	23,400
Rents and leases	(15,851)	-	(15,851)
Insurance	17,074	-	17,074
Other	197,842	-	197,842
Depreciation	0	1,170,056	1,170,056
Capital outlay - Fixed Assets	-	93,056,829	93,056,829
Total expenditures/expenses	1,873,255	94,226,885	96,100,140
Change in fund balance	(389,364)	389,364	-
Change in net assets	-	(94,226,885)	(94,616,249)
Fund balance/net assets - July 1, 2011	158,226	94,031,467	94,329,697
Fund balance/net assets - May 31, 2012	$ (231,138)	$ 193,946	$ (286,552)

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, 2012

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$5,499,690	$1,475,000	$ (4,024,690)
Investment earnings	$0	$110	110
Miscellaneous Income	-	$8,781	8,781
Total revenues	$5,499,690	$1,483,891	(4,015,799)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	922,394	1,010,519	(88,125)
Legal and professional services	4,367,110	640,270	3,726,840
Travel	33,000	23,400	9,600
Rents and leases	2,539	(15,851)	18,390
Office expenses	16,500	7,212	9,288
Telephone and network	6,215	5,630	585
Insurance	16,500	17,074	(574)
Other	135,432	$185,000	(49,568)
Capital outlay	-	-	-
Total expenditures	5,499,690	1,873,255	3,626,435
Change in fund balance	$ -	(389,364)	$ (389,364)
GAAP basis difference - compensated absences	$0	-	-
Fund balance - July 1, 2011		158,226	
Fund balance - May 31, 2012		$ (231,138)	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2012 through August 31, 2012

The August 31, 2012 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, 2012 shows a total difference of $ 600,914 or 61.6% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were $612,035 or 77.1% 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. We do anticipate legal costs to ramp up to budgeted levels for the fiscal year.

Capital assets have not increased 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 two months ended
August 31, 2012

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	($44,999)	$ -	$ (44,999)
Prepaid items	$0	-	-
	(44,999)	-	(44,999)
Noncurrent assets:			
Deposits with others	(5,864)	-	(5,864)
Capital assets, net	-	$0	-
Total assets	$ (50,863)	-	$ (50,863)
Liabilities			
Liabilities:			
Accounts payable	38,370	-	38,370
Accrued salaries and benefits	31,627	-	31,627
Other accrued expenses	96,663		96,663
Compensated absences	0	55,415	55,415
Total liabilities	$ 166,660	$ 55,415	$ 222,075
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	(5,864)	5,864	-
Unreserved, undesignated	(211,659)	211,659	-
Total fund balance	(217,523)	217,523	-
Total liabilities and fund balance	$ (50,863)		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(378,648)	(378,648)
Total net assets		$ (378,648)	$ (378,648)

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, 2012

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	$ 325,000	-	$ 325,000
General revenues:			
Investment earnings	16	-	16
Miscellaneous Income	0	-	-
Total revenues	325,016	-	325,016
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	182,342	-	182,342
Legal and professional services	181,985	-	181,985
Travel	3,983	-	3,983
Insurance	3,128	-	3,128
Other	2,412	-	2,412
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	373,850	-	373,850
Change in fund balance	(48,834)	48,834	-
Change in net assets	-	-	(48,834)
Fund balance/net assets - July 1, 2012	(274,399)	237,207	(329,813)
Fund balance/net assets - August 31, 2012	$ (323,233)	$ 286,041	$ (378,647)

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, 2012

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$974,764	$325,000	$ (649,764)
Investment earnings	$0	$16	16
Miscellaneous Income	-	$0	-
Total revenues	$974,764	$325,016	(649,748)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	167,364	182,342	(14,978)
Legal and professional services	794,020	181,985	612,035
Travel	3,600	3,983	(383)
Office expenses	3,000	554	2,446
Telephone and network	1,430	1,038	392
Insurance	3,000	3,128	(128)
Other	2,350	$820	1,530
Capital outlay	-	-	-
Total expenditures	974,764	373,850	600,914
Change in fund balance	$ -	(48,834)	$ (48,834)
GAAP basis difference - compensated absences	$0	-	-
Fund balance - July 1, 2012		(274,399)	
Fund balance - August 31, 2012		$ (323,233)	

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, 2012

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$109,523	$ -	$ 109,523
Prepaid items	$0	-	-
	109,523	-	109,523
Noncurrent assets:			
Deposits with others	(9,251)	-	(9,251)
Capital assets, net	-	$0	-
Total assets	$ 100,272	-	$ 100,272
Liabilities			
Liabilities:			
Accounts payable	235,342	-	235,342
Accrued salaries and benefits	39,649	-	39,649
Other accrued expenses	5,622		5,622
Compensated absences	0	55,415	55,415
Total liabilities	$ 280,613	$ 55,415	$ 336,028
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	(9,251)	9,251	-
Unreserved, undesignated	(171,090)	171,090	-
Total fund balance	(180,341)	180,341	-
Total liabilities and fund balance	$ 100,272		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(341,467)	(341,467)
Total net assets		$ (341,467)	$ (341,467)

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, 2012

	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	8	-	8
Miscellaneous Income	0	-	-
Total revenues	175,008	-	175,008
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	91,608	-	91,608
Legal and professional services	90,985	-	90,985
Travel	1,333	-	1,333
Insurance	1,564	-	1,564
Other	1,171	-	1,171
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	186,661	-	186,661
Change in fund balance	(11,653)	11,653	-
Change in net assets	-	-	(11,653)
Fund balance/net assets - July 1, 2012	(274,399)	237,207	(329,813)
Fund balance/net assets - July 31, 2012	$ (286,052)	$ 248,860	$ (341,466)

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, 2012

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$487,382	$175,000	$ (312,382)
Investment earnings	$0	$8	8
Miscellaneous Income	-	$0	-
Total revenues	$487,382	$175,008	(312,374)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	83,682	91,608	(7,926)
Legal and professional services	397,010	90,985	306,025
Travel	1,800	1,333	467
Office expenses	1,500	276	1,224
Telephone and network	715	484	231
Insurance	1,500	1,564	(64)
Other	1,175	$411	764
Capital outlay	-	-	-
Total expenditures	487,382	186,661	300,721
Change in fund balance	$ -	(11,653)	$ (11,653)
GAAP basis difference - compensated absences	$0	-	-
Fund balance - July 1, 2012		(274,399)	
Fund balance - July 31, 2012		$ (286,052)	