

APPENDIX 11

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2012 through April 30, 2013

The April 30, 2013 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, 2013 shows a total difference of \$3,057,389 or 62.7% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were \$2,910,147 or 73.3% under budget. The Legal costs anticipated in the budget continue to be 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 seven months ended
January 31, 2013

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$65,237	\$ -	\$ 65,237
Prepaid items	\$0	-	-
	65,237	-	65,237
Noncurrent assets:			
Deposits with others	15,592	-	15,592
Capital assets, net	-	\$0	-
	-	\$0	-
Total assets	\$ 80,829	-	\$ 80,829
Liabilities			
Liabilities:			
Accounts payable	(4,618)	-	(4,618)
Accrued salaries and benefits	31,627	-	31,627
Other accrued expenses	90,647	-	90,647
Compensated absences	0	36,011	36,011
	-	36,011	36,011
Total liabilities	\$ 117,656	\$ 36,011	\$ 153,667
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	15,592	(15,592)	-
Unreserved, undesignated	(52,419)	52,419	-
	-	52,419	-
Total fund balance	(36,827)	36,827	-
Total liabilities and fund balance	\$ 80,829		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(72,839)	(72,839)
		(72,839)	(72,839)
Total net assets		\$ (72,839)	\$ (72,839)

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, 2013

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,275,000	-	\$ 1,275,000
General revenues:			
Investment earnings	59	-	59
Miscellaneous Income	0	-	-
	1,275,059	-	1,275,059
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	551,275	(28,053)	523,222
Legal and professional services	583,210	-	583,210
Travel	5,038	-	5,038
Insurance	3,913	-	3,913
Other	10,307	-	10,307
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
	1,153,742	(28,053)	1,125,689
Change in fund balance	121,317	(121,317)	-
Change in net assets	-	28,053	149,370
Fund balance/net assets - July 1, 2012	(158,145)	(64,064)	(222,209)
Fund balance/net assets - January 31, 2013	\$ (36,828)	\$ (157,328)	\$ (72,839)

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, 2013

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$3,411,674	\$1,275,000	\$ (2,136,674)
Investment earnings	\$0	\$59	59
Miscellaneous Income	-	\$0	-
Total revenues	\$3,411,674	\$1,275,059	(2,136,615)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	585,774	523,222	62,552
Legal and professional services	2,779,070	583,210	2,195,860
Travel	12,600	5,038	7,563
Office expenses	10,500	1,976	8,524
Telephone and network	5,005	3,305	1,700
Insurance	10,500	3,913	6,587
Other	8,225	\$5,025	3,200
Capital outlay	-	-	-
Total expenditures	3,411,674	1,125,689	2,285,985
Change in fund balance	\$ -	149,370	\$ 149,370
GAAP basis difference - compensated absences	\$0	(28,053)	28,053
Fund balance - July 1, 2012		(158,145)	
Fund balance - January 31, 2013		\$ (36,828)	

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, 2013

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$12,225	\$ -	\$ 12,225
Prepaid items	\$0	-	-
	12,225	-	12,225
Noncurrent assets:			
Deposits with others	13,402	-	13,402
Capital assets, net	-	\$0	-
	-	\$0	-
Total assets	\$ 25,627	-	\$ 25,627
Liabilities			
Liabilities:			
Accounts payable	76,532	-	76,532
Accrued salaries and benefits	31,627	-	31,627
Other accrued expenses	986	-	986
Compensated absences	0	36,011	36,011
	0	36,011	36,011
Total liabilities	\$ 109,145	\$ 36,011	\$ 145,156
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	13,402	(13,402)	-
Unreserved, undesignated	(96,920)	96,920	-
	(96,920)	96,920	-
Total fund balance	(83,518)	83,518	-
Total liabilities and fund balance	\$ 25,627		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(119,531)	(119,531)
		(119,531)	(119,531)
Total net assets		\$ (119,531)	\$ (119,531)

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, 2013

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,450,000	-	\$ 1,450,000
General revenues:			
Investment earnings	71	-	71
Miscellaneous Income	0	-	-
	<u>1,450,071</u>	<u>-</u>	<u>1,450,071</u>
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	611,369	(28,053)	583,316
Legal and professional services	741,525	-	741,525
Travel	5,038	-	5,038
Insurance	5,477	-	5,477
Other	12,037	-	12,037
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
	<u>1,375,445</u>	<u>(28,053)</u>	<u>1,347,392</u>
Change in fund balance	74,625	(74,625)	-
Change in net assets	-	28,053	102,678
Fund balance/net assets - July 1, 2012	<u>(158,145)</u>	<u>(64,064)</u>	<u>(222,209)</u>
Fund balance/net assets - February 28, 2013	<u>\$ (83,520)</u>	<u>\$ (110,636)</u>	<u>\$ (119,531)</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, 2013

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$3,899,056	\$1,450,000	\$ (2,449,056)
Investment earnings	\$0	\$71	71
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$3,899,056</u>	<u>\$1,450,071</u>	<u>(2,448,985)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	669,456	583,316	86,140
Legal and professional services	3,176,080	741,525	2,434,555
Travel	14,400	5,038	9,363
Office expenses	12,000	2,362	9,638
Telephone and network	5,720	4,254	1,466
Insurance	12,000	5,477	6,523
Other	9,400	\$5,421	3,979
Capital outlay	-	-	-
Total expenditures	<u>3,899,056</u>	<u>1,347,392</u>	<u>2,551,664</u>
Change in fund balance	<u>\$ -</u>	102,678	\$ 102,678
GAAP basis difference - compensated absences	\$0	(28,053)	28,053
Fund balance - July 1, 2012		<u>(158,145)</u>	
Fund balance - February 28, 2013		<u>\$ (83,520)</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, 2013

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$136,206	\$ -	\$ 136,206
Prepaid items	\$0	-	-
	136,206	-	136,206
Noncurrent assets:			
Deposits with others	11,218	-	11,218
Capital assets, net	-	\$0	-
	-	\$0	-
Total assets	\$ 147,424	-	\$ 147,424
Liabilities			
Liabilities:			
Accounts payable	164,929	-	164,929
Accrued salaries and benefits	31,627	-	31,627
Other accrued expenses	7,891	-	7,891
Compensated absences	0	36,011	36,011
	0	36,011	36,011
Total liabilities	\$ 204,447	\$ 36,011	\$ 240,458
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	11,218	(11,218)	-
Unreserved, undesignated	(68,241)	68,241	-
	(68,241)	68,241	-
Total fund balance	(57,023)	57,023	-
Total liabilities and fund balance	\$ 147,424		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(93,035)	(93,035)
		(93,035)	(93,035)
Total net assets		\$ (93,035)	\$ (93,035)

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, 2013

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,675,000	-	\$ 1,675,000
General revenues:			
Investment earnings	83	-	83
Miscellaneous Income	0	-	-
	1,675,083	-	1,675,083
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	679,481	(28,053)	651,428
Legal and professional services	868,936	-	868,936
Travel	5,038	-	5,038
Insurance	7,040	-	7,040
Other	13,467	-	13,467
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
	1,573,962	(28,053)	1,545,909
Change in fund balance	101,121	(101,121)	-
Change in net assets	-	28,053	129,174
Fund balance/net assets - July 1, 2012	(158,145)	(64,064)	(222,209)
Fund balance/net assets - March 31, 2013	\$ (57,024)	\$ (137,132)	\$ (93,035)

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, 2013

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	\$4,386,438	\$1,675,000	\$ (2,711,438)
Investment earnings	\$0	\$83	83
Miscellaneous Income	-	\$0	-
Total revenues	\$4,386,438	\$1,675,083	(2,711,355)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	753,138	651,428	101,710
Legal and professional services	3,573,090	868,936	2,704,154
Travel	16,200	5,038	11,163
Office expenses	13,500	2,698	10,802
Telephone and network	6,435	4,786	1,649
Insurance	13,500	7,040	6,460
Other	10,575	\$5,982	4,593
Capital outlay	-	-	-
Total expenditures	4,386,438	1,545,909	2,840,529
Change in fund balance	\$ -	129,174	\$ 129,174
GAAP basis difference - compensated absences	\$0	(28,053)	28,053
Fund balance - July 1, 2012		(158,145)	
Fund balance - March 31, 2013		\$ (57,024)	

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, 2013

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	\$42,450	\$ -	\$ 42,450
Prepaid items	\$0	-	-
	42,450	-	42,450
Noncurrent assets:			
Deposits with others	8,929	-	8,929
Capital assets, net	-	\$0	-
	-	\$0	-
Total assets	\$ 51,379	-	\$ 51,379
Liabilities			
Liabilities:			
Accounts payable	26,495	-	26,495
Accrued salaries and benefits	31,627	-	31,627
Other accrued expenses	170,790	-	170,790
Compensated absences	0	36,011	36,011
	0	36,011	36,011
Total liabilities	\$ 228,912	\$ 36,011	\$ 264,923
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	8,929	(8,929)	-
Unreserved, undesignated	(186,462)	186,462	-
	(177,533)	177,533	-
Total fund balance	(177,533)	177,533	-
Total liabilities and fund balance	\$ 51,379		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(213,544)	(213,544)
		(213,544)	(213,544)
Total net assets		\$ (213,544)	\$ (213,544)

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, 2013

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,825,000	-	\$ 1,825,000
General revenues:			
Investment earnings	96	-	96
Miscellaneous Income	0	-	-
	1,825,096	-	1,825,096
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	756,146	(28,053)	728,093
Legal and professional services	1,059,953	-	1,059,953
Travel	5,038	-	5,038
Insurance	8,604	-	8,604
Other	14,744	-	14,744
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
	1,844,484	(28,053)	1,816,431
Change in fund balance	(19,388)	19,388	-
Change in net assets	-	28,053	8,665
Fund balance/net assets - July 1, 2012	(158,145)	(64,064)	(222,209)
Fund balance/net assets - April 30, 2013	\$ (177,533)	\$ (16,623)	\$ (213,544)

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, 2013

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
Revenues:			
State of California appropriation to Receivership	\$4,873,820	\$1,825,000	\$ (3,048,820)
Investment earnings	\$0	\$96	96
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$4,873,820</u>	<u>\$1,825,096</u>	<u>(3,048,724)</u>
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	836,820	728,093	108,727
Legal and professional services	3,970,100	1,059,953	2,910,147
Travel	18,000	5,038	12,963
Office expenses	15,000	3,017	11,983
Telephone and network	7,150	5,350	1,800
Insurance	15,000	8,604	6,396
Other	11,750	\$6,377	5,373
Capital outlay	-	-	-
Total expenditures	<u>4,873,820</u>	<u>1,816,431</u>	<u>3,057,389</u>
Change in fund balance	<u>\$ -</u>	8,665	\$ 8,665
GAAP basis difference - compensated absences	\$0	(28,053)	28,053
Fund balance - July 1, 2012		<u>(158,145)</u>	
Fund balance - April 30, 2013		<u>\$ (177,533)</u>	