APPENDIX 11

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

The June 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 twelve months ended June 30, 2013 shows a total difference of $3,644,379 or 62.3% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were $3,470,988 or 72.9% 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.

No Capital assets were purchased during Fiscal year.

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, 2013

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$165,299	$ -	$ 165,299
Prepaid items	$0	-	-
	165,299	-	165,299
Noncurrent assets:			
Deposits with others	162,440	-	162,440
Capital assets, net	-	$0	-
Total assets	$ 327,739	-	$ 327,739
Liabilities			
Liabilities:			
Accounts payable	288,880	-	288,880
Accrued salaries and benefits	31,627	-	31,627
Other accrued expenses	14,367		14,367
Compensated absences	0	36,011	36,011
Total liabilities	$ 334,874	$ 36,011	$ 370,885
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	162,440	(162,440)	-
Unreserved, undesignated -	(169,575)	169,575	-
Total fund balance	(7,135)	7,135	-
Total liabilities and fund balance	$ 327,739		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(43,148)	(43,148)
Total net assets		$ (43,148)	$ (43,148)

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, 2013

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	$ 2,383,145	-	$ 2,383,145
General revenues:			
Investment earnings	121	-	121
Miscellaneous Income	0	-	-
Total revenues	2,383,266	-	2,383,266
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	903,107	(28,053)	875,054
Legal and professional services	1,293,132	-	1,293,132
Travel	6,632	-	6,632
Insurance	11,732	-	11,732
Other	17,655	-	17,655
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	2,232,258	(28,053)	2,204,205
Change in fund balance	151,008	(151,008)	-
Change in net assets	-	28,053	179,061
Fund balance/net assets - July 1, 2012	(158,145)	(64,064)	(222,209)
Fund balance/net assets - June 30, 2013	$ (7,137)	$ (187,019)	$ (43,148)

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, 2013

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$5,848,584	$2,383,145	$ (3,465,439)
Investment earnings	$0	$121	121
Miscellaneous Income	-	$0	-
Total revenues	$5,848,584	$2,383,266	(3,465,318)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	1,004,184	875,054	129,130
Legal and professional services	4,764,120	1,293,132	3,470,988
Travel	21,600	6,632	14,968
Office expenses	18,000	3,522	14,478
Telephone and network	8,580	6,413	2,167
Insurance	18,000	11,732	6,268
Other	14,100	$7,719	6,381
Capital outlay	-	-	-
Total expenditures	5,848,584	2,204,205	3,644,379
Change in fund balance	$ -	179,061	$ 179,061
GAAP basis difference - compensated absences	$0	(28,053)	28,053
Fund balance - July 1, 2012		(158,145)	
Fund balance - June 30, 2013		$ (7,137)	

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, 2013

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$136,213	$ -	$ 136,213
Prepaid items	$0	-	-
	136,213	-	136,213
Noncurrent assets:			
Deposits with others	6,564	-	6,564
Capital assets, net	-	$0	-
Total assets	$ 142,777	-	$ 142,777
Liabilities			
Liabilities:			
Accounts payable	186,431	-	186,431
Accrued salaries and benefits	31,627	-	31,627
Other accrued expenses	12,955		12,955
Compensated absences	0	36,011	36,011
Total liabilities	$ 231,013	$ 36,011	$ 267,024
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	6,564	(6,564)	-
Unreserved, undesignated -	(94,800)	94,800	-
Total fund balance	(88,236)	88,236	-
Total liabilities and fund balance	$ 142,777		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(124,248)	(124,248)
Total net assets		$ (124,248)	$ (124,248)

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, 2013

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	$ 2,000,000	-	$ 2,000,000
General revenues:			
Investment earnings	109	-	109
Miscellaneous Income	0	-	-
Total revenues	2,000,109	-	2,000,109
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	831,445	(28,053)	803,392
Legal and professional services	1,067,071	-	1,067,071
Travel	6,128	-	6,128
Insurance	10,168	-	10,168
Other	15,389	-	15,389
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	1,930,201	(28,053)	1,902,148
Change in fund balance	69,908	(69,908)	-
Change in net assets	-	28,053	97,961
Fund balance/net assets - July 1, 2012	(158,145)	(64,064)	(222,209)
Fund balance/net assets - May 31, 2013	$ (88,237)	$ (105,919)	$ (124,248)

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, 2013

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$5,361,202	$2,000,000	$ (3,361,202)
Investment earnings	$0	$109	109
Miscellaneous Income	-	$0	-
Total revenues	$5,361,202	$2,000,109	(3,361,093)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	920,502	803,392	117,110
Legal and professional services	4,367,110	1,067,071	3,300,039
Travel	19,800	6,128	13,672
Office expenses	16,500	3,203	13,297
Telephone and network	7,865	5,410	2,455
Insurance	16,500	10,168	6,332
Other	12,925	$6,776	6,149
Capital outlay	-	-	-
Total expenditures	5,361,202	1,902,148	3,459,054
Change in fund balance	$ -	97,961	$ 97,961
GAAP basis difference - compensated absences	$0	(28,053)	28,053
Fund balance - July 1, 2012		(158,145)	
Fund balance - May 31, 2013		$ (88,237)	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2013 through August 31, 2013

The August 31, 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 two months ended August 31, 2013 shows a total difference of $ 268,319 or 43.6% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were $257,956 or 58.0% 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.

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 two months ended
August 31, 2013

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$112,897	$ -	$ 112,897
Prepaid items	$0	-	-
	112,897	-	112,897
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	$0	-
Total assets	$ 112,897	-	$ 112,897
Liabilities			
Liabilities:			
Accounts payable	134,738	-	134,738
Accrued salaries and benefits	32,833	-	32,833
Other accrued expenses	124,572		124,572
Compensated absences	0	36,011	36,011
Total liabilities	$ 292,143	$ 36,011	$ 328,154
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	-	-	-
Unreserved, undesignated -	(179,246)	179,246	-
Total fund balance	(179,246)	179,246	-
Total liabilities and fund balance	$ 112,897		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(215,259)	(215,259)
Total net assets		$ (215,259)	$ (215,259)

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, 2013

	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	22	-	22
Miscellaneous Income	0	-	-
Total revenues	175,022	-	175,022
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	153,210	-	153,210
Legal and professional services	186,550	-	186,550
Travel	2,027	-	2,027
Insurance	3,128	-	3,128
Other	2,218	-	2,218
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	347,133	-	347,133
Change in fund balance	(172,111)	172,111	-
Change in net assets	-	-	(172,111)
Fund balance/net assets - July 1, 2013	(7,137)	(187,019)	(43,148)
Fund balance/net assets - August 31, 2013	$ (179,248)	$ (14,908)	$ (215,259)

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, 2013

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$615,452	$175,000	$ (440,452)
Investment earnings	$0	$22	22
Miscellaneous Income	-	$0	-
Total revenues	$615,452	$175,022	(440,430)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	143,626	153,210	(9,584)
Legal and professional services	444,506	186,550	257,956
Travel	10,000	2,027	7,973
Office expenses	1,400	1,098	302
Telephone and network	1,120	397	723
Insurance	3,200	3,128	72
Other	11,600	$723	10,877
Capital outlay	-	-	-
Total expenditures	615,452	347,133	268,319
Change in fund balance	$ -	(172,111)	$ (172,111)
GAAP basis difference - compensated absences	$0	-	-
Fund balance - July 1, 2013		(7,137)	
Fund balance - August 31, 2013		$ (179,248)	

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, 2013

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$259,245	$ -	$ 259,245
Prepaid items	$0	-	-
	259,245	-	259,245
Noncurrent assets:			
Deposits with others	1,973	-	1,973
Capital assets, net	-	$0	-
Total assets	$ 261,218	-	$ 261,218
Liabilities			
Liabilities:			
Accounts payable	200,440	-	200,440
Accrued salaries and benefits	31,627	-	31,627
Other accrued expenses	16,717		16,717
Compensated absences	0	36,011	36,011
Total liabilities	$ 248,784	$ 36,011	$ 284,795
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	1,973	(1,973)	-
Unreserved, undesignated	10,461	(10,461)	-
Total fund balance	12,434	(12,434)	-
Total liabilities and fund balance	$ 261,218		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(23,580)	(23,580)
Total net assets		$ (23,580)	$ (23,580)

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, 2013

	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	11	-	11
Miscellaneous Income	0	-	-
Total revenues	175,011	-	175,011
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	77,869	-	77,869
Legal and professional services	75,150	-	75,150
Travel	0	-	-
Insurance	1,564	-	1,564
Other	860	-	860
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	155,442	-	155,442
Change in fund balance	19,568	(19,568)	-
Change in net assets	-	-	19,568
Fund balance/net assets - July 1, 2013	(7,137)	(187,019)	(43,148)
Fund balance/net assets - July 31, 2013	$ 12,431	$ (206,587)	$ (23,580)

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, 2013

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$307,726	$175,000	$ (132,726)
Investment earnings	$0	$11	11
Miscellaneous Income	-	$0	-
Total revenues	$307,726	$175,011	(132,715)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	71,813	77,869	(6,056)
Legal and professional services	222,253	75,150	147,103
Travel	5,000	-	5,000
Office expenses	700	463	237
Telephone and network	5,800	397	5,403
Insurance	1,600	1,564	36
Other	-	$0	-
Capital outlay	-	-	-
Total expenditures	307,166	155,442	151,724
Change in fund balance	$ 560	19,568	$ 19,008
GAAP basis difference - compensated absences	$0	-	-
Fund balance - July 1, 2013		(7,137)	
Fund balance - July 31, 2013		$ 12,431	