APPENDIX 14

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2014 through December 31, 2014

The December 31, 2014 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 six months ended December 31, 2014 shows a total difference of $701,346 or 53.9% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were $791,367 or 69.3% 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. We do anticipate legal costs to ramp up to budgeted levels for the fiscal year.

Capital assets have not increased during the first six 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 Six months ended
December 31, 2014

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$202,190	$ -	$ 202,190
Prepaid items	$8,579	-	8,579
	210,769	-	210,769
Noncurrent assets:			
Deposits with others	5	-	5
Capital assets, net	-	$0	-
Total assets	$ 210,774	-	$ 210,774
Liabilities			
Liabilities:			
Accounts payable	23,113	-	23,113
Accrued salaries and benefits	26,187	-	26,187
Other accrued expenses	56,866		56,866
Compensated absences	0	$47,720	47,720
Total liabilities	$ 106,166	$ 47,720	$ 153,886
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	8,584	(8,584)	-
Unreserved, undesignated	96,024	(96,024)	-
Total fund balance	104,608	(104,608)	-
Total liabilities and fund balance	$ 210,774		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		43,835	43,835
Total net assets		$ 43,835	$ 43,835

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the six months ended
December 31, 2014

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	$ 800,000	-	$ 800,000
General revenues:			
Investment earnings	36	-	36
Miscellaneous Income	0	-	-
Total revenues	800,036	-	800,036
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	338,084	-	338,084
Legal and professional services	350,631	-	350,631
Travel	1,323	-	1,323
Insurance	7,857	-	7,857
Other	3,452	-	3,452
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	701,346	-	701,346
Change in fund balance	98,690	(98,690)	-
Change in net assets	-	-	98,690
Fund balance/net position - July 1, 2014	(7,135)	(47,720)	(48,943)
Fund balance/net position - December 31, 2014	$ 91,555	$ (146,410)	$ 49,747

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the Six months ended
December 31, 2014

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$1,521,540	$800,000	$ (721,540)
Investment earnings	$0	$36	36
Miscellaneous Income	-	$0	-
Total revenues	$1,521,540	$800,036	(721,504)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	338,292	338,084	208
Legal and professional services	1,141,998	350,631	791,367
Travel	7,200	1,323	5,877
Office expenses	2,700	1,858	842
Telephone and network	360	(1,050)	1,410
Insurance	9,990	7,857	2,133
Other	21,000	$2,644	18,356
Capital outlay	-	-	-
Total expenditures	1,521,540	701,346	820,194
Change in fund balance	$ -	98,690	$ 98,690
GAAP basis difference - compensated absences	$0	-	-
Fund balance/net position - July 1, 2014		(7,135)	
Fund balance/net position - December 31, 2014		$ 91,555	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the five months ended
November 30, 2014

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$181,765	$ -	$ 181,765
Prepaid items	$13,763	-	13,763
	195,528	-	195,528
Noncurrent assets:			
Deposits with others	5	-	5
Capital assets, net	-	$0	-
Total assets	$ 195,533	-	$ 195,533
Liabilities			
Liabilities:			
Accounts payable	73,108	-	73,108
Accrued salaries and benefits	26,187	-	26,187
Other accrued expenses	309		309
Compensated absences	0	$47,720	47,720
Total liabilities	$ 99,604	$ 47,720	$ 147,324
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	13,768	(13,768)	-
Unreserved, undesignated	82,161	(82,161)	-
Total fund balance	95,929	(95,929)	-
Total liabilities and fund balance	$ 195,533		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		35,157	35,157
Total net assets		$ 35,157	$ 35,157

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the five months ended
November 30, 2014

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	$ 675,000	-	$ 675,000
General revenues:			
Investment earnings	25	-	25
Miscellaneous Income	0	-	-
Total revenues	675,025	-	675,025
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	282,087	-	282,087
Legal and professional services	292,002	-	292,002
Travel	1,306	-	1,306
Insurance	6,765	-	6,765
Other	2,853	-	2,853
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	585,013	-	585,013
Change in fund balance	90,012	(90,012)	-
Change in net assets	-	-	90,012
Fund balance/net position - July 1, 2014	(7,135)	(47,720)	(48,943)
Fund balance/net position - November 30, 2014	$ 82,877	$ (137,732)	$ 41,069

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the five months ended
November 30, 2014

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$1,267,950	$675,000	$ (592,950)
Investment earnings	$0	$25	25
Miscellaneous Income	-	$0	-
Total revenues	$1,267,950	$675,025	(592,925)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	281,910	282,087	(177)
Legal and professional services	951,665	292,002	659,663
Travel	6,000	1,306	4,694
Office expenses	2,250	1,658	592
Telephone and network	300	(1,050)	1,350
Insurance	8,325	6,765	1,560
Other	17,500	$2,245	15,255
Capital outlay	-	-	-
Total expenditures	1,267,950	585,013	682,937
Change in fund balance	$ -	90,012	$ 90,012
GAAP basis difference - compensated absences	$0	-	-
Fund balance/net position - July 1, 2014		(7,135)	
Fund balance/net position - November 30, 2014		$ 82,877	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the four months ended
October 31, 2014

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$122,724	$ -	$ 122,724
Prepaid items	$15,391	-	15,391
	138,115	-	138,115
Noncurrent assets:			
Deposits with others	5	-	5
Capital assets, net	-	$0	-
Total assets	$ 138,120	-	$ 138,120
Liabilities			
Liabilities:			
Accounts payable	52,182	-	52,182
Accrued salaries and benefits	26,187	-	26,187
Other accrued expenses	653		653
Compensated absences	0	$47,720	47,720
Total liabilities	$ 79,022	$ 47,720	$ 126,742
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	15,396	(15,396)	-
Unreserved, undesignated	43,702	(43,702)	-
Total fund balance	59,098	(59,098)	-
Total liabilities and fund balance	$ 138,120		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		(1,673)	(1,673)
Total net assets		$ (1,673)	$ (1,673)

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the four months ended
October 31, 2014

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	$ 525,000	-	$ 525,000
General revenues:			
Investment earnings	15	-	15
Miscellaneous Income	0	-	-
Total revenues	525,015	-	525,015
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	230,555	-	230,555
Legal and professional services	231,922	-	231,922
Travel	1,306	-	1,306
Insurance	5,672	-	5,672
Other	2,378	-	2,378
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	471,833	-	471,833
Change in fund balance	53,182	(53,182)	-
Change in net assets	-	-	53,182
Fund balance/net position - July 1, 2014	(7,135)	(47,720)	(48,943)
Fund balance/net position - October 31, 2014	$ 46,047	$ (100,902)	$ 4,239

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the four months ended
October 31, 2014

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$1,014,360	$525,000	$ (489,360)
Investment earnings	$0	$15	15
Miscellaneous Income	-	$0	-
Total revenues	$1,014,360	$525,015	(489,345)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	225,528	230,555	(5,027)
Legal and professional services	761,332	231,922	529,410
Travel	4,800	1,306	3,494
Office expenses	1,800	1,584	216
Telephone and network	240	(1,050)	1,290
Insurance	6,660	5,672	988
Other	14,000	$1,843	12,157
Capital outlay	-	-	-
Total expenditures	1,014,360	471,833	542,527
Change in fund balance	$ -	53,182	$ 53,182
GAAP basis difference - compensated absences	$0	-	-
Fund balance/net position - July 1, 2014		(7,135)	
Fund balance/net position - October 31, 2014		$ 46,047	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the three months ended
September 30, 2014

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$146,682	$ -	$ 146,682
Prepaid items	$17,052	-	17,052
	163,734	-	163,734
Noncurrent assets:			
Deposits with others	93,319	-	93,319
Capital assets, net	-	$0	-
Total assets	$ 257,053	-	$ 257,053
Liabilities			
Liabilities:			
Accounts payable	41,173	-	41,173
Accrued salaries and benefits	26,187	-	26,187
Other accrued expenses	4,562		4,562
Compensated absences	0	$47,720	47,720
Total liabilities	$ 71,922	$ 47,720	$ 119,642
Fund Balance/Net Assets			
Fund balance:			
Reserved for prepaid items and deposits with others	110,371	(110,371)	-
Unreserved, undesignated	74,760	(74,760)	-
Total fund balance	185,131	(185,131)	-
Total liabilities and fund balance	$ 257,053		
Net assets:			
Invested in capital assets, net of related debt		-	-
Unrestricted		124,361	124,361
Total net assets		$ 124,361	$ 124,361

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the three months ended
September 30, 2014

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	$ 525,000	-	$ 525,000
General revenues:			
Investment earnings	6	-	6
Miscellaneous Income	0	-	-
Total revenues	525,006	-	525,006
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	178,590	-	178,590
Legal and professional services	159,914	-	159,914
Travel	1,155	-	1,155
Insurance	4,580	-	4,580
Other	1,551	-	1,551
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	345,790	-	345,790
Change in fund balance	179,216	(179,216)	-
Change in net assets	-	-	179,216
Fund balance/net position - July 1, 2014	(7,135)	(47,720)	(48,943)
Fund balance/net position - September 30, 2014	$ 172,081	$ (226,936)	$ 130,273

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Statement of Activities and General Fund Revenues, Expenditures and Changes in Fund Balance
For the three months ended
September 30, 2014

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$760,770	$525,000	$ (235,770)
Investment earnings	$0	$6	6
Miscellaneous Income	-	$0	-
Total revenues	$760,770	$525,006	(235,764)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	169,146	178,590	(9,444)
Legal and professional services	570,999	159,914	411,085
Travel	3,600	1,155	2,445
Office expenses	1,350	1,153	197
Telephone and network	180	(1,050)	1,230
Insurance	4,995	4,580	415
Other	10,500	$1,448	9,052
Capital outlay	-	-	-
Total expenditures	760,770	345,790	414,980
Change in fund balance	$ -	179,216	$ 179,216
GAAP basis difference - compensated absences	$0	-	-
Fund balance/net position - July 1, 2014		(7,135)	
Fund balance/net position - September 30, 2014		$ 172,081	