

# APPENDIX 6

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
**Discussion and Analysis of Unaudited Financial Statements**  
**For the Period July 1, 2014 through June 30, 2015**

The July 2014 through June 2015 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, 2015 shows a total difference of \$1,506,137 or 49.5% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were \$1,436,317 or 62.9% under budget. The Legal costs anticipated this fiscal year were less 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 twelve months ended  
 June 30, 2015

	General Fund	Adjustments	Statement of Net Assets
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$248,146	\$ -	\$ 248,146
Prepaid items	\$3,855	-	3,855
	<u>252,001</u>	<u>-</u>	<u>252,001</u>
<b>Noncurrent assets:</b>			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>0</u>	<u>\$0</u>	<u>0</u>
Total assets	<u>\$ 252,001</u>	<u>-</u>	<u>\$ 252,001</u>
<b>Liabilities</b>			
<b>Liabilities:</b>			
Accounts payable	104,583	-	104,583
Accrued salaries and benefits	22,721	-	22,721
Other accrued expenses	28,577	-	28,577
Compensated absences	0	\$49,783	49,783
	<u>155,881</u>	<u>\$ 49,783</u>	<u>205,664</u>
Total liabilities	<u>\$ 155,881</u>	<u>\$ 49,783</u>	<u>\$ 205,664</u>
<b>Fund Balance/Net Assets</b>			
<b>Fund balance:</b>			
Reserved for prepaid items and deposits with others	3,855	(3,855)	-
Unreserved, undesignated	92,265	(92,265)	-
	<u>96,120</u>	<u>(96,120)</u>	<u>0</u>
Total fund balance	<u>96,120</u>	<u>(96,120)</u>	<u>0</u>
Total liabilities and fund balance	<u>\$ 252,001</u>	<u>0</u>	<u>0</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	-	31,223	31,223
	<u>0</u>	<u>31,223</u>	<u>31,223</u>
Total net assets	<u>0</u>	<u>\$ 31,223</u>	<u>\$ 31,223</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, 2015

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,625,000	-	\$ 1,625,000
General revenues:			
Investment earnings	84	-	84
Miscellaneous Income	0	-	-
Total revenues	<u>1,625,084</u>	<u>-</u>	<u>1,625,084</u>
<b>Expenditures/Expenses:</b>			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	668,837	-	668,837
Legal and professional services	847,679	-	847,679
Travel	1,442	-	1,442
Insurance	10,925	-	10,925
Other	8,060	-	8,060
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>1,536,943</u>	<u>-</u>	<u>1,536,943</u>
Change in fund balance	88,141	(88,141)	-
Change in net assets	-	-	88,141
Fund balance/net position - July 1, 2014	(7,135)	(47,720)	(48,943)
Fund balance/net position - June 30, 2015	<u>\$ 81,006</u>	<u>\$ (135,861)</u>	<u>\$ 39,198</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, 2015

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
<b>Revenues:</b>			
State of California appropriation to Receivership	\$3,043,080	\$1,625,000	\$ (1,418,080)
Investment earnings	\$0	\$84	84
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$3,043,080</u>	<u>\$1,625,084</u>	<u>(1,417,996)</u>
<b>Expenditures:</b>			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	676,584	668,837	7,747
Legal and professional services	2,283,996	847,679	1,436,317
Travel	14,400	1,442	12,958
Office expenses	5,400	3,752	1,648
Telephone and network	720	(1,050)	1,770
Insurance	19,980	10,925	9,056
Other	42,000	\$5,358	36,642
Capital outlay	-	-	-
Total expenditures	<u>3,043,080</u>	<u>1,536,943</u>	<u>1,506,137</u>
Change in fund balance	<u>\$ -</u>	88,141	\$ 88,141
GAAP basis difference - compensated absences	\$0		
Fund balance/net position - July 1, 2014		<u>(7,135)</u>	
Fund balance/net position -June 30, 2015		<u>\$ 81,006</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, 2015

	General Fund	Adjustments	Statement of Net Assets
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$155,469	\$ -	\$ 155,469
Prepaid items	\$3,921	-	3,921
	<u>159,390</u>	<u>-</u>	<u>159,390</u>
<b>Noncurrent assets:</b>			
Deposits with others	5	-	5
Capital assets, net	-	\$0	-
	<u>5</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 159,395</u>	<u>-</u>	<u>\$ 159,395</u>
<b>Liabilities</b>			
<b>Liabilities:</b>			
Accounts payable	83,438	-	83,438
Accrued salaries and benefits	26,187	-	26,187
Other accrued expenses	2,909	-	2,909
Compensated absences	0	\$47,720	47,720
	<u>0</u>	<u>\$47,720</u>	<u>47,720</u>
Total liabilities	<u>\$ 112,534</u>	<u>\$ 47,720</u>	<u>\$ 160,254</u>
<b>Fund Balance/Net Assets</b>			
<b>Fund balance:</b>			
Reserved for prepaid items and deposits with others	3,926	(3,926)	-
Unreserved, undesignated	42,935	(42,935)	-
	<u>46,861</u>	<u>(46,861)</u>	<u>-</u>
Total fund balance	<u>46,861</u>	<u>(46,861)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 159,395</u>		
<b>Net assets:</b>			
Invested in capital assets, net of related debt		-	-
Unrestricted		(13,909)	(13,909)
		<u>(13,909)</u>	<u>(13,909)</u>
Total net assets		<u>\$ (13,909)</u>	<u>\$ (13,909)</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, 2015

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 1,425,000	-	\$ 1,425,000
General revenues:			
Investment earnings	77	-	77
Miscellaneous Income	0	-	-
<b>Total revenues</b>	<u>1,425,077</u>	<u>-</u>	<u>1,425,077</u>
<b>Expenditures/Expenses:</b>			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	612,849	-	612,849
Legal and professional services	751,261	-	751,261
Travel	1,442	-	1,442
Insurance	11,425	-	11,425
Other	7,153	-	7,153
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
<b>Total expenditures/expenses</b>	<u>1,384,131</u>	<u>-</u>	<u>1,384,131</u>
Change in fund balance	40,946	(40,946)	-
Change in net assets	-	-	40,946
Fund balance/net position - July 1, 2014	(7,135)	(47,720)	(48,943)
Fund balance/net position - May 31, 2015	<u>\$ 33,811</u>	<u>\$ (88,666)</u>	<u>\$ (7,997)</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, 2015

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
<b>Revenues:</b>			
State of California appropriation to Receivership	\$2,789,490	\$1,425,000	\$ (1,364,490)
Investment earnings	\$0	\$77	77
Miscellaneous Income	-	\$0	-
Total revenues	\$2,789,490	\$1,425,077	(1,364,413)
<b>Expenditures:</b>			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	620,202	612,849	7,353
Legal and professional services	2,093,663	751,261	1,342,402
Travel	13,200	1,442	11,758
Office expenses	4,950	3,264	1,686
Telephone and network	660	(1,050)	1,710
Insurance	18,315	11,425	6,890
Other	38,500	\$4,939	33,561
Capital outlay	-	-	-
Total expenditures	2,789,490	1,384,131	1,405,359
Change in fund balance	\$ -	40,946	\$ 40,946
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2014		(7,135)	
Fund balance/net position -May 31, 2015		\$ 33,811	

**CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION**  
**Discussion and Analysis of Unaudited Financial Statements**  
**For the Period July 1, 2015 through August 31, 2015**

The August 31, 2015 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, 2015 shows a total difference of \$ 227,122 or 51.1% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were \$223,199 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.

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, 2015

	General Fund	Adjustments	Statement of Net Assets
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$184,560	\$ -	\$ 184,560
Prepaid items	\$572	-	572
	<u>185,132</u>	<u>-</u>	<u>185,132</u>
<b>Noncurrent assets:</b>			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
Total assets	<u>\$ 185,132</u>	<u>-</u>	<u>\$ 185,132</u>
<b>Liabilities</b>			
<b>Liabilities:</b>			
Accounts payable	57,565	-	57,565
Accrued salaries and benefits	22,721	-	22,721
Other accrued expenses	26,380	-	26,380
Compensated absences	0	\$49,783	49,783
	<u>0</u>	<u>\$49,783</u>	<u>49,783</u>
Total liabilities	<u>\$ 106,666</u>	<u>\$ 49,783</u>	<u>\$ 156,449</u>
<b>Fund Balance/Net Assets</b>			
<b>Fund balance:</b>			
Reserved for prepaid items and deposits with others	572	(572)	-
Unreserved, undesignated	77,894	(77,894)	-
	<u>78,466</u>	<u>(78,466)</u>	<u>-</u>
Total fund balance	<u>78,466</u>	<u>(78,466)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 185,132</u>	<u>-</u>	<u>\$ 185,132</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	-	-	-
Unrestricted	-	(74,573)	(74,573)
	<u>-</u>	<u>(74,573)</u>	<u>(74,573)</u>
Total net assets	<u>\$ -</u>	<u>(74,573)</u>	<u>\$ (74,573)</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, 2015

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 200,000	-	\$ 200,000
General revenues:			
Investment earnings	13	-	13
Miscellaneous Income	0	-	-
Total revenues	<u>200,013</u>	<u>-</u>	<u>200,013</u>
<b>Expenditures/Expenses:</b>			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	114,178	-	114,178
Legal and professional services	99,067	-	99,067
Travel	388	-	388
Insurance	2,185	-	2,185
Other	1,850	-	1,850
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total expenditures/expenses	<u>217,668</u>	<u>-</u>	<u>217,668</u>
Change in fund balance	(17,655)	17,655	-
Change in net assets	-	-	(17,655)
Fund balance/net position - July 1, 2014	<u>(7,135)</u>	<u>(47,720)</u>	<u>(48,943)</u>
Fund balance/net position - August 31, 2015	<u>\$ (24,790)</u>	<u>\$ (30,065)</u>	<u>\$ (66,598)</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, 2015

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
<b>Revenues:</b>			
State of California appropriation to Receivership	\$444,790	\$200,000	\$ (244,790)
Investment earnings	\$0	\$13	13
Miscellaneous Income	-	\$0	-
Total revenues	<u>\$444,790</u>	<u>\$200,013</u>	<u>(244,777)</u>
<b>Expenditures:</b>			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	110,674	114,178	(3,504)
Legal and professional services	322,266	99,067	223,199
Travel	1,000	388	612
Office expenses	900	608	292
Telephone and network	-	-	-
Insurance	3,000	2,185	815
Other	6,950	\$1,242	5,708
Capital outlay	-	-	-
Total expenditures	<u>444,790</u>	<u>217,668</u>	<u>227,122</u>
Change in fund balance	<u>\$ -</u>	<u>(17,655)</u>	<u>\$ (17,655)</u>
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2014		<u>(7,135)</u>	
Fund balance/net position - August 31, 2015		<u>\$ (24,790)</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, 2015

	General Fund	Adjustments	Statement of Net Assets
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$292,140	\$ -	\$ 292,140
Prepaid items	\$2,242	-	2,242
	<u>294,382</u>	<u>-</u>	<u>294,382</u>
<b>Noncurrent assets:</b>			
Deposits with others	0	-	-
Capital assets, net	-	\$0	-
	<u>-</u>	<u>\$0</u>	<u>-</u>
<b>Total assets</b>	<u>\$ 294,382</u>	<u>-</u>	<u>\$ 294,382</u>
<b>Liabilities</b>			
Liabilities:			
Accounts payable	55,759	-	55,759
Accrued salaries and benefits	22,721	-	22,721
Other accrued expenses	6,320	-	6,320
Compensated absences	0	\$49,783	49,783
	<u>84,800</u>	<u>\$ 49,783</u>	<u>\$ 134,583</u>
<b>Total liabilities</b>	<u>\$ 84,800</u>	<u>\$ 49,783</u>	<u>\$ 134,583</u>
<b>Fund Balance/Net Assets</b>			
Fund balance:			
Reserved for prepaid items and deposits with others	2,242	(2,242)	-
Unreserved, undesignated	207,340	(207,340)	-
	<u>209,582</u>	<u>(209,582)</u>	<u>-</u>
<b>Total fund balance</b>	<u>209,582</u>	<u>(209,582)</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 294,382</u>		
<b>Net assets:</b>			
Invested in capital assets, net of related debt		-	-
Unrestricted		56,543	56,543
		<u>56,543</u>	<u>56,543</u>
<b>Total net assets</b>		<u>\$ 56,543</u>	<u>\$ 56,543</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, 2015

	General Fund	Adjustments	Statement of Activities
<b>Revenues</b>			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	\$ 200,000	-	\$ 200,000
General revenues:			
Investment earnings	6	-	6
Miscellaneous Income	0	-	-
Total revenues	<u>200,006</u>	<u>-</u>	<u>200,006</u>
<b>Expenditures/Expenses:</b>			
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	113,461	(113,461)	-
Change in net assets	-	-	113,461
Fund balance/net position - July 1, 2014	(7,135)	(47,720)	(48,943)
Fund balance/net position - July 31, 2015	<u>\$ 106,326</u>	<u>\$ (161,181)</u>	<u>\$ 64,518</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, 2015

	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Variance between Final Budget and Actual</u>
<b>Revenues:</b>			
State of California appropriation to Receivership	\$222,395	\$200,000	\$ (22,395)
Investment earnings	\$0	\$6	6
Miscellaneous income	-	\$0	-
<b>Total revenues</b>	<u>\$222,395</u>	<u>\$200,006</u>	<u>(22,389)</u>
<b>Expenditures:</b>			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	55,337	54,408	929
Legal and professional services	161,133	30,042	131,091
Travel	500	239	261
Office expenses	450	228	222
Telephone and network	-	-	-
Insurance	1,500	1,093	408
Other	3,475	\$536	2,939
Capital outlay	-	-	-
<b>Total expenditures</b>	<u>222,395</u>	<u>86,545</u>	<u>135,850</u>
<b>Change in fund balance</b>	<u>\$ -</u>	<u>113,461</u>	<u>\$ 113,461</u>
GAAP basis difference - compensated absences	\$0	-	-
Fund balance/net position - July 1, 2014		<u>(7,135)</u>	
Fund balance/net position -July 31, 2015		<u>\$ 106,326</u>	