APPENDIX 3

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2017 through June 30, 2018

The July 2017 through June 2018 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, 2018 shows a total difference of $1,502,329 or 52.9% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were $1,391,411 or 68.4% under budget. The Legal and consulting costs anticipated this fiscal year were less than originally considered.

No Capital assets were purchased during 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, 2018

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$137,940	$ -	$ 137,940
Due From Special Deposit Fund	$0		
Prepaid items	$2,952	-	2,952
	140,892	-	140,892
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	$0	-
Total assets	$ 140,892	-	$ 140,892
Liabilities			
Liabilities:			
Accounts payable	59,523	-	59,523
Accrued salaries and benefits	23,920	-	23,920
Other accrued expenses	4,374		4,374
Compensated absences	0	$47,464	47,464
Total liabilities	$ 87,817	$ 47,464	$ 135,281
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	2,952	(2,952)	-
Unreserved, undesignated	50,123	(50,123)	-
Total fund balance	53,075	(53,075)	-
Total liabilities and fund balance	$ 140,892		
Net Position:			
Unrestricted		(81)	(81)
Total Net Position		$ (81)	$ (81)

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, 2018

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$137,940	$ -	$ 137,940
Due From Special Deposit Fund	$0		
Prepaid items	$2,952	-	2,952
	140,892	-	140,892
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	$0	-
Total assets	$ 140,892	-	$ 140,892
Liabilities			
Liabilities:			
Accounts payable	59,523	-	59,523
Accrued salaries and benefits	23,920	-	23,920
Other accrued expenses	4,374		4,374
Compensated absences	0	$47,464	47,464
Total liabilities	$ 87,817	$ 47,464	$ 135,281
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	2,952	(2,952)	-
Unreserved, undesignated	50,123	(50,123)	-
Total fund balance	53,075	(53,075)	-
Total liabilities and fund balance	$ 140,892		
Net Position:			
Unrestricted		(81)	(81)
Total Net Position		$ (81)	$ (81)

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, 2018

	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	10	-	10
Miscellaneous Income	0	-	-
Total Revenues	1,275,010	-	1,275,010
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	661,132	-	661,132
Legal and professional services	643,465	-	643,465
Travel	8,391	-	8,391
Insurance	16,246	-	16,246
Other	9,124	-	9,124
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	1,338,359	-	1,338,359
Change in fund balance/net position	(63,349)	-	(63,349)
Fund balance/net position - July 1, 2017	110,732	($47,464)	63,268
Fund balance/net position - June 30, 2018	$ 47,383	$ (47,464)	$ (81)

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, 2018

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$2,840,688	$1,275,000	$ (1,565,688)
Investment earnings	$0	$10	10
Miscellaneous Income	-	$0	-
Total revenues	$2,840,688	$1,275,010	(1,565,678)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	760,512	661,132	99,380
Legal and professional services	2,034,876	643,465	1,391,411
Travel	12,000	8,391	3,609
Office expenses	8,100	2,545	5,555
Telephone and network	-	-	-
Insurance	19,200	16,246	2,954
Other	6,000	$6,579	(579)
Capital outlay	-	-	-
Total expenditures	2,840,688	1,338,359	1,502,329
Change in fund balance	$ -	(63,349)	$ (63,349)
Fund balance - July 1, 2017		110,732	
Fund balance June 30, 2018		$ 47,383	

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, 2018

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$183,721	$ -	$ 183,721
Due From Special Deposit Fund	$0		
Prepaid items	($1,745)	-	(1,745)
	181,976	-	181,976
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	$0	-
Total assets	$ 181,976	-	$ 181,976
Liabilities			
Liabilities:			
Accounts payable	142,343	-	142,343
Accrued salaries and benefits	27,623	-	27,623
Other accrued expenses	198		198
Compensated absences	0	$41,770	41,770
Total liabilities	$ 170,164	$ 41,770	$ 211,934
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	(1,745)	1,745	-
Unreserved, undesignated	13,557	(13,557)	-
Total fund balance	11,812	(11,812)	-
Total liabilities and fund balance	$ 181,976		
Net Position:			
Unrestricted		(29,956)	(29,956)
Total Net Position		$ (29,956)	$ (29,956)

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, 2018

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	$ 1,125,000	-	$ 1,125,000
General revenues:			
Investment earnings	9	-	9
Miscellaneous Income	0	-	-
Total Revenues	1,125,009	-	1,125,009
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	608,400	-	608,400
Legal and professional services	584,470	-	584,470
Travel	8,391	-	8,391
Insurance	14,770	-	14,770
Other	7,896	-	7,896
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	1,223,927	-	1,223,927
Change in fund balance/net position	(98,918)	-	(98,918)
Fund balance/net position - July 1, 2017	110,732	($41,770)	68,962
Fund balance/net position - May 31, 2018	$ 11,814	$ (41,770)	$ (29,956)

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, 2018

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$2,603,964	$1,125,000	$ (1,478,964)
Investment earnings	$0	$9	9
Miscellaneous Income	-	$0	-
Total revenues	$2,603,964	$1,125,009	(1,478,955)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	697,136	608,400	88,736
Legal and professional services	1,865,303	584,470	1,280,833
Travel	11,000	8,391	2,609
Office expenses	7,425	2,069	5,356
Telephone and network	-	-	-
Insurance	17,600	14,770	2,830
Other	5,500	$5,827	(327)
Capital outlay	-	-	-
Total expenditures	2,603,964	1,223,927	1,380,037
Change in fund balance	$ -	(98,918)	$ (98,918)
Fund balance - July 1, 2017		110,732	
Fund balance May 31, 2018		$ 11,814	

CALIFORNIA HEALTH CARE RECEIVERSHIP CORPORATION
Discussion and Analysis of Unaudited Financial Statements
For the Period July 1, 2018 through August 31, 2018

The August 31, 2018 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, 2018 shows a total difference of $261,152 or 56.3% variance under budget. One line item or activity in the statement account for the majority of the difference.

Professional fees were $262,720 or 75.4% under budget. The Legal and consulting costs anticipated in the budget have been much less to date than originally considered.

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, 2018

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$239,908	$ -	$ 239,908
Due From Special Deposit Fund	$0		
Prepaid items	($1,128)	-	(1,128)
	238,780	-	238,780
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	$0	-
Total assets	$ 238,780	-	$ 238,780
Liabilities			
Liabilities:			
Accounts payable	0	-	-
Accrued salaries and benefits	23,920	-	23,920
Other accrued expenses	91,660		91,660
Compensated absences	0	$47,464	47,464
Total liabilities	$ 115,580	$ 47,464	$ 163,044
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	(1,128)	1,128	-
Unreserved, undesignated	124,328	(124,328)	-
Total fund balance	123,200	(123,200)	-
Total liabilities and fund balance	$ 238,780		
Net Position:			
Unrestricted		70,045	70,045
Total Net Position		$ 70,045	$ 70,045

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, 2018

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	$ 275,000	-	$ 275,000
General revenues:			
Investment earnings	1	-	1
Miscellaneous Income	0	-	-
Total Revenues	275,001	-	275,001
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	113,638	-	113,638
Legal and professional services	85,666	-	85,666
Travel	1,579	-	1,579
Insurance	2,952	-	2,952
Other	1,040	-	1,040
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	204,875	-	204,875
Change in fund balance/net position	70,126	-	70,126
Fund balance/net position - July 1, 2018	47,383	($47,464)	(81)
Fund balance/net position - August 31, 2018	$ 117,509	$ (47,464)	$ 70,045

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, 2018

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$468,656	$275,000	$ (193,656)
Investment earnings	$0	$1	1
Miscellaneous Income	-	$0	-
Total revenues	$468,656	$275,001	(193,655)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	112,070	113,638	(1,568)
Legal and professional services	348,386	85,666	262,720
Travel	1,500	1,579	(79)
Office expenses	850	238	612
Telephone and network	-	-	-
Insurance	3,000	2,952	48
Other	2,850	$802	2,048
Capital outlay	-	-	-
Total expenditures	468,656	204,875	263,781
Change in fund balance	$ -	70,126	$ 70,126
Fund balance - July 1, 2018		47,383	
Fund balance August 31, 2018		$ 117,509	

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, 2018

	General Fund	Adjustments	Statement of Net Assets
Assets			
Current assets:			
Cash	$23,936	$ -	$ 23,936
Due From Special Deposit Fund	$0		
Prepaid items	$917	-	917
	24,853	-	24,853
Noncurrent assets:			
Deposits with others	0	-	-
Capital assets, net	-	$0	-
Total assets	$ 24,853	-	$ 24,853
Liabilities			
Liabilities:			
Accounts payable	647	-	647
Accrued salaries and benefits	23,920	-	23,920
Other accrued expenses	39,998		39,998
Compensated absences	0	$47,464	47,464
Total liabilities	$ 64,565	$ 47,464	$ 112,029
Fund Balance/Net Position			
Fund balance:			
Reserved for prepaid items and deposits with others	917	(917)	-
Unreserved, undesignated	- (40,629)	40,629	-
Total fund balance	(39,712)	39,712	-
Total liabilities and fund balance	$ 24,853		
Net Position:			
Unrestricted		(92,865)	(92,865)
Total Net Position		$ (92,865)	$ (92,865)

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, 2018

	General Fund	Adjustments	Statement of Activities
Revenues			
Program revenues:			
Operating grants and contributions:			
State of California appropriation to Receivership	$ -	-	$ -
General revenues:			
Investment earnings	1	-	1
Miscellaneous Income	0	-	-
Total Revenues	1	-	1
Expenditures/Expenses:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	55,801	-	55,801
Legal and professional services	34,880	-	34,880
Travel	65	-	65
Insurance	1,476	-	1,476
Other	563	-	563
Depreciation	0	0	-
Capital outlay - Fixed Assets	-	-	-
Total Expenditures/Expenses	92,785	-	92,785
Change in fund balance/net position	(92,784)	-	(92,784)
Fund balance/net position - July 1, 2018	47,383	($47,464)	(81)
Fund balance/net position - July 31, 2018	$ (45,401)	$ (47,464)	$ (92,865)

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, 2018

	Final Budget	Actual (Budgetary Basis)	Variance between Final Budget and Actual
Revenues:			
State of California appropriation to Receivership	$234,328	$0	$ (234,328)
Investment earnings	$0	$1	1
Miscellaneous Income	-	$0	-
Total revenues	$234,328	$1	(234,327)
Expenditures:			
Prison health care administration and oversight:			
Current:			
Salaries and benefits	56,035	55,801	234
Legal and professional services	174,193	34,880	139,313
Travel	750	65	685
Office expenses	425	149	276
Telephone and network	-	-	-
Insurance	1,500	1,476	24
Other	1,425	$414	1,011
Capital outlay	-	-	-
Total expenditures	234,328	92,785	141,543
Change in fund balance	$ -	(92,784)	$ (92,784)
Fund balance - July 1, 2018		47,383	
Fund balance July 31, 2018		$ (45,401)	