Public Defender Corporation for the Fifth Judicial Circuit
(A Component Unit of the State of West Virginia)

Financial Statements
and Required Supplementary
and Supplementary Information

Years Ended June 30, 2020 and 2019
with Independent Auditor's Reports

PUBLIC DEFENDER CORPORATION
FOR THE FIFTH JUDICIAL CIRCUIT

YEARS ENDED JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

PUBLIC DEFENDER CORPORATION
FOR THE FIFTH JUDICIAL CIRCUIT

YEARS ENDED JUNE 30, 2020 AND 2019

TABLE OF CONTENTS

(Continued)

MaherDuessel

Independent Auditor's Report

Board of Directors
Public Defender
Corporation for the
Fifth Judicial Circuit

Report on the Financial Statements

We have audited the accompanying financial statements of the Public Defender Corporation for the Fifth Judicial Circuit (Corporation), a component unit of the State of West Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension information, and the postemployment benefits other than pension benefits (OPEBs) information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The schedule of budget to actual expenses – cash basis presents additional analysis and is not a required part of the basic financial statements. The schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of budget to actual expenses – cash basis is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2020 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Prior Period Financial Statements

The financial statements of the Corporation as of June 30, 2019 were audited by other auditors whose report dated September 6, 2019 expressed an unmodified opinion on those statements.

Maher Duessel

Pittsburgh, Pennsylvania
October 5, 2020

PUBLIC DEFENDER CORPORATION
FOR THE FIFTH JUDICIAL CIRCUIT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019
UNAUDITED

This management's discussion and analysis of the Public Defender Corporation for the Fifth Judicial Circuit (Corporation) of the State of West Virginia's financial performance provides an overview of the Corporation's financial activities for the fiscal years ended June 30, 2020, 2019, and 2018 and identifies changes in the Corporation's financial position.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

These statements are in two parts — management's discussion and analysis (this section) and the basic financial statements. The Corporation's financial statements are prepared on the accrual basis of accounting and are reported in accordance with accounting principles generally accepted in the United States of America. These statements include the statements of net position, the statements of revenues, expenses and changes in net position, the statements of cash flows and the notes to the financial statements.

The Statement of Net Position presents the Corporation's assets, deferred outflows, liabilities, deferred inflows and net position as of the date of the financial statements. Through this presentation one can decipher the health of the Corporation by taking the difference between the assets and liabilities. An increase or decrease in the Corporation's net position from one year to the next is an indicator of whether its financial health is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position reports revenues when earned and expenses when incurred. This means that all the current year's revenues and expenses are included regardless of when cash is received or paid, thus providing a view of financial position that is similar to that presented by most private-sector companies. This statement summarizes the cost of providing legal defense services to those individuals charged with a violation of the law but who cannot afford an attorney to defend themselves or to represent indigent persons or juveniles and mental hygiene cases as appointed by the court.

Financial Analysis of the Corporation

	2020	2019	2018
Assets			
Capital Assets	$ 10,391	$ 13,444	$ 410
Other Assets	348,994	281,648	263,098
Total Assets	$ 359,385	$ 295,092	$ 263,508
Deferred Outflow of Resources	115,210	102,724	125,873
Liabilities			
Long-term Liabilities	$ 255,669	$ 294,125	$ 403,398
Short-term Liabilities	54,202	90,690	85,609
Total Liabilities	$ 309,871	$ 384,815	$ 489,007
Deferred Inflow of Resources	145,901	128,787	104,986
Net Position			
Net Investment in Capital Assets	10,391	13,444	410
Unrestricted (Deficit)	8,432	(129,230)	(205,022)
Total Net Position	$ 18,823	$ (115,786)	$ (204,612)

The Corporation's revenues are derived from funding from West Virginia Public Defender Services (WVPDS) and accordingly 98% of the Corporation's revenues were derived from this funding for the years ended June 30, 2020, 2019, and 2018.

	2020	2019	2018
Operating Revenue	$ 951,927	$ 944,406	$ 922,000
Operating Expenses	827,414	867,085	913,280
Operating Income (Loss)	$ 124,513	$ 77,321	$ 8,720
Non-Operating Revenue	10,096	11,505	13,492
Change in Net Position	134,609	88,826	22,212
Net Position at Beginning of Year	(115,786)	(204,612)	(226,824)
Net Position at End of Year	$ 18,823	$ (115,786)	$ (204,612)

Detailed Financial Analysis of the Corporation

Cash held by the Corporation decreased by approximately $11,000 as a result of accounts receivable amounts that were due at the year end. The Net OPEB Liability and Net Pension Liability, included in long-term liabilities, decreased by approximately $38,000 primarily due to new actuarial valuations of the West Virginia PERS and Retirement Health Benefit Trust Fund. Deferred Outflows and Deferred Inflows increased due to changes in the actuarial valuations as well.

WV Public Defender Services Grant revenue increased approximately $25,000. Fiscal year 2019 was the first full year of a grant utilized to hire a Recovery Specialist which was classified as Other revenue. In 2020, the grant was fully earned and was funded differently creating the decrease in Other revenue of approximately $18,000.

Capital Asset and Debt Activity

As of June 30, 2020, 2019, and 2018, the Corporation had capital assets costing approximately $ 21,200, $21,200, and $57,600, respectively. The Corporation's capital assets include furniture and fixtures, and office and computer equipment. The assets are being depreciated over useful lives of three to seven years. The accumulated depreciation on the assets amounted to approximately $10,838, $7,800, and $57,200, respectively. During 2019, the Corporation disposed of obsolete fixed assets with related accumulated depreciation of approximately $51,300. There were no asset disposals during 2018 and 2020. In 2019, the Corporation purchased approximately $15,000 of computer equipment. There were no purchases of capital assets for the years ended June 30, 2018 and 2020. More detailed information is presented in Note 8 to the financial statements. The Corporation had no debt for the years ended June 30, 2020, 2019, or 2018.

Cash Management

The Corporation's funds are deposited into a checking account at a national banking institution. The account earns no interest.

Economic Factors and Next Year's Budget

The West Virginia Public Defender Services, the Corporation's oversight agency, looked at various factors when approving the budget for the year ending June 30, 2021. Such factors considered include: the Corporation's case load in comparison to the number of professional and nonprofessional staff, the type, amount and rate of employee benefits, the anticipation of large or unusual cases which require additional resources, capital needs, as well as the operating environment and its operation needs.

For the year ending June 30, 2021, the Corporation has an approved budget of $942,413. This represents a budget increase of approximately 0 percent or $0 from the prior year. Individual budget categories have comparable increases to budgeted categories of the prior budget year.

Requests for Information

The financial report is designed to provide an overview of the finances of the Corporation for those with an interest in the organization. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Corporation at P.O. Box 797, 214 Main Street, Ripley, WV, 25271.

PUBLIC DEFENDER CORPORATION
FOR THE FIFTH JUDICIAL CIRCUIT
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	$ 265,335	$ 276,228
Grant receivable	78,534	-
Prepaid expenses	5,125	5,420
Total current assets	348,994	281,648
Capital assets		
Computer and equipment	14,965	14,965
Furniture and fixtures	6,264	6,264
	21,229	21,229
Less accumulated depreciation	(10,838)	(7,785)
Capital assets, net	10,391	13,444
Total assets	359,385	295,092
DEFERRED OUTFLOWS OF RESOURCES		
Pension	70,517	82,045
OPEB	44,693	20,679
Total Deferred Outflows	115,210	102,724
Total Assets and Deferred Outflows of Resources	$ 474,595	$ 397,816
LIABILITIES		
Current liabilities		
Accrued expenses	$ 16,086	$ 24,745
Compensated absences	38,116	58,931
Deferred revenue	-	7,014
Total current liabilities	54,202	90,690
Long term liabilities		
Other post employment benefit liability	166,527	182,113
Net pension liability	89,142	112,012
Total long term liabilities	255,669	294,125
Total liabilities	309,871	384,815
DEFERRED INFLOWS OF RESOURCES		
Pension	63,075	68,167
OPEB	82,826	60,620
Total deferred inflows	145,901	128,787
NET POSITION		
Net investment in capital assets	10,391	13,444
Unrestricted (deficit)	8,432	(129,230)
Total net position	18,823	(115,786)
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 474,595	$ 397,816

The accompanying notes are an integral part of these financial statements.

PUBLIC DEFENDER CORPORATION
FOR THE FIFTH JUDICIAL CIRCUIT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
WV Public Defender Services Grant Revenue	$ 942,413	$ 916,836
Other revenues	9,514	27,570
Total operating revenues	951,927	944,406
OPERATING EXPENSES		
Personal services	586,230	621,410
Employee benefits	129,141	121,295
Support services	21,550	28,650
Administrative support	4,573	15,277
Office	81,981	76,848
Other	886	1,674
Acquisition	-	-
Depreciation	3,053	1,931
Total operating expenses	827,414	867,085
Operating income (loss)	124,513	77,321
NONOPERATING REVENUES		
Payments on behalf of the Corporation	10,096	11,505
Total nonoperating revenues	10,096	11,505
Change in net position	134,609	88,826
Net position, beginning of year	(115,786)	(204,612)
Net position, end of year	$ 18,823	$ (115,786)

The accompanying notes are an integral part of these financial statements.

PUBLIC DEFENDER CORPORATION
FOR THE FIFTH JUDICIAL CIRCUIT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants	$ 866,379	$ 1,037,401
Cash paid for goods and services	(270,226)	(293,095)
Cash paid to employees	(607,046)	(614,244)
Net cash provided (used in) by operating activities	(10,893)	130,062
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash purchases of property and equipment	-	(14,965)
Net cash provided by (used in) capital and related financing activities	-	(14,965)
Net increase (decrease) in cash and cash equivalents	(10,893)	115,097
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	276,228	161,131
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 265,335	$ 276,228
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	$ 124,513	$ 77,321
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation	3,053	1,931
Other postemployment benefits expense - special funding situation	10,096	11,505
(Increase) decrease in operating assets		
Prepaid expenses	295	(5,268)
Deferred outflows	(12,486)	23,149
Grant receivable	(78,534)	101,815
Increase (decrease) in operating liabilities		
Accrued expenses	(8,659)	5,485
Compensated absences	(20,815)	7,165
Deferred revenue	(7,014)	(7,569)
Pension liability	(22,870)	(77,402)
Deferred inflows	17,114	23,801
Other postemployment benefit liability	(15,586)	(31,871)
Total adjustments	(135,406)	52,741
Net cash provided by (used in) operating activities	$ (10,893)	$ 130,062

The accompanying notes are an integral part of these financial statements.

PUBLIC DEFENDER CORPORATION
FOR THE FIFTH JUDICIAL CIRCUIT
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Reporting Entity

The Public Defender Corporation for the Fifth Judicial Circuit (the 'Corporation') is a not-for-profit Corporation created under authority of Article 21, Chapter 29 of the West Virginia State Code. The Corporation is a discretely presented component unit of the State of West Virginia and is funded by West Virginia Public Defender Services. The purpose of the Corporation is to provide high quality legal assistance to indigent persons, at no cost, who would be otherwise unable to afford adequate legal counsel.

Component units are legally separate organizations for which the Corporation is financially accountable. The Corporation is financially accountable for an organization if it appoints a voting majority of the organization’s governing board and (1) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization’s recourses; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization. Based upon the application of these criteria, the Corporation has no component units.

The Corporation’s management believes these financial statements present all activities for which the Corporation is financially accountable.

Enterprise Funds

Enterprise funds are accounted for in a manner similar to private business enterprises where the intent of management is that the costs and expenses, including depreciation, of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges and/or where management has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control and accountability.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accounting policies of the Corporation conform to accounting policies generally accepted in the United States of America. For financial statement presentation purposes, the Corporation utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned. Expenses are recognized under the accrual basis of accounting when the liability is incurred.

The Corporation’s operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with operations are included on the statement of net position. Net position is segregated based on restrictions imposed. The categories of net position are net investment in capital assets, restricted and unrestricted. The statement of revenues, expenses and changes in net position presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of the statement of cash flows and for the presentation on the statement of net position, the Corporation considers all highly liquid investments with a maturity when purchased of three months or less to be cash equivalents.

Capital Assets

Capital assets are stated at cost. The Corporation provides for depreciation of capital assets on the straight-line method based upon estimated service lives. The Corporation's threshold for asset capitalization is $1,500.

Estimated useful lives of the assets are as follows:

Structures and Improvements	3-40 years
Office Equipment	3-10 years
Furniture and Fixtures	3-10 years

Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the Corporation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Corporation's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. No portion of the Corporation's net position was restricted at June 30, 2020.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Inventory

Materials and supplies are expensed at the time of purchase. Therefore, no inventory amounts are reflected in the accompanying financial statements.

Insurance

Property and liability insurance coverage is considered adequate in the circumstances. See Note 7.

Budgetary

The Corporation is not legally required to establish an annual budget; however, the Corporation does approve a budget and monitor it internally.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net position of the Corporation's Public Employee Retirement System (PERS), and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

It is the Corporation's policy to permit employees to accumulate earned but unused sick pay benefits. Sick benefits can be accumulated for unlimited days and carried forward to the subsequent fiscal year. When separated from employment, employees' sick leave benefits are considered ended and no reimbursement is provided. However, upon retirement, an employee's accumulated annual sick leave may be converted to a greater retirement benefit or payment of the retired employee's health insurance premiums. The cost of the increased retirement option is the liability of the West Virginia Consolidated Public Retirement Board. The payment of health insurance premiums must be absorbed by the last agency employing the retiree and is included as part of the OPEB liability.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Investments are reported at fair value, except for certain pooled investments, money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost. See Note 6 for further discussion.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Corporation, these revenues are grants from West Virginia Public Defender Services.

Operating expenses are those expenses that are expended directly for the primary activity of the proprietary fund. For the Corporation, these expenses are primarily administrative, benefits, maintenance and operations, depreciation, and travel expenses.

Income Taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income tax has been recorded in the accompanying financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Accounting principles generally accepted in the United States require management to evaluate tax positions taken by the Corporation and recognize a tax liability (or asset) if the Corporation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the Corporation, and has concluded that as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Corporation's Federal Return of Organization from Income Tax (federal Form 990) for 2017, 2018 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Corporation reported deferred inflows and outflows of resources for 2020 and 2019.

NOTE 2 NEWLY ADOPTED STATEMENTS ISSUED BY GASB

The Governmental Accounting Standards Board has issued Statement No. 90, Majority Equity Interests—An Amendment of GASB Statements No. 14 and No. 61, effective for fiscal years beginning after December 15, 2018. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. The adoption of GASB Statement No. 90 had no impact on the June 30, 2020 financial statements.

NOTE 3 CASH HELD AT FISCAL YEAR END

At June 30, 2020 and 2019, the Corporation held cash and cash equivalents of $265,335 and $276,228, respectively, consisting of unexpended West Virginia Public Defender Service grant funds. West Virginia Public Defender Services considered this amount in determining the appropriate level of disbursements in the succeeding fiscal year necessary to fund the Corporation's normal operating activities.

NOTE 4 COMPENSATED ABSENCES

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated annual vacation balances. Estimated obligations arise for vacation leave at the current rate of employee pay. Employees with less than 5 years of continuous full-time employment during any period earn 15 days per year. Employees with 5 years, but less than 10 years of full-time employment during any continuous 10-year period, earn 18 days per year. Employees with 10 years, but less than 15 years of full-time employment during any continuous 15-year period, earn 21 days per year. Employees with 15 years or more of full-time employment earn 24 days per year.

Also, the Corporation grants sick leave based on time worked. Full-time employees earn 18 sick days for each year of service with no maximum accumulation. The Corporation does not accrue any liability for sick leave because no amount is paid at the time of separation of employment. Upon retirement an employee may elect to use any accrued sick leave balances to increase their years of service at retirement but do not have the option for the Corporation to pay them a cash payout.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Public Employee Retirement System (PERS)

The Corporation participates in a statewide, cost-sharing, multiple employer defined benefit plan on behalf of the general Corporation employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

The Corporation's cost-sharing multiple-employer plan is administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com. The following is a summary of eligibility factors, contribution methods, and benefit provisions:

The following is a summary of eligibility factors, contribution methods, and benefits provisions:

Eligibility to participate:	All Corporation full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions:	State statute
Tier 1 Plan member's contribution rate:	4.50% (Employees hired before July 1, 2015)
Tier 2 Plan member's contribution rate:	6.00% (Employee hired after July 1, 2015)
Corporation's contribution rate:	10.00% (2020, 2019), 11.00% (2018)
Period required to vest:	5 years – Tier 1, 10 years – Tier 2

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Public Employee Retirement System (PERS) (Continued)

Benefits and eligibility for distribution:

Tier 1

A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.

Tier 2

Qualification for normal retirement is age 62 with 10 years of services or at least age 55 with and service equal to 80 or greater. The average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings) times the years of service times 2% equals the retirement benefit.

Deferred portion No

Provision for:

Cost of living No
Death benefits Yes

The Corporation's contributions to the West Virginia Public Employees Retirement System for the year ended June 30, 2019 is as follows:

Percentage of Payroll	Total Wages	Covered Wages	Amount Contributed
Employer Share – 10.00%	$ 586,230	$ 600,251	$ 60,025
Tier 1 Employee Share – 4.50%	$ 450,486	$ 466,100	$ 20,975
Tier 2 Employee Share – 6.00%	$ 135,744	$ 134,151	$ 8,049

The Corporation's contributions to the West Virginia Public Employees Retirement System for the year ended June 30, 2019 is as follows:

Percentage of Payroll	Total Wages	Covered Wages	Amount Contributed
Employer Share – 10.00%	$ 621,410	$ 608,669	$ 60,867
Tier 1 Employee Share – 4.50%	$ 464,957	$ 460,184	$ 20,708
Tier 2 Employee Share – 6.00%	$ 156,453	$ 148,485	$ 8,909

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Public Employee Retirement System (PERS) (Continued)

Trend Information

Fiscal Year	Annual Pension Cost	Percent Contributed
2020	$60,025	100.00%
2019	$60,867	100.00%
2018	$65,868	100.00%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At fiscal year-end, the Corporation reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2019 and 2018 for the Corporation fiscal years ended June 30, 2020 and 2019, respectively. The total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of June 30, 2018 and rolled forward to June 30, 2019 using the actuarial assumptions and methods described in the appropriate section of this note. The government's proportion of the net pension liabilities was based on a projection of the government's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2020 and 2019, the Corporation reported the following proportions and increase/decreases from its proportion measured as of June 30, 2019 and 2018:

	2020 PERS	**2019** PERS
Amount for proportionate share of net pension liability	$ 89,142	$ 112,012
Percentage for proportionate share of net pension liability	0.041459%	0.043373%
Change in proportionate share percentage from prior year	-0.001914%	-0.000509%

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)
Public Employee Retirement System (PERS) (Continued)

For the years ended June 30, 2019 and 2018, the Corporation recognized the following pension expense:

	2020 PERS	2019 PERS
Pension Expense	$ 43,680	$ 21,686

The Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the year ended June 30, 2020:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual Earnings on pension plan investments	$ -	$ 32,221
Changes in proportion and differences between contributions and proportionate share of contributions	7,042	6,703
Differences between expected and actual experience	3,450	7,786
Changes of assumption	-	16,364
Contributions subsequent to measurement date	60,025	-
Totals	$ 70,517	$ 63,074

The Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources for the year ended June 30, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual Earnings on pension plan investments	$ -	$ 65,914
Changes in proportion and differences between contributions and proportionate share of contributions	15,621	1,976
Differences between expected and actual experience	5,557	277
Changes of assumption	-	-
Contributions subsequent to measurement date	60,867	-
Totals	$ 82,045	$ 68,167

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Public Employee Retirement System (PERS) (Continued)

For the year ended June 30, 2020 the amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	2020	Year Ended June 30:	2019
2021	(5,891)	2020	16,649
2022	(49,430)	2021	(3,620)
2023	(6,615)	2022	(48,861)
2024	9,354	2023	(11,157)
Total	$ (52,582)	Total	$ (46,989)

Actuarial assumptions

The total pension liabilities were determined using the following actuarial assumptions, applied to all periods included in the measurement.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

PERS	June 30, 2019	June 30, 2018
Actuarial Cost Method	Individual entry age normal cost with level percentage of payroll	Individual entry age normal cost with level percentage of payroll
Asset Valuation Method	Fair value	Fair value
Amortization Method	Level dollar, fixed period	Level dollar, fixed period
Amortization Period	Through Fiscal Year 2035	Through Fiscal Year 2035
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Projected Salary Increases:		
PERS:		
State	3.1-5.3%	3.0-4.6%
Nonstate	3.35-6.5%	3.35-6%
Inflation Rate	3.00%	3.00%
Discount Rate	7.50%	7.50%
Mortality Rates	Active-100% of Pub-2010 General Employees table, below median, headcount weighted, projected with scale MP-2018 Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018	Active-100% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant
Mortality Rates (continued)	Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018 Disabled females-118% of Pub-2010 General / Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	, Scale AA fully generational Disabled males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational
Withdrawal Rates:		
State	2.28-45.63%	1.75-35.10%
Nonstate	2.50-35.88%	2.00-35.8%
Disability Rates	0.005-0.054%	0.007-.675%
Retirement Rates	12-100%	12-100%
Date Range in Most Recent Experience Study	2013-2018	2009-2014

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Public Employee Retirement System (PERS) (Continued)

The long-term rates of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each asset class are summarized in the following tables:

2019

Asset Class	Long-term Expected Rate of Return	PERS Target Asset Allocation
Domestic Equity	5.8%	27.5%
International Equity	7.7%	27.5%
Private Equity	8.8%	10.0%
Fixed Income	3.3%	15.0%
Hedge Fund	4.4%	10.0%
Real Estate	6.1%	10.0%
		100.0%

2018

Asset Class	Long-term Expected Rate of Return	PERS Target Asset Allocation
Domestic Equity	4.5%	27.5%
International Equity	8.6%	27.5%
Private Equity	6.4%	10.0%
Fixed Income	3.3%	15.0%
Hedge Fund	4.0%	10.0%
Real Estate	6.0%	10.0%
		100.0%

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent for all defined benefit plans. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

NOTE 5 EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Public Employee Retirement System (PERS) (Continued)

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

2020

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase
Proportionate share of PERS net pension asset (liability)	$ (451,231)	$ (89,142)	$ 186,709

2019

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase
Proportionate share of PERS net pension asset (liability)	$ (451,094)	$ (112,012)	$ 174,847

Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at www.wvretirement.com. That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

West Virginia Retiree Health Benefit Trust Fund (RHBT)

Plan Description

The West Virginia Other Postemployment Benefit Plan (the OPEB Plan) is a cost-sharing, multiple-employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code). The financial activities of the OPEB Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The OPEB Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. OPEB Plan benefits are established and revised by PEIA and the RHBT management with approval of their Finance Board. The PEIA issues a publicly available financial report of the RHBT that can be obtained at www.peia.wv.gov or by writing to the West Virginia Public Employees Insurance Agency, 601 57th Street, SE Suite 2, Charleston, WV 25304.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Benefits Provided

The Corporation's employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the PERS or meet certain other eligibility requirements of other CPRB sponsored retirement plans. RHBT provides medical and prescription drug insurance and life insurance benefits to those qualified participants. Life insurance is provided through a vendor and is fully funded by member contributions. The medical and prescription drug insurance is provided through two options; Self-Insured Preferred Provider Benefit Plan - primarily for non-Medicare-eligible retirees and spouses or External Managed Care Organizations - primarily for Medicare-eligible retirees and spouses.

The RHBT Medicare-eligible retired employees and their Medicare-eligible dependents receive medical and drug coverage from a Medicare Advantage Plan administered by a vendor. Under this arrangement, the vendor assumes the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option. The RHBT collects employer contributions for Managed Care Organization (MCO) participants and remits capitation payments to the MCO. Survivors of retirees have the option of purchasing the medical and prescription drug coverage.

Eligible participants hired after June 30, 2010, will be required to fully fund premium contributions upon retirement. The Plan is a closed plan to new entrants.

Contributions

West Virginia Code section 5-16D-6 assigns to the PEIA Finance Board the authority to establish and amend contribution requirements of the plan members and the participating employers. Participating employers are required by statute to contribute at a rate assessed each year by the RHBT. The annual contractually required rate is the same for all participating employers. Employer contributions represent what the employer was billed during the respective year for their portion of the pay as you go premiums, commonly referred to as paygo, retiree leave conversion billings, and other matters, including billing adjustments. The annual contractually required per active policyholder per month rates for State non-general funded agencies and other participating employers effective June 30, 2020, 2019, and 2018, respectively, were:

	2020	2019	2018
Paygo Premium	$ 168	$ 183	$ 177

Contributions to the OPEB plan from the Corporation were $19,152, $20,679 and $17,346 for the years ended June 30, 2020, 2019 and 2018, respectively.

Members retired before July 1, 1997, pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Retiree leave conversion contributions from the employer depend on the retiree's date of hire and years of service at retirement as described below;

- Members hired before July 1, 1988, may convert accrued sick or leave days into 100% of the required retiree healthcare contribution.

- Members hired from July 1, 1988, to June 30, 2001, may convert accrued sick or leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

Contributions by Non-employer Contributing Entities in Special Funding Situations

The State of West Virginia is a non-employer contributing entity that provides funding through SB 419, effective July 1, 2012, amended by West Virginia Code §11-21-96. The State provides a supplemental pre-funding source dedicating $30 million annually to the RHBT Fund from annual collections of the Personal Income Tax Fund and dedicated for payment of the unfunded liability of the RHBT. The $30 million transferred pursuant to this Code shall be transferred until the Governor certifies to the Legislature that an independent actuarial study has determined that the unfunded liability of RHBT has been provided for in its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

The State is a non-employer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of $5 million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases or any combination thereof. The $5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2020. This funding is to the advantage of all RHBT contributing employers.

The State is a non-employer contributing entity that provides funding through SB 469 which was passed February 10, 2012, granting OPEB liability relief to the 55 County Boards of Education effective July 1, 2012. The public school support plan (PSSP) is a basic foundation allowance program that provides funding to the local school boards for "any amount of the employer's annual required contribution allocated and billed to the county boards for employees who are employed as professional employees, employees who are employed as service personnel and employees who are employed as professional student support personnel", within the limits authorized by the State Code. This special funding under the school aid formula subsidizes employer contributions of the county boards of education.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At fiscal year-end, the Corporation reported a liability for its proportionate share of the RHBT net OPEB liability that reflected a reduction for State OPEB support provided to the Corporation. The amount recognized by the Corporation as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Corporation was as follows:

	2020	2019
The Corporation's proportionate share of the net OPEB liability	$ 166,527	$ 182,113
State's special funding proportionate share of the net OPEB liability associated with the Corporation.	34,079	37,638
Total portion of net OPEB liability associated with the Corporation	$ 200,606	$ 219,751

The net OPEB liabilities were measured as of June 30, 2019 and 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 and rolled forward to June 30, 2019 using the actuarial assumptions and methods described in the appropriate section of this note. The Corporation's proportion of the net OPEB liability was based on its proportionate share of employer and non-employer contributions to the OPEB Plan for the fiscal year ended on the measurement date. At June 30, 2018 and 2019, the Corporation reported the following proportions and increase/decrease from its proportion measured as of June 30, 2019 and 2018:

	2020	2019
Percentage for proportionate share of net pension liability	0.010036975%	0.008488403%
Change in proportionate share percentage from prior year	0.001548573%	-0.000213712%

For the years ended June 30, 2020 and 2019, the Corporation recognized the following OPEB expense and support provided by the State under special funding situations revenue:

	2020	2019
OPEB Expense	$ (8,857)	$ (2,069)
Support provided by the State under special funding situations revenue	$ 10,096	11,505
Total OPEB Expense	$ 1,239	$ 9,436

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources for the year ended June 30, 2020:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 19,422
Change in assumption		33,773
Net difference between projected and actual earnings on OPEB plan investments	-	1,796
Changes in proportion and differences between the Corporation's contributions and proportionate share of contributions	25,500	23,355
Reallocation of Opt-Out Employer Change in Proportionate Share	41	4,480
The Corporation's contributions subsequent to the measurement date	19,152	-
Total	$ 44,693	$ 82,826

The Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources for the year ended June 30, 2019:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,694
Change in assumption		18,184
Net difference between projected and actual earnings on OPEB plan investments	-	3,371
Changes in proportion and differences between the Corporation's contributions and proportionate share of contributions	-	36,371
The Corporation's contributions subsequent to the measurement date	20,679	-
Total	$ 20,679	$ 60,620

The amount of $19,152 and $20,679 reported as deferred outflows of resources related to OPEB resulting from Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the years ended June 30, 2020 and 2019, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	2020	Year Ended June 30:	2019
2021	(25,605)	2020	(19,855)
2022	(22,081)	2021	(19,855)
2023	(8,931)	2022	(16,402)
2024	(668)	2023	(4,508)
Total	$ (57,285)	Total	$ (60,620)

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

West Virginia Retiree Health Benefit Trust Fund (RHBT) (Continued)

Actuarial Assumptions

The total OPEB liabilities were determined using the following actuarial assumptions, applied to all periods included in the measurement.

OPEB	June 30, 2019	June 30, 2018
Actuarial Cost Method	Entry age normal cost method	Entry age normal cost method
Asset Valuation Method	Market Value	Fair value
Amortization Method	Level percentage of payroll over a 20-year closed period	Level percentage of payroll, closed
Amortization Period	20 years closed as of June 30, 2018	20 years closed as of June 30, 2017
Actuarial Assumptions:		
Investment Rate of Return	7.15% net of OPEB plan investment expense, including inflation	7.15% net of OPEB plan investment expense, including inflation
Projected Salary Increases	Dependent upon pension system. Ranging from 3.0% to 6.5% including inflation	Dependent upon pension system. Ranging from 3.0% to 6.5% including inflation
Inflation Rate	2.75%	2.75%
Discount Rate	7.15%	7.15%
Healthcare Cost Trends	Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capita costs of 3.1% for plan year end 2020. 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year end 2031.	Actual trend used for 2018. For fiscal years on and after 2019, trend starts at 8.0% and 10.0% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.5%. Excess trend rate of .13% and 0.0% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2022 to account for the Excise Tax.
Mortality Rates	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a full general basis.	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a full general basis.
Date Range in Most Recent Experience Study	July 1, 2010 to June 30, 2015	July 1, 2010 to June 30, 2015

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Certain assumptions have been changed since the prior actuarial valuation of June 30, 2017 and measurement date of June 30, 2019. The net statewide effect of assumption changes was approximately $236 million. The assumption changes that most significantly impacted the total OPEB liability were an approximate $11.8 million decrease in the per capita claims costs for Pre-Medicare and Medicare, as well as an approximate $224.2 million decrease due to capped subsidy costs implemented in December 2019. Certain other assumption changes were noted but did not materially impact the total OPEB liability.

The long-term expected rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the West Virginia Investment Management Board (WVIMB) and an expected short-term rate of return of 3.0% for assets invested with the WVBTI. Long-term pre-funding assets are invested with the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI.

Actuarial Assumptions

The long-term rate of return on OPEB plan investments were determined using a building block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages. Target asset allocations, capital market assumptions, and a 10-year forecast of nominal geometric returns by major asset class were provided by the plan's investment advisors, including the West Virginia Investment Management Board (WV-IMB). The projected nominal return for the Money Market Pool held with the BTI was estimated based on the WV-IMB assumed inflation of 2.0% plus a 25 basis point spread. The target allocation and estimates of annualized long-term expected real returns assuming a 10-year horizon are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
International Global Equity	49.5%	4.8%
Core Plus Fixed Income	13.5%	2.1%
Hedge Fund	9.0%	2.4%
Private Equity	9.0%	6.8%
Core Real Estate	9.0%	4.1%
Cash and cash equivalents	10.0%	0.3%

Discount Rate

The discount rate used to measure the total OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions will be made in accordance with prefunding and investment policies. Future pre-funding assumptions include a $30 million annual contribution from the State through 2037. Based on those assumptions, and that the Plan is expected to be fully funded by fiscal year ended June 30, 2033, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Other Key Assumptions

Members hired on or after July 1, 2010, are required to pay 100% of expected cost of coverage, resulting in no implicit or explicit employer cost. Consequently, these members are excluded from the actuarial valuation.

Subsequent Event

Subsequent to the OPEB valuation with a measurement date of June 30, 2019 a global pandemic was declared by the World Health Organization due to an outbreak and spread of the coronavirus COVID-19 virus. The pandemic is impacting local and national economies. The extent of the impact of the pandemic on the Plans operations and net OPEB liability is unknown and will depend on certain developments, including the duration and spread of the virus, impact on plan participants, employees and vendors, and governmental, regulatory and private sector responses. On March 10, 2020, PEIA issued a policy for COVID-19 effective through September 30, 2020, which provides for certain COVID-19 related benefits and coverage. It also extended telemedicine, certain precertification requirements, dependent coverage and COBRA benefits. Certain benefits are further extended to the end of the COVID-19 emergency period.

This policy was not deemed to require re-measurement of the OPEB valuation. The OPEB valuation with a measurement date of June 30, 2019, does not reflect the recent and still developing impact of COVID-19, which is likely to influence healthcare claims experience, demographic experience and economic expectations. As these factors related to the pandemic develop, they could result in significant changes in assumptions for future valuations, which could result in significant changes to reported estimated net OPEB liability.

Sensitivity of the Corporation's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents the Corporation's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the Corporation's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

2020

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
The Corporation's proportionate share of the net OPEB liability	$ 198,745	$ 166,527	$ 139,566

2019

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
The Corporation's proportionate share of the net OPEB liability	$ 214,038	$ 182,113	$ 155,501

NOTE 6 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Sensitivity of the Corporation's Proportionate Share of Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.

The following presents the Corporation's proportionate share of the net OPEB liability, as well as what the Corporation's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current rates:

2020

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
The Corporation's proportionate share of the net OPEB liability	$ 134,390	$ 166,527	$ 205,658

2019

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
The Corporation's proportionate share of the net OPEB liability	$ 150,689	$ 182,113	$ 220,403

NOTE 7 RISK MANAGEMENT

The Corporation has obtained general, property, casualty and liability coverage for itself and its employees through third party insurance companies. Any loss in excess of the $500,000 policy limit will be the responsibility of the Corporation.

Public Employees Insurance Agency (PEIA)

The Board provides employees health and basic life insurance benefits through the Public Employees Insurance Agency. PEIA was established by the State of West Virginia to provide a program of health and life insurance for employees of State agencies, institutions of higher learning, boards of education, and component units of the State. In addition, local governmental agencies and certain charitable and public service organizations may request to be covered. PEIA provides a general employee benefit insurance program which includes hospital, surgical, major medical, prescription drug and basic life and accidental death. Fund underwriting and rate setting policies are established by the PEIA Finance Board. The cost of all coverage as determined by the Finance Board is paid by the participants.

NOTE 7 RISK MANAGEMENT (CONTINUED)

Public Employees Insurance Agency (PEIA) (Continued)

Coverage under these programs is limited to $1 million lifetime for health and $10,000 of life insurance coverage. Members may purchase up to an additional $500,000 of life insurance coverage. Premiums are established by PEIA and are paid monthly. The PEIA risk pool retains the risk for the health and prescription features of its indemnity plan, has fully transferred the risks of coverage of the Managed Care Organization (MCO) Plan to the plan provider and has transferred risk of life insurance coverage to a third party insurer.

Workers Compensation Fund (WCF)

West Virginia has a single private insurance company, BrickStreet Insurance, which provides workers' compensation coverage to all employers in the state. Other private insurance companies began offering coverage to private-sector employers beginning July 1, 2008 and to government employers July 1, 2012. Nearly every employer in the State, including all boards of education, which have a payroll, must have coverage. The cost of all coverage, as determined by BrickStreet, is paid by the employers.

The WCF risk pool retains the risk related to the compensation of injured employees under the program.

Other Commercial Coverage

The Corporation is exposed to various other risks of loss related to torts; theft of, or damage to and destruction of assets; errors and omissions; injuries to employees; terrorism; natural disasters; and employee dishonesty for which the Corporation purchases commercial insurance coverage.

During the year ended June 30, 2020 the Corporation did not reduce insurance coverages from coverage levels in place as of June 30, 2019. No settlements have exceeded coverage levels in place during the past three years.

NOTE 8 CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Computer Equipment	$ 14,965	-	-	$ 14,965
Furniture and Fixtures	6,264	-	-	6,264
Less Accumulated Depreciation:				
Computer Equipment	(1,871)	(2,993)	-	(4,864)
Furniture and Fixtures	(5,914)	(60)	-	(5,974)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	13,444	(3,053)	-	10,391
Total Capital Assets Net Accumulated Depreciation	$ 13,444	(3,053)	$ -	$ 10,391

NOTE 8 CAPITAL ASSETS (Continued)

The following is a summary of the changes in capital assets for the year ended June 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Computer Equipment	$ 48,593	14,965	$ (48,593)	$ 14,965
Furniture and Fixtures	8,998	-	(2,734)	6,264
Less Accumulated Depreciation:				
Computer Equipment	(48,593)	(1,871)	48,593	(1,871)
Furniture and Fixtures	(8,588)	(60)	2,734	(5,914)
Total Capital Assets Being Depreciated, Net of Accumulated Depreciation	410	13,034	-	13,444
Total Capital Assets Net Accumulated Depreciation	$ 410	13,034	$ -	$ 13,444

NOTE 9 LONG-TERM OBLIGATIONS

Changes in long-term obligations of the Corporation during the year ended June 30, 2020 were as follows:

	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020	Due Within One Year
Compensated Absences	$ 58,931	$ -	$ (20,815)	$ 38,116	$ 38,116
OPEB	182,113	-	(15,586)	166,527	-
Net Pension Liability	112,012	-	(22,870)	89,142	-
Total	$ 353,056	$ -	$ (59,271)	$ 293,785	$ 38,116

Changes in long-term obligations of the Corporation during the year ended June 30, 2019 were as follows:

	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019	Due Within One Year
Compensated Absences	$ 51,766	$ 7,165	$ -	$ 58,931	$ 58,931
OPEB	213,984	-	(31,871)	182,113	-
Net Pension Liability	189,414	-	(77,402)	112,012	-
Total	$ 455,164	$ 7,165	$ (109,273)	$ 353,056	$ 58,931

NOTE 10 OPERATING LEASES

The Corporation leases facilities under operating lease agreements. Aggregate payments under these agreements were $44,371 and $43,578 for the years ended June 30, 2020 and 2019.

NOTE 11 CREDIT RISK

The Corporation maintains its account balances in a local financial institution. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times such investments may be in excess of the FDIC insurance limit. The Corporation's bank balance at June 30, 2020 and 2019 were $265,744 and $278,493, respectively. The Corporation believes there is minimal credit risk relative to its cash and cash equivalents.

NOTE 12 CONTINGENCIES

The Corporation is on a reimbursement plan with the State of West Virginia, Workforce WV, Unemployment Compensation Division, (Workforce) whereby they no longer pay quarterly premiums. When a liability arises regarding the payment of unemployment, the Corporation will be assessed 100% of the awarded claim filed and payment to Workforce would be made at that time. Any liability arising from the dismissal of employment is uncertain at this time; however, management believes such amounts if any to be immaterial.

The Corporation's programs are funded from state sources, principal of which is programs of the West Virginia Public Defender Services. State grants received for specific purposes are subject to audit and review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, to be immaterial.

NOTE 13 SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through the report date that would require adjustment or disclosure in the financial statements

REQUIRED SUPPLEMENTARY INFORMATION

PUBLIC DEFENDER CORPORATION
FOR THE FIFTH JUDICIAL CIRCUIT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
JUNE 30, 2020

Public Employees Retirement System

	2019	2018	2017	2016	2015	2014	2013
Corporation's proportion of the net pension liability (asset) (percentage)	0.041459%	0.043373%	0.043882%	0.039418%	0.038153%	0.038380%	0.035600%
Corporation's proportionate share of the net pension liability (asset)	$ 89,142	$ 112,012	$ 189,414	$ 362,299	$ 213,048	$ 141,648	$ 198,792
Corporation's covered-employee payroll	$ 608,669	$ 598,800	$ 602,453	$ 542,533	$ 533,836	$ 518,448	$ 476,479
Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.65%	18.71%	31.44%	66.78%	39.91%	27.32%	41.72%
Plan fiduciary net position as a percentage of the total pension liability	96.99%	96.33%	93.67%	86.11%	94.23%	91.29%	79.70%

Information prior to 2013 is not available.

This information is presented as of the measurement date.

PUBLIC DEFENDER CORPORATION
FOR THE FIFTH JUDICIAL CIRCUIT
SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2020

Public Employees Retirement System

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 60,025	$ 60,867	$ 65,868	$ 72,294	$ 73,242	$ 74,737	$ 75,175	$ 66,707
Contributions in relation to contractually required contribution	(60,025)	(60,867)	(65,868)	(72,294)	(73,242)	(74,737)	(75,175)	(66,707)
Contribution deficit (surplus)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Corporation's covered-employee payroll	$ 600,251	$ 608,669	$ 598,800	$ 602,453	$ 542,533	$ 533,836	$ 518,448	$ 476,479
Contributions as a percentage of covered-employee payroll	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%	14.50%	14.00%

This chart will be built prospectively.

PUBLIC DEFENDER CORPORATION
FOR THE FIFTH JUDICIAL CIRCUIT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2020

Retiree Health Benefit Trust

	2019	2018	2017	2016
Corporation's proportion of the net OPEB liability (asset) (percentage)	0.010036975%	0.008488403%	0.008702115%	0.001095773%
Corporation's proportionate share of the net OPEB liability (asset)	$ 166,527	$ 182,113	$ 213,984	$ 272,116
State's proportionate share of the net OPEB liability (asset) associated with the Corporation	34,079	37,638	43,953	-
Total	$ 200,606	$ 219,751	$ 257,937	$ 272,116
Corporation's covered-employee payroll	$ 523,531	$ 462,544	$ 510,750	$ 535,289
Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	31.81%	39.37%	41.90%	50.84%
Plan fiduciary net position as a percentage of the total OPEB liability	39.69%	30.98%	25.10%	21.64%

Information prior to 2016 is not available.

This schedule will be build prospectively

PUBLIC DEFENDER CORPORATION
FOR THE FIFTH JUDICIAL CIRCUIT
SCHEDULE OF DISTRICT'S OPEB CONTRIBUTIONS
JUNE 30, 2020

Retiree Health Benefit Trust

	2020	2019	2018	2017
Contractually required contribution	$ 19,152	$ 20,679	$ 17,346	$ 17,874
Contributions in relation to contractually required contribution	(19,152)	(20,679)	(17,346)	(17,874)
Contribution deficit (surplus)	0	0	0	0
Corporation's covered-employee payroll	$ 511,331	$ 523,531	$ 462,544	$ 510,750
Contributions as a percentage of covered-employee payroll	3.75%	3.95%	3.75%	3.50%

The schedule will be built prospectively

Note 1 – Trend Information & Changes in Assumptions PERS

Trend Information Presented

The accompanying schedules of the Corporation's proportionate share of the net pension liability and contributions to PERS are required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

Plan Amendment

The PERS was amended to make changes which apply to new employees hired July 1, 2015 and later as follows:

- For employees hired prior to July 1, 2015, qualification for normal retirement is age 60 with five years of service or at least age 55 with age and service equal to 80 or greater. A member may retire with the pension reduced actuarially if the member is at least age 55 and has at least 10 years of contributory service, or at any age with 30 years of contributory service. For employees hired July 1, 2015 and later, qualification for normal retirement is 62 with 10 years of service. A member hired after July 1, 2015 may retire with the pension reduced actuarially if the member is between ages 60 and 62 with at least ten years of contributory service, between ages 57 and 62 with at least twenty years of contributory service, or between ages 55 and 62 with at least thirty years of contributory service.

- The straight life annuity retirement benefit is equivalent to 2% of average salary multiplied by years of service. For employees hired prior to July 1, 2015, average salary is the average of the three consecutive highest annual earnings out of the last fifteen years of earnings. For all employees hired July 1, 2015 and later average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings.

- For employees hired prior to July 1, 2015, terminated members with at least five years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 62. For all employees hired July 1, 2015 and later, this age increases to 64 with at least ten years of contributory service, or age 63 with at least twenty years of contributory service.

- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired July 1, 2015 and later, are required to contribute 6% of annual earnings.

Changes in Assumption

An experience study, which was based on the years 2013 through 2018, was completed prior to the 2019 actuarial valuation. As a result, several assumptions were changed for the actuarial valuations as follows:

PERS	2019	2015-2018	2014
Projected salary increase			
State	3.1 - 5.3%	3.0 - 4.6%	4.25 - 6.0%
Nonstate	3.35 - 6.5%	3.35 - 6.0%	4.25 - 6.0%
Inflation rate	3.00%	3.0% (2016-2018); 1.9% (2015)	2.2%

Mortality rates	Active-100% of Pub-2010 General Employees table, below median, headcount weighted, projected with scale MP-2018 Retired healthy males-108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 Retired healthy females-122% of Pub-2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018 Disabled males-118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018 Disabled females-118% of Pub-2010 General / Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018	Active-RP-2000 Non-Annuitant tables, Scale AA fully generational Retired healthy males – 110% of RP-2000 Non-Annuitant, Scale AA fully generational Retired healthy females – 101% of RP-2000 Non-Annuitants, Scale AA fully generational Disabled males – 96% of RP-2000 Disabled Annuitant, Scale AA fully generational Disabled females – 107% of RP-2000 Disabled Annuitant, Scale AA fully generational	Healthy males – 1983 GAM Healthy females – 1971 GAM Disabled males-1971 GAM Disabled females-Revenue ruling 96-7
Withdrawal rates			
State	2.28-45.63%	1.75 - 35.1%	1 – 26%
Nonstate	2.00-35.88%	2 - 35.8%	2 – 31.2%
Disability rates	0.005-0.540%	0.007 - .675%	0 – .8%

Note 2 – Trend Information & Changes in Assumptions OPEB

Trend Information Presented

The accompanying schedules of the Corporation's proportionate share of the net OPEB liability and contributions to RHBT are required supplementary information to be presented for 10 years. However, until a full 10-year trend is compiled, information is presented in the schedules for those years for which information is available.

Below are changes in assumptions between the 2018 and 2017 valuations:

The assumption changes that most significantly impacted the total OPEB liability were an approximate $11.8 million decrease in the per capita claims costs for Pre-Medicare and Medicare, as well as an approximate $224.2 million decrease due to capped subsidy costs implemented in December 2019. Certain other assumption changes were noted but did not materially impact the total OPEB liability.

Changes in the assumptions between the 2017 and 2016 valuations:

The assumption changes that most significantly impacted the Net OPEB Liability are as follows: the inclusion of waived annuitants increased the liability by approximately $17 million; a 15% reduction in the retirement rate assumption decreased the liability by approximately $68 million; a change in certain healthcare-related assumptions decreased the liability by approximately $232 million; and an update to the mortality tables increased the liability by approximately $25 million. Certain other assumption changes were noted but did not materially impact the Net OPEB Liability.

Changes in the assumptions between the 2016 and 2015 valuations:

Certain economic and behavioral assumptions are unique to healthcare benefits. These assumptions include the healthcare trend, per capita claims costs, the likelihood that a member selects healthcare coverage and the likelihood that a retiree selects one-person, two person or family coverage. These assumptions were updated based on a recent experience study performed by the RHBT actuaries using five-year experience data through June 30, 2015. The updated per capita claims costs were also based on recent claims, enrollment and premium information as of the valuation date.

For the June 30, 2016 valuation, the retiree healthcare participation assumption for each retirement plan is slightly higher than the previous assumption used in the June 30, 2015 OPEB valuation. More members who were covered as actives will be assumed to participate as retirees.

The 2016 and 2015 valuations include consideration of the $30 million annual appropriations under Senate Bill 419, through July 1, 2037, or if earlier, the year the benefit obligation is fully funded. Additionally, the presentation of covered payroll was changed for the June 30, 2015, actuarial valuation. Participating employees hired before July 1, 2010, pay retiree premiums that are subsidized based on years of service at retirement. Participating employees hired on or after July 1, 2010, are required to fully fund premium contributions upon retirement. Consequently, beginning June 30, 2015, actuarial valuation covered payroll represents only the payroll for those OPEB eligible participating employees that were hired before July 1, 2010, allowing a better representation of the UAAL as a percentage of covered payroll, whereas, for the prior years, covered payroll is in total for all participating employees.

SUPPLEMENTARY INFORMATION

PUBLIC DEFENDER CORPORATION
FOR THE FIFTH JUDICIAL CIRCUIT
SCHEDULE OF BUDGET TO ACTUAL EXPENSES - CASH BASIS
YEAR ENDED JUNE 30, 2020

	Budget	Actual	Under/(Over) Budget to Actual
Compensation and Benefits	$ 822,703	767,750	$ 54,953
Operations	119,710	109,522	10,188
Total operating expenses	$ 942,413	$ 877,272	$ 65,141

Public Defender Corporation for the Fifth Judicial Circuit

(A Component Unit of the State of West Virginia)

Independent Auditor's Report
in Accordance with
Government Auditing Standards

Year Ended June 30, 2020

MaherDuessel

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Public Defender
Corporation for the
Fifth Judicial Circuit

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Public Defender Corporation for the Fifth Judicial Circuit (Corporation), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated October 5, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation 's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maher Duessel

Pittsburgh, Pennsylvania
October 5, 2020

PUBLIC DEFENDER CORPORATION
FOR THE FIFTH JUDICIAL CIRCUIT

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2020

NONE