

**Public Defender Corporation
for the Twenty-Eighth Judicial Circuit
(A Component Unit of the State of West Virginia)**

Financial Statements
and Required Supplementary Information

Year Ended June 30, 2022
with Independent Auditor's Reports

MaherDuessel

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PUBLIC DEFENDER CORPORATION FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT

YEAR ENDED JUNE 30, 2022

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Independent Auditor's Report

**Board of Directors
Public Defender Corporation for
the Twenty-Eighth Judicial Circuit**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Public Defender Corporation for the Twenty-Eighth Judicial Circuit (Corporation), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

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, 2022, and the changes in financial position and, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022 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.

Maher Duessel

Pittsburgh, Pennsylvania
October 12, 2022

PUBLIC DEFENDER CORPORATION FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

This management's discussion and analysis of the Public Defender Corporation for the Twenty-Eighth Judicial Circuit (Corporation) of the State of West Virginia's financial performance provides an overview of the Corporation's financial activities for the fiscal year ended June 30, 2022 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 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 of 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

	2022	2021
Assets		
Current and other assets	\$ 194,599	\$ 108,614
Long-term assets	142,009	12,916
Total Assets	<u>\$ 336,608</u>	<u>\$ 121,530</u>
Deferred Outflows	<u>\$ 67,493</u>	<u>\$ 65,033</u>
Liabilities		
Current and other liabilities	\$ 97,442	\$ 497
Long-term liabilities	19,139	105,641
Total Liabilities	<u>\$ 116,581</u>	<u>\$ 106,138</u>
Deferred Inflows	<u>\$ 203,145</u>	<u>\$ 51,177</u>
Net Position		
Net investment in capital assets	\$ 11,204	\$ 12,916
Unrestricted	73,171	16,332
Total Net Position	<u>\$ 84,375</u>	<u>\$ 29,248</u>

The Corporation is funded almost entirely from operating grant allocations from West Virginia Public Defender Services (WVPDS).

	2022	2021
Operating revenues	\$ 356,430	\$ 333,044
Operating expenses	302,238	313,922
Operating Income (Loss)	54,192	19,122
Non-Operating Revenues (Expenses)	935	2,048
Change in Net Position	55,127	21,170
Net Position:		
Beginning of year	29,248	8,078
End of year	\$ 84,375	\$ 29,248

Detailed Financial Analysis of the Corporation

OPEB and Pension activity are reflected in deferred inflows and outflows and long-term assets and liabilities and these balances represent the Corporation's portion of the liabilities as determined by annual actuarial valuations. These balances fluctuate from year to year based on these valuations. Current liabilities increased due to additional grant funding received, but not earned, in fiscal year 2022 which was deemed refundable at year end. All other assets and liabilities remained basically consistent with the prior period.

Operating revenues increased due to increased WVPDS allocations received during the fiscal year. Operating expenses decreased primarily due to changes in actuarial assumptions from the prior period.

Capital Asset and Debt Activity

The Corporation has no long-term debt other than compensated absences and net pension and OPEB liabilities. The Corporation's capital assets include land, building, computer and equipment, and furniture and fixtures that are capitalized and depreciated over estimated useful lives.

Cash Management

The Corporation manages cash flow via monthly allocations from WVPDS. Funds are held in an interest-bearing checking account at a national banking institution.

Pension and OPEB

The Corporation participates in statewide, cost-sharing, multiple-employer defined benefit plans for pension and OPEB. The systems are administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and state appropriations, as necessary.

The Corporation reports liabilities for its proportionate share of the net pension and OPEB liabilities. These liabilities are determined by actuarial valuations performed annually. The reporting of these liabilities is intended to give the user a clearer picture of the participating entity's total obligation as it relates to these benefits being provided. As the statements are presented on the accrual basis of accounting, the recognition of pension and OPEB expense, which is impacted by the changes in these long-term liabilities, differs from the annual cash obligation, which is based on a percentage of covered wages.

Economic Factors and Next Year's Budget

WVPDS, the Corporation's oversight agency, considers various factors when approving the budget for the year ending June 30, 2023. 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.

No significant changes are anticipated in the Corporation's revenues and expenses for fiscal year 2023 as compared to 2022 activity levels.

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 Corporation. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Corporation at Public Defender Corporation, 723 Main Street, Summersville, WV 26651.

PUBLIC DEFENDER CORPORATION FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT

STATEMENT OF NET POSITION

JUNE 30, 2022

Assets and Deferred Outflows of Resources	
Assets:	
Current assets:	
Cash and cash equivalents	\$ 194,599
Total current assets	194,599
Long-term assets:	
Capital assets, net	11,204
Net OPEB asset	783
Net pension asset	130,022
Total long-term assets	142,009
Total Assets	336,608
Deferred Outflows of Resources:	
Deferred outflows of resources for OPEBs	3,064
Deferred outflows of resources for pension	64,429
Total Deferred Outflows of Resources	67,493
Total Assets and Deferred Outflows of Resources	\$ 404,101
Liabilities, Deferred Inflows of Resources, and Net Position	
Liabilities:	
Current liabilities:	
Accounts payable and accrued expenses	\$ 163
Unearned revenue	97,279
Total current liabilities	97,442
Long-term liabilities:	
Compensated absences	19,139
Total long-term liabilities	19,139
Total Liabilities	116,581
Deferred Inflows of Resources:	
Deferred inflows of resources for OPEBs	33,922
Deferred inflows of resources for pension	169,223
Total Deferred Inflows of Resources	203,145
Net Position:	
Net investment in capital assets	11,204
Unrestricted	73,171
Total Net Position	84,375
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 404,101

The notes to financial statements are an integral part of this statement.

PUBLIC DEFENDER CORPORATION FOR THE TWNETY-EIGHTH JUDICIAL CIRCUIT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

Operating Revenues:

WV Public Defender Services grant revenue	\$ 356,430
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Operating Expenses:

Personnel services	244,387
Employee benefits	(11,490)
Support services	35,228
Administrative support	5,701
Office	21,047
Acquisition	5,653
Depreciation	1,712

Total operating expenses	302,238
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Operating Income (Loss)	54,192
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Non-operating Revenues (Expenses):

Interest income	4
OPEB special funding revenue	931

Total non-operating revenues (expenses)	935
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Change in Net Position	55,127
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Net Position:

Beginning of year	29,248
End of year	\$ 84,375

The notes to financial statements are an integral part of this statement.

PUBLIC DEFENDER CORPORATION FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

Cash Flows From Operating Activities:

Cash received from grants	\$ 453,709
Cash paid for personnel and goods and services	<u>(367,728)</u>
Net cash provided by (used in) operating activities	<u>85,981</u>

Cash Flows From Investing Activities:

Cash received as interest	<u>4</u>
Net cash provided by (used in) investing activities	<u>4</u>

Net Increase (Decrease) in Cash and Cash Equivalents	85,985
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Cash and Cash Equivalents:

Beginning of year	<u>108,614</u>
End of year	<u><u>\$ 194,599</u></u>

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:

Operating income (loss)	\$ 54,192
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation expense	1,712
OPEB special funding revenue	931
Change in assets, liabilities, and deferred outflows and inflows:	
Deferred outflows	(2,460)
Accounts payable and accrued expenses	(335)
Unearned revenue	97,279
Compensated absences	2,660
Pension asset/liability	(205,362)
Deferred inflows	151,968
OPEB asset/liability	<u>(14,604)</u>
Total adjustments	<u>31,789</u>
Net cash provided by (used in) operating activities	<u><u>\$ 85,981</u></u>

The notes to financial statements are an integral part of this statement.

PUBLIC DEFENDER CORPORATION FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

1. Summary of Significant Accounting Policies

Description of the Reporting Entity

The Public Defender Corporation for the Twenty-Eighth Judicial Circuit (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 (State) 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 resources; 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

PUBLIC DEFENDER CORPORATION FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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.

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 ranging from 3 to 25 years. The Corporation's threshold for asset capitalization is \$1,000.

Net Position

Net position represents the difference between all other elements on the statement of net 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, 2022.

PUBLIC DEFENDER CORPORATION FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Use of Estimates

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

Insurance

Property and liability insurance coverage is considered adequate in the circumstances. See Note 4.

Budgetary

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

Pension and Other Postemployment Benefits (OPEB)

For the purposes of measuring the net pension and OPEB liabilities, deferred outflows/inflows of resources, and pension and OPEB expense, information about the fiduciary net position of the Public Employee Retirement System (PERS) and the West Virginia Retiree Health Benefit Trust Fund (RHBT) and additions to/deductions from the respective plan fiduciary net position have been determined on the same basis as they are reported by PERS and RHBT. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Compensated Absences

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, employee's sick leave benefits are considered ended, and no reimbursement is provided.

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

PUBLIC DEFENDER CORPORATION FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

full-time employment during any period earned 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 or more years 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.

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. Additionally, management has not identified uncertain positions taken or expected to be taken. The Corporation's Federal Return of Organization Exempt from Income Tax (federal Form 990) 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 statements 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

PUBLIC DEFENDER CORPORATION FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

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 reports deferred inflows and outflows of resources related to pensions and OPEBs.

Adopted Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements were adopted for the year ended June 30, 2022: Statement Nos. 87 (Leases), 92 (Omnibus 2020), 97 (Deferred Compensation Plans), and 99 (Omnibus 2022 – paragraphs 26 through 32). These statements had no significant impact on the Corporation's financial statements for the year ended June 30, 2022.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

2. Cash

At June 30, 2022, the Corporation held cash and cash equivalents consisting of unexpended West Virginia Public Defender Services 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.

Custodial credit risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. According to state law, public depositories must give security for all public funds in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC or may pledge a pool of government securities valued at least 105% of the total value of public institutions that are able to abide by the laws covering insurance and collateralization of public funds.

PUBLIC DEFENDER CORPORATION FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

3. Employee Retirement Systems and Plans

Plan Description

The Corporation contributes to the West Virginia Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the West Virginia Consolidated Public Retirement Board (CPRB). PERS covers substantially all employees of the State and its component units, as well as employees of participating non-state governmental entities who are not participants of another state or municipal system. Benefits under PERS include retirement, death, and disability benefits, and have been established and may be amended by action of the State Legislature. The CPRB issues a publicly available financial report that includes financial statements for PSERS that may be obtained at www.wvretirement.com.

Benefits Provided

Benefits are provided through PERS using a two-tiered system. Effective July 1, 2015, PERS implemented the second tier, Tier II. Employees hired, for the first time, on or after July 1, 2015 are considered Tier II members. Tier I and Tier II members are subject to different regulations.

Tier I

Employees who retire at or after age 60 with five or more years of credited service, or at least 55 with age and service equal to eight years or greater, are entitled to a retirement benefit established by the State statute, payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of three consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer or, if the employee has less than three years of credited service, the average of the annual rate of compensation received by the employee during the total years of credited service. 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.

PUBLIC DEFENDER CORPORATION FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Tier II

Employees who retire at or after age 62 with ten or more years of credited service are entitled to a retirement benefit established by the State statute, payable monthly for life, in the form of a straight-line annuity equal to two percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of five consecutive years of credited service included within fifteen years of credited service immediately preceding the termination date of employment with a participating public employer. Terminated members with at least ten years of contributory service who do not withdraw their accumulated contributions may elect to receive their retirement annuity beginning at age 64.

Contributions

While contribution rates are legislatively determined, actuarial valuations are performed to assist PERS and the State Legislature in determining contribution rates. The funding policy required employer contributions of 10.0% for the year ended June 30, 2022. The employee contribution rate is 4.5% and 6.0% for Tier I and Tier II employees, respectively.

During the year ended June 30, 2022, the Corporation's contributions to PERS required and made were approximately \$24,000.

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

The Corporation reported an (asset) liability of (\$130,022) at year-end for its proportionate share of the net pension (asset) liability. The net pension (asset) liability was measured as of June 30, 2021 (measurement date), and the total pension (asset) liability used to calculate the net pension (asset) liability was determined by an actuarial valuation as of July 1, 2020, rolled forward to the measurement date. The Corporation's proportion of the net pension (asset) liability was based on the Corporation's share of contributions to the pension plan relative to the contributions of all employers participating in PERS for the fiscal year as of the measurement date. As of the measurement date, the Corporation's proportion was 0.014810%, which was an increase of 0.000559% from its prior year proportion.

PUBLIC DEFENDER CORPORATION FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

The Corporation recognized current year pension expense of (\$27,764).

At year-end, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 166,537
Deferred difference in assumptions	24,739	1,054
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	1,256	1,139
Corporation contributions made subsequent the measurement date	23,595	-
Differences between expected and actual experience	14,839	493
Total	<u>\$ 64,429</u>	<u>\$ 169,223</u>

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 (asset) liability in the subsequent year. 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 Ending June 30,	
2023	\$ (24,367)
2024	(20,824)
2025	(34,147)
2026	<u>(49,051)</u>
Total	<u>\$ (128,389)</u>

PUBLIC DEFENDER CORPORATION FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

Actuarial Assumptions and Methods

The total pension (asset) liability for financial reporting purposes was determined using the actuarial assumptions and methods described, as follows:

Inflation	2.75%
Salary increases	2.75 - 6.75%, average, including inflation
Investment rate of return	7.25%, net of pension plan investment expense

Mortality rates were based on 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018 for active members; 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018 for retired healthy males; 122% of Pub-2010 General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018 for retired healthy females, 118% of Pub-2010 General/Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018 for disabled males, and 117% of Pub-2010 General/Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018 for disabled females.

The economic assumptions were based on the results of an actuarial experience study for the period of July 1, 2015 through June 30, 2020. All other assumptions were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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Long-term Expected Rates of Return

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 return (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 rates of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation. The best estimates of long-term geometric rates of return are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	PERS Target Asset Allocation	Weighted Average Expected Rate of Return
Domestic equity	5.5%	27.5%	1.51%
International Equity	7.0%	27.5%	1.93%
Fixed income	2.2%	15.0%	0.33%
Real Estate	6.6%	10.0%	0.66%
Private Equity	8.5%	10.0%	0.85%
Hedge Funds	4.0%	10.0%	0.40%
		<u>100.0%</u>	5.68%
Total			2.10%
Inflation (CPI)			<u>7.78%</u>

Discount Rate

The discount rate used to measure the total pension (asset) liability was 7.25%. The projections of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from employers will continue to be made at statutorily required rates, which are determined annually based on actuarial valuations. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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 (asset) liability. Although discount rates are subject to change between measurement dates, there were no changes in the discount rate in the current period.

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YEAR ENDED JUNE 30, 2022

Sensitivity of the Corporation's Proportionate Share of the Net Pension (Asset) Liability and Changes in the Discount Rate

The following chart presents the sensitivity of the net pension (asset) liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension (asset) 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:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of PERS's net pension (asset) liability	\$ 1,486	\$ (130,022)	\$ (241,021)

Pension Plan Fiduciary Net Position

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.

4. Risk Management

The Corporation is exposed to various risks or loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Board, pursuant to the provisions of State law, participates in the following risk management programs administered by the State.

Public Employees Insurance Agency (PEIA)

The Corporation provides employees health and basic life insurance benefits through the Public Employees Insurance Agency. PEIA was established by the State 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.

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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.

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 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 the private insurance company, 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, 2022, the Corporation did not reduce insurance coverages from coverage levels in place as of June 30, 2021. No settlements have exceeded coverage levels in place during the past three years.

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5. Capital Assets

Changes in the Corporation's capital assets were as follows:

	Balance at July 1, 2021	Additions	Deletions/ Transfers	Balance at June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 3,000	\$ -	\$ -	\$ 3,000
Capital assets, being depreciated:				
Building	68,771	-	-	68,771
Computer and equipment	34,001	-	-	34,001
Furniture and fixtures	8,832	-	-	8,832
Total capital assets, being depreciated	111,604	-	-	111,604
Less: accumulated depreciation for:				
Building	(63,933)	(863)	-	(64,796)
Computer and equipment	(29,062)	(849)	-	(29,911)
Furniture and fixtures	(8,693)	-	-	(8,693)
Total accumulated depreciation	(101,688)	(1,712)	-	(103,400)
Capital assets, net	\$ 12,916	\$ (1,712)	\$ -	\$ 11,204

6. Long-Term Liabilities

Changes to the Corporation's long-term liabilities were as follows:

	Balance at July 1, 2021	Additions	Reductions	Balance at June 30, 2022	Due within one year
Compensated absences	\$ 16,479	\$ 12,721	\$ (10,061)	\$ 19,139	\$ -
OPEB	13,821	-	(13,821)	-	-
Net pension liability	75,341	-	(75,341)	-	-
Total	\$ 105,641	\$ 12,721	\$ (99,223)	\$ 19,139	\$ -

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7. Contingencies

The Corporation is on a reimbursement plan with the State, 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.

8. Other Postemployment Benefits (OPEB)

Plan Description

The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other postemployment 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. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA), and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the PEIA Finance Board. The Plan provides medical and prescription drug insurance, as well as life insurance, benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The Plan is closed to new entrants.

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The Plan's fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members' contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia's Annual Comprehensive Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained at www.peia.wv.gov.

Benefits Provided

The Plan provides the following benefits:

- Medical and prescription drug insurance
- Life insurance

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
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

Contributions

Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

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Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to RHBT at the established rate for every active policyholder per month. The paygo rate related to the measurement date of June 30, 2021 (measurement date) was \$160.

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 after July 1, 1997 or hired before 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.

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 annual 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 annual 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.

The Corporation's contribution to the OPEB plan for the year ended June 30, 2022 was \$2,014. No amount was payable at year-end. Employees are not required to contribute to the OPEB plan.

Special Funding

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

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its entirety or July 1, 2037, whichever date is later. This funding is to the advantage of all RHBT contributing employers.

Assumptions

The total OPEB (asset) liability for financial reporting purposes was determined by an actuarial valuation as of July 1, 2020 and rolled forward to June 30, 2021. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Inflation rate: 2.25%.
- Wage inflation rate: 2.75%.
- Investment rate of return: 6.65%, net of OPEB plan investment expense, including inflation.
- Asset valuation method: Investments are reported at fair (market) value.
- Actuarial cost method: Entry age normal cost method.
- Amortization method: Level percentage of payroll over a 20-year closed period.
- Projected salary increases: Dependent upon pension system ranging from 2.75-5.18%, including inflation.
- Retirement age: Experience-based table of rates that are specific to the type of eligibility condition.
- Aging factors: Based on the 2013 SOA Study "Health Care Costs – From Birth to Death."
- Mortality rates based on RP-2000 Mortality Tables.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 7.0% for plan year-end 2020, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year-end 2032. Trend rate for Medicare per capita costs of 31.11% for plan year-end 2022. 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in plan year-end 2036.
- Expenses: Health administrative expenses are included in the development of the per capita claims cost. Operating expenses are included as a component of the annual expense.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2015 to June 30, 2020. These

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assumptions will remain in effect for valuation purposes until such time as RHBT adopts revised assumptions.

There were no assumption changes from the actuarial valuation as of June 30, 2020, measured at June 30, 2020 to a roll-forward measurement date of June 30, 2021.

The projections of the net OPEB (asset) liability are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB (asset) liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation and any estimate of future postemployment costs require consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drug options, changes in the investment rate of return, and other matters increase the level of uncertainty in such estimates. As such, the estimate of postemployment program costs contains considerable uncertainty and variability, and actual experience may vary significantly from the current estimated net OPEB (asset) liability.

The long-term expected rate of return of 6.65% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.50% for assets invested with the BTI.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return 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 rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (CMA), 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

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(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 returns assuming a 10-year horizon are summarized below:

Asset Class	Long-term Expected Real Return	Target Allocation
Global equity	4.8%	55.0%
Core plus fixed income	2.1%	15.0%
Core real estate	4.1%	10.0%
Hedge fund	2.4%	10.0%
Private equity	6.8%	10.0%

Real returns by asset class, as shown in the above tables, were estimated using a static inflation assumption of 2.0%. Consequently, real returns may not reflect the potential volatility of inflation by asset class.

Single Discount Rate

A single discount rate of 6.65% was used to measure the total OPEB (asset) liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.65%. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made in accordance with the prefunding and investment policies. Based on these assumptions, 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 (asset) liability.

Sensitivity of the Net OPEB (Asset) Liability to Changes in the Discount Rate

The following chart presents the sensitivity of the net OPEB (asset) liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net OPEB (asset) 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:

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YEAR ENDED JUNE 30, 2022

<u>2022</u>	<u>1% Decrease (5.65%)</u>	<u>Current Discount Rate (6.65%)</u>	<u>1% Increase (7.65%)</u>
Corporation's proportionate share of net OPEB (asset) liability	\$ 4,200	\$ (783)	\$ (4,920)

Healthcare Cost Trend Rate

The following table presents the Corporation's proportionate share of its net OPEB (asset) liability calculated using the healthcare cost trend rate of percent and the impact of using a discount rate that is 1% higher or lower than the current rate.

<u>2022</u>	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Corporation's proportionate share of net OPEB (asset) liability	\$ (5,779)	\$ (783)	\$ 5,303

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

The year-end net OPEB (asset) liability as of the measurement date and the total OPEB (asset) liability were determined by an actuarial valuation as of June 30, 2020.

At year-end, the Corporation's proportionate share of the net OPEB (asset) liability was (\$851). Of this amount, the Corporation recognized (\$783) as its proportionate share on the statement of net position. The remainder of (\$68) denotes the Corporation's proportionate share of net OPEB (asset) liability attributable to the special funding.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for the fiscal year as of the measurement date. Employer contributions are recognized when due. At the measurement date, the Corporation's proportion was 0.002632181%, an increase of 0.00050000% from its proportion of 0.003129007% calculated as of the prior year.

The Corporation recognized current year OPEB expense of (\$16,065). Of this amount, (\$16,995) was recognized as the Corporation's proportionate share of OPEB expense and

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\$931 as the amount of OPEB expense attributable to special funding from a non-employer contributing entity.

The Corporation reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,391
Changes in assumptions	-	16,562
Net difference between projected and actual earnings on plan investments	-	5,401
Changes in proportion	960	6,568
Contributions subsequent to the measurement date	2,104	-
Total	<u>\$ 3,064</u>	<u>\$ 33,922</u>

The Corporation will recognize the \$2,104 reported as deferred outflows of resources resulting from OPEB contributions after the measurement date as a reduction of the net OPEB (asset) liability in the subsequent year. 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 Ending June 30,	
2023	\$ (15,251)
2024	(12,495)
2025	(3,650)
2026	<u>(1,566)</u>
Total	<u>\$ (32,962)</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

**PUBLIC DEFENDER CORPORATION
FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT**

SCHEDULE OF THE CORPORATION'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

Last 10 Fiscal Years¹

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Corporation's proportion of net pension (asset) liability	0.014810%	0.014251%	0.014705%	0.015669%	0.015770%	0.015471%	0.015731%	0.015646%	0.015590%
Corporation's proportionate share of net pension (asset) liability	\$ (130,022)	\$ 75,341	\$ 31,618	\$ 40,467	\$ 68,069	\$ 142,198	\$ 87,843	\$ 57,744	\$ 142,634
Corporation's covered payroll	219,347	221,444	215,886	216,501	216,501	213,192	217,621	230,207	208,664
Corporation's proportionate share of net pension (asset) liability as a percentage of its covered payroll	-59.28%	34.02%	14.65%	18.69%	31.44%	66.70%	40.37%	25.08%	68.36%
Plan fiduciary net position as a percentage of total pension (asset) liability	111.07%	92.89%	96.99%	96.33%	93.67%	86.11%	94.23%	91.29%	79.70%

¹ The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Corporation is presenting information for those years only for which information is available.

SCHEDULE OF THE CORPORATION'S CONTRIBUTIONS TO THE PENSION PLAN

Last 10 Fiscal Years²

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 23,595	\$ 21,935	\$ 22,145	\$ 21,589	\$ 23,815	\$ 25,980	\$ 28,781	\$ 30,467	\$ 33,380	\$ 29,213
Contributions in relation to contractually required contributions	(23,595)	(21,935)	(22,145)	(21,589)	(23,815)	(25,980)	(28,781)	(30,467)	(33,380)	(29,213)
Contribution deficit (surplus)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporation's covered payroll	\$ 235,951	\$ 219,347	\$ 221,444	\$ 215,886	\$ 216,501	\$ 216,501	\$ 213,192	\$ 217,621	\$ 230,207	\$ 208,664
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%	11.00%	12.00%	13.50%	14.00%	14.50%	14.00%

² The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Corporation is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

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FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT**

**SCHEDULE OF THE CORPORATION'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
RETIREE HEALTH BENEFIT TRUST**

Last 10 Fiscal Years¹

	2021	2020	2019	2018	2017	2016
Corporation's proportion of net OPEB (asset) liability	0.002632181%	0.003129007%	0.003108798%	0.003118189%	0.002900705%	0.003525531%
Corporation's proportionate share of net OPEB (asset) liability	\$ (783)	\$ 13,821	\$ 51,579	\$ 66,899	\$ 71,328	\$ 87,550
State's proportionate share of net OPEB (asset) liability associated with the Corporation	(68)	2,425	9,967	13,898	14,363	-
Total	(851)	16,246	61,546	80,797	85,691	87,550
Corporation's covered payroll	219,347	221,444	215,886	216,501	216,501	213,192
Corporation's proportionate share of net OPEB (asset) liability as a percentage of its covered payroll	-0.36%	6.24%	23.89%	30.90%	32.95%	41.07%
Plan fiduciary net position as a percentage of total OPEB (asset) liability	101.81%	73.49%	39.69%	30.98%	25.10%	21.64%

¹ The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the immediately preceding fiscal year. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Corporation is presenting information for those years only for which information is available.

SCHEDULE OF THE CORPORATION'S CONTRIBUTIONS TO THE OPEB PLAN

Last 10 Fiscal Years²

	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 2,104	\$ 4,800	\$ 6,048	\$ 6,405	\$ 5,841	\$ 5,958	\$ 6,031
Contributions in relation to contractually required contributions	(2,104)	(4,800)	(6,048)	(6,405)	(5,841)	(5,958)	(6,031)
Contribution deficit (surplus)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporation's covered payroll	\$ 235,951	\$ 219,347	\$ 221,444	\$ 215,886	\$ 216,501	\$ 216,501	\$ 213,192
Contributions as a percentage of covered payroll	0.89%	2.19%	2.73%	2.97%	2.70%	2.75%	2.83%

² The amounts presented for each fiscal year were determined as of the fiscal year-end date. This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Corporation is presenting information for those years only for which information is available.

See accompanying notes to required supplementary information.

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NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

Changes in Assumptions

An experience study, which was based on the years 2015 through 2020 for economic assumptions and 2013 through 2018 for all other assumptions, was approved by the Consolidated Public Retirement Board. As a result, valuation assumptions were changed as of July 1, 2020 and rolled to June 30, 2021 to reflect the most recent experience study:

	Projected Salary Increases			Mortality Rates	Withdrawal Rates		
	State	Nonstate	Inflation rate		State	Nonstate	Disability Rate
<u>2021</u>	2.75% - 5.55%	3.60% - 6.75%	2.75%	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2018 Mortality Improvement Scale.	2.28-45.63%	2.50-35.88%	0.005-0.540%
<u>2020</u>	3.1% - 5.3%	3.35% - 6.5%	3.00%	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2018 Mortality Improvement Scale.	2.28-45.63%	2-35.88%	0.005-0.540%
<u>2019</u>	3.1% - 5.3%	3.35% - 6.0%	3.00%	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2018 Mortality Improvement Scale.	2.28-45.63%	2-35.88%	0.005-0.540%
<u>2018</u>	3.00% - 4.6%	3.35% - 6.0%	3.00%	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	1.75-35.10%	2-35.88%	0.007-.675%
<u>2017</u>	3.00% - 4.6%	3.35% - 6.0%	3.00%	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	1.75-35.10%	2-35.88%	0.007-.675%
<u>2016</u>	3.00% - 4.6%	3.35% - 6.0%	3.00%	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	1.75-35.10%	2-35.88%	0.007-.675%
<u>2015</u>	3.00% - 4.6%	3.35% - 6.0%	1.90%	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	1.75-35.1%	2-35.8%	0-.675%
<u>2014</u>	4.25% - 6.0%	4.25% - 6.0%	2.20%	1983 GAM for active males, 1971 GAM for active females and disabled males and Revenue ruling 96-7 for disabled females	1-26%	2-31.2%	0-.8%

**PUBLIC DEFENDER CORPORATION
FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022**

Actuarial Changes Other Postemployment Benefits Plan

The actuarial assumptions used in the total OPEB liability calculation can change from year to year. Please see table below which summarizes the actuarial assumptions used for the respective measurement dates.

	Inflation Rate	Salary Increases	Wage Inflation Rate	Investment Rate of Return & Discount Rate	Mortality	Retirement Age	Aging Factors	Healthcare Cost Trend Rates
<u>2021</u>	2.25%	2.75% - 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2019 Mortality Improvement Scale.	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Pre-Medicare per capita costs of 7.0% for plan year end 2022, decreasing by 0.50% for one year then by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached. Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached.
<u>2020</u>	2.25%	2.75% - 5.18%, including inflation	2.75%	6.65%, net of OPEB plan investment expense	Pub-2010 for both males and females, adjusted to reflect experience and projected using the MP-2019 Mortality Improvement Scale.	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	Pre-Medicare per capita costs of 7.0% for plan year end 2021, 6.5% for plan year end 2023, decreasing by 0.25% each year thereafter, until ultimate trend rate of 4.25% is reached. Medicare per capita costs of 31.11% for plan year end 2022, 9.15% for plan year end 2023, 8.40% for plan year end 2024, decreasing gradually each year thereafter, until ultimate trend rate of 4.25% is reached.
<u>2019</u>	2.75%	3.0% - 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	Experience-based table of rates that are specific to the type of eligibility condition	2013 SOA study "Health Care Costs - From Birth to Death"	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. 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.
<u>2018</u>	2.75%	3.0% - 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Actual trend used for fiscal year 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 4.50%. Excess trend rate of 0.13% and 0.00% 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.
<u>2017</u>	2.75%	3.0% - 6.5%, including inflation	4.00%	7.15%, net of OPEB plan investment expense	RP-2000 for both males and females, adjusted to reflect experience and projected using Scale AA.	Experience-based table of rates that are specific to the type of eligibility condition.	2013 SOA study "Health Care Costs - From Birth to Death"	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.

**Public Defender Corporation
for the Twenty-Eighth 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, 2022

**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 Twenty-Eighth 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 Twenty-Eighth judicial Circuit (Corporation), as of and for the year ended June 30, 2022, 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 12, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 or significant deficiencies may exist that were not identified.

Board of Directors
Public Defender Corporation for the
Twenty-Eighth Judicial Circuit
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

Report on 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 financial statements. 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 12, 2022

**PUBLIC DEFENDER CORPORATION
FOR THE TWENTY-EIGHTH JUDICIAL CIRCUIT**

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2022

NONE