Perry & Associates
Certified Public Accountants, A.C.

PUBLIC DEFENDER CORPORATION
FOR THE THIRTEENTH JUDICIAL CIRCUIT
A COMPONENT UNIT OF THE STATE OF WEST VIRGINIA
Regular Audit
For the Year Ended June 30, 2018

313 Second St.	1907 Grand Central Ave.	150 W. Main St., #A	1310 Market St., #300	749 Wheeling Ave., #300
Marietta, OH 45750	Vienna, WV 26105	St. Clairsville, OH 43950	Wheeling, WV 26003	Cambridge, OH 43725
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PUBLIC DEFENDER CORPORATION
FOR THE THIRTEENTH JUDICIAL CIRCUIT
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INDEPENDENT AUDITOR'S REPORT

September 15, 2018

Public Defender Corporation for the Thirteenth Judicial Circuit
P. O. Box 2827 / 3rd Floor, Leighton Building
816 Quarrier Street
Charleston, West Virginia 25330-2827

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the **Public Defender Corporation for the Thirteenth Judicial Circuit**, West Virginia, a component unit of the State of West Virginia, (the Corporation), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public Defender Corporation for the Thirteenth Judicial Circuit, West Virginia, as of June 30, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2018, the Corporation adopted Governmental Accounting Standard No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions.* We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, schedules of net pension and OPEB liabilities and pension and OPEB contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Corporation's basic financial statements taken as a whole.

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 management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2018, on our consideration of the Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

PUBLIC DEFENDER CORPORATION
THIRTEENTH JUDICIAL CIRCUIT
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2018
UNAUDITED

This discussion and analysis of the Public Defender Corporation for the Thirteenth Judicial Circuit 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, 2018 and 2017 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 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

	2018	2017 Restated
Assets		
Capital Assets	$ 86,353	$ 37,242
Other Assets	936,334	754,567
Total Assets	$ 1,022,687	$ 791,809
Deferred Outflow of Resources	351,702	825,256
Liabilities		
Long-term Liabilities	$ 1,369,827	$ 2,229,305
Short-term Liabilities	249,090	136,541
Total Liabilities	$ 1,618,917	$ 2,365,846
Deferred Inflow of Resources	372,871	156,020
Net Position		
Net Investment in Capital Assets	$ 86,353	$ 37,242
Unrestricted (Deficit)	(703,752)	(942,043)
Total Net Position	$ (617,399)	$ (904,801)

The Corporation's revenues are derived from funding from West Virginia Public Defender Services (WVPDS) and accordingly 99% of the Corporation's revenues were derived from this funding for the years ended June 30, 2018 and 2017.

	2018	2017 Restated
Operating Revenue	$ 3,057,630	$ 2,714,452
Operating Expenses	2,818,894	2,787,253
Operating Income (Loss)	$ 238,736	$ (72,801)
Non-Operating Revenue	48,666	-
Change in Net Position	287,402	-
Net Position at Beginning of Year	(904,801)	(832,000)
Net Position at End of Year	$ (617,399)	$ (904,801)

Detailed Financial Analysis of the Corporation

Cash held by the Corporation decreased by approximately $130,500 as a result of accounts receivable amounts uncollected at year end. The Net OPEB Liability and Net Pension Liability, included in long-term liabilities, decreased by approximately $860,000 primarily due to new actuarial valuations of the West Virginia PERS and Retirement Health Benefit Trust Fund. Deferred Outflows decreased and Deferred Inflows increased due to changes related to the adoption of GASB 75.

Grant income increased approximately $339,900. Operating expenses for the fiscal year increased by approximately $51,000. This increase is mostly attributable to an increase in employee benefits attributable to adjustments related to net pension and net OPEB liabilities. Non-Operating income increased by approximately $49,000 due to contributions received on the Corporation’s behalf as a result of the adoption of GASB 75.

Capital Asset and Debt Activity

As of June 30, 2018 and 2017, the Corporation had capital assets costing approximately $153,000 and $92,000, respectively. The Corporation's capital assets include furniture and fixtures, leasehold improvements and office and computer equipment. The assets were being depreciated over useful lives of three to fifteen years. The accumulated depreciation on the assets amounted to approximately $67,000, and $54,000, respectively.

Purchases of capital assets for the years ended June 30, 2018 and 2017 totaled approximately $61,500 and $7,000, respectively. More detailed information is presented in Note 4 to the financial statements.

The Corporation had no debt for the years ended June 30, 2018 and 2017.

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, 2019. 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, 2019, the Corporation has an approved budget of $2,983,340. This represents a budget decrease of approximately 2.32 percent or $70,991 from the prior year. Individual budget categories have comparable decreases 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 PO Box 2827, Charleston, WV 25330-2827.

PUBLIC DEFENDERS CORPORATION
THIRTEENTH JUDICIAL CIRCUIT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

ASSETS		
Current Assets:		
Cash	$	620,029
Accounts Receivable		311,238
Prepaid Insurance		5,067
Total Current Assets		936,334
Capital Assets:		
Furniture and Fixtures		54,270
Computer Equipment		90,789
Leasehold Improvements		8,000
Less: Accumulated Depreciation		(66,706)
Total Capital Assets, net of Accumulated Depreciation		86,353
TOTAL ASSETS		1,022,687
DEFERRED OUTFLOWS OF RESOURCES		
Pension		281,964
Other Post Employment Benefits		69,738
TOTAL DEFERRED OUTFLOWS OF RESOURCES		351,702
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$	1,374,389
LIABILITIES		
Current Liabilities:		
Accounts Payable	$	752
Accrued Expenses		24,890
Payroll Withholding and Taxes Payable		55,544
Refundable Advance		40,000
Compensated Absences		127,904
Total Current Liabilities		249,090
Long-Term Liabilities:		
Other Post Employment Benefits		771,816
Net Pension Liability		598,011
Total Long-Term Liabilities		1,369,827
TOTAL LIABILITIES		1,618,917
DEFERRED INFLOWS OF RESOURCES		
Pension		226,828
Other Post Employment Benefits		146,043
TOTAL DEFERRED INFLOWS OF RESOURCES		372,871
NET POSITION		
Net Investment in Capital Assets		86,353
Unrestricted (deficit)		(703,752)
TOTAL NET POSITION (deficit)		(617,399)
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$	1,374,389

See accompanying notes to the financial statements.

PUBLIC DEFENDERS CORPORATION
THIRTEENTH JUDICIAL CIRCUIT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

Operating Revenues	
West Virginia Public Defender Services Grant Revenue	$ 3,054,330
Other Grant Revenue	3,300
Total Operating Revenues	3,057,630
Operating Expenses:	
Personal Services	1,994,797
Employee Benefits	456,804
Support Services	56,155
Administrative Support	51,062
Office Expense	232,838
Acquisition	14,898
Depreciation	12,340
Total Operating Expenses	2,818,894
Operating Loss	238,736
Non-Operating Revenues (Expenses):	
Payments on behalf of the Corporation	48,666
Total Non-Operating Revenues (Expenses)	48,666
Change in Net Position	287,402
Net Position - Beginning of Year	(885,943)
Prior Period Adjustment (See Note 11)	(18,858)
Net Position - Beginning, As Restated	(904,801)
Net Position - End of Year	$ (617,399)

See accompanying notes to the financial statements.

PUBLIC DEFENDER CORPORATION
THIRTEENTH JUDICIAL CIRCUIT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from grants	$ 2,783,092
Cash paid to suppliers for goods and services	(885,482)
Cash paid to employees	(1,966,689)
NET CASH (USED) BY OPERATING ACTIVITIES	(69,079)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of Investments Property and Equipment	(61,452)
NET CASH PROVIDED BY INVESTING ACTIVITIES	(61,452)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(130,531)
CASH AT BEGINNING OF YEAR	750,560
CASH AT END OF YEAR	$ 620,029
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	$ 238,736
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Depreciation Expense	12,340
Other Postemployment Benefits Expense - Special Funding Situation	48,666
CHANGE IN ASSETS AND LIABILITIES:	
(Increase) Decrease in:	
Accounts Receivable	(311,238)
Deferred Outlows of Resources	473,554
Other Assets	(1,059)
Increase (Decrease) in:	
Accounts Payable	(2,314)
Deferred Inflows of Resources	216,851
Accrued Expenses	18,793
Payroll Withholding and Taxes Payable	27,962
Refundable Advance	40,000
Other Post Employment Benefits Payable	(174,088)
Compensated Absences	28,108
Net Pension Liability	(685,390)
NET CASH (USED) BY OPERATING ACTIVITIES	$ (69,079)

See accompanying notes to the financial statements.

PUBLIC DEFENDERS CORPORATION
THIRTEENTH JUDICIAL CIRCUIT
NOTES TO THE BASIC FINANICAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2018

NOTE 1 - ORGANIZATION

The Public Defender Corporation for the Thirteenth 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Corporation's accounting principles are described below.

Reporting Entity

The Corporation is a component unit of the State of West Virginia and is funded by West Virginia Public Defender Services. The West Virginia Public Defender Services is part of the general fund of the state's comprehensive annual financial report. The Corporation is a separate entity and is considered a discretely presented component unit of the State of West Virginia.

Net Position

Net Position represents the difference between all other elements of 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 their use 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, 2018.

Basis of Accounting

For financial accounting purposes, the Corporation is considered a special-purpose government engaged only in business-type activities. Accordingly, the Corporation's financial statements have been prepared on the accrual basis of accounting with a flow of economic resources measurement focus. Revenues are reported when earned and expenses when materials or services are received.

Cash and Cash Equivalents

For purposes of the statement of net position, the Corporation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets include furniture, fixtures, and computer equipment. Capital assets are stated at cost at the date of acquisition or construction, or acquisition value at the date of donation in the case of gifts. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally three to seven years. The Corporation's capitalization threshold is $1,000. Depreciation expense for the year ended June 30, 2018 was $12,340.

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 and vary based upon the employee's length of service. Employees are paid for unused vacation leave at the time of separation of employment.

Length of Service (in years)	Vacation Days Earned per Year	Carryover Maximum Days
0-5	15	30
5-10	18	30
10-15	21	35
15+	24	40

Also, the Corporation grants sick leave based on time worked. Full-time employees earn 20 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.

Risk Management

The Corporation has obtained general, property, casualty and liability coverage for itself and its employees through a third party insurance company. Any loss in excess of the $2,000,000 policy limit will be the responsibility of the Corporation.

In addition, through its participation in the West Virginia Public Employees Insurance Agency (PEIA) and a third-party insurer, the Corporation has obtained health, life, prescription drug coverage, and coverage for job related injuries for its employees. In exchange for payment of premiums to PEIA and the third-party insurer, the Corporation has transferred its risks related to health, life, prescription drug coverage, and job related injuries.

West Virginia had a single private insurance company, BrickStreet Insurance, which provided workers' compensation coverage to all employers in the state. Other private insurance companies began to offer coverage to private-sector employers July 1, 2008 and began to offer coverage to government employers beginning July 1, 2010. Nearly every employer in the State, who has a payroll, must have coverage. The cost of all coverage is paid by the employers. BrickStreet retains the risk related to the compensation of injured employees under the program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Operating and Nonoperating Revenues

The Corporation has classified its revenues according to the following criteria:

Operating revenues include activities that have the characteristics of exchange transactions, such as most federal, state, local, and nongovernmental grants and contracts.

Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenues that are defined as nonoperating revenues by GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting and GASB Statement No. 34, such as state appropriations andinvestment income.

Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation is classified by the Internal Revenue Service as an other than a private foundation.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the West Virginia Public Employees Retirement System (the PERS plan), and additions to/deductions from the PERS Plans' fiduciary net position have been determined on the same basis as they are reported by the PERS Plan. 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, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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 2018 for pension and other post-employment benefits (OPEB).

NOTE 3 - NEWLY ADOPTED STATEMENTS ISSUED BY GASB

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of GASB Statement No. 75 has required a restatement of beginning net position for its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 85, Omnibus 2017, effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The adoption of GASB Statement No. 85 had no impact on the June 30, 2018 financial statements.

NOTE 4 - CAPITAL ASSETS

The following is a summary of the changes in capital assets for the year ended June 30, 2018:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Furniture and Fixtures	$ 45,583	$ 8,687	$ -	$ 54,270
Computer Equipment	46,025	44,764	-	90,789
Leasehold Improvements	-	8,000	-	8,000
Less Accumulated Depreciation:				
Furniture and Fixtures	(29,976)	(6,180)	-	(36,156)
Computer Equipment	(24,390)	(5,960)	-	(30,350)
Leasehold Improvements	-	(200)	-	(200)
Total Capital Assets Net Accumulated Depreciation	$ 37,242	$ 49,111	$ -	$ 86,353

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:

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Public Employee Retirement System (PERS) (Continued)

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: 11.00% (2018); 12.00% (2017)

Period required to vest: 5 years – Tier 1, 10 years – Tier 2

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, 2018 is as follows:

Percentage of Payroll	Total Wages	Covered Wages	Amount Contributed
Employer Share – 11.00%	$ 1,966,689	$ 1,941,658	$ 213,582
Tier 1 Employee Share – 4.50%	$ 1,540,295	$ 1,532,563	$ 68,965
Tier 2 Employee Share – 6.00%	$ 426,394	$ 409,095	$ 24,546

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Trend Information

Fiscal Year	Annual Pension Cost	Percent Contributed
2018	$213,582	100.00%
2017	$228,244	100.00%
2016	$251,734	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, 2017 for the Corporation fiscal year ended June 30, 2018. The total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017 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, 2018, the Corporation reported the following proportions and increase/decreases from its proportion measured as of June 30, 2017 and 2016:

	2018 PERS
Amount for proportionate share of net pension liability	$ 598,011
Percentage for proportionate share of net pension liability	0.138542%
Change in proportionate share percentage from prior year	(0.001092%)

For the years ended June 30, 2018, the Corporation recognized $79,112 in pension expense.

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, 2018:

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual Earnings on pension plan investments	$ -	$ 145,386
Changes in proportion and differences between contributions and proportionate share of contributions	15,164	49,101
Differences between expected and actual experience	53,218	1,323
Changes of assumption	-	31,018
Contributions subsequent to measurement date	213,582	-
Totals	$ 281,964	$ 226,828

For the year ended June 30, 2018 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, 2019. 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:	2018
2019	(94,524)
2020	63,162
2021	(2,442)
2022	(124,642)
Total	$ (158,446)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2016 and rolled forward to June 30, 2017 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Actuarial assumptions (Continued)

PERS	June 30, 2017
Actuarial Cost Method	Individual entry age normal cost with level percentage of payroll
Asset Valuation Method	Fair value
Amortization Method	Level dollar, fixed period
Amortization Period	Through Fiscal Year 2035
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases:	
PERS:	
State	3.0-4.6%
Nonstate	3.35-6%
Inflation Rate	3.00%
Discount Rate	7.50%
Mortality Rates	Active-100% of RP-200 Non-Annuitant, Scale AA fully generational, Retired health males 110% of RP-2000 Healthy Annuitant, Scale AA fully generational, Retired healthy females-101% of RP-200 Healthy Annuitant, Scale AA fully generational, Disabled Males-96
Withdrawal Rates:	
State	1.75-35.1%
Nonstate	2-35.8%
Disability Rates	0-.675%
Retirement Rates	12-100%
Date Range in Most Recent Experience Study	2009-2014

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Actuarial assumptions (Continued)

The long-term expected rate 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:

2017

Asset Class	Long-term Expected Rate of Return	PERS Target Asset Allocation
US Equity	7.0%	27.5%
International Equity	7.7%	27.5%
Core Fixed Income	2.7%	7.5%
High Yield Fixed Income	5.5%	7.5%
Real Estate	7.0%	10.0%
Private Equity	9.4%	10.0%
Hedge Funds	4.7%	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.

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:

2018

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase
Proportionate share of PERS net pension asset (liability)	$ (1,655,553)	$ (598,011)	$ 296,135

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 571h Street, SE Suite 2, Charleston, WV 25304.

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. 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, 2018, 2017, and 2016, respectively, were:

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Contributions (Continued)

	2018	2017 1/1/17 – 6/30/17	2017 7/1/16-12/31/16	2016
Paygo Premium	$ 177	$ 135	$ 196	$ 163

Contributions to the OPEB plan from the Corporation were $69,738 for the year ended June 30, 2018.

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.

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.

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Contributions by Non-employer Contributing Entities in Special Funding Situations (Continued)

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.

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

At June 30, 2018, 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:

The Corporation's proportionate share of the net OPEB liability	$ 771,816
State's special funding proportionate share of the net OPEB liability associated with the Corporation.	158,533
Total portion of net OPEB liability associated with the Corporation	$ 930,349

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017. 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, 2017, the Corporation's proportion was 0.031387546 percent, which is a decrease of 0.006702681 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Corporation recognized OPEB expense of $84,937 and for support provided by the State under special funding situations revenue of $48,666. At June 30, 2018, 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	$ -	$ 2,584
Net difference between projected and actual earnings on OPEB plan investments	-	12,319
Changes in proportion and differences between the Corporation's contributions and proportionate share of contributions	-	131,140
The Corporation's contributions subsequent to the measurement date	69,738	-
Total	$ 69,738	$ 146,043

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

The amount of $69,738 reported as deferred outflows of resources related to OPEB resulting from the Corporation's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. 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:	
2019	$(39,086)
2020	(39,086)
2021	(39,086)
2022	(28,785)

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.75%

Salary increases Dependent upon pension system ranging from 3.00% to 6.50%, including inflation

Investment rate of return 7.15%, net of OPEB plan investment expense, including inflation

Healthcare cost trend rates Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.50% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend 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.

Actuarial cost method Entry Age Normal Cost Method

Amortization method Level percentage of payroll over a 21 year closed period

Remaining amortization period 21 years closed as of June 30, 2016

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial assumptions (Continued)

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and Teachers' Retirement System (TRS). RP-2000 Healthy Annuitant Mortality Table projected to 2025 with scale BB for West Virginia Death, Disability, and Retirement Fund (Troopers A) and West Virginia State Police Retirement System (Troopers B). Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2000 Non-Annuitant Mortality Table projected to 2020 with Scale BB for Troopers A and B.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010- June 30, 2015.

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.

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

Asset Class	Long-Term Expected Real Rate of Return
Large Cap Domestic	17.0%
Non-Large Cap Domestic	22.0%
International Qualified	24.6%
International Non-Qualified	24.3%
International Equity	26.2%
Short-Term Fixed	0.5%
Total Return Fixed Income	6.7%
Core Fixed Income	0.1%
Hedge Fund	5.7%
Private Equity	19.6%
Real Estate	8.3%
Opportunistic Income	4.8%
Cash	0.0%

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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 would be made at rates equal to the actuarially determined contribution rates, 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, 2036, 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. The discount rate used to measure the total OPEB liability at June 30, 2016 is a 0.45% increase from the June 30, 2015 valuation.

Other Key Assumptions

The projection assumes that the capped subsidy aggregate contribution limit of $150 million for 2017 would increase by $10 million per year on and after 2018. Additionally, the per member subsidy is projected to increase by at least 3.0% per year but no more than the healthcare trend inflation assumption such that the product of the projected subsidy and projected members is less than the projected aggregated capped costs; and the member's share of plan costs is expected remain stable as a percentage of total costs following the year that the program is fully funded. After 2035, the program is projected to be fully funded and the sponsor is assumed to contribute the residual portion of normal cost and operational expenses needed to maintain a funded ratio of 100% in future years. In addition, after 2035, the member's share of total plan costs is assumed to remain stable at approximately 61% of total plan costs. These assumptions produced per member annual capped subsidy increases of 3.0% per year from 2018 to 2023 and 4.5% per year after 2023.

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.

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:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
The Corporation's proportionate share of the net OPEB liability	$ 898,698	$ 771,816	$ 666,353

NOTE 6 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Other Key Assumptions (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:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
The Corporation's proportionate share of the net OPEB liability	$ 648,342	$ 771,816	$ 922,846

NOTE 7 – CONCENTRATIONS

The Corporation maintains its account balances in a local financial institution. The account is insured by the Federal Deposit Insurance Corporation up to $250,000. Additionally, the financial institution has provided collateral in the form of a treasury bond. The Corporation's bank balance at June 30, 2018 was $636,789.

The Corporation receives virtually all of its funding from West Virginia Public Defender Services. A significant reduction in this level of support would have a significant adverse effect on the Corporation.

NOTE 8 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the Corporation during the year ended June 30, 2018 were as follows:

	Balance at June 30, 2017	Additions	Retirements	Balance at June 30, 2018	Due Within One Year
Compensated Absences	$ 99,796	$ 28,108	$ -	$ 127,904	$ 127,904
OPEB	945,904	-	(174,088)	771,816	-
Net Pension Liability	1,283,401	-	(685,390)	598,011	-
Total	$ 2,329,101	$ 28,108	$ (859,478)	$ 1,497,731	$ 127,904

NOTE 9 - OPERATING LEASE OBLIGATIONS

The Corporation leases equipment and facilities under operating lease agreements. Aggregate payments under these agreements were $141,667 for the year ended June 30, 2018.

NOTE 10 - 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 11 - RESTATEMENT FOR CHANGES IN ACCOUNTING PRINCIPLES

Effective July 1, 2017, the Corporation adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* The Statement addresses accounting and financial reporting for other post-employment benefits (OPEB) provided to employees who participate in the State OPEB plan. The Statement also requires various note disclosures and required supplementary information. As a result, beginning net position has been restated as follows:

Net position as previously reported at June 30, 2017	$ (885,943)
Prior period adjustment	
Removal of prior year GASB 45 OPEB liability	862,576
Beginning new OPEB liability	(945,904)
Deferred outflows of resources – 2017 OPEB contributions	64,470
Total prior period adjustment	(18,858)
Net position as restated, June 30, 2017	$ (904,801)

NOTE 12 - CASH HELD AT FISCAL YEAR END

At June 30, 2018, the Corporation held cash and cash equivalents of $620,029, 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 13 - SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through September 15, 2018, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through September 15, 2018 that would require adjustment or disclosure in the financial statements.

PUBLIC DEFENDER CORPORATION
THIRTEENTH JUDICIAL CIRCUIT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
JUNE 30, 2018

Public Employees Retirement System

	2017	2016	2015	2014	2013
Corporation's proportion of the net pension liability (asset) (percentage)	0.138542%	0.139634%	0.139740%	0.157251%	0.160533%
Corporation's proportionate share of the net pension liability (asset)	$ 598,011	$ 1,283,401	$ 753,700	$ 580,359	$ 1,463,471
Corporation's covered payroll	$ 1,902,033	$ 1,924,141	$ 2,185,553	$ 2,105,759	$ 2,148,629
Corporation's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	31.44%	66.70%	34.49%	27.56%	68.11%
Plan fiduciary net position as a percentage of the total pension liability	93.67%	86.11%	94.23%	91.29%	79.70%

Information prior to 2013 is not available.

This chart will be built prospectively.

PUBLIC DEFENDER CORPORATION
THIRTEENTH JUDICIAL CIRCUIT
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

Public Employees Retirement System

	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 213,582	$ 228,244	$ 259,759	$ 256,261	$ 305,335	$ 300,808
Contributions in relation to contractually required contribution	(213,582)	(228,244)	(259,759)	(251,734)	(305,335)	(300,808)
Contribution deficit (surplus)	$ -	$ -	$ -	$ 4,527	$ -	$ -
Corporation's covered payroll	$ 1,941,658	$ 1,902,033	$ 1,924,141	$ 2,185,553	$ 2,105,759	$ 2,148,629
Contributions as a percentage of covered payroll	11.00%	12.00%	13.50%	11.73%	14.50%	14.00%

This chart will be built prospectively.

PUBLIC DEFENDER CORPORATION
THIRTEENTH JUDICIAL CIRCUIT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
JUNE 30, 2018

Retiree Health Benefit Trust

	2017	2016
Corporation's proportion of the net OPEB liability (asset) (percentage)	0.03138755%	0.03809023%
Corporation's proportionate share of the net OPEB liability (asset)	$ 771,816	$ 945,904
State's proportionate share of the net OPEB liability (asset) associated with the Corporation	158,533	-
Total	$ 930,349	$ 945,904
Corporation's covered-employee payroll	$1,745,325	$1,764,969
Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	44.22%	53.59%
Plan fiduciary net position as a percentage of the total OPEB liability	25.10%	21.64%

Information prior to 2016 is not available.

This schedule will be build prospectively.

PUBLIC DEFENDER CORPORATION
THIRTEENTH JUDICIAL CIRCUIT
SCHEDULE OF OPEB CONTRIBUTIONS
JUNE 30, 2018

Retiree Health Benefit Trust

	2018	2017
Contractually required contribution	$ 69,738	$ 64,470
Contributions in relation to contractually required contribution	(69,738)	(64,470)
Contribution deficit (surplus)	0	0
Corporation's covered-employee payroll	$ 1,777,575	$ 1,745,325
Contributions as a percentage of covered-employee payroll	3.92%	3.69%

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 on or after July 1, 2015 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. For employees hired on or after July 1, 2015, qualification for normal retirement is 62 with 10 years of service or at least age 55 with age and service equal to 80 or greater.
- 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 on or after July 1, 2015 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 on or after July 1, 2015, this age increases to 64.
- For all employees hired prior to July 1, 2015, employees are required to contribute 4.5% of annual earnings. All employees hired on or after July 1, 2015, are required to contribute 6% of annual earnings.

Changes in Assumption

An experience study, which was based on the years 2009 through 2014, was completed prior to the 2015 actuarial valuation. As a result, several assumptions were changed for the actuarial valuations as follows:

PERS	**2017, 2016 and 2015**	**2014**
Projected Salary Increases:		
PERS:		
State	3.0-4.6%	4.25-6.0%
Nonstate	3.35-6%	4.25-6.0%
Inflation Rate	3.0% (2017 & 2016); 1.9% (2015)	2.20%

Note 1 – Trend Information & Changes in Assumptions PERS (Continued)

Mortality Rates	Healthy males 110% of RP-2000 Healthy Annuitant, Scale AA Healthy females-101% of RP-2000 Healthy Annuitant, Scale AA Disabled males-96% of RP-2000 Disabled Annuitant, Scale AA Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA	Healthy males - 1983 GAM Healthy females - 1971 GAM Disabled males - 1971 GAM Disabled females - Revenue ruling 96-7
Withdrawal Rates:		
State	1.75-35.1%	1 - 26%
Nonstate	2-35.8%	2-31.2%
Disability Rates	0-.675%	0-.8%

Note 2 – Changes in Assumptions OPEB

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.

PUBLIC DEFENDER CORPORATION
FOR THE THIRTEENTH JUDICIAL CIRCUIT
SCHEDULE OF BUDGET TO ACTUAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018

	Budget	Actual	Under/(Over) Budget to Actual
Personal services	$ 2,011,720	$ 1,966,689	$ 45,031
Employee benefits	608,500	530,257	78,243
Support services	74,860	56,155	18,705
Administrative support	52,191	51,062	1,129
Office	236,960	232,131	4,829
Other	500	625	(125)
Acquisition	69,600	15,252	54,348
Total operating expenses	$ 3,054,331	$ 2,852,171	$ 202,160

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Wheeling, WV 26003
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

September 15, 2018

Public Defender Corporation for the Thirteenth Judicial Circuit
P. O. Box 2827 / 3rd Floor, Leighton Building
816 Quarrier Street
Charleston, West Virginia 25330-2827

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Public Defender Corporation for the Thirteenth Judicial Circuit**, a component unit of the State of West Virginia, (the Corporation) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated September 15, 2018, wherein we noted the Corporation adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Corporation's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Corporation's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
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