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 Fiscal Year Ended June 30, 2019

PUBLIC DEFENDER CORPORATION
FOR THE THIRTEENTH JUDICIAL CIRCUIT
TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

September 6, 2019

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, 2019, 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 such 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, 2019, 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.

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 6, 2019, 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, 2019
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, 2019 and 2018 and identifies changes in the Corporation's financial position.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

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

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

The Statement of Revenues, Expenses, and Changes in Net Position reports revenues when earned and expenses when incurred. This means that all 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

	2019	2018
Assets		
Capital Assets	$ 64,313	$ 86,353
Other Assets	958,026	936,334
Total Assets	$ 1,022,339	$ 1,022,687
Deferred Outflow of Resources	360,085	351,702
Liabilities		
Long-term Liabilities	$ 1,093,728	$ 1,369,827
Short-term Liabilities	229,288	249,090
Total Liabilities	$ 1,323,016	$ 1,618,917
Deferred Inflow of Resources	411,116	372,871
Net Position		
Net Investment in Capital Assets	$ 64,313	$ 86,353
Unrestricted (Deficit)	(416,021)	(703,752)
Total Net Position	$ (351,708)	$ (617,399)

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

	2019		2018	
Operating Revenue	$	3,045,803	$	3,057,630
Operating Expenses		2,827,894		2,818,894
Operating Income (Loss)	$	217,909	$	238,736
Non-Operating Revenue	$	47,782	$	48,666
Change in Net Position		265,691		287,402
Net Position at Beginning of Year		(617,399)		(904,801)
Net Position at End of Year	$	(351,708)	$	(617,399)

Detailed Financial Analysis of the Corporation

Cash held by the Corporation increased by approximately $332,200 as a result of accounts receivable amounts collected during the year. The Net OPEB Liability and Net Pension Liability, included in long-term liabilities, decreased by approximately $276,100 primarily due to new actuarial valuations of the West Virginia PERS and Retirement Health Benefit Trust Fund. Deferred Outflows and Deferred Inflows increased due to changes in the actuarial valuation.

State grant income decreased approximately $37,900. Operating expenses for the fiscal year increased by approximately $9,000. This increase is mostly attributable to an increase in personal services attributable to the addition of a grant funded employee. Non-Operating income decreased by approximately $900 due to contributions received on the Corporation’s behalf related to the OPEB liability.

Capital Asset and Debt Activity

As of June 30, 2019 and 2018, the Corporation had capital assets costing approximately $127,000 and $153,000, 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 $62,000, and $67,000, respectively.

Purchases of capital assets for the years ended June 30, 2019 and 2018 totaled approximately $0 and $61,500, respectively. Disposals of capital assets for the years ended June 30, 2019 and 2018 totaled approximately $26,000 and $0, respectively. More detailed information is presented in Note 4 to the financial statements.

The Corporation had no debt for the years ended June 30, 2019 and 2018.

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, 2020. 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, 2020, the Corporation has an approved budget of $3,041,888. This represents a budget decrease of approximately 0.47 percent or $14,508 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, 2019

ASSETS	
Current Assets:	
Cash	$ 952,272
Prepaid Insurance	5,754
Total Current Assets	958,026
Capital Assets:	
Furniture and Fixtures	50,929
Computer Equipment	67,739
Leasehold Improvements	8,000
Less: Accumulated Depreciation	(62,355)
Total Capital Assets, net of Accumulated Depreciation	64,313
TOTAL ASSETS	1,022,339
DEFERRED OUTFLOWS OF RESOURCES	
Pension	232,612
Other Post Employment Benefits	127,473
TOTAL DEFERRED OUTFLOWS OF RESOURCES	360,085
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,382,424
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 1,222
Accrued Expenses	26,562
Payroll Withholding and Taxes Payable	53,310
Refundable Advance	-
Compensated Absences	148,194
Total Current Liabilities	229,288
Long-Term Liabilities:	
Other Post Employment Benefits	730,311
Net Pension Liability	363,417
Total Long-Term Liabilities	1,093,728
TOTAL LIABILITIES	1,323,016
DEFERRED INFLOWS OF RESOURCES	
Pension	218,045
Other Post Employment Benefits	193,071
TOTAL DEFERRED INFLOWS OF RESOURCES	411,116
NET POSITION	
Net Investment in Capital Assets	64,313
Unrestricted	(416,021)
TOTAL NET POSITION	(351,708)
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$ 1,382,424

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, 2019

Operating Revenues	
West Virginia Public Defender Services Grant Revenue	$ 3,016,396
Other Grant Revenue	29,407
Total Operating Revenues	3,045,803
Operating Expenses:	
Personal Services	2,029,794
Employee Benefits	388,291
Support Services	56,004
Administrative Support	71,073
Office Expense	243,108
Other	5,709
Acquisition	15,456
Depreciation	18,459
Total Operating Expenses	2,827,894
Operating Loss	217,909
Non-Operating Revenues (Expenses):	
Payments on behalf of the Corporation	47,782
Total Non-Operating Revenues (Expenses)	47,782
Change in Net Position	265,691
Change in Net Position	
Net Position - Beginning	(617,399)
Net Position - End of Year	$ (351,708)

See accompanying notes to the financial statements.

PUBLIC DEFENDER CORPORATION
THIRTEENTH JUDICIAL CIRCUIT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from grants	$ 3,330,134
Cash paid to suppliers for goods and services	(988,387)
Cash paid to employees	(2,009,504)
NET CASH (USED) BY OPERATING ACTIVITIES	332,243
NET DECREASE IN CASH AND CASH EQUIVALENTS	332,243
CASH AT BEGINNING OF YEAR	620,029
CASH AT END OF YEAR	$ 952,272
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	$ 217,909
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Depreciation Expense	18,459
Loss on Disposal of Assets	3,582
Other Postemployment Benefits Expense - Special Funding Situation	47,782
CHANGE IN ASSETS AND LIABILITIES:	
(Increase) Decrease in:	
Accounts Receivable	311,238
Deferred Outlows of Resources	(8,383)
Other Assets	(688)
Increase (Decrease) in:	
Accounts Payable	470
Deferred Inflows of Resources	38,245
Accrued Expenses	1,672
Payroll Withholding and Taxes Payable	(2,234)
Refundable Advance	(40,000)
Other Post Employment Benefits Payable	(41,505)
Compensated Absences	20,290
Net Pension Liability	(234,594)
NET CASH (USED) BY OPERATING ACTIVITIES	$ 332,243

See accompanying notes to the financial statements.

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, 2019.

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 fair market 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, 2019 was $18,459.

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 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.

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, Erie 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. Erie 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.

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 2019.

NOTE 3 - NEWLY ADOPTED STATEMENTS ISSUED BY GASB

The Governmental Accounting Standards Board has issued Statement No. 83, Certain Asset Retirement Obligations, effective for fiscal years beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The adoption of GASB Statement No. 83 had no impact on the June 30, 2019 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, effective for fiscal years beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The adoption of GASB Statement No. 88 had no impact on the June 30, 2019 financial statements.

NOTE 4 - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated:				
Furniture and Fixtures	$ 54,270	$ -	$ (3,341)	$ 50,929
Computer Equipment	90,789	-	(23,049)	67,740
Leasehold Improvements	8,000	-	-	8,000
Less Accumulated Depreciation:				
Furniture and Fixtures	(36,156)	(5,496)	3,341	(38,311)
Computer Equipment	(30,350)	(12,430)	19,468	(23,312)
Leasehold Improvements	(200)	(533)	-	(733)
Total Capital Assets Net Accumulated Depreciation	$ 86,353	$ (18,459)	$ (3,581)	$ 64,313

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)

Eligibility to participate: All Corporation full-time employees, except those covered by other pension plans

Authority establishing contribution obligations and benefit provisions: State statute

Tier 1 Plan member's contribution rate: 4.50% (Employees hired before July 1, 2015)

Tier 2 Plan member's contribution rate: 6.00% (Employee hired after July 1, 2015)

Corporation's contribution rate: 10.00% (2019); 11.00% (2018)

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, 2019 is as follows:

Percentage of Payroll	Total Wages	Covered Wages	Amount Contributed
Employer Share – 10.00%	$ 2,009,504	$ 1,982,031	$ 198,203
Tier 1 Employee Share – 4.50%	$ 1,457,802	$ 1,443,669	$ 64,965
Tier 2 Employee Share – 6.00%	$ 551,702	$ 538,362	$ 32,302

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (continued)

Trend Information

Fiscal Year	Annual Pension Cost	Percent Contributed
2019	$198,203	100.00%
2018	$213,582	100.00%
2017	$228,244	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, 2018 and 2017 for the Corporation fiscal years ended June 30, 2019. The total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018 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, 2019, the Corporation reported the following proportions and increase/decreases from its proportion measured as of June 30, 2018:

	2019 PERS
Amount for proportionate share of net pension liability	$ 363,417
Percentage for proportionate share of net pension liability	0.140722%
Change in proportionate share percentage from prior year	0.002180%

For the years ended June 30, 2019, the Corporation recognized $5,193 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, 2019:

NOTE 5 - EMPLOYEE RETIREMENT SYSTEMS AND PLANS (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual Earnings on pension plan investments	$ -	$ 213,855
Changes in proportion and differences between contributions and proportionate share of contributions	16,443	3,291
Differences between expected and actual experience	18,028	899
Changes of assumption	-	-
Contributions subsequent to measurement date	198,141	-
Totals	$ 232,612	$ 218,045

For the year ended June 30, 2019 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, 2020. 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:	2019
2020	$ 36,850
2021	(29,686)
2022	(154,538)
2023	(36,200)
Total	$ (183,574)

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2017 and rolled forward to June 30, 2018 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

PERS	June 30, 2018
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-2000 Non-Annuitant, Scale AA fully generational Retired healthy males-110% of RP-2000 Healthy Annuitant, Scale AA fully generational Retired healthy females-101 % of RP-2000 Healthy Annuitant, Scale AA fully generational Disabled males-96% of RP2000 Disabled Annuitant, Scale AA fully generational Disabled females-107% of RP-2000 Disabled Annuitant, Scale AA fully generational
Withdrawal Rates:	
State	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)

Public Employee Retirement System (PERS) (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 table:

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

Discount Rate

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

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:

2019

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase
Proportionate share of PERS net pension asset (liability)	$ (1,463,555)	$ (363,417)	$ 567,284

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

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

Contributions

West Virginia Code section 5-16D-6 assigns to the PEIA Finance Board the authority to establish and amend contribution requirements of the plan members and the participating employers. Participating employers are required by statute to contribute at a rate assessed each year by the RHBT. The annual contractually required rate is the same for all participating employers. Employer contributions represent what the employer was billed during the respective year for their portion of the pay as you go premiums, commonly referred to as paygo, retiree leave conversion billings, and other matters, including billing adjustments. The annual contractually required per active policyholder per month rates for State non-general funded agencies and other participating employers effective June 30, 2019, 2018, and 2017, respectively, were:

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

	2019	2018	2017 1/1/17 – 6/30/17	2017 7/1/16-12/31/16
Paygo Premium	$ 183	$ 177	$ 135	$ 196

Contributions to the OPEB plan from the Corporation were $76,311 for the year ended June 30, 2019.

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.

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

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

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

The Corporation's proportionate share of the net OPEB liability	$ 730,311
State's special funding proportionate share of the net OPEB liability associated with the Corporation.	150,936
Total portion of net OPEB liability associated with the Corporation	$ 881,247

The net OPEB liabilities were measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018 using the actuarial assumptions and methods described in the appropriate section of this note. The Corporation's proportion of the net OPEB liability was based on its proportionate share of employer and non-employer contributions to the OPEB Plan for the fiscal year ended on the measurement date. At June 30, 2018, the Corporation reported the following proportions and increase/decrease from its proportion measured as of June 30, 2017:

Percentage for proportionate share of net pension liability	0.034040227%
Change in proportionate share percentage from prior year	0.002652682%

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

	2019
Pension Expense	$ 68,796
Support provided by the State under special funding situations revenue	46,136

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 10,803
Change in assumption		72,920
Net difference between projected and actual earnings on OPEB plan investments	-	13,518
Changes in proportion and differences between the Corporation's contributions and proportionate share of contributions	51,162	95,830
The Corporation's contributions subsequent to the measurement date	76,311	-
Total	$ 127,473	$ 193,071

For the year ended June 30, 2019 the amount 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, 2020. 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
2020	(48,670)
2021	(48,670)
2022	(38,354)
2023	(6,215)
Total	$ (141,909)

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

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 and rolled forward to June 30, 2018 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

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

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

Certain assumptions have been changed between the 2018 and 2017 measurement dates. The assumption changes that most significantly impacted the Net OPEB Liability are as follows: the inclusion of waived annuitants increased the liability by approximately $17 million; a 15% reduction in the retirement rate assumption decreased the liability by approximately $68 million; a change in certain healthcare-related assumptions decreased the liability by approximately $232 million; and an update to the mortality tables increased the liability by approximately $25 million. Certain other assumption changes were noted but did not materially impact the Net OPEB Liability. The long term expected rate of return of 7.15% on the 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 WV Investment Management Board (WVIMB) and an expected short-term rate of return of 3.00% for assets invested with the West Virginia Board of Treasury Investments (WVBTI).

The long term expected rate of return of 7.15% on the 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 WV Investment Management Board (WVIMB) and an expected short-term rate of return of 3.00% for assets invested with the West Virginia Board of Treasury Investments (WVBTI).

Long-term prefunding 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, 2037, 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.

Other Key Assumptions

The projection assumes that the capped subsidy aggregate contribution limit of $160 million for 2018 would increase by $10 million per year on and after 2019. 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 2037, 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	$ 858,336	$ 730,311	$ 623,589

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

Sensitivity of the Corporation's proportionate share of net OPEB liability to changes in the healthcare cost trend rates.

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

	1% Decrease	**Current Healthcare Cost Trend Rates**	**1% Increase**
The Corporation's proportionate share of the net OPEB liability	$ 604,293	$ 730,311	$ 883,860

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, 2019 was $970,057.

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, 2019 were as follows:

	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019	Due Within One Year
Compensated Absences	$ 127,904	$ 20,290	$ -	$ 148,194	$ 148,194
OPEB	771,816	-	(41,505)	730,311	-
Net Pension Liability	598,011	-	(234,594)	363,417	-
Total	$ 1,497,731	$ 20,290	$ (276,099)	$ 1,241,922	$ 148,195

NOTE 9 - OPERATING LEASE OBLIGATIONS

The Corporation entered into a lease agreement for its facility beginning on October 30, 2017 to end at midnight on the June 30, 2030. Aggregate payments under this agreement were $128,543 for the year ended June 30, 2019.

Year ending June 30,	Future Minimum Lease Payments
2020	$ 126,941
2021	129,480
2022	132,070
2023	134,711
2024	138,752
2025	142,915
2026	147,203
2027	151,619
2028	156,167
2029	160,852
2030	165,678
Total	$ 1,586,388

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 - CASH HELD AT FISCAL YEAR END

At June 30, 2019, the Corporation held cash and cash equivalents of $952,272, 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 12 - SUBSEQUENT EVENTS

Subsequent to the June 30, 2018, measurement date, on August 21, 2018 RHBT executed a contract renewal with Humana's Medicare Advantage Plan (Humana MAPD) for Plan years 2019 and 2020. This renewal included reduced per member per month capitation costs which decreased from $224 to $175 per member per month, due to favorable experience and the removal of the health insurance fee.

The estimated impact of these reduced rates is not recognized in the estimated net OPEB liability measured at June 30, 2018, since the contract was executed subsequent to the measurement date. Per GASB Statement 75, if a change occurs in a factor relevant to measurement of the net OPEB liability between the measurement date of the net OPEB liability and the employer's current fiscal year-end, the employer should report the effect on the net OPEB liability of that change as of the next measurement date. The estimated impact of the reduced capitation rates on the net OPEB liability is a decrease of approximately 9.0%, or $280 million, which will be considered in the next actuarial valuation estimating the net OPEB liability measured as of June 30, 2019. The future actuarial measurement may differ significantly from this estimate due to various other factors such as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions due to changing conditions; increases or decreases expected as part of the natural operation of the methodology used for these measurements; and changes in plan provisions or applicable law.

PUBLIC DEFENDER CORPORATION
THIRTEENTH JUDICIAL CIRCUIT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
June 30, 2019

Public Employees Retirement System

	2018	2017	2016	2015	2014	2013
Corporation's proportion of the net pension liability (asset) (percentage)	0.140722%	0.138542%	0.139634%	0.139740%	0.157251%	0.160533%
Corporation's proportionate share of the net pension liability (asset)	$ 363,417	$ 598,011	$ 1,283,401	$ 753,700	$ 580,359	$ 1,463,471
Corporation's covered-employee payroll	$ 1,941,658	$ 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-employee payroll	18.72%	31.44%	66.70%	34.49%	27.56%	68.11%
Plan fiduciary net position as a percentage of the total pension liability	96.33%	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, 2019

Public Employees Retirement System

	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 198,203	$ 213,582	$ 228,244	$ 259,759	$ 256,261	$ 305,335	$ 300,808
Contributions in relation to contractually required contribution	(198,203)	(213,582)	(228,244)	(259,759)	(251,734)	(305,335)	(300,808)
Contribution deficit (surplus)	$ -	$ -	$ -	$ -	$ 4,527	$ -	$ -
Corporation's covered-employee payroll	$ 1,982,030	$ 1,941,658	$ 1,902,033	$ 1,924,141	$ 2,185,553	$ 2,105,759	$ 2,148,629
Contributions as a percentage of covered-employee payroll	10.00%	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, 2019

Retiree Health Benefit Trust

	2018	2017	2016
Corporation's proportion of the net OPEB liability (asset) (percentage)	0.03404023%	0.03138755%	0.03809023%
Corporation's proportionate share of the net OPEB liability (asset)	$ 730,311	$ 771,816	$ 945,904
State's proportionate share of the net OPEB liability (asset) associated with the Corporation	150,936	158,533	-
Total	$ 881,247	$ 930,349	$ 945,904
Corporation's covered payroll	$1,777,575	$1,745,325	$1,764,969
Corporation's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	41.08%	44.22%	53.59%
Plan fiduciary net position as a percentage of the total OPEB liability	30.98%	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, 2019

Retiree Health Benefit Trust

	2019	2018	2017
Contractually required contribution	$ 76,311	$ 69,738	$ 64,470
Contributions in relation to contractually required contribution	(76,311)	(69,738)	(64,470)
Contribution deficit (surplus)	0	0	0
Corporation's covered payroll	$ 1,904,170	$ 1,777,575	$ 1,745,325
Contributions as a percentage of covered payroll	4.01%	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	2018, 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%

Changes in Assumption (PERS) (Continued)

	2018, 2017, 2016 and 2015	2014
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 – Trend Information & Changes in Assumptions OPEB

Trend Information Presented

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

Changes in the assumptions between the 2017 and 2016 valuations:

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

Changes in the assumptions between the 2016 and 2015 valuations:

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

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

Note 2 – Trend Information & Changes in Assumptions OPEB (Continued)

Changes in the assumptions between the 2016 and 2015 valuations (Continued)

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
THIRTEENTH JUDICIAL CIRCUIT
SCHEDULE OF BUDGET TO ACTUAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Under/(Over) Budget to Actual
Personal services	$ 2,050,320	$ 2,009,504	$ 40,816
Employee benefits	596,986	597,507	(521)
Support services	65,000	56,004	8,996
Administrative support	72,125	71,073	1,052
Office	250,030	242,638	7,392
Other	500	5,709	(5,209)
Acquisition	21,435	15,456	5,979
Total operating expenses	$ 3,056,396	$ 2,997,891	$ 58,505

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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 6, 2019

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, 2019, 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 6, 2019.

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.
Marietta, Ohio