

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

REPORT TO THE BOARD

NOVEMBER 12, 2008




November 12, 2008

To the Board of Directors
Public Defender Corporation For The Twenty-Third Judicial Circuit
Martinsburg, West Virginia

We are pleased to present this report related to our audit of the financial statements of Public Defender Corporation For The Twenty-Third Judicial Circuit (Corporation) for the year ended June 30, 2008. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Corporation's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Corporation.


Suttle & Stalnaker, PLLC
Charleston, West Virginia

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Required Communications

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Area	Comments
<p>Auditor's Responsibility Under Professional Standards</p>	<p>Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States of America have been described to you in our arrangement letter dated August 5, 2008.</p>
<p>Accounting Practices</p>	<p>Adoption of, or Change in, Accounting Policies</p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Corporation. During the year ended June 30, 2008, the Corporation realized that they had been applying the wrong financial reporting model. As such, the Corporation changed its reporting model from following the Financial Accounting Standards Board to the Government Accounting Standards Board model. In addition, as discussed in Note 2 to the financial statements, during the year ended June 30, 2008, the Corporation adopted Governmental Accounting Standards Board Statement No. 45, <i>Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions</i>. The Corporation did not adopt any additional significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions</p> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>

Area	Comments
Alternative Treatments Discussed with Management	<p>We did not discuss with management any alternative treatments within accounting principles generally accepted in the United States of America for accounting policies and practices related to material items during the current audit period.</p>
Management’s Judgments and Accounting Estimates	<p>Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached “Summary of Accounting Estimates”.</p>
Financial Statement Disclosures	<p>In our meetings with management, we discussed the following items as they relate to the neutrality, consistency, and clarity of the disclosures in the financial statements:</p> <ul style="list-style-type: none"> ○ Financial Statements and related documents
Audit Adjustments	<p>Audit adjustments recorded by the Corporation are shown on the attached “Summary of Recorded Audit Adjustments.”</p>
Uncorrected Misstatements	<p>Uncorrected misstatements, if any, are summarized in the attached “Summary of Uncorrected Misstatements.”</p>
Disagreements with Management	<p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management’s judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.</p>

Area	Comments
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
Difficulties Encountered in Performing the Audit	We did not encounter any difficulties in dealing with management during the audit.
Letter Communicating Significant Deficiencies and Management Comments	We have separately communicated certain significant deficiencies and other management comments identified during our audit of the financial statements, and this communication is attached as an Exhibit to this document.
Certain Written Communications Between Management and Our Firm	Copies of certain written communications between our firm and the management of the Corporation are attached as Exhibits to this document.

Public Defender Corporation for the Twenty-Third Judicial Circuit
Summary of Accounting Estimates
Year Ended June 30, 2008

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Corporation's June 30, 2008 financial statements:

<u>Area</u>	<u>Accounting Policy</u>	<u>Estimation Process</u>	<u>Comments</u>
Depreciation of capital assets	Straight – line method	Based on cost, or if contributed, at fair value of the asset. Depreciation is calculated using the straight-line method over the estimated useful life. Annually, management reviews capital assets for impairment.	We concur with this process.
Compensated absences	Estimated	Based upon management's calculation of the ultimate liability to be paid.	We concur with this process.

Public Defender Corporation For The Twenty-Third Judicial Circuit
Summary of Recorded Audit Adjustments
Year Ended June 30, 2008

During the course of our audit, we accumulated adjustments that were determined by management to be material to the statement of net assets, statement revenues, expenses and changes in net assets, and cash flows and to the related financial statement disclosures, or management otherwise determined were appropriate to make. The summary of the adjustments made to the original trial balance are included on the following pages.

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 2			
To record OPEB expense and liability			
6130230	OPEB Expense	124,025.14	
2500027	OPEB Liability		38,865.12
4010230	OPEB Revenue		32,438.71
6101230	Health Insurance		52,721.31
Total		<u>124,025.14</u>	<u>124,025.14</u>
Adjusting Journal Entries JE # 3			
To Capitalize servers			
1723000	Fixed Assets	6,725.70	
7110230	Property- Computers		6,725.70
Total		<u>6,725.70</u>	<u>6,725.70</u>
Adjusting Journal Entries JE # 4			
to record depreciation			
8050230	Depreciation General Property	14,162.43	
1823000	ACCUMULATED DEPRECIATION		14,162.43
Total		<u>14,162.43</u>	<u>14,162.43</u>
Adjusting Journal Entries JE # 5			
Adjust Pension liability for misposted payment			
2323090	O/P, Pensions	21,007.16	
6102230	Pension Contribution		21,007.16
Total		<u>21,007.16</u>	<u>21,007.16</u>
Adjusting Journal Entries JE # 6			
Record Accounts Payable			
6210230	Contracts -- General	3,796.25	
7130230	Property- Library	2,507.20	
2023000	ACCOUNTS PAYABLE - 23th		6,303.45
Total		<u>6,303.45</u>	<u>6,303.45</u>
Adjusting Journal Entries JE # 7			
To Adjust other current asset balance			
1223000	Current Assets	2,273.88	
6402230	Rent- Office		2,273.88
Total		<u>2,273.88</u>	<u>2,273.88</u>
Adjusting Journal Entries JE # 8			
To adjust compensated absences for the year			
2523002	Accrued Leave - Vacation	14,066.00	
6001230	Salaries Lawyers		14,066.00
Total		<u>14,066.00</u>	<u>14,066.00</u>

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 9			
To record taxes and benefits associated with compensated leave			
6102230	Pension Contribution	11,131.75	
6110230	Taxes- FICA & Medicare	8,110.28	
6120230	Workers' Compensation	305.33	
2323003	FICA Withholding		8,415.61
2323090	O/P, Pensions		11,131.75
Total		<u>19,547.36</u>	<u>19,547.36</u>

**Public Defender Corporation For The Twenty-Third Judicial Circuit
Summary of Uncorrected Misstatements
Year Ended June 30, 2008**

During the course of our audit, we accumulated no uncorrected misstatements.

Certain Written Communications Between Management and Our Firm

Arrangement Letter

Management Representations Letter

Management Comment Letter

ARRANGEMENT LETTER



August 6, 2008

Honorable Members of the Board
Public Defender Corporation
For the Twenty-third Judicial Circuit
313 Monroe Street
Martinsburg, West Virginia 25404

Attention: Deborah A. Lawson, Chief Defender

This letter is to explain our understanding of the arrangements for the services we are to perform for Public Defender Corporation for the Twenty-third Judicial Circuit for the year ended June 30, 2008. We ask that you either confirm or amend this understanding.

Audit Services

We will perform an audit of Public Defender Corporation for the Twenty-third Judicial Circuit's financial statements as of and for the year ended June 30, 2008. We understand that the financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America. The objective of an audit of financial statements is to express an opinion on those statements.

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether caused by error, fraud. Accordingly, a material misstatement may remain undetected. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, *Government Auditing Standards* do not expect us to provide reasonable assurance of detecting abuse.

An audit of financial statements also includes obtaining an understanding of internal control sufficient to plan the audit and to determine the nature, timing and extent of audit procedures to be performed. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to you and to management any significant deficiencies or material weaknesses that become known to us during the course of the audit.

We will also communicate to the governing board (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements, (b) any fraud, illegal acts, violations of provisions of contracts or grant agreements and abuse that come to our attention (unless they are clearly inconsequential), (c) any disagreements with management and other serious difficulties encountered in performing the audit, and (d) various matters related to the entity's accounting policies and financial statements.

Our report(s) on internal control will include any significant deficiencies and material weaknesses in the system of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circular identified above. Our report(s) on compliance matters will address material errors, fraud, abuse, violations of compliance obligations and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and circulars identified above.

Public Defender Corporation for the Twenty-third Judicial Circuit's Responsibilities

Management is responsible for the financial statements, including adjusting the financial statements to correct material misstatements, and for making all financial records and related information available to us. Management is responsible for providing us with a written management representation letter confirming certain representations made during the course of our audit of the financial statements and affirming to us that it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and to the opinion units of the financial statements.

Management is responsible for establishing and maintaining effective internal control over financial reporting and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge.

Management is responsible for identifying and ensuring that the entity complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management employees who have significant roles in internal control and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, short sellers, or others.

Management is also responsible for 1) making us aware of significant vendor relationships where the vendor is responsible for program compliance, 2) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings, and a corrective action plan, and 3) report distribution including submitting the reporting package(s).

The governing board is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity.

Public Defender Corporation for the Twenty-third Judicial Circuit agrees that our report on the financial statements will not to be included in an official statement or other document involved with the sale of debt instruments without our prior consent. Additionally, if Public Defender Corporation for the Twenty-third Judicial Circuit intends to publish or otherwise reproduce the financial statements and/or make reference to us or our audit, Public Defender Corporation for the Twenty-third Judicial Circuit agree to provide us with printer's proofs or a masters for our review and consent before reproduction and/or release occurs. You also agree to provide us with a copy of the final reproduced material for our consent before it is distributed or released. Our fees for any additional services that may be required under our quality assurance system as a result of the above will be established with you at the time such services are determined to be necessary. In the event our auditor/client relationship has been terminated when the Organization seeks such consent, we will be under no obligation to grant such consent or approval.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client. Accordingly, Public Defender Corporation for the Twenty-third Judicial Circuit agrees it will compensate Suttle & Stalnaker, PLLC for any additional costs incurred as a result of the employment of a partner or professional employee of Suttle & Stalnaker, PLLC.

During the course of our engagement, we may accumulate records containing data which should be reflected in your books and records. You will determine that all such data, if necessary, will be so reflected. Accordingly, you will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by organization personnel, including the preparation of schedules and analyses of accounts, will be discussed at a later date. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Other Terms of our Engagement

Public Defender Corporation for the Twenty-third Judicial Circuit hereby indemnifies Suttle & Stalnaker, PLLC and its partners, principals and employees and holds them harmless from all claims, liabilities, losses and costs arising in circumstances where there has been a known misrepresentation by a member of Public Defender Corporation For the Twenty-third Judicial Circuit's management, regardless of whether such person was acting in Public Defender Corporation for the Twenty-third Judicial Circuit's interest. This indemnification will survive termination of this letter.

The working papers for this engagement are the property of Suttle & Stalnaker, PLLC. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit working papers upon their request; and that we shall maintain the working papers for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested working papers will be provided under the supervision of Suttle & Stalnaker, PLLC audit personnel and at a location designated by our Firm.

In the event we are requested or authorized by Public Defender Corporation for the Twenty-third Judicial Circuit or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for Public Defender Corporation for the Twenty-third Judicial Circuit, Public Defender Corporation for the Twenty-third Judicial Circuit will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

If circumstances arise relating to the condition of the Organization's records, the availability of sufficient, competent evidential matter, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets which in our professional judgment prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

Any claim arising out of services rendered pursuant to this agreement shall be resolved in accordance with the laws of West Virginia. It is agreed by Public Defender Corporation for the Twenty-third Judicial Circuit and Suttle & Stalnaker, PLLC or any successors in interest that no claim arising out of services rendered pursuant to this agreement by or on behalf of Public Defender Corporation for the Twenty-third Judicial Circuit shall be asserted more than two years after the date of the last audit report issued by Suttle & Stalnaker, PLLC.

If any dispute arises among the parties hereto, the parties agree Twenty-third to try in good faith to settle the dispute by mediation administered by the American Arbitration Association or other association under Rules for Professional Accounting and Related Services Disputes before resorting to litigation. Costs of any mediation proceeding shall be shared equally by all parties.

We will assist in drafting the Organization's financial statements and propose adjustments to the trial balance and update depreciation schedules which will be reviewed and approved by management. The draft and the adjustments and the depreciation schedules are the responsibility of management.

The two overarching principles of the independence standards of the *Government Auditing Standards* issued by the Comptroller General of the United States provide that management is responsible for the substantive outcomes of the work and, therefore, has a responsibility and is able to make any informed judgment on the results of the services described above. Accordingly, Public Defender Corporation for the Twenty-third Judicial Circuit agrees to the following:

1. Deborah A. Lawson, Chief Defender will be accountable and responsible for overseeing the draft of the financial statements and trial balance adjustments (and updates to the fixed assets software).
2. Public Defender Corporation for the Twenty-third Judicial Circuit will establish and monitor the performance of the draft of the financial statements and trial balance adjustments (and depreciation schedules) to ensure that they meet management's objectives.
3. Public Defender Corporation for the Twenty-third Judicial Circuit will make any decisions that involve management functions related to the draft of the financial statements and trial balance adjustments (and depreciation schedules) and accepts full responsibility for such decisions.
4. Public Defender Corporation for the Twenty-third Judicial Circuit will evaluate the adequacy of services performed and any findings that result.

In accordance with *Government Auditing Standards*, a copy of our most recent peer review report is attached.

This letter constitutes the complete and exclusive statement of agreement between Suttle & Stalnaker, PLLC and Public Defender Corporation for the Twenty-third Judicial Circuit, superseding all proposals, oral or written, and all other communication, with respect to the terms of the engagement between the parties.

If this letter defines the arrangements as the Organization understands them, please sign the enclosed copy and return it to us. If you have any questions or concerns please call or email Chris Lambert at (304) 720-3102 / clambert@suttlecpas.com or Horace Emery at (304) 720-3103 / hemery@suttlecpas.com.

Suttle & Stalnaker, PLLC

Suttle & Stalnaker, PLLC

Confirmed on behalf of the Public Defender Corporation for the Twenty-third Judicial Circuit:

Dhruv Alav

Signature

Chief Public Defender

Title



Riney, Hancock & Co., PSC
Certified Public Accountants & Financial Advisors

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Owensboro, Kentucky 42303

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To the Members
Suttle & Stalnaker, PLLC

We have reviewed the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC (the firm) in effect for the year ended May 31, 2005. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statement on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with the system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included, among others, audits of Employee Benefit Plans and engagements performed under *Government Auditing Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests; therefore it would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control of future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

Suttle & Stalnaker, PLLC
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In our opinion, the system of quality control for the accounting and auditing practice of Suttle & Stalnaker, PLLC in effect for the year ended May 31, 2005, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

A handwritten signature in cursive script that reads "Riney, Hancock & Co., PSC". The signature is written in dark ink and is positioned to the right of the main body of text.

Riney, Hancock & Co., PSC
Owensboro, Kentucky 42303
November 7, 2005

MANAGEMENT REPRESENTATIONS LETTER

PUBLIC DEFENDER CORPORATION

FOR THE 23RD JUDICIAL CIRCUIT



313 MONROE STREET MARTINSBURG, WV 25404

(304) 263-8909 FAX (304) 267-0418 pubdefend@acomcast.net

November 12, 2008

Suttle & Stalnaker, PLLC
The Virginia Center, Suite 100
1411 Virginia Street, East
Charleston, West Virginia 25301

In connection with your audit of the basic financial statements of the Public Defenders Corporation for the Twenty-third Judicial Circuit, as of and for the year ended June 30, 2008, we confirm that we are responsible for the fair presentation in the financial statements of net assets, revenues, expenses and changes in net assets, and cash flows in conformity with accounting principles generally accepted in the United States of America.

We confirm to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have identified for you all organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, that are:
 - a. Component units.
 - b. Other organizations for which the nature and significance of their relationship with the Corporation are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
 - c. Jointly governed organizations in which we participated.
3. We are a component unit of the State of West Virginia funded by West Virginia Public Defenders Services, and our financial statements are discretely presented in the State of West Virginia's comprehensive annual financial report in accordance with Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.

4. We have identified for you all of our funds and account groups of the organization.
5. We have properly classified all funds and activities.
6. We have properly determined and reported the enterprise fund based on the required quantitative criteria.
7. We are responsible for compliance with laws and regulations applicable to the Corporation including adopting, approving, and amending budgets.
8. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.
9. We have made available to you:
 - a. All financial records and related data of all funds and activities, including those of all special funds, programs, departments, projects, activities, etc., in existence at any time during the period covered by your audit.
 - b. All minutes of the meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared.
10. There have been no:
 - a. Fraud involving management or employees who have significant roles in internal control.
 - b. Fraud involving other employees that could have a material effect on the financial statements.
 - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
11. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
12. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data.
13. We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation received in communications from employees, former employees, analysts, regulators, short sellers, or others.
14. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
15. We know of no violations of state or Federal statutory or regulatory provisions, grant or other contractual provisions, or of provisions of local ordinances (except for those which have been communicated to you or which are disclosed in the financial statements and/or your reports).

16. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
17. The following, if any, have been properly recorded and/or disclosed in the financial statements:
 - a. Related party transactions, as defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, and inter-fund transactions, including inter-fund accounts and advances receivable and payable, sale and purchase transactions, inter-fund transfers, long-term loans, leasing arrangements and guarantees, all of which have been recorded in accordance with the economic substance of the transaction and appropriately classified and reported.
 - b. Guarantees, whether written or oral, under which the Government is contingently liable.
 - c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
 - d. Line of credit or similar arrangements.
 - e. Agreements to repurchase assets previously sold.
 - f. Security agreements in effect under the Uniform Commercial Code.
 - g. Any other liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - h. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
 - i. Any liabilities which are subordinated in any way to any other actual or possible liabilities.
 - j. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
 - k. Debt issue provisions.
 - l. All leases and material amounts of rental obligations under long-term leases.
 - m. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the AICPA's Statement of Position 94-6, *Disclosure of Certain Significant Risks and Uncertainties*. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.
 - n. Authorized but unissued bonds and/or notes.

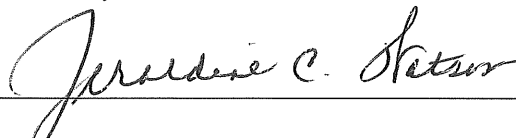
- o. Risk financing activities.
 - p. Derivative financial instruments.
 - q. Special and extraordinary items.
 - r. Deposits and investment securities category of custodial credit risk.
 - s. The effect on the financial statements of GASB Statement No. 49, GASB Statement No. 51, and GASB Statement No 53 which have been issued, but which we have not yet adopted.
18. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made.
- a. To reduce receivables to their estimated net collectable amounts.
 - b. To reduce investments, intangibles, and other assets which have permanently declined in value to their realizable values.
 - c. For risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through the date of this letter and/or for expected retroactive insurance premium adjustments applicable to periods through the date of this letter.
 - d. For pension obligations, post-retirement benefits other than pensions and deferred compensation agreements attributable to employee services rendered through the date of this letter.
 - e. For any material loss to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
 - f. For any material loss to be sustained as a result of purchase commitments.
19. There are no:
- a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a “potentially responsible party” by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.

- c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by Statement of Financial Accounting Standards No. 5 and/or GASB Statement No. 10.
- 20. We are not aware of any pending or threatening litigation, claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with Statement of Financial Accounting Standards No. 5 and/or GASB Statement No. 10 and we have not consulted a lawyer concerning litigation claims or assessments.
- 21. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
- 22. We have satisfactory title to all owned assets.
- 23. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 24. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.
- 25. Expenses have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses, and changes in net assets, and allocations have been made on a reasonable basis.
- 26. Revenues are appropriately classified in the statement of revenues, expenses and changes in net assets.
- 27. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
- 28. Required supplementary information is properly measured and presented.
- 29. We are responsible for and have reviewed and approved the proposed adjustments, if any, to the trial balances identified during the audit, which are included in the attached summarized schedule of posted adjustments and will post all adjustments accordingly. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.
- 30. We believe that the effects of the passed journal entries, if any, aggregated by you and summarized in the attached schedule are immaterial, both individually and in the aggregate to the financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.
- 31. We are not aware of any internal control weaknesses or significant deficiencies that should be reported, except as disclosed to you. We are responsible for establishing and maintaining effective internal control over financial reporting.
- 32. No events or transactions other than those disclosed in the financial statements have occurred subsequent to fiscal year end and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.

33. During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.



Chief Defender



Accountant/Office Manager



Board Chairman

MANAGEMENT COMMENT LETTER

November 12, 2008

To Management and the Board of Directors
Public Defender Corporation For The Twenty-Third Judicial Circuit
Martinsburg, West Virginia

In connection with our audit of the financial statements of Public Defender Corporation for the Twenty-third Judicial Circuit (the Corporation) as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, and *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the Corporation' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation' internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation' internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect financial statement misstatements on a timely basis. A deficiency in design exists when a control necessary to meet the control objective is missing, or when an existing control is not properly designed so that even if the control operates as designed, the control objective is not always met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or qualifications to perform the control effectively.

A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affect the Corporation' ability to authorize, initiate, record, process or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Corporation' financial statements that is more than inconsequential will not be prevented or detected.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we did identify a significant deficiency that we considered to also be a material weakness in internal control that was required to be reported. This issue is summarized as follows:

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Financial Reporting

The Corporation's financial reporting process should be designed to ensure that financial statements prepared by management are fairly presented in accordance with accounting principles generally accepted in the United States of America (GAAP) and as prescribed by the Governmental Accounting Standards Board (GASB).

The Corporation's general ledger required numerous adjustments identified during the audit process to ensure that the financial statements were prepared in accordance with GAAP and as prescribed by GASB. The Corporation also followed the FASB reporting model instead of the GASB reporting model.

Management should develop policies and procedures to prepare GAAP basis financial statements as prescribed by GASB. In addition to preparing GAAP basis financial statements at year end, GAAP basis statements should be prepared throughout the year to provide management with additional information for decision making purposes.

* * * * *

The following are other comments and recommendations, determined not to be a material weakness, significant deficiency or a control deficiency, but are considered a comment worthy of reporting to management.

Budgets

During our comparison of actual expenses to budgeted amounts established by the West Virginia Public Defender Services, we noted the following exceeded their budgeted amounts:

<u>Account</u>	<u>Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Contracts-General	\$ 8,025	\$ 11,419	\$ 3,394
Interns	4,000	4,207	207
FICA	104,095	108,028	3,934
Property-Library	16,775	18,236	1,461

We recommend that if the Corporation finds it necessary to spend more than the budget in any line items that the correct procedures are used to obtain an approved line item transfer from the West Virginia Public Defender Services.


Board Meetings

Article 21, Chapter 29, Section 15 of the West Virginia Code requires that the Corporation's Board of Directors hold at least four meetings annually. Upon review of the minutes of the Board meetings, we noted that four meetings were scheduled but two were canceled due to lack of a quorum present.

We recommend that the Board of Directors establish a regular meeting schedule that includes at least four meetings annually in order to comply with the West Virginia Code. If a scheduled meeting cannot be conducted due to lack of a quorum, a replacement meeting should be scheduled. In addition, the minutes from these meetings should be prepared in a timely manner to ensure that documentation is maintained for all meetings held.

* * * * *

This communication is intended solely for the information and use of management, the Board of Directors, and Federal and State oversight agencies and is not intended to be and should not be used by anyone other than these specified parties.


Suttle & Stalnaker, PLLC
Charleston, West Virginia