

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

REPORT TO THE BOARD

SEPTEMBER 27, 2010



September 27, 2010

Honorable Members of the Board
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, 2010. 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, management and Federal and State oversight agencies 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 continue to be of service to the Corporation.

A handwritten signature in cursive script that reads 'Suttle & Stalnaker, PLLC'.

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 July 9, 2010.</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. The Corporation did not adopt any 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> <p>Alternative Treatments Discussed with Management</p> <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>

Area	Comments
Management’s Judgments and Accounting Estimates	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.”
Financial Statement Disclosures	In our meeting with management we discussed the financial statements as they relate to the neutrality, consistency, and clarity of the disclosures in the financial statements.
Audit Adjustments	Audit adjustments recorded by the Corporation, if any, are shown on the attached “Summary of Recorded Audit Adjustments.”
Uncorrected Misstatements	Uncorrected misstatements, if any, are summarized in the attached “Summary of Uncorrected Misstatements.”
Disagreements with Management	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.
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.

Area	Comments
Internal Control	No material weaknesses in internal control were identified as a result of our audit. See the attached internal control letter.
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.

Public Defender Corporation for the Twenty-Third Judicial Circuit
Summary of Accounting Estimates
Year Ended June 30, 2010

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, 2010 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.
Other post employment benefit liability	Estimated	Based upon the third party trust funds actuarial determination of the annual required contribution which is billed to the Corporation.	We concur with this process.

Public Defender Corporation for the Twenty-Third Judicial Circuit
Summary of Recorded Audit Adjustments
Year Ended June 30, 2010

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.

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
Adjusting Journal Entries JE # 1			
To record CY OPEB liability			
6130230	OPEB Expense	141,370.64	
2500027	OPEB Liability		141,370.64
Total		<u>141,370.64</u>	<u>141,370.64</u>
Adjusting Journal Entries JE # 2			
To record CY depreciation expense.			
8030230	Depreciation-Computers	9,837.84	
8050230	Depreciation General Property	367.50	
8060230	Depreciation - Leasehold Improvements	641.67	
1823000	ACCUMULATED DEPRECIATION Accumulated Depreciated - Leasehold		9,837.84
1823012	Improvements Accumulated Depreciation - Furniture &		641.67
1823035	Fixtures		367.50
Total		<u>10,847.01</u>	<u>10,847.01</u>
Adjusting Journal Entries JE # 3			
To adjust accrued leave to actual at year end.			
6001230	Salaries Lawyers	4,823.64	
6002230	Salaries Non-Lawyers'	1,127.38	
2523002	Accrued Leave - Vacation		5,951.02
Total		<u>5,951.02</u>	<u>5,951.02</u>
Adjusting Journal Entries JE # 5			
To adjust accrued expense to actual at year end.			
2323002	Federal Withholding	8,415.61	
6101230	Health Insurance	5,708.29	
6102230	Pension Contribution	2,541.79	
6110230	Taxes- FICA & Medicare	8,532.49	
6120230	Workers' Compensation	355.52	
2323003	FICA Withholding		8,888.01
2323026	Health Insurance Withholdings		5,708.29
2323090	O/P, Pensions		2,541.79
6001230	Salaries Lawyers		8,415.61
Total		<u>25,553.70</u>	<u>25,553.70</u>
Adjusting Journal Entries JE # 6			
To record AP at year end.			
7130230	Property- Library	6,349.13	
2023000	ACCOUNTS PAYABLE - 23th		6,349.13
Total		<u>6,349.13</u>	<u>6,349.13</u>

**Public Defender Corporation for the Twenty-Third Judicial Circuit
Summary of Uncorrected Misstatements
Year Ended June 30, 2010**

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

Certain Written Communications between Management and Our Firm

Arrangement Letter

Management Representations Letter

Internal Control Letter

ARRANGEMENT LETTER



July 9, 2010

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, 2010. 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, 2010. 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 or 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 the entity and its environment, including its internal control, sufficient to assess the risks of material misstatement of the financial statements, and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to management and the governing board 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 controls 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 circulars identified above. Our report(s) on compliance will address material errors, fraud, abuse, violations of compliance requirements, and other responsibilities imposed by state and federal statutes and regulations and assumed by contracts; and any state or federal grant, entitlement of 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 the selection and application of accounting policies, 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 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 agrees 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

Because Suttle & Stalnaker, PLLC will rely on the Public Defender Corporation for the Twenty-third Judicial Circuit and its management and audit committee to discharge the forgoing responsibilities, the Public Defender Corporation for the Twenty-third Judicial Circuit holds harmless and releases Suttle & Stalnaker, PLLC, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Public Defender Corporation for the Twenty-third Judicial Circuit's management which has caused, in any respect, Suttle & Stalnaker, PLLC breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

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 conditions of your records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, misappropriation of assets, or noncompliance 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 first 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.

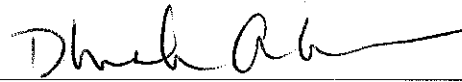
This letter constitutes the complete and exclusive statement of agreement between Suttle & Stalnaker, PLLC and Public Defender Corporation for the Twenty-third Judicial Circuit, superseding all proposals, oral or written, and all other communication, with respect to the terms of the engagement between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

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



Signature

CHIEF PUBLIC DEFENDER

Title



Kelley,
Galloway &
Company, PSC

CERTIFIED PUBLIC ACCOUNTANTS

▪ 1200 BATH AVENUE ▪ P. O. BOX 990 ▪ ASHLAND, KENTUCKY 41105-0990 ▪
▪ Phone (606) 329-1811 ▪ Fax (606) 329-8756 ▪ E-mail contact@kelleygalloway.com ▪ Web site www.kelleygalloway.com ▪

Member of the Center for Public Company Audit Firms, the Private Companies Practice Section of the American Institute of Certified Public Accountants and PKF North American Network

December 31, 2008

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, 2008. A system of quality control encompasses the firm's organizational structure, the policies adopted and the procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm with 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 its 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 detect all weaknesses in the system of quality control or all instances of noncompliance 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 may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

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, 2008, 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.

Kelley, Galloway & Company, PSC

Kelley, Galloway & Company, PSC
Ashland, Kentucky

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@comcast.net

September 27, 2010

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

In connection with your audits of the basic financial statements of the Public Defenders Corporation for the Twenty-third Judicial District, as of and for the years ended June 30, 2010 and 2009, 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, as of September 27, 2010, 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.

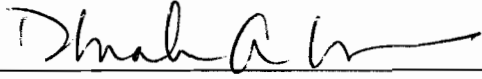
4. We have identified for you all of our funds and account groups of the organization.
5. We have properly classified all funds and activities.
6. We have properly determined and reported the major governmental and enterprise fund based on the required quantitative criteria.
7. We are responsible for 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. We have no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control, or.
 - c. Other where the fraud 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 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.
13. 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.
14. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
15. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

16. 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. The fair value of investments.
 - i. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
 - j. Any liabilities which are subordinated in any way to any other actual or possible liabilities.
 - k. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
 - l. Debt issue provisions.
 - m. All leases and material amounts of rental obligations under long-term leases.
 - n. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the Risk and Uncertainties Topic of the FASB Accounting Standards Codification. 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.
 - o. Authorized but unissued bonds and/or notes.
 - p. Risk financing activities.
 - q. Derivative financial instruments.

- r. Assets and liabilities measured at fair value.
 - s. The effect on the financial statements of GASB Statement No. 54 which has been issued, but which we have not yet adopted.
 - t. Special and extraordinary items.
 - u. Deposits and investment securities category of custodial credit risk.
 - v. Arbitrage rebate liabilities.
 - w. Impairment of capital assets.
17. 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.
18. 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 the Contingencies Topic of the FASB Accounting Standards Codification.

19. 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 the Contingencies Topic of the FASB Accounting Standards Codification and/or GASB Statement No. 10 and we have not consulted a lawyer concerning litigation claims or assessments.
20. 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.
21. We have satisfactory title to all owned assets.
22. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
23. 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.
24. Expenses or expenditures 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.
25. Revenues are appropriately classified in the statement of revenues, expenses and changes in net assets.
26. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
27. Required supplementary information is properly measured and presented.
28. 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.
29. 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.
30. We are responsible for determining that significant events or transactions that have occurred since the balance sheet date and through September 27, 2010 have been recognized or disclosed in the financial statements. No events or transactions other than those disclosed in the financial statements have occurred subsequent to the balance sheet date and through September 27, 2010 that would require recognition or disclosure in the financial statements. We further represent that as of September 27, 2010, the financial statements were complete in a form and format that complied with accounting principles generally accepted in the United States of America, and all approvals necessary for issuance of the financial statements had been obtained.

31. 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

INTERNAL CONTROL LETTER

September 27, 2010

Honorable Members of the Board
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, 2010, 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's 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

* * * * *

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.

Year End Accrual Adjustments

We identified several audit differences for the year end accruals that resulted in audit adjustments to ensure that the financial statements were not materially misstated in conformity with accounting principles generally accepted in the United States of America (GAAP) and the standards applicable to financial audits contained in *Government Auditing Standards*. We recommend that management develop policies and procedures to prepare year end GAAP basis financial statements.

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>
Property- Computers	\$ -	\$ 1,265	\$ 1,265

We recommend that if the Corporation finds it necessary to spend more than budgeted in any line item, that the correct procedures be used to obtain a line item transfer from the West Virginia Public Defender Services.

* * * * *

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