



Financial Statement  
and Supplementary Information

for

**JUDICIAL BRANCH OF THE  
COMMONWEALTH OF KENTUCKY**

For the Year Ended June 30, 2025  
with Independent Auditor's Report

## CONTENTS

	<u>Pages</u>
Independent Auditor's Report.....	1 - 3
Statement of Receipts, Disbursements, and Changes in Fund Balances – Regulatory Basis.....	4
Notes to the Financial Statement.....	5 - 17
Supplementary Information:	
Schedule of Receipts and Disbursements - Budget to Actual.....	18
Schedule of General Fund Disbursements - Budget to Actual.....	19
Schedule of Agency Revenue Fund Disbursements.....	20
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	22

## **Independent Auditor's Report**

To Chief Justice Debra Hembree Lambert  
Judicial Branch of the Commonwealth of Kentucky  
Frankfort, Kentucky

### **Report on the Audit of the Financial Statement**

#### ***Opinion***

We have audited the statement of receipts, disbursements, and changes in fund balances - regulatory basis of the Judicial Branch of the Commonwealth of Kentucky (the Judicial Branch), for the year ended June 30, 2025, and the related notes (the financial statement).

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the cash receipts, disbursements, and changes in fund balance for the year ended June 30, 2025 in accordance with the financial reporting provisions of the regulatory basis of accounting prescribed or permitted by the Commonwealth of Kentucky as described in Note 2.

#### ***Adverse Opinion of U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the accompanying financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Judicial Branch as of June 30, 2025, or changes in net position and cash flows thereof for the year then ended.

#### ***Basis for Opinion***

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

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2, the financial statement is prepared by the Judicial Branch on the regulatory basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Commonwealth of Kentucky. The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Commonwealth of Kentucky.

Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibilities for the Audit of the Financial Statement***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Judicial Branch's internal control. Accordingly, no such opinion is expressed.

***Auditor's Responsibilities for the Audit of the Financial Statement, continued***

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Judicial Branch's ability to continue as a going concern for a reasonable period of time.

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

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement. The Schedule of Receipts and Disbursements - Budget to Actual, the Schedule of General Fund Disbursements - Budget to Actual, and the Schedule of Agency Revenue Fund Disbursements are presented for purposes of additional analysis and are not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Receipts and Disbursements - Budget to Actual, the Schedule of General Fund Disbursements - Budget to Actual, and the Schedule of Agency Revenue Fund Disbursements are fairly stated, in all material respects, in relation to the financial statement as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2025 on our consideration of the Judicial Branch's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Judicial Branch's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Judicial Branch's internal control over financial reporting and compliance.

*Dean Dotson Allen Ford, PLLC*

Louisville, Kentucky  
October 7, 2025

JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - REGULATORY BASIS

FOR THE YEAR ENDED JUNE 30, 2025

	General Fund				Special Revenue Funds		Capital Projects Funds			
	Court Operations	Local Facilities	Judicial Retirement System	Total	Agency Revenue Fund	Federal Fund	Capital Projects Federal Funds	Capital Projects General Funds	Capital Projects Agency Funds	Total Funds
Receipts:										
State appropriations	\$ 317,432,400	\$ 132,775,500	\$ 660,000	\$ 450,867,900	\$ -	\$ -	\$ -	\$ 53,500,000	\$ -	\$ 504,367,900
Program services	-	-	-	-	48,642,704	-	-	-	-	48,642,704
Grants and awards	-	-	-	-	-	2,904,358	-	-	-	2,904,358
Total receipts	317,432,400	132,775,500	660,000	450,867,900	48,642,704	2,904,358	-	53,500,000	-	555,914,962
Disbursements:										
Personnel costs:										
Salary and wages	174,136,528	-	-	174,136,528	35,368,606	781,041	-	-	-	210,286,175
Payroll taxes	15,018,022	-	-	15,018,022	1,016,671	90,231	-	-	-	16,124,924
Fringe benefits	79,989,593	-	-	79,989,593	4,972,448	380,797	-	-	-	85,342,838
Contracted services	12,100,370	968,251	-	13,068,621	5,330,946	310,471	-	-	-	18,710,038
Total personnel costs	281,244,513	968,251	-	282,212,764	46,688,671	1,562,540	-	-	-	330,463,975
Utilities and telecommunication	4,290,382	506,557	-	4,796,939	4,643	120	-	-	-	4,801,702
Real Property Leases	313,468	3,270,106	-	3,583,574	49,344	-	-	-	-	3,632,918
Use allowance paid to Trustee	-	74,993,297	-	74,993,297	-	-	-	-	-	74,993,297
Use allowance and operating paid to County	-	37,907,706	-	37,907,706	-	-	-	-	-	37,907,706
Non-recurring paid to County	-	1,375,990	-	1,375,990	-	-	-	-	-	1,375,990
Rental of equipment	1,731,808	189,361	-	1,921,169	4,710	-	-	-	-	1,925,879
Maintenance and Repairs	184,554	179,567	-	364,121	5,562	-	-	-	-	369,683
Postage	2,595,831	-	-	2,595,831	1,385	-	-	-	-	2,597,216
Miscellaneous services	2,227,292	485,321	-	2,712,613	398,589	288,194	-	-	-	3,399,396
Supplies and equipment	7,021,970	975,740	-	7,997,710	93,016	65,758	-	-	-	8,156,484
Computer and IT costs	8,648,294	-	-	8,648,294	948,996	133,003	-	-	-	9,730,293
Travel	2,692,088	-	-	2,692,088	191,854	228,883	-	-	-	3,112,825
Substance abuse testing supplies / collections	4,490,026	-	-	4,490,026	-	-	-	-	-	4,490,026
Substance abuse treatment	681,790	-	-	681,790	4,275	184,188	-	-	-	870,253
Retirement disbursements	-	-	660,000	660,000	-	-	-	-	-	660,000
Other	798,923	(1,562,674)	-	(763,751)	31,563	21,612	-	-	-	(710,576)
Total operating costs	35,676,426	118,320,971	660,000	154,657,397	1,733,937	921,758	-	-	-	157,313,092
Capital outlays	279,526	223,738	-	503,264	5,196,870	-	-	-	-	5,700,134
Capital projects	-	-	-	-	-	-	31,499,779	3,401,122	2,900,258	37,801,159
Transfer to OFM for bond service	-	570,000	-	570,000	-	-	-	-	-	570,000
Total disbursements	317,200,465	120,082,960	660,000	437,943,425	53,619,478	2,484,298	31,499,779	3,401,122	2,900,258	531,848,360
Transfer (to) from	-	-	-	-	3,200,000	-	-	-	(3,200,000)	-
Total disbursements & transfers	317,200,465	120,082,960	660,000	437,943,425	56,819,478	2,484,298	31,499,779	3,401,122	(299,742)	531,848,360
Net change in fund balances	231,935	12,692,540	-	12,924,475	(8,176,774)	420,060	(31,499,779)	50,098,878	299,742	24,066,602
Fund balances, beginning of year	97,146	9,304,635	-	9,401,781	51,424,258	(570,475)	38,000,000	3,615,581	-	101,871,145
Lapse of funds required by Budget Bill	-	(14,758,900)	-	(14,758,900)	-	-	-	-	-	(14,758,900)
Fund balances, end of year	\$ 329,081	\$ 7,238,275	\$ -	\$ 7,567,356	\$ 43,247,484	\$ (150,415)	\$ 6,500,221	\$ 53,714,459	\$ 299,742	\$ 111,178,847

See accompanying notes

## JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

### Notes to the Financial Statements

#### 1. Description of the Organization and Reporting Entity

##### Description of the Organization

The Judicial Article of the Kentucky Constitution became effective in 1976 and created the Judicial Branch of the Commonwealth of Kentucky (Judicial Branch) as an independent branch of government, separate from the Executive and Legislative branches and separate from county and city governments. The Judicial Article created Kentucky's unified court system and made the chief justice head of the state court system, also known as the Kentucky Court of Justice.

The Kentucky Court of Justice is a four-tiered system of adjudication including a Supreme Court, Court of Appeals, Circuit Court, and District Court. Additionally, in 2002, a constitutional amendment was approved formally sanctioning the creation of Family Courts.

The Supreme Court of Kentucky is the highest appellate court in the Commonwealth of Kentucky and the final interpreter of the law. It consists of seven justices who are elected from the seven appellate districts and serve eight-year terms. The Chief Justice of the Commonwealth of Kentucky is chosen by his or her colleagues and serves a term of four years. The Supreme Court is also responsible for establishing rules of practice and procedures for the Court of Justice, which includes the conduct of judges and attorneys.

The Court of Appeals is Kentucky's intermediate appellate court and handles various appeals of court orders. If a case is tried in District or Circuit Court, and the losing parties involved are not satisfied with the outcome, in many cases they may ask for the Court of Appeals to review the correctness of the trial court's decision. The Court of Appeals has 14 elected judges, two from each of the seven appellate districts. The Court of Appeals is divided into panels of at least three judges, which conduct hearings regularly throughout the Commonwealth of Kentucky.

Circuit Court is Kentucky's highest trial court and has general jurisdiction in civil matters involving more than \$5,000, capital offenses and felonies, land dispute title cases, contested probate cases and appeals from District Court and administrative agencies. The Circuit Court has 57 judicial circuits and 158 judges, of which 61 are in Family Court.

Family Court is a division of the Circuit Court devoted exclusively to cases involving families and children. Family Court provides one judge to hear all of a family's issues relating to divorce, child custody, adoption, termination of parental rights, domestic violence, child abuse and neglect. Family Courts are currently impacting 75 of Kentucky's 120 counties.

District Court handles juvenile matters, city and county ordinances, misdemeanors, violations, traffic offenses, probate of wills, arraignments, felony probable cause hearings, small claims involving \$2,500 or less, civil cases involving \$5,000 or less, voluntary and involuntary mental commitments, and cases relating to domestic violence and abuse. The District Court consists of 113 judges from 59 judicial districts and their staff. District Court is held in every county in Kentucky.

## JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

### Notes to the Financial Statements, continued

#### 1. Description of the Organization and Reporting Entity, continued

##### Description of the Organization, continued

Circuit Court Clerks are responsible for managing the records of Circuit and District Courts. One Circuit Court Clerk is elected in each Kentucky county for a six-year term. Circuit Court Clerks are state officers whose duties are coextensive with the Commonwealth, and who are subject to the administrative control of the Chief Justice. As state officers, Circuit Court Clerks receive and disburse money on behalf of the Commonwealth of Kentucky. The clerks and their staff have as their primary goal the fulfillment of these objectives: maintain custody, control and safe storage of court records; increase the availability of statistical information and the ability to retrieve information; increase the orderly disposition of court matters; maintain uniform revenue accounting procedures; increase the clerk's responsiveness to the needs of the court and general public; provide assistance with jury management and general administration of the court; and ensure the prompt transmittal of records on appeal to the proper appellate court.

Funds collected by Circuit Court Clerks are deposited into the state treasury for disbursement to applicable parties as required by statute. The only exceptions are the law library fee, the county jail fee and the sheriff security fee, which are distributed at the local level, and third-party money collected by Circuit Court Clerks.

Boards and Commissions of the Judicial Branch include the Circuit Court Clerk Conduct Commission, the Judicial Conduct Commission, the Judicial Ethics Committee, the Judicial Nominating Commission, the Office of Bar Admissions, the Kentucky Access to Justice Commission, and the Kentucky Judicial Commission on Mental Health:

The Circuit Court Clerk Conduct Commission created by the Rules of Administrative Procedure of the Court of Justice (AP) Part XVI, investigates and reviews complaints against Circuit Court Clerks and, when warranted, conducts hearings regarding the alleged misconduct where evidence is presented and takes disciplinary action.

The Judicial Conduct Commission investigates and reviews complaints against judges and, when warranted, conducts hearings regarding the alleged misconduct and takes disciplinary action. (Ky. Const. § 121; Supreme Court Rule (SCR) 4.000, et. seq.).

The Judicial Ethics Committee, established by SCR 4.310, issues opinions and guidance to judges concerning the propriety of certain acts or conduct and the construction or application of judicial canons of ethics upon request.

The Judicial Nominating Commission helps fill judicial vacancies by appointment when a vacancy occurs outside of the election cycle. It is established by the Kentucky Constitution (Ky. Const. § 118; SCR 6.000, et. seq.).



## JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

### Notes to the Financial Statements, continued

#### 1. Description of the Organization and Reporting Entity, continued

##### Description of the Organization, continued

The Kentucky Office of Bar Admissions (OBA) was created by SCR 2.00 to administer the bar examination and determine the eligibility of all candidates seeking admission to the practice of law in the Commonwealth. The OBA includes the Board of Bar Examiners and the Character and Fitness Committee, whose members are practicing attorneys appointed by the Supreme Court, and the staff of the OBA who carry out the work of the Board and Committee.

The Kentucky Access to Justice Commission was created by Supreme Court Order 2018-09 to increase access to the courts and high-quality legal representation for people of low and moderate income in Kentucky through innovative partnerships with the civil legal aid programs, the judiciary and court personnel, the Kentucky Bar Association, the private bar and non-lawyer professionals, law schools, and business and community-based organizations.

The Kentucky Judicial Commission on Mental Health was created by Supreme Court Order 2022-42 to develop, implement, and coordinate initiatives designed to improve the courts' interaction with and the administration of justice for individuals with mental illness, substance use disorders, and intellectual disabilities.

The Administrative Office of the Courts (AOC) was established in 1976 as a result of the Judicial Article. The AOC is the operational arm of the Judicial Branch and acts as the fiscal agent for the Judicial Branch. The AOC supports court facilities and programs in all 120 counties in Kentucky, with its main campus in Frankfort, Kentucky. The AOC carries out duties that are mandated by the Kentucky Constitution, including administering the Judicial Branch budget, building and maintaining court facilities, maintaining court statistics through a statewide case management database, administering personnel policies and payroll for court personnel, providing centralized procurement services for the Judicial Branch, and providing educational programs for judges, Circuit Court Clerks and support staff. The AOC is overseen by the Chief Justice of Kentucky, Debra Hembree Lambert, and its daily operations are managed by the AOC Director, which was Zachary Ramsey for the fiscal year ended June 30, 2025.

##### Reporting Entity

The Judicial Branch is a part of the Commonwealth of Kentucky's primary government and thus, the financial information of the Judicial Branch is included within the financial statements of the Commonwealth of Kentucky. The financial statement of the Judicial Branch includes all funds, organizations, agencies, boards, commissions and authorities for funds under the control of the Judicial Branch. Funds included within the reporting entity are those funds presented in the Judicial Branch's approved annual budget.

## JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

### Notes to the Financial Statements, continued

#### 1. Description of the Organization and Reporting Entity, continued

##### Reporting Entity, continued

The AOC, although legally a separate entity, is in substance part of the Judicial Branch's operations and exists solely to provide services for the Judicial Branch. The Judicial Branch is funded by appropriations from the General Assembly. The budget represents approximately 2.8 percent of the total state general funds for each year. The budget pays for all expenses of the state court system including salaries of elected officials and non-elected personnel, court facilities, court technology and office supplies and equipment.

#### 2. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies consistently followed by the Judicial Branch in the preparation of its financial statement:

##### Basis of Accounting

*Financial Statement* - The financial statement is presented in accordance with the regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). This regulatory basis of accounting involves the reporting of fund balances and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) to meet the financial reporting requirements of the Commonwealth of Kentucky and the Chief Justice.

The regulatory basis of accounting differs from GAAP primarily because the financial statement format does not include the GAAP presentation of government-wide and fund financial statements, cash receipts are recognized when received rather than when earned and susceptible to accrual, and cash disbursements are recognized when paid rather than when incurred or subject to accrual.

*Budget Information* - The budget information reflected in the supplemental schedule is the annual budget adopted by the General Assembly in accordance with the provisions of Commonwealth of Kentucky law. The budget is prepared on a basis consistent with the basis of accounting used in preparing the financial statement.

##### Basis of Presentation

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The Judicial Branch Budget consists of the following appropriation units:

*Court Operations* covers the disbursements relating to the Supreme Court, Court of Appeals, Circuit Court, Family Court, District Court, Circuit Court Clerk, and the Administrative Office of the Courts.

## JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

### Notes to the Financial Statements, continued

#### 2. Summary of Significant Accounting Policies, continued

##### Basis of Presentation, continued

*Local Facilities* covers disbursements relating to: (1) use allowance and operating costs payments for judicial centers and courthouses statewide, (2) real property leases, (3) maintenance and operating costs for the AOC headquarters located in Frankfort; and (4) miscellaneous costs related to court facilities.

"Operating costs" means compensation equivalent to the annual expenses borne by the unit of government for utilities, janitorial service, rent, insurance, and necessary maintenance, repair, and upkeep of the court facility which do not increase the permanent value or expected life of the court facility, but keeps it in efficient operating condition, and, at the election of the AOC, capital costs of interior or mechanical renovations for the benefit of the court.

Per Kentucky Revised Statute (KRS) 26A.090, as modified by 2022 House Bill (HB) 244, "Use allowance" means:

- For court facility projects authorized by the 2000 General Assembly or after, use allowance is the Judicial Branch's proportional share of the annual principal and interest in connection with the construction or renovation of the facility, not to exceed the maximum annual use allowance authorized by the General Assembly.
- When there is no debt on a court facility authorized prior to the 2000 General Assembly, use allowance is the court's proportional share of 2% of capital construction costs, paid annually. An additional 2% of capital construction costs is retained by the AOC for maintenance of court facilities state-wide.
- When there is debt on a court facility authorized prior to the 2000 General Assembly, use allowance is the court's proportional share of the annual principal and interest cost in connection with the renovation or construction, but not to exceed 8% annually of capital costs.

*The Local Facilities Use Allowance Contingency Fund* was created by KRS 26A.164. The fund consists of money appropriated by the General Assembly. The Kentucky Court of Justice can increase the budgeted scope of a court project or project pool and may use this fund to cover any resulting increase in the budgeted annual use allowance only in certain circumstances as stated in KRS 26A.164. The fund has no appropriated funds for the year ended June 30, 2025.

## JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

### Notes to the Financial Statements, continued

#### 2. Summary of Significant Accounting Policies, continued

##### Basis of Presentation, continued

*The Judicial Retirement System* is a separate appropriation unit in which appropriated funds are used to pay for annual contributions to the Judicial Retirement Plan for justices of the Kentucky Supreme Court, judges of the Court of Appeals, and Circuit, District and Family Court judges who choose to participate in the Judicial Retirement Plan. Monies appropriated to this appropriation unit are passed through to the Judicial Fund Retirement System (System), the state agency charged with administering the Judicial Retirement Plan and the Legislators Retirement Plan, to be used toward judicial retirement benefits. The System is not a component unit of the Judicial Branch, but, rather, is a component unit of the Commonwealth of Kentucky. The System's fiduciary net position and the changes in the System's fiduciary net position are included in the Commonwealth's Annual Comprehensive Financial Report (ACFR) as a pension trust fund in the fiduciary funds financial statement. Financial statements of the Commonwealth and its component units that form the Commonwealth reporting entity are issued separately and are audited by the Auditor of Public Accounts.

The financial statement contains information regarding each of the following Judicial Branch funds which support the above appropriation units:

*General Fund* – state funds appropriated by the Kentucky General Assembly.

*Special Revenue Funds* – a category of governmental funds that account for the proceeds of specific revenue sources which are restricted or committed to expenditures for a specific purpose. Included in this category are the federal fund and agency revenue fund.

*Federal Fund* – accounts for and reports monies received from the federal government that are restricted or committed to specific programs and operations.

*Agency Revenue Fund* – accounts for and reports other fees and charges received by the Judicial Branch that are restricted or committed for a particular function. Agency revenue funds also include service charges, fees, donations, and grants or receipts from private sources or other governmental jurisdictions which may be applied toward the public purposes of the Judicial Branch.

*Capital Project Funds* - Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures of capital outlays, including the acquisition or construction of capital facilities and other significant capital assets.

Appropriated funds in all appropriation units do not lapse but instead are included in the applicable fund balance and carried forward to the next year or biennium unless otherwise required by the applicable budget bill.

##### Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through October 7, 2025, the date that the financial statement was available to be issued.

## JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

### Notes to the Financial Statements, continued

#### 3. Receipts

**General Fund Appropriations** – General Fund appropriations comprise the majority of the Judicial Branch's receipts. KRS Chapter 48 requires that each branch of government prepare and submit a recommended budget to the General Assembly for each of the two fiscal years to be included in a biennial budget. These budgets are prepared in accordance with the regulatory basis of accounting described herein - principally on the cash basis. The Legislature reviews these budget requests, makes any necessary revisions, and legally adopts a biennial budget for each of the three branches of government. The Governor has the power to approve or veto each bill, subject to legislative override. The financial plan for each fiscal year, as presented in a branch budget recommendation, is adopted with such modifications as made by the General Assembly (and explained in a budget memorandum) by the passage of the budget bill and such revenue and other acts necessary for the purpose. Budgetary control is maintained at the budget unit level as designated by the budget bills enacted by the General Assembly.

In accordance with KRS 48.605, allotments within appropriations for the activities and purposes contained in an enacted branch budget bill may be revised for the Judicial Branch upon authorization of the Director of the AOC or designee. In accordance with the Judicial Branch's budget bill, the Chief Justice can approve transfers from allotment schedule to allotment schedule. Encumbrance accounting is utilized for budgetary control purposes. In accordance with the Judicial Branch's budget bill, Judicial Branch appropriations do not lapse and are carried forward unless otherwise required by the applicable budget bill. The Judicial Branch's general fund balance is comprised of unexpired general fund appropriations.

**Federal Fund Receipts** – Federal Fund receipts are derived from various federal grants received directly from the federal government or passed through executive branch agencies. The AOC is currently the recipient of 24 federal grants or pass-through funds including State Court Improvement Program funds, Title IV-E funds, Title IVD funds, VAWA grants, BJA grants and SAMHSA grants.

**Agency Revenue Fund Receipts** – Agency Revenue Fund receipts are derived from providing the following services:

*Court Costs* – The Finance and Administration Cabinet remits to AOC fees collected by Circuit Court Clerks for administrative services performed in collecting restitution payments, court costs, and county attorney diversion fees (Deputy Clerk Enhancement (DCE) Funds). The amount of each fee can be found in KRS 533.030(3)(b) (restitution), KRS 42.320 (court costs), and KRS 186.574(6)(d) (county attorney diversion fees). Funds do not lapse and are used to hire additional deputy clerks and office personnel or increase deputy clerk salaries.

*Expungements* – The Finance and Administration Cabinet remits to AOC a portion of the fees collected by Circuit Court Clerks for filing petitions for misdemeanor and felony expungements. The amount of each fee can be found in KRS 431.078(7) and KRS 431.073(10). Funds are used for deputy clerk salaries.

Additionally, the AOC Division of Records Services charged a \$20 fee in Fiscal Year 2025 to run a criminal record report for the purpose of certifying the eligibility of an expungement request per KRS 431.079. These fees are paid directly to AOC by requesting parties.

## JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

### Notes to the Financial Statements, continued

#### 3. Receipts, continued

*Clerk Change Fund* – Per the Circuit Court Clerk's Accounting Manual, a Circuit Court Clerk is responsible for making an allocation of change fund monies to each individual cash drawer in the clerk's office. If additional change is needed to fund a change fund, the clerk notifies the department of Court Services, which initiates a request for disbursement from the Clerk Change Fund. Excess change fund monies from cash drawers may also be remitted by the clerk to the AOC and deposited in the Clerk Change Fund.

*Master Commissioner* – The AOC Department of Financial Services establishes accounting standards for Master Commissioners across the state. Circuit judges may appoint a Master Commissioner for each county to assist them in the discharge of their duties and the enforcement of their judgments, for example by conducting sales of property to satisfy liens, mortgages or claims of ownership. Master Commissioners are compensated by fees charged to parties. Fees and limits on compensation are established in the Kentucky Court of Justice AP Part IV, Sections 8-10. Fees collected in excess of the authorized compensation and expenses of the Master Commissioner, as well as excess interest, are remitted to the AOC Department of Financial Services. Those fees are deposited in a trust and agency account that shall not lapse and is used to hire additional deputy clerks or office personnel, to increase deputy clerk or office personnel salaries, or a combination thereof.

*Pretrial Diversion* – The AOC Department of Pretrial Services operates pretrial diversion programs in each judicial circuit. Pretrial Officers oversee the programs for defendants charged with misdemeanors and collect diversion supervision fees per KRS 533.250(7) when not waived due to indigency. Those fees are remitted to the AOC Division of Accounting Services for deposit, to be used to defray all or part of the cost of the defendant's participation in the diversion program.

*Court Technology* – Circuit Court Clerks collect Court Technology fees and remit them monthly to the AOC Office of Audits. The Supreme Court's authority to establish miscellaneous costs for civil cases filed in Circuit Court and District Court is established in KRS 23A.200 and KRS 24A.170. A court technology fee of \$20 is established by the Supreme Court in the Rules of Civil Procedure (CR) 3.02 and 3.03 and, unless waived by the Court because the litigant is a poor person, is collected by Circuit Court Clerks when civil cases are filed and is deposited in the bank account of the Circuit Court Clerk. Each Circuit Court Clerk sends a check for monthly court technology fees collected to the AOC Office of Audits along with monthly reports.

*Specialty Courts* – The AOC Department of Specialty Courts staffs programs operated by judges throughout the state with the goal of restoring lives and reducing recidivism through judicial oversight and behavior modification for defendants with substance abuse disorder. Judges may impose reimbursement fees for services performed by the AOC Department of Specialty Courts, including treatment services, the cost of a laboratory confirmation of a positive drug test, or other required services. See AP Part XIII, Section 22. These fees are collected by Specialty Courts staff and are used to defray the cost of substance abuse treatment and drug testing.

*Other* – The AOC sometimes receives other service charges, fees, donations, grants or receipts from private sources or other governmental jurisdictions which may be applied toward the public purposes of the Judicial Branch.

## JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

### Notes to the Financial Statements, continued

#### 3. Receipts, continued

*Civil Filing Fees* – The Supreme Court establishes filing fees and miscellaneous costs for civil cases filed in Circuit Court and District Court (KRS 23A.200 and KRS 24A.170). Fees are established by the Supreme Court in CR 3.02 and 3.03 and, unless waived by the Court because the litigant is a poor person, are collected by Circuit Court Clerks who send them along with other costs and fees collected to the Finance and Administration Cabinet. The Finance and Administration Cabinet remits to AOC certain portions of civil filing fees for cases filed in Circuit and District Court. Per the budget bill, the Finance and Administration Cabinet Division of Local Government Services submits the first \$15,468,100 of civil filing fees to AOC. Any excess civil filing fees are deposited into the executive branch general fund.

*Criminal History Record Checks* – The AOC Division of Records Services offers criminal record reports to individuals, businesses, licensing agencies, government entities and others for a \$25 fee. The AOC is authorized to collect fees pursuant to KRS 27A.090.

*ITS Equipment* – The AOC used this fund to track one-time technology equipment expenditures authorized by the AOC Director's office.

*Carry Concealed Deadly Weapons* – The AOC Division of Records Services performs criminal records checks for the Kentucky State Police (KSP) as part of KSP's protocol for issuing licenses to carry concealed deadly weapons. Per KRS 237.110(7)(b)(3), KSP remits \$20 to the AOC Division of Accounting Services for each license application received to be used to fund background checks.

*Court Interpreting* – The AOC Department of Language Access charges interpreter candidates a fee for trainings, workshops and certifications.

*Senate Bill 90* – Kentucky Acts Chapter 230 (Senate Bill 90, 2022 Regular Session) establishes the Behavioral Health Conditional Dismissal Program as an alternative to incarceration for eligible persons with a behavioral health disorder who have been charged with a qualifying offense and requires the Department for Behavioral Health, Developmental and Intellectual Disabilities (BHDID) to contribute \$500,000 annually to the AOC to cover the cost of data. BHDID also contracts with the AOC to provide services related to the Behavioral Health Conditional Dismissal Program including case navigators who establish eligibility of participants, enter into program agreements and provide other technical assistance as needed.

*CourtNet* – The AOC Department of Information and Technology Services offers attorneys and other justice partners subscriptions to CourtNet 2.0, an application allowing easy and expeditious electronic access to criminal and civil cases filed within the Kentucky Court of Justice. Subscription fees range from \$5 per month through \$250 per month depending on volume of use.

*Office of Bar Admissions* – The Office of Bar Admissions charges fees to applicants for admission to the Kentucky Bar Association. Fees are set forth in Supreme Court Rule II, Admission of Persons to Practice Law. Per SCR 2.002, fees collected by the Kentucky Office of Bar Admissions are deposited in a restricted fund account held by the AOC to provide for the ordinary and necessary expenses of the administration of the bar examination and the operation of the Board of Bar Examiners and the Character and Fitness Committee.

## JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

### Notes to the Financial Statements, continued

#### 3. Receipts, continued

*Office of Bar Admissions Bond Account* – The Office of Bar Admissions conducts character and fitness investigations for applicants for admission or reinstatement to the Kentucky Bar. Applicants prepay expenses for character and fitness investigations. The amount of the initial deposit, \$2,500, is held in the bond account until completion of the character and fitness investigation. Once a motion is filed certifying the costs, the amount of costs is ordered to be transferred to the Office of Bar Admissions. The remaining unspent balance of the applicant's deposit is released back to the applicant.

*Eviction Diversion* – The Jefferson County District Court is the recipient of a two-year grant in the amount of \$126,515 from the National Center for State Courts to improve best practices and create permanent changes to high-volume, high-impact eviction dockets.

*Court of Justice Reserve Account* – KRS 27A.055 establishes the Court of Justice Reserve account. The fund consists of moneys transferred from 13HE and 13HG as authorized by Senate Bill 25, 2025 Regular Session.

*Land Transfer* – This account is comprised of proceeds from the sale of a portion of property located at 1003 Vandalay Drive, Frankfort, KY to the City of Frankfort, including 0.52 acres in fee simple as well as permanent and temporary easements.



# JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

## Notes to the Financial Statements, continued

### 3. Receipts, continued

The receipts and disbursements for the agency revenue funds for services provided during the year ended June 30, 2025 were as follows:

	Beginning Balance	Receipts	Disbursements	Transfers	Ending Balance
FUND 135A:					
Driver's License	\$ (118)	\$ -	\$ (118)	\$ -	\$ -
Court Costs	2,461,543	2,821,932	5,051,029	-	232,446
Expungements	545,303	250,240	551,978	-	243,565
Clerks Change Fund	<u>10,930</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>10,430</u>
Total FUND 135A	3,017,658	3,072,172	5,603,389	-	486,441
FUND 135B - Master Commissioner	329,879	3,991,439	3,423,333	-	897,985
FUND 135C - Pretrial Diversion	279,169	136,917	164,435	-	251,651
FUND 135D - Court Technology	1,426,259	4,712,161	4,016,592	-	2,121,828
FUND 135E - Drug Court	135,576	386,530	269,610	-	252,496
FUND 135G - Other	1,035,851	178,117	72,592	-	1,141,376
FUND 13HE - Civil Filing Fees	13,112,260	15,468,100	18,491,241	(10,000,000)	89,119
Fund 13HG:					
Criminal History Records					
Checks	28,769,325	15,023,656	17,799,662	(24,500,000)	1,493,319
ITS Equipment	(3,051,287)	-	(3,051,287)	-	-
Concealed Weapons	4,103,590	728,780	3,051,287	-	1,781,083
Court Interpreting	51,214	2,170	633	-	52,751
Senate Bill 90	<u>(24,290)</u>	<u>741,283</u>	<u>967,036</u>	<u>-</u>	<u>(250,043)</u>
Total FUND 13HG	29,848,552	16,495,889	18,767,331	(24,500,000)	3,077,110
FUND 13M0 - CourtNet	1,413,103	2,309,924	2,020,056	-	1,702,971
FUND 13RR:					
Office of Bar Admissions	771,722	767,898	712,550	-	827,070
Office of Bar Admissions Bond Account	<u>14,544</u>	<u>(2,500)</u>	<u>-</u>	<u>-</u>	<u>12,044</u>
Total FUND 13RR	786,266	765,398	712,550	-	839,114
FUND 13UJ - Eviction Diversion	39,685	118,595	78,349	-	79,931
FUND 13VH - COJ Reserve Account	-	-	-	31,300,000	31,300,000
FUND 13VM - Land Transfer	<u>-</u>	<u>1,007,462</u>	<u>-</u>	<u>-</u>	<u>1,007,462</u>
Grand Total	<u>\$ 51,424,258</u>	<u>\$ 48,642,704</u>	<u>\$ 53,619,478</u>	<u>\$ (3,200,000)</u>	<u>\$ 43,247,484</u>

*Transfers of Expenditures* – Expenditures may be transferred between appropriation units pursuant to the authority granted to the Kentucky Chief Justice in the budget bill for the fiscal year ended June 30, 2025, which was 2024 House Bill 264.

## **JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY**

### **Notes to the Financial Statements, continued**

#### **4. Capital Assets**

Included in capital assets are real property and equipment. These are included as capital outlays in the financial statement and are recorded at historical cost when purchased or constructed. The policy of the Judicial Branch is to record these items as capital outlays when the useful life is greater than one year and the acquisition cost is \$5,000 or greater. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are shown in the financial statement as repairs and maintenance.

#### **5. Lease Obligations**

The AOC occupies court facilities owned by local units of government in every county and pays operating costs and use allowance for each such facility in accordance with KRS 26A.090, 26A.100, 26A.110, and 26A.115. Capital projects for court facilities are authorized by the General Assembly in the judicial branch budget bill and financed by bonds sold by the public properties corporation established by the local unit of government in accordance with KRS Chapter 58. The AOC oversees the design, financing and construction of court facilities in accordance with KRS 26A.160 and enters into a lease agreement with the local unit of government agreeing to apply use allowance payments to the debt service subject to biennial appropriations from the General Assembly. The lease agreement functions as collateral for the bonds sold by the public properties corporations. The AOC currently pays its pro rata share of the debt service on 74 court facilities statewide. The AOC also pays for 88 public and private sector leases. Private sector leases are used to house Kentucky Court of Justice programs such as drug courts, pretrial services, and Supreme Court offices when government-owned facilities are not available or suitable.

#### **6. Retirement Plans and Other Post-Employment Benefits**

Under the provisions of KRS Section 61.645, the Board of Trustees of the Kentucky Retirement Systems administers the Kentucky Employees Retirement System (KERS) administered by the Kentucky Public Pensions Authority (KPPA), and State Police Retirement System (SPRS). The County Employees Retirement System Board of Trustees administers the County Employees Retirement System (CERS). These are cost-sharing, multiple employer defined benefit pension plans. Although the assets of the systems are invested as a whole, each system's assets are used only for the payment of benefits to the members of that plan and the administrative costs incurred by those receiving a benefit, in accordance with the provisions of KRS Sections 16.510, 61.515, 61.702, 78.520, and 78.630. Under the provisions of KRS Section 61.701, the Board of Trustees of the Kentucky Retirement Systems administers the Kentucky Retirement Systems' Insurance Fund (Insurance Fund). The statutes provide for a single insurance fund to provide group hospital and medical benefits to retirees drawing a benefit from the three pension funds administered by the Kentucky Retirement Systems: (1) KERS; (2) CERS; and (3) SPRS. The assets of the Insurance Fund are also segregated by plan.

The Judicial Branch participates in the KERS and CERS pension plans and the Insurance Fund. These plans, which cover all eligible full-time employees, provide for retirement, disability, health insurance and death benefits to plan members.

## JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

### Notes to the Financial Statements, continued

#### 6. Retirement Plans and Other Post-Employment Benefits, continued

The Judicial Branch's contributions to the plans totaled \$30,405,431 for KERS and \$17,096,362 for CERS for the year ended June 30, 2025.

At June 30, 2025, if the Judicial Branch were preparing its financial statements on an accrual basis of accounting in accordance with GAAP, the following liabilities (asset) would have been reported for its proportionate share of the net pension liability and net OPEB liability (asset):

<u>Pension Fund</u>	<u>Amount</u>
KERS net pension liability	\$ 335,379,692
CERS net pension liability	150,891,295
KERS net OPEB liability	27,829,707
CERS net OPEB asset	<u>(4,371,206)</u>
Total	<u>\$ 509,729,488</u>

#### 7. Commitments and Contingencies

The Judicial Branch is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial statement of the Judicial Branch.

## **SUPPLEMENTARY INFORMATION**

**JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS - BUDGET TO ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>Budget</b>	<b>Actual</b>	<b>Variance - Favorable (Unfavorable)</b>
<b>SOURCE OF FUNDS:</b>			
General Fund - Court Operations:			
Carryforward from FY 2024	\$ 97,145	\$ 97,146	1
Appropriation	317,432,400	317,432,400	-
Total	317,529,545	317,529,546	1
General Fund - Local Facilities:			
Carryforward from FY 2024	9,304,634	9,304,635	1
Appropriation	132,775,500	132,775,500	-
Total	142,080,134	142,080,135	1
General Fund - Judicial Retirement System	660,000	660,000	-
Agency Revenue Fund:			
Carryforward from FY 2024	51,424,258	51,424,258	-
Revenue	46,252,200	48,642,704	2,390,504
Total	97,676,458	100,066,962	2,390,504
Federal Fund:			
Carryforward from FY 2024	(570,475)	(570,475)	-
Revenue	3,486,600	2,904,358	(582,242)
Total	2,916,125	2,333,883	(582,242)
Capital Projects - Federal Funds:			
Carryforward from FY 2024	38,000,000	38,000,000	-
Revenue	-	-	-
Total	38,000,000	38,000,000	-
Capital Projects - General Funds:			
Carryforward from FY 2024	3,615,581	3,615,581	-
Revenue	53,500,000	53,500,000	-
Total	57,115,581	57,115,581	-
<b>TOTAL SOURCE OF FUNDS</b>	<b>655,977,843</b>	<b>657,786,107</b>	<b>1,808,264</b>
<b>DISBURSEMENTS:</b>			
General Fund - Court Operations:			
Personnel	281,542,545	281,244,513	298,032
Operating	35,687,000	35,676,426	10,574
Capital Outlays	300,000	279,526	20,474
Total	317,529,545	317,200,465	329,080
General Fund - Local Facilities:			
Personnel	1,050,000	968,251	81,749
Operating	134,799,200	118,320,971	16,478,229
Capital Outlays	200,000	223,738	(23,738)
Transfer to Debt Service	570,000	570,000	-
Total	136,619,200	120,082,960	16,536,240
General Fund - Judicial Retirement System	660,000	660,000	-
Agency Revenue Fund:			
Personnel	42,907,641	46,688,671	(3,781,030)
Operating	2,072,800	1,733,937	338,863
Capital Outlays	-	5,196,870	(5,196,870)
Transfer to Capital Projects Fund	3,200,000	3,200,000	-
Total	48,180,441	56,819,478	(8,639,037)
Federal Fund:			
Personnel	1,553,000	1,562,540	(9,540)
Operating	783,200	921,758	(138,558)
Total	2,336,200	2,484,298	(148,098)
Capital Projects - Federal Funds:			
Capital Projects	32,000,000	31,499,779	500,221
Capital Projects - General Funds:			
Capital Projects	3,400,000	3,401,122	(1,122)
Capital Projects - Agency Funds:			
Capital Projects	300,000	(299,742)	599,742
<b>TOTAL DISBURSEMENTS</b>	<b>541,025,386</b>	<b>531,848,360</b>	<b>9,177,026</b>
Receipts in Excess of Expenses	114,952,457	125,937,747	(7,368,762)
Required Local Facilities Lapse	(14,758,900)	(14,758,900)	-
<b>ENDING FUND BALANCE</b>	<b>\$ 100,193,557</b>	<b>\$ 111,178,847</b>	<b>\$ 10,985,290.00</b>

**JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY**

**SCHEDULE OF GENERAL FUND DISBURSEMENTS - BUDGET TO ACTUAL**

**FOR THE YEAR ENDED JUNE 30, 2025**

	<b>Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>	<b>% Variance</b>
<b>Court Operations:</b>				
Supreme Court	5,847,100	5,616,411	230,689	3.95%
Court of Appeals	9,491,100	8,867,702	623,398	6.57%
Circuit Court	32,523,000	31,713,924	809,076	2.49%
Circuit Judges Education	135,000	71,263	63,737	47.21%
Special Judges	665,000	1,002,077	(337,077)	-50.69%
District Court	25,429,100	25,260,904	168,196	0.66%
District Judges Education	135,000	90,203	44,797	33.18%
Circuit Clerks	125,154,200	122,477,554	2,676,646	2.14%
Circuit Clerks Education	135,000	87,351	47,649	35.30%
Deputy Pool	200,000	71,557	128,443	64.22%
Retired Clerks Program	205,000	35,219	169,781	82.82%
AOC	2,382,800	2,447,880	(65,080)	-2.73%
Director's Office	607,600	617,618	(10,018)	-1.65%
Budget	399,200	371,731	27,469	6.88%
Legal Services	1,061,400	1,106,282	(44,882)	-4.23%
Human Resources	1,642,500	1,608,216	34,284	2.09%
Public Information	631,800	651,386	(19,586)	-3.10%
Office of Language Access	3,157,400	3,541,335	(383,935)	-12.16%
Auditing Services	1,021,500	972,254	49,246	4.82%
Facilities Personnel	4,612,100	4,694,416	(82,316)	-1.78%
Finance & Administration	306,200	385,982	(79,782)	-26.06%
Financial Services	336,200	329,050	7,150	2.13%
Accounting	945,800	858,574	87,226	9.22%
Procurement	688,600	665,982	22,618	3.28%
Judicial Conduct Commission	407,200	325,783	81,417	19.99%
Judicial Ethics	109,700	110,973	(1,273)	-1.16%
Mental Health Commission	535,400	397,583	137,817	25.74%
Pretrial	16,149,000	15,075,428	1,073,572	6.65%
Law Library	1,342,600	1,584,086	(241,486)	-17.99%
Specialty Courts	16,622,500	15,143,239	1,479,261	8.90%
Family & Juvenile Justice	12,138,200	10,836,202	1,301,998	10.73%
Dependent Children Services	862,700	1,765,930	(903,230)	-104.70%
Teen Court	27,000	9,195	17,805	65.94%
Technology Services	31,672,600	33,336,507	(1,663,907)	-5.25%
Family Court	23,893,600	23,636,358	257,242	1.08%
Court Operating Balancing	(27,105,155)	(21,491,241)	(5,613,914)	20.71%
Default Agency	-	(30,166)	30,166	0.00%
Intern Program	410,000	386,296	23,704	5.78%
Master Commissioners FICA & KERS	850,000	610,000	240,000	28.24%
Programs & Personnel	418,900	476,769	(57,869)	-13.81%
Unfunded Liability	21,482,700	21,482,652	48	0.00%
<b>Court Operations Totals</b>	<b>317,529,545</b>	<b>317,200,465</b>	<b>329,080</b>	<b>0.10%</b>
<b>Local Facilities Fund</b>				
Facilities - Existing	130,482,500	117,513,532	12,968,968	9.94%
Facilities - Nonrecurring	5,270,700	1,360,237	3,910,463	74.19%
Facilities - AOC Vandalay	366,000	427,718	(61,718)	-16.86%
Facilities - New	500,000	781,472	(281,472)	-56.29%
Facilities - Carryforward	5,460,934	-	5,460,934	100.00%
Required Lapse	14,758,900	14,758,900	-	0.00%
<b>Local Facilities Fund Totals</b>	<b>156,839,034</b>	<b>134,841,859</b>	<b>21,997,175</b>	<b>14.03%</b>
<b>Judicial Retirement System</b>	<b>660,000</b>	<b>660,000</b>	<b>-</b>	<b>0.00%</b>
<b>Total General Fund Disbursements</b>	<b>\$ 475,028,579</b>	<b>\$ 452,702,324</b>	<b>\$ 22,326,255</b>	<b>4.70%</b>

## JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

## SCHEUDLE OF AGENCY REVENUE FUND DISBURSEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	FUND 135A	FUND 135B	FUND 135C	FUND 135D	FUND 135E	FUND 135G	FUND 13HE	FUND 13HG	FUND 13M0	FUND 13RR	FUND 13UJ	FUND 13VH	
	Circuit Clerks	Master Commissioner	Pretrial Diversion	Court Technology	Drug Court	Various Programs	Civil Filing Fees	Court Services	CourtNet	Office of Bar Admissions	Eviction Diversion	COJ Reserve Account	TOTAL
<b>Disbursements</b>													
Salary and wages	\$ 4,985,765	\$ 967,623	\$ 92,050	\$ 465,809	\$ 129,555	\$ 61,185	\$ 18,491,241	\$ 9,825,089	\$ -	\$ 295,301	\$ 54,987	\$ -	\$ 35,368,605
Payroll taxes	130,890	307,165	6,558	34,467	10,046	-	-	502,062	-	21,554	3,928	-	1,016,670.00
Fringe benefits	486,191	2,148,451	43,795	117,375	27,121	2,386	-	2,036,072	-	91,627	19,434	-	4,972,452.00
Contracted services	-	-	-	3,366,998	-	-	-	107,243	1,715,150	141,555	-	-	5,330,946.00
Utilities and telecommunication	-	-	-	-	2,993	-	-	1,050	-	600	-	-	4,643.00
Real Property Leases	-	-	-	-	-	-	-	-	-	49,344	-	-	49,344.00
Rental of Equipment	-	-	-	-	1,880	-	-	-	-	2,830	-	-	4,710.00
Maintenance and Repairs	-	-	-	-	5,562	-	-	-	-	-	-	-	5,562.00
Postage	-	-	-	-	-	-	-	-	-	1,385	-	-	1,385.00
Miscellaneous services	-	-	-	-	77,633	180	-	236,861	16,175	67,740	-	-	398,589.00
Supplies and equipment	-	-	-	-	2,242	2,464	-	82,841	-	5,468	-	-	93,015.00
Computer and IT costs	-	-	-	-	-	-	-	948,921	-	75	-	-	948,996.00
Travel	43	94	21,112	2,469	9,896	5,161	-	145,499	-	7,580	-	-	191,854.00
Substance Abuse Testing/Treatment	-	-	-	-	1,741	-	-	2,534	-	-	-	-	4,275.00
Other	500	-	920	-	941	1,216	-	494	-	27,491	-	-	31,562.00
Capital outlays	-	-	-	29,474	-	-	-	4,878,665	288,731	-	-	-	5,196,870.00
<b>Total Disbursements</b>	<b>\$ 5,603,389</b>	<b>\$ 3,423,333</b>	<b>\$ 164,435</b>	<b>\$ 4,016,592</b>	<b>\$ 269,610</b>	<b>\$ 72,592</b>	<b>\$ 18,491,241</b>	<b>\$ 18,767,331</b>	<b>\$ 2,020,056</b>	<b>\$ 712,550</b>	<b>\$ 78,349</b>	<b>\$ -</b>	<b>\$ 53,619,478</b>

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing  
Standards***

**Independent Auditor's Report**

Chief Justice Debra Hembree Lambert  
Judicial Branch of the Commonwealth of Kentucky  
Frankfort, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statement of the Judicial Branch of the Commonwealth of Kentucky (the Judicial Branch) for the year ended June 30, 2025, and the related notes to the financial statement, which comprise the Judicial Branch's basic financial statement, and have issued our report thereon dated October 7, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Judicial Branch's internal control over financial reporting (internal control) a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Judicial Branch's internal control. Accordingly, we do not express an opinion on the effectiveness of the Judicial Branch's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Chief Justice Debra Hembree Lambert  
Judicial Branch of the Commonwealth of Kentucky  
Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters, continued

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Judicial Branch's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Judicial Branch's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Judicial Branch's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dean Dotson Allen Ford, PLLC*

Louisville, Kentucky  
October 7, 2025