Financial Statement
and Supplementary Information

for

JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

For the Year Ended June 30, 2026
with Independent Auditor's Report



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Independent Auditor's Report

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

Report on the Audit of the Financial Statement

Opinions

We have audited the accompanying 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, 2026, and the related notes (the financial statement).

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts, disbursements, and changes in fund balances for the year ended June 30, 2026, 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 financial statements referred to above do 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, 2026, or changes in net position, or cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the financial statement in accordance with financial reporting provisions prescribed or permitted by 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 the 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 generally accepted auditing standards 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 generally accepted auditing standards 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 audit, 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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects in relation to the basic 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 27, 2026, 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 Dorton Allen Ford, PLLC

Louisville, Kentucky
October 27, 2026

JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

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

FOR THE YEAR ENDED JUNE 30, 2026

	General Fund				Special Revenue Funds		Capital Projects			
	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	$ 327,717,500	$ 138,318,600	$ 703,000	$ 466,739,100	$ -	$ -	$ -		$ -	$ 466,739,100
Program services	-	-	-	-	48,894,011	-	-	-	-	48,894,011
Grants and awards	-	-	-	-	-	2,906,647	-	-	-	2,906,647
Total Receipts	327,717,500	138,318,600	703,000	466,739,100	48,894,011	2,906,647	-	-	-	518,539,758
Disbursements:										
Personnel costs:										
Salary and wages	179,088,414	-	-	179,088,414	37,525,056	1,109,087	-	-	-	217,722,557
Payroll taxes	15,523,432	-	-	15,523,432	1,037,625	97,365	-	-	-	16,658,422
Fringe benefits	83,855,280	-	-	83,855,280	4,918,521	389,123	-	-	-	89,162,924
Contracted services	11,838,152	843,028	-	12,681,180	4,271,515	134,987	-	-	-	17,087,682
Total Personnel Costs	290,305,278	843,028	-	291,148,306	47,752,717	1,730,562	-	-	-	340,631,585
Operating costs:										
Utilities and telecommunication	3,478,718	630,083	-	4,108,801	4,349	-	-	-	-	4,113,150
Real Property leases	28,924	2,890,558	-	2,919,482	49,344	-	-	-	-	2,968,826
Use allowance paid to Trustee	-	74,352,189	-	74,352,189	-	-	-	-	-	74,352,189
Use allowance and operating paid to County	-	37,251,170	-	37,251,170	-	-	-	-	-	37,251,170
Non-recurring paid to County	-	1,290,130	-	1,290,130	-	-	-	-	-	1,290,130
Rental of equipment	1,675,720	105,029	-	1,780,749	3,818	-	-	-	-	1,784,567
Maintenance and repairs	104,930	309,466	-	414,396	40,996	-	-	-	-	455,392
Postage	3,002,815	-	-	3,002,815	1,575	-	-	-	-	3,004,390
Miscellaneous services	2,034,178	1,045,844	-	3,080,022	363,459	931,315	-	-	-	4,374,796
Supplies and equipment	7,338,934	(309,068)	-	7,029,866	15,314	7,660	-	-	-	7,052,840
Computer and IT costs	10,992,570	-	-	10,992,570	114,075	7	-	-	-	11,106,652
Travel	2,084,310	-	-	2,084,310	189,856	185,208	-	-	-	2,459,374
Substance abuse testing supplies / collections	4,409,750	-	-	4,409,750	12,958	-	-	-	-	4,422,708
Substance abuse treatment	932,222	-	-	932,222	24,438	37,832	-	-	-	994,492
Retirement disbursements	-	-	703,000	703,000	-	14,255	-	-	-	717,255
Other	1,358,232	15,140	-	1,373,372	5,869		-	-	-	1,379,241
Franklin/Hardin flooding restoration & repair	-	-	-	-	8,910,400	-	-	-	-	8,910,400
Total Operating Costs	37,441,303	117,580,541	703,000	155,724,844	9,736,451	1,176,277	-	-	-	166,637,572
Capital outlays	300,000	619,015	-	919,015	312,919	-	-	-	-	1,231,934
Capital projects	-	-	-	-	-	-	4,562,054	17,185,276	-	21,747,330
Transfer to OFM for bond service	-	1,140,000	-	1,140,000	-	-	-	-	-	1,140,000
Total disbursements	328,046,581	120,182,584	703,000	448,932,165	57,802,087	2,906,839	4,562,054	17,185,276	-	531,388,421
Transfer (to) from	-	-	-	-	-	-	-	-	-	-
Total disbursements & transfers	328,046,581	120,182,584	703,000	448,932,165	57,802,087	2,906,839	4,562,054	17,185,276	-	531,388,421
Net change in fund balances	(329,081)	18,136,016	-	17,806,935	(8,908,076)	(192)	(4,562,054)	(17,185,276)	-	(12,848,663)
Fund balances, beginning 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
Lapse of funds required by Budget Bill	-	(5,110,000)	-	(5,110,000)	-	-	-	-	-	(5,110,000)
Fund balances, end of year	$ -	$ 20,264,291	$ -	$ 20,264,291	$ 34,339,408	$ (150,607)	$ 1,938,167	$ 36,529,183	$ 299,742	$ 93,220,184

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.

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 as established by the Kentucky Constitution. (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.).

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, 2026.

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.

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 3 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 AOC.

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, 2026.

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 27, 2026, the date that the financial statement was available to be issued.

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 unlapsed 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 25 federal grants or pass-through funds including State Court Improvement Program funds, Title IV-E funds, Title IV-D funds, Violence Against Women Act grants, Bureau of Justice Assistance grants and Substance Abuse and Mental Health Services Administration 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.

3. Receipts, continued

Additionally, the AOC Division of Records Services charged a $20 fee in fiscal year 2026 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.

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 Division 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.

3. Receipts, continued

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.

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.

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.

3. Receipts, continued

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.

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 three-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 funds 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.

Local Facilities Fund – This account is comprised of funds appropriated by the 2026 General Assembly in House Bill 504 and transferred from the Court of Justice Reserve Account to support authorized local facilities expenditures.

3. Receipts, continued

The receipts and disbursements for the agency revenue funds for services provided during the year ended June 30, 2026 were as follows:

	Beginning Balance	Receipts	Disbursements	Transfers In (Out)	Ending Balance
FUND 135A:					
Court Costs	$ 232,446	$ 2,877,337	$ 2,584,115	$ -	$ 525,668
Expungements	243,565	318,169	369,418	-	192,316
Clerk Change Fund	10,430	-	75	-	10,355
Total FUND 135A	486,441	3,195,506	2,953,608	-	728,339
FUND 135B - Master Commissioner	897,985	4,251,678	3,979,877	-	1,169,786
FUND 135C - Pretrial Diversion	251,651	134,549	186,522	-	199,678
FUND 135D - Court Technology	2,121,828	5,169,912	3,230,875	-	4,060,865
FUND 135E - Specialty Courts	252,496	247,682	370,043	-	130,135
FUND 135G - Other	1,141,376	242,278	161,003	-	1,222,651
FUND 13HE - Civil Filing Fees	89,119	15,468,100	15,491,241	-	65,978
Fund 13HG:					
Criminal History Record Checks	1,493,319	14,876,619	9,043,809	-	7,326,129
Concealed Weapons	1,781,083	875,660	1,949,588	-	707,155
Court Interpreting	52,751	3,555	7,389	-	48,917
Senate Bill 90	(250,043)	1,073,812	1,014,280	-	(190,511)
Total FUND 13HG	3,077,110	16,829,646	12,015,066	-	7,891,690
FUND 13M0 - CourtNet	1,702,971	2,459,981	1,810,647	-	2,352,305
FUND 13RR:					
Office of Bar Admissions	827,070	739,525	689,745	-	876,850
Office of Bar Admissions Bond Account	12,044	-	-	-	12,044
Total FUND 13RR	839,114	739,525	689,745	-	888,894
FUND 13UJ - Eviction Diversion	79,931	118,229	103,060	-	95,100
FUND 13VH - COJ Reserve Account	31,300,000	-	7,900,000	(8,910,400)	14,489,600
FUND 13VM - Land Transfer	1,007,462	36,925	-	-	1,044,387
FUND 13VM - Local Facilities Fund	-	-	8,910,400	8,910,400	-
Grand Total	$ 43,247,484	$ 48,894,011	$ 57,802,087	$ -	$ 34,339,408

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, 2026, which was 2024 House Bill 264.

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 80 court facilities statewide. The AOC also pays for 84 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.

6. Retirement Plans and Other Post-Employement Benefits, continued

The Judicial Branch's contributions to the plans totaled $29,938,384 for KERS and $15,565,286 for CERS for the year ended June 30, 2026.

At June 30, 2026, if the Judicial Branch were preparing its financial statements on an accrual basis of accounting in accordance with GAAP, the following liabilities would have been reported for its proportionate share of the net pension liability and net OPEB liability:

Pension Fund	Amount
KERS net pension liability	$ 322,091,643
CERS net pension liability	139,332,576
KERS net OPEB liability	27,711,156
CERS net OPEB liability	2,400,073
Total	$ 491,535,448

7. HB 504 Appropriation

HB 504 appropriated $8,910,400 of Restricted Funds for file restoration, remediation, and repairs resulting from flooding in Franklin and Hardin Counties. Expenditures for this appropriation are presented as Franklin/Hardin flooding restoration and repair under Operating Costs.

8. 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, 2026

	Budget	Actual	Variance - Favorable (Unfavorable)
SOURCE OF FUNDS:			
General Fund - Court Operations			
Carryforward from FY 2025	$ 329,081	$ 329,081	$ -
Appropriation	327,717,500	327,717,500	-
Total	328,046,581	328,046,581	-
General Fund - Local Facilities Fund			
Carryforward from FY 2025	7,238,275	7,238,275	-
Appropriation	138,318,600	138,318,600	-
Total	145,556,875	145,556,875	-
General Fund - Judicial Retirement System	703,000	703,000	-
Agency Revenue Funds			
Carryforward from FY 2025	43,247,484	43,247,484	-
Revenue	44,973,900	48,894,011	3,920,111
Total	88,221,384	92,141,495	3,920,111
Federal Funds			
Carryforward from FY 2025	(150,415)	(150,415)	-
Revenue	4,770,500	2,906,647	(1,863,853)
Total	4,620,085	2,756,232	(1,863,853)
Capital Projects - Federal Fund			
Carryforward from FY 2025	6,500,221	6,500,221	-
Appropriation	-	-	-
Total	6,500,221	6,500,221	-
Capital Projects - General Fund			
Carryforward from FY 2025	53,714,459	53,714,459	-
Appropriation	-	-	-
Total	53,714,459	53,714,459	-
Capital Projects - Agency Fund			
Carryforward from FY 2025	299,742	299,742	-
Appropriation	-	-	-
Total	299,742	299,742	-
TOTAL SOURCE OF FUNDS	627,662,347	629,718,605	2,056,258
DISBURSEMENTS:			
General Fund - Court Operations			
Personnel	288,805,278	290,305,278	(1,500,000)
Operating	38,941,303	37,441,303	1,500,000
Capital Outlay	300,000	300,000	-
Total	328,046,581	328,046,581	-
General Fund - Local Facilities Fund			
Personnel	1,000,000	843,028	156,972
Operating	143,071,875	117,580,541	25,491,334
Capital Outlay	345,000	619,015	(274,015)
Transfer to Debt Service	1,140,000	1,140,000	-
Total	145,556,875	120,182,584	25,374,291
General Fund - Judicial Retirement System	703,000	703,000	-
Agency Revenue Funds			
Personnel	43,876,900	47,752,718	(3,875,818)
Operating	1,097,000	9,736,450	(8,639,450)
Capital Outlay	-	312,919	(312,919)
Total	44,973,900	57,802,087	(12,828,187)
Federal Funds			
Personnel	2,170,800	1,730,562	440,238
Operating	2,599,700	1,176,277	1,423,423
Total	4,770,500	2,906,839	1,863,661
Capital Projects - Federal Funds			
Capital Projects	4,600,000	4,562,054	37,946
Capital Projects - General Fund			
Capital Projects	17,500,000	17,185,276	314,724
TOTAL DISBURSEMENTS	546,150,856	531,388,421	14,762,435
Receipts in Excess of Expenses	81,511,491	98,330,184	16,818,693
Required Local Facilities Lapse		(5,110,000)	(5,110,000)
ENDING FUND BALANCE	$ 81,511,491	$ 93,220,184	$ 11,708,693

JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

SCHEDULE OF GENERAL FUND DISBURSEMENTS - BUDGET TO ACTUAL

FOR THE YEAR ENDED JUNE 30, 2026

Court Operations:	**Budget**	**Actual**	**Variance - Favorable (Unfavorable)**	**% Variance**
Carry Forward - General Fund	$ 329,081	$ -	$ 329,081	100.00%
Supreme Court	5,818,600	5,566,633	251,967	4.33%
Court of Appeals	9,813,100	9,209,610	603,490	6.15%
Circuit Court	33,625,700	33,088,075	537,625	1.60%
Circuit Judges Education	165,000	122,009	42,991	26.06%
Special Judges	995,500	635,340	360,160	36.18%
District Court	26,344,300	26,610,212	(265,912)	-1.01%
District Judges Education	140,000	52,589	87,411	62.44%
Circuit Clerks	128,684,700	127,020,179	1,664,521	1.29%
Circuit Clerks Education	140,000	37,463	102,537	73.24%
Deputy Pool	100,000	91,155	8,845	8.85%
Retired Clerks Program	105,000	7,657	97,343	92.71%
AOC	2,325,200	2,352,177	(26,977)	-1.16%
Director's Office	610,700	537,561	73,139	11.98%
Budget	408,400	438,782	(30,382)	-7.44%
Legal Services	1,219,300	1,212,616	6,684	0.55%
Human Resources	1,738,100	1,673,241	64,859	3.73%
Public Information	711,200	750,045	(38,845)	-5.46%
Office of Language Access	3,647,400	3,358,568	288,832	7.92%
Auditing Services	1,100,900	950,564	150,336	13.66%
Facilities Personnel	5,120,400	4,958,633	161,767	3.16%
Finance & Administration	430,700	394,273	36,427	8.46%
Financial Services	252,600	254,427	(1,827)	-0.72%
Accounting	991,100	903,369	87,731	8.85%
Procurement	772,200	843,784	(71,584)	-9.27%
Judicial Conduct Commission	375,000	300,540	74,460	19.86%
Judicial Ethics	113,200	117,638	(4,438)	-3.92%
Mental Health Commission	918,000	374,249	543,751	59.23%
Pretrial	16,842,900	15,749,543	1,093,357	6.49%
Law Library	1,588,700	1,583,427	5,273	0.33%
Specialty Courts	17,965,500	16,930,760	1,034,740	5.76%
Family & Juvenile Justice	12,724,200	11,326,529	1,397,671	10.98%
Dependent Children Services	873,800	1,372,092	(498,292)	-57.03%
Teen Court	20,000	9,700	10,300	51.50%
Technology Services	35,511,500	35,186,516	324,984	0.92%
Family Court	24,739,300	24,546,828	192,472	0.78%
Court Operating Balancing	(32,349,200)	(23,241,179)	(9,108,021)	28.16%
Intern Program	410,000	116,852	293,148	71.50%
Master Commissioners FICA & KERS	850,000	810,441	39,559	4.65%
Programs & Personnel	391,800	311,046	80,754	20.61%
Unfunded Liability	21,482,700	21,482,637	63	0.00%
Court Operations Totals	**328,046,581**	**328,046,581**	**-**	**0.00%**
Local Facilities Fund				
Facilities - Existing	135,225,972	117,644,310	17,581,662	13.00%
Facilities - Nonrecurring	5,564,900	1,369,003	4,195,897	75.40%
Facilities - AOC Vandalay	441,000	599,858	(158,858)	-36.02%
Facilities - Disasters	-	(1,385,947)	1,385,947	0.00%
Facilities - New	4,325,000	1,730,570	2,594,430	59.99%
Facilities - Chamberlin Building		224,790	(224,790)	0.00%
Required Lapse	(5,110,000)	(5,110,000)	-	0.00%
Local Facilities Fund Totals	**140,446,872**	**115,072,584**	**25,374,288**	**18.07%**
Judicial Retirement System	**703,000**	**703,000**	**-**	**0.00%**
Total General Fund Disbursements	**$ 469,196,453**	**$ 443,822,165**	**$ 25,374,288**	**5.41%**

JUDICIAL BRANCH OF THE COMMONWEALTH OF KENTUCKY

SCHEDULE OF AGENCY REVENUE FUND DISBURSEMENTS

FOR THE YEAR ENDED JUNE 30, 2026

	FUND 135A Circuit Clerks	FUND 135B Master Commissioner	FUND 135C Pretrial	FUND 135D Court Technology	FUND 135E Specialty Court	FUND 135G Various Programs	FUND 13HE Civil Filing Fees	FUND 13HG Court Services	FUND 13M0 CourtNet	FUND 13RR Office of Bar Admissions	FUND 13UJ Eviction Diversion	FUND 13VH COJ Reserve Account	FUND 13VZ Local Facilities Fund	TOTAL
Disbursements														
Salary and wages	$ 2,345,414	$ 1,699,489	$ 97,035	$ 479,197	$ 142,500	$ 63,561	$ 15,491,241	$ 8,929,256	$ -	$ 305,043	$ 72,320	$ 7,900,000	$ -	$ 37,525,056
Payroll taxes	132,657	308,322	6,931	35,605	10,619	-	-	515,887	-	22,386	5,219	-	-	1,037,626
Fringe benefits	475,462	1,971,493	46,802	130,741	39,570	-	-	2,132,098	-	96,833	25,521	-	-	4,918,520
Contracted services	-	-	35,100	2,579,579	-	33,500	-	5,343	1,497,728	120,265	-	-	-	4,271,515
Utilities and telecommunication	-	-	-	-	4,079	-	-	270	-	-	-	-	-	4,349
Real Property Leases	-	-	-	-	-	-	-	-	-	49,344	-	-	-	49,344
Rental of Equipment	-	-	-	-	-	-	-	-	-	3,818	-	-	-	3,818
Maintenance and Repairs	-	-	-	-	32,788	8,208	-	-	-	-	-	-	-	40,996
Postage	-	-	-	-	146	-	-	-	-	1,429	-	-	-	1,575
Miscellaneous services	-	-	-	-	92,631	46,034	-	157,258	-	67,537	-	-	-	363,460
Supplies and equipment	-	502	-	-	6,025	5,191	-	191	-	3,406	-	-	-	15,315
Computer and IT costs	-	-	-	-	-	-	-	112,940	-	1,134	-	-	-	114,074
Travel	-	26	654	5,753	10,768	1,820	-	161,293	-	9,542	-	-	-	189,856
Substance Abuse Testing/Treatment	-	-	-	-	37,396	-	-	-	-	-	-	-	-	37,396
Other	75	45	-	-	(6,479)	2,689	-	530	-	9,008	-	-	-	5,868
Capital outlays	-	-	-	-	-	-	-	-	312,919	-	-	-	-	312,919
Technology Bond Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Franklin/Hardin Flooding	-	-	-	-	-	-	-	-	-	-	-	-	8,910,400	8,910,400
Total Disbursements	$ 2,953,608	$ 3,979,877	$ 186,522	$ 3,230,875	$ 370,043	$ 161,003	$ 15,491,241	$ 12,015,066	$ 1,810,647	$ 689,745	$ 103,060	$ 7,900,000	$ 8,910,400	$ 57,802,087

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Independent Auditor's 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*

Chief Justice Debra Hembree Lambert
Judicial Branch of the Commonwealth of 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*s, issued by the Comptroller General of the United States, the financial statement of the Judicial Branch of the Commonwealth of Kentucky (the Judicial Branch) for the year ended June 30, 2026, and the related notes to the financial statement, which collectively comprise the Judicial Branch's basic financial statement, and have issued our report thereon dated October 27, 2026.

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) as 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.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Louisville, Kentucky
October 27, 2026