

UPDATES TO AP PART IV
AND THE
ACCOUNTING POLICY AND PROCEDURE
MANUAL

EFFECTIVE JANUARY 1, 2025

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DIRECTOR OF FINANCE AND ADMINISTRATION, AOC

Overview of Changes AP Part IV



Supreme Court Administrative Order 2024-40

Supreme Court of Kentucky

2024-40

CORRECTED ORDER

IN RE: Amendments to the Rules of Administrative Procedure AP Part IV, Master Commissioners of the Circuit Court

Administrative Order 2024-40, entered December 19, 2024, is hereby corrected as follows:

This order hereby amends the Rules of Administrative Procedure, AP Part IV, Master Commissioners of the Circuit Court as follows:

PART IV. MASTER COMMISSIONERS OF THE CIRCUIT COURT

Changes Made by Supreme Court in Administrative Order 2024-40

- Salary increases effective 1/1/25:
 - 3% increase to the limit for personal compensation for a MC.
 - ✓ Personal compensation for Master Commissioners shall not exceed \$64,678 annually unless another amount is approved by order of the Supreme Court.
 - ✓ \$5,389.83 per month.
 - 3% increase to the limit for personal compensation for a Deputy MC.
 - ✓ Personal compensation for Deputy Master Commissioners shall not exceed \$48,878 annually.
 - ✓ \$4,073.16 per month.
- Hearing fees increased to \$125 per hour, to be assessed at a rate of \$31.25 for each quarter hour.

Changes Made by Supreme Court in Administrative Order 2024-40

- Language revisions to differentiate between fees earned by the office of master commissioner and personal compensation of master commissioners.
 - Section 9(3): Fees earned *by the office* in excess of the personal compensation of the master commissioner, less personal compensation of authorized deputies, authorized salaries of clerical staff, and authorized office expenses, shall be remitted as provided in Section 10(4) of these Rules...
 - Section 10(3)(b): Only the personal compensation of the master commissioner and authorized deputies, authorized salaries of clerical staff, bonding expenses, and other expenses authorized for employees in accordance with the AOC accounting standards, check printing charges, and the cost incurred for the purchase of accounting/bookkeeping software mandated by the AOC accounting standards may be deducted from any fees received *by the office of master commissioner*.
- Advisory committee members will be appointed effective January 1 of each odd-numbered year.

Supreme Court Administrative Order 2024-41

Supreme Court of Kentucky

2024-41

ORDER

IN RE: Limits on Compensation of Master Commissioners

Under CR 53.07 and in furtherance of the Administrative Procedures of the Court of Justice, Part IV, Commissioners of the Circuit Court, Section 9, for calendar year 2025, offices of master commissioner shall be limited in total personal compensation derived from fees consistent with this Order.

It is further Ordered that master commissioners in the following counties are authorized to operate a full-time master commissioner's office:

Campbell
Kenton

Daviess
Jefferson

Fayette
Warren

Hardin

Amended Order: Appointment of Members of the Master Commissioners Advisory Committee

January 1, 2025 – December 31, 2026

Name	County	Supreme Court District	Email
Tom Blankenship	Marshall	1 st	tom@bedlaw.com
David F. Broderick	Warren	2 nd	brandismith@warrencountymastercommissioner.com
Gail Wilson	Russell	3 rd	mgwilson@duo-county.com
Carole C. Schneider	Jefferson	4 th	cschneider@jcomm.org
James H. Frazier	Fayette	5 th	jfrazier@mcbayerfirm.com
Valerie Shannon	Oldham	6 th	valshannonlaw@gmail.com
Stephen L. Hogg	Pike	7 th	pikemastercommissioner@gmail.com
Carolyn Carroway	Scott	At-Large	ccarroway@carrowaylaw.com
Earl Rogers	Bath	At-Large	earl3rogers@yahoo.com

Who Should I Contact?

AOC Department of Financial Services <i>MasterCommissionerFilings@kycourts.net</i>	AOC Office of Audits	Master Commissioner Advisory Committee Representative
To determine whether a prospective appointee can qualify for a bond.	When you have questions about an ongoing audit.	To request training be developed on a particular topic.
Upon appointment of a new master commissioner	When you have questions about a completed audit.	To suggest edits to the Auditing Manual.
To request authorized salary and staffing levels.	For assistance with transfers upon death, retirement, termination, or removal of a master commissioner.	To suggest recommendations for AP Part IV.
For approval of a collateral security agreement.	To report escrow account noncompliance.	To comment on proposed legislation.
Notifications regarding resignations and appointments.	To report fraud, waste, or abuse.	If you have questions about how to conduct a sale or handle a special proceeding.
Expense approvals.		
General questions about the Accounting Manual.	<p>You can also seek input from your peers on the Master Commissioner listserv by emailing: MasterCommissioners@kcoj.onmicrosoft.com.</p>	
To request a waiver of any of the requirements of the Master Commissioner Accounting Policies and Procedures Manual.		

AOC CONTACT INFORMATION:

AOC Office of Finance and Administration
Department of Financial Services

MasterCommissionerFilings@kycourts.net

Danielle Craig – Financial Services Coordinator
DanielleCraig@kycourts.net

Tammy Brown – Executive Officer, Financial Services
TammyBrown@kycourts.net

Jenny Lafferty - Director of Finance and Administration
JennyLafferty@kycourts.net

AOC Office of Audits

Donna Copeland – Audit Lead
DonnaCopeland@kycourts.net

Debbie Kissick – Manager, Auditing Services
DebraKissick@kycourts.net

Alice Wilson – Director of Office of Audits
AliceWilson@kycourts.net

Overview of Changes Master Commissioner Accounting Policies and Procedures Manual (2025)



Master Commissioner Accounting Manual

Section 100.1 - Authority of Administrative Office of the Courts

To request permission to deviate from any of the rules and requirements found within the Accounting Policies and Procedures Manual, the Master Commissioner must request advance approval on an OFA-MC-4 *Master Commissioner Waiver Request Form*.

To request any approvals required by the Accounting Policies and Procedures Manual, the Master Commissioner must request advance approval on an OFA-MC-5 *Master Commissioner Approval Request Form*.

Either form should be emailed to the AOC Department of Financial Services at MasterCommissionerFilings@kycourts.net.

Master Commissioner Accounting Manual

2025 Updates

✓ Reorganization and Clean-Up

- New Section titles to more accurately describe the content.
- Moved Hearing Fees Section up with all other sections regarding non-sale fees.
- Sync references to the AOC, the Office of Audits, and the Department of Financial Services.
- Add appropriate references to and sync references to the OFA-MC-4 *Master Commissioner MCAPPM Waiver Request* form, the OFA-MC-5 *Master Commissioner MCAPPM Approval Request* form, and the *Annual Report of Master Commissioner*.

✓ Adding Clarity Around Withdrawn Sales of Multiple Indivisible Lots

- The fee for each withdrawn judicial sale is 50% of the fee calculated at 3% of the appraised value, or if the sale involves multiple indivisible lots to be sold at the same time under the same judgment, 3% of the aggregate of the appraised values. The fee shall be no less than \$500 and shall not exceed \$4,250.

Master Commissioner Accounting Manual

2025 Updates

✓ Adding Clarity Around Fees of the Office and Excess Fees

- The office of master commissioner earns fees as authorized by law, including fees for judicial sales. (Section 100.5)
- The office of master commissioner earns fees as authorized by law, including the following non-sale fees:
 - ❑ \$90 for each commissioner's report including RAR fees and DOT fees (Section 100.7)
 - ❑ 3% of all receiverships up to a maximum of \$8,500. (Section 100.8)
 - ❑ Costs and expenses associated with receiverships. (Section 100.8)
 - ❑ \$125 per hour for any hearing in which there is no sale, settlement, or receivership to be assessed at a rate of \$31.25 for each quarter hour. (Section 100.9)
- To obtain approval to deposit non-sale fees directly into the operating account, the master commissioner must submit an *OFA-MC-4 Master Commissioner MCAPPM Waiver Request* form to MasterCommissionerFilings@kycourts.net.
- The annual personal compensation of master commissioners shall be derived from fees earned by the office of master commissioner as authorized by law and be deposited into the operating account to be distributed to the Master Commissioner. (Section 100.10)
- All fees generated by the office of master commissioner in excess of the authorized maximum annual personal compensation of the master commissioner are excess fees of the office of master commissioner. (Section 100.10)

Master Commissioner Accounting Manual

2025 Updates

- Excess fees may be used to pay:
 - ❑ Premiums for health insurance of the Master Commissioner, with an approved *OFA-MC-5 Master Commissioner MCAPPM Approval Request* form. Limitations apply. (Section 100.10)
 - ❑ Personal compensation of authorized deputies. (Section 100.11)
 - ❑ Salaries of authorized clerical staff. (Section 100.11)
 - ❑ The cost of health insurance premiums for full-time deputies and clerical staff, with an approved *OFA-MC-5 Master Commissioner MCAPPM Approval Request* form. (Section 100.11)
 - ❑ Unemployment insurance for authorized deputies and clerical staff. (Section 100.11)
 - ❑ Fidelity bonds required by court order, because the MC is not eligible to be included in the AOC's blanket bond for MCs, or for additional check signors, with an approved *Master Commissioner MCAPPM Approval Request* form. (Section 100.11)
 - ❑ Cost of accounting / bookkeeping software, with an approved *OFA-MC-5 Master Commissioner MCAPPM Approval Request* form. (Section 100.11)
 - ❑ Check printing / ordering charges. (Section 100.11)
 - ❑ A master commissioner subscription to CourtNet. (Section 100.11)
 - ❑ Attorney fees if a MC is sued in his or her capacity as master commissioner, with an approved *OFA-MC-5 Master Commissioner MCAPPM Approval Request* form. Limitations apply. (Section 100.11)
 - ❑ **For full-time offices ONLY:** ordinary business expenses allowed by the IRS and directly related to MC responsibilities is no private practice or business is conducted with the same resources. Any item costing more than \$500 must have an approved *OFA-MC-5 Master Commissioner MCAPPM Approval Request* form. (Section 100.11)

Master Commissioner Accounting Manual 2025 Updates

- All excess fees of the office of master commissioner must be remitted to the AOC Department of Financial Services on March 1 along with the *Annual Report of Master Commissioner* except for excess fees used to pay the above-listed items and anticipated six months of expenses including personal compensation of the MC.
- The *Annual Report of Master Commissioner* has been revised to streamline appropriate reporting. (Sections 100.7, 100.8, 100.9)

Master Commissioner Accounting Manual

2025 Updates

✓ Adding Clarity to Escrow and Operating Accounts

- All funds received by the office of MC relating to a sale or expenses associated with a sale should be placed into escrow until an appropriate court order directs distribution.
 - ❑ Direct expenses attributable to the case, including postage, copies, long-distance charges, and faxes. (Section 100.6)
 - ❑ Costs from the proceeds of the sale including advertising, appraiser's fee, auctioneer's fee, care of the property, and MC fees. (Section 100.6)
- All fees received by the MC are to be deposited into escrow and moved to the operating account once earned.

Master Commissioner Accounting Manual

2025 Updates

✓ Personal Compensation and Benefits

- All compensation received by the MC, the Deputy MC, or any authorized employee is to be reported monthly to the Finance and Administration Cabinet, Department of Local Government Services, Social Security Coverage and Reporting Branch (SSCRB) on the Commonwealth of Kentucky form SS-16 or SS-16-A as directed by the SSCRB. (Sections 110.10, 100.11)
- The cost of health insurance premiums for master commissioners are authorized expenses if:
 - ☐ Excess fees of the office of master commissioner are available;
 - ☐ The MC works at least 37.5 hours per week in the MC office, as demonstrated by on an *Annual Report of Master Commissioner* form signed by the Chief Circuit Judge;
 - ☐ MC does not engage in private practice or business as an owner or employee;
 - ☐ The health insurance premium is approved in writing on a *Master Commissioner MCAPPM Approval Request* form prior to the policy initiation or renewal.
- The cost of health insurance premiums for full-time deputies and clerical staff are authorized expenses with an approved *Master Commissioner MCAPPM Approval Request* form. (Section 100.11)