

COURT FACILITIES: NAVIGATING RESPONSIBILITIES, REQUIREMENTS, AND FINANCIALS

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August 17, 2023

Agenda

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- Statutory Responsibilities of Counties with Respect to Court Facilities
 - Payments Made to Counties
 - Operation and Maintenance Processes and Requirements
 - Audits
 - Hot Topics



STATUTORY RESPONSIBILITIES OF COUNTIES WITH RESPECT TO COURT FACILITIES

Jenny Lafferty, Esq.
AOC Director of Finance and Administration

A BRIEF HISTORY OF COURTS IN KENTUCKY

- Counties were responsible for instituting a system of courts (fiscal courts, county courts, quarterly courts, justice's courts, circuit courts, police courts).
- The state provided an appellate court, the Kentucky Court of Appeals.

Pre-1975

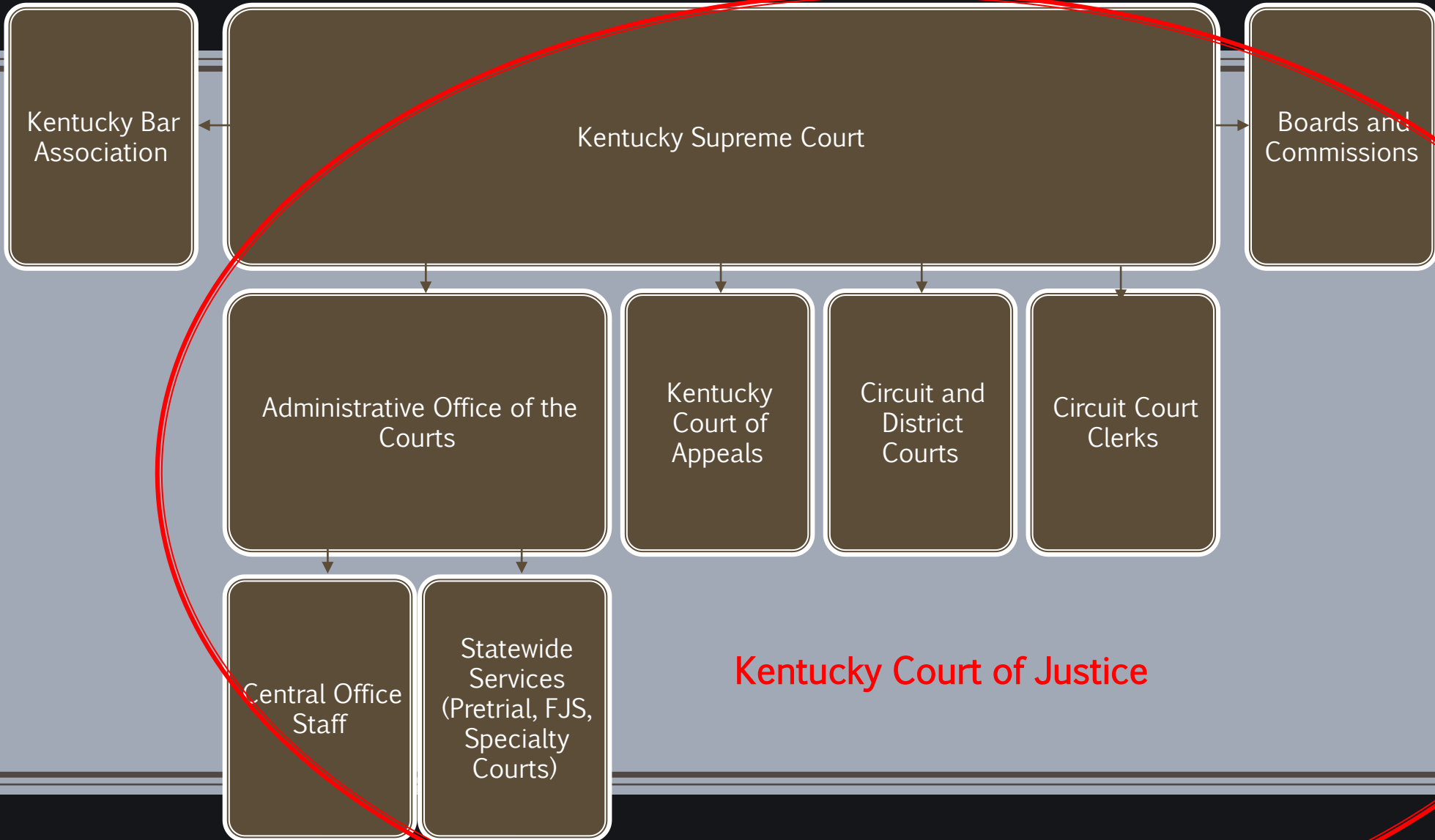
1975

- The Judicial Article to the Kentucky Constitution was passed, creating Kentucky's unified court system
- State is responsible for all personnel / operating costs.

General Assembly has created a statutory framework for state courts to be located in already existing county courthouses, with the state covering costs to operate / maintain / renovate / replace court facilities.

Post-1976

KENTUCKY JUDICIAL BRANCH



OVERVIEW – JUDICIAL BRANCH

The Chief Justice is the executive head of the judicial branch.

The Administrative Office of the Courts is created to serve as the staff for the Chief Justice in executing the policies and programs of the Court of Justice.

The Administrative Office of the Courts acts as the administrative and fiscal agency of the Court of Justice.



Laurance B. VanMeter
Chief Justice of Kentucky

STATUTORY RESPONSIBILITIES

The Judicial Branch occupies court facilities pursuant to statute.

KRS 26A.100(1) requires “the Circuit and the District Court [to] be held in the county courthouse of each county unless otherwise ordered by the Supreme Court in which case it may be held at any other location made available by the county and owned, leased, or controlled by the county...”

STATUTORY RESPONSIBILITIES

KRS 26A.100(2)

Each county shall provide “such reasonably available space which would not disrupt the operation of county government as necessary in the county courthouse, or in other county facilities.... for [the Court of Justice].”

- Courtroom(s) for Circuit and District Court
 - Chambers for Circuit and District Court
 - Offices for Circuit and District Court staff
 - Offices and storage for Circuit Court Clerks
 - Office space for other officers of the Court of Justice including Pretrial
-

STATUTORY RESPONSIBILITIES

KRS 26A.110

Counties providing space for court operations pursuant to KRS 26A.100 shall also provide adequate:

- Lighting
 - Heating
 - Electricity
 - Other utilities, except telephone
 - Janitorial services
-

STATUTORY RESPONSIBILITIES

KRS 26A.090(1)

Bear costs for utilities, janitorial service, 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 keep 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.

STATUTORY RESPONSIBILITIES

KRS 26A.115

Each unit of government providing space in a court facility to the Court of Justice shall be paid operating costs allowance and use allowance as defined by KRS 26A.090.

STATUTORY RESPONSIBILITIES

KRS 26A.160(7)

All local units of government providing space to the KCOJ shall, consistent with the law, comply with the rules of procedure and guidelines established by the Chief Justice and administered by the AOC in the construction or renovation of court facility projects.

COURT FACILITIES

KRS 26A.090 defines a “Court Facility” as “the land and buildings owned or operated by a unit of government in which space for the court of justice is provided.”

Court facilities are owned by a Public Properties Corporation until the debt service is paid; then they are owned by the county or other local unit of government.

- Courthouses
 - Annexes
 - Justice Centers
 - Judicial Centers
-

COURT FACILITIES

Mixed Use (46)

County and AOC each pay pro rata shares of operating costs based on occupancy ratio.

Security typically provided for KCOJ-occupied space only.

CJE can only close portion of facility occupied by County offices. CCJ determines space allocation for KCOJ-occupied portion of facility.

100% KCOJ-Occupied (85)

AOC pays 100% of all costs to construct / renovate and operating costs.

Secure facility.

Chief Circuit Judge determines hours of operation / space allocation.

CIRCUIT COURT CLERKS

Circuit Court Clerks collect filing fees fixed by law, any charges which have accrued during the progress of the action, and all other fees required by law or court rule or order. KRS 30A.090.

Circuit Court Clerks collect fines and forfeitures imposed in District and Circuit Court. KRS 30A.120.

COUNTY RESPONSIBILITIES

- Maintain the facility, make repairs, and keep the facility in good operating condition;
- Furnish insurance;
- Provide necessary janitorial personnel (county employees or contracted services);
- Provide utilities, including lighting, heating, water, electricity, and all other necessary utilities except for phone and internet.



AOC RESPONSIBILITIES

- Pay use allowance where applicable;
- Pay operating costs;
- Authorize or deny nonrecurring projects;
- Conduct annual audits of operating costs for court facilities.





PAYMENTS MADE TO COUNTIES

Jenny Lafferty, Esq.
AOC Director of Finance and Administration

OPERATING COSTS

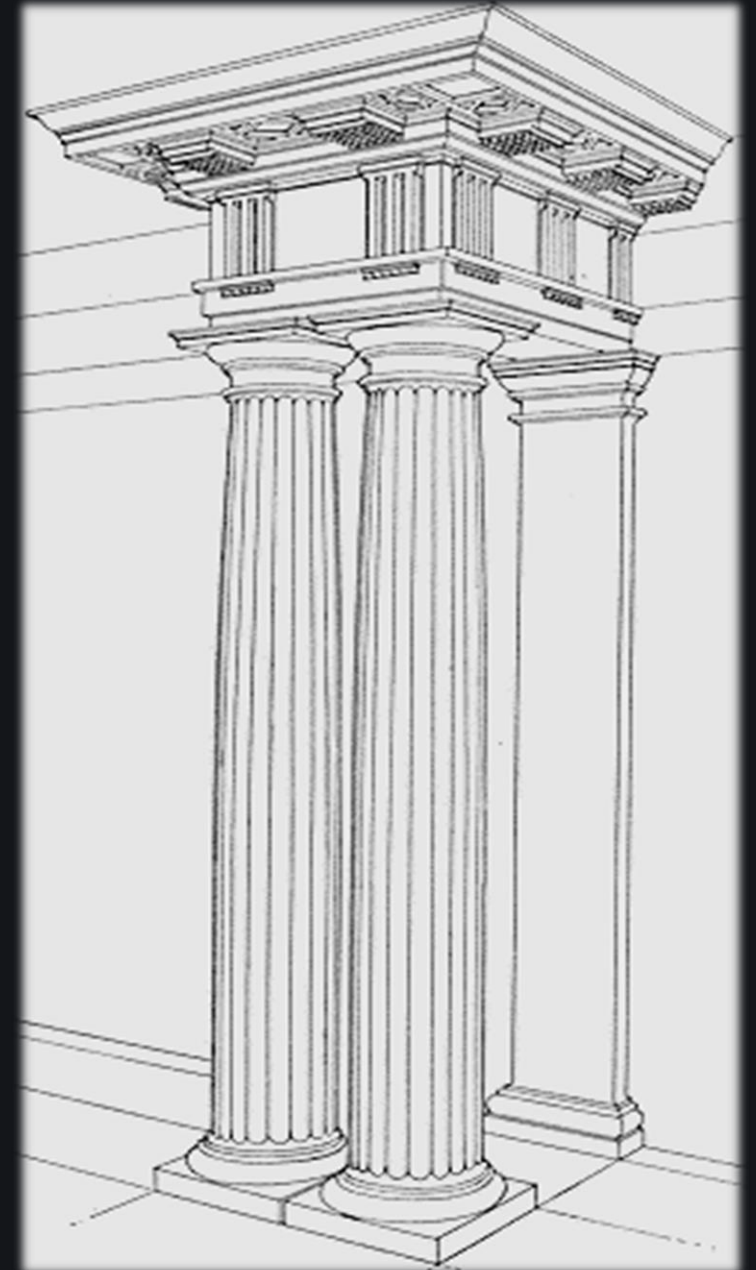
- **Regular operating costs:**

- Utilities
- Janitorial services
- Insurance
- Preventative maintenance contracts
- Any additional maintenance / repair / upkeep expenses that are less than \$2,500.

These costs are estimated annually on the Annual Reimbursement Form and paid in advance in quarterly installments.

- **Nonrecurring operating costs** are maintenance / repair / upkeep / improvement expenses or projects costing \$2,500 or more.

- To be reimbursed for a nonrecurring operating cost, the local government must obtain approval of the AOC **prior to** incurring the cost.
- The AOC reimburses local governments for approved nonrecurring expenses/projects upon project completion and receipt of invoice and documentation demonstrating the amount paid.



REGULAR OPERATING COSTS

REMINDERS:

- The amount of regular operating costs listed on the *Court Facilities Local Government Reimbursement Form* is an estimate only.
- Estimated operating costs are **advanced** to the County each quarter to cover operating costs. Operating costs received should ONLY be expended on authorized operating costs for the court facility.
- Once the fiscal year ends, an auditor from AOC will schedule a time to review your county's actual operating expenses for the fiscal year.
- If the **estimated** regular operating costs were **less than** the **actual** regular operating expenses, the **difference** will be **added** to a quarterly payment for the current fiscal year to compensate the county for the additional expense in the previous fiscal year.
- If the **estimated** regular operating costs were **more than** the **actual** regular operating expenses, the **difference** will be **deducted** from a quarterly payment for the current fiscal year.

REIMBURSEMENT FORM



Commonwealth of Kentucky Court of Justice

Court Facilities Local Government
Reimbursement Form

REIMBURSEMENT FORM

SECTION I. SPACE ALLOCATIONS

Space allocations provided below constitute space designations recorded in the AOC Accounting and Reporting System. An increase or decrease in space allocations results in an adjustment of authorized reimbursements. The court ratio (d) is used to calculate AOC's proportionate share of use allowance and operating payments. No changes shall be made that will directly affect the court ratio without prior written approval by the AOC.

a. Net Functional Court of Justice Space	<u>65,000.</u>	SF
b. Net Functional Non-Court of Justice Space	<u>.0</u>	SF
c. Total Functional Space (Item a. plus Item b.)	<u>65,000.</u>	SF
d. Court of Justice Space Ratio (Item a. divided by Item c.)	<u>1.000</u>	
e. Total Non-Functional Space (non-office occupied space, i.e., public restrooms, corridors, entrances, etc.)	<u>.0</u>	SF
f. Total Net Building Space (Item c. plus Item e.)	<u>65,000.</u>	SF

REIMBURSEMENT FORM

SECTION II. USE ALLOWANCE

Although not typical, some counties may be entitled to a use allowance payment. The use allowance is calculated in accordance with KRS 26A.090 (2), as modified by 2021 HB 195. If applicable, it will be indicated below.

Total Use Allowance

\$ 0.00

SECTION III. OTHER RENTED SPACE

This section represents estimated rental expense(s) payable as a reimbursement to the Local Government as reflected in the AOC Accounting and Reporting System for AOC's occupancy of county owned or leased rental properties, other than the BOYD COUNTY JUSTICE CENTER.

It is the responsibility of the Local Government to ensure that reimbursement payments for county owned rental properties are transferred to the appropriate local unit of government.

Rental costs leased or owned by the Local Government for space occupied by the Court of Justice:

Total Annual Other Rented Space

\$ 0.00

REIMBURSEMENT FORM

SECTION IV. REGULAR OPERATING COST ESTIMATE

Regular Operating Expenses include the local unit of government's annual expenses for utilities, insurance, janitorial costs, maintenance costs, and necessary maintenance and upkeep of the facility including ordinary repairs which do not increase the permanent value or expected life of the court facility but keep it in efficient operating condition. Ordinary repairs are those repairs that are reasonably anticipated recurring annual expenses or unanticipated nonrecurring repairs costing \$2,499 or less.

The regular operating cost estimate below represents anticipated regular operating expenses for the upcoming fiscal year based on the previous fiscal years' actual operating costs.

a. AOC Estimate of Regular Operating Cost (based on actual prior year expenses)	<u>\$377,900.00</u>
b. Court Ratio (from Section I, Item d.):	<u>1.000</u>
c. Court of Justice Regular Operating Costs (multiply Item a. by Item b.):	<u>\$377,900.00</u>

USE ALLOWANCE

Use Allowance is defined in KRS 26A.090. The definition is modified by the Judicial Branch Budget Bill. The current bill, for Fiscal Biennium 2022-2024, was adopted by the General Assembly in 2022 HB 244.

Does the AOC pay rent to use the court facility in my county?

No. Per statute, the AOC pays an “operating costs allowance” and “use allowance”.

Budget Units

1. Court of Justice

(b) Local Facilities Fund

(4) Use Allowance Payments to Counties:

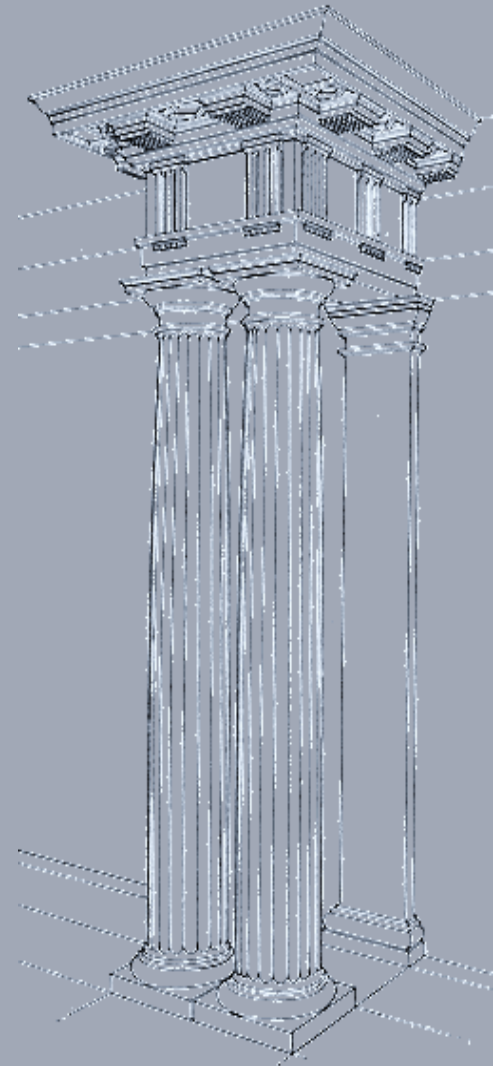
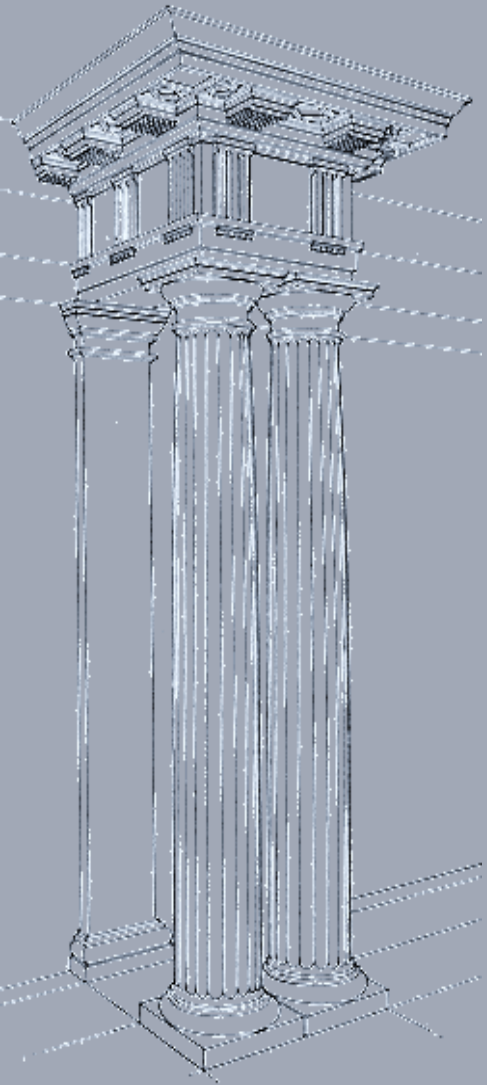
Pursuant to KRS 26A.090(2), beginning with court facility construction or renovation projects authorized by the 2000 Regular Session of the General Assembly and all subsequent court facility projects, use allowance payments are restricted to the court’s proportional share of the annual principal and interests in costs in connection with the construction or renovation of the facility, not to exceed the authorized annual allowance.

(5) Court Facility Maintenance Fund:

(a) Notwithstanding KRS 26A.090(2), when there is no debt on court facility construction or renovation projects authorized prior to the 2000 Regular Session of the General Assembly, use allowance is restricted to compensation equal to two percent annually of capital costs to be paid to the county unit of government and two percent annually to be retained by the Administrative Office of the Courts and directed to a separate fund specifically for maintenance of court facilities.

USE ALLOWANCE

- ***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. Use allowance for these court facilities is paid directly by the AOC to the debt service. When the judicial branch occupies 100% of the court facility, the AOC pays for 100% of the costs of construction / renovation.
- ***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 costs, paid annually. An additional 2% of capital 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.



Payments Made by AOC - Recap

- ✓ The AOC makes advanced quarterly payments to each County to cover all estimated operating costs for the space occupied by the KCOJ in a court facility.
- ✓ After the annual audit, quarterly payments are adjusted to actual costs.
- ✓ When the KCOJ occupies 100% of the court facility, the AOC pays 100% of operating costs.
- ✓ AOC reimburses the county for the KCOJ's pro rata share of nonrecurring projects based on occupancy ratio.
- ✓ When new construction / renovation is authorized, all project costs are financed by the County. However, the AOC pays the KCOJ's pro rata portion of debt service based on the occupancy ratio.
- ✓ When the AOC occupies 100% of the court facility, the AOC pays 100% of the costs to construct the facility and the County pays \$0.
- ✓ For facilities with capital projects authorized prior to 2000, the AOC pays the county 2% of the original capital construction costs annually after debt service is paid.

Payments Made by Finance - Recap

- Court Facilities Fees (KRS 23A.220, 24A.185, 64.091)
- Reimbursement for court security (KRS 64.092)
- 10.1% of court costs to county sheriff (KRS 42.320)
- 5.5% of court costs, up to \$2,750,000 to defray the costs of operation of the county jail and the transportation of prisoners



OPERATION AND MAINTENANCE PROCESSES AND REQUIREMENTS

Danny Rhoades
Executive Officer, AOC Department of Court Facilities

AOC Responsibilities - Division of Real Property

- ✓ Performs space audits in court facilities.
 - ✓ Maintains copies of floor plans, maintenance manuals, warranties, and insurance for court facilities.
 - ✓ Ensures that local government is providing necessary maintenance, janitorial and upkeep for court facilities.
 - ✓ Processes and approves requests for nonrecurring repair, replacement, or upgrade projects in court facilities; monitors progress of projects; authorizes reimbursements for approved projects.
 - ✓ Leases property for the use of the Court of Justice.
 - ✓ Engages janitorial services for leased property.
 - ✓ Assesses furniture needs, adopts furniture standards and orders furniture and furnishings for the KCOJ.
 - ✓ Assists in any facility-related emergency situations that arise.
-

AOC Responsibilities - Division of Court Security

- ✓ Provides training to Court Security Officers and bailiffs.
 - ✓ Conducts security assessments to make recommendations regarding security personnel and equipment.
 - ✓ Processes orders for keys in the judicial facility.
 - ✓ Orders, installs, and repairs security equipment.
 - ✓ Custodian of all security footage recorded by security cameras.
-

AOC Responsibilities - Other

- ✓ Capital Construction is responsible for periodically assessing court facilities to determine need for new projects and for managing capital construction projects for court facilities.
 - ✓ Procurement purchases all office needs for KCOJ offices (i.e. stationary, paper, pens, folders, etc.)
 - ✓ Information and Technology Services is responsible for technology hardware/software and infrastructure including phone/internet/cable.
 - ✓ Accessioning is responsible for pick up of closed court case files.
 - ✓ Pretrial Services is responsible for NCIC machines.
-

OPERATING COSTS

The *AOC Policies for the Operation and Maintenance of Court Facilities* set out operations and maintenance requirements for court facilities.

They can be found online at https://kycourts.gov/AOC/Finance-and-Administration/Documents/Policies_for_the_Operation_and_Maintenance_of_Court_Facilities.pdf

You can request a hard copy of the Policies by contacting FacilitiesRequest@kycourts.net.



ADMINISTRATIVE OFFICE OF THE COURTS

Division of Facilities

POLICIES FOR THE OPERATION and MAINTENANCE OF COURT FACILITIES

Operation and Maintenance – County Requirements

To receive the maximum amount of operating costs, care must be taken to comply with the *Policies for the Operation and Maintenance of Court Facilities*.

Insurance:

- Proof of insurance must be provided to AOC prior to the annual audit.
- AOC must be named as an additional insured and in the event of loss, is entitled to the percentage of the proceeds equal to its pro rata occupancy of the facility.
- Earthquake and flood insurance required for counties with court facilities in flood zone or at high risk of earthquake damage (Caldwell, Calloway, Crittenden, Henderson, Hopkins, Livingston, Lyon, Marshall, Trigg, Union and Webster).

Operation and Maintenance – County Requirements

Space Assignments:

- The County must contact and seek approval from AOC before reallocating space in the court facility. A space audit will need to be conducted, and it may change the occupancy ratio of the KCOJ.
- The Chief Circuit Judge is responsible for all space allocation in KCOJ-occupied areas.

Repairs:

- Any repairs costing \$2,500 or more are considered nonrecurring projects and must be approved in advance by the AOC.
- For ordinary repairs costing \$2,499 or less, the county must provide to the AOC Auditor during the annual AOC audit:
 - 1) Invoice; and
 - 2) Documentation demonstrating the amount paid for the repair.

Operation and Maintenance – County Requirements

The County must maintain the court facility in a clean and good operating condition. For janitorial, maintenance, or preventative maintenance services, a county must:

- Notify the Department of Court Facilities prior to advertising for services if a contract will be awarded or prior to hiring an employee if a county employee will provide services;
- Request the AOC to conduct a background check and approve each person proposed to provide services;
- Provide proof of insurance and bonds as required by the Operation and Maintenance Policies for any individual or business entity contracted to provide services; and
- Provide to AOC a copy of a valid contract with a service provider, if services are not provided by a county employee.

Operation and Maintenance – County Requirements

Costs associated with all the following are considered operating costs:

- Janitorial Services
- Janitorial Supplies (including uniforms, if desired)
- Maintenance and repair of all building components
- Maintenance supplies (including uniforms, if desired)
- Consumables for the building (lightbulbs, filters, fuses, locks, fire alarm equipment, etc.)
- Inspections (HVAC, boiler, security, fire alarm, elevator), pest control, grounds maintenance, snow and ice removal,
- Preventative maintenance (HVAC, elevator) is strongly encouraged

Expenses will be denied as regular operating costs and an adjustment to your operating costs payment will occur in the following circumstances:

- Any amount exceeding the approved contract price
- Salaries or benefits paid to employees for whom the County has not received an AOC-approved background check
- Expenses incurred in previous fiscal years (outside of the audit period)
- Expenses paid on an expired contract
- Expenses for repairs or upgrades in excess of \$2,499 without pre-approval from AOC
- Items missing invoices / receipts
- County portion of non-recurring projects
- Expenses paid with court facility funds when the county is not seeking reimbursement
- Expenses paid with ARPA funds
- Expenses reimbursed with insurance proceeds

The following are
**UNAUTHORIZED
EXPENSES** for
court facilities and
will not be
reimbursed as
operating costs:

- COFFEE & SUPPLIES
- CONVENIENCE FEES FOR CREDIT CARD PAYMENTS
- COURT SECURITY
- DEHUMIDIFIERS
- PRE-EMPLOYMENT DRUG SCREENING
- FACIAL TISSUE
- FANS
- FINANCE CHARGES

The following are
**UNAUTHORIZED
EXPENSES** for
court facilities and
will not be
reimbursed as
operating costs:

- FLAGS
- FLOWERS
- FOOD
- HOLIDAY DECORATIONS
- INTERNET (NOT HVAC/ALARM)
- KSP BACKGROUND CHECKS
- LAPTOPS/PRINTERS/MONITORS
- LATE FEES

The following are
**UNAUTHORIZED
EXPENSES** for
court facilities and
will not be
reimbursed as
operating costs:

- MILEAGE REIMBURSEMENT
- PHONE/CABLE
- OFFICE FURNITURE
- OFFICE SUPPLIES
- PAGERS
- PLANT FOOD
- PORTABLE ICE MAKERS
- POSTAGE METER
- SALES TAX

**The following are
UNAUTHORIZED
EXPENSES for
court facilities and
will not be
reimbursed as
operating costs:**

- SPACE HEATERS
- SURVEYS
- TELEPHONE/CELL PHONES
- VEHICLE CLEANING SUPPLIES
- VEHICLE INSURANCE
- VEHICLES
- VIDEO ARRAIGNMENT
- WEB HOSTING (INTERNET)

NONRECURRING PROJECTS

- A *Nonrecurring Project* means a major repair (a repair that costs \$2,500 or more); or replacements, upgrades or modifications to the court facility or KCOJ-occupied portion of the facility.
- Examples of Nonrecurring Projects include:
 - New carpet or paint;
 - Replacement of the windows, roof, boiler or HVAC; or
 - Interior or mechanical renovations.

NONRECURRING PROJECTS

PROCESS FOR A NONRECURRING PROJECT:

- Court official makes a request to the County Judge Executive, or the County Judge Executive recognizes a need.
- County Judge Executive or designee obtains the required quote(s) or bids.
- County Judge Executive or designee submits an *AOC-FAC-45 Work Order Request Form*.
- AOC Department of Court Facilities approves or denies the project via written letter.
- If approved, the County signs the letter and returns it to the AOC. The County completes the Project.
- County Treasurer submits reimbursement request, including invoices and proof of payment to AOC.
- AOC reimburses the County for its proportionate share of the costs, as documented in the AOC approval letter.

NONRECURRING PROJECTS

QUOTES / BIDS REQUIRED:

- A single quote is sufficient if it is less than \$5,000, including all necessary parts and labor.
- If a quote received by the county totals \$5,000 or more, the county must obtain at least three (3) total quotes for the same scope of work.
- If the county's procurement policies require a Request for Bids to be issued, the county should issue an RFB instead of obtaining quotes.

NONRECURRING PROJECTS

- For Nonrecurring Projects that benefit the facility as a whole (e.g. windows, roof, boiler, HVAC, structural issues, mechanical renovations), the AOC portion is calculated based on the pro rata portion of the floor space that is occupied by the KCOJ in a court facility.
- For Nonrecurring Projects that benefit only the KCOJ-occupied portion of the facility (e.g. moving a wall in the circuit clerk's office; new carpet or paint in the judicial suites), the AOC may agree to reimburse county up to 100% of the costs of the Nonrecurring Project.
- If the Nonrecurring Project benefits only the portion of the facility occupied by the county in a mixed-use facility, the AOC will not reimburse the county for any portion of the costs.

NONRECURRING PROJECTS

EMERGENCY REPAIRS

- If an emergency occurs in a court facility that prevents the normal function of judiciary business, call the Manager of the Department of Court Facilities, Division of Real Property to obtain immediate authorization for mitigation, repair or replacement expenses.
- If the Manager is not available, refer to the Department of Court Facilities Contact Information on the last slide to contact another employee of the Division of Real Property.
- Emergency repairs follow the same process as non-emergency repairs.

WORK ORDER REQUEST FORM

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Rev. x-21
Page 1 of 3

Commonwealth of Kentucky
Court of Justice www.kycourts.gov

AOC Policies for the Operation &
Maintenance of Court Facilities



COURT FACILITIES WORK ORDER REQUEST

COURT FACILITIES USE ONLY

PROJECT NAME: _____

ASSIGNED FC: _____

NR REQUEST #: _____

OCCUPANCY %: _____

Submit this form and attached quotes for approval via email to the AOC Department of Court Facilities at FacilitiesRequest@kycourts.net.

SECTION 1: BACKGROUND

Facility Name: _____

Facility Street Address: _____ City: _____ Zip: _____

Describe the reason for the request:

- KCOJ Request Equipment Failure Space Request Fit-Up [Occupant: _____]
 Natural Disaster End of Building Component Lifecycle Other:
 Weather Event Vandalism

Describe the requested repair, renovation or other request ("Project"):

Project location within the building: _____

Anticipated Start: _____

Projected Completion: _____

WORK ORDER REQUEST FORM

SECTION 2: LOCAL CONTACT INFORMATION

Name: _____ Title: _____

Email: _____ Phone: (_____) _____ - _____

SECTION 3: TYPE OF REQUEST

1. *Emergency Request:* An emergency is an issue that occurs at a court facility that prevents the normal function of Court of Justice business. (*AOC Policies for the Operation and Maintenance of Court Facilities, §4.C.*)

Is this an emergency request? Yes No If yes, describe the nature of the emergency:

2. If this request is for a new janitorial, preventative or general maintenance contract, check the applicable box below and attach quotes as instructed in Section 5.

Janitorial Services Contract Preventative Maintenance Contract General Maintenance Contract

SECTION 4: EXISTING PREVENTATIVE MAINTENANCE CONTRACT

Is an existing preventative maintenance contract associated with the project? Yes No

If yes, Service Provider/ Vendor Name: _____

Email: _____ Phone: (_____) _____ - _____

- Attach a copy of the signed contract.
- If the quote is under \$20,000, only one quote is required.

WORK ORDER REQUEST FORM

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SECTION 5: QUOTES

List three (3) quotes in order of preference in the table below. (1 is most preferred, 3 is least preferred)

Attach the quotes. Quotes must contain the following:

- Name and address of the court facility.
- Name and contact information of service provider or vendor.
- Detailed description of the proposed scope of work.
- Expenses related to parts and labor itemized.
- Parts information includes identifying information, such as manufacturer and model or part number.
- If applicable, expenses related to travel, listed separately.

	Service Provider / Vendor Name	Total Quote Amount	AOC Approval
1		\$	
2		\$	
3		\$	

If the preferred service provider is not the lowest quote, provide an explanation:

SECTION 6: SPECIAL FUNDING

1. Are Court Facilities Fees available to be used for the project? Yes No
2. Do you expect to receive special funding for the project? (Grants, FEMA, COVID-19 related funding or other federal funds)
 Yes No If yes, please specify the funding being used:
3. Is this project a result of an insurable event? Yes No
If yes, file an insurance claim before submitting this form and attach a copy of the filed claim.

TO BE COMPLETED BY AOC DIVISION OF REAL PROPERTY MANAGER

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Commonwealth of Kentucky
Court of Justice www.kycourts.gov

AOC Policies for the Operation &
Maintenance of Court Facilities



**NONRECURRING PROJECT
APPROVAL LETTER**

COURT FACILITIES USE ONLY

PROJECT NAME: Upgrade HVAC Controls

ASSIGNED FC: Ayshia Wood

NR REQUEST #: 22-812.2-02

OCCUPANCY %: 100%

September 28, 2021

Honorable Tina K. Teegarden
Bracken County Judge-Executive
P.O. Box 264
116 West Miami Street
Brooksville, KY 41004
Email: brackenjudge@windstream.net

RE: Nonrecurring Project No. 22-812.2-02 Upgrade HVAC Controls

Dear Judge-Executive Teegarden,

Our records indicate that the following request has been made and cost estimates received for the Upgrade of the HVAC Controls at the Bracken County Judicial Center.

Project Description	Estimated Cost	Court Facilities Fees to be Used	% AOC Occupancy	Estimated County Cost	Estimated AOC Cost	Estimated Completion Date
Upgrade HVAC Controls	\$68,000.00	\$0.00	100%	\$0.00	\$68,000.00	12/30/2021

This Project has been approved by the AOC Department of Court Facilities to proceed with an estimated AOC cost of \$68,000 and an estimated completion date of December 30, 2021.

NONRECURRING PROJECT APPROVAL LETTER

NONRECURRING PROJECTS

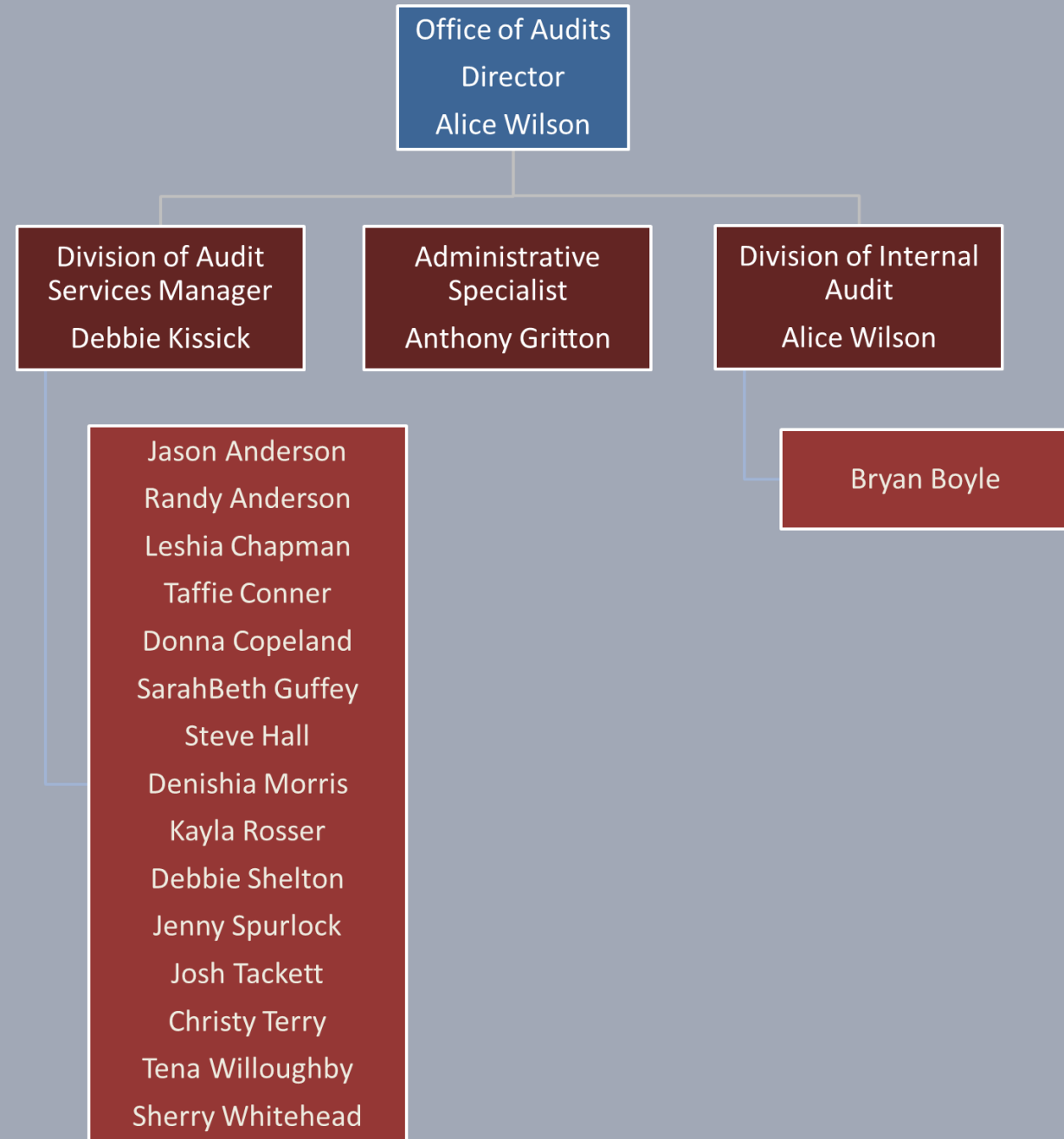
- Be mindful of time constraints in the approval letter. If the project cannot be completed and reimbursement requested during the authorized period, request an extension of time.
- If the cost of the work will exceed the authorized amount, request a modification to approve the increase in cost prior to authorizing the work to commence.
- For reimbursement, upon completion of the work, submit the following documents to FacilitiesRequest@kycourts.net:
 - Final invoice for Work reflecting all costs, including necessary parts and labor.
 - Proof of payment issued by the local government to the vendor or contractor (e.g. Copy of cancelled check).
- The AOC Budget Office typically issues payment to the county within 60 days.



AUDITS

Alice Wilson, CPA, CIA
AOC Director of Audits

OFFICE OF AUDITS: Org Chart



OFFICE OF AUDITS: Facility Audits



Division of Audit Services

- Established in 2005 and has evolved since founding
- Started as assistants/trainers for Offices of Circuit Court Clerks
- Auditors located throughout the Commonwealth
- Responsible for CCC audits, MC/DRC audits, KCOJ facility audits, transfer packages
- Works with Court Services on variety of accounting related topics

OFFICE OF AUDITS: Facility Audits



Division of Internal Audit

- Established in 2019
- Annual risk assessment of AOC leading to Internal Audit Plan
- Fraud, Waste and Abuse Hotline
- Coordination of external audits – first Financial Statement Audit for FY21
- Reports to Audit Oversight Committee

OFFICE OF AUDITS: Facility Audits



AUDIT PROCESS

- The AOC Department of Court Facilities oversees the management of court facilities throughout the Commonwealth
 - Approve certain expenditures of funds related to the operation and maintenance of court facilities (i.e. Nonrecurring over \$2,499)
 - Policies for the Operation and Maintenance of Court Facilities; KRS Chapter 26A
- AOC Audit Services audits and reviews these expenditures annually to ensure they are expended in accordance with the Policies for the Operation and Maintenance of Court Facilities
 - These audits help the AOC Budget Office estimate quarterly reimbursements for the next fiscal year
 - Auditors send engagement letter to County Judge Executive and copy the Treasurer
 - Auditors gather information regarding the expenditures incurred for the prior Fiscal Year

OFFICE OF AUDITS: Facility Audits



AUDIT PROCESS

- Auditors will review the documentation for reasonableness and compliance with established policies
- Auditors will discuss questions and any changes with the Treasurer
- Auditors will complete fieldwork and submit to Audit Manager for review
- Audit Manager and Audits Director will review and create Final Audit Report
- Final Audit Report will be emailed to County Judge Executive and copied to AOC Facility Coordinators, AOC Auditor, and the AOC Budget Office. Includes Cost Summary Report for FY audited.
- Auditors will follow up in the next year's audit to ensure appropriate adjustments were made to quarterly disbursements to the county from AOC as a result of the audit.

OFFICE OF AUDITS: Contact Us



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HOT TOPICS

Panel Discussion

100% RENTALS

- If the AOC rents space in a building other than a court facility for KCOJ offices, the AOC has previously categorized such space as a 100% rental and included any agreed-upon rental costs in the quarterly operating costs payments.
- You will still see 100% rentals on audits for FY 2023, but effective July 1, 2023 all 100% rentals have been moved to lease agreements.
- Quarterly payments will now be made to each affected county as a separate lease payment. These payments will not be included in the annual operating costs audit conducted by the Division of Audit Services.

ENERGY SAVINGS PERFORMANCE CONTRACTS

AOC does not participate in Guaranteed Energy Savings contracts.

- AOC will enter into MOUs with local governments on a case-by-case basis when a local government contracts with a energy performance contractor.

OPTION 1: MOUs

- AOC does not contribute funds for repairs/upgrades.
- AOC guarantees it will calculate regular operating costs using a minimum payment to the local government for applicable utility costs instead of actual costs.
- The minimum payment is based on 95% of the AOC's average proportional share of the applicable actual utility expenses for the preceding three fiscal years.
- Maximum number of years of AOC guaranteed payment is eight.

OPTION 2: NON-RECURRING PROJECTS

- AOC will reimburse the local government for costs associated with approved projects in accordance with the Policies for Operation and Maintenance of Court Facilities.

WHAT ARE COURT FACILITIES FEES

- **COURT FACILITIES FEES** are fees that are assessed by a fiscal court and collected by the circuit court clerk on behalf of the county pursuant to KRS 23A.220, KRS 24A.185, and KRS 64.091.
 - KRS 23A.220 requires Circuit Court filing fees assessed by the fiscal court to be used to pay expenses for courthouses, bonds related to them, and administration expenses of the Circuit Court.
 - KRS 24A.185 requires District Court filing fees assessed by the fiscal court to be used to pay expenses for courthouses, bonds related to them, and administration expenses of the District Court.
 - KRS 64.091 requires fees assessed by fiscal courts on subpoena and civil summons service by the local sheriff to be used for the purpose of paying expenses for courthouses, bonds related to them, and administration expenses of courthouses.
- Court Facilities Fees should be **receipted** by using **Revenue Code 4561 (Fiscal Court Filing Fees)** and **expended** by using **Expenditure Code 5081 (Judicial Center – AOC)**.
- AOC does not audit expenditures of Court Facilities Fees, but receives the amount of Court Facilities Fees collected annually and information about how those funds were spent to assist the AOC Department of Court Facilities in making determinations about which nonrecurring projects it may be able to fund annually.

WHAT HAPPENS WHEN DEBT IS PAID OFF

- Title of the facility reverts from the PPC to the local unit of government.
- KRS 26A.100 requires court operations to continue to be located in the local court facility.
- AOC continues to pay operating costs in the same manner as before.
- AOC pays use allowance as provided by statute or as directed by the General Assembly in the judicial branch budget bill.
 - For facilities authorized before 2000, 2% of capital costs are paid to the County annually.
 - For facilities authorized in 2000 or afterward, no use allowance is paid.
- Quarterly payments are made to the county as set forth in the Annual Reimbursement Forms.

COURT SECURITY

- The Supreme Court certifies the number of court security officers needed for each court facility. CSOs are furnished by the local sheriff.
- The executive branch Finance and Administration Cabinet, Office of the Controller, Division of Local Government Services reimburses sheriff's offices for transporting prisoners, attending a jury, and court security services. Please direct questions to 502-564-6879.
- Maximum reimbursement for court security services is \$15 per hour with a required minimum salary of \$10 per hour.
- 10.1% funds may be used to defray court security costs. KRS 64.092(7).

HOW CAN MY COUNTY GET A CAPITAL PROJECT FOR A COURTHOUSE

AOC Conducts Assessments and Develops Capital Plan



AOC and County Enter Into MOU



Legislative Authorization in Judicial Branch Budget Bill



Project Development Board (PDB) Formed



PDB selects site, service providers, and design.

HOW CAN MY COUNTY GET A CAPITAL PROJECT FOR A COURTHOUSE

Facility Assessments

- Since 2020, GRW Architects/Engineers has performed assessments on the facilities in 37 Kentucky counties for which the Kentucky General Assembly had not already authorized a KCOJ Capital Construction Project.
- The assessment format / methodology is based on the following criteria:
 - Age and History
 - Structural Soundness
 - Security Requirements
 - Potential Environmental Hazards
 - Building Code and ADA Compliance
 - Interior and Exterior Quality of Existing Court Facilities
 - Performance and Lifecycle Assessment of Mechanical and Electrical Systems
 - Space Adequacy of the Facility Relative to the AOC Program Space Requirements

HOW CAN MY COUNTY GET A CAPITAL PROJECT FOR A COURTHOUSE

Capital Plan

Based on the assessment rankings, the following counties were included in the Capital Plan for FY2022-2028:

- 2024-2026 Biennium: Owsley, Court of Appeals*
- 2026-2028 Biennium: Spencer, Caldwell
- 2028-2030 Biennium: Fulton, Estill

Others court facilities with the greatest needs based on assessment rankings are: Lee, Elliott, Edmonson, Clark, LaRue, Greenup

*COA was not included in the assessment rankings.

HOW CAN MY COUNTY GET A CAPITAL PROJECT FOR A COURTHOUSE

What if my County isn't on the list?

- Talk to your legislators.
- If it appears the General Assembly is going to authorize a project, an MOU will need to be executed.
- All KCOJ capital construction projects must be built in accordance with the Rules of Administrative Procedure Part X. KRS 26A.160.
- All decisions concerning site, service providers, and design must be made by the Project Development Board after the project is authorized.
- Project Development Boards are chaired by CJs.
- No member of the PDB may have contact with a service provider about the project outside of the established solicitation process.

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