



A. Local Agency Application Guidelines

1. The local agency, which may include regional agencies, must be qualified (registered and in good standing with the Secretary of State's Office, bonded, and have a tax id number) and willing to administer the full responsibilities of the program. A copy of minutes from the county council approving the administrative entity shall include the following:
 - specific individuals responsible for administering and reporting on the program
 - signatory authorization of authorized representative to sign legal agreement on behalf of the administrating entity
2. The program administrator shall identify two co-signers for the purpose of signing checks and disbursing funds from the program's account. One identified signer shall be bonded and documentation of bonding or appropriate insurance shall be submitted with the signed Legal Agreement.
3. The *County Agricultural Investment Program (CAIP)*, including cover sheet and all other documents specified in the application, must be submitted with a *CAIP Prioritization Sheet* for new program requests. Requests for additional funds, within the terms of the original agreement, require the *Amendment Request Form*, the *CAIP Prioritization Sheet* and a *letter explaining the need for this request*.

All applications and amendment requests are due to the Governor's Office of Agricultural Policy office by the last Friday of the month, unless otherwise noted due to office closings.

4. Agricultural Development Funds contributed to the CAIP cannot exceed 50%, unless the program administrator or the County Council determines that a reduced match is needed for this program.

The Council may approve a reduction in the producer's cost-share for this program to an amount **no less than 25%**. This decision and the cost-share percentages shall be indicated on the *CAIP Prioritization Sheet*, which is sent to the Agricultural Development Board with the application.

5. **A producer is eligible for up to the county's maximum cost-share per producer limit not to exceed \$5,000. Producers shall not receive more than \$5,000 statewide per producer per program year (program year is defined by the year the application is approved by the Kentucky Agricultural Development Board).**
6. A producer is defined by use of **Social Security Number (SSN) and Farm Serial Number (FSN)**. **Both shall be provided when applying. Once the Social Security Number (SSN) or Farm Serial Number (FSN) is used, neither are eligible to be used again once annual limit is reached.**

[Example: SSN – 123-45-6789 combined with FSN – 4567, would discontinue the eligibility of both the SSN and FSN.]

7. With an established producer definition, this will allow all administrators to track the total funds received per program within a county. A tracking report of all county's distributions to individual producers will be available on GOAP's website under the

“Compliance Corner,” updated quarterly.

8. Administrative Funds are intended to pay expenses related to administering the Kentucky Agricultural Development Fund programs. Funds shall not be used for unrelated expenses. GOAP reserves the right to request proof of expenses.

Program administrative expenses may be used:

- a. Promoting of program availability;
- b. Cost of bonding;
- c. Processing of producer applications;
- d. Processing of producer payments;
- e. Program compliance activities;
- f. Completion of program reporting forms;
- g. Opening and maintaining checking accounts used for Kentucky Agricultural Development Funds.

If you have questions concerning approved administrative expenses, please contact GOAP.

One or more local agencies may combine administrative functions to create more efficient programs of grant administration.

9. All County Agricultural Investment Programs (CAIP) shall have a 5% limit on all administrative funds. Any remaining unused administrative funds shall be returned back to GOAP to be deposited back into the county account for future distribution.
10. The program administrator shall ensure that commingling of agricultural development funds with other funds does not occur. The Kentucky Agricultural Development Program funds shall reside in a unique and separate bank account from any other account.

Administrators who are the fiscal agent for multiple counties shall keep one account per county.

11. Local CAIP advertising and producer sign-ups shall not occur prior to the execution of the Legal Agreement. A Legal Agreement is executed once signed by an authorized representative of the Kentucky Agricultural Development Board.
12. Participation in agricultural educational sessions shall be required of the producer prior to receiving CAIP funds.

B. Local Agency Administration Guidelines

1. **An Informational Session shall be available for all CAIP administrators to review prior to administering a CAIP each year. GOAP will conduct compliance visits throughout the state to ensure that proper procedures and guidelines are being followed.**
2. After receiving a copy of the executed Legal Agreement, there shall be a minimum of two consecutive weeks of advertising. Producer applications shall not be accepted earlier than two weeks after the date of the first advertisement. Advertising is required for each sign-up period.

For example, when the administrator receives a copy of their executed Legal Agreement they may begin advertising for sign-ups. If the first advertisement runs January 15, then the first application may not be taken until January 29.

3. A printed advertisement shall be prominently displayed in the county's newspaper where the most producers will see it. A copy of the advertisement shall be kept on file with the

administrator.

4. There shall be an acknowledgement in any grants awarded, publications, brochures, articles, advertising, correspondence or promotional material that a portion of the funding for this project was provided by the Kentucky Agricultural Development Fund. Copies of said publications, brochures, etc. shall be kept on file with the administrator.

The KADF logo is available for usage when advertising the County Agricultural Investment Program (CAIP) - http://agpolicy.ky.gov/kadf_logo.shtml. For questions please contact GOAP.

5. The Universal Producer Application shall be submitted to and approved by the program administrator before the producer can receive reimbursement for any costs incurred.
6. Deadlines shall be established for Universal Producer Application and reimbursement of eligible expenses, so producers have deadlines to implement their project. Should producer fail to meet the reimbursement deadlines cost-share funds shall not be provided.
7. Approved producers shall submit the Producer Report associated with the program/investments being cost-shared, **before** reimbursement funds are received.

These Producer Reports are for the Administrator to use in filling out the reports for the program, and to maintain on-file.

8. The program shall be open to all county producers and shall not be tied to participation in any organization.

Administrators shall not reject an application based on the applicant's residency. Administrators shall accept an application if the applicant's farm is located in the county and the cost-share will be used in the county, even if the Farm Serial Number (FSN) is registered in another county.

9. Any producer above the age of 18 requesting a CAIP Producer Application shall be permitted to apply. All producer applications shall be scored.
10. Each producer who receives \$600 or more shall be supplied an IRS form 1099 or equivalent tax accounting documentation. The program administrator is responsible for distributing the necessary tax information.
11. The program administrator may choose to approve eligible cost-share expenses for reimbursement on a retroactive basis. However, this retroactive date shall not exceed six (6) months prior to the execution of the Legal Agreement for this program.
12. Funds disbursed to producers will be on a reimbursement basis, **upon completion of the project.**
13. Program administrators shall be required to conduct random site visits.
14. Legal Agreements between the program administrator and the Agricultural Development Board shall be for a term no longer than 12-months from the execution date of the Legal Agreement. There will be no renewals or extensions of this Legal Agreement.
15. If funds set forth in the agreement between the Agricultural Development Board and the administrator are not completely utilized within the term of the Legal Agreement, remaining funds including interest and unused administrative funds shall be returned to

GOAP for redeposit into the county's account.

Checks shall be made payable to the **Kentucky State Treasurer** and mailed to Governor's Office of Agricultural Policy/404 Ann Street/Frankfort, KY 40601. (include application number in the memo section)

16. **Reporting: Semi-annual reporting**, which includes the *CAIP Summary* and *Producer Detail Report*, is required of the program administrator every six (6) months after the execution date of the Legal Agreement. Reporting forms can be downloaded from http://agpolicy.ky.gov/funds/program_reporting.shtml. These reporting forms shall be completed in its entirety and submitted electronically to govkyagpolicy@ky.gov.

A *Final Report* is due 60 days after the term of the Legal Agreement. This includes, but is not limited to, the *CAIP Summary* and the *Producer Detail Report* for any payments made since the last submitted report. Copies of cancelled checks issued to producers shall be submitted at the completion of the program. Administrators shall maintain all administrative records for this program for a period of seven (7) years.

Failure to comply with the reporting requirements shall result in denial of requests for future funding.

The **Close-out** of this agreement may occur when the above is completed and verified, and any programmatic data due from producers is submitted by the program administrator. A completion letter and a list of paid producers will be mailed to the administrative representative as well as the chairman of the County Agricultural Development Council.

Final reports shall be submitted prior to execution of a new Legal Agreement for subsequent CAIPs in the county/by the administrator. (Submittal of copies of cancelled checks will not delay execution of a new Legal Agreement)

17. Investment Area guideline compliance and reporting of expenditures are essential to gauging the impact and continuity of the program. Therefore, CAIP may be audited on a random basis. The administrator shall be asked to produce all documents pertaining to individual producers who participate in this program, as well as other appropriate financial documents related to this program's account.
18. Administrators who fail to comply with the guidelines for the investment areas, or who are delinquent in reporting, may be placed on a "watch list" or on "probation." Administrators who are placed on probation and do not meet the terms of their probation may be "suspended" and no longer eligible to administer Kentucky Agricultural Development Fund programs/projects.

C. Universal Producer Application Guidelines

1. A Universal Producer Application for the program shall be developed by the Kentucky Agricultural Development Board. Additional questions may be incorporated into the Universal Producer Application on a county discretion basis.

Additional questions must be submitted with the local agency's application to administer the CAIP and agreed upon by the local county council when completing the *CAIP Prioritization Sheet*.

2. The Universal Producer Application must be signed and dated by the producer and include the initials of person accepting the application.
3. A Universal Producer Application from an individual without a Social Security Number

(SSN) and Farm Serial Number (FSN) will be considered **incomplete**.

Tenant farmers or those leasing land where capital construction improvements will be located should supply a copy of their Schedule F as well as written approval from the land owner giving permission to use owner's FSN and agreeing to allow the tenant access to the cost-share items for a minimum of five years.

4. A statement regarding the understanding of requirements by the producer and verification of the producer's total cost-share awarded under this program shall be included with the application. The **Producer Certification Form** (Appendix A) must be included in the Universal Producer Application for this program.
5. In the event that a tie breaker is needed – the following are not eligible to use in "breaking ties":
 - a. Alphabetical
 - b. Date/Time stamp
 - c. First come – First serve
 - d. Lottery drawing

Please contact the Governor's Office of Agricultural Policy if you have questions regarding how and when to break ties.

Administrating entities that choose to pro-rate producers applying for CAIP funds should establish procedures prior to accepting applications. At a minimum all applicants requesting funds shall complete the CAIP Producer Application and receive a score.

D. Producer Funding Guidelines

Provide to All Producers Approved for CAIP Funds

The County Administrative Entity and/or the County Administrator reserves the right to request or require additional documentation to verify information provided in producer's application. Confirmation of fraudulent information will result in disqualification for future participation.

1. Funds disbursed to producers shall be on a reimbursement basis, **upon completion of the project.**
2. The producer shall supply a numbered and dated receipt indicating buyer and seller information in order to be eligible for payment. Payment shall only be made for eligible cost-share items identified.
3. Documented hired labor is an eligible cost-share item.
4. **Beginning in 2010**, remove all transport equipment as eligible cost-share items from all investment areas. This exclusion includes trailers, wagons, and carts with the primary function of transportation.
5. **Beginning in 2012**, remove all fertilizer, pesticide, herbicide, and soil amendments (excluding lime) as eligible cost-share items from all investment areas.
6. Producers who intend to take part in the program shall supply a Social Security Number (SSN) and Farm Serial Number (FSN) to receive payment. Both of these numbers must be supplied to the Kentucky Agricultural Development Board.

The Kentucky Agricultural Development Board recognizes every applicant's right to privacy and understands its obligation to keep applicant/producer information confidential. Any information provided to the Kentucky Agricultural Development Board or Program Administrator on individual producer applications for CAIP, such as the applicant's Social Security Number and Farm Serial Number, will be kept confidential by authority of the Kentucky Agricultural Development Board as granted in KRS 248.701 to 248.727 and by KRS 61.878. The Kentucky Agricultural Development Board does not disclose any nonpublic personal information regarding applicants/producers, past or present, except as permitted or required by the Kentucky Open Records Act, KRS 61.870 to 61.884 or other law(s).

7. **Producers must be 18 years of age or older at time of application, to apply for CAIP funds.**
8. [For capital improvement/equipment projects] Producers shall maintain ownership of the property for 5 years past the participation date in the program. Should a producer fail to maintain ownership of property for the entire 5 years, administrators shall request a return of funds on a pro-rated basis*. Failure to return funds will result in producer being ineligible to receive additional Kentucky Agricultural Development Funds.

*Emergency early release is possible in the case of death, illness, physical inability or transfers within immediate family and must be approved by the local administrative entity.

9. Should the producer fail to utilize funds by the program administrator's reimbursement deadline, said funds shall be reallocated to the next available application.
10. Producers shall retain adequate insurance coverage, if applicable, to replace any and all capital improvement/equipment projects funded with Kentucky Agricultural Development Funds.