

# Standard Guidelines: ALL INVESTMENT AREAS



## A. Application Guidelines

1. The local agency, which may include regional agencies, must be qualified:
  - a. consist of 3 or more individuals
  - b. registered and in good standing with the Secretary of State's Office (Exceptions: Conservation Districts & Fiscal Courts)
  - c. bonded
  - d. have a federal tax id number
  - e. willing to administer the full responsibilities of the program
2. A copy of minutes or other documentation from the administrative entity that includes the following:
  - a. specific individuals responsible for administering and reporting on the program
  - b. signatory authorization of authorized representative to sign legal agreement on behalf of the administrating entity
3. 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 either the application or the signed Legal Agreement.
4. The *County Agricultural Investment Program (CAIP)* application, including cover sheet and all other documents specified in the application, must be submitted for new program requests. Additionally a *CAIP Prioritization Sheet* that has a minimum of five original signatures and a priority designated shall be submitted by the County Agricultural Development Council.

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*.

5. All applications and amendment requests are due to the Governor's Office of Agricultural Policy (GOAP) office by the last Friday of the month, unless otherwise noted due to office closings.
6. 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* that is submitted.

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## B. Administrating Entity's Responsibilities

1. **An administrating entity shall be made up of three or more individuals**, with at least two co-signers for the purpose of signing checks and disbursing funds from the program's account.
2. **Each producer application shall be scored by two or more individuals from the administrating entity.**
3. 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** and the second advertisement runs **January 22**, then the **first application may not be taken until January 29**.

4. Local CAIP advertising and producer sign-ups **shall not** occur prior to the execution of the Legal Agreement.
5. A Legal Agreement is executed once signed by an authorized representative of the Kentucky Agricultural Development Board.
6. 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.
7. 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](http://agpolicy.ky.gov/kadf_logo.shtml). For questions please contact GOAP.

**Note:** *Press releases sent by GOAP do not fulfill this advertising requirement.*

8. **Following the two week advertisement period, producer applications shall be made available to producers for a minimum of two consecutive weeks.**

Using the example in #3 above, the earliest that the submission deadline could be is Feb. 12 (*two weeks after the initial application offering and two-week advertising period*).

9. 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.
10. One or more local agencies may combine administrative functions to create more efficient program administration.
11. The program administrator shall ensure that commingling of Kentucky Agricultural Development Funds (KADF) with other funds does not occur. The KADF program funds shall reside in a unique and separate bank account from any other account.
12. Administrators who are the fiscal agent for multiple counties shall keep one account per county.

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## C. Administrative Expenses

1. All CAIPs shall have a 5% limit on all administrative funds. Any remaining unused administrative funds shall be returned back to GOAP and credited to the county account for future programs.
2. Administrative Funds are intended to pay expenses related to administering the CAIP. Funds shall not be used for unrelated expenses. GOAP reserves the right to request proof of expenses.
3. CAIP administrative expenses may be used for:
  - a. Promotion of program availability;
  - b. Cost of bonding;
  - c. Processing of producer applications;
  - d. Processing of producer payments;
  - e. Program compliance activities;
  - f. Completion reporting forms;
  - g. Opening and/or maintaining checking account related to CAIP.

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

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## D. Reporting Requirements

1. An Informational Session shall be available for all CAIP administrators 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. The Universal Producer Application shall be submitted to and approved by the program administrator before the producer can receive reimbursement for any costs incurred.
3. 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.
4. 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.

5. 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.
6. 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.
7. Funds disbursed to producers will be on a reimbursement basis, upon completion of the project.

#### D. Reporting Requirements (cont.)

8. Program administrators shall be required to conduct random site visits.
9. 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.
10. 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)

11. **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](http://agpolicy.ky.gov/funds/program_reporting.shtml). These reporting forms shall be completed in its entirety and submitted electronically to [govkyagpolicy@ky.gov](mailto: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.

12. Failure to comply with the reporting requirements shall result in denial of requests for future funding.
13. 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.
14. 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)
15. Investment Area guideline compliance and reporting of expenditures are essential to gauging the impact and continuity of the program. Therefore, CAIPs 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.
16. 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.

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## E. Universal Producer Application

1. A Universal Producer Application for the program shall be developed by the Kentucky Agricultural Development Board. Additional questions from the pre-approved list 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. **Producer applications shall be made available to producers for a minimum of two consecutive weeks following the two week advertisement period.**
3. The Universal Producer Application must be signed and dated by the producer and include the initials of person accepting the application.
4. Any producer above the age of 18 requesting a CAIP Producer Application shall be permitted to apply. All producer applications shall be scored.
5. 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 may be asked to provide a redacted copy of their Schedule F and written approval from the land owner or an FSA-578, giving permission to use owner's FSN and granting access to the cost-share item(s) (a minimum of five years for capital improvements).

6. 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.
7. All administrators shall use the scoring system and must establish a minimum score\*, submitting that minimum score on the *CAIP Prioritization Sheet*. All applicants requesting funds shall complete the CAIP Producer Application and receive a score.

Counties that choose to pro-rate all approved applications must use the minimum score submitted on the *CAIP Prioritization Sheet*. Only the number of applications that are at or above the minimum score shall be used to calculate the pro-rated amount to award.

*\*The statewide minimum score is 44, but may be raised if a county so chooses.*

8. 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 GOAP if you have questions regarding how and when to break ties.

Administrating entities that choose to pro-rate tied applications should establish procedures prior to accepting applications.

E. Universal Producer Application (cont.)

9. The program shall be open to all county producers and shall not be tied to participation in any organization.
10. 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.
11. CAIP funds received shall be used for improvements on the land assigned to the Farm Serial Number (FSN) provided on the producer's application, independent of the county in which the FSN is registered.

*F. Continued on next page.*

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## F. Producer Guidelines & Responsibilities

### 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.

Funded participants shall adhere to all local, state, and federal rules and regulations.

1. 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.]

2. 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).
3. Only one application per farm operation may be approved for funding. An individual may not receive funding as both a sole proprietor and as part of a farm business entity.

The program administrator may request proof from the applicant to show that immediate family members applying for funds are indeed independent farm operations.

4. Funds disbursed to producers shall be on a reimbursement basis, **upon completion of the project.**
5. 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.
6. Approved producers shall submit the Producer Report associated with the program/investments being cost-shared, **before** reimbursement funds are received.
7. **Reimbursements for purchases from the participant's immediate family (father, mother, brother, sister) are not eligible.**
8. **Cost-share shall not be provided for items traded or sold between producers who share interest in a farm operation. This includes the use of a third party to buy/sell the same items amongst the producers.**
9. Documented hired labor is an eligible cost-share item.
10. **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.
11. **Beginning in 2012**, remove all fertilizer, pesticide, herbicide, and soil amendments (excluding lime) as eligible cost-share items from all investment areas.

## F. Producer Guidelines & Responsibilities (cont.)

12. 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).

13. Producers must be 18 years of age or older at time of application, to apply for CAIP funds.
14. Participation in CAIP requires a minimum of one (1) educational component attained prior to the disbursement of funds related to farm management, production, best management practices or marketing. Examples of types of sessions include workshops, seminars, field days, university sanctioned on-line courses, webinars, etc.
  - a. Administrating entity shall consult with the county council, cooperative extension, conservation and others when determining if a session meets this requirement.
  - b. Documentation of attendance is required and the session must not have been submitted to meet the CAIP education requirement for a prior year.
  - c. Cost-share payments shall not be issued to producers before the educational requirement has been met. *Educational component may be attained anytime prior to disbursement of funds, but no more than 6-months prior to date of application.*

Note: Attendance at an informational meeting to review updated guideline changes and discuss the producer application shall not qualify as the producer's educational requirement.

15. [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.

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

## APPENDIX A: Instructions for Submission

*Proposals to administer a 2013 County Agricultural Investment Program (CAIP) are required to use this application. The application form may be reproduced and distributed. Reproductions must be clear and made on 8.5" x 11" sized paper.*

**Electronic and faxed submissions shall not be accepted.**

1. **Proposals for county funds** should be made directly to the appropriate county council(s). Completed proposals will be prioritized by the county council according to the county Comprehensive Plan and forwarded to the Kentucky Agricultural Development Board for final funding decision. Some applicants may be requested by their county council to make a formal presentation.
2. **Address for Submissions:** applications along with a signed county council priority sheet should be sent to the following address:  
  
Governor's Office of Agricultural Policy  
404 Ann Street  
Frankfort, KY 40601  
  
ATTN: CAIP Application
3. CAIP proposals submitted to the GOAP office should include **the original proposal and one additional copy**, including supporting documents and prioritization form. Applicants not submitting appropriate number of copies may be charged for copies made.

All completed proposals shall be reviewed by the county council within 60 days of receipt. CAIP proposals submitted to the Kentucky Agricultural Development Board (KADB) will be considered by the KADB on a monthly basis.

CAIP proposals received in the Governor's Office of Agricultural Policy (GOAP) by the last Friday of the month will be considered at the following month's KADB meeting. For example, if a complete application is received by the last Friday of January, then it may be eligible for consideration at the February KADB meeting, provided all guidelines are met.

*Questions regarding the proposal process should be directed to the Governor's Office of Agricultural Policy (502) 564-4627 or [govkyagpolicy@ky.gov](mailto:govkyagpolicy@ky.gov).*

## APPENDIX B: Post-Award Grant Management

*The following information is provided in the event that this application is approved. By providing this information, there is no implication that this application will receive funds. All applications must be prioritized by the County Agricultural Development Council from which funds are sought and approved or denied by the Kentucky Agricultural Development Board.*

### A. Post-Approval Process

1. Once your application has been approved, your Program Coordinator will notify you to indicate the date of approval, amount of funding and confirm the terms of the program approved by the Kentucky Agricultural Development Board.
2. The Program Coordinator and the Kentucky Agricultural Development Board’s legal counsel will then draft an agreement and send it to your organization for review.
3. If the agreement is acceptable, then you will be requested to have an individual authorized for the organization to sign the agreement. **This authorized individual must have a copy of meeting minutes, within the last 12-months, giving him/her signatory authority on-file with our office.**
4. Read the agreement cover letter and follow the instructions contained therein. It may contact information necessary for release of your funds. The following issues generally cause the most delays:

- a. Make sure the organization/entity formally exists.

When deciding whether to create some type of corporate type business entity, the applicant is strongly advised to seek legal counsel to address issues such as tax treatment and liability. While it is fairly easy to draft and file basic corporate papers, understanding the ramifications of said filing and implementing the proper procedures necessary to protect the corporate status can be complicated.

- b. If a corporate entity applied, make sure your organization is registered in “Good Standing” with the Kentucky Secretary of State’s Office [(502) 564-3490] as a legal entity for conducting business in Kentucky. Organizations in “Bad Standing,” must correct the rating before funds can be disbursed.

- c. Make sure your proposal includes a copy of the minutes of a business meeting held within 12-months where signatory authorization is given to the Authorized Representative listed on the proposal cover sheet.

- d. Subsequent disbursements will be dependent upon up-to-date reporting of both programs and projects administered by an entity. Applicants applying to administer a CAIP shall complete and submit all required reports of previous CAIPs prior to execution of Legal Agreement.

Administrators who fail to follow the guidelines for the investment areas, or who fall behind 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 are no longer eligible to administer Kentucky Agricultural Development Fund programs/projects.

### B. Responsibilities of Program Administrators

Grant recipients are responsible for:

1. Complying with all guidelines of the CAIP, including terms and conditions in the legal agreement.
2. Ensuring that Kentucky Agricultural Development Funds are used only for expenditures covered within the CAIP Investment Areas.
3. Sending GOAP a copy of any contract or secondary agreement related to the project.
4. Submitting “Investment Area Reporting Detail” and “CAIP Summary Sheet” every six months after the execution date of the legal agreement and final reports no later than 60 days after the term of the legal agreement.
5. Acknowledge funding provided by KADF, as outlined in the legal agreement.