

INVESTMENT AREA STANDARD GUIDELINES

(Approved June 15, 2001)
(Updated December 18, 2009)



Application Procedures

A. Guidelines for Local Agency Application for Program Administration

1. The local agency, which may include regional agencies, must be qualified and willing to administer the full responsibilities of the program. A copy of approved minutes from the agency expressing a willingness to administer the program, an indication of specific individuals that will be responsible for administering and reporting on the program, and giving signatory authorization to the appropriate individuals must be included with the application.
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 (C.A.I.P.)*, including cover sheet and all other documents specified in the application, must be submitted with a *County Priority Sheet* for new program requests. Requests for additional funds, within the terms of the original agreement, require the *Application Cover Sheet* and the *County Priority Sheet*.

All applications are due to the Governor's Office of Agricultural Policy office by the last Friday of the month.

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

Counties shall place a dollar cap on the maximum cost-share per producer of up to \$5,000 for the duration of the C.A.I.P. beginning with the execution of the Legal Agreement between the administrator and the Kentucky Agricultural Development Board (not to exceed 12-months).

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

5. 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 & FSN.]

6. 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.
7. Administrative Funds are intended to pay expenses related to administering the Kentucky Agricultural Development Funds 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.

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

8. All County Agricultural Investment Programs (C.A.I.P.) shall have a 5% cap 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.

9. 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 should keep at a minimum one account per county. However, one account per program per county is encouraged.

10. Local program sign-up and advertising shall not occur prior to the execution of the Legal Agreement. A Legal Agreement is considered executed once signed by an authorized representative of the Kentucky Agricultural Development Board.

11. Participation in appropriate agricultural educational sessions shall be required to receive funding in all Kentucky Agricultural Development Board programs.

B. Guidelines for Local Agency Administration

1. **Attendance to Regional Workshops shall be:**
 - a. **Mandatory for all administrators – failure to attend will delay execution of Legal Agreement**
 - b. **Strongly encourage representation from the County Councils & County Extension Agents**
2. After receiving a copy of the executed Legal Agreement, there shall be a minimum of two consecutive weeks of advertising. Applications shall not be accepted earlier than two weeks after the date of the first advertisement. This must occur 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, at the very least, 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. A Universal Producer Application for the program shall be developed by the Kentucky Agricultural Development Board. Award of cost-share funds shall be based upon evaluation criteria established prior to application for funds.
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 periods so producers have concrete timelines to implement the program. Should they fail to meet the deadlines for reimbursement, they shall be ineligible from receiving cost-share funds through the current program.
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 solely based on the applicant's residency, assuming funding is available and the application meets the program guidelines. 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. 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.
10. The program administrator may choose to include eligible cost-share program expenses for reimbursement on a retroactive basis. However, this retroactive date shall not be more than 12 months prior to the execution of the Legal Agreement for this program.

Beginning January 2011, administrators shall not allow producers to submit receipts that are dated prior to execution of the Legal Agreement.

11. Program administrators shall be required to conduct random site visits.
12. Legal Agreements between the program administrator and the Agricultural Development Board shall be for a term of 12-months from the execution date of the Legal Agreement. There will be no renewals or extensions of this Legal Agreement.
13. 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, then remaining funds, including interest and unused administrative funds, shall be returned to the Agricultural Development Board for redeposit into the county's account.

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

14. **Reporting: Semi-annual Reporting**, which includes the **C.A.I.P. Summary** and **Producer Detail Report**, is required of the program administrator every 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 or on a diskette mailed to Governor's Office of Agricultural Policy/404 Ann Street/Frankfort, KY 40601.

A **Final Report** is due 60 days after the term of the Legal Agreement. This includes, but is not limited to, the **C.A.I.P. Summary** and the **Producer Detail Report** for any payments made since the last submitted report.

Copies of bank statements with check numbers and amounts shall be kept on file according to the Legal Agreement and presented in the event of an audit. Administrators shall maintain all administrative records for this program for a period of seven (7) years.

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

15. Investment Area guideline compliance and reporting of expenditures are essential to gauging the impact and continuity of the program. Therefore, C.A.I.P. 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 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 no longer eligible to administer Kentucky Agricultural Development Fund programs/projects.

C. Guidelines for Universal Producer Application

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.
2. The Universal Producer Application must be signed and dated by the producer and include the initials of person logging in 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 a letter 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. The Universal Producer Application shall clearly state all pertinent requirements, including evaluation criteria.
5. 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 – beginning in 2010.
6. 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 & when to break ties.

D. Producer Funding Guidelines

*The County Administrative Entity and/or the County Administrator reserve the right to request or require additional sufficient documentation. Confirmation of fraudulent activity will result in disqualification for future participation.

1. Funds disbursed to producers will be on a reimbursement basis.
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. **Beginning in 2010**, documented hired labor is an eligible cost-share item.
4. **Beginning in 2010**, remove all fertilizer, pesticide, herbicide, and soil amendments as eligible cost-share items from all investment areas.
5. **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. Equipment exclusively used to apply, mix, process, store, harvest, and/or distribute are eligible cost-share items.
6. **Beginning in 2010**, producers are eligible for reimbursement for soil tests taken for any CAIP eligible crop, not limited to the establishment year.
 - a) Soil tests must be performed by UK or other certified laboratory;
 - b) Documentation required for compensation should include a copy of the soil test and receipts indicating purchase of the recommended soil amendments;
 - c) If no soil amendments are recommended according to the soil test, the producer is still eligible for reimbursement; and,
 - d) A compensation of \$10 (with a maximum of five soil tests) per producer per program period applies.
7. 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 C.A.I.P., 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).

8. [For capital improvement/equipment projects] Producers shall provide an annual report to administrators on the program and 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 transfer 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.