

HOW TO ACCESS COAL SEVERANCE FUNDS UNDER HB 192

Step 1: Understanding the budget language.

- House Bill (HB) 192, the biennial budget of the Commonwealth for Fiscal Years 2021-2022 directs that Local Government Economic Development (LGED)/Single County Coal Severance Funds shall be allocated to projects that have the concurrence of the respective County Judge-Executive, State Representative(s) and State Senator(s).

Step 2: Must be in good financial standing with Department for Local Government.

- All back-up financial documentation on projects executed under previous budget bills must be received by the Department for Local Government (DLG) prior to starting a new project under HB 192.
- Please check with the Department for Local Government (DLG)'s Office of State Grants staff if the county is unsure of its compliance.

Step 3: Obtain concurrence from *ALL* of the County's State Legislators

- To access coal severance funds under HB 192, the use of the funds must be agreed upon by the County Judge-Executive, State Senator(s) and State Representative(s). This agreement needs to be documented in the form of a letter of support from each Legislator.
- Please ask the Legislator to identify all of the following in the letter of support: ***name of the project, the amount of funds requested, the use of these funds, and a quote that can be used for a press release on the project.***
- The letters can either be included with the county's application for funds described below or sent directly to DLG.

Step 4: Pass the Authorizing Resolution

- The fiscal court needs to pass a resolution that both authorizes the submittal of the application and authorizes the judge-executive to sign the Memorandum of Agreement (MOA), as well as provide all other necessary documentation to carry out the project.
- One authorizing resolution may be passed for multiple projects. All projects should be clearly listed in the resolution, including the amounts requested for each project.

Step 5: Complete the Project Scope and Budget Form

- A separate Project Scope and Budget form must be completed for each project. This includes volunteer fire departments and senior citizen centers, where each must be on its own form.
- On this form, please provide information about the legal recipient, the sub recipient (if applicable), and project contact person. In addition, provide a narrative detailing the project activities and a budget that outlines the project expenditures.
- **PLEASE PROVIDE SPECIFIC DETAIL ON HOW FUNDS WILL BE SPENT.** For example, if funds will be used to purchase equipment, the equipment that will be purchased must be listed.
- Incomplete Project Scope and Budget forms will not be processed. Only when these steps have been completed can the MOA process begin, leading to the funding disbursement process.
- PLEASE NOTE: MOAs will only be executed for projects ***IF funds are available*** in the county's Single County Coal Severance account. Please contact DLG for the amount of funding available.

Step 6: Execution of the MOA

- Once DLG has received the resolution, the complete Project Scope and Budget form and letters of concurrence from a county's legislative delegation, the project will be reviewed for approval.
- Upon approval, DLG will forward an MOA to the county judge-executive for signature. Please sign and mail the original MOA to DLG.
- Once the MOA is final in the state's accounting system (eMARS), the recipient will receive an executed copy by e-mail.
- Once you receive an executed copy, the Request for Disbursement (RFD) process can begin.

Step 7: Submit a Request for Disbursement

- To receive funds, a RFD form accompanied by relevant financial documentation including but not limited to quotes, cost estimates, receipts, invoices, cancelled checks and/or bank statements must be submitted to DLG.
- RFDs may be submitted before the recipient has expended funds.
- In cases in which funds are released on an operating budget, only up to twenty-five percent (25%) of the total award will be released each quarter.
- RFDs can also be submitted as costs are encumbered.
- **RFDs must request at least \$250 to be processed.**
- After the request form is received, it will be reviewed by staff for accuracy and completeness.

- *Please be aware that failure to comply with the quarterly reporting requirements outlined below will result in a delay of the release of project funds.*

Step 8: Quarterly Report Submission

- Pursuant to the MOA, the recipient is required to submit quarterly progress reports beginning with the quarter in which the MOA is executed **regardless of whether funds have been drawn.**
- The recipient is required to submit a separate report for each individual project.
- The recipient is required to attach any pending financial documentation to this report. This financial documentation includes but is not limited to invoices, receipts, cancelled checks and/or bank statements not previously submitted with an RFD.
- Failure to submit or fully complete the required report will place the recipient in noncompliance status at which time **DLG will cease releasing additional funds until the appropriate documentation is submitted.**
- If reporting noncompliance issues continue, DLG reserves the right to withhold the release of funds for other LGEDF projects.
- Quarterly reports shall be postmarked no later than the 30th day following the end of a quarter. The following schedule applies throughout the period of the project:
 - First Quarter: July-September, reports must be postmarked no later than October 30.
 - Second Quarter: October–December, reports must be postmarked no later than January 30.
 - Third Quarter: January–March, reports must be postmarked no later than April 30.
 - Fourth Quarter: April-June, reports must be postmarked no later than July 30.

Step 9: Project Closeout

- Recipients of single county coal severance funds shall be required to submit a completion report to DLG to indicate completion of the project. The completion report should be submitted when all funds have been expended and the project is complete.
- Once the report is received, DLG staff will conduct a completion inspection, which may include a site visit to assure project completion, appropriate expenditure of funds and legal compliance.

For Sample Resolutions, Project Scope and Budget, Request for Disbursement, Quarterly Reports, and Completion Reports, please visit: <http://kydlgweb.ky.gov/StateGrants/16 StateGrantsHome.cfm>.