

# HOW TO ACCESS COAL SEVERANCE FUNDS UNDER HB 352

## Step 1: Understanding the budget language.

- House Bill (HB) 352, the biennial budget of the Commonwealth for Fiscal Years 2019 and 2020 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 352.
- Please check with staff if you are unsure of your compliance.

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

- To access coal severance funds under HB 352, 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 the Department for Local Government (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 to sign the MOA, as well as provide all other necessary documentation to carry out the project.
- One Authorizing Resolution may be passed for multiple projects. Be sure to clearly list all projects and amounts requested for each project in the Resolution.

## 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. Each Center or Department 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, you must list the equipment that will be purchased.
- Incomplete Project Scope and Budget forms will not be processed. Only when these steps have been completed can the Memorandum of Agreement (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 one fourth of the total award will be released at a time.
- 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 a Request for Disbursement.
- 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>.