



GOVERNOR'S OFFICE OF AGRICULTURAL POLICY

# FISCAL YEAR 2016 ANNUAL REPORT

JULY 2015 - JUNE 2016



**KADF**  
KENTUCKY AGRICULTURAL  
DEVELOPMENT FUND



## FROM THE GOVERNOR



Dear Friends:

On behalf of the Commonwealth, I am pleased to present you with the Governor's Office of Agricultural Policy (GOAP) Annual Report.

My administration is dedicated to GOAP's mission to diversify agriculture and increase farm income by funding projects with large impact across the state of Kentucky.

Through grants and loans, funds are available for a wide variety of worthy projects ranging from the entrepreneur who wants to purchase land or equipment for a start up farming operation to research institutions like the University of Kentucky where agricultural innovations are being pioneered to benefit all.

Kentucky's agriculture is healthy, growing and changing. It is a constant and vital economic engine for the Commonwealth. We must pursue visionary proposals that increase net farm income across the state, develop new markets for Kentucky grown products and add value to Kentucky's agricultural businesses.

I look forward to working with you to Kentucky agriculture the very best it can be.

Sincerely,

A handwritten signature in black ink, reading "Matthew G. Bevin". The signature is fluid and cursive, with a long horizontal stroke at the end.

Matthew G. Bevin

Governor





## FROM THE EXECUTIVE DIRECTOR

Over the years, Kentucky producers have made considerable progress in agricultural production while improving their stewardship of land, water and livestock. Kentucky's 2016 agricultural cash receipts are estimated to be \$6 billion, which is nearly a 60 percent increase from 2000. Even through low commodity prices, high land values, adverse weather and changing consumer demands, Kentucky farm families have persevered and found ways to keep their operations successful.

Farmers, agri-entrepreneurs and others involved in the agricultural industry deserve praise for their determination and innovative spirit. The Kentucky Agricultural Development Board remains committed to investing in people and projects that help diversify Kentucky agriculture and increase net farm income. Every day, agriculture is presented with challenges. Whether a chicken barn collapses under a late spring snow; a young farmer is trying to secure financing for his first farm purchase; a producer is implementing resource management techniques; or, an agriculture group wishes to secure funds for production research, Kentucky farm families stand united in adversity.

In my travels across the state, the commonality I see from Fulton

County to Pike County, from farms to agribusinesses, is the willingness of our communities to support agriculture. Producers have adapted to changes in consumer preferences and worked to produce more with less. The KADF has adapted to better address the needs of farmers and farm families across the state. In the years to come, Kentucky producers will need to continue producing more with less to meet the needs of a growing world population. The Kentucky Agricultural Development Board (KADB) remains committed to investing in innovative projects that diversify Kentucky agriculture and increase net farm income.

I am grateful for the staff at the Governor's Office of Agricultural Policy (GOAP) and the work they do. Governor Bevin is the fourth Governor to support tobacco settlement funding for agriculture, and I appreciate his work to ensure funding remains in place to directly impact producers, agribusiness and rural communities across the state. The legislators on the Tobacco Settlement Agreement Oversight Committee act as stewards to the KADF, often giving staff direction regarding legislative intent for the money.

The projects funded by the KADB and Kentucky Agricultural Finance Corporation (KAFC) have made a difference across Kentucky. These funds have had an enduring impact, allowing farmers to improve their operations and diversify away from tobacco dependency. I am especially appreciative of the selfless service of the past and present KADB and KAFC board members. Our progress is directly related to their expertise and decisions. Lastly, the KADF would accomplish very little without the boots on the ground: extension agents, county council members and administrators that make the system work.

I sincerely thank each person, board, committee and organization for their efforts in making the KADF a huge success.

Sincerely,

Warren Beeler

GOAP Executive Director

KADB Chief Executive Officer

KAFC Chief Executive Officer

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WE ARE HERE TO HELP YOU.

*The Governor's Office of Agricultural Policy provides grants, incentives and low interest loans to help farmers and agribusinesses innovate and grow.*

## About Us

The **Governor's Office of Agricultural Policy (GOAP)** was established in 1998 to provide a direct link between the Governor of the Commonwealth and one of Kentucky's most important industries, agriculture. The Kentucky Agricultural Development Board and the Kentucky Agricultural Finance Corporation Board are administered by the GOAP.

The **Kentucky Agricultural Development Fund (KADF)**, in statute, is administered by the Kentucky Agricultural Development Board (KADB). The mission of the board is to invest these funds in innovative proposals that increase net farm income and affect tobacco farmers, tobacco-impacted communities and agriculture across the state by stimulating markets for Kentucky agricultural products. This includes finding new ways to add value to Kentucky agricultural products and exploring new opportunities that will benefit Kentucky farms now and in the future.

The KADB is chaired by Governor Matt Bevin and consists of five statutory members, or their designees, and 11 appointed members. Statutory members include the Governor, Commissioner of Agriculture, Economic Development Cabinet Secretary, head of the University of Kentucky Cooperative Extension Service and the president of Kentucky State University.

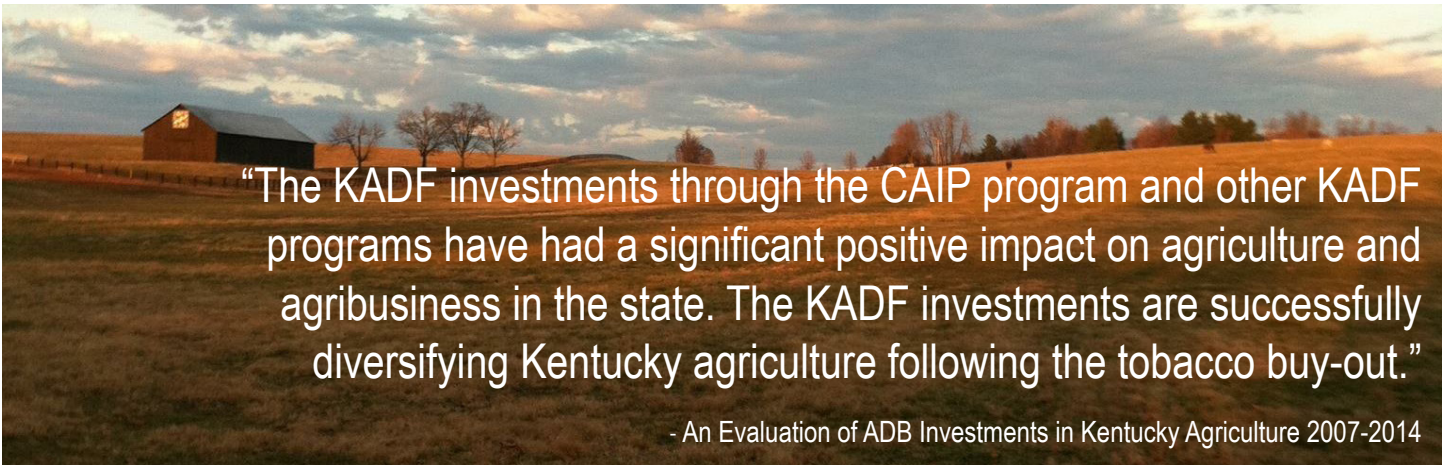
The **Kentucky Agricultural Finance Corporation (KAFC)** addresses the unique financing needs of agriculture in the Commonwealth. The mission of the KAFC board is to strengthen Kentucky agriculture by providing access to low interest loan programs through joint partnerships with local lending institutions. KAFC assists beginning farmers, farm families and agribusinesses obtain the necessary capital to establish, maintain or expand their agricultural operation.

Of the 10 private members appointed to the KAFC board by the Governor, two represent commercial lenders, one from a farm credit association, one an agricultural economist, one a tobacco farmer, one a cash grain farmer, one a livestock farmer, one a dairy farmer, one a horticultural farmer and one from the equine industry.

Note: KADB is governed by KRS 248.701 to 248.727 and 10 KAR 2:020; the KAFC is governed by KRS 41.606, KRS 247.940 to 247.978, 202 KAR 9:010, 202 KAR 9:020.







Kentucky Agricultural Development Fund

## Projects and Programs to Stimulate Growth

**Kentucky Agricultural Development Fund** projects are expected to positively affect the economic status of farmers and the targeted community. Successful applicants should be able to demonstrate the following:

Economic/commercial viability and feasibility of the proposed project; project will be self-sustaining within a reasonable period of time; project will have a significant impact on farm income for multiple producers; project will have high potential for growth; and will have potential to include more farmers in the future.

FY16 Total Counties Participating: .....	36
Total Funds Awarded: .....	\$4,450,523

**County Agricultural Investment Program (CAIP)** CAIP offers ten investment areas that give Kentucky agricultural producers the ability to increase net farm income, add value to their product and diversify their operations. CAIP benefits and enhances agriculture across the state by stimulating markets for Kentucky agricultural products.

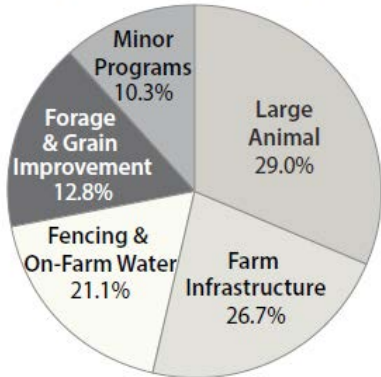
FY16 Total Counties Participating: .....	76
Total Funds Awarded: .....	\$14,760,466

**Shared-Use Equipment Program** assists broad-based community organizations with the purchase of farm equipment. The equipment purchased is made available for producer use in a specific county on a leased basis.

FY16 Total Counties Participating: .....	13
Total Funds Awarded: .....	\$224,367

**Deceased Farm Animal Removal Program (DAR)** DAR serves as a measure to facilitate the coordination of environmentally sound and cost effective disposal of deceased livestock for producers.

FY16 Total Counties Participating: .....	13
Total Funds Awarded: .....	\$85,250



CAIP Investments by Area from 2009-2014 (above),  
 From "An Evaluation of ADB Investments in Kentucky Agriculture 2007-2014."  
 by the University of Kentucky. For more information visit [agpolicy.ky.gov](http://agpolicy.ky.gov).

# On-Farm Energy Efficiency Incentives Program

## Reducing Energy Costs

The On-Farm Energy Program provides monetary incentives to producers who are implementing energy efficient upgrades to their farming operations, which will result in lower energy costs and reduced environmental impact. The KADB is committed to helping Kentucky farm families find ways to increase their net farm income and become more sustainable. Since energy expenses can claim a large portion of profits, the KADB supports this program to help farmers off-set their costs of installing or converting systems, equipment or facilities. Eligible applicants are limited to 50 percent reimbursement for the qualified energy savings investment, up to

\$10,000. Examples of potential energy efficient projects include: grain drying systems, poultry operation upgrades (insulation, electronic heating/ventilation controls, lighting, mixing fans), dairy farm equipment improvement (fans, variable speed vacuum pumps, milk precoolers and bulk tank cooling systems).

FY16	Total Counties Represented: .....	27
	Total Number of Awards: .....	45
	Total Funds Awarded: .....	\$373,784

*“As energy efficiency investments often require high up front costs that take many years to recover, this program is an effective use of state funds that helps to increase the sustainability of agricultural production on family farms.”*

--An Evaluation of ADB Investments in Kentucky Agriculture 2007-2014

# S U C C E S S S T O R Y

## Mercer County

### On-Farm Energy Program

Joe Weber is raising a variety of specialty meat animals, including cattle, pigs, chickens, turkeys and ducks, which he markets directly to restaurants in the Danville, Lexington and Louisville areas. With more than 450 acres in production, Weber recognizes the amount of time and energy it takes to manage his diversified operation. Because of



the KADF On-Farm Energy program, Weber was able to purchase multiple energy efficient freezers that he uses to transport his meat

products from farm to market. Weber has also utilized other KADF programs such as CAIP and Shared-Use equipment, which he says were all essential in increasing net farm income. “We raise many different types of animals and the assistance provided by the KADF has been extremely helpful,” Weber said. Since becoming a full-time farmer in 2013, Weber has expanded his operation and increased his production.



# S U C C E S S S T O R I E S

## Daviess County County Agricultural Investment Program

The Daviess County Agricultural Development Council chose to invest \$1.9 million of its County Agricultural Development Funds distributed between 2009 and 2015 into its County Agriculture Investment Program (CAIP). Through CAIP, Daviess County has provided producers the opportunity to improve net farm income based on each individual's farm needs. Daviess County elects to pro-rate their funds, so long as applicants meet a predetermined minimum score. This method ensures that all eligible applicants receive funding.



The Cisneros

The Cisneros family relied on their farming experience as avocado producers in Mexico when they moved to Kentucky three years ago. With a half-acre and a dream, they started a blackberry and blueberry operation, which has expanded to include more than three acres in active production today. CAIP funds allowed them to invest in an indoor facility with air conditioning and ample refrigeration space. Previously, the products were packaged outside, in the elements. The heat negatively impacted product quality and work productivity, inevitably affecting their profits. The climate controlled structure and cold-storage area expedite the process and make it easier

to store berries, leading to improved quality and percentage of marketable fruit. Currently, they are selling their berries at farmers markets and local businesses. The Cisneros are working to obtain their Good Agricultural Practices (GAP) certification so they can expand into the whole sale market, and hope to offer a "u-pick" option in the future.



Tim Taylor

Tim Taylor of TNT Cattle has utilized CAIP since the first year of the tobacco buyout, transitioning his 75-acre tobacco farm into a cattle operation. After retiring from his career as a high school guidance counselor in 2006, Taylor became a full-time farmer, backgrounding cattle under the Kentucky Certified Pre-Conditioned for Health (CPH-45) program. CPH-45 has specific requirements for producers and their livestock that result in superior quality feeder cattle and higher premiums when sold. He used CAIP money to purchase



# S U C C E S S S T O R I E S

## Daviess County

## County Agricultural Investment Program

scales in order to monitor the calves' weight. Calves sired by superior bulls that meet the requirements for the state Expected Progeny Differences (EPD) standards, also eligible under CAIP, experienced improved weight gain. Now, with nearly 200 stocker calves on 35-acres of pasture, Taylor has used cost-share money to help purchase gates, panels, a sprayer, a creep feeder, waterers and filter fabric pads for seven heavy-use areas on the farm. Taylor said that he would not have been able to diversify his farm operation without assistance from CAIP, and he also cited the Kentucky Beef Network, another KADF investment, as a valuable resource.



Daviess Co. Ag & Natural Resources Agent Clint Hardy, Sylvester and Brian Fisher, Horticulture Agent Annette Meyer Heisdorffer

Don and Janet Keller of Misty Meadow Winery have used CAIP funds to establish their wine and beekeeping operations. Crucial start up purchases such as plants, wiring, posts, fermentation tanks, bee boxes and wax foundations were all eligible for cost-reimbursement. According to Don Keller, many of the purchases they have made since starting the winery in 2010 would not have been feasible without assistance from CAIP.



Don Keller

Brian Fisher first received cost-share assistance funds for the first time in 2004, when he purchased a 30,000 bushel grain bin. Since then, Fisher has used CAIP for multiple on-farm improvements, including subsurface draining and tiling, a grain dryer and precision agriculture technology for his grain operation. According to Fisher, none of those improvements would have been made without the financial incentive provided by CAIP. These improvements have increased his efficiency and reduced production expenses, ultimately increasing net farm income. Fisher is committed to improving his operation and plans to continue utilizing CAIP as a resource to help him make capital improvements.

### Evolution of County Programs

2001-2008	13 individual "model" cost-share programs developed and made available
2006-2008	Menu approach adopted by several counties
2009-present	CAIP developed as an umbrella for all producer cost-share to increase efficiency and improve accessibility

# Statewide Support

The following projects have received KADF funding and impact agriculture around the Commonwealth:

## Kentucky Department of Agriculture

Kentucky Proud is Kentucky's official agriculture marketing and promotional program that serves as the brand for Kentucky grown, produced or processed products. Kentucky Proud provides its membership of over 3,800 access to marketing specialists, grant opportunities and cost-share programs, opening new avenues for Kentuckians to buy and sell local products.

## Kentucky Dairy Development Council

Fosters the growth and development of Kentucky's dairy industry through continuous education, promotion of equitable dairy legislation, hands-on consultations and monetary quality incentives to dairy producers across the state. The KDDC works with the 623 dairy producers in Kentucky to make their operations more profitable, competitive and sustainable.

## Kentucky Beef Network

Assists Kentucky beef cattle producers to improve herd health, develop superior genetics, enhance marketability of livestock, as well as understand and implement forage, water and environmental management practices. KBN offers multiple educational and technical assistance programs to the 38,000 cattleman in Kentucky and facilitates a working demonstration farm for producer and consumer education.

## Kentucky Horticulture Council

Provides comprehensive support to farmers through market research and analysis, individualized evaluations and consultations, educational programs, on-farm demonstrations, cost-share programs and distribution of applied research findings on production and marketing systems. KHC represents a vast industry with more than 8,000 individuals from 112 counties benefiting from its support.

## Viticulture and Enology Extension and Research Program

Develops Kentucky's grape and wine industry through education, applied research and technical support. Impacts 64 licensed small farm wineries and 125 winegrape growers in Kentucky.

## Kentucky Center for Agriculture and Rural Development

Facilitates agricultural and rural business development in Kentucky by providing technical assistance, educational opportunities and business support services. Services include one-on-one consulting, management audits, feasibility studies, business plans, grant writing and board of director training.

## Kentucky State University

The KSU Center for Sustainability of Farms and Families Small Scale Farm Grant Program supports the expansion of certain types of agriculture in Kentucky, particularly among otherwise underserved groups. The grants serve small scale farmers to improve their farming operations or the marketability of their products.

## Local Food Investments

The Community Farm Alliance supports local food initiatives through the Farmers Market Support and Double Dollars programs. They provide technical assistance and cost-share programs to 33 Kentucky markets, serving 775 farmers in 81 counties. The incentive programs enable markets to maximize use of nutrition assistance benefits.

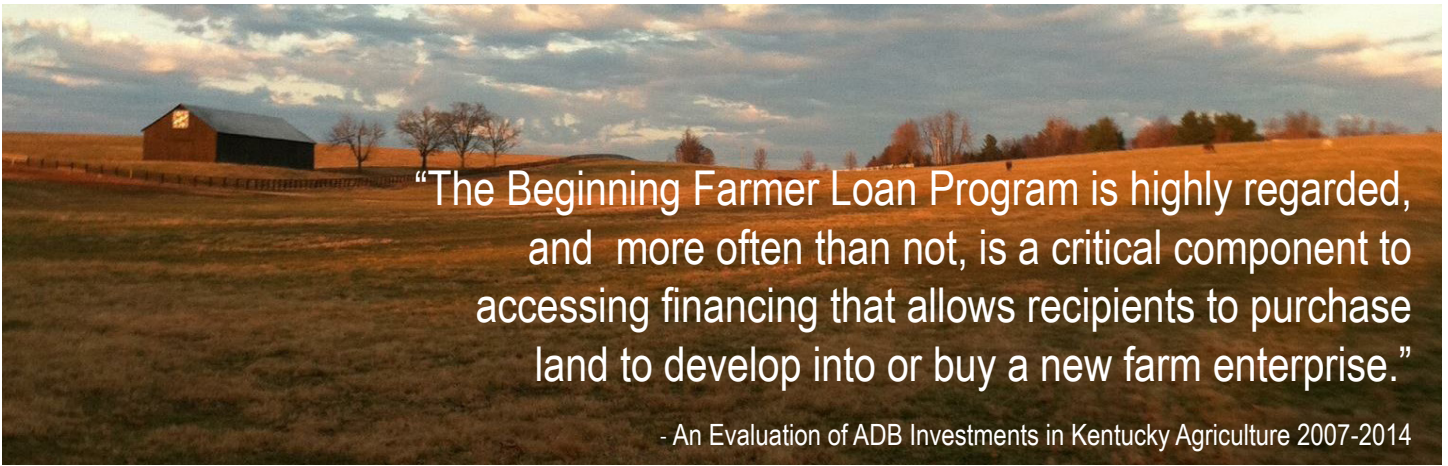
Other investments that support local food initiatives are Local Food Coordinators, such as those found in Louisville Farm to Table and the Lexington Cabinet for Economic Development. These coordinators work to increase production, marketing, distribution and sales of Kentucky agriculture. By building relationships with a variety of institutions and distribution channels, they help Kentucky products reach a greater variety of markets.

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*“From 2007 to 2014, the \$42.3 million invested [in KADF] has resulted in an estimated \$86 million in additional farm income. On average, every \$1.00 invested from the KADF in projects resulted in \$2.03 of additional farm income.”*

--An Evaluation of ADB Investments in Kentucky Agriculture 2007-2014





“The Beginning Farmer Loan Program is highly regarded, and more often than not, is a critical component to accessing financing that allows recipients to purchase land to develop into or buy a new farm enterprise.”

- An Evaluation of ADB Investments in Kentucky Agriculture 2007-2014

## Kentucky Agricultural Finance Corporation

### Financing Programs

Kentucky Agricultural Finance Corporation (KAFC) provides capital access loan programs. By partnering with Lenders across the state, the KAFC is able to provide low cost loans to facilitate the development of agricultural based enterprises and projects. The following loan programs are available to Kentucky producers and processors who are currently engaged or entering into the agricultural industry:

**Agricultural Infrastructure Loan Program (AILP)** Assists Kentucky producers by providing access to below market financing for the acquisition, renovation or construction of agricultural structures that enhance the profitability of their farming operation.

**Beginning Farmer Loan Program (BFLP)** Assists individuals with farming experience develop, expand or buy into a farming operation. Eligible projects include the purchase of real estate, equipment and livestock, the construction or renovation of agricultural facilities, as well as funds to invest into a farm partnership or business. Based a survey done by the University of Kentucky, 78% of lenders surveyed said that the KAFC was crucial in providing access to capital that traditional lenders could not offer.

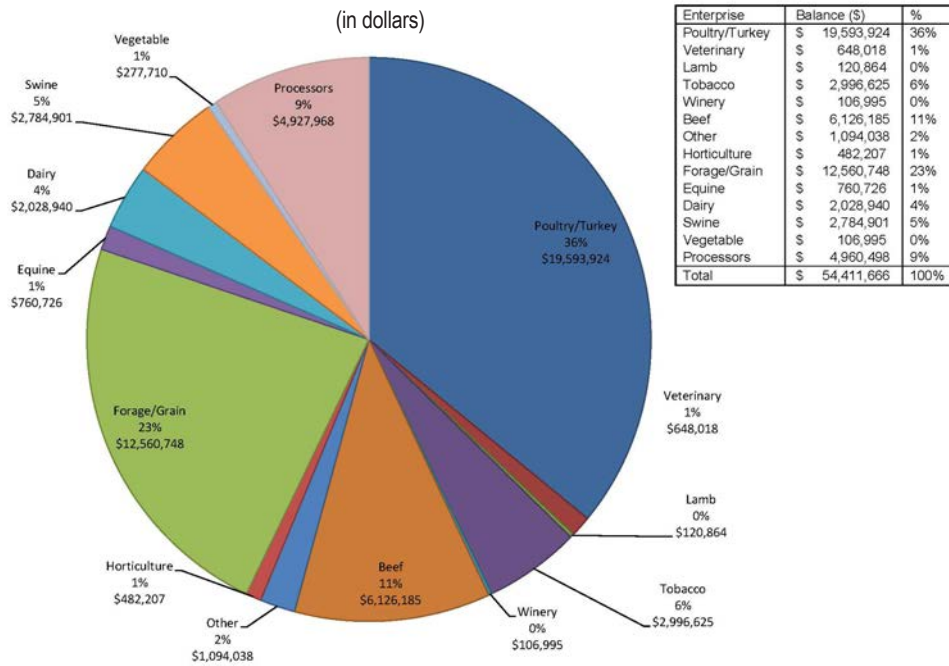
**Large Animal Veterinary Loan Program (Vet)** Helps individuals licensed to practice veterinary medicine in Kentucky construct, expand, equip or buy into a practice that provides services for large farm animal producers, which also includes goats, sheep, swine and other smaller food animals.

**Agricultural Processing Loan Program (APLP)** Provides loan opportunities to companies and individuals in Kentucky who are interested in adding value to Kentucky grown agricultural commodities, through further processing.

**Diversification through Entrepreneurship in Agribusiness Loan Program (DEAL)** Supports entry level agri-entrepreneurs attempting to diversify their farming operation by establishing or buying into a business that provides agricultural products or services to other producers. Eligible projects include the purchase of real estate, equipment or facilities, construction or renovation of structures and permanent working capital.



## KAFC Portfolio Composition



From "An Evaluation of ADB Investments in Kentucky Agriculture 2007-2014"

Info as of July 1, 2016

by the University of Kentucky. For more information and the full report visit [agpolicy.ky.gov](http://agpolicy.ky.gov).

# S U C C E S S S T O R Y

## Shelby County

### Diversification through Entrepreneurship in Agribusiness Loan Program (DEAL)

George Goetzinger's life revolved around agriculture from an early age. Goetzinger started his farming career as many young Kentuckians do, by helping his father with the family operation. As he grew, his passion for farming did as well. Working on large farms within his community and growing tobacco with his brother helped him become more knowledgeable about the industry. In 2004, Goetzinger began working at a seed treatment facility in Bagdad, Ky. Goetzinger found a mentor in the owner and continued to work alongside him until the owner's unexpected passing in 2015. The owner's family did not wish to retain the company, and Goetzinger was presented with the opportunity to purchase the business.



Through the KAFC Diversification through Entrepreneurship Agribusiness Loan (DEAL) program, with Farm Credit Mid-America as the participating lender, Goetzinger was able to acquire the seed treatment business, equipment and facility. In April of 2016, Goetzinger became the owner of Select Ag, LLC. KAFC's DEAL program was a tremendous help because of the low-interest rate and partnership with his participating lender. Since purchasing Select Ag, LLC in April of 2016, Goetzinger has diversified the operation to include precision agriculture and mapping service, assisting clients by increasing their operational efficiency.



# S U C C E S S S T O R Y

## Washington County

## Beginning Farmer Loan Program (BFLP)



Before starting Fairfield Farms Poultry, a pasture poultry laying operation, Andy & Meagan Bishop ran a cattle farm focused on feeding pre-conditioned cattle with 60-70 cows and 100 heifers and worked full time: Andy as a lender with AgriFinancial Services and Meagan as an agricultural teacher at Central Hardin High School. According to Andy, they decided to pursue a poultry operation with Egg Innovations through a loan with the Kentucky Agricultural

Finance Corporation after he was able to talk with producers and observe the cash flow.

In 2015, the Bishops obtained a loan through the Beginning Farmer Loan Program, with Central Kentucky ACA as the participating lender, to purchase 165 acres in Washington County and construct a poultry layer house. The house is a 51' x 520' barn with 50 acres of pasture that houses up to

20,000 birds. The Bishops currently have 18,000 layers in their operation, producing about 900 dozen (10,800) eggs per day.



Egg Innovations provides the hens and feed, and picks up the eggs once per week. The Bishops are responsible for providing the housing, management and covering day-to-day expenses. They receive birds when they are 15-18 weeks of age, and the hens produce eggs from 20 weeks to 15 months of age. Between flocks, there is a 2 week cleaning out period.

While maintaining their full-time careers and a cattle operation to pay bills, Andy jokes that the poultry house is his retirement plan. The Bishops are on track to pay off the poultry house within 10 years.

Having witnessed KAFC from the perspective of the lender and the applicant, Andy says, "KAFC bridges the gap in financing, making it possible for lenders to take the risk on beginning farmers." According to Andy, the partnership allows for loans that would not happen otherwise.



# S U C C E S S S T O R I E S

## Trimble County

### Beginning Farmer Loan Program (BFLP)

Kenton Abrams roots run deep in nursery production. Abrams learned the skills necessary to work in the horticultural field at a young age working for his father's landscaping company. Continuing his passion for working with plants, Abrams became involved in his high school's FFA program. He was named FFA state and national



Star in Agribusiness and a state winner in nursery crop proficiency. Through his involvement with the high school agriculture program, Abrams found he naturally enjoyed nursery production. In 2007, he purchased 76 acres, the first ground used for his nursery operation. Buying small parcels of land over the next nine years, Kenton has

expanded Abrams Nursery to a large scale nursery where he produces more than 140 varieties of shrubs and trees and employs more than 20 people. The last parcel of land purchased was funded in part by the KAFC Beginning Farmer Loan Program, with Farm Credit Mid-America as the participating lender. Abrams was able to utilize funding to further expand his

operation and ultimately increase net farm income. He purchased 94 acres that will be used to grow a wide variety of trees and shrubs. KAFC's Beginning Farmer Loan Program continues to help young and beginning farmers, like Abrams, gain access to capital.

## Barren County

### Large Animal Veterinary Loan Program (Vet)

Chad Groce heard about the Kentucky Agricultural Finance Corporation through friends and pursued a loan through the Large/ Food Animal Veterinary Loan Program, with South Central Bank as the participating lender, to purchase equipment for his start-up veterinary clinic in Barren County. Groce was able to turn a bare building into his clinic, Lakeside Animal Health, because of the Vet Loan Program. Renovations included large animal handling

equipment, water, central air, technology, a lab, a pharmacy and an apartment over the large animal area for visiting veterinary students. Although Lakeside Animal Health is a mixed practice, large animals such as horses, cattle and buffalo make up a substantial part of the practice. Not only has Groce filled a need for more large animal veterinarians in Barren County, but according to Groce, the practice has had more success than he ever imagined.



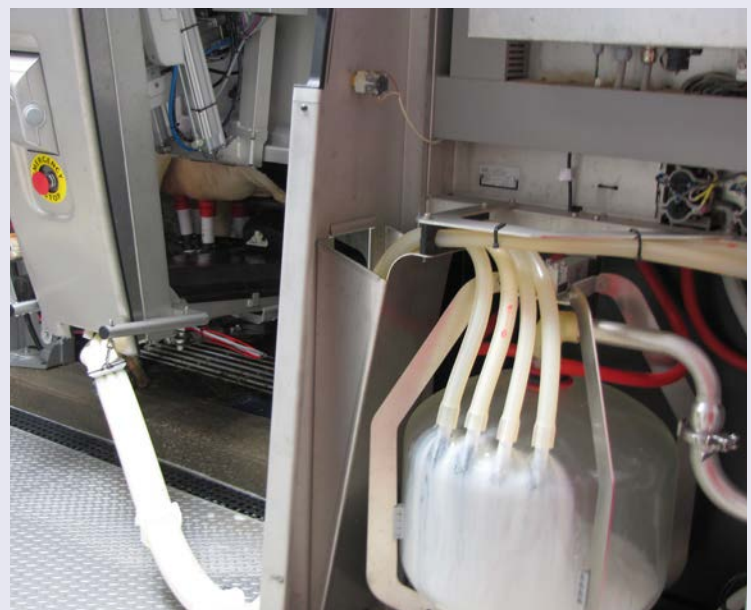
# S U C C E S S S T O R Y

Adair County

## Agricultural Infrastructure Loan Program (AILP)



For Tony Compton, managing a dairy has always been an important part of his life. He began working for his father on their family dairy when he was just 13 years old. He worked his way up to becoming a partner in the business before buying his father out in 2002. Now, his son Ben is working alongside him in the dairy operation. As the Compton family expanded their farm, they created an efficient and technologically advanced operation. With the help of the Kentucky Agricultural Finance Corporation's Agricultural Infrastructure Loan Program, with the Bank of Columbia as the participating lender, the Comptons were able to purchase and install a robotic milking system. Due to labor shortages, the Comptons had been looking for a more efficient way to milk. Now, the Compton's are able to produce milk more efficiently. Decreased stress on the cows has translated to increased milk production per cow.



# Financial Statements

## KENTUCKY AGRICULTURAL DEVELOPMENT FUND Fiscal Year 2016 (Ending 6/30/2016)

				Off Budget
FUNDS	STATE	COUNTY	TOTAL	COUNTY
ADF Beginning Cash-July 2015	39,385,190		39,385,190	19,860,803
Transfers In	12,371,200	15,850,000	28,221,200	15,850,000
Interest Earned				31,671
<b>ADF Funds Available</b>	<b>51,756,390</b>	<b>15,850,000</b>	<b>67,606,390</b>	<b>35,742,474</b>
<b>EXPENDITURES</b>				
Disbursements/Expenditures	5,964,176		5,964,176	18,818,465
Transfers Out	6,989,000	15,850,000	22,039,000	
<b>ADF Expenditures</b>	<b>12,953,176</b>	<b>15,850,000</b>	<b>28,803,176</b>	<b>18,818,465</b>
Cash Balances	38,803,214	0	38,803,214	16,924,009
Grants - Unexpended Commitments	(5,540,459)		(5,540,459)	(2,823,130)
<b>Actual Available Balance</b>	<b>33,262,755</b>		<b>33,262,755</b>	<b>14,100,879</b>
Tobacco Settlement Funds	STATE Apr 2016 payment budgeted for Additional 2016 Session		2,371,200 10,000,000	
Tobacco Settlement Funds	COUNTY Apr 2016 payment budgeted for Additional 2016 Session		9,850,000 6,000,000	
<b>AGENCY RECEIPT ACCOUNT</b>				
Beginning Cash July 2015	326,580			
Receipts	126,567			
Expenditures	(177,127)			
<b>Fiscal Year 2016 Ending Balance</b>	<b>276,020</b>			



KENTUCKY AGRICULTURAL FINANCE CORPORATION  
 Fiscal Year 2016 (Ending 6/30/2016)

	FY2016	FY2015
KAFC Cash Accounts (beginning fiscal year)	12,453,555	6,025,228
<b>CASH RECEIPTS</b>		
Principal	5,057,246	7,105,497
Interest Loans	448,954	745,289
Interest Earned Cash Balance	34,601	9,009
<b>TOTAL CASH RECEIPTS</b>	<b>5,840,801</b>	<b>7,859,795</b>
Other Income (Grants, Transfers In)	5,244,000	9,712,400
<b>TOTAL FUNDS FISCAL YEAR 2016</b>	<b>23,538,356</b>	<b>23,597,423</b>
<b>CASH PAID OUT</b>		
Loans Closed (Funds to Participating Banks/Borrowers)	(12,297,759)	(11,141,416)
Refunds	(6,747)	(2,453)
<b>TOTAL CASH PAID OUT</b>	<b>(12,304,506)</b>	<b>(11,143,869)</b>
<b>END OF YEAR FISCAL YEAR 2016 CASH BALANCE</b>	<b>11,233,850</b>	<b>12,453,554</b>
<b>ESSENTIAL OPERATING DATA (non cash flow information)</b>		
Loans Committed, Not Yet Paid	9,892,123	
Total KAFC Funds Uncommitted	1,341,727	
<b>END OF YEAR FISCAL YEAR 2016 CASH BALANCE</b>	<b>11,233,850</b>	
Accounts Receivable 6/30/16	Active Loans 423	44,647,000
	Total Assets 6/30/16	55,880,850

## Increasing Agriculture Awareness

# Public Education Partnership Program

In an effort to extend impact of its investments and increase agricultural awareness across the Commonwealth, the KADB instituted what is known as the Promotional Fund. The Promotional Fund is the result of projects approved by the KADB where recipients make payments to certain commodity groups, according to specific forgiveness formulas for the benefit of the industry. The KADB's Marketing & Entrepreneurship Committee is tasked with overseeing the use of these reinvested KADF funds through the Kentucky Cattlemen's Association, Kentucky Pork Producers and Kentucky Poultry Federation.

A key investment of the Promotional Fund is the Public Education Partnership (PEP) program with the Kentucky Broadcasters Association, which provides placement of announcements on radio and television stations throughout every market of the state. The partnership is currently in its fourth year.

Using the tag line "Kentucky Farm Families: Feeding Kentucky, Feeding the World," this partnership provides a way to increase the awareness of Kentucky agriculture and highlight the integral role farm families play across the Commonwealth.

The combined investment of the above commodity organizations and the Governor's Office of Agricultural Policy is \$150,000 per year. The return on this investment is twelve-fold. For fiscal year 2016, more than 91,000 commercials were aired for a total value of \$2,004,825.

Visit KBA-PEP's website - <http://bit.ly/2dcWN0z> - to view/listen to the current month's commercials.



Photo from PEP commercial, courtesy of Kentucky Office of Creation Services

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## Tobacco Settlement Agreement Fund Oversight Committee

### 2016 Members

Senator C.B. Embry Jr. [Co-Chair]

Senator Whitney Westerfield

Representative Wilson Stone [Co-Chair]

Representative Mike Denham

Senator Carroll Gibson

Representative Tom McKee

Senator Paul Hornback

Representative Terry Mills

Senator Dennis Parrett

Representative Jonathan Shell

Senator Robin L. Webb

Representative James Tipton

Jurisdiction of the Tobacco Settlement Agreement Fund Oversight Committee include matters pertaining to the Kentucky Agricultural Development Board, including requests to the board for grants and loans; planning by the board to establish short-term and long-term goals, to devise strategies, and to make investments that will assist farmers and the administrative, financial, and programmatic activities of the board; expenditures under the Early Childhood Development Fund and the Kentucky Health Care Improvement Fund; efforts of agencies and educational institutions to assist in the revitalization and diversification of tobacco farms; efforts of institutions of public postsecondary research in conducting alternative crop development research; review of county agricultural development council plans, and the use of Tobacco Master Settlement Agreement money.



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## Kentucky Agricultural Development Board

### Board Members

Matthew G. Bevin  
Governor (Chair)

Ryan Quarles  
Commissioner (Vice Chair)  
Kentucky Department of Agriculture

Erik Dunnigan  
Interim Secretary of Economic Development Cabinet

Dr. Nancy M. Cox  
Dean, UK College of Agriculture, Food and Environment

Dr. Aaron Thompson  
Interim President of Kentucky State University

#### APPOINTED MEMBERS

Dr. Betty Bailey  
Active Farmers Representative

Karen M. Curtis  
Farmers with Ag. Diversification Representative

Bobby Foree  
Attorney with Farming Experience

Pat Henderson  
Active Farmers Representative

Wayne Hunt  
Grain & Tobacco Farmers; Agri-Businesses Representative

Dr. Gordon Jones  
Cattle & Swine Farmers Representative

Jim Mahan  
Livestock, Grain, Tobacco & Hay/Forage Farmers Representative

Wayne Mattingly  
Agricultural Lenders Representative

Sam Moore  
Kentucky Farm Bureau Representative

Al Pedigo  
Grain, Tobacco and Cattle Farmers Representative

Richard Warner  
Kentucky Chamber of Commerce Representative

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## Kentucky Agricultural Finance Corporation

### Board Members

Ryan Quarles  
Commissioner (Chair)  
Kentucky Department of Agriculture

Col. William M. Landrum, III  
Secretary of Finance and Administration Cabinet

Charles "Westy" Adams III  
Horticultural Farmer

George R. Begley  
Livestock Farmer

Dr. Kenneth H. Burdine  
Agricultural Economist

Wayne Hunt  
Cash Grain Farmer

KADB Representative  
Larry Jagers  
Dairy Farmer

Doug Lawson  
Commercial Lending Experience

M. Frank McAninch  
Tobacco Producer

Aaron M. Miller  
Agricultural Credit Lender

Frank A. Penn  
Equine Industry Representative

Linda L. Rumpke  
Commercial Lending Experience

“I have the best job in the world because of the people I interact with daily. The boots on the ground people who have made this historic agricultural development initiative a success.”

-Warren Beeler

Warren Beeler  
Executive Director

Biff Baker  
Project Manager

Steve Doan  
General Counsel

Hannah Forte  
Boards Coordinator

Sandra Gardner  
Director of Compliance & Outreach

Bill Hearn  
Fiscal Officer

Beth Herbert  
Loan Programs Manager

Debbie Hollis  
Office Manager

Bill McCloskey  
Deputy Executive Director

Emily Milam  
Public Relations Officer

Tammy Miller  
Director of KADF Programs

Stefanie Osterman  
Project Manager

Owen Townsend  
Compliance / Project Manager



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