COST ALLOCATION AGREEMENT
STATE AND LOCAL GOVERNMENTS

STATE OF ARIZONA
100 N. 15th Avenue, Rm. 302
PHOENIX, AZ 85007

DATE: August 23, 2012
FILING REF.: The preceding agreement was dated: 07/08/11
G10266

SECTION I: ALLOCATED COSTS

The central service costs listed in Exhibit A, attached, are approved on a fixed basis and may be included as part of the costs of the State/local departments and agencies indicated during your fiscal year ended June 30, 2012 for further allocation to Federal grants, contracts and other agreements performed at those departments and agencies.

SECTION II: BILLED COSTS

In addition to Section I, which provides for services furnished but not billed, the services listed below are furnished and billed to State/local departments and agencies.

- Automation Service
- Telecommunication Service
- Personnel Division
- Motor Pool
- Special Services (Reproduction, Mail and Messenger, Central Supplies)
- Risk Management
- Auditor General (including ARRA admin. costs effective 2/17/09)
- Attorney General
- Government Information Technology Agency (GITA)
- Retirement Fund
- Health Insurance Trust Fund
- Unemployment Compensation
- Governor's Office of Economic Recovery (ARRA admin. costs effective 2/17/09)

Direct charges from the above centers will be billed in accordance with rates established by the State and included in the records of the operating department/agency responsible for providing services.
STATE/LOCALITY: State of Arizona

AGREEMENT DATE: August 23, 2012

SECTION III: CONDITIONS

The amounts approved in Section I and the billings for the services listed in Section II are subject to the following conditions:

A. LIMITATIONS: (1) Charges resulting from this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. (2) Such charges represent costs incurred by the State/locality which are legal obligations of the State/locality and are allowable under OMB Circular A-87. (3) The same costs that are treated as indirect costs are not claimed as direct costs. (4) Similar types of costs are accorded consistent accounting treatment. (5) The information provided by the State/locality which was used to establish this Agreement is not later found to be materially incomplete or inaccurate.

B. ACCOUNTING CHANGES: This Agreement is based on the accounting system purported by the State/locality to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from use of this Agreement require prior approval of the authorized representative of the Cognizant Agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from allocated cost to a billed cost. Failure to obtain approval may result in cost disallowances.

C. FIXED AMOUNTS: If fixed amounts are approved in Section I of this Agreement, they are based on an estimate of the costs for the period covered by the Agreement. When the actual costs for this period are determined, adjustments will be made to the amounts of a future year to compensate for the difference between the costs used to establish the fixed amounts and actual costs.

D. BILLEd COSTS: Charges for the services listed in Section II will be billed in accordance with rates established by the State/locality. These rates will be based on the estimated costs of providing the services. Adjustments for variances between billed costs and the actual allowable costs of providing the services, as defined by OMB Circular A-87, will be made in accordance with procedures agreed to between the State/locality and the Cognizant Agency.

E. USE BY OTHER FEDERAL AGENCIES: This Agreement was executed in accordance with the authority in OMB Circular A-87, and should be applied to grants, contracts and other agreements covered by that Circular, subject to any limitations in Paragraph A above. The State/locality may provide copies of the Agreement to other Federal Agencies to give them early notification of the Agreement.

BY THE STATE/LOCALITY

State of Arizona
(state/locality)

D. Clark Partridge
(name)

State Comptroller
(title)

9-20-12
(date)

BY THE COGNIZANT AGENCY

ON BEHALF OF THE FEDERAL GOVERNMENT

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(agency)

Arif Karim
(name)

Director, Division of Cost Allocation
(title)

August 23, 2012
(date)

HHS Representative Janet Turner

Telephone (415) 437-7820
<table>
<thead>
<tr>
<th>SERVICE ACCOUNT</th>
<th>ATTORNEY GENERAL</th>
<th>DEPT. OF ADMINISTRATION</th>
<th>DEPT. OF LAW - TREASURER</th>
<th>LEGISLATURE</th>
<th>GOVERNOR'S OFFICE</th>
<th>ADOA</th>
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<tbody>
<tr>
<td>TOTAL ALLOCATED COSTS</td>
<td>1,289,085</td>
<td>28,029</td>
<td>52,732</td>
<td>525</td>
<td>5,140</td>
<td>(73,300)</td>
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<tr>
<td>General Services</td>
<td>(9,846)</td>
<td>12,186</td>
<td>23,169</td>
<td>103</td>
<td>5,039</td>
<td>(12,443)</td>
</tr>
<tr>
<td>Department of Commerce</td>
<td>286,309</td>
<td>23,259</td>
<td>(1,217)</td>
<td>50</td>
<td>595</td>
<td>984</td>
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<td>Office of the Governor</td>
<td>253,030</td>
<td>4,023</td>
<td>30,115</td>
<td>175</td>
<td>2,041</td>
<td>57,003</td>
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<tr>
<td>Library, Archives &amp; Public Records</td>
<td>189,260</td>
<td>4,024</td>
<td>14,095</td>
<td>130</td>
<td>5,469</td>
<td>2,874</td>
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<td>Homeland Security</td>
<td>6,195</td>
<td>5,756</td>
<td>1,095</td>
<td>5</td>
<td>1,302</td>
<td>(11,216)</td>
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<tr>
<td>Secretary of the State</td>
<td>25,115</td>
<td>2,670</td>
<td>62,260</td>
<td>59</td>
<td>1,231</td>
<td>(165,608)</td>
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<td>Government Information Technology Agency</td>
<td>204,802</td>
<td>2,763</td>
<td>162</td>
<td>44</td>
<td>165</td>
<td>146</td>
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<tr>
<td>Capital Construction Public Defender</td>
<td>14,253</td>
<td>1,125</td>
<td>49</td>
<td>-</td>
<td>72</td>
<td>-</td>
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<tr>
<td>Supreme Court</td>
<td>1,545,659</td>
<td>39,454</td>
<td>(1,165)</td>
<td>902</td>
<td>505</td>
<td>29,071</td>
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</tbody>
</table>

**HEALTH AND WELFARE**

- **Health Care Cost Commitment System**: 146,804
- **Department of Economic Security**: 1,049,200
- **Department of Environmental Quality**: 2,535,777
- **Department of Health Services**: 3,057,122
- **Comm for the Deaf & the Hard of Hearing**: 3,604
- **Water Infrastructure Finance Authority**: 10,876
- **Veterans' Services**: 59,372

**INSPECTION AND REGULATION**

- **Department of Agriculture**: 344,717
- **Dept of Building & Fire Safety**: 285,250
- **Corporation Commission**: 285,847
- **Industrial Commission**: 74,727
- **State Mine Inspector**: 34,911
- **Radiation Regulatory Agency**: 2,940
- **Board of Nursing**: 20,846
- **Structural Pest Control Commission**: 9,633
- **Department of Liquor Licenses and Control**: 129,156
- **State Board of Pharmacy**: 22,656

**EDUCATION**

- **AZ Commission on the Arts**: 8,849
- **By Dir of Community Colleges**: 6,722
- **School for the Deaf and the Blind**: 7,008
- **Department of Education**: 169,637
- **Board of Regents**: 5,757
- **Arizona State University**: 18,346
- **Northern Arizona University**: 12,006
- **University of Arizona**: 11,461
- **Board for School Facilities**: 185,397
- **Arizona Historical Society**: 10,970

**PROTECTION AND SAFETY**

- **Department of Corrections**: 426,211
- **AZ Criminal Justice Commission**: 140,566
- **Dept of Emergency Serv & Military Affairs**: 43,576
- **Department of Public Safety**: 98,769
- **Governor's Office of Highway Safety**: 8,852
- **Juvenile Corrections**: 130,152
- **Auto Theft Authority**: 10,741

**TRANSPORTATION**

- **Department of Transportation**: 475,335

**NATURAL RESOURCES**

- **Game and Fish Department**: 160,552
- **Arizona Geology Survey**: 271,052
- **State Land Department**: 205,062
- **State Parks Board**: 51,521
- **Arizona State Forestry Division**: 32,239
- **Department of Water Resources**: 415,770

**OTHERS**

- **5,759,511**

**CENTRAL SERVICE**

- **3,642,418**

**TOTAL**

- **24,489,772**