



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Portfolio
Cost Allocation Services

90 7th Street, Suite 4-600
San Francisco, CA 94103-6705
PHONE: (415) 437-7820
FAX: (415) 437-7823
EMAIL: CAS-SF@psc.hhs.gov

August 8, 2016

Mr. Edgar C. Ross, Controller
Commonwealth of Kentucky
Office of the Controller
702 Capital Avenue, Room 484
Frankfort, KY 40601

Dear Mr. Ross:

The negotiation agreement approving the central services cost allocation plan for the fiscal year ending June 30, 2016, is enclosed. This agreement reflects an understanding reached between your organization and a member of my staff concerning the central service costs that may be included as indirect costs in your departments and agencies that have Federal grants and/or contracts.

Please have the agreement signed by an authorized representative of your organization and return within ten business days of receipt. The signed agreement should be sent to me by email, while retaining the copy for your files. Only when the signed agreement is returned, will we then reproduce and distribute the agreement to the appropriate awarding organizations of the Federal Government for their use.

It was agreed that the Section II review will be completed as part of the central services cost allocation plan review for the fiscal year ending June 30, 2017. Therefore, the reconciliation schedules based on actual costs for the fiscal year ending June 30, 2014, and any Section II issues will be finalized during the fiscal year June 30, 2017 negotiations.

A cost allocation plan proposal together with supporting information are required to substantiate your claim for central service costs under grants and contracts awarded by the Federal government. We have received your proposal based on actual costs for the fiscal year ending June 30, 2015. We will commence our review, as soon as possible.

Sincerely,

Arif M. Karim -A

Arif Karim, Director
Cost Allocation Services

Digitally signed by Arif M. Karim -A
DN: c=US, o=U.S. Government, ou=HHS,
ou=PSC, ou=People, cn=Arif M. Karim -A,
0.9.2342.19200300.100.1.1=2000212895
Date: 2016.08.08 18:01:39 -05'00'

Enclosure

PLEASE SIGN AND RETURN THE NEGOTIATION AGREEMENT BY EMAIL

**COST ALLOCATION AGREEMENT
STATE AND LOCAL GOVERNMENTS**

EIN: #1610600439

DATE: August 8, 2016

STATE/LOCALITY:
Commonwealth of Kentucky
702 Capital Avenue, Room 484
Frankfort, Kentucky 40601-3454

FILING REF.: The preceding
agreement was dated:
April 30, 2015

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 department and agencies indicated during your fiscal year ended June 30, 2016 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.

1. Fleet Management
2. Records Center
3. Central Printing
4. Property Management
5. Computer Services
6. Risk Management
7. Prison Industries
8. Pension Trust (State Employees Retirement)
9. Central Stores
10. Worker Compensation

STATE/LOCALITY: Commonwealth of Kentucky
AGREEMENT DATE: August 8, 2016

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 Title 2 of the Code of Federal Regulations (2 CFR 200). (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 2 CFR 200, 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 2 CFR 200, and should be applied to grants, contracts and other agreements covered by that 2 CFR 200, 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:

BY THE COGNIZANT AGENCY

ON BEHALF OF THE FEDERAL GOVERNMENT:

COMMONWEALTH OF KENTUCKY

(STATE/LOCALITY)

(SIGNATURE)

(NAME)

(TITLE)

(DATE)

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

Arif M. Karim -A

(SIGNATURE)

Arif Karim

(NAME)

Director, Cost Allocation Services

(TITLE)

August 8, 2016

(DATE)

HHS Representative: Naomi Tamashiro

Telephone: (415) 437-7820

Digitally signed by Arif M. Karim -A
DN: c=US, o=U.S. Government, ou=HHS, ou=PSC, ou=People,
cn=Arif M. Karim -A, 0.9.2342.19200300.100.1.1=2000212895
Date: 2016.08.08 18:00:34 -0500

KENTUCKY STATEWIDE COST ALLOCATION

FISCAL YEAR 2016

Exhibit A

(Amounts Rounded to the Nearest Dollar)

	Social Security	Accounts	Customer Resource Center	Purchases	Personnel	Treasurer	Auditor	Gov Off for Policy & Mgmt	KY Retirement	Surplus Properties	Pass-Thru Section II (from B)	Total Fixed Cost 2014
	D1	D2	D3	D4	D5	D7	D8	D9	D10	D11		
Leg Research	\$ 2,551	\$ 1,691	\$ 6,166	\$ 1,198	\$ (2,225)	\$ 2,824	\$ -	\$ 14,310	\$ 124,120	\$ (494)	\$ 19,791	\$ 169,932
Judicial	20,474	50,964	178,565		(4,621)	21,209		115,763	1,003,778		(4,755)	1,381,377
UPS	6,340	12,361	42,778	11,552	(9,571)	6,096		35,277	306,055	(2,932)	284	408,239
Agriculture	1,356	6,738	22,591	2,949	(3,922)	2,159	9,984	7,416	64,381	(1,826)	(1,411)	110,415
Attorney General	1,158	7,539	27,733	1,227	(1,477)	2,005		6,460	56,038	(510)	2,288	102,459
Election Finance	64	237	933	138	(275)	91		344	2,986	(59)	(8)	4,451
Governor's Office	322	2,081	8,210	2,511	(1,721)	723	1,267	1,702	14,788	(1,021)	7,606	36,468
Veterans Affairs	4,415	20,299	66,398	343,190	(3,201)	4,857	1,626	24,808	215,160	(123,820)	(7,653)	546,079
Military Affairs	1,000	56,109	195,346	32,583	(5,144)	2,481	18,572	5,306	46,119	(14,154)	1,818	340,034
Local Development	282	2,682	10,106	550	(2,597)	1,703	5,193	1,420	12,365	(140)	341	32,106
Secretary of State	167	961	3,158	641	(628)	385		900	7,815	(197)	3,606	16,806
Board of Elections	87	473	1,921	311	(265)	155		473	4,110	(439)	1,714	8,540
Transportation	26,807	323,919	1,341,527	926,476	(38,574)	34,603	55,725	149,297	1,295,253	(327,970)	(5,784)	3,781,280
Economic Development	367	1,018	5,819	221	(2,279)	476		1,922	16,712	(329)	(683)	23,243
Finance-KHEAA	214	4,241	14,866	1,635	(1,877)	767		1,084	9,433	(603)	(383)	29,377
Finance-COT	3,546	14,774	55,255	(5,646)	27,999	3,408	17,450	22,069	190,757	(7,701)	18,603	340,514
Finance-Revenue	5,489	16,770	55,519	(1,282)	(3,058)	223,323	20,002	30,907	268,034	(452)	17,766	633,018
Dept of Fish & Wildlife Resources	3,036	23,297	82,599	15,072	(7,742)	3,570	8,789	16,672	144,708	(6,967)	(1,891)	281,142
Education Professional Standards Bd	183	1,748	6,123	80	(606)	566		990	8,602	(111)	407	17,992
Council on Post Secondary Educ	507	3,257	10,940	2,876	(208)	803	21,321	2,860	24,802	(1,079)	2,320	68,399
Education: Office of the Secretary	285	1,906	6,923	143	(8,023)	250		944	8,352	(660)	(552)	9,549
Workforce Investment	3,840	80,069	344,166	6,449	(144,227)	60,126	37,004	11,656	104,086	(5,263)	(15,348)	482,559
Dept of Education	9,105	55,817	178,360	25,531	(109,843)	14,866	122,345	59,331	512,101	(11,140)	(5,286)	1,070,872
KET	729	2,329	8,425	1,340	(1,520)	832		4,027	34,942	(510)	6,895	57,487
Libraries & Archives	500	1,486	8,999	(457)	(2,884)	569		2,630	22,863	(276)	(805)	32,623
Nature Preserves Commission	86	785	3,313	227	(499)	109		454	3,949	(137)		8,089
GAPS	326	993	3,722	1,429	(1,823)	326	2,805	1,722	14,966	(536)	12,745	36,675
Energy and Environment Cabinet	8,614	36,161	150,002	30,699	(35,756)	9,353	7,648	46,336	402,494	(13,449)	(15,494)	626,608
Public Protection Cabinet	3,601	21,584	76,800	11,650	(8,652)	4,972		19,806	171,902	(4,298)	(4,286)	293,078
Labor Cabinet	1,836	4,708	25,743	384	(5,086)	24,186		10,052	87,252	(203)	(3,300)	145,572
CHFS-KHBE	194	5,843	11,592	4,563	3,734	228		1,361	11,719	(1,006)	6,644	44,871
Health & Family Svcs-Secretary	1,603	27,372	97,854	781	(14,853)	13,442	19,824	8,051	70,113	(1,059)	17,171	240,300
Gov. Off. Of Wellness and Phy. Act.		(0)	1									1
CHFS: Office of Inspector General	1,378	13,067	44,333	688	(2,209)	1,176		7,663	66,482	(326)	(2,492)	129,761
Dept for Aging and Indept. Living	813	10,049	30,161	1,263	2,407	1,285		4,779	41,379	(335)	(1,158)	90,644
Dept. for Income Support	2,405	14,945	52,614	3,647	(14,895)	613,225	18,378	12,593	109,491	(1,230)	(5,509)	805,664
Dept of Public Health	2,506	30,004	103,116	14,822	1,504	5,307	12,474	14,315	124,077	(6,274)	6,372	308,224
Dept. for MH Dev. Disab. & Addic. Svcs.	5,679	48,837	174,523	496,909	(29,256)	8,567		30,149	262,013	(206,857)	(12,003)	778,562
Dept. for Fam. Res. Ctrs. & Vol. Svcs.	58	1,246	5,041	368	(656)	46		282	2,461	(122)	(94)	8,631
CHFS: Office of the Ombudsman		1	3									4
Dept for Community Based Svcs	25,806	75,591	285,120	13,208	(16,936)	38,239	32,112	145,113	1,258,529	(3,900)	(44,210)	1,808,671
Dept for Medicaid Services	854	10,033	29,391	1,934	(4,223)	784	34,763	4,551	39,546	(737)	(1,587)	115,310
Dept for Medicaid Svcs: Benefits		2,166	8,228	(31)		27,307				(6)		37,663
Children With Special Care Needs											(1,692)	(1,692)
Office of Health Policy	28				(983)	27		89	792		(111)	(157)
Justice - Office of the Sec	461	3,487	11,500	2,985	(556)	780	1,017	2,573	22,321	(1,893)	9,015	51,691
Public Advocacy	2,754	13,595	49,496	(515)	(6,707)	3,741		15,140	131,413	(191)	(2,513)	206,213
State Police	10,173	26,121	97,449	6,561	(26,739)	12,288	3,950	55,806	484,411	(5,845)	1,086	665,280
Juvenile Justice	7,313	39,269	108,368	7,186	(22,266)	8,651	6,231	39,900	346,411	(2,449)	(14,843)	523,771
Criminal Justice Training	804	5,585	20,074	5,220	(2,531)	1,579		4,379	38,027	(2,268)	(1,911)	68,957
Corrections	23,257	61,884	217,699	297,532	(18,914)	25,395	2,930	130,561	1,132,397	(133,590)	(73,543)	1,665,607
Others, including Boards	10,252	150,325	541,078	123,013	(51,647)	120,105	43,857	54,505	473,666	(83,710)	8,966	1,390,410
	\$ 203,606	\$ 1,296,616	\$ 4,830,646	\$ 2,393,823	\$ (366,347)	\$ 1,309,966	\$ 505,269	\$ 1,128,748	\$ 9,784,169	\$ (979,076)	\$ (84,088)	\$ 20,033,361