

November 5, 2008

Regina Dickson, CPM
Division Manager, Cost Analysis
Finance Department
Accounting and Internal Control Division
City of Houston, Texas
611 Walker
Houston, Texas 77002

Dear Ms. Dickson:

MAXIMUS, Inc. (MAXIMUS) has completed the preparation of the following cost allocation plans for the fiscal year 2009 based upon actual expenditures for the fiscal year ended June 30, 2007:

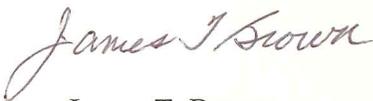
- ◆ Citywide Full Cost and OMB Circular A-87 Indirect Cost Allocation Plans
- ◆ Houston Police Department Full Cost and OMB Circular A-87 Indirect Cost Allocation Plans
- ◆ Houston Fire Department Full Cost and OMB Circular A-87 Indirect Cost Allocation Plans.

In addition, MAXIMUS has prepared the indirect cost allocation rate calculations associated with both the Full Cost and OMB Circular A-87 Cost Allocation Plans. The fiscal year 2009 Indirect Cost Rates are presented as an addendum to this letter.

All of the Plans have been prepared in conformity with Generally Accepted Accounting Principles applied on a consistent basis. The OMB A-87 Plans adhere to principles and standards as established within OMB Circular A-87 (Revised 05/10/2004). A consistent approach has been followed in the treatment of costs as indirect and direct costs. Statistics used to allocate costs are from full base years or a representative sample period's data.

MAXIMUS appreciates the opportunity to assist the City of Houston with the preparation of the indirect cost allocation plans and the corresponding indirect cost rates.

Sincerely,



James T. Brown
Manager

Addendum