E-84-20

NIFS ID:CLCO19000006 **Department: Comptroller**

Capital:

SERVICE: indirect cost allocation

Contract ID #:CQCO15000001 NIFS Entry Date: 25-NOV-19 Term: from 10-MAR-15 to 31-DEC-20

Amendment
Time Extension: X
Addl. Funds:X
Blanket Resolution:
RES#

1) Mandated Program:	N
2) Comptroller Approval Form Attached:	Y
3) CSEA Agmt. § 32 Compliance Attached:	N
4) Vendor Ownership & Mgmt. Disclosure Attached:	Y
5) Insurance Required	Y

Vendor Info:	
Name: **Maximus Consulting Services Inc.**	Vendor ID#: **261557956 01**
Address: 1891 Metro Center Drive Reston, VA 20190	Contact Person: Tim Cloos
	Phone: 717-441-9109

Department:
Contact Name: Sergio A. Blanco
Address: 240 Old Country Road, Mineola, NY
Phone: 516-571-2854

2020 JAN 26 P 2:4

Routing Slip

Department	**NIFS Entry: X**	**26-NOV-19 -- RBURKERT**
Department	**NIFS Approval: X**	**26-NOV-19 -- KBRANDEAU**
DPW	**Capital Fund Approved:**	
OMB	**NIFA Approval: X**	**02-DEC-19 -- IQURESHI**
OMB	**NIFS Approval: X**	**27-NOV-19 -- NGUMIENIAK**
County Atty.	**Insurance Verification: X**	**27-NOV-19 -- AAMATO**
County Atty.	**Approval to Form: X**	**02-DEC-19 -- MMISRA**

CPO	Approval: X	24-APR-20 -- KOHAGENCE
DCEC	Approval: X	27-APR-20 -- JCHIARA
Dep. CE	Approval: X	27-APR-20 -- HWILLIAMS
Leg. Affairs	Approval/Review: X	11-JUN-20 -- GCASTILLO
Legislature	Approval:	
Comptroller	Deputy:	
NIFA	NIFA Approval:	

Contract Summary

Purpose: The creation of an indirect cost allocation plan and related schedules to maximize recovery of federal grant funds due the County. The federal government requires the County have an indirect cost allocation plan to receive reimbursement of federal grant monies.
Method of Procurement: RFP was issued 7/30/14 and proposal were due 8/29/14. The proposals received were scored and ranked with Maximus being the highest ranked vendor
Procurement History: The Comptroller¿s Office ("Office") issued a request for proposals. Two companies responded. The Selection Committee, composed of employees from the Comptroller¿s Office and the Office of Management and Budget, evaluated the proposals based on the criteria set forth in the RFP. Maximus¿s proposal was deemed superior and therefore it had a higher total score.
Description of General Provisions: Contract with a vendor who will provide indirect cost allocation services for receipt of federal awards as required by Federal OMB Circular A-87.
Impact on Funding / Price Analysis: $29,300 for the year to bring the total contract maximum to $174,000
Change in Contract from Prior Procurement: n/a
Recommendation: (approve as submitted) Approve as Submitted

Advisement Information

BUDGET CODES	
Fund:	GEN
Control:	CO
Resp:	1200
Object:	DE503
Transaction:	109
Project #:	
Detail:	

RENEWAL	
% Increase	
% Decrease	

FUNDING SOURCE	AMOUNT
Revenue Contract:	
County	$ 29,300.00
Federal	$ 0.00
State	$ 0.00
Capital	$ 0.00
Other	$ 0.00
TOTAL	$ 29,300.00

LINE	INDEX/OBJECT CODE	AMOUNT
6	COGEN1200/DE503	$ 29,300.00
		$ 0.00
		$ 0.00
		$ 0.00
		$ 0.00
		$ 0.00
	TOTAL	$ 29,300.00

RULES RESOLUTION NO. – 2020

A RESOLUTION AUTHORIZING THE COUNTY EXECUTIVE TO EXECUTE AN AMENDMENT TO A PERSONAL SERVICES AGREEMENT BETWEEN THE COUNTY OF NASSAU, ACTING ON BEHALF OF THE OFFICE OF THE NASSAU COUNTY COMPTROLLER, AND MAXIMUS CONSULTING SERVICES, INC. ("MAXIMUS")

WHEREAS, the County has negotiated an amendment to a personal services agreement with Maximus in relation to providing indirect cost allocation plans and related schedules, a copy of which is on file with the Clerk of the Legislature; now, therefore, be it

RESOLVED, that the Rules Committee of the Nassau County Legislature authorizes the County Executive to execute the said amendment to an agreement with Maximus.

NIFA Nassau County Interim Finance Authority

Contract Approval Request Form (As of January 1, 2015)

1. **Vendor:** Maximus Consulting Services Inc.

2. **Dollar amount requiring NIFA approval:** $29300

   Amount to be encumbered: $29300

   This is a Amendment

If new contract - $ amount should be full amount of contract
If advisement – NIFA only needs to review if it is increasing funds above the amount previously approved by NIFA
If amendment - $ amount should be full amount of amendment only

3. **Contract Term: 2015 CAFR - 2020 CAFR**
   Has work or services on this contract commenced? N

   If yes, please explain:

4. **Funding Source:**

   X General Fund (GEN)
   Capital Improvement Fund (CAP)
   Other

   Grant Fund (GRT)
   Federal % 0
   State % 0
   County % 100

Is the cash available for the full amount of the contract?	Y
If not, will it require a future borrowing?	N
Has the County Legislature approved the borrowing?	N/A
Has NIFA approved the borrowing for this contract?	N/A

5. **Provide a brief description (4 to 5 sentences) of the item for which this approval is requested:**

The creation of an indirect cost allocation plan and related schedules to maximize recovery of federal grant funds due the County.

6. **Has the item requested herein followed all proper procedures and thereby approved by the:**

   Nassau County Attorney as to form Y

   Nassau County Committee and/or Legislature

   Date of approval(s) and citation to the resolution where approval for this item was provided:

7. **Identify all contracts (with dollar amounts) with this or an affiliated party within the prior 12 months:**

Contract ID	Date	Amount

AUTHORIZATION

To the best of my knowledge, I hereby certify that the information contained in this Contract Approv al Request Form and any additional information submitted in connection with this request is true an d accurate and that all expenditures that will be made in reliance on this authorization are in confor mance with the Nassau County Approved Budget and not in conflict with the Nassau County Multi-Year Financial Plan. I understand that NIFA will rely upon this information in its official deliberation s.

IQURESHI 02-DEC-19

Authenticated User ***Date***

COMPTROLLER'S OFFICE

To the best of my knowledge, I hereby certify that the information listed is true and accurate and is in conformance with the Nassau County Approved Budget and not in conflict with the Nassau Cou nty Multi-Year Financial Plan.

Regarding funding, please check the correct response:

_ I certify that the funds are available to be encumbered pending NIFA approval of this contract.

If this is a capital project:

I certify that the bonding for this contract has been approved by NIFA.

Budget is available and funds have been encumbered but the project requires NIFA bonding authorization

Authenticated User ***Date***

NIFA

Amount being approved by NIFA: _

Payment is not guaranteed for any work commenced prior to this approval.

Authenticated User ***Date***

NOTE: All contract submissions MUST include the County's own routing slip, current NIFS pri ntouts for all relevant accounts and relevant Nassau County Legislature communication docu ments and relevant supplemental information pertaining to the item requested herein.

NIFA Contract Approval Request Form MUST be filled out in its entirety before being su bmitted to NIFA for review.

NIFA reserves the right to request additional information as needed.

Jack Schnirman
Comptroller

OFFICE OF THE COMPTROLLER
240 Old Country Road
Mineola, New York 11501

COMPTROLLER APPROVAL FORM FOR PERSONAL, PROFESSIONAL OR HUMAN SERVICES CONTRACTS

Attach this form along with all personal, professional or human services contracts, contract renewals, extensions and amendments.

CONTRACTOR NAME: Maximus Consulting Services, Inc.

CONTRACTOR ADDRESS: 1891 Metro Center Drive, Reston, VA 20190

FEDERAL TAX ID #: 261557956

Instructions: **Please check the appropriate box ("☑") after one of the following roman numerals, and provide all the requested information.**

I. ☐ The contract was awarded to the lowest, responsible bidder after advertisement for sealed bids. The contract was awarded after a request for sealed bids was published in__________________ [newspaper] on __________________ [date]. The sealed bids were publicly opened on __________________ [date]. ________ [#] of sealed bids were received and opened.

II. ☐ The contractor was selected pursuant to a Request for Proposals.
The Contract was entered into after a written request for proposals was issued on __________________ [date]. Potential proposers were made aware of the availability of the RFP by advertisement in __________________ [newspaper], posting on industry websites, via email to interested parties and by publication on the County procurement website. Proposals were due on __________________ [date]. __________ [state #] proposals were received and evaluated. The evaluation committee consisted of: ____ ____ (list # of persons on committee and their respective departments). The proposals were scored and ranked. As a result of the scoring and ranking, the highest-ranking proposer was selected.

III. ☒ This is a renewal, extension or amendment of an existing contract.

The Contract was entered into after a written request for proposals was issued on July 30, 2014. Potential proposers were made aware of the availability of the RFP by Newsday advertisement, as well as a posting on the County's website. Proposals were due on August 29, 2014. Four (4) proposals were received and evaluated, of which one proposer did not meet the minimum requirements. The proposals were scored and ranked. As a result of the scoring and ranking, the highest-ranking proposer was selected. The contract was originally executed by Nassau County on March 10, 2015. This is a renewal or extension pursuant to the contract, or an amendment within the scope of the contract or RFP.

IV. ☐ Pursuant to Executive Order No. 1 of 1993, as amended, at least three proposals were solicited and received. The attached memorandum from the department head describes the proposals received, along with the cost of each proposal.

☐ A. The contract has been awarded to the proposer offering the lowest cost proposal; **OR:**

☐ **B.** The attached memorandum contains a detailed explanation as to the reason(s) why the contract was awarded to other than the lowest-cost proposer. The attachment includes a specific delineation of the unique skills and experience, the specific reasons why a proposal is deemed superior, and/or why the proposer has been judged to be able to perform more quickly than other proposers.

V. ☐ Pursuant to Executive Order No. 1 of 1993 as amended, the attached memorandum from the department head explains why the department did not obtain at least three proposals.

☐ A. There are only one or two providers of the services sought or less than three providers submitted proposals. The memorandum describes how the contractor was determined to be the sole source provider of the personal service needed or explains why only two proposals could be obtained. If two proposals were obtained, the memorandum explains that the contract was awarded to the lowest cost proposer, or why the selected proposer offered the higher quality proposal, the proposer's unique and special experience, skill, or expertise, or its availability to perform in the most immediate and timely manner.

☐ **B.** The memorandum explains that the contractor's selection was dictated by the terms of a federal or New York State grant, by legislation or by a court order. (Copies of the relevant documents are attached).

☐ **C.** Pursuant to General Municipal Law Section 104, the department is purchasing the services required through a New York State Office of General Services contract no.____________________, and the attached memorandum explains how the purchase is within the scope of the terms of that contract.

☐ **D.** Pursuant to General Municipal Law Section 119-o, the department is purchasing the services required through an inter-municipal agreement.

VI. ☐ This is a human services contract with a not-for-profit agency for which a competitive process has not been initiated. Attached is a memorandum that explains the reasons for entering into this contract without conducting a competitive process, and details when the department intends to initiate a competitive process for the future award of these services. For any such contract, where the vendor has previously provided services to the county, attach a copy of the most recent evaluation of the vendor's performance. If the contractor has not received a satisfactory evaluation, the department must explain why the contractor should nevertheless be permitted to contract with the county.

In certain limited circumstances, conducting a competitive process and/or completing performance evaluations may not be possible because of the nature of the human services program, or because of a compelling need to continue services through the same provider. In those circumstances, attach an explanation of why a competitive process and/or performance evaluation is inapplicable.

VII. ☐ This is a public works contract for the provision of architectural, engineering or surveying services. The attached memorandum provides details of the department's compliance with Board of Supervisors' Resolution No. 928 of 1993, including its receipt and evaluation of annual Statements of Qualifications & Performance Data, and its negotiations with the most highly qualified firms.

Instructions with respect to Sections VIII, IX and X: **All Departments must check the box for VIII. Then, check the box for either IX or X, as applicable.**

VIII. ☒ Participation of Minority Group Members and Women in Nassau County Contracts. The selected contractor has agreed that it has an obligation to utilize best efforts to hire MWBE sub-contractors. Proof of the contractual utilization of best efforts as outlined in Exhibit "EE" may be requested at any time, from time to time, by the Comptroller's Office prior to the approval of claim vouchers.

IX. ☐ Department MWBE responsibilities. To ensure compliance with MWBE requirements as outlined in Exhibit "EE", Department will require vendor to submit list of sub-contractor requirements prior to submission of the first claim voucher, for services under this contract being submitted to the Comptroller.

X. ☒ Vendor will not require any sub-contractors.

In addition, if this is a contract with an individual or with an entity that has only one or two employees: ☐ a review of the criteria set forth by the Internal Revenue Service, *Revenue Ruling No.* 87-41, 1987-1 C.B. 296, attached as Appendix A to the Comptroller's Memorandum, dated February 13, 2004, concerning independent contractors and employees indicates that the contractor would not be considered an employee for federal tax purposes.

K McEnaney [signature]
Department Head Signature

11/25/19
Date

NOTE: ***Any information requested above, or in the exhibit below, may be included in the county's "staff summary" form in lieu of a separate memorandum.***
Compt. form Pers./Prof. Services Contracts: Rev. 03/16

COUNTY OF NASSAU

POLITICAL CAMPAIGN CONTRIBUTION DISCLOSURE FORM

1. Has the vendor or any corporate officers of the vendor provided campaign contributions pursuant to the New York State Election Law in (a) the period beginning April 1, 2016 and ending on the date of this disclosure, or (b), beginning April 1, 2018, the period beginning two years prior to the date of this disclosure and ending on the date of this disclosure, to the campaign committees of any of the following Nassau County elected officials or to the campaign committees of any candidates for any of the following Nassau County elected offices: the County Executive, the County Clerk, the Comptroller, the District Attorney, or any County Legislator?

YES [ ] NO [X] If yes, to what campaign committee?

2. VERIFICATION: This section must be signed by a principal of the consultant, contractor or Vendor authorized as a signatory of the firm for the purpose of executing Contracts.

The undersigned affirms and so swears that he/she has read and understood the foregoing statements and they are, to his/her knowledge, true and accurate.

The undersigned further certifies and affirms that the contribution(s) to the campaign committees identified above were made freely and without duress, threat or any promise of a governmental benefit or in exchange for any benefit or remuneration.

Electronically signed and certified at the date and time indicated by:
Lauren K. Fujioka [RFPINFO2@MAXIMUS.COM]

Dated: 02/04/2020 03:13:09 PM

Vendor: MAXIMUS Consulting Services, Inc.

Title: Senior Director and Legal Counsel

PRINCIPAL QUESTIONNAIRE FORM

All questions on these questionnaires must be answered by all officers and any individuals who hold a ten percent (10%) or greater ownership interest in the proposer. Answers typewritten or printed in ink. If you need more space to answer any question, make as many photocopies of the appropriate page(s) as necessary and attach them to the questionnaire.

COMPLETE THIS QUESTIONNAIRE CAREFULLY AND COMPLETELY. FAILURE TO SUBMIT A COMPLETE QUESTIONNAIRE MAY MEAN THAT YOUR BID OR PROPOSAL WILL BE REJECTED AS NON-RESPONSIVE AND IT WILL NOT BE CONSIDERED FOR AWARD

1. Principal Name: Richard R. Sankey, Jr.
   Date of birth: 02/27/1967
   Home address: 7021 Amber Lake Drive
   City: Tallahassee State/Province/Territory: FL Zip/Postal Code: 32309
   Country: US

   Business Address: 1891 Metro Center Drive
   City: Reston State/Province/Territory: VA Zip/Postal Code: 20190
   Country US
   Telephone: 7032518500

   Other present address(es):
   City: State/Province/Territory: Zip/Postal Code:
   Country:
   Telephone:

   List of other addresses and telephone numbers attached

2. Positions held in submitting business and starting date of each (check all applicable)

President		Treasurer	
Chairman of Board		Shareholder	
Chief Exec. Officer		Secretary	
Chief Financial Officer		Partner	
Vice President	10/01/2015		
(Other)			

3. Do you have an equity interest in the business submitting the questionnaire?
   YES [ ] NO [X] If Yes, provide details.

4. Are there any outstanding loans, guarantees or any other form of security or lease or any other type of contribution made in whole or in part between you and the business submitting the questionnaire?
   YES [ ] NO [X] If Yes, provide details.

5. Within the past 3 years, have you been a principal owner or officer of any business or notfor-profit organization other than the one submitting the questionnaire?
   YES [ ] NO [X] If Yes, provide details.

6. Has any governmental entity awarded any contracts to a business or organization listed in Section 5 in the past 3 years while you were a principal owner or officer?
YES [ ] NO [X] If Yes, provide details.

NOTE: An affirmative answer is required below whether the sanction arose automatically, by operation of law, or as a result of any action taken by a government agency. Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

7. In the past (5) years, have you and/or any affiliated businesses or not-for-profit organizations listed in Section 5 in which you have been a principal owner or officer:

a. Been debarred by any government agency from entering into contracts with that agency?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

b. Been declared in default and/or terminated for cause on any contract, and/or had any contracts cancelled for cause?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

c. Been denied the award of a contract and/or the opportunity to bid on a contract, including, but not limited to, failure to meet pre-qualification standards?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

d. Been suspended by any government agency from entering into any contract with it; and/or is any action pending that could formally debar or otherwise affect such business's ability to bid or propose on contract?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

8. Have any of the businesses or organizations listed in response to Question 5 filed a bankruptcy petition and/or been the subject of involuntary bankruptcy proceedings during the past 7 years, and/or for any portion of the last 7 year period, been in a state of bankruptcy as a result of bankruptcy proceedings initiated more than 7 years ago and/or is any such business now the subject of any pending bankruptcy proceedings, whenever initiated?

YES [ ] NO [X] If 'Yes', provide details for each such instance. (Provide a detailed response to all questions check "Yes". If you need more space, photocopy the appropriate page and attached it to the questionnaire.)

9.

a. Is there any felony charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

b. Is there any misdemeanor charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

c. Is there any administrative charge pending against you?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

d. In the past 10 years, have you been convicted, after trial or by plea, of any felony, or of any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? Y
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

e. In the past 5 years, have you been convicted, after trial or by plea, of a misdemeanor?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

f. In the past 5 years, have you been found in violation of any administrative or statutory charges?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

10. In addition to the information provided in response to the previous questions, in the past 5 years, have you been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency and/or the subject of an investigation where such investigation was related to activities performed at, for, or on behalf of the submitting business entity and/or an affiliated business listed in response to Question 5?

YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

11. In addition to the information provided, in the past 5 years has any business or organization listed in response to Question 5, been the subject of a criminal investigation and/or a civil anti-trust investigation and/or any other type of investigation by any government agency, including but not limited to federal, state, and local regulatory agencies while you were a principal owner or officer?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

12. In the past 5 years, have you or this business, or any other affiliated business listed in response to Question 5 had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

13. For the past 5 tax years, have you failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges?
YES [ ] NO [X] If yes, provide an explanation of the circumstances and corrective action taken.

I, Richard R. Sankey, Jr. , hereby acknowledge that a materially false statement willfully or fraudulently made in connection with this form may result in rendering the submitting business entity and/or any affiliated entities non-responsible, and, in addition, may subject me to criminal charges.

I, Richard R. Sankey, Jr. , hereby certify that I have read and understand all the items contained in this form; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this form; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this form as additional inducement to enter into a contract with the submitting business entity.

CERTIFICATION
A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID OR FUTURE BIDS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

MAXIMUS Consulting Services, Inc.
Name of submitting business

Electronically signed and certified at the date and time indicated by:
Richard R. Sankey, Jr. [RICHARDSANKEY@MAXIMUS.COM]

Senior Vice President
Title

03/23/2020 10:09:51 AM
Date

Business History Form

The contract shall be awarded to the responsible proposer who, at the discretion of the County, taking into consideration the reliability of the proposer and the capacity of the proposer to perform the services required by the County, offers the best value to the County and who will best promote the public interest.

In addition to the submission of proposals, each proposer shall complete and submit this questionnaire. The questionnaire shall be filled out by the owner of a sole proprietorship or by an authorized representative of the firm, corporation or partnership submitting the Proposal.

NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.

(USE ADDITIONAL SHEETS IF NECESSARY TO FULLY ANSWER THE FOLLOWING QUESTIONS).

Date: 03/27/2020

1) Proposer's Legal Name: MAXIMUS Consulting Services, Inc.

2) Address of Place of Business: 1891 Metro Center Drive

City: Reston State/Province/Territory: VA Zip/Postal Code: 20190

Country: US

3) Mailing Address (if different): 808 Moorefield Park Drive, Suite 205

City: Richmond State/Province/Territory: VA Zip/Postal Code: 23236

Country: US

Phone: (804) 323-3535

Does the business own or rent its facilities? Other If other, please provide details:

The Reston office is our Corporate Headquarters which is owned by MAXIMUS. The Richmond office is the shared services office for MAXIMUS Consulting Services, Inc. and is rented.

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4) Dun and Bradstreet number: 0-234-7477

5) Federal I.D. Number: 26-1557956

6) The proposer is a: Corporation (Describe)

7) Does this business share office space, staff, or equipment expenses with any other business?

YES [ ] NO [X] If yes, please provide details:

8) Does this business control one or more other businesses?

YES [ ] NO [X] If yes, please provide details:

9) Does this business have one or more affiliates, and/or is it a subsidiary of, or controlled by, any other business?

YES [X] NO [ ] If yes, please provide details:

MCSI is a wholly-owned subsidiary of MAXIMUS, Inc., which owns numerous other subsidaries.

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10) Has the proposer ever had a bond or surety cancelled or forfeited, or a contract with Nassau County or any other government entity terminated?
YES [X] NO [ ] If yes, state the name of bonding agency, (if a bond), date, amount of bond and reason for such cancellation or forfeiture: or details regarding the termination (if a contract).

No bonds canceled or forfeited. The following contracts
terminated. 03/13- State of Alaska terminated contract w/ MCSI for convenience. MCSI provided QA services for the state's WIC information
system. The state was reallocating resources. In 2015-2016, various local Michigan jurisdictions and MCS mutually agreed to terminate contracts for billing and processing services. Additionally, we have over 1,000 annual contracts and on occasion a client may cancel an agreement for convenience.

11) Has the proposer, during the past seven years, been declared bankrupt?
YES [ ] NO [X] If yes, state date, court jurisdiction, amount of liabilities and amount of assets

12) In the past five years, has this business and/or any of its owners and/or officers and/or any affiliated business, been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency? And/or, in the past 5 years, have any owner and/or officer of any affiliated business been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency, where such investigation was related to activities performed at, for, or on behalf of an affiliated business.
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

13) In the past 5 years, has this business and/or any of its owners and/or officers and/or any affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies? And/or, in the past 5 years, has any owner and/or officer of an affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies, for matters pertaining to that individual's position at or relationship to an affiliated business.
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

14) Has any current or former director, owner or officer or managerial employee of this business had, either before or during such person's employment, or since such employment if the charges pertained to events that allegedly occurred during the time of employment by the submitting business, and allegedly related to the conduct of that business:
a) Any felony charge pending?
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

b) Any misdemeanor charge pending?
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

c) In the past 10 years, you been convicted, after trial or by plea, of any felony and/or any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business?
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

d) In the past 5 years, been convicted, after trial or by plea, of a misdemeanor?
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

e) In the past 5 years, been found in violation of any administrative, statutory, or regulatory provisions?
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

15) In the past (5) years, has this business or any of its owners or officers, or any other affiliated business had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held?
YES [ ] NO [X] If yes, provide details for each such investigation, an explanation of the circumstances and corrective action taken.

16) For the past (5) tax years, has this business failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges?
YES [ ] NO [X] If yes, provide details for each such year. Provide a detailed response to all questions checked 'YES'. If you need more space, photocopy the appropriate page and attach it to the questionnaire.

17 Conflict of Interest:

a) Please disclose any conflicts of interest as outlined below. NOTE: If no conflicts exist, please expressly state "No conflict exists."

(i) Any material financial relationships that your firm or any firm employee has that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists.

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(ii) Any family relationship that any employee of your firm has with any County public servant that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists.

(iii) Any other matter that your firm believes may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

MAXIMUS has the requisite resources, qualifications, and independence to conduct the Services free from outside direction, control, or influence, and subject only to the accomplishment of Comptroller's objectives; and
2. MAXIMUS has no existing conflicts of interest, or possible issues that may create the appearance of impropriety, relative to the submission of our proposal; and
3. MAXIMUS has not given, nor does it intend to give, at any time hereafter, any economic opportunity, future
employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same or in connection with this procurement.

b) Please describe any procedures your firm has, or would adopt, to assure the County that a conflict of interest would not exist for your firm in the future.

None at this time.

1 File(s) Uploaded: Nassau Co Forms - Signed LKF 11-22-19 Business History Form.pdf

A. Include a resume or detailed description of the Proposer's professional qualifications, demonstrating extensive experience in your profession. Any prior similar experiences, and the results of these experiences, must be identified.

Have you previously uploaded the below information under in the Document Vault?
YES [ ] NO [X]

Is the proposer an individual?
YES [ ] NO [X] Should the proposer be other than an individual, the Proposal MUST include:

i) Date of formation;
09/17/1975

ii) Name, addresses, and position of all persons having a financial interest in the company, including shareholders, members, general or limited partner. If none, explain.

No individuals with a financial interest in the company have been attached..

1 File(s) Uploaded: 10k information form.pdf

iii) Name, address and position of all officers and directors of the company. If none, explain.

No officers and directors from this company have been attached.

1 File(s) Uploaded: MAXIMUS Officers - MCSI.pdf

iv) State of incorporation (if applicable);
VA

v) The number of employees in the firm;

| 34000 |

vi) Annual revenue of firm;

| 2390000000 |

vii) Summary of relevant accomplishments

MAXIMUS Consulting Services, Inc. has extensive cost allocation experience, including the development, implementation, review, and negotiation of statewide and local government cost allocation plans (CAPs) for over 500 government entities within U.S. Since the issuance of the Uniform Guidance on December 26, 2014, our firm has been proactive in analyzing the effects of this regulation change as it affects all of our cost allocation clients. As an acknowledgement of our efforts, the National Association of State Auditors, Comptrollers, and Treasurers (NASACT) requested MAXIMUS assistance in training its members on the Uniform Guidance requirements and regulations. MAXIMUS provided this training in February 2014 alongside federal representatives from HHS, the U.S. Department of Housing and Urban Development (HUD), and the National Science Foundation (NSF).
We know the OMB regulations and current interpretations in the field. We have the experience and knowledge to develop cost allocation

viii) Copies of all state and local licenses and permits.

B. Indicate number of years in business.

| 44 |

C. Provide any other information which would be appropriate and helpful in determining the Proposer's capacity and reliability to perform these services.

MAXIMUS Consulting Services, Inc. has extensive cost allocation experience, including the development, implementation, review, and negotiation of statewide and local government cost allocation plans (CAPs) for over 500 government entities within U.S. Since the issuance of the Uniform Guidance on December 26, 2014, our firm has been proactive in analyzing the effects of this regulation change as it affects all of our cost allocation clients. As an acknowledgement of our efforts, the National Association of State Auditors, Comptrollers, and Treasurers (NASACT) requested MAXIMUS assistance in training its members on the Uniform Guidance requirements and regulations. MAXIMUS provided this training in February 2014 alongside federal representatives from HHS, the U.S. Department of Housing and Urban Development (HUD), and the National Science Foundation (NSF).
We know the OMB regulations and current interpretations in the field. We have the experience and knowledge to develop cost allocation

D. Provide names and addresses for no fewer than three references for whom the Proposer has provided similar services or who are qualified to evaluate the Proposer's capability to perform this work.

Company: Suffolk County, New York
Contact Person: Brenda Sloan-Papele, CPA
Address: Office of the Comptroller, H. Lee Dennison Building, 100 Veterans Memorial Hwy
City: Hauppauge State/Province/Territory: NY
Country: US
Telephone: (631) 853-4410
Fax #:
E-Mail Address: Brenda.Sloan@suffolkcountyny.gov

Company: Town of Hempstead, New York

Contact Person	Michael J. Capobianco, Acting Deputy Comptroller
Address	Office of the Comptroller, 350 Front Street
City	Hempstead State/Province/Territory NY
Country	US
Telephone	(516) 812-3578
Fax #	
E-Mail Address	michcap@tohmail.org

Company	New York State Division of Budget
Contact Person	Mr. Matthew Schultz, Principal Budget Examiner
Address	State of New York DOB, State Capitol
City	Albany State/Province/Territory NY
Country	US
Telephone	(518) 474-7613
Fax #	
E-Mail Address	Matthew.Schultz@budget.ny.gov

I, Jaida Williams , hereby acknowledge that a materially false statement willfully or fraudulently made in connection with this form may result in rendering the submitting business entity and/or any affiliated entities non-responsible, and, in addition, may subject me to criminal charges.

I, Jaida Williams , hereby certify that I have read and understand all the items contained in this form; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this form; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this form as additional inducement to enter into a contract with the submitting business entity.

CERTIFICATION

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID OR FUTURE BIDS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

Name of submitting business: MAXIMUS Consulting Services, Inc.

Electronically signed and certified at the date and time indicated by:
Jaida Williams [RFPINFO2@MAXIMUS.COM]

Paralegal
Title

04/22/2020 10:43:56 AM
Date

 Rev. 3-2016

If Yes, provide details for each such conviction ______________________

d) In the past 5 years, been convicted, after trial or by plea, of a misdemeanor? Yes ___ No X If Yes, provide details for each such conviction. ___________

e) In the past 5 years, been found in violation of any administrative, statutory, or regulatory provisions? Yes ___ No X If Yes, provide details for each such occurrence. ______________________

15) In the past (5) years, has this business or any of its owners or officers, or any other affiliated business had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held? Yes ____ No X ; If Yes, provide details for each such instance. ______________________

16) For the past (5) tax years, has this business failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges? Yes ___ No X If Yes, provide details for each such year. Provide a detailed response to all questions checked 'YES'. If you need more space, photocopy the appropriate page and attach it to the questionnaire. ______________

Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

17) Conflict of Interest:

a) Please disclose any conflicts of interest as outlined below. **NOTE: If no conflicts exist, please expressly state "No conflict exists."**

(i) Any material financial relationships that your firm or any firm employee has that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists.

(ii) Any family relationship that any employee of your firm has with any County public servant that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists.

(iii) Any other matter that your firm believes may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.

No conflict exists.

b) Please describe any procedures your firm has, or would adopt, to assure the County that a conflict of interest would not exist for your firm in the future.

1. MAXIMUS has the requisite resources, qualifications, and independence to conduct the Services free from outside direction, control, or influence, and subject only to the accomplishment of Comptroller's objectives; and

2. MAXIMUS has no existing conflicts of interest, or possible issues that may create the appearance of impropriety, relative to the submission of our proposal; and

3.MAXIMUS has not given, nor does it intend to give, at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement

Please see Confidential and Proprietary Statements Attachment.

Proprietary & Confidential Statements Attachment

Employee Handbook:

"**Hiring Relatives.** MAXIMUS permits employment of relatives of employees provided there is no direct reporting relationship between the two positions. Employees should notify their supervisor or human capital representative of a potential or actual conflict of interest with relation to a reporting relationship."

"**Outside Employment.** Employees may obtain outside employment if it does not create a conflict of interest with MAXIMUS or otherwise interfere with the employee's job responsibilities, including scheduling requirements which may include overtime. If an employee obtains outside employment while working for the Company, prior to beginning such employment, the employee's local human capital representative must be notified in writing. Please contact the Human Capital Resolution Center (HCRC) with any questions regarding this policy."

Code of Conduct & Ethics:

"**Conflicts of Interest.** MAXIMUS employees who recruit and hire must realize that government, former government and some private sector employees may have restrictions after they are hired. The U.S. Corporate General Counsel must review and approve any employment offer to a current or former government official. To learn more, talk to your local human capital, human resources or legal department. MAXIMUS does not offer employment to current or former government officials in order to gain favor or improper competitive advantage. We are also cautious when there could be a potential conflict of interest, such as when hiring relatives or close associates of any government employees or officials whose decision-making authority could affect our business.The U.S. Corporate General Counsel must review any employment offer to a relative or close associate of such a candidate. A MAXIMUS Segment President must approve the hiring in advance."

"**Personal Relationships.** MAXIMUS respects the privacy rights of our employees. We respect their right to have consensual personal and professional relationships with each other. However, there is a strong potential conflict of interest when a supervisor or manager and a subordinate employee have a consensual personal relationship. There is the potential for improper influence over the subordinate employee's position, job responsibilities, performance evaluation or compensation. Employees involved in consensual personal relationships must avoid any actions or situations that might weaken the public's confidence in MAXIMUS or damage the Company's or their own reputation for integrity. You must tell your immediate supervisors and local human capital or human resources department about such relationships. MAXIMUS employees should not have personal relationships with the persons we serve in our projects. If you have or develop a personal or family relationship with a client, you must tell your supervisor immediately. We will transfer the case to another employee. Failure to report this relationship could result in discipline, including ending employment and legal action. MAXIMUS will consider hiring relatives of current employees. You must tell the local human capital or human resources department about employment offers for relatives of current employees. The offer must be approved in advance. No employee may be the immediate supervisor of a relative unless approved by the Chief Executive Officer or his representative."

Employee Disclosures:

- Upon new hire onboarding and annually during Refresher Training, employees are required to complete an online questionnaire regarding potential conflicts of interest. Responses to those questions trigger a review and escalation process (as needed) for the Ethics and Compliance team.
- Employees are also expected to update their Disclosure form as appropriate throughout the year.

EX-21.1 2 mms-2016x09x30x10kxex21x1.htm EXHIBIT 21.1

EXHIBIT 21.1

MAXIMUS, Inc.
List of Subsidiaries
As of September 30, 2016

Name*	Jurisdiction of Incorporation/Organization
2020 Company, LLC	Illinois
Acentia, LLC	Maryland
Aged Care Assessments Australia Pty Ltd	Australia
Ascend Management Innovations LLC	Tennessee
Assymetrics Pty Ltd	Australia
Cheviot Recruitment Ltd	England & Wales
Child Welfare Assessments Pty Ltd	Australia
GAEA Management Ltd	British Columbia
Goldfields Employment and Training Services Pty Ltd (51% owned)	Australia
Health Management Limited	England & Wales
Interactive Technology Solutions, LLC	Maryland
InSysCo, Inc.	Virginia
ITSolutions Net Holding Corporation	Delaware
ITSolutions Net Inc.	Delaware
ITEQ Holding Company, Inc.	Maryland
MAXIMUS Australia Holding Company Pty Ltd	Australia
MAXIMUS BC Health Inc.	British Columbia
MAXIMUS BC Health Benefit Operations Inc.	British Columbia
MAXIMUS Canada, Inc.	Canada
MAXIMUS Canada Employment Services Inc.	British Columbia
MAXIMUS Canada Services, Inc.	Canada
MAXIMUS Companies Limited	England & Wales
MAXIMUS Consulting Services, Inc.	Virginia
MAXIMUS Federal Services, Inc.	Virginia
MAXIMUS Gulf Company Ltd (70% owned)	Saudi Arabia
MAXIMUS People Services Ltd	England & Wales
MAXIMUS Health Services, Inc.	Indiana
MAXIMUS HHS Holdings Limited	England & Wales
MAXIMUS Human Services, Inc.	Virginia
MAXIMUS Properties LLC	Virginia
MAXSolutions Pty Limited	Australia
Policy Studies, Inc.	Colorado
PSI Services Holding, Inc.	Delaware
Remploy Ltd (70% owned)	England & Wales
The Centre for Health and Disability Assessments Ltd	England & Wales
Themis Program Management and Consulting Ltd	British Columbia

* The names of other subsidiaries have been omitted from this list because, considered in the aggregate, they would not constitute a significant subsidiary under Securities and Exchange Commission Regulation S-X, Rule 1-02(w).

MAXIMUS Consulting Services, Inc. is a wholly owned subsidiary of MAXIMUS, Inc. The term for the Officers is indefinite. The address for all the Officer listed below is 1891 Metro Center Drive, Reston, VA 20190.

MAXIMUS Consulting Services, Inc.

Officers: Kathleen L. Kerr -- President
Richard P. Sankey -- VP
Bruce P. Perkins -- VP
Kevin M. Reilly -- Treasurer
David R. Francis -- Secretary
Lauren K. Fujioka -- Assistant Secretary

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended December 31, 2019

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number: 1-12997

MAXIMUS, INC.

(Exact name of registrant as specified in its charter)

Virginia	**54-1000588**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1891 Metro Center Drive, Reston, Virginia	**20190**
(Address of principal executive offices)	(Zip Code)

(703) 251-8500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	MMS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of February 3, 2020, there were 63,943,497 shares of the registrant's common stock (no par value) outstanding.

MAXIMUS, Inc.

Quarterly Report on Form 10-Q
For the Quarter Ended December 31, 2019

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Throughout this Quarterly Report on Form 10-Q, the terms "Company," "we," "us," "our" and "MAXIMUS" refer to MAXIMUS, Inc. and its subsidiaries, unless the context requires otherwise.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Included in this Quarterly Report on Form 10-Q are forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: "anticipate," "intend," "plan," "goal," "seek," "opportunity," "could," "potential," "believe," "project," "estimate," "expect," "strategy," "future," "likely," "may," "should," "will" and similar references to future periods.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following:

- a failure to meet performance requirements in our contracts, which might lead to contract termination and actual or liquidated damages;
- the effects of future legislative or government budgetary and spending changes;
- our failure to successfully bid for and accurately price contracts to generate our desired profit;
- our ability to maintain technology systems and otherwise protect confidential or protected information;
- our ability to attract and retain executive officers, senior managers and other qualified personnel to execute our business;
- our ability to manage capital investments and startup costs incurred before receiving related contract payments;
- our ability to manage our growth, including acquired businesses;
- the ability of government customers to terminate contracts on short notice, with or without cause;
- our ability to maintain relationships with key government entities from whom a substantial portion of our revenue is derived;
- the outcome of reviews or audits, which might result in financial penalties and impair our ability to respond to invitations for new work;
- a failure to comply with laws governing our business, which might result in the Company being subject to fines, penalties, suspension, debarment and other sanctions;
- the costs and outcome of litigation;
- difficulties in integrating or achieving projected revenues, earnings and other benefits associated with acquired businesses;
- the effects of changes in laws and regulations governing our business, including tax laws, and applicable interpretations and guidance thereunder, or changes in accounting policies, rules, methodologies and practices, and our ability to estimate the impact of such changes;
- matters related to business we have disposed of or divested; and
- other factors set forth in Exhibit 99.1, under the caption "Special Considerations and Risk Factors," in our Annual Report on Form 10-K for the year ended September 30, 2019, which was filed with the Securities and Exchange Commission on November 26, 2019.

Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements.

MAXIMUS, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)
(Unaudited)

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
Revenue	$ 818,229	$ 664,619
Cost of revenue	642,779	505,354
Gross profit	175,450	159,265
Selling, general and administrative expenses	87,227	79,671
Amortization of intangible assets	9,088	5,458
Operating income	79,135	74,136
Interest expense	484	625
Other income, net	719	2,045
Income before income taxes	79,370	75,556
Provision for income taxes	20,636	19,833
Net income	58,734	55,723
Loss attributable to noncontrolling interests	—	(190)
Net income attributable to MAXIMUS	$ 58,734	$ 55,913
Basic earnings per share	$ 0.91	$ 0.86
Diluted earnings per share	$ 0.91	$ 0.86
Dividends paid per share	$ 0.28	$ 0.25
Weighted average shares outstanding:		
Basic	64,597	64,827
Diluted	64,758	64,977

See notes to unaudited consolidated financial statements.

MAXIMUS, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in thousands)
(Unaudited)

	Three Months Ended December 31,	
	2019	2018
Net income	$ 58,734	$ 55,723
Foreign currency translation adjustments	6,893	(5,720)
Comprehensive income	65,627	50,003
Comprehensive loss attributable to noncontrolling interests	—	(190)
Comprehensive income attributable to MAXIMUS	$ 65,627	$ 50,193

See notes to unaudited consolidated financial statements.

MAXIMUS, Inc.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	December 31, 2019	September 30, 2019
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 149,515	$ 106,565
Accounts receivable — billed and billable, net of reserves of $6,846 and $5,382	511,670	476,690
Accounts receivable — unbilled	123,420	123,884
Income taxes receivable	6,049	20,805
Prepaid expenses and other current assets	53,254	62,481
Total current assets	843,908	789,425
Property and equipment, net	92,377	99,589
Capitalized software, net	32,936	32,369
Operating lease right-of-use assets	200,690	—
Goodwill	586,659	584,469
Intangible assets, net	171,077	179,250
Deferred contract costs, net	18,224	18,921
Deferred compensation plan assets	35,151	32,908
Deferred income taxes	191	186
Other assets	8,578	8,615
Total assets	$ 1,989,791	$ 1,745,732
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 174,707	$ 177,786
Accrued compensation and benefits	104,263	106,789
Deferred revenue	42,756	43,344
Income taxes payable	5,563	13,952
Current portion of long-term debt and other borrowings	7,009	9,658
Operating lease liabilities	85,625	—
Other liabilities	12,785	12,709
Total current liabilities	432,708	364,238
Deferred revenue, less current portion	32,105	32,341
Deferred income taxes	47,344	46,560
Deferred compensation plan liabilities, less current portion	37,298	34,079
Operating lease liabilities, net of current portion	121,620	—
Other liabilities	19,711	20,313
Total liabilities	690,786	497,531
Shareholders' equity:		
Common stock, no par value; 100,000 shares authorized; 63,953 and 63,979 shares issued and outstanding at December 31, 2019, and September 30, 2019, at stated amount, respectively	504,184	498,433
Accumulated other comprehensive loss	(38,487)	(45,380)
Retained earnings	833,308	794,739

Total MAXIMUS shareholders' equity		1,299,005		1,247,792
Noncontrolling interests		—		409
Total equity		1,299,005		1,248,201
Total liabilities and equity	$	1,989,791	$	1,745,732

See notes to unaudited consolidated financial statements.

MAXIMUS, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
Cash flows from operations:		
Net income	$ 58,734	$ 55,723
Adjustments to reconcile net income to cash flows from operations:		
Depreciation and amortization of property and equipment and capitalized software	15,318	11,231
Amortization of intangible assets	9,088	5,458
Deferred income taxes	422	16,511
Stock compensation expense	5,397	4,971
Change in assets and liabilities net of effects of business combinations		
Accounts receivable — billed and billable	(31,016)	(69,890)
Accounts receivable — unbilled	2,013	20,198
Prepaid expenses and other current assets	4,063	(5,691)
Deferred contract costs	848	(1,757)
Accounts payable and accrued liabilities	2,403	26,564
Accrued compensation and benefits	6,842	377
Deferred revenue	(1,345)	(372)
Income taxes	13,984	(3,848)
Operating lease right-of-use assets and liabilities	(1,622)	—
Other assets and liabilities	2,138	(135)
Cash flows from operations	87,267	59,340
Cash flows from investing activities:		
Purchases of property and equipment and capitalized software costs	(10,487)	(9,973)
Acquisitions of businesses, net of cash acquired	—	(421,809)
Maturities of short-term investments	—	19,996
Other	25	47
Cash used in investing activities	(10,462)	(411,739)
Cash flows from financing activities:		
Cash dividends paid to MAXIMUS shareholders	(17,913)	(16,033)
Purchases of MAXIMUS common stock	(1,898)	(40,984)
Tax withholding related to RSU vesting	(10,614)	(8,915)
Borrowings under credit facility and other loan agreements	83,419	195,100
Repayment of credit facility and other long-term debt	(86,301)	(70,033)
Other	(493)	(133)
Cash (used in)/provided by financing activities	(33,800)	59,002
Effect of exchange rate changes on cash and cash equivalents	1,452	(1,068)
Net increase/(decrease) in cash, cash equivalents and restricted cash	44,457	(294,465)
Cash, cash equivalents and restricted cash, beginning of period	116,492	356,559
Cash, cash equivalents and restricted cash, end of period	$ 160,949	$ 62,094

See notes to unaudited consolidated financial statements.

MAXIMUS, Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Amounts in thousands)
(Unaudited)

	Common Shares Outstanding	Common Stock	Accumulated Other Comprehensive Income/(Loss)	Retained Earnings	Noncontrolling Interest	Total
Balance at September 30, 2019	63,979	$ 498,433	$ (45,380)	$ 794,739	$ 409	$ 1,248,201
Net income	—	—	—	58,734	—	58,734
Foreign currency translation	—	—	6,893	—	—	6,893
Cash dividends	—	—	—	(17,913)	(409)	(18,322)
Dividends on RSUs	—	354	—	(354)	—	—
Purchases of common stock	(26)	—	—	(1,898)	—	(1,898)
Stock compensation expense	—	5,397	—	—	—	5,397
Balance at December 31, 2019	63,953	$ 504,184	$ (38,487)	$ 833,308	$ —	$ 1,299,005

	Common Shares Outstanding	Common Stock	Accumulated Other Comprehensive Income/(Loss)	Retained Earnings	Noncontrolling Interest	Total
Balance at September 30, 2018	64,371	$ 487,539	$ (36,953)	$ 633,281	$ 2,552	$ 1,086,419
Cumulative impact from adopting ASC Topic 606 on October 1, 2018	—	—	—	32,929	553	33,482
Net income	—	—	—	55,913	(190)	55,723
Foreign currency translation	—	—	(5,720)	—	—	(5,720)
Cash dividends	—	—	—	(16,033)	(133)	(16,166)
Dividends on RSUs	—	428	—	(428)	—	—
Purchases of common stock	(654)	—	—	(41,330)	—	(41,330)
Stock compensation expense	—	4,971	—	—	—	4,971
Balance at December 31, 2018	63,717	$ 492,938	$ (42,673)	$ 664,332	$ 2,782	$ 1,117,379

See notes to unaudited consolidated financial statements.

MAXIMUS, Inc.
Notes to Unaudited Consolidated Financial Statements
For the Three Months Ended December 31, 2019 and 2018

1. Organization and Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. As permitted by these instructions, they do not include all of the information and notes required by generally accepted accounting principles (GAAP) for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. All intercompany balances and transactions have been eliminated in consolidation. The results of operations for the three months ended December 31, 2019, are not necessarily indicative of the results that may be expected for the full fiscal year. The balance sheet at September 30, 2019, has been derived from the audited financial statements at that date, but does not include all of the information and notes required by GAAP for complete financial statements.

The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities and the reported amounts of revenue and expenses. On an ongoing basis, we evaluate our estimates including those related to revenue recognition and cost estimation on certain contracts, the realizability of goodwill and amounts related to income taxes, certain accrued liabilities and contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates.

These financial statements should be read in conjunction with the consolidated audited financial statements and the notes thereto at September 30, 2019 and 2018, and for each of the three years ended September 30, 2019, included in our Annual Report on Form 10-K which was filed with the Securities and Exchange Commission on November 26, 2019.

Changes in financial reporting

Leases

Effective October 1, 2019, we adopted ASU No. 2016-02, *Leases (Topic 842)*. The new standard requires that assets and liabilities arising under leases be recognized on the balance sheet, except for those with an initial term of less than 12 months. We adopted this standard using a modified retrospective approach. Accordingly, we did not recast prior period financial information. Certain elections were made in adopting the standard.

- We elected to use the package of practical expedients which, among other things, allows us to not reassess historical lease classification.
- We do not separate lease and non-lease components for all classes of leases, which allows us to account for a lease as a single component.
- We used the optional transition method, which did not require us to recast our comparative periods.
- We did not use the hindsight practical expedients, which would have allowed us to use hindsight in determining the reasonably certain lease term.
- We did not adjust our accounting for leases with an initial term of twelve months or less.

Upon adopting Topic 842, we recognized a lease liability of $214.5 million, reflecting the present value of the future remaining minimum lease payments. Changes to our opening balance sheet are summarized below. There was no cumulative impact to our retained earnings and the changes did not cause any material changes in our statements of operations or our statements of cash flows. The adoption of Topic 842 does not affect our compliance with our existing contracts, including our credit facility.

(dollars in thousands)	Balance at September 30, 2019	Adjustments due to adoption of new standard	Opening balance at October 1, 2019
Assets			
Prepaid expenses and other current assets	$ 62,481	$ (6,131)	$ 56,350
Operating lease right-of-use assets	—	206,314	206,314
Liabilities and shareholders' equity			
Accounts payable and accrued expenses	177,786	(5,250)	172,536
Operating lease liabilities	—	88,276	88,276
Other current liabilities	12,709	(648)	12,061
Operating lease liabilities, net of current portion	—	126,197	126,197
Other long-term liabilities	20,313	(8,392)	11,921

At the adoption of *Topic 842*, the Company recognized deferred tax assets and liabilities corresponding to the operating lease liabilities and operating right-of-use assets, respectively. These balances offset each other and no net effect resulted from this change.

Additional information and disclosures relating to this change are included within "Note 3. Leases."

Forthcoming changes

In August 2018, the Financial Accounting Standards Board (FASB) issued ASU No. 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40) - Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.* This accounting guidance requires customers in cloud-computing arrangements to identify and defer certain implementation costs in a manner broadly consistent with that of existing guidance on the costs to develop or obtain internal-use software. We will adopt this guidance on October 1, 2020. The guidance may be adopted early and we may adopt using either a prospective or retrospective methodology. We are currently assessing the future impact of this update on its consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU No. 2016-13 *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments.* This update introduces a new model for recognizing credit losses on financial instruments, including losses on accounts receivable. We will adopt this guidance on October 1, 2020 and any changes will be recorded as a cumulative adjustment to retained earnings. We are still assessing the effect of this standard on our financial statements.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment.* This standard will not change the manner in which we would identify a goodwill impairment but would change any subsequent calculation of an impairment charge. We will adopt this guidance on October 1, 2020. The effect of this new standard will depend upon the outcome of future goodwill impairment tests.

Other recent accounting pronouncements are not expected to have a material effect on our financial statements.

2. Segment Information

The table below provides certain financial information for each of our business segments. We operate our business through three segments.

- Our U.S. Health and Human Services Segment provides a variety of business process services such as program administration, appeals and assessments services, and related consulting work for U.S. state and local government programs. These services support a variety of programs including the Affordable Care Act (ACA), Medicaid and the Children's Health Insurance Program (CHIP). We also serve as administrators in state-based welfare-to-work and child support programs.
- Our U.S. Federal Services Segment provides business process solutions, including program administration, appeals and assessment services, as well as system and software development and maintenance services for various U.S. federal civilian programs. This segment also contains certain state-based assessments and appeals work that is part of the segment's heritage within the Medicare Appeals portfolio and continues to be managed within this segment.
- Our Outside the U.S. Segment provides business process solutions for governments and commercial clients outside the U.S., including health and disability assessments, program administration and case management for employment services and other work-support programs. We deliver services in the United Kingdom, including the Health Assessment Advisory Service (HAAS), the Work & Health Programme and Fair Start; Australia, including jobactive and the Disability Employment Service; Canada, including Health Insurance British Columbia and the Employment Program of British Columbia; Saudi Arabia and Singapore.

	Three Months Ended December 31,			
(dollars in thousands)	2019	% (1)	2018	% (1)
Revenue:				
U.S. Health & Human Services	$ 312,281		$ 294,213	
U.S. Federal Services	366,571		216,987	
Outside the U.S.	139,377		153,419	
Total	$ 818,229		$ 664,619	
Gross profit:				
U.S. Health & Human Services	$ 89,590	28.7%	$ 88,031	29.9%
U.S. Federal Services	70,821	19.3%	47,985	22.1%
Outside the U.S.	15,039	10.8%	23,249	15.2%
Total	$ 175,450	21.4%	$ 159,265	24.0%
Selling, general & administrative expense:				
U.S. Health & Human Services	$ 31,398	10.1%	$ 32,139	10.9%
U.S. Federal Services	39,239	10.7%	26,632	12.3%
Outside the U.S.	16,053	11.5%	18,808	12.3%
Other (2)	537	NM	2,092	NM
Total	$ 87,227	10.7%	$ 79,671	12.0%
Operating income:				
U.S. Health & Human Services	$ 58,192	18.6%	$ 55,892	19.0%
U.S. Federal Services	31,582	8.6%	21,353	9.8%
Outside the U.S.	(1,014)	(0.7)%	4,441	2.9%
Amortization of intangible assets	(9,088)	NM	(5,458)	NM
Other	(537)	NM	(2,092)	NM
Total	$ 79,135	9.7%	$ 74,136	11.2%

(1) Percentage of respective segment revenue. Percentages not considered meaningful are marked "NM."

(2) Other selling, general and administrative expenses includes credits and costs that are not allocated to a particular segment. In the three months ended December 31, 2018, these other costs include $2.7 million of costs related to the acquisition of

the citizen engagement centers business.

Identifiable assets for the segments are shown below (in thousands):

	December 31, 2019	September 30, 2019
U.S. Health & Human Services	$ 584,038	$ 500,641
U.S. Federal Services	922,613	795,553
Outside the U.S.	245,289	234,769
Corporate	237,851	214,769
Total	$ 1,989,791	$ 1,745,732

3. Leases

Beginning October 1, 2019, we identify contracts which are, or contain, leases where a contract allows us the right to control identified property or equipment for a period of time in return for consideration. Our leases are typically for office space or facilities, as well as some equipment leases. Where contracts include both lease and non-lease components, we do not typically separate the non-lease components in our accounting.

At the inception of a lease, we recognize a liability for future minimum lease payments based upon the present value of those payments.

- In identifying our future minimum lease payments, we do not include variable lease costs, such as those for maintenance or utilities. These are recorded as lease expenses in the period in which they are incurred.
- In identifying future lease payments, we do not include short-term leases, identified as those with an initial term of twelve months or less.
- Lease options are included within our lease liability only where it is reasonably certain that we will utilize those periods of the lease and incur the related costs.
- In calculating the fair value of our lease liability, we utilize an estimate of our collateralized incremental borrowing rate. This estimate is based upon publicly-available information adjusted for company-specific, country-specific and lease-specific factors. The weighted average incremental borrowing rate utilized at December 31, 2019 is 3.6%.

Over the course of a lease, the lease liability is reduced as scheduled lease payments are made and increased as the implied interest charges are added.

Our right-of-use asset is based upon the lease liability at the contract inception but is adjusted over the life of the lease by lease prepayments, additional costs or lease incentives. The right-of-use asset is amortized on a straight-line basis over the lease term, offset by the interest accretion recorded on the lease liability.

Lease expense is recorded within our consolidated statements of operations based upon the nature of the assets. Where assets are used to directly serve our customers, such as facilities dedicated to customer contracts, lease costs are recorded in "cost of revenue". Facilities and assets which serve management and support functions are expensed through "selling, general and administrative expenses". Costs recorded in the three months ended December 31, 2019 are summarized below.

(dollars in thousands)	Three months ended December 31, 2019
Operating lease cost	$ 25,250
Short-term lease cost	2,110
Variable lease cost	3,334
Total operating lease costs	$ 30,694

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Future minimum lease payments for noncancelable operating leases as of December 31, 2019 are shown below.

(dollars in thousands)	Office space	Equipment	Total
For the years ended September 30,			
Remainder of 2020	$ 63,960	$ 6,336	$ 70,296
2021	58,107	6,812	64,919
2022	38,047	2,904	40,951
2023	25,691	124	25,815
2024	11,181	77	11,258
Thereafter	7,067	—	7,067
Total minimum lease payments	$ 204,053	$ 16,253	$ 220,306
Less imputed interest	(11,269)	(1,792)	(13,061)
Total lease liabilities	$ 192,784	$ 14,461	$ 207,245

Our weighted average remaining lease term at December 31, 2019 is 3.1 years.

For the three months ended December 31, 2019, we made cash payments of $28.1 million for amounts included in our lease liabilities. New or amended leases resulted in additional right-of-use assets of $17.3 million.

4. Revenue recognition

We recognize revenue as, or when, we satisfy performance obligations under a contract. The majority of our contracts have performance obligations which are satisfied over time. In most cases, we view our performance obligations as promises to transfer a series of distinct services to our customer that are substantially the same and which have the same pattern of service. We recognize revenue over the performance period as a customer receives the benefits of our services.

Disaggregation of revenue

In addition to our segment reporting, we disaggregate our revenues by service, contract type, customer type and geography. Our operating segments represent the manner in which our Chief Executive Officer reviews our financial results which is further discussed in "Note 2. Segment information."

By operating segment and service

(dollars in thousands)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
Program administration	$ 236,907	$ 218,973
Assessments and appeals	33,831	37,221
Workforce and children services	29,386	23,903
Other	12,157	14,116
Total U.S. Health and Human Services	312,281	294,213
Program administration	281,688	140,121
Technology solutions	43,606	38,883
Assessments and appeals	41,277	37,983
Total U.S. Federal Services	366,571	216,987
Workforce and children services	57,239	73,278
Assessments and appeals	62,643	62,310
Program administration	17,094	15,320
Other	2,401	2,511
Total Outside the U.S.	139,377	153,419
Total revenue	$ 818,229	$ 664,619

By contract type

(dollars in thousands)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
Performance-based	$ 292,758	$ 312,887
Cost-plus	362,811	175,298
Fixed price	119,216	147,151
Time and materials	43,444	29,283
Total revenue	$ 818,229	$ 664,619

By customer type

(dollars in thousands)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
New York State government agencies	$ 97,223	$ 91,712
Other U.S. state government agencies	209,886	198,902
Total U.S. state government agencies	307,109	290,614
United States Federal Government agencies	351,833	198,278
International government agencies	130,816	142,781
Other, including local municipalities and commercial customers	28,471	32,946
Total revenue	$ 818,229	$ 664,619

By geography

(dollars in thousands)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018
United States of America	$ 678,852	$ 511,200
United Kingdom	73,002	73,418
Australia	37,435	53,373
Rest of world	28,940	26,628
Total revenue	$ 818,229	$ 664,619

Contract balances

Differences in timing between revenue recognition and cash collection result in contract assets and contract liabilities. We classify these assets as accounts receivable — billed and billable and unbilled receivables; the liabilities are classified as deferred revenue.

In many contracts, we bill our customers on a monthly basis shortly after the month end for work performed in that month. Funds are considered collectible and are included within accounts receivable — billed and billable.

Exceptions to this pattern will arise for various reasons, including those listed below.

- Under cost-plus contracts, we are typically required to estimate a contract's share of our general and administrative expenses. This share is based upon estimates of total costs which may vary over time. We typically invoice our customers at an agreed provisional billing rate which will differ from actual rates incurred. If our actual rates are higher than the provisional billing rates, an asset is recorded for this variance; if the provisional billing rate is higher than our actual rate, we record a liability.
- Certain contracts include retainage balances, whereby revenue is earned but cash payments are held back by the customer for a period of time, typically to allow the customer to evaluate the quality of our performance. This balance is classified as accounts receivable - unbilled until restrictions on billing have been lifted.
- In certain contracts, we may receive funds from our customers prior to performing operations. These funds are typically referred to as "set-up costs" and reflect the need for us to make investments in infrastructure prior to providing a service. This investment in infrastructure is not a performance obligation which is distinct from the service that is subsequently provided and, as a result, revenue is not recognized based upon the establishment of this infrastructure, but rather over the course of the contractual relationship. The funds are initially recorded as deferred revenue and recognized over the term of the contract. Other contracts may not include set-up fees but will provide higher fees in earlier periods of the contract. The premium on these fees is deferred.
- Some of our contracts, notably our welfare-to-work contracts in the Outside the U.S. Segment, include payments for outcomes, such as job retention, which occur over several months. We are required to

estimate these outcome fees ahead of their realization and recognize this estimated fee over the period of delivery.

During the three months ended December 31, 2019 and 2018, we recognized revenue of $18.0 million and $21.8 million included in our deferred revenue balances at September 30, 2019 and 2018, respectively.

Contract estimates

We are required to use estimates in recognizing certain revenue.

- Some of our performance-based contract revenue is recognized based upon future outcomes defined in each contract. This is the case in many of our welfare-to-work contracts in the Outside the U.S. Segment, where we are paid as individuals attain employment goals, which may take many months to achieve. We recognize revenue on these contracts over the period of performance. Our estimates vary from contract to contract but may include estimates of the number of participants, the length of the contract and the participants reaching employment milestones. We are required to estimate these outcome fees ahead of their realization and recognize this estimated fee over the period of delivery.
- Other performance-based contracts with future outcomes include those where we recognize an average effective rate per participant based upon the total volume of expected participants. In this instance, we are required to estimate the amount of discount applied to determine the average rate of revenue per participant.

Where we have changes to our estimates, these are recognized on a cumulative catch-up basis. In the three months ended December 31, 2019 and 2018, we reported reductions in revenue of $1.4 million and $1.5 million from changes in estimates, respectively.

Deferred contract costs

For many contracts, we incur significant incremental costs at the beginning of an arrangement. Typically, these costs relate to the establishment of infrastructure which we utilize to satisfy our performance obligations with the contract. We report these costs as deferred contract costs and amortize them on a straight-line basis over the shorter of the useful economic life of the asset or the anticipated term of the contract.

In the three months ended December 31, 2019 and 2018, we deferred $1.3 million and $3.1 million of costs, respectively, and recorded amortization expense of $2.2 million and $1.3 million, respectively. This amortization was recorded within our "cost of revenue" on our consolidated statements of operations.

Remaining performance obligations

At December 31, 2019, we had approximately $300 million of remaining performance obligations. We anticipate that we will recognize revenue on approximately 60% of this balance within the next twelve months. This balance excludes contracts with an original duration of twelve months or less, including contracts with a penalty-free termination for convenience clause, and any variable consideration which is allocated entirely to future performance obligations including variable transaction fees or fees tied directly to costs incurred.

5. Earnings Per Share

The weighted average number of shares outstanding used to compute earnings per share was as follows:

	Three Months Ended December 31,	
(shares in thousands)	2019	2018
Basic weighted average shares outstanding	64,597	64,827
Dilutive effect of unvested RSUs	161	150
Denominator for diluted earnings per share	64,758	64,977

Our dilutive earnings per share for the three months ended December 31, 2019 and 2018, excludes any effect from approximately 274,000 and 282,000 unvested restricted stock units, respectively, as adding them to our calculation would have been antidilutive.

6. Acquisitions

On November 16, 2018, we acquired General Dynamics Information Technology's citizen engagement centers business for $430.7 million. This acquisition strengthens our position in the administration of federal government programs and the business was integrated into our U.S. Federal Services Segment. We completed our allocation of the purchase price to the assets acquired and liabilities assumed in September 2019, including goodwill of $184.6 million and intangible assets of $122.3 million.

On August 16, 2019, we acquired 100% of the share capital of GT Hiring Solutions (2005) Inc. ("GT Hiring") for a purchase price estimated to be $6.1 million (8.1 million Canadian Dollars). The purchase price is subject to a net working capital true-up. GT Hiring provides employment services in British Columbia. We acquired GT Hiring to enhance the reach and capabilities of our Canadian employment services and, accordingly, the business has been integrated into our Outside the U.S. Segment. We are still in the process of finalizing the purchase price and the allocation of assets acquired and liabilities assumed. We recorded estimated goodwill and intangible assets balances of $1.7 million and $2.7 million, respectively, related to this acquisition. The goodwill represents the assembled workforce and enhanced knowledge, experience and reputation we have obtained from the acquisition and will be deductible for tax purposes. The intangible assets represent customer relationships, which will be amortized over seven years.

7. Supplemental Disclosures

Under a resolution adopted in June 2018, the Board of Directors authorized the purchase, at management's discretion, of up to $200 million of our common stock. During the three months ended December 31, 2019, we purchased 26,000 of our common shares at a cost of $1.9 million. During the three months ended December 31, 2018, we acquired approximately 654,000 common shares at a cost of $41.3 million. At December 31, 2019, $144.1 million remained available for future stock purchases. Subsequent to December 31, 2019, we have purchased a further 30,000 shares at a cost of $2.2 million.

During the three months ended December 31, 2019, we granted 287,000 restricted stock units to our board of directors and employees. These awards will vest ratably over one and five years, respectively.

Our deferred compensation plan uses both mutual fund and life insurance investments to fund its obligations. The mutual funds are recorded at fair value, based upon quoted prices in active markets, and the life insurance investments at cash surrender value; changes in value are reported in our consolidated statements of operations. At December 31, 2019, the deferred compensation plan held $22.1 million of the mutual fund investments.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other amounts included within current assets and liabilities that meet the definition of a financial instrument are shown at values equivalent to fair value due to the short-term nature of these items. Our accounts receivable billed and billable balance includes both amounts invoiced and amounts that are ready to be invoiced where the funds are collectible within standard invoice terms. Our accounts receivable unbilled balance includes balances where revenue has been

earned but no invoice was issued on or before December 31, 2019. Restricted cash represents funds which are held in our bank accounts but which we are precluded from using for general business needs through contractual requirements; these requirements include serving as collateral for lease, credit card or letter of credit arrangements or where we hold funds on behalf of clients. Restricted cash is included within "prepaid expenses and other assets" on our balance sheet and is included within "cash, cash equivalents and restricted cash" in our consolidated statements of cash flows. A reconciliation of these balances is shown below.

	Balance as of			
(dollars in thousands)	December 31, 2019	September 30, 2019	December 31, 2018	September 30, 2018
Cash and cash equivalents	$ 149,515	$ 105,565	$ 54,736	$ 349,245
Restricted cash (recorded within "other current assets")	11,434	10,927	7,358	7,314
Cash, cash equivalents and restricted cash	160,949	116,492	62,094	356,559

During the three months ended December 31, 2019 and 2018, we made interest payments of $0.2 million and $0.2 million, respectively.

During the three months ended December 31, 2019 and 2018, we made income tax payments of $6.3 million and $7.1 million, respectively.

8. Litigation

We are subject to audits, investigations and reviews relating to compliance with the laws and regulations that govern our role as a contractor to agencies and departments of the United States Federal Government, state, local and foreign governments, and otherwise in connection with performing services in countries outside of the U.S. Adverse findings could lead to criminal, civil or administrative proceedings, and we could be faced with penalties, fines, suspension or debarment. Adverse findings could also have a material adverse effect on us because of our reliance on government contracts. We are subject to periodic audits by federal, state, local and foreign governments for taxes. We are also involved in various claims, arbitrations and lawsuits arising in the normal conduct of our business. These include but are not limited to bid protests, employment matters, contractual disputes and charges before administrative agencies. Although we can give no assurance, based upon our evaluation and taking into account the advice of legal counsel, we do not believe that the outcome of any existing matter would likely have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Medicaid claims

A state Medicaid agency has been notified of two proposed disallowances by the Centers for Medicare and Medicaid Services (CMS) totaling approximately $31 million. From 2004 through 2009, we had a contract with the state agency in support of its school-based Medicaid claims. We entered into separate agreements with the school districts under which we assisted the districts with preparing and submitting claims to the state Medicaid agency which, in turn, submitted claims for reimbursement to CMS. The state has asserted that its agreement with us requires us to reimburse the state for the amounts owed to CMS. However, our agreements with the school districts require them to reimburse us for such amounts, and therefore we believe the school districts are responsible for any amounts that ultimately must be refunded to CMS. Although it is reasonably possible that a court could conclude we are responsible for the full balance of the disallowances, we believe our exposure in this matter is limited to our fees associated with this work and that the school districts will be responsible for the remainder. We have reserved our estimated fees earned from this engagement relating to the disallowances. We exited the federal healthcare-claiming business in 2009 and no longer provide the services at issue in this matter. No legal action has been initiated against us.

9. Subsequent Events

On January 3, 2020, our Board of Directors declared a quarterly cash dividend of $0.28 for each share of our common stock outstanding. The dividend is payable on February 28, 2020, to shareholders of record on February 14, 2020. Based upon the number of shares outstanding, we anticipate a cash payment of approximately $18 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of financial condition and results of operations is provided to enhance the understanding of, and should be read in conjunction with, our Consolidated Financial Statements and related Notes included both herein and in our Annual Report on Form 10-K for the year ended September 30, 2019, which was filed with the Securities and Exchange Commission on November 26, 2019.

Business Overview

We are a leading operator of government health and human services programs worldwide. We are a responsible and reliable contracting partner to governments under our mission of *Helping Government Serve the People®*. Governments rely on our financial stability and proven expertise in helping people connect and use critical government programs. We use our experience, business process management expertise, innovation and technology solutions to help government agencies run effective, efficient and accountable programs.

Our primary portfolio of work is tied to business process services (BPS) in the health services and human services markets. Our growth over the last decade was driven by new work, such as that from the Affordable Care Act (ACA) in the United States and a growing footprint in clinical services including assessments, appeals and independent medical reviews in multiple geographies, as well as acquisitions in the United States and United Kingdom.

In 2018, the Company articulated a long-term growth strategy with three key tenets including a digital transformation embedded in its service offerings, an aim to increase its growing clinical services and a desire to seek strategic acquisitions as a means to set the platform for organic growth.

We believe that demographic and legislative trends will provide our industry with further opportunities for growth and that our strong reputation within this industry, based upon our market leadership, strong financial position and experience, will allow us to benefit from this growth.

- Demographic trends, including increased longevity and more complex health needs, place an increased burden on government social benefit and safety-net programs. At the same time, programs that address societal needs must be a good use of taxpayer dollars and achieve their intended outcomes. We believe the macro-economic trends of demographics and government needs, coupled with the need to achieve value for money, will continue to drive demand for our services.
- We maintain a strong reputation within the government health and human services industry. Our deep client relationships and reputation for delivering outcomes and efficiencies creates a strong barrier to entry in a risk-averse environment. Entering our markets typically requires expertise in complex procurement processes, operation of multi-faceted government programs and an ability to serve and engage with diverse populations.
- Our contract portfolio offers us good revenue visibility. Our contracts are typically multi-year arrangements and we have customer relationships which have lasted decades. Because of this longevity, our contract portfolio at any point in time can typically be used to identify approximately 90% of our anticipated revenue for the next twelve months.
- We have a total company portfolio target operating profit margin that ranges between 10% and 15% with high cash conversion, a healthy balance sheet and access to a $400 million credit facility. Our financial flexibility allows us to fund investments in the business, complete strategic acquisitions to further supplement our core capabilities and seek new adjacent platforms.

To supplement our core business, we have an active program to identify potential strategic acquisitions. Our acquisitions have successfully enabled us to increase future organic growth, as well as expand our business processes, knowledge and client relationships into adjacent markets and new geographies. In November 2018, we acquired the citizen engagement centers business previously operated by General Dynamics Information Technology. This acquisition, coupled with our 2015 acquisition of Acentia, LLC, has provided increased scale, customer base and competitive advantages in our business with the United States Federal Government. In August 2019, we acquired GT Hiring Solutions in Canada, which we have integrated into our Outside the U.S. Segment. This acquisition supplements our existing businesses in this segment.

Financial Overview

We operate our business through three segments, U.S. Health and Human Services, U.S. Federal Services and Outside the U.S. The results for each of these segments for the three months ended December 31, 2019, compared to the comparative periods in fiscal year 2019, were affected by different factors.

- Our U.S. Health & Human Services Segment reported organic revenue growth of 6.1% and operating profit margins of 18.6%.
- Our U.S. Federal Services Segment reported growth from the acquisition of the citizen engagement centers business and organic growth both from the acquired business and the core MAXIMUS business. Much of the growth was driven by the Census Questionnaire Assistance contract.
- Our Outside the U.S. Segment continues to be challenged by market conditions.

Results of Operations

Consolidated

The following table sets forth, for the periods indicated, selected statements of operations data:

	Three Months Ended December 31,	
(dollars in thousands, except per share data)	2019	2018
Revenue	$ 818,229	$ 664,619
Cost of revenue	642,779	505,354
Gross profit	175,450	159,265
Gross profit percentage	21.4 %	24.0 %
Selling, general and administrative expenses	87,227	79,671
Selling, general and administrative expense as a percentage of revenue	10.7 %	12.0 %
Amortization of intangible assets	9,088	5,458
Operating income	79,135	74,136
Operating margin	9.7 %	11.2 %
Interest expense	484	625
Other income, net	719	2,045
Income before income taxes	79,370	75,556
Provision for income taxes	20,636	19,833
Effective income tax rate	26.0 %	26.2 %
Net income	58,734	55,723
Loss attributable to noncontrolling interests	—	(190)
Net income attributable to MAXIMUS	$ 58,734	$ 55,913
Basic earnings per share	$ 0.91	$ 0.86
Diluted earnings per share	$ 0.91	$ 0.86

As our business segments have different factors driving revenue fluctuations and profitability, the sections that follow cover these segments in greater detail.

Changes in revenue, cost of revenue and gross profit for the three months ended December 31, 2019, are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
(dollars in thousands)	Dollars	Percentage change	Dollars	Percentage change	Dollars	Percentage change
Three months ended December 31, 2018	$ 664,619		$ 505,354		$ 159,265	
Estimated pre-acquisition results from citizen engagement centers business	98,429		85,341		13,088	
Pro forma results for the three months ended December 31, 2018	763,048		590,695		172,353	
Growth from citizen engagement centers contracts	38,105	5.0 %	28,591	4.8 %	9,514	5.5 %
Organic growth from other contracts	15,867	2.1 %	22,553	3.8 %	(6,686)	(3.9) %
Acquired growth	2,973	0.4 %	2,552	0.4 %	421	0.2 %
Currency effect compared to the prior period	(1,764)	(0.2) %	(1,612)	(0.3) %	(152)	(0.1) %
Three months ended December 31, 2019	$ 818,229	7.2 %	$ 642,779	8.8 %	$ 175,450	1.8 %

Revenue and cost of revenue for the three months ended December 31, 2019, increased compared to the same period in fiscal year 2019, principally driven by the citizen engagement centers business acquisition in the U.S. Federal Services Segment.

We acquired the citizen engagement centers business on November 16, 2018. We estimate that revenue and cost of revenue for the period from October 1, 2018 to November 16, 2018 (the acquisition date) would have increased our results by $98.4 million and $85.3 million, respectively. We have utilized pro forma revenue, cost of revenue and gross profit in calculating the changes shown above.

Organic revenue growth in the United States was partially offset by declines in our Outside the U.S. Segment. The factors driving changes are discussed in more detail below.

Our cost of revenue includes direct costs related to labor, subcontractor labor, outside vendors, rent and other direct costs.

Selling, general and administrative expense (SG&A) consists of indirect costs related to general management, marketing and administration. It is primarily composed of labor costs. These costs may be incurred at a segment level, for dedicated resources that are not client-facing, or at a corporate level. Corporate costs are allocated to segments on a consistent and rational basis. Fluctuations in our SG&A are primarily driven by changes in our administrative cost base, which is not directly driven by changes in our revenue. As part of our work for the United States Federal Government and many states, we allocate these costs using a methodology driven by the Federal Cost Accounting Standards. Our SG&A expense has increased year-over-year due primarily to the acquisition of the citizen engagement centers business, which has added an additional level of infrastructure. The first three months of fiscal year 2019 included approximately $2.7 million of one-time expenses directly related to the transaction.

Amortization of intangible assets received a full charge from our acquisition of the citizen engagement centers business during the three month period ended December 31, 2019. Additional charges from the acquisition of GT Hiring Solutions also increased our amortization expense.

Our interest expense is primarily driven by borrowings from our credit facility. In November 2018, we borrowed $150.0 million to partially fund the acquisition of the citizen engagement centers business; this borrowing was repaid in full during fiscal year 2019.

Our effective tax rate for the three months ended December 31, 2019, was 26.0%, compared to 26.2% in the same period in fiscal year 2018.

U.S. Health & Human Services Segment

Our U.S. Health and Human Services Segment provides a variety of business process services such as program administration, appeals and assessments services, and related consulting work for U.S. state and local government programs. These services support a variety of programs including the Affordable Care Act (ACA), Medicaid and the Children's Health Insurance Program (CHIP). We also serve as administrators in state-based welfare-to-work and child support programs.

	Three Months Ended December 31,	
(dollars in thousands)	2019	2018
Revenue	$ 312,281	$ 294,213
Cost of revenue	222,691	206,182
Gross profit	89,590	88,031
Operating income	58,192	55,892
Gross profit percentage	28.7 %	29.9 %
Operating margin percentage	18.6 %	19.0 %

Our revenue and cost of revenue for the three month period ended December 31, 2019, increased 6.1% and 8.0%, respectively, compared to the same period in fiscal year 2019. All growth was organic. Revenue growth was driven by new contracts and the expansion of existing contracts. Our gross profit margin was tempered slightly by the delayed rollout of Medicaid managed care in North Carolina. Our operating profit margin remained steady, helped, in part, by a full quarter of benefit from the citizen engagement centers business in the U.S. Federal Segment, which absorbs general and administrative expenses and reduces allocated costs to this segment.

We continue to anticipate operating profit margins for this segment in the 17%-18% range during fiscal year 2020.

U.S. Federal Services Segment

Our U.S. Federal Services Segment provides business process solutions, including program administration, appeals and assessment services as well as system and software development and maintenance services for various U.S. federal civilian programs. This segment also contains certain state-based assessments and appeals work that is part of the segment's heritage within the Medicare Appeals portfolio and continues to be managed within this segment.

	Three Months Ended December 31,	
(dollars in thousands)	2019	2018
Revenue	$ 366,571	$ 216,987
Cost of revenue	295,750	169,002
Gross profit	70,821	47,985
Operating income	31,582	21,353
Gross profit percentage	19.3 %	22.1 %
Operating margin percentage	8.6 %	9.8 %

Changes in revenue, cost of revenue and gross profit for the three months ended December 31, 2019, are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
(dollars in thousands)	Dollars	Percentage change	Dollars	Percentage change	Dollars	Percentage change
Three months ended December 31, 2018 (1)	$ 216,987		$ 169,002		$ 47,985	
Estimated pre-acquisition results from citizen engagement centers business (2)	98,429		85,341		13,088	
Pro forma results for the three months ended December 31, 2018	315,416		254,343		61,073	
Growth from citizen engagement centers contracts (3)	38,105	12.1 %	28,591	11.2 %	9,514	15.6 %
Organic growth from other contracts (4)	13,050	4.1 %	12,816	5.0 %	234	0.4 %
Three months ended December 31, 2019	$ 366,571	16.2 %	$ 295,750	16.3 %	$ 70,821	16.0 %

To show the changes between fiscal year 2019 and 2020, we have utilized the following information.

1. These balances represent our results for the three months ended December 31, 2018. These results include approximately six weeks of benefit from the citizen engagement centers business, which was acquired on November 16, 2018 (the acquisition date).

2. These balances represent an estimate of the results for the citizen engagement centers business for the pre-acquisition period – the period from October 1, 2018 through to the acquisition date. This balance, combined with our prior year results, provides pro forma results – an estimate of the results of this segment if we had acquired the citizen engagement centers business on or before October 1, 2018.

3. These balances represent the growth, on a pro forma basis, of the contracts acquired with the citizen engagement centers business from the first quarter of fiscal years 2019 to the first quarter of fiscal year 2020. The principal driver of this growth was the Census Questionnaire Assistance (CQA) contract.

4. These balances represent the growth reported between the first quarters of fiscal years 2019 and 2020 of existing contracts outside those acquired.

We continue to anticipate operating profit margins in the 9%-10% range for this segment for fiscal year 2020. As previously disclosed, the CQA contract had $185 million of revenue in fiscal year 2019. The contract contributed approximately $70 million of revenue in the first fiscal quarter of 2020. It is anticipated to provide approximately $360 million of revenue during the current fiscal year and less than $50 million in fiscal year 2021.

Outside the United States Segment

Our Outside the U.S. Segment provides business process solutions for governments and commercial clients outside the U.S., including health and disability assessments, program administration and case management for employment services and other work-support programs. We deliver services in the United Kingdom, including the Health Assessment Advisory Service (HAAS), the Work & Health Programme and Fair Start; Australia, including jobactive and the Disability Employment Service; Canada, including Health Insurance British Columbia and the Employment Program of British Columbia; Saudi Arabia and Singapore.

(dollars in thousands)	Three Months Ended December 31, 2019	2018
Revenue	$ 139,377	$ 153,419
Cost of revenue	124,338	130,170
Gross profit	15,039	23,249
Operating income/(loss)	(1,014)	4,441
Gross profit percentage	10.8 %	15.2 %
Operating margin percentage	(0.7)%	2.9 %

Changes in revenue, cost of revenue and gross profit for the three months ended December 31, 2019, are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
(dollars in thousands)	Dollars	Percentage change	Dollars	Percentage change	Dollars	Percentage change
Three months ended December 31, 2018	$ 153,419		$ 130,170		$ 23,249	
Organic decline	(15,251)	(9.9)%	(6,772)	(5.2)%	(8,479)	(36.5)%
Acquired growth	2,973	1.9 %	2,552	2.0 %	421	1.8 %
Currency effect compared to the prior period	(1,764)	(1.1)%	(1,612)	(1.2)%	(152)	(0.7)%
Three months ended December 31, 2019	$ 139,377	(9.2)%	$ 124,338	(4.5)%	$ 15,039	(35.3)%

Our revenue for the three month period ended December 31, 2019, decreased by 9.2% compared to the same period in fiscal year 2019. On a constant currency basis revenue decreased by 8.0%. Cost of revenue decreased by 4.5% compared to the same period in fiscal year 2019.

We continue to be challenged across the segment by low unemployment rates in the geographies in which we operate. Low unemployment and strong economies result in a smaller unemployed population to serve and a population which is typically harder to place into employment. The bush fires in Australia negatively impacted the first fiscal quarter and we anticipate further disruption for the remainder of the fiscal year. The Australian government has put temporary measures in place that exempt participants from certain activities until early March as the region recovers from the natural disaster. In addition, due to the coronavirus outbreak, the Australian Government has restricted travel between China and Australia. This may affect our ability to place jobseekers in industries dependent upon travel, such as tourism. We have taken steps to address our revenue and cost base, designed to improve operating margins. The pace of improvement may be negatively impacted by the factors discussed above.

Our acquired growth is from the acquisition of GT Hiring Solutions in Canada in August 2019.

The continued strength of the United States Dollar against the currencies in which we do business outside the U.S. has resulted in year-over-year declines in our revenue and costs.

Approximately half of our revenue within the Outside the U.S. Segment is generated through contracts within the United Kingdom, most of which are with government agencies. As such, we are closely monitoring developments following the departure of the United Kingdom from the European Union. We do not anticipate the withdrawal to have a material direct effect on our business in the United Kingdom due to the nature of our customer base and the absence of cross-border operations. However, the uncertainty over the process has affected us indirectly. We anticipate we will continue to be subject to political risks, as legislative priorities may change, the economic risks from the post-withdrawal environment, and we may, along with other businesses, experience difficulty in recruiting and retaining employees.

Liquidity and Capital Resources

Our principal source of liquidity remains our cash flows from operations. These cash flows are used to fund our ongoing operations and working capital needs as well as investments in capital infrastructure, purchases of our own common stock and business combinations. These operating cash flows are driven by our contracts and their payment terms. For many contracts, we are reimbursed for the costs of startup operations, although there may be a gap between incurring and receiving these funds. Other factors which may cause shortfalls in cash flows include contract terms where payments are tied to outcome deliveries, which may not correspond with the costs incurred to achieve these outcomes and short-term delays where government budgets are constrained.

To supplement our operating cash flows, we maintain and utilize our credit facility which allows us to borrow up to $400 million, subject to standard covenants. In November 2018, we utilized $150 million of borrowing to acquire the citizen engagement centers business, with the balance from existing cash balances. We have since repaid this balance in full. Our international locations have access to borrowing facilities which they may use to cover short-term working capital needs or small acquisitions, such as our acquisition of GT Hiring Solutions in August 2019.

We believe our cash flows from operations to be sufficient to meet our day-to-day requirements.

Our priorities for cash utilization are to actively pursue new growth opportunities. We also maintain our quarterly dividend program and, where opportunities arise, make purchases of our own shares.

We have no requirement to remit funds from our foreign locations back to the United States. With the passage of the Tax Cuts and Jobs Act in the United States, we are able to transfer a significant amount of funds from our foreign locations on a tax-free basis. We will continue to explore opportunities to bring back additional funds, taking into consideration the working capital requirements and relevant tax rules in each jurisdiction. When we are unable to remit funds back without incurring a penalty, we will consider these funds indefinitely reinvested until such time as these restrictions are changed. As a result, we do not record U.S. deferred income taxes on any funds held in foreign jurisdictions. We have not attempted to calculate our potential liability from any transfer of these funds as any such transaction might include tax planning strategies which we have not fully explored. Accordingly, it is not possible to estimate the potential tax obligations if we were to remit all of our funds from foreign locations to the United States. At December 31, 2019, we held $39.2 million in cash or cash equivalents held in foreign locations in local currencies.

Cash Flows

The following table provides a summary of our cash flow information for the three months ended December 31, 2019 and 2018.

	Three Months Ended December 31,	
(dollars in thousands)	2019	2018
Net cash provided by/(used in):		
Operations	$ 87,267	$ 59,340
Investing activities	(10,462)	(411,739)
Financing activities	(33,800)	59,002
Effect of exchange rate changes on cash and cash equivalents	1,452	(1,068)
Net increase/(decrease) in cash, cash equivalents and restricted cash	$ 44,457	$ (294,465)

The largest single driver of our cash flow growth has been from the operations of our acquisition of the citizen engagement centers business, which has increased both our cash collections from customers and our cash payments to vendors.

Cash flows from operations improved through the growth of the business, improvements in our cash collections and timing differences related to our payroll obligations.

- We have received operating cash flows from our acquisition of the citizen engagement centers business.
- Our Days Sales Outstanding (DSO) at December 31, 2019, were 71 days; the balance at September 30, 2019, was 72 days. During the first quarter of fiscal year 2019, our DSO grew by six days to 73 days, reflecting a strong cash collection performance at the end of fiscal year 2018. We have a target range for DSO of 65 to 80 days and in recent years, we have typically maintained the lower end of this range.
- Beginning in fiscal year 2019, our business in the United States operates on a bi-weekly payroll cycle and, accordingly, our pattern of payments to our employees and the tax authorities are not consistent between quarters. During the first fiscal quarter of 2020, our cash payments were lower than our expenses by approximately one week of payroll, benefiting our cash flow.

Cash used in investing activities for the three months ended December 31, 2019, was $10.5 million compared to $411.7 million in the same period last year. Our fiscal year 2019 cash outflows include an initial payment of $421.8 million for the acquisition of the citizen engagement centers business.

Cash used in financing activities in the three months ended December 31, 2019, was $33.8 million, compared to $59.0 million of cash provided in the comparative period. Fiscal year 2019 included net cash borrowings of $125.1 million, offset by $41.0 million of purchases of our own common stock. Debt and stock purchase transactions were less significant in fiscal year 2020.

To supplement our statements of cash flows presented on a GAAP basis, we use the measure of free cash flow to analyze the funds generated from operations.

	Three Months Ended December 31,	
(dollars in thousands)	2019	2018
Cash flows from operations	$ 87,267	$ 59,340
Purchases of property and equipment and capitalized software costs	(10,487)	(9,973)
Capital expenditure as a result of acquisition (1)	—	4,542
Free cash flow - non-gaap	$ 76,780	$ 53,909

(1) Purchases of property and equipment and capitalized software costs included $4.5 million in one time payments to cover software licenses required for employees joining us through the citizen engagement centers acquisition in November 2018.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and the reported amounts of revenue and expenses. On an ongoing basis we evaluate our estimates, including those related to revenue recognition and cost estimation on certain contracts, the realizability of goodwill and other long-lived assets, and amounts related to contingencies and income tax liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates.

During the three months ended December 31, 2019, we made changes to the manner in which we record leases. For additional information, please see "Note 3. Leases" in our "Notes to Unaudited Consolidated Financial Statements" in Item 1 of this Form 10-Q.

Non-GAAP Measures

We utilize non-GAAP measures where we believe it will assist the user of our financial statements in understanding our business. The presentation of these measures is meant to complement, but not replace, other financial measures in this document. The presentation of non-GAAP numbers is not meant to be considered in isolation, nor as an alternative to revenue growth, cash flows from operations or net income as measures of performance. These non-GAAP measures, as determined and presented by us, may not be comparable to related or similarly titled measures presented by other companies.

In fiscal year 2019, 21% of our revenue was generated outside the U.S. We believe that users of our financial statements wish to understand the performance of our foreign operations using a methodology which excludes the effect of year-over-year exchange rate fluctuations. To calculate year-over-year currency movement, we determine the current fiscal year's results for all foreign businesses using the exchange rates in the prior fiscal year. We refer to this adjusted revenue on a "constant currency basis."

In recent years, we have made a number of acquisitions. We believe users of our financial statements wish to evaluate the performance of our operations, excluding changes that have arisen due to businesses acquired. Where information is available, we will show pro forma revenue, cost of revenue and gross profit. Pro forma results represent an estimate of the results of the business as though we had owned the business for an entire comparative period, rather than just a portion of it. To provide pro forma financial information, we use the results of the acquired business as prepared by the former owners adjusted to reflect changes in accounting and eliminating transactions between ourselves and the company. Where this information has not been prepared, we will identify acquired revenue and cost of revenue by showing these results for periods for which no comparative results exist within our financial statements. We provide pro forma comparative results and acquired revenue as a way of allowing investors to see the growth in our business on a year-over-year basis. This information is supplemented by our calculations of organic revenue. To calculate organic revenue growth, we compare current fiscal year revenue excluding revenue from these acquisitions to our prior fiscal year revenue.

In order to sustain our cash flows from operations, we require regular refreshing of our fixed assets and technology. We believe that users of our financial statements wish to understand the cash flows that directly correspond with our operations and the investments we must make in those operations using a methodology which combines operating cash flows and capital expenditures. We provide free cash flow to complement our statement of cash flows. Free cash flow shows the effects of the Company's operations and replacement capital expenditures and excludes the cash flow effects of acquisitions, purchases of our own common stock, dividend payments and other financing transactions. We have provided a reconciliation of free cash flow to cash provided by operations.

To sustain our operations, our principal source of financing comes from receiving payments from our customers. We believe that users of our financial statements wish to evaluate our efficiency in converting revenue into cash receipts. Accordingly, we provide DSO, which we calculate by dividing billed and unbilled receivable balances at the end of each quarter by revenue per day for the period. Revenue per day for a quarter is determined by dividing total revenue by 91 days.

As noted above, we have a $400 million credit facility. Our credit agreement includes the defined term Consolidated EBITDA and our calculation of Adjusted EBITDA conforms to the credit agreement definition. We believe our investors appreciate the opportunity to understand the possible restrictions which arise from our credit agreement. Adjusted EBITDA is also a useful measure of performance which focuses on the cash generating capacity of the business as it excludes the non-cash expenses of depreciation and amortization, and makes for easier comparisons between the operating performance of companies with different capital structures by excluding interest expense and therefore the impacts of financing costs. The measure of Adjusted EBITA is a step in calculating Adjusted EBITDA and facilitates comparisons to similar businesses as it isolates the amortization effect of business combinations. Our credit facility requires us to calculate Adjusted EBITDA on a pro forma basis as though we had owned any acquired business for a full twelve month period prior to the acquisition. We have provided a reconciliation from net income to Adjusted EBITA, Adjusted EBITDA and Pro Forma Adjusted EBITDA as follows:

(dollars in thousands)	Three Months Ended December 31, 2019	Three Months Ended December 31, 2018	Trailing Twelve Months Ended December 31, 2019	Trailing Twelve Months Ended December 31, 2018
Net income attributable to MAXIMUS	$ 58,734	$ 55,913	$ 243,645	$ 217,573
Interest (income)/expense, net	(118)	(957)	650	(3,290)
Provision of income taxes	20,636	19,833	77,628	78,376
Amortization of intangible assets	9,088	5,458	36,684	13,048
Stock compensation expense	5,397	4,971	21,200	19,807
Acquisition-related expenses	—	2,690	1	3,637
Adjusted EBITA - non-gaap	$ 93,737	$ 87,908	$ 379,808	$ 329,151
Depreciation and amortization of property, plant, equipment and capitalized software	15,318	11,231	56,491	49,396
Adjusted EBITDA - non-gaap	$ 109,055	$ 99,139	$ 436,299	$ 378,547
Additional adjusted EBITDA related to citizen engagement centers acquisition		6,695		28,330
Pro Forma Adjusted EBITDA - non-gaap		$ 105,834		$ 406,877

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Our exposure to market risks generally relates to changes in foreign currency exchange rates.

At December 31, 2019, and September 30, 2019, we held net assets denominated in currencies other than the U.S. Dollar of $189.3 million and $176.3 million, respectively. Of these balances, cash and cash equivalents comprised $39.2 million and $18.9 million, respectively. Accordingly, in the event of a 10% unfavorable exchange rate movement across these currencies, we would have reported the following incremental effects on our comprehensive income and our cash flow statement (in thousands).

	December 31, 2019	September 30, 2019
Comprehensive income attributable to MAXIMUS	$ (18,930)	$ (17,630)
Net decrease in cash and cash equivalents	(3,920)	(1,890)

Included within our net assets held in international currency are assets which we consider to be monetary assets — those which hold a fair value close to their book value and which represent a recent cash outflow or which will become a cash inflow or outflow within a short period of time. These assets and liabilities are typically cash, billed, billable and unbilled accounts receivable, current prepaid expenses, accounts payable, accrued compensation, deferred revenue and debt. At December 31, 2019, the net value of these assets and liabilities was $78.9 million.

Where possible, we identify surplus funds in foreign locations and place them into entities with the U.S. Dollar as their functional currency. This mitigates our exposure to foreign currencies. We mitigate our foreign currency exchange risks within our operating divisions through incurring costs and cash outflows in the same currency as our revenue.

We are exposed to interest rate risk through our revolving credit facility and other short term borrowings. Our interest rate for the revolving credit facility is based upon the one-month London Interbank Offering Rate (LIBOR) or equivalent plus a premium based upon our leverage; this premium is currently 1%. The one-month LIBOR at December 31, 2019, was approximately 1.8%. We had no borrowings under the facility at December 31, 2019. The majority of our outstanding debt at December 31, 2019, was comprised of short-term borrowings in foreign locations to cover short-term working capital needs. The terms and rates under which we borrow in these jurisdictions varies from location to location. As these borrowings are relatively small and for brief periods, we do not anticipate significant interest rate exposure. In the event that longer-term borrowings were required or if the costs of borrowing became expensive, we would anticipate using our current cash balance to cover these obligations.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer concluded that these disclosure controls and procedures were effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

(b) Changes in Internal Control over Financial Reporting

With the exception of the matters noted below, there was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal control that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

From October 2019, we have made changes to our accounting for leases based upon changes in accounting principles. These changes have required updates and additions to our existing controls which have been implemented in the current fiscal year.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

We are subject to audits, investigations and reviews relating to compliance with the laws and regulations that govern our role as a contractor to agencies and departments of the United States Federal Government, state, local and foreign governments, and otherwise in connection with performing services in countries outside of the U.S. Adverse findings could lead to criminal, civil or administrative proceedings, and we could be faced with penalties, fines, suspension or debarment. Adverse findings could also have a material adverse effect on us because of our reliance on government contracts. We are subject to periodic audits by federal, state, local and foreign governments for taxes. We are also involved in various claims, arbitrations and lawsuits arising in the normal conduct of our business. These include but are not limited to bid protests, employment matters, contractual disputes and charges before administrative agencies. Although we can give no assurance, based upon our evaluation and taking into account the advice of legal counsel, we do not believe that the outcome of any existing matter would likely have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Medicaid claims

A state Medicaid agency has been notified of two proposed disallowances by the Centers for Medicare and Medicaid Services (CMS) totaling approximately $31 million. From 2004 through 2009, we had a contract with the state agency in support of its school-based Medicaid claims. We entered into separate agreements with the school districts under which we assisted the districts with preparing and submitting claims to the state Medicaid agency which, in turn, submitted claims for reimbursement to CMS. The state has asserted that its agreement with us requires us to reimburse the state for the amounts owed to CMS. However, our agreements with the school districts require them to reimburse us for such amounts, and therefore we believe the school districts are responsible for any amounts that ultimately must be refunded to CMS. Although it is reasonably possible that a court could conclude we are responsible for the full balance of the disallowances, we believe our exposure in this matter is limited to our fees associated with this work and that the school districts will be responsible for the remainder. We have reserved our estimated fees earned from this engagement relating to the disallowances. We exited the federal healthcare-claiming business in 2009 and no longer provide the services at issue in this matter. No legal action has been initiated against us.

Item 1A. Risk Factors.

In connection with information set forth in this Form 10-Q, the factors discussed under "Risk Factors" in our Form 10-K for fiscal year ended September 30, 2019, should be considered. The risks included in the Form 10-K could materially and adversely affect our business, financial condition and results of operations. There have been no material changes to the factors discussed in our Annual Report on Form 10-K for the year ended September 30, 2019, which was filed with the Securities and Exchange Commission on November 26, 2019.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) The following table sets forth the information required regarding purchases of common stock that we made during the three months ended December 31, 2019.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans(1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan (in thousands)
October 1, 2019 - October 31, 2019	—	$ —	—	$ 146,043
November 1, 2019 - November 30, 2019	—	—	—	146,043
December 1, 2019 - December 31, 2019	26,000	72.96	26,000	144,146
Total	26,000		26,000	

(1) Under a resolution adopted in June 2018, the Board of Directors authorized the purchase, at management's discretion, of up to an aggregate of $200 million of our common stock. The resolution also authorized the use of option exercise proceeds for the purchase of our common stock.

Item 6. Exhibits.

Exhibit No.	Description
31.1	• Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	• Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	❖ Section 906 Principal Executive Officer Certification.
32.2	❖ Section 906 Principal Financial Officer Certification.
101	The following materials from the MAXIMUS, Inc. Quarterly Report on Form 10-Q for the quarter ended December 31, 2019 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Changes in Shareholders' Equity and (vi) Notes to Consolidated Financial Statements. Filed electronically herewith.

• Filed herewith.

❖ Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MAXIMUS, INC.

Date: February 6, 2020

By: /s/ Richard J. Nadeau

Richard J. Nadeau
Chief Financial Officer
(On behalf of the registrant and as Principal Financial and Accounting Officer)

COUNTY OF NASSAU

CONSULTANT'S, CONTRACTOR'S AND VENDOR'S DISCLOSURE FORM

1. Name of the Entity: MAXIMUS Consulting Services, Inc.

Address: 808 Moorefield Park Drive

City: Richmond State/Province/Territory: VA Zip/Postal Code: 23236

Country: US

2. Entity's Vendor Identification Number: 26-1557956

3. Type of Business: Other (specify) Corporation

4. List names and addresses of all principals; that is, all individuals serving on the Board of Directors or comparable body, all partners and limited partners, all corporate officers, all parties of Joint Ventures, and all members and officers of limited liability companies (attach additional sheets if necessary):

1 File(s) uploaded Consultant's Contractor's and Vendor's Disclosure Form - 03-23-2016 - Signed LKF 11-26-19.pdf

No principals have been attached to this form.

5. List names and addresses of all shareholders, members, or partners of the firm. If the shareholder is not an individual, list the individual shareholders/partners/members. If a Publicly held Corporation, include a copy of the 10K in lieu of completing this section.
If none, explain.

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No shareholders, members, or partners have been attached to this form.

6. List all affiliated and related companies and their relationship to the firm entered on line 1. above (if none, enter "None"). Attach a separate disclosure form for each affiliated or subsidiary company that may take part in the performance of this contract. Such disclosure shall be updated to include affiliated or subsidiary companies not previously disclosed that participate in the performance of the contract.

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7. List all lobbyists whose services were utilized at any stage in this matter (i.e., pre-bid, bid, post-bid, etc.). If none, enter "None." The term "lobbyist" means any and every person or organization retained, employed or designated by any client to influence - or promote a matter before - Nassau County, its agencies, boards, commissions, department heads, legislators or committees, including but not limited to the Open Space and Parks Advisory Committee and Planning Commission. Such matters include, but are not limited to, requests for proposals, development or improvement of real property subject to County regulation, procurements. The term "lobbyist" does not include any officer, director, trustee, employee, counsel or agent of the County of Nassau, or State of New York, when discharging his or her official duties.

Are there lobbyists involved in this matter?
YES [ ] NO [X]

(a) Name, title, business address and telephone number of lobbyist(s):
808 Moorefield Park Drive

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(b) Describe lobbying activity of each lobbyist. See below for a complete description of lobbying activities.

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(c) List whether and where the person/organization is registered as a lobbyist (e.g., Nassau County, New York State):

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8. VERIFICATION: This section must be signed by a principal of the consultant, contractor or Vendor authorized as a signatory of the firm for the purpose of executing Contracts.

The undersigned affirms and so swears that he/she has read and understood the foregoing statements and they are, to his/her knowledge, true and accurate.

Electronically signed and certified at the date and time indicated by:
Lauren K. Fujioka [RFPINFO2@MAXIMUS.COM]

Dated: 02/04/2020 03:39:29 PM

Title: Senior Director and Legal Counsel

The term lobbying shall mean any attempt to influence: any determination made by the Nassau County Legislature, or any member thereof, with respect to the introduction, passage, defeat, or substance of any local legislation or resolution; any determination by the County Executive to support, oppose, approve or disapprove any local legislation or resolution, whether or not such legislation has been introduced in the County Legislature; any determination by an elected County official or an officer or employee of the County with respect to the procurement of goods, services or construction, including the preparation of contract specifications, including by not limited to the preparation of requests for proposals, or solicitation, award or administration of a contract or with respect to the solicitation, award or administration of a grant, loan, or agreement involving the disbursement of public monies; any determination made by the County Executive, County Legislature, or by the County of Nassau, its agencies, boards, commissions, department heads or committees, including but not limited to the Open Space and Parks Advisory Committee, the Planning Commission, with respect to the zoning, use, development or improvement of real property subject to County regulation, or any agencies, boards, commissions, department heads or committees with respect to requests for proposals, bidding, procurement or contracting for services for the County; any determination made by an elected county official or an officer or employee of the county with respect to the terms of the acquisition or disposition by the county of any interest in real property, with respect to a license or permit for the use of real property of or by the county, or with respect to a franchise, concession or revocable consent; the proposal, adoption, amendment or rejection by an agency of any rule having the force and effect of law; the decision to hold, timing or outcome of any rate making proceeding before an agency; the agenda or any determination of a board or commission; any determination regarding the calendaring or scope of any legislature oversight hearing; the issuance, repeal, modification or substance of a County Executive Order; or any determination made by an elected county official or an officer or employee of the county to support or oppose any state or federal legislation, rule or regulation, including any determination made to support or oppose that is contingent on any amendment of such legislation, rule or regulation, whether or not such legislation has been formally introduced and whether or not such rule or regulation has been formally proposed.

AMENDMENT NO. 2

This AMENDMENT (together with any appendices or exhibits hereto, this "Amendment") dated as of the date that this Amendment is executed by Nassau County (the "Effective Date") between (i) Nassau County, a municipal corporation having its principal office at 1550 Franklin Avenue, Mineola, New York 11501 (the "County"), acting for and on behalf of the Office of the Nassau County Comptroller, having its principal office at 240 Old Country Road, Mineola, New York 11501 (the "Department"), and (ii) MAXIMUS Consulting Services, Inc., having its principal office at 1891 Metro Center Drive, Reston, VA 20190 (the "Contractor").

WITNESSETH:

WHEREAS, pursuant to County contract number CQCO15000001 between the County and the Contractor, executed on behalf of the County on March 10, 2015, as amended by Amendment 1, County contract number CLCO17000011 executed on behalf of the County on December 29, 2017 (the "Original Agreement"), the Contractor provides services in connection with the County's indirect cost allocation plan and related schedules to maximize recovery of federal grant funds due the County, which services are more fully described in the Original Agreement (the services contemplated by the Original Agreement, the "Services"); and

WHEREAS, the term of the Original Agreement was effective from March 10, 2015 until December 31, 2019, unless sooner terminated in accordance with the terms of the Original Agreement; and

WHEREAS, the maximum amount that the County agreed to reimburse the Contractor for Services under the Original Agreement, as full compensation for the Services, was One Hundred Forty-Four Thousand Seven Hundred dollars ($144,700.00) ("Maximum Amount"); and

WHEREAS, the County and the Contractor desire to further amend the Original Agreement as and to the extent set forth in this Amendment; and

NOW, THEREFORE, in consideration of the promises and mutual covenants contained in this Amendment, the parties agree as follows:

1. Term Extension. The term of the Original Agreement shall be extended for an additional twelve (12) month period, so that the termination date of the Original Agreement, as amended by this Amendment (the "Amended Agreement"), shall be December 31, 2020.

2. Amount of Consideration: The Maximum Amount in the Original Agreement shall be increased pursuant to Section 6 (b) of the Original Agreement for the continuation of Services by Twenty-Nine Thousand Three Hundred and 00/100 Dollars ($29,300.00) as full compensation for services relating to the County's indirect cost allocation plans and other related schedules and services more particularly described in the Original Agreement, so that the maximum amount that the County shall pay the Contractor as full consideration for all Services provided under the Amended Agreement shall not exceed One Hundred Seventy-Four Thousand and 00/100 dollars ($174,000.00) (the "Amended Maximum Amount").

3. Compliance with Law. Section 9 of the Original Agreement shall be amended to add the following subsections:

(d) Prohibition of Gifts. In accordance with County Executive Order 2-2018, the Contractor shall not offer, give, or agree to give anything of value to any County employee, agent, consultant, construction manager, or other person or firm representing the County (a "County Representative"), including members of a County Representative's immediate family, in connection with the performance by such County Representative of duties involving transactions with the Contractor on behalf of the County, whether such duties are related to this Agreement or any other County contract or matter. As used herein, "anything of value" shall include, but not be limited to, meals, holiday gifts, holiday baskets, gift cards, tickets to golf outings, tickets to sporting events, currency of any kind, or any other gifts, gratuities, favorable opportunities or preferences. For purposes of this subsection, an immediate family member shall include a spouse, child, parent, or sibling. The Contractor shall include the provisions of this subsection in each subcontract entered into under this Agreement.

(e) Disclosure of Conflicts of Interest. In accordance with County Executive Order 2-2018, the Contractor shall disclose as part of its response to the County's Business History Form, or other disclosure form(s), any and all instances where the Contractor employs any spouse, child, or parent of a County employee of the agency or department that contracted or procured the goods and/or services described under this Agreement. The Contractor shall have a continuing obligation, as circumstances arise, to update this disclosure throughout the term of this Agreement.

4. Full Force and Effect. All the terms and conditions of the Original Agreement not expressly amended by this Amendment shall remain in full force and effect and govern the relationship of the parties for the term of the Amended Agreement.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date.

MAXIMUS Consulting Services, Inc.

By: ______________________

Name: T. Isadora Huntley

Title: Sr. Director, Contracts

Date: 10.30.19

NASSAU COUNTY

By: ______________________

Name: ______________________

Title: County Executive

(or) Chief Deputy County Executive

(or) Deputy County Executive

Date: ______________________

PLEASE EXECUTE IN BLUE INK

State of ~~New York~~ Virginia)

) ss.:

County of Fairfax

On the 30 day of October in the year 2019 before me personally came T. Isadora Chunky, to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of Dekalb GA; that he or she is a Sr. Director of MAXIMUS Consulting Services, Inc., the company described herein and which executed the above instrument; and that he or she signed his or her name by authority of the board of directors of said company.

NOTARY PUBLIC

KIM D. HALLAM
NOTARY PUBLIC
REG. # 7654428
MY COMMISSION EXPIRES 06/30/2023
COMMONWEALTH OF VIRGINIA

STATE OF NEW YORK)

) ss.:

COUNTY OF NASSAU)

On the ____ day of ______________ in the year 20__ before me personally came ______________________ to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of ______________; that he or she is a Deputy County Executive of the County of Nassau, the municipal corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto pursuant to Section 205 of the County Government Law of Nassau County.

____

NOTARY PUBLIC

CERTIFICATE OF LIABILITY INSURANCE

ACORD

DATE(MM/DD/YYYY) 05/13/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Aon Risk Services, Inc. of Washington, D.C.
Aon Risk Services Central, Inc.
Chicago IL Office
200 East Randolph
Chicago IL 60601 USA

CONTACT NAME:
PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (800) 363-0105
E-MAIL ADDRESS:

INSURED
MAXIMUS Consulting Services, Inc.
6385 Flank Drive, Suite 400
Harrisburg PA 17112 USA

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A:	National Union Fire Ins Co of Pittsburgh	19445
INSURER B:	QBE Specialty Insurance Company	11515
INSURER C:	Zurich American Ins Co	16535
INSURER D:	American Zurich Ins Co	40142
INSURER E:	XL Specialty Insurance Co	37885
INSURER F:	American Guarantee & Liability Ins Co	26247

COVERAGES **CERTIFICATE NUMBER:** 570081756222 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS,

Limits shown are as requested

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
C	X COMMERCIAL GENERAL LIABILITY			GLO509621805	05/01/2020	05/01/2021	EACH OCCURRENCE	$1,000,000
	CLAIMS-MADE X OCCUR						DAMAGE TO RENTED PREMISES (Ea occurrence)	$1,000,000
							MED EXP (Any one person)	$10,000
							PERSONAL & ADV INJURY	$1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE	$2,000,000
	X POLICY PRO-JECT LOC						PRODUCTS - COMP/OP AGG	$2,000,000
	OTHER:							
C	AUTOMOBILE LIABILITY			BAP 5096219 05	05/01/2020	05/01/2021	COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
	X ANY AUTO						BODILY INJURY (Per person)	
	OWNED AUTOS ONLY / SCHEDULED AUTOS						BODILY INJURY (Per accident)	
	HIRED AUTOS ONLY / NON-OWNED AUTOS ONLY						PROPERTY DAMAGE (Per accident)	
E	X UMBRELLA LIAB X OCCUR			US00075267LI20A	05/01/2020	05/01/2021	EACH OCCURRENCE	$3,000,000
	EXCESS LIAB CLAIMS-MADE						AGGREGATE	$3,000,000
	DED X RETENTION $10,000							
D	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			WC509621605 AOS	05/01/2020	05/01/2021	X PER STATUTE OTH-ER	
C	ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N N	N/A		WC509621705 WI	05/01/2020	05/01/2021	E.L. EACH ACCIDENT	$1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE-EA EMPLOYEE	$1,000,000
							E.L. DISEASE-POLICY LIMIT	$1,000,000
A	E&O-PL-Primary			016028454 Claims Made SIR applies per policy terms & conditions	08/01/2019	08/01/2020	Agg/Per Claim SIR	$1,000,000 $10,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
RE: MAXIMUS Consulting Services, Inc., Cost Allocation Plan Engagement Contract. County of Nassau is included as Additional Insured in accordance with the policy provisions of the General Liability and Automobile Liability policies.

CERTIFICATE HOLDER

County of Nassau
Attn: Risk Manager
240 Old Country Road
Mineola NY 11501 USA

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Aon Risk Services Inc. of Washington D.C.

Holder Identifier :

Certificate No : 570081756222

AGENCY CUSTOMER ID: 410000000170
LOC #:

ADDITIONAL REMARKS SCHEDULE

AGENCY	NAMED INSURED
Aon Risk Services, Inc. of Washington, D.C.	MAXIMUS, Inc. and all subsidiaries
POLICY NUMBER: See Certificate Number: 570077778517	
CARRIER: See Certificate Number: 570077778517 / NAIC CODE:	EFFECTIVE DATE:

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER	
INSURER	
INSURER	
INSURER	

ADDITIONAL POLICIES If a policy below does not include limit information, refer to the corresponding policy on the ACORD certificate form for policy limits.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
	WORKERS COMPENSATION							
B		N/A		WC509621604 AOS	05/01/2019	05/01/2020	Deductible	$350,000

George Maragos
Comptroller

OFFICE OF THE COMPTROLLER
240 Old Country Road
Mineola, New York 11501

COMPTROLLER APPROVAL FORM FOR PERSONAL, PROFESSIONAL OR HUMAN SERVICES CONTRACTS

Attach this form along with all personal, professional or human services contracts, contract renewals, extensions and amendments.

CONTRACTOR NAME: **Maximus Consulting Services, Inc.**

CONTRACTOR ADDRESS: **1891 Metro Center Drive, Reston, VA 20190**

FEDERAL TAX ID #: **54-1000588**

Instructions: **Please check the appropriate box ("☑") after one of the following roman numerals, and provide all the requested information.**

I. ☐ The contract was awarded to the lowest, responsible bidder after advertisement for sealed bids. The contract was awarded after a request for sealed bids was published in____________________ [newspaper] on ____________ [date]. The sealed bids were publicly opened on ____________ [date]. ______ [#] of sealed bids were received and opened.

II. ☐ The contractor was selected pursuant to a Request for Proposals.
The Contract was entered into after a written request for proposals was issued on ____________ [date]. Potential proposers were made aware of the availability of the RFP by advertisement in ____________________ [newspaper], posting on industry websites, via email to interested parties and by publication on the County procurement website. Proposals were due on ____________ [date]. ______ [state #] proposals were received and evaluated. The evaluation committee consisted of: ____ (list # of persons on committee and their respective departments). The proposals were scored and ranked. As a result of the scoring and ranking, the highest-ranking proposer was selected.

III. ☒ This is a renewal, extension or amendment of an existing contract.
The Contract was entered into after a written request for proposals was issued on July 30, 2014. Potential proposers were made aware of the availability of the RFP by Newsday advertisement, as well as a posting on the County's website. Proposals were due on August 29, 2014. Four (4) proposals were received and evaluated, of which one proposer did not meet the minimum requirements. The proposals were scored and ranked. As a result of the scoring and ranking, the highest-ranking proposer was selected. The contract was originally executed by Nassau County on March 10, 2015. This is a renewal or extension pursuant to the contract, or an amendment within the scope of the contract or RFP.

IV. ☐ Pursuant to Executive Order No. 1 of 1993, as amended, at least three proposals were solicited and received. The attached memorandum from the department head describes the proposals received, along with the cost of each proposal.

☐ **A.** The contract has been awarded to the proposer offering the lowest cost proposal; **OR:**

☐ **B.** The attached memorandum contains a detailed explanation as to the reason(s) why the contract was awarded to other than the lowest-cost proposer. The attachment includes a specific delineation of the unique skills and experience, the specific reasons why a proposal is deemed superior, and/or why the proposer has been judged to be able to perform more quickly than other proposers.

V. ☐ Pursuant to Executive Order No. 1 of 1993 as amended, the attached memorandum from the department head explains why the department did not obtain at least three proposals.

☐ **A.** There are only one or two providers of the services sought or less than three providers submitted proposals. The memorandum describes how the contractor was determined to be the sole source provider of the personal service needed or explains why only two proposals could be obtained. If two proposals were obtained, the memorandum explains that the contract was awarded to the lowest cost proposer, or why the selected proposer offered the higher quality proposal, the proposer's unique and special experience, skill, or expertise, or its availability to perform in the most immediate and timely manner.

☐ **B.** The memorandum explains that the contractor's selection was dictated by the terms of a federal or New York State grant, by legislation or by a court order. (Copies of the relevant documents are attached).

☐ **C.** Pursuant to General Municipal Law Section 104, the department is purchasing the services required through a New York State Office of General Services contract no.____________________, and the attached memorandum explains how the purchase is within the scope of the terms of that contract.

☐ **D.** Pursuant to General Municipal Law Section 119-o, the department is purchasing the services required through an inter-municipal agreement.

VI. ☐ This is a human services contract with a not-for-profit agency for which a competitive process has not been initiated. Attached is a memorandum that explains the reasons for entering into this contract without conducting a competitive process, and details when the department intends to initiate a competitive process for the future award of these services. For any such contract, where the vendor has previously provided services to the county, attach a copy of the most recent evaluation of the vendor's performance. If the contractor has not received a satisfactory evaluation, the department must explain why the contractor should nevertheless be permitted to contract with the county.

In certain limited circumstances, conducting a competitive process and/or completing performance evaluations may not be possible because of the nature of the human services program, or because of a compelling need to continue services through the same provider. In those circumstances, attach an explanation of why a competitive process and/or performance evaluation is inapplicable.

VII. ☐ This is a public works contract for the provision of architectural, engineering or surveying services. The attached memorandum provides details of the department's compliance with Board of Supervisors' Resolution No. 928 of 1993, including its receipt and evaluation of annual Statements of Qualifications & Performance Data, and its negotiations with the most highly qualified firms.

Instructions with respect to Sections VIII, IX and X: **All Departments must check the box for VIII. Then, check the box for either IX or X, as applicable.**

VIII. ☒ Participation of Minority Group Members and Women in Nassau County Contracts. The selected contractor has agreed that it has an obligation to utilize best efforts to hire MWBE sub-contractors. Proof of the contractual utilization of best efforts as outlined in Exhibit "EE" may be requested at any time, from time to time, by the Comptroller's Office prior to the approval of claim vouchers.

IX. ☐ Department MWBE responsibilities. To ensure compliance with MWBE requirements as outlined in Exhibit "EE", Department will require vendor to submit list of sub-contractor requirements prior to submission of the first claim voucher, for services under this contract being submitted to the Comptroller.

X. ☒ Vendor will not require any sub-contractors.

In addition*, if this is a contract with an individual or with an entity that has only one or two employees:* ☐ a review of the criteria set forth by the Internal Revenue Service, *Revenue Ruling No.* 87-41, 1987-1 C.B. 296, attached as Appendix A to the Comptroller's Memorandum, dated February 13, 2004, concerning independent contractors and employees indicates that the contractor would not be considered an employee for federal tax purposes.

Department Head Signature

11/2/17

Date

NOTE: ***Any information requested above, or in the exhibit below, may be included in the county's "staff summary" form in lieu of a separate memorandum.***

Compt. form Pers./Prof. Services Contracts: Rev. 03/16

Exhibit A

COUNTY OF NASSAU

POLITICAL CAMPAIGN CONTRIBUTION DISCLOSURE FORM

1. Has the vendor or any corporate officers of the vendor provided campaign contributions pursuant to the New York State Election Law in (a) the period beginning April 1, 2016 and ending on the date of this disclosure, or (b), beginning April 1, 2018, the period beginning two years prior to the date of this disclosure and ending on the date of this disclosure, to the campaign committees of any of the following Nassau County elected officials or to the campaign committees of any candidates for any of the following Nassau County elected offices: the County Executive, the County Clerk, the Comptroller, the District Attorney, or any County Legislator? If yes, to what campaign committee?

_______No____

2. VERIFICATION: This section must be signed by a principal of the consultant, contractor or Vendor authorized as a signatory of the firm for the purpose of executing Contracts.

The undersigned affirms and so swears that he/she has read and understood the foregoing statements and they are, to his/her knowledge, true and accurate.

<u>The undersigned further certifies and affirms that the contribution(s) to the campaign committees identified above were made freely and without duress, threat or any promise of a governmental benefit or in exchange for any benefit or remuneration.</u>

Vendor: MAXIMUS Consulting Services, Inc

Dated: 9.25.17

Signed: ______________

Print Name: T. Isadora Huntley
Sr. Manager Contracts

Title: ______________

PQF (02/2016)

PRINCIPAL QUESTIONNAIRE FORM

All questions on these questionnaires must be answered by all officers and any individuals who hold a ten percent (10%) or greater ownership interest in the proposer/bidder. Answers must be typewritten or printed in ink. If you need more space to answer any question, make as many photocopies of the appropriate page(s) as necessary and attach them to the questionnaire.

COMPLETE THIS QUESTIONNAIRE CAREFULLY AND COMPLETELY. FAILURE TO SUBMIT A COMPLETE QUESTIONNAIRE MAY MEAN THAT YOUR BID/ PROPOSAL WILL BE REJECTED AS NON-RESPONSIVE AND IT WILL NOT BE CONSIDERED FOR AWARD.

NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.

1. Principal Name Kevin M. Reilly
   Date of birth 11 / 23 / 1966
   Home address 21358 Clearwater Ct
   City/state/zip Ashburn, VA 20147
   Business address 1891 Metro Center Drive
   City/state/zip Reston, VA 20190
   Telephone 703.251.8500
   Other present address(es) ____
   City/state/zip ____
   Telephone 703-251-8424
   List of other addresses and telephone numbers attached

2. Positions held in submitting business and starting date of each (check all applicable)
   President ___/___/___ Treasurer 3 / 19 / 12
   Chairman of Board ___/___/___ Shareholder ___/___/___
   Chief Exec. Officer ___/___/___ Secretary ___/___/___
   Chief Financial Officer ___/___/___ Partner ___/___/___
   Vice President ___/___/___ ________ ___/___/___
   (Other)

3. Do you have an equity interest in the business submitting the questionnaire?
   NO ___ YES X If Yes, provide details. 2,291 Shares out of 66,000,000

4. Are there any outstanding loans, guarantees or any other form of security or lease or any other type of contribution made in whole or in part between you and the business submitting the questionnaire? NO X YES ___ If Yes, provide details.

5. Within the past 3 years, have you been a principal owner or officer of any business or not-for-profit organization other than the one submitting the questionnaire? NO X YES ___; If Yes, provide details.

6. Has any governmental entity awarded any contracts to a business or organization listed in Section 5 in the past 3 years while you were a principal owner or officer? NO X YES ___ If Yes, provide details.

NOTE: An affirmative answer is required below whether the sanction arose automatically, by operation of law, or as a result of any action taken by a government agency.
Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

7. In the past (5) years, have you and/or any affiliated businesses or not-for-profit organizations listed in Section 5 in which you have been a principal owner or officer:

   a. Been debarred by any government agency from entering into contracts with that agency? NO __X__ YES ______ If Yes, provide details for each such instance.

   b. Been declared in default and/or terminated for cause on any contract, and/or had any contracts cancelled for cause? NO __x__ YES ___ If Yes, provide details for each such instance.

   c. Been denied the award of a contract and/or the opportunity to bid on a contract, including, but not limited to, failure to meet pre-qualification standards? NO _X_ YES ___ If Yes, provide details for each such instance.

   d. Been suspended by any government agency from entering into any contract with it; and/or is any action pending that could formally debar or otherwise affect such business's ability to bid or propose on contract? NO _X__ YES ___ If Yes, provide details for each such instance.

8. Have any of the businesses or organizations listed in response to Question 5 filed a bankruptcy petition and/or been the subject of involuntary bankruptcy proceedings during the past 7 years, and/or for any portion of the last 7 year period, been in a state of bankruptcy as a result of bankruptcy proceedings initiated more than 7 years ago and/or is any such business now the subject of any pending bankruptcy proceedings, whenever initiated? If 'Yes', provide details for each such instance. (Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.)

   a) Is there any felony charge pending against you? NO _X_ YES ___ If Yes, provide details for each such charge.

   b) Is there any misdemeanor charge pending against you? NO _X_ YES ___ If Yes, provide details for each such charge.

   c) Is there any administrative charge pending against you? NO _X_ YES ___ If Yes, provide details for each such charge.

   d) In the past 10 years, have you been convicted, after trial or by plea, of any felony, or of any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? NO _x_ YES ___ If Yes, provide details for each such conviction.

   e) In the past 5 years, have you been convicted, after trial or by plea, of a misdemeanor? NO _X_ YES ___ If Yes, provide details for each such conviction.

   f) In the past 5 years, have you been found in violation of any administrative or statutory charges? NO _X_ YES ___ If Yes, provide details for each such occurrence.

9. In addition to the information provided in response to the previous questions, in the past 5 years, have you been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency and/or the subject of an investigation where such investigation was related to activities performed at, for, or on behalf of the submitting business entity and/or an affiliated business listed in response to Question 5? NO _X_ YES ___ If Yes, provide details for each such investigation.

10. In addition to the information provided, in the past 5 years has any business or organization listed in response to Question 5, been the subject of a criminal investigation and/or a civil anti-trust investigation and/or any other type of investigation by any government agency, including but not limited to federal, state, and local regulatory agencies while you were a principal owner or officer? NO _X_ YES ___ If Yes; provide details for each such investigation.

11. In the past 5 years, have you or this business, or any other affiliated business listed in response to Question 5 had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held? NO _X_ YES ___ If Yes; provide details for each such instance.

12. For the past 5 tax years, have you failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges? NO _X_ YES ___ If Yes, provide details for each such year.

CERTIFICATION
A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID/PROPOSAL OR FUTURE BIDS/PROPOSALS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

I, Kevin M. Reilly, being duly sworn, state that I have read and understand all the items contained in the foregoing pages of this questionnaire and the following pages of attachments; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this questionnaire and before the execution of the contract; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this questionnaire as additional inducement to enter into a contract with the submitting business entity.

Sworn to before me this 22 day of August 2017

Notary Public

KIM D. HALLAM
Notary Public
Commonwealth of Virginia
7654426
My Commission Expires 6/30/2019

MAXIMUS Consulting Services, Inc.
Name of submitting business

Kevin M. Reilly
Print name

Signature

Treasurer
Title

8/22/17
Date

PQF (02/2016)

PRINCIPAL QUESTIONNAIRE FORM

All questions on these questionnaires must be answered by all officers and any individuals who hold a ten percent (10%) or greater ownership interest in the proposer/bidder. Answers must be typewritten or printed in ink. If you need more space to answer any question, make as many photocopies of the appropriate page(s) as necessary and attach them to the questionnaire.

COMPLETE THIS QUESTIONNAIRE CAREFULLY AND COMPLETELY. FAILURE TO SUBMIT A COMPLETE QUESTIONNAIRE MAY MEAN THAT YOUR BID/ PROPOSAL WILL BE REJECTED AS NON-RESPONSIVE AND IT WILL NOT BE CONSIDERED FOR AWARD.

NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.

1. Principal Name ____Kathleen L. Kerr____

   Date of birth _____04/ 01 ____/ 58

   Home address 11314 Pebble Garden LN

   City/state/zip Austin, TX 78739

   Business address 1891 Metro Center Drive

   City/state/zip Reston, VA 20190

   Telephone 703.251.8500

   Other present address(es) ____________

   City/state/zip ____________

   Telephone 5124238166

   List of other addresses and telephone numbers attached

2. Positions held in submitting business and starting date of each (check all applicable)

   President ____0214/05__ Treasurer ____ ____ /___ /

   Chairman of ____ ____/____ Shareholder __ __ ______

   Board Chief Exec./Officer ____/____/____ Secretary ____/____/____

   Chief Financial Officer ____/____/____ Partner ____/____/____

   Vice President ____/____/____ ________________/____/____

   (Other)

3. Do you have an equity interest in the business submitting the questionnaire?
   NO ___ YES _X_ If Yes, provide details. I own publicly traded shares

4. Are there any outstanding loans, guarantees or any other form of security or lease or any other type of contribution made in whole or in part between you and the business submitting the questionnaire? NO __X YES ____ If Yes, provide details.

5. Within the past 3 years, have you been a principal owner or officer of any business or not-for-profit organization other than the one submitting the questionnaire? NO _X_ YES ___; If Yes, provide details.

6. Has any governmental entity awarded any contracts to a business or organization listed in Section 5 in the past 3 years while you were a principal owner or officer? NO _X_ YES ___ If Yes, provide details.

NOTE: An affirmative answer is required below whether the sanction arose automatically, by operation of law, or as a result of any action taken by a government agency.
Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

7. In the past (5) years, have you and/or any affiliated businesses or not-for-profit organizations listed in Section 5 in which you have been a principal owner or officer:

    a. Been debarred by any government agency from entering into contracts with that agency? NO __X__ YES ______ If Yes, provide details for each such instance.

    b. Been declared in default and/or terminated for cause on any contract, and/or had any contracts cancelled for cause? NO _X__ YES ___ If Yes, provide details for each such instance.

    c. Been denied the award of a contract and/or the opportunity to bid on a contract, including, but not limited to, failure to meet pre-qualification standards? NO X__ YES ___ If Yes, provide details for each such instance.

    d. Been suspended by any government agency from entering into any contract with it; and/or is any action pending that could formally debar or otherwise affect such business's ability to bid or propose on contract? NO __X__ YES ___ If Yes, provide details for each such instance.

8. Have any of the businesses or organizations listed in response to Question 5 filed a bankruptcy petition and/or been the subject of involuntary bankruptcy proceedings during the past 7 years, and/or for any portion of the last 7 year period, been in a state of bankruptcy as a result of bankruptcy proceedings initiated more than 7 years ago and/or is any such business now the subject of any pending bankruptcy proceedings, whenever initiated? If 'Yes', provide details for each such instance. (Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.)

    a) Is there any felony charge pending against you? NO _X_ YES ___ If Yes, provide details for each such charge.

    b) Is there any misdemeanor charge pending against you? NO _X__ YES ___ If Yes, provide details for each such charge.

    c) Is there any administrative charge pending against you? NO _x__ YES ___ If Yes, provide details for each such charge.

    d) In the past 10 years, have you been convicted, after trial or by plea, of any felony, or of any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? NO _X_ YES ___ If Yes, provide details for each such conviction.

    e) In the past 5 years, have you been convicted, after trial or by plea, of a misdemeanor? NO _X_ YES ___ If Yes, provide details for each such conviction.

    f) In the past 5 years, have you been found in violation of any administrative or statutory charges? NO _X__ YES ___ If Yes, provide details for each such occurrence.

9. In addition to the information provided in response to the previous questions, in the past 5 years, have you been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency and/or the subject of an investigation where such investigation was related to activities performed at, for, or on behalf of the submitting business entity and/or an affiliated business listed in response to Question 5? NO _X_ YES ___ If Yes, provide details for each such investigation.

10. In addition to the information provided, in the past 5 years has any business or organization listed in response to Question 5, been the subject of a criminal investigation and/or a civil anti-trust investigation and/or any other type of investigation by any government agency, including but not limited to federal, state, and local regulatory agencies while you were a principal owner or officer? NO _X_ YES ___ If Yes; provide details for each such investigation.

11. In the past 5 years, have you or this business, or any other affiliated business listed in response to Question 5 had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held? NO _X_ YES ___ If Yes; provide details for each such instance.

12. For the past 5 tax years, have you failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges? NO _X_ YES ___ If Yes, provide details for each such year.

CERTIFICATION

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID/PROPOSAL OR FUTURE BIDS/PROPOSALS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

I, Kathleen L. Kerr, being duly sworn, state that I have read and understand all the items contained in the foregoing pages of this questionnaire and the following pages of attachments; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this questionnaire and before the execution of the contract; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this questionnaire as additional inducement to enter into a contract with the submitting business entity.

Sworn to before me this 30 day of August 2017

Notary Public

KIM D. HALLAM
Notary Public
Commonwealth of Virginia
7654426
My Commission Expires 6/30/2019

MAXIMUS Consulting Services, Inc.
Name of submitting business

Kathleen L. Kerr
Print name

Signature

President
Title

8 / 30 / 17
Date

PQF (02/2016)

PRINCIPAL QUESTIONNAIRE FORM

All questions on these questionnaires must be answered by all officers and any individuals who hold a ten percent (10%) or greater ownership interest in the proposer/bidder. Answers must be typewritten or printed in ink. If you need more space to answer any question, make as many photocopies of the appropriate page(s) as necessary and attach them to the questionnaire.

COMPLETE THIS QUESTIONNAIRE CAREFULLY AND COMPLETELY. FAILURE TO SUBMIT A COMPLETE QUESTIONNAIRE MAY MEAN THAT YOUR BID/ PROPOSAL WILL BE REJECTED AS NON-RESPONSIVE AND IT WILL NOT BE CONSIDERED FOR AWARD.

NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.

1. Principal Name Bruce P. Perkins
   Date of birth 09/ 22 / 1958
   Home address 8504 Walhill Cove
   City/state/zip Austin Texas
   Business address 1891 Metro Center Drive
   City/state/zip Reston, VA 20190
   Telephone 703.251.8500
   Other present address(es) ____
   City/state/zip ____
   Telephone ____
   List of other addresses and telephone numbers attached

2. Positions held in submitting business and starting date of each (check all applicable)
   President ___/___/___ Treasurer ___/___/___
   Chairman of Board ___/___/___ Shareholder ___/___/___
   Chief Exec. Officer ___/___/___ Secretary ___/___/___
   Chief Financial Officer ___/___/___ Partner ___/___/___
   Vice President 03/ 05 / 2013 to present ___/___/___
   (Other)

3. Do you have an equity interest in the business submitting the questionnaire?
   NO X YES ___ If Yes, provide details.

4. Are there any outstanding loans, guarantees or any other form of security or lease or any other type of contribution made in whole or in part between you and the business submitting the questionnaire? NO X YES ___ If Yes, provide details.

5. Within the past 3 years, have you been a principal owner or officer of any business or not-for-profit organization other than the one submitting the questionnaire? NO ___ YES X; If Yes, provide details.
   MAXIMUS Inc. and its affiliates.

6. Has any governmental entity awarded any contracts to a business or organization listed in Section 5 in the past 3 years while you were a principal owner or officer? NO ___ YES X If Yes, provide details.

   At any one time MAXIMUS, Inc. affiliates have several thousand active contracts and are awarded hundreds of contracts every year.

NOTE: An affirmative answer is required below whether the sanction arose automatically, by operation of law, or as a result of any action taken by a government agency.
Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

7. In the past (5) years, have you and/or any affiliated businesses or not-for-profit organizations listed in Section 5 in which you have been a principal owner or officer:

   a. Been debarred by any government agency from entering into contracts with that agency? NO __X__ YES ______ If Yes, provide details for each such instance.

   b. Been declared in default and/or terminated for cause on any contract, and/or had any contracts cancelled for cause? NO __X__ YES ___ If Yes, provide details for each such instance.

   c. Been denied the award of a contract and/or the opportunity to bid on a contract, including, but not limited to, failure to meet pre-qualification standards? NO _X_ YES ___ If Yes, provide details for each such instance.

   d. Been suspended by any government agency from entering into any contract with it; and/or is any action pending that could formally debar or otherwise affect such business's ability to bid or propose on contract? NO _X_ YES ___ If Yes, provide details for each such instance.

8. Have any of the businesses or organizations listed in response to Question 5 filed a bankruptcy petition and/or been the subject of involuntary bankruptcy proceedings during the past 7 years, and/or for any portion of the last 7 year period, been in a state of bankruptcy as a result of bankruptcy proceedings initiated more than 7 years ago and/or is any such business now the subject of any pending bankruptcy proceedings, whenever initiated? If 'Yes', provide details for each such instance. (Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.)

   a) Is there any felony charge pending against you? NO _X_ YES ___ If Yes, provide details for each such charge.

   b) Is there any misdemeanor charge pending against you? NO __X__ YES ___ If Yes, provide details for each such charge.

   c) Is there any administrative charge pending against you? NO _X_ YES ___ If Yes, provide details for each such charge.

   d) In the past 10 years, have you been convicted, after trial or by plea, of any felony, or of any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? NO _X_ YES ___ If Yes, provide details for each such conviction.

   e) In the past 5 years, have you been convicted, after trial or by plea, of a misdemeanor? NO _X_ YES ___ If Yes, provide details for each such conviction.

   f) In the past 5 years, have you been found in violation of any administrative or statutory charges? NO _X_ YES ___ If Yes, provide details for each such occurrence.

9. In addition to the information provided in response to the previous questions, in the past 5 years, have you been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency and/or the subject of an investigation where such investigation was related to activities performed at, for, or on behalf of the submitting business entity and/or an affiliated business listed in response to Question 5? NO _X_ YES ___ If Yes, provide details for each such investigation.

10. In addition to the information provided, in the past 5 years has any business or organization listed in response to Question 5, been the subject of a criminal investigation and/or a civil anti-trust investigation and/or any other type of investigation by any government agency, including but not limited to federal, state, and local regulatory agencies while you were a principal owner or officer? NO _X_ YES ___ If Yes; provide details for each such investigation.

11. In the past 5 years, have you or this business, or any other affiliated business listed in response to Question 5 had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held? NO _X_ YES ___ If Yes; provide details for each such instance.

12. For the past 5 tax years, have you failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges? NO _X_ YES ___ If Yes, provide details for each such year.

CERTIFICATION

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID/PROPOSAL OR FUTURE BIDS/PROPOSALS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

I, Bruce P. Perkins, being duly sworn, state that I have read and understand all the items contained in the foregoing pages of this questionnaire and the following pages of attachments; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this questionnaire and before the execution of the contract; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this questionnaire as additional inducement to enter into a contract with the submitting business entity.

Sworn to before me this 25 day of August 2017

Notary Public

KIM D. HALLAM
Notary Public
Commonwealth of Virginia
7654426
My Commission Expires 6/30/2019

MAXIMUS Consulting Services, Inc.
Name of submitting business

Bruce P. Perkins
Print name

Signature

Vice President
Title

08 / 25 / 2017
Date

PQF (02/2016)

PRINCIPAL QUESTIONNAIRE FORM

All questions on these questionnaires must be answered by all officers and any individuals who hold a ten percent (10%) or greater ownership interest in the proposer/bidder. Answers must be typewritten or printed in ink. If you need more space to answer any question, make as many photocopies of the appropriate page(s) as necessary and attach them to the questionnaire.

COMPLETE THIS QUESTIONNAIRE CAREFULLY AND COMPLETELY. FAILURE TO SUBMIT A COMPLETE QUESTIONNAIRE MAY MEAN THAT YOUR BID/ PROPOSAL WILL BE REJECTED AS NON-RESPONSIVE AND IT WILL NOT BE CONSIDERED FOR AWARD.

NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.

1. Principal Name Adam Polatnick
   Date of birth 04 / 28 / 1965
   Home address 1720 Lake Shore Crest Dr.
   City/state/zip Reston, VA 20190
   Business address 1891 Metro Center Drive
   City/state/zip Reston, VA 20190
   Telephone 703.251.8500
   Other present address(es) NONE
   City/state/zip NONE
   Telephone NONE
   List of other addresses and telephone numbers attached

2. Positions held in submitting business and starting date of each (check all applicable)
   President __/__/__ Treasurer __/__/__
   Chairman of Board __/__/__ Shareholder __/__/__
   Chief Exec. Officer __/__/__ Secretary __/__/__
   Chief Financial Officer __/__/__ Partner __/__/__
   Vice President 1 / 15 / 09 Asst Secretary __/__
   (Other)

3. Do you have an equity interest in the business submitting the questionnaire?
   NO X YES __ If Yes, provide details.

4. Are there any outstanding loans, guarantees or any other form of security or lease or any other type of contribution made in whole or in part between you and the business submitting the questionnaire? NO X YES __ If Yes, provide details.

5. Within the past 3 years, have you been a principal owner or officer of any business or not-for-profit organization other than the one submitting the questionnaire? NO X YES __; If Yes, provide details.

6. Has any governmental entity awarded any contracts to a business or organization listed in Section 5 in the past 3 years while you were a principal owner or officer? NO X YES __ If Yes, provide details.

NOTE: An affirmative answer is required below whether the sanction arose automatically, by operation of law, or as a result of any action taken by a government agency.
Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

7. In the past (5) years, have you and/or any affiliated businesses or not-for-profit organizations listed in Section 5 in which you have been a principal owner or officer:

   a. Been debarred by any government agency from entering into contracts with that agency? NO X YES ______ If Yes, provide details for each such instance.

   b. Been declared in default and/or terminated for cause on any contract, and/or had any contracts cancelled for cause? NO X YES ___ If Yes, provide details for each such instance.

   c. Been denied the award of a contract and/or the opportunity to bid on a contract, including, but not limited to, failure to meet pre-qualification standards? NO X YES ___ If Yes, provide details for each such instance.

   d. Been suspended by any government agency from entering into any contract with it; and/or is any action pending that could formally debar or otherwise affect such business's ability to bid or propose on contract? NO X YES ___ If Yes, provide details for each such instance.

8. Have any of the businesses or organizations listed in response to Question 5 filed a bankruptcy petition and/or been the subject of involuntary bankruptcy proceedings during the past 7 years, and/or for any portion of the last 7 year period, been in a state of bankruptcy as a result of bankruptcy proceedings initiated more than 7 years ago and/or is any such business now the subject of any pending bankruptcy proceedings, whenever initiated? If 'Yes', provide details for each such instance. (Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.)

   a) Is there any felony charge pending against you? NO X YES ___ If Yes, provide details for each such charge.

   b) Is there any misdemeanor charge pending against you? NO X YES ___ If Yes, provide details for each such charge.

   c) Is there any administrative charge pending against you? NO X YES ___ If Yes, provide details for each such charge.

   d) In the past 10 years, have you been convicted, after trial or by plea, of any felony, or of any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? NO X YES ___ If Yes, provide details for each such conviction.

   e) In the past 5 years, have you been convicted, after trial or by plea, of a misdemeanor? NO X YES ___ If Yes, provide details for each such conviction.

   f) In the past 5 years, have you been found in violation of any administrative or statutory charges? NO X YES ___ If Yes, provide details for each such occurrence.

9. In addition to the information provided in response to the previous questions, in the past 5 years, have you been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency and/or the subject of an investigation where such investigation was related to activities performed at, for, or on behalf of the submitting business entity and/or an affiliated business listed in response to Question 5? NO X YES ___ If Yes, provide details for each such investigation.

10. In addition to the information provided, in the past 5 years has any business or organization listed in response to Question 5, been the subject of a criminal investigation and/or a civil anti-trust investigation and/or any other type of investigation by any government agency, including but not limited to federal, state, and local regulatory agencies while you were a principal owner or officer? NO X YES ___ If Yes; provide details for each such investigation.

11. In the past 5 years, have you or this business, or any other affiliated business listed in response to Question 5 had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held? NO X YES ___ If Yes; provide details for each such instance.

12. For the past 5 tax years, have you failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges? NO X YES ___ If Yes, provide details for each such year.

CERTIFICATION
A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID/PROPOSAL OR FUTURE BIDS/PROPOSALS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

I, Adam Polatnick, being duly sworn, state that I have read and understand all the items contained in the foregoing pages of this questionnaire and the following pages of attachments; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this questionnaire and before the execution of the contract; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this questionnaire as additional inducement to enter into a contract with the submitting business entity.

Sworn to before me this 30 day of August 2017

Notary Public

KIM D. HALLAM
Notary Public
Commonwealth of Virginia
7654426
My Commission Expires 6/30/2019

MAXIMUS Consulting Services, Inc.
Name of submitting business

Adam Polatnick
Print name

Signature

VP Contracts, Asst. Secretary
Title

8 / 30 / 17
Date

PQF (02/2016)

PRINCIPAL QUESTIONNAIRE FORM

All questions on these questionnaires must be answered by all officers and any individuals who hold a ten percent (10%) or greater ownership interest in the proposer/bidder. Answers must be typewritten or printed in ink. If you need more space to answer any question, make as many photocopies of the appropriate page(s) as necessary and attach them to the questionnaire.

COMPLETE THIS QUESTIONNAIRE CAREFULLY AND COMPLETELY. FAILURE TO SUBMIT A COMPLETE QUESTIONNAIRE MAY MEAN THAT YOUR BID/ PROPOSAL WILL BE REJECTED AS NON-RESPONSIVE AND IT WILL NOT BE CONSIDERED FOR AWARD.

NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.

1. Principal Name Richard R. Sankey
   Date of birth 02 / 27 / 1967
   Home address 7021 Amber Lake Drive
   City/state/zip Tallahassee, FL 32309
   Business address 1891 Metro Center Drive
   City/state/zip Reston, VA 20190
   Telephone 703.251.8500
   Other present address(es) ______
   City/state/zip ______
   Telephone ______
   List of other addresses and telephone numbers attached

2. Positions held in submitting business and starting date of each (check all applicable)
   President ___/___/___ Treasurer ___/___/___
   Chairman of Board ___/___/___ Shareholder ___/___/___
   Chief Exec. Officer ___/___/___ Secretary ___/___/___
   Chief Financial Officer ___/___/___ Partner ___/___/___
   Vice President 10/ 01 / 2015 Present ___/___/___
   (Other)

3. Do you have an equity interest in the business submitting the questionnaire?
   NO X YES ___ If Yes, provide details.

4. Are there any outstanding loans, guarantees or any other form of security or lease or any other type of contribution made in whole or in part between you and the business submitting the questionnaire? NO X YES ___ If Yes, provide details.

5. Within the past 3 years, have you been a principal owner or officer of any business or not-for-profit organization other than the one submitting the questionnaire? NO X YES ___; If Yes, provide details.

6. Has any governmental entity awarded any contracts to a business or organization listed in Section 5 in the past 3 years while you were a principal owner or officer? NO X YES ___ If Yes, provide details.

NOTE: An affirmative answer is required below whether the sanction arose automatically, by operation of law, or as a result of any action taken by a government agency.
Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

7. In the past (5) years, have you and/or any affiliated businesses or not-for-profit organizations listed in Section 5 in which you have been a principal owner or officer:

   a. Been debarred by any government agency from entering into contracts with that agency? NO _X_ YES ___ If Yes, provide details for each such instance.

   b. Been declared in default and/or terminated for cause on any contract, and/or had any contracts cancelled for cause? NO _X_ YES ___ If Yes, provide details for each such instance.

   c. Been denied the award of a contract and/or the opportunity to bid on a contract, including, but not limited to, failure to meet pre-qualification standards? NO _X_ YES ___ If Yes, provide details for each such instance.

   d. Been suspended by any government agency from entering into any contract with it; and/or is any action pending that could formally debar or otherwise affect such business's ability to bid or propose on contract? NO _X_ YES ___ If Yes, provide details for each such instance.

8. Have any of the businesses or organizations listed in response to Question 5 filed a bankruptcy petition and/or been the subject of involuntary bankruptcy proceedings during the past 7 years, and/or for any portion of the last 7 year period, been in a state of bankruptcy as a result of bankruptcy proceedings initiated more than 7 years ago and/or is any such business now the subject of any pending bankruptcy proceedings, whenever initiated? If 'Yes', provide details for each such instance. (Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.)

   a) Is there any felony charge pending against you? NO _X_ YES ___ If Yes, provide details for each such charge.

   b) Is there any misdemeanor charge pending against you? NO _X_ YES ___ If Yes, provide details for each such charge.

   c) Is there any administrative charge pending against you? NO _X_ YES ___ If Yes, provide details for each such charge.

   d) In the past 10 years, have you been convicted, after trial or by plea, of any felony, or of any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? NO _X_ YES ___ If Yes, provide details for each such conviction.

   e) In the past 5 years, have you been convicted, after trial or by plea, of a misdemeanor? NO _X_ YES ___ If Yes, provide details for each such conviction.

   f) In the past 5 years, have you been found in violation of any administrative or statutory charges? NO _X_ YES ___ If Yes, provide details for each such occurrence.

9. In addition to the information provided in response to the previous questions, in the past 5 years, have you been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency and/or the subject of an investigation where such investigation was related to activities performed at, for, or on behalf of the submitting business entity and/or an affiliated business listed in response to Question 5? NO _X_ YES ___ If Yes, provide details for each such investigation.

10. In addition to the information provided, in the past 5 years has any business or organization listed in response to Question 5, been the subject of a criminal investigation and/or a civil anti-trust investigation and/or any other type of investigation by any government agency, including but not limited to federal, state, and local regulatory agencies while you were a principal owner or officer? NO _X_ YES ___ If Yes; provide details for each such investigation.

11. In the past 5 years, have you or this business, or any other affiliated business listed in response to Question 5 had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held? NO _X_ YES ___ If Yes; provide details for each such instance.

12. For the past 5 tax years, have you failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges? NO _X_ YES ___ If Yes, provide details for each such year.

CERTIFICATION
A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID/PROPOSAL OR FUTURE BIDS/PROPOSALS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

I, Richard R. Sankey, Jr, being duly sworn, state that I have read and understand all the items contained in the foregoing pages of this questionnaire and the following pages of attachments; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this questionnaire and before the execution of the contract; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this questionnaire as additional inducement to enter into a contract with the submitting business entity.

Sworn to before me this 22 day of September 2017

Kelsey M. James
Notary Public

KELSEY MARIE JAMES
MY COMMISSION # GG 123766
EXPIRES: July 13, 2021
Bonded Thru Notary Public Underwriters

MAXIMUS Consulting Services, Inc.
Name of submitting business

Richard R. Sankey, Jr.
Print name

Signature

Vice President
Title

9 / 22 / 2017
Date

PRINCIPAL QUESTIONNAIRE FORM

All questions on these questionnaires must be answered by all officers and any individuals who hold a ten percent (10%) or greater ownership interest in the proposer/bidder. Answers must be typewritten or printed in ink. If you need more space to answer any question, make as many photocopies of the appropriate page(s) as necessary and attach them to the questionnaire.

COMPLETE THIS QUESTIONNAIRE CAREFULLY AND COMPLETELY. FAILURE TO SUBMIT A COMPLETE QUESTIONNAIRE MAY MEAN THAT YOUR BID/ PROPOSAL WILL BE REJECTED AS NON-RESPONSIVE AND IT WILL NOT BE CONSIDERED FOR AWARD.

NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.

1. Principal Name David Francis

   Date of birth 12 / 10 / 61

   Home address 9600 Halter Ct.

   City/state/zip Potomac, MD 20854

   Business address 1891 Metro Center Drive

   City/state/zip Reston, VA 20190

   Telephone 703.251.8500

   Other present address(es) ____

   City/state/zip ____

   Telephone 703.251.8602

   List of other addresses and telephone numbers attached

2. Positions held in submitting business and starting date of each (check all applicable)

   President ___/___/___ Treasurer ___/___/___

   Chairman of Board ___/___/___ Shareholder ___/___/___

   Chief Exec. Officer ___/___/___ Secretary 8 / 8 / 06

   Chief Financial Officer ___/___/___ Partner ___/___/___

   Vice President ___/___/___ ____________ ___/___/___

   (Other)

3. Do you have an equity interest in the business submitting the questionnaire?
   NO X YES ___ If Yes, provide details.

4. Are there any outstanding loans, guarantees or any other form of security or lease or any other type of contribution made in whole or in part between you and the business submitting the questionnaire? NO X YES ___ If Yes, provide details.

5. Within the past 3 years, have you been a principal owner or officer of any business or not-for-profit organization other than the one submitting the questionnaire? NO ___ YES X; If Yes, provide details.
   MAXIMUS, Inc. and affiliates

6. Has any governmental entity awarded any contracts to a business or organization listed in Section 5 in the past 3 years while you were a principal owner or officer? NO ___ YES X If Yes, provide details.

   MAXIMUS and its affiliates have annual revenues of approximately $2.5 billion and provide services predominantly to government clients. The company has had hundreds of government contracts during the last three years. For more information, please refer to the company's most recent Form 10-K filing with the SEC — https://www.sec.gov/Archives/edgar/data/1032220/000103222016000249/mms-2016x09x30x10k.htm .

NOTE: An affirmative answer is required below whether the sanction arose automatically, by operation of law, or as a result of any action taken by a government agency.
Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

7. In the past (5) years, have you and/or any affiliated businesses or not-for-profit organizations listed in Section 5 in which you have been a principal owner or officer:

   a. Been debarred by any government agency from entering into contracts with that agency? NO _X_ YES ___ If Yes, provide details for each such instance.

   b. Been declared in default and/or terminated for cause on any contract, and/or had any contracts cancelled for cause? NO _x_ YES ___ If Yes, provide details for each such instance.

   c. Been denied the award of a contract and/or the opportunity to bid on a contract, including, but not limited to, failure to meet pre-qualification standards? NO _X_ YES ___ If Yes, provide details for each such instance.

   d. Been suspended by any government agency from entering into any contract with it; and/or is any action pending that could formally debar or otherwise affect such business's ability to bid or propose on contract? NO _X_ YES ___ If Yes, provide details for each such instance.

8. Have any of the businesses or organizations listed in response to Question 5 filed a bankruptcy petition and/or been the subject of involuntary bankruptcy proceedings during the past 7 years, and/or for any portion of the last 7 year period, been in a state of bankruptcy as a result of bankruptcy proceedings initiated more than 7 years ago and/or is any such business now the subject of any pending bankruptcy proceedings, whenever initiated? If 'Yes', provide details for each such instance. (Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.)

   a) Is there any felony charge pending against you? NO _X_ YES ___ If Yes, provide details for each such charge.

   b) Is there any misdemeanor charge pending against you? NO _X_ YES ___ If Yes, provide details for each such charge.

   c) Is there any administrative charge pending against you? NO _X_ YES ___ If Yes, provide details for each such charge.

   d) In the past 10 years, have you been convicted, after trial or by plea, of any felony, or of any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? NO _X_ YES ___ If Yes, provide details for each such conviction.

   e) In the past 5 years, have you been convicted, after trial or by plea, of a misdemeanor? NO _X_ YES ___ If Yes, provide details for each such conviction.

   f) In the past 5 years, have you been found in violation of any administrative or statutory charges? NO _X_ YES ___ If Yes, provide details for each such occurrence.

9. In addition to the information provided in response to the previous questions, in the past 5 years, have you been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency and/or the subject of an investigation where such investigation was related to activities performed at, for, or on behalf of the submitting business entity and/or an affiliated business listed in response to Question 5? NO _X__ YES ___ If Yes, provide details for each such investigation.

10. In addition to the information provided, in the past 5 years has any business or organization listed in response to Question 5, been the subject of a criminal investigation and/or a civil anti-trust investigation and/or any other type of investigation by any government agency, including but not limited to federal, state, and local regulatory agencies while you were a principal owner or officer? NO _X__ YES ___ If Yes; provide details for each such investigation.

11. In the past 5 years, have you or this business, or any other affiliated business listed in response to Question 5 had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held? NO _X__ YES ___ If Yes; provide details for each such instance.

12. For the past 5 tax years, have you failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges? NO _X__ YES ___ If Yes, provide details for each such year.

PQF (02/2016)

CERTIFICATION
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I, David Francis, being duly sworn, state that I have read and understand all the items contained in the foregoing pages of this questionnaire and the following pages of attachments; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this questionnaire and before the execution of the contract; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this questionnaire as additional inducement to enter into a contract with the submitting business entity.

Sworn to before me this 18th day of August 2017

Notary Public

COMMONWEALTH OF VIRGINIA
5/31/2021
EXPIRES
COMMISSION
4108476
REG #
NOTARY PUBLIC
YUCHIN SONG MILLER

MAXIMUS Consulting Services, Inc.
Name of submitting business

David Francis
Print name

Signature

Secretary
Title

8 / 18 / 17
Date

BHF (02/2016)

Business History Form

In addition to the submission of bids/proposals, as applicable, each bidder/proposer shall complete and submit this questionnaire. The questionnaire shall be filled out by the owner of a sole proprietorship or by an authorized representative of the firm, corporation or partnership submitting the bid/proposal.

NOTE: All questions require a response, even if response is "none" or "not-applicable." No blanks.

(USE ADDITIONAL SHEETS IF NECESSARY TO FULLY ANSWER THE FOLLOWING QUESTIONS).

Date: 10.20.17

1) Bidder's/Proposer's Legal Name: MAXIMUS Consulting Services, Inc.

2) Address of Place of Business: 1891 Metro Center Drive, Reston, VA 20190

List all other business addresses used within last five years:

3) Mailing Address (if different): 808 Moorefield Park Drive, Richmond VA 23236

Phone : 804-323-3535

Does the business own or rent its facilities? rent

4) Dun and Bradstreet number: 08-234-7477

5) Federal I.D. Number: 26-1557956

6) The bidder/proposer is a (check one): ____ Sole Proprietorship ____ Partnership X Corporation ____ Other (Describe) ____

7) Does this business share office space, staff, or equipment expenses with any other business? Yes x No ____ If Yes, please provide details: MAXIMUS Consulting Services, Inc. shares office space with certain affiliated companies under our parent corporation MAXIMUS, Inc.

8) Does this business control one or more other businesses? Yes ____ No x If Yes, please provide details: ____

9) Does this business have one or more affiliates, and/or is it a subsidiary of, or controlled by, any other business? Yes x No ____ If Yes, provide details. MCS is a wholly-owned subsidiary of MAXIMUS, Inc. which owns numerous other subsidiaries

10) Has the bidder/proposer ever had a bond or surety cancelled or forfeited, or a contract with Nassau County or any other government entity terminated? Yes x No ____ If Yes, state the name of bonding agency, (if a bond), date, amount of bond and reason for such cancellation or forfeiture: or details regarding the termination (if a contract). No bonds canceled or forfeited. The following contracts were terminated. 03/13 - State of Alaska terminated contract w/ MCS for convenience. MCS provided QA services for the state's WIC information system. The state was reallocating resources. In 2015-2016, various local Michigan jurisdictions and MCS mutually agreed to terminate contracts for billing and time log processing services. Additionally, we have over 1,000 annual contracts and on

occasion a client may cancel an agreement for convenience.

11) Has the bidder/proposer, during the past seven years, been declared bankrupt? Yes ___ No X
If Yes, state date, court jurisdiction, amount of liabilities and amount of assets __________

12) In the past five years, has this business and/or any of its owners and/or officers and/or any affiliated business, been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency? And/or, in the past 5 years, have any owner and/or officer of any affiliated business been the subject of a criminal investigation and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency, where such investigation was related to activities performed at, for, or on behalf of an affiliated business. Yes ___ No X If Yes, provide details for each such investigation. __________

13) In the past 5 years, has this business and/or any of its owners and/or officers and/or any affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies? And/or, in the past 5 years, has any owner and/or officer of an affiliated business been the subject of an investigation by any government agency, including but not limited to federal, state and local regulatory agencies, for matters pertaining to that individual's position at or relationship to an affiliated business. Yes ___ No X If Yes, provide details for each such investigation. __________

14) Has any current or former director, owner or officer or managerial employee of this business had, either before or during such person's employment, or since such employment if the charges pertained to events that allegedly occurred during the time of employment by the submitting business, and allegedly related to the conduct of that business:

a) Any felony charge pending? No X Yes ___ If Yes, provide details for each such charge. __________

b) Any misdemeanor charge pending? No X Yes ___ If Yes, provide details for each such charge. __________

c) In the past 10 years, you been convicted, after trial or by plea, of any felony and/or any other crime, an element of which relates to truthfulness or the underlying facts of which related to the conduct of business? No X Yes ___ If Yes, provide details for each such conviction __________

d) In the past 5 years, been convicted, after trial or by plea, of a misdemeanor? No X Yes ___ If Yes, provide details for each such conviction. __________

e) In the past 5 years, been found in violation of any administrative, statutory, or regulatory provisions? No X Yes ___ If Yes, provide details for each such occurrence. ____

15) In the past (5) years, has this business or any of its owners or officers, or any other affiliated business had any sanction imposed as a result of judicial or administrative proceedings with respect to any professional license held? No x Yes ___; If Yes, provide details for each such instance. ____

16) For the past (5) tax years, has this business failed to file any required tax returns or failed to pay any applicable federal, state or local taxes or other assessed charges, including but not limited to water and sewer charges? No x Yes ___ If Yes, provide details for each such year. Provide a detailed response to all questions checked 'YES'. If you need more space, photocopy the appropriate page and attach it to the questionnaire. ____

Provide a detailed response to all questions checked "YES". If you need more space, photocopy the appropriate page and attach it to the questionnaire.

17) Conflict of Interest:

a) Please disclose any conflicts of interest as outlined below. **NOTE: If no conflicts exist, please expressly state "No conflict exists."**

(i) Any material financial relationships that your firm or any firm employee has that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County. No conflict exists

(ii) Any family relationship that any employee of your firm has with any County public servant that may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County. No conflict exists

(iii) Any other matter that your firm believes may create a conflict of interest or the appearance of a conflict of interest in acting on behalf of Nassau County.
No conflict exists

b) Please describe procedures your firm has, or would adopt, to assure the County that a conflict of interest would not exist for your firm in the future.
1. MAXIMUS has the requisite resources, qualifications, and independence to conduct the Services free from outside direction, control, or influence, and subject only to the accomplishment of Comptroller's objectives; and
2. MAXIMUS has no existing conflicts of interest, or possible issues that may create the appearance of impropriety, relative to the submission of our proposal; and
3. MAXIMUS has not given, nor does it intend to give, at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant or any employee or representative of same, in connection with this procurement

A. Include a resume or detailed description of the bidder's/proposer's professional qualifications, demonstrating extensive experience in your profession. Any prior similar experiences, and the results of these experiences, must be identified.

Should the bidder/proposer be other than an individual, the bid/proposal **MUST** include:

i) Date of formation;

ii) Name, addresses, and position of all persons having a financial interest in the company, including shareholders, members, general or limited partner;

iii) Name, address and position of all officers and directors of the company;

iv) State of incorporation (if applicable);

v) The number of employees in the firm;

vi) Annual revenue of firm;

vii) Summary of relevant accomplishments

viii) Copies of all state and local licenses and permits.

B. Indicate number of years in business.

C. Provide any other information which would be appropriate and helpful in determining the bidder's/proposer's capacity and reliability to perform these services.

D. Provide names and addresses for no fewer than three references for whom the bidder/proposer has provided similar services or who are qualified to evaluate the bidder's/proposer's capability to perform this work.

Company Suffolk County, New York

Contact Person Ms. Brenda Sloan-Papele, CPA

Address Office of the Comptroller, H. Lee Dennison Building, 100 Veterans Memorial Hwy.

City/State Hauppauge, NY

Telephone 631-853-4410

Fax # ______

E-Mail Address Brenda.Sloan@suffolkcountyny.gov

Company Town of Hempstead, New York

Contact Person Mr. Michael J. Capobianco, Acting Deputy Comptroller

Address Office of the Comptroller, 350 Front Street

City/State Hempstead, NY

Telephone 516-812-3578

Fax # ______

E-Mail Address michcap@tohmail.org

Company New York State Division of the Budget

Contact Person Mr. Matthew Shultz, Principal Budget Examiner

Address State of New York DOB, State Capitol

City/State Albany, nY

Telephone 518-474-7613

Fax # ______

E-Mail Address Matthew.Schultz@budget.ny.gov

E. Please provide any other information which would be appropriate and helpful in determining the bidder's/proposer's capacity and reliability to perform these services.

A MATERIALLY FALSE STATEMENT WILLFULLY OR FRAUDULENTLY MADE IN CONNECTION WITH THIS QUESTIONNAIRE MAY RESULT IN RENDERING THE SUBMITTING BUSINESS ENTITY NOT RESPONSIBLE WITH RESPECT TO THE PRESENT BID/PROPOSAL OR FUTURE BIDS/PROPOSALS, AND, IN ADDITION, MAY SUBJECT THE PERSON MAKING THE FALSE STATEMENT TO CRIMINAL CHARGES.

I, T. Isadora Huntley being duly sworn, state that I have read and understand all the items contained in the foregoing pages of this questionnaire and the following pages of attachments; that I supplied full and complete answers to each item therein to the best of my knowledge, information and belief; that I will notify the County in writing of any change in circumstances occurring after the submission of this questionnaire and before the execution of the contract; and that all information supplied by me is true to the best of my knowledge, information and belief. I understand that the County will rely on the information supplied in this questionnaire as additional inducement to enter into a contract with the submitting business entity.

Sworn to before me this 20 day of October 2017

[signature]
Notary Public

KIM D. HALLAM
Notary Public
Commonwealth of Virginia
7654426
My Commission Expires 6/30/2019

Name of submitting business: MAXIMUS Consulting Services, Inc.

By: T. Isadora Huntley Print name

[signature]
Signature

T. Isadora Huntley
Sr. Manager Contracts
Title

10 / 20 / 17 Date

1. Qualifications and Experience

For over four decades, cost accounting of government services has been a principal line of business for MAXIMUS Consulting Services, Inc. (MAXIMUS). We offer Nassau County (County) both a national perspective and in-depth knowledge of New York state and local government. In addition, our proposed project team has a thorough understanding of the U.S. Office of Management and Budget (OMB) cost principles. Our extensive overall cost allocation experience, financially stable company, deep bench of resources, and successful history working with the County as well as numerous other New York governments makes MAXIMUS the best choice for this engagement

Requirements BHF (02/2016)

Before we discuss MAXIMUS qualifications and experience providing cost allocation services, we feel it is beneficial to provide a brief overview of our parent company.

MAXIMUS, Inc., our parent company, is a leading provider of financial and management consulting services; and program management and operations to health and human services agencies. The firm's corporate structure allows the County the advantages that come with our vast array of experience across our core health and human services business lines. Every aspect of our corporate organization — including substantial corporate personnel, financial, quality and risk management, human capital, and administrative resources — supports the projects we operate. This enables us to focus on quality and best practices for the type of opportunities we seek, constantly monitoring our current projects to anticipate needs and helping projects meet the expectations of our clients. Our ability to draw on company-wide expertise and knowledge results in better project outcomes and reduced risk for our clients.

? did you KNOW

- MAXIMUS is a financially stable, multi-national company with the available resources to complete this engagement with minimal economic risk and with the capability to provide support in the years to come.
- MAXIMUS has been preparing the New York Statewide Cost Allocation Plan for the past 15 years.
- MAXIMUS has developed CAPs, MILOR calculations, and ICRPs for numerous New York counties and hundreds of other government entities across 44 states.
- More than 90 percent of our CAP service clients renew with us year after year.
- MAXCAP™, a sophisticated computerized cost allocation system built specifically by MAXIMUS for government, is used to enhance our ability to analyze multiple scenarios and provide justifications.

Further, we take very seriously our responsibility to protect your data. In many of our engagements we take custody of data that is confidential and must be secured. To protect your data we take the following steps:

- We have a full-time privacy officer who monitors our privacy and confidentiality processes and procedures.
- Our hard drives and email are encrypted.
- If a laptop is lost or stolen and someone tries to access the data on the laptop, the encryption software will make the computer unusable.
- If someone is able to access the hard drive, the encryption software will wipe the hard drive clean as soon as someone attempts to access the Internet.
- Our Internet usage is monitored.
- Our data is backed up to the cloud and encrypted.

A lower-cost vendor may not be able to afford this level of security and may not take these steps to protect your sensitive data. Many of our competitors simply do not maintain an infrastructure that includes sophisticated firewalls such as ours. This could result in significant hidden costs. A very real value to contracting with a large sophisticated company like MAXIMUS is that we have the infrastructure and capacity to make sure that we properly protect your valuable and sensitive data.

1.1 Detailed Description of Professional Qualifications

Requirements Section A. BHF (02/2016)

A. Include a resume or detailed description of the bidder's/proposer's professional qualifications, demonstrating extensive experience in your profession. Any prior similar experiences, and the results of these experiences, must be identified. Should the bidder/proposer be other than an individual, the bid/proposal MUST include:

i) Date of formation;
ii) Name, addresses, and position of all persons having a financial interest in the company, including shareholders, members, general or limited partner;
iii) Name, address and position of all officers and directors of the company;
iv) State of incorporation (if applicable);
v) The number of employees in the firm;
vi) Annual revenue of firm;
vii) Summary of relevant accomplishments
viii) Copies of all state and local licenses and permits.

This project will be led by the experienced consultants of MAXIMUS Consulting Services, Inc., a wholly-owned subsidiary of MAXIMUS, Inc. With decades of experience, MAXIMUS Consulting Services, Inc. is a national market leader in the analysis and preparation of complex Cost Allocation Plans (CAPs), Statewide Cost Allocation Plans (SWCAPs), and Public Assistance Cost Allocation Plans (PACAPs). The knowledgeable members of our Cost Allocation Team have committed their careers to working with states to ensure compliance with federal cost principles and applicable implementation guidance issued by the U.S. Department of Health and Human Services (HHS), Cost Allocation Services (CAS). Our extensive experience conducting a variety of successful engagements in all facets of CAPs — including development, preparation, negotiation, implementation, and subsequently maintenance — has resulted in MAXIMUS preparing approximately 90 to 95 percent of the consultant-prepared plans submitted to HHS/CAS, according to federal negotiators.

1.1.1 Date of Formation

MAXIMUS Consulting Services, Inc. was incorporated in the Commonwealth of Virginia on August 8, 2006. Prior to that subsidiary incorporation, our cost allocation and other cost accounting services were offered through MAXIMUS, Inc. directly. MAXIMUS, Inc. was incorporated in Virginia on September 18, 1975. MAXIMUS, Inc. acquired David M. Griffith & Associates, Ltd. through merger on May 12, 1998. David M. Griffith & Associates, Ltd. (established December 30, 1976) was considered the pioneering firm in the field of cost allocation and developed most of the methodologies still in use today.

1.1.2 Financial Interest

As previously stated, MAXIMUS Consulting Services, Inc. is a wholly-owned subsidiary of MAXIMUS, Inc. MAXIMUS, Inc. is a public organization traded on the New York Stock Exchange (symbol: MMS).

No one stockholder owns 10% or more of MAXIMUS, Inc. issued and outstanding stock. Both firms are headquartered at 1891 Metro Center Drive, Reston, Virginia 20190.

1.1.3 Officers and Directors

Officers and directors may be reached through our corporate headquarters in Reston. The principals of MAXIMUS Consulting Services, Inc. are:

- **President and Director:** Kathleen L. Kerr
- **Vice President:** Richard R. Sankey
- **Vice President:** Bruce P. Perkins
- **Treasurer:** Kevin M. Reilly
- **Secretary:** David R. Francis
- **Vice President, Contracts/Assistant Secretary:** Adam Polatnick

1.1.4 State of Incorporation

As previously stated, MAXIMUS Consulting Services, Inc. was incorporated in the Commonwealth of Virginia on August 8, 2006.

1.1.5 Number of Employees

MAXIMUS, Inc. has a workforce of over 18,000 employees company-wide to draw from if needed, MAXIMUS Consulting Services, Inc. maintains a solid cadre of over 40 professionals focused only on cost accounting consulting projects. This gives us the resources to successfully complete this and future engagements.

1.1.6 Annual Revenue of Firm

MAXIMUS, Inc. had revenues of over $2.4 billion (as of September 30, 2016), representing approximately 3,500 contracts. During the firm's 41-year history, we have experienced steady growth and workforce expansion as demonstrated in *Exhibit 1.1.6-1: MAXIMUS Revenue — 2011-2016*. Our financial strength provides our government clients with the confidence that we can fulfill contractual responsibilities and provide high-quality, uninterrupted services to their citizens.

As a publicly-traded company, our financial stability is independently verifiable. An essential component of contract management is maintaining strict financial controls. Our financial structure and practices meet Committee

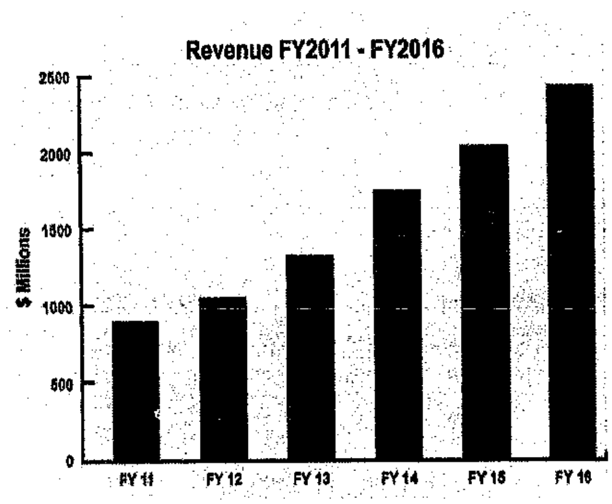


Exhibit 1.1.6-1: MAXIMUS Revenue FY2011 – FY2016. *MAXIMUS, Inc. has been profitable for more than 41 years and enjoys a very strong balance sheet.*

on Sponsoring Organizations (COSO) and Generally Accepted Accounting Principles (GAAP) requirements. Should the County desire more detailed information, MAXIMUS, Inc.'s audited financial statements can be viewed at www.maximus.com under Investor Relations.

1.1.7 Summary of Relevant Accomplishments

MAXIMUS is the nation's leader in cost allocation services to state and local governments. Our approach to supporting the County throughout the entire CAP process has been continuously refined as we worked with 44 states and thousands of local government agencies across the country preparing, negotiating, and ultimately receiving formal federal cognizant approval of CAPs, as illustrated in *Exhibit 1.1.7-1: MAXIMUS Cost Allocation Projects.*

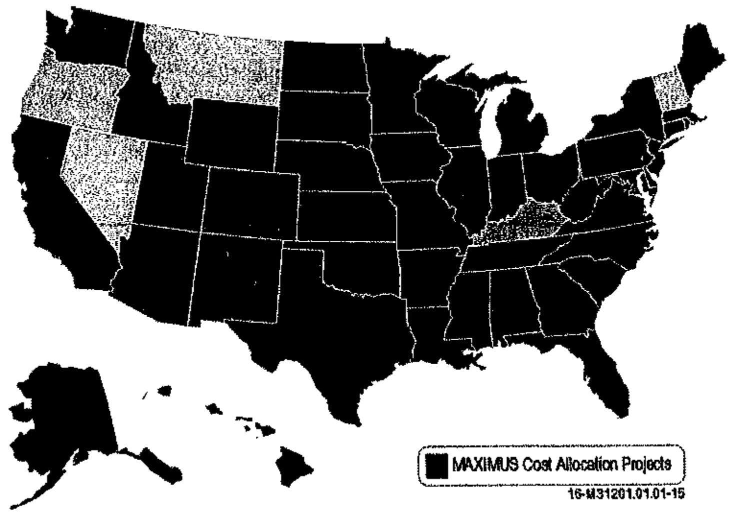


Exhibit 1.1.7-1: MAXIMUS Cost Allocation Projects. As the leading provider of cost accounting services to government organizations, MAXIMUS has led the development of CAPs for 44 states and thousands of local government agencies.

Each year, we work with nearly 1,000 clients to assist them in developing and negotiating their CAPs. These documents are used primarily for:

- Supporting overhead allocations to departments that administer federal grants and contracts
- Documenting allocations that are used in developing agency Indirect Cost Rate Proposals (ICRPs)
- Setting billing rates for enterprise and Internal Service Funds (ISFs)
- Negotiating grant audit disallowances

MAXIMUS also has considerable experience with resolving audit findings with federal and state negotiators. We work with our clients to resolve questioned costs and improve cost allocation methodologies. MAXIMUS draws on our national experience and reputation to find workable solutions with negotiators.

For example, in 2003, MAXIMUS prepared the SWCAP for the Commonwealth of Pennsylvania for the first time. The first MAXIMUS cost plan increased allocated costs by 34 percent. The federal negotiator questioned the inclusion of new costs and new overhead pools. MAXIMUS and Pennsylvania staff defended the plan by explaining why the costs were allowable and bringing in technical experts on the new cost pools to explain what services were provided. We also provided volumes of invoice copies and contracts. MAXIMUS now has completed negotiation on the eighth SWCAP for Pennsylvania and has had no material disallowances.

In addition, the HHS negotiator for the Delaware SWCAP questioned the methodology that the State uses to charge workers' compensation costs to departments. MAXIMUS and the client defended the State's method arguing that the method used (percentage of salary costs) is reasonable and fair. MAXIMUS also argued that several states have fringe benefit rates that are calculated as a percentage of salaries, therefore, percent of salaries is a reasonable allocation basis for any fringe benefit.

These examples attest to MAXIMUS ability to defend our clients' CAPs. We know OMB and current interpretations in the field. We have the experience and knowledge to develop cost allocation methodologies that properly allocate cost to benefitting programs and that are fully compliant with the OMB cost principles.

Further, the federal government revised the guidelines for developing CAPs. These new OMB cost principles, referred to as the Uniform Guidance, went into effect on December 26, 2014. The new guidelines include major policy reforms with the objective of reducing both administrative burden and risk of waste, fraud, and abuse. Principally, the regulations require governments to evaluate costs for allowability under the new cost principles and to ensure they are compliant with time and cost documentation requirements.

Since the issuance of the Uniform Guidance, MAXIMUS has been proactive in analyzing the effects of this regulation change as it affects all of our cost allocation clients. As an acknowledgement of our efforts, the National Association of State Auditors, Comptrollers, and Treasurers (NASACT) requested MAXIMUS assistance in training its members on the Uniform Guidance requirements and regulations. MAXIMUS provided training in February 2014 along with federal representatives from HHS, the U.S. Department of Housing and Urban Development (HUD), and the National Science Foundation (NSF).

However, nothing speaks more highly of a successful track record than repeat clients. Many of our cost allocation clients have been with us for 20 years or more. They know of our uncompromising commitment to quality to ensure compliance with federal regulations and the ability to enhance reimbursements from the federal government. They know that MAXIMUS CAPs withstand federal and state-level audit scrutiny.

As shown in *Exhibit 1.1.7-2: Established Experience Record*, MAXIMUS has successfully provided both OMB based CAP and Full-Cost CAPs for other state and local governments. Due to the large number of CAPs that we prepare each year, we have limited this list to our New York clients serviced with similar scopes of work, in the last five years.

Confidential

Established Experience Record			
State of New York			
New York Division of the Budget	Nassau County	Putnam County	Syracuse (City of)
Allegany County	Onondaga County	Rensselaer County	Warren County
Hempstead Town	Ontario County	Seneca County	Yates County
Herkimer County	Orange County	Suffolk County	
Jefferson County	Otsego County	Sullivan County	

Exhibit 1.1.7-2: Established Experience Record. *Our regional client list is a testament to the quality of our services and the skills of our staff.*

1.1.8 State/Local Licenses and Permits

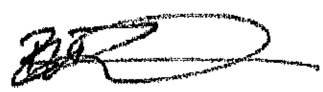
MAXIMUS Consulting Services, Inc. is authorized to do business in the State of New York as shown in the following *Exhibit 1.1.8-1: New York Department of State Filing.*

State of New York
Department of State } **ss:**

I hereby certify, that MAXIMUS CONSULTING SERVICES, INC. a VIRGINIA corporation, filed an Application for Authority to do business in the State of New York on 10/23/2008. I further certify that so far as shown by the records of this Department, such corporation is still authorized to do business in the State of New York.

***

Witness my hand and the official seal of the Department of State at the City of Albany, this 07th day of October two thousand and sixteen.



Brendan W. Fitzgerald
Executive Deputy Secretary of State

201610110124 * 45

Exhibit 1.1.8-1: Established Experience Record.

1.2 Number of Years in Business

Requirements Section B. BHF (02/2016)

> B. Indicate number of years in business.

MAXIMUS Consulting Services, Inc. has been providing cost allocation services for nearly 41 years.

1.3 Other Pertinent Information

Requirements Section C. BHF (02/2016)

> C. Provide any other information which would be appropriate and helpful in determining the bidder's/proposer's capacity and reliability to perform these services.

There is nothing more critical to a project's success than the right project team. The key to a successful cost allocation plan (CAP) is not just cost accounting skills or analytic tools. The most important elements of a good CAP are familiarity with the services under review, the diligence to make sure that all costs are properly accounted for and allocated per U.S. Office of Management and Budget (OMB) guidelines, and having a full understanding of specific reporting requirements by state such as the Office of Temporary and Disability Assistance (OTDA) Fiscal Reference Manuals in New York. Steuben County (County) must have faith that it is selecting the best partner for this effort; one that deploys exceptionally qualified staff with state-of-the-art tools.

MAXIMUS Consulting Services Inc. (MAXIMUS) team members were carefully evaluated and selected for their proposed roles and offer the qualifications and experience essential to the success of this engagement. These individuals have committed their careers to working with state and local governments to ensure compliance with federal cost regulations and are some of the firm's most senior experts in cost accounting principles of the OMB. Combined, they have successfully assisted hundreds of government agencies at the state and local level in the development, preparation, and negotiation of CAPs, indirect cost rate proposals (ICRPs), fringe benefit rates, and internal service fund (ISF) billing rates. With the selection of MAXIMUS, you can be confident that you are getting a team of the industry's leading experts who provide quality results.

We have developed our project organization to provide the County with specialized expertise as well as project team members who will be responsible for day-to-day efforts. *Exhibit 1.3-1: MAXIMUS Project Team* depicts our project team organizational structure and lines of authority.

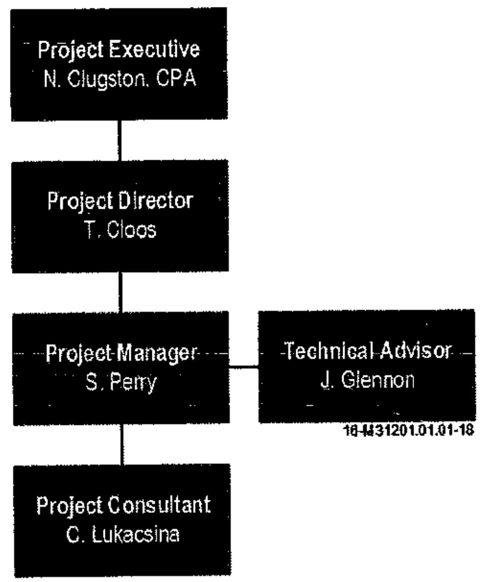


Exhibit 1.3-1: MAXIMUS Project Team. *This chart depicts our proposed project organization, which is designed to provide the County with day-to-day consultants as well as specialized expertise.*

The utilization of senior-level staff with extensive subject matter expertise will ensure comprehensive and effective CAPs. Every consultant assigned to this project is fully knowledgeable of full-cost concepts, OMB policies and procedures, understands how to enhance indirect costs within both federally allowable limits and through New York OTDA Fiscal Reference Manuals, and knows how to effectively interview staff so as to minimize staff time and efficiently gather data.

In the following sections, we summarize the qualifications and project responsibilities of our proposed staff as well as display the wealth of experience they bring to this project.

Nelson H. Clugston, CPA, Project Executive

Nelson Clugston, a Virginia licensed Certified Public Accountant (CPA), is Vice President in charge of the Eastern Region, which includes New York, Pennsylvania, New Jersey, Virginia, District of Columbia, Maryland, Delaware, North Carolina, South Carolina, Tennessee, Kentucky, West Virginia, and the New England states. In this capacity he is managerially responsible for all our local government CAPs as well as being directly responsible for the Statewide Cost Allocation Plans (SWCAPs) for New York, Connecticut, Delaware, Maine, Maryland, Massachusetts, North Carolina, Pennsylvania, Rhode Island, and West Virginia. Mr. Clugston joined MAXIMUS in 1988, is located in our Richmond office, and has negotiated statewide plans for most states in the Eastern Region. In fact, he is the firm's national OMB coordinator and meets frequently with OMB and the U.S. Department of Health and Human Services (HHS), Cost Allocation Services (CAS) negotiators.

As Project Executive, he is ultimately responsible for the overall success of the project, including the quality of MAXIMUS work products. He provides management direction to the Project Director, and verifies that all resources are available when necessary.

Timothy J. Cloos, Project Director

Mr. Cloos, a Director in our Financial Services Practice, is the senior staff member of the Harrisburg, Pennsylvania office and oversees local government CAPs and user fee projects in New York, Pennsylvania, New Jersey, and the New England area. He has prepared more than 550 CAPs and associated rate analyses during his 29-year association with our firm. He is thoroughly familiar with the requirements of state and local CAPs and ICRPs as well as the volume of financial and statistical data, analyses, and interviews that are involved in the plan preparation process.

Mr. Cloos is the Project Director for our current New York engagements with the counties of Allegany, Nassau, Otsego, and Suffolk and the Town of Hempstead. Mr. Cloos is also our Project Director for the New York Statewide CAP engagement.

As Project Director, Mr. Cloos provides the team with input and guidance to help ensure project success and customer satisfaction are achieved. He will also play a hands-on role in this project and will review all CAP preparation work to help ensure accuracy and consistency in the application of federal cost principles with other entities that we serve. In addition, Mr. Cloos will:

- Implement all key recommendations of the project
- Conduct interviews
- Assume responsibility for regular client communication and reporting
- Review all deliverables prior to submission
- Instruct designated County personnel in the specifics of indirect costing to help ensure indirect costs are being properly claimed and recovered
- Negotiate the plan with federal and/or state agencies as required
- Ensure that project initiatives occur on schedule and in accordance with federal and state requirements

John Glennon, Project Advisor

Mr. Glennon has more than 30 years in government finance and accounting experience. This includes reviewing and negotiating numerous Public Assistance Cost Allocation Plans (PACAPs), SWCAPs, and departmental indirect cost rate calculations. He has also provided technical assistance to states on OMB issues. A former negotiator for the central region of HHS Division of Cost Allocation (DCA now known as CAS), Mr. Glennon reviewed statewide plans and billed services rates for Texas, Ohio, Oklahoma, Louisiana and Wisconsin. Currently, he supervises the preparation of Department CAPs for the Texas Department of Public Safety and the Texas Department of State Health Services. Mr. Glennon developed cost allocation methodologies for centralized IT services in Massachusetts and developed a CAP and billing rates for centralized accounting functions in Pennsylvania. Additionally, he has developed billing methods to charge the American Recovery and Reinvestment Act (ARRA) central administrative costs to ARRA grants for North Carolina and Connecticut. Mr. Glennon prepares the SWCAP Section II report for the State of New York which contains all of the ISF and billed services of the State. Mr. Glennon also assisted the State in the consolidation of the Information Technology Services ISF and the consolidation of Statewide Financial Services and Business Services Center billed services.

As the project Project Advisor, Mr. Glennon is responsible for providing cost allocation technical advice, identifying new cost allocation strategies, and quickly addressing any technical challenges.

Shelley M. Perry, Project Manager

Shelley Perry, a Harrisburg based Manager within the firm, has prepared more than 525 CAPs and associated rate analyses during her 28 years with MAXIMUS. She has provided OMB and full-cost CAP development, ICRP development, and user fee rate setting. Ms. Perry is currently Project Manager for our New York engagements with Jefferson, Ontario, Orange, Putnam and Sullivan counties and the City of Syracuse.

As Project Manager of this engagement, Ms. Perry will verify that the MAXIMUS Project Team fulfills all duties and responsibilities under the contract. She will participate in major project activities and monitor all phases of the project according to the specified timelines. In addition, she will:

- Coordinate the collection of requested data
- Review all data for conformance and accuracy
- Analyze data and prepare import worksheets
- Import worksheets into proprietary cost allocation software
- Summarize results, formalize cost plan, and compute departmental carry-forwards and proposed indirect costs where applicable
- Prepare indirect cost rates, as required
- Submit all reviewed deliverables

Christine M. Lukacsina, Project Consultant

Christine Lukacsina has been with the firm for more than 27 years and has prepared CAPs and associated analyses for 15 years. She is a Senior Consultant and is based in our Harrisburg office. She is well versed in the technical aspects of cost plan preparation and the requirements of state and local CAPs. Ms. Lukacsina is currently supporting the New York counties of Rensselaer, Seneca, Warren, and Yates. We anticipate utilizing Ms. Lukacsina as needed to assist the Project Team with gathering and reviewing source documentation, inputting financial and statistical data using our proprietary software, and providing other general project analyses.

Deep Bench of Available Staff

Although we believe we have sufficiently staffed this project to fulfill the requested scope of work, additional resources may be required from time to time. MAXIMUS has more than 40 staff with government accounting expertise; several with New York-specific cost allocation experience. This deep bench of available staff differentiates MAXIMUS from the smaller, local accounting firms.

1.3.1 Why MAXIMUS?

There are many reasons that substantiate why MAXIMUS cost allocation services are highly regarded and respected. First and foremost, we have far more CAP experience than any of our competitors. MAXIMUS brings a proven track record of providing high-quality CAPs that meet the needs of various cities and counties across the country as well as across New York. No other firm has the breadth of experience or personnel with the depth of skills required to understand and apply the complexities within the cost allocation process as well as bring a national perspective directly to the benefit of the County.

We take great pride in providing high-quality service to our clients and have consistently been successful in providing our clients with services that meet and exceed expectations. This success starts with the following fundamental principles of MAXIMUS which will guide us during our work for the County:

- We are dedicated to providing the highest quality of service to our clients. We first take time to understand the operations and needs of our clients, and then we develop solutions to help resolve those issues.
- We utilize an interactive process that involves our client in all aspects of our engagement, resulting in a product that the client understands and accepts as accurate.
- We assign senior project teams to our engagements, using staff members who have many years of consulting experience, who are on-site for the project, and who are directly involved in each step of the work process.
- We seek to build long-term relationships based on mutual trust and respect, so that our clients feel free to seek us out as a trusted advisor for advice and counsel long after our engagement is complete.

As the regulatory landscape changes with the Uniform Guidance, the County needs an experienced partner not only to ensure compliance, but also to take advantage of any new opportunities for cost recovery. OMB regulations are often open to interpretation and allow a certain flexibility in the applications of many of its sections. As a result of this, MAXIMUS routinely draws on our national experience and reputation to find precedents and workable solutions with negotiators.

The advantage of having such a large specialized cost allocation practice is that the County is guaranteed to have competent consulting support for many years. The County needs a consulting partner whose credibility can withstand the inevitable public scrutiny of auditors and most importantly, you need to rely upon the assessment capabilities and insights of a company that understands the changes in cost allocation techniques.

COUNTY OF NASSAU

CONSULTANT'S, CONTRACTOR'S AND VENDOR'S DISCLOSURE FORM

1. Name of the Entity: MAXIMUS Consulting Services, Inc.

   Address: 1891 Metro Center Drive

   City, State and Zip Code: Reston, VA 20190

2. Entity's Vendor Identification Number: 26-1557956

3. Type of Business: _x_ Public Corp ___ Partnership ___ Joint Venture

   ___ Ltd. Liability Co ___ Closely Held Corp ___ Other (specify)

4. List names and addresses of all principals; that is, all individuals serving on the Board of Directors or comparable body, all partners and limited partners, all corporate officers, all parties of Joint Ventures, and all members and officers of limited liability companies (attach additional sheets if necessary):

Kathleen Kerr - President

Richard Sankey - Vice President

Bruce Perkins - Vice President

Kevin M Reilly - Treasurer

David Francis - Secretary

Adam Polatnick - VP Contracts, Asst Secretary

5. List names and addresses of all shareholders, members, or partners of the firm. If the shareholder is not an individual, list the individual shareholdres/partners/members. If a Publicly held Corporation include a copy of the 10K in lieu of completing this section.

See individual principal questionnaires

See attached 10k

6. List all affiliated and related companies and their relationship to the firm entered on line 1. above (if none, enter "None"). Attach a separate disclosure form for each affiliated or subsidiary company.

See exhibit

7. List all lobbyists whose services were utilized at any stage in this matter (i.e., pre-bid, bid, post-bid, etc.). The term "lobbyist" means any and every person or organization retained, employed or designated by any client to influence - or promote a matter before - Nassau County, its agencies, boards, commissions, department heads, legislators or committees, including but not limited to the Open Space and Parks Advisory Committee and Planning Commission. Such matters include, but are not limited to, requests for proposals, development or improvement of real property subject to County regulation, procurements, or to otherwise engage in lobbying as the term is defined herein. The term "lobbyist" does not include any officer, director, trustee, employee, counsel or agent of the County of Nassau, or State of New York, when discharging his or her official duties.

(a) Name, title, business address and telephone number of lobbyist(s):

None

(b) Describe lobbying activity of each lobbyist. **See page 4 of 4 for a complete description of lobbying activities.**

None

(c) List whether and where the person/organization is registered as a lobbyist (e.g., Nassau County, New York State):

None

8. VERIFICATION: This section must be signed by a principal of the consultant, contractor or Vendor authorized as a signatory of the firm for the purpose of executing Contracts.

The undersigned affirms and so swears that he/she has read and understood the foregoing statements and they are, to his/her knowledge, true and accurate.

Dated: 9.25.17

Signed:

Print Name: **T. Isadora Huntley**

Title: **Sr. Manager Contracts**

The term <u>lobbying</u> shall mean any attempt to influence: any determination made by the Nassau County Legislature, or any member thereof, with respect to the introduction, passage, defeat, or substance of any local legislation or resolution; any determination by the County Executive to support, oppose, approve or disapprove any local legislation or resolution, whether or not such legislation has been introduced in the County Legislature; any determination by an elected County official or an officer or employee of the County with respect to the procurement of goods, services or construction, including the preparation of contract specifications, including by not limited to the preparation of requests for proposals, or solicitation, award or administration of a contract or with respect to the solicitation, award or administration of a grant, loan, or agreement involving the disbursement of public monies; any determination made by the County Executive, County Legislature, or by the County of Nassau, its agencies, boards, commissions, department heads or committees, including but not limited to the Open Space and Parks Advisory Committee, the Planning Commission, with respect to the zoning, use, development or improvement of real property subject to County regulation, or any agencies, boards, commissions, department heads or committees with respect to requests for proposals, bidding, procurement or contracting for services for the County; any determination made by an elected county official or an officer or employee of the county with respect to the terms of the acquisition or disposition by the county of any interest in real property, with respect to a license or permit for the use of real property of or by the county, or with respect to a franchise, concession or revocable consent; the proposal, adoption, amendment or rejection by an agency of any rule having the force and effect of law; the decision to hold, timing or outcome of any rate making proceeding before an agency; the agenda or any determination of a board or commission; any determination regarding the calendaring or scope of any legislature oversight hearing; the issuance, repeal, modification or substance of a County Executive Order; or any determination made by an elected county official or an officer or employee of the county to support or oppose any state or federal legislation, rule or regulation, including any determination made to support or oppose that is contingent on any amendment of such legislation, rule or regulation, whether or not such legislation has been formally introduced and whether or not such rule or regulation has been formally proposed.

EXHIBIT 21.1

MAXIMUS, Inc.
List of Subsidiaries
As of September 30, 2016

Name*	Jurisdiction of Incorporation/Organization
2020 Company, LLC	Illinois
Acentia, LLC	Maryland
Aged Care Assessments Australia Pty Ltd	Australia
Ascend Management Innovations LLC	Tennessee
Assymetrics Pty Ltd	Australia
Cheviot Recruitment Ltd	England & Wales
Child Welfare Assessments Pty Ltd	Australia
GAEA Management Ltd	British Columbia
Goldfields Employment and Training Services Pty Ltd (51% owned)	Australia
Health Management Limited	England & Wales
Interactive Technology Solutions, LLC	Maryland
InSysCo, Inc.	Virginia
ITSolutions Net Holding Corporation	Delaware
ITSolutions Net Inc.	Delaware
ITEQ Holding Company, Inc.	Maryland
MAXIMUS Australia Holding Company Pty Ltd	Australia
MAXIMUS BC Health Inc.	British Columbia
MAXIMUS BC Health Benefit Operations Inc.	British Columbia
MAXIMUS Canada, Inc.	Canada
MAXIMUS Canada Employment Services Inc.	British Columbia
MAXIMUS Canada Services, Inc.	Canada
MAXIMUS Companies Limited	England & Wales
MAXIMUS Consulting Services, Inc.	Virginia
MAXIMUS Federal Services, Inc.	Virginia
MAXIMUS Gulf Company Ltd (70% owned)	Saudi Arabia
MAXIMUS People Services Ltd	England & Wales
MAXIMUS Health Services, Inc.	Indiana
MAXIMUS HHS Holdings Limited	England & Wales
MAXIMUS Human Services, Inc.	Virginia
MAXIMUS Properties LLC	Virginia
MAXSolutions Pty Limited	Australia
Policy Studies, Inc.	Colorado
PSI Services Holding, Inc.	Delaware
Remploy Ltd (70% owned)	England & Wales
The Centre for Health and Disability Assessments Ltd	England & Wales
Themis Program Management and Consulting Ltd	British Columbia

* The names of other subsidiaries have been omitted from this list because, considered in the aggregate, they would not constitute a significant subsidiary under Securities and Exchange Commission Regulation S-X, Rule 1-02(w).

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2016

Commission file number: 1-12997

MAXIMUS, INC.

(Exact name of registrant as specified in its charter)

Virginia (State or other jurisdiction of incorporation or organization)	**54-1000588** (I.R.S. Employer Identification No.)
1891 Metro Center Drive, Reston, Virginia (Address of principal executive offices)	**20190** (Zip Code)

Registrant's telephone number, including area code: **(703) 251-8500**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, no par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of outstanding voting stock held by non-affiliates of the registrant as of March 31, 2016 was $3,348,983,910 based on the last reported sale price of the registrant's Common Stock on The New York Stock Exchange as of the close of business on that day.

There were 64,777,832 shares of the registrant's Common Stock outstanding as of November 14, 2016.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its 2017 Annual Meeting of Shareholders to be held on March 14, 2017, which definitive Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after the end of the registrant's fiscal year, are incorporated by reference into Part III of this Form 10-K.

MAXIMUS, Inc.
Form 10-K
September 30, 2016
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Included in this Annual Report on Form 10-K are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations, estimates, forecasts and projections about our Company, the industry in which we operate and other matters, as well as management's beliefs and assumptions and other statements that are not historical facts. Words such as "anticipate," "believe," "could," "expect," "estimate," "intend," "may," "opportunity," "plan," "potential," "project," "should," "will" and similar expressions are intended to identify forward-looking statements and convey uncertainty of future events or outcomes. These statements are not guarantees and involve risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from such forward-looking statements due to a number of factors, including without limitation:

- a failure to meet performance requirements in our contracts, which might lead to contract termination and liquidated damages;
- the effects of future legislative or government budgetary and spending changes;
- our failure to successfully bid for and accurately price contracts to generate our desired profit;
- difficulties in integrating acquired businesses;
- our ability to maintain technology systems and otherwise protect confidential or protected information;
- our ability to attract and retain executive officers, senior managers and other qualified personnel to execute our business;
- our ability to manage capital investments and start-up costs incurred before receiving related contract payments;
- the ability of government customers to terminate contracts on short notice, with or without cause;
- our ability to maintain relationships with key government entities from whom a substantial portion of our revenue is derived;
- the outcome of reviews or audits, which might result in financial penalties and reduce our ability to respond to invitations for new work;
- a failure to comply with laws governing our business, which might result in the Company being subject to fines, penalties and other sanctions;
- the costs and outcome of litigation;
- matters related to business we have disposed of or divested; and
- other factors set forth in Exhibit 99.1 of this Annual Report on Form 10-K under the caption "Special Considerations and Risk Factors."

As a result of these and other factors, our past financial performance should not be relied on as an indication of future performance. Additionally, we caution investors not to place undue reliance on any forward-looking statements as these statements speak only as of the date when made. Except as otherwise required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether resulting from new information, future events or otherwise.

PART I

ITEM 1. *Business.*

Throughout this annual report, the terms "MAXIMUS," "Company," "we," "our" and "us" refer to MAXIMUS, Inc. and its subsidiaries.

General

We are a leading operator of government health and human services programs worldwide. We act as a partner to governments under our mission of *Helping Government Serve the People.®*

Over the past five years, our revenue and earnings have grown primarily as a result of demographic, economic and legislative trends. These trends drive demand for services from providers, such as MAXIMUS, that offer efficient and cost-effective solutions to these trends, including:

- A need for governments to manage budgets in the face of increasing demands for social services;
- Aging populations that place a greater strain on health care and welfare systems;
- A global demand for social services that are based upon measurable outcomes; and
- Legislative initiatives, such as the Affordable Care Act (ACA) or welfare reform efforts, which require the implementation of new services and new programs.

We believe that governments within the United States and around the world face similar challenges and that these challenges will continue to grow over the next decade.

With our proven track record and expertise, we are in a strong position to provide these services. We believe that we bring the right combination of people, business processes and technology to deliver the best-value solution to governments. Our success has allowed us to gain market share in the areas in which we operate. As a result, we are:

- The largest provider of Medicaid enrollment and the Children's Health Insurance Program (CHIP) services in the U.S.;
- A leading operator of U.S. health insurance exchange customer contact centers, with services provided to four entities operating state-based exchanges and a customer contact center for the federal marketplace;
- The largest provider of government-sponsored health benefit appeals and assessments in the U.S. and the United Kingdom;
- One of the largest providers of disability and long-term sick support services in the U.K.;
- One of the largest providers of occupational health services in the U.K.; and
- An established provider of welfare-to-work services throughout all of our geographies, including the U.S., the U.K., Australia, Canada and Saudi Arabia.

Much of our revenue is derived from long-term contractual arrangements with governments. Most often, a contract will have a base period and additional option periods thereafter. As a result, the total length of a contract, if all options are exercised, may often range between five and ten years. This provides good visibility in terms of predicting revenue. Most of our contracts are related to long-term, stable programs, such as Medicaid, Medicare, Social Security, the ACA and long-term employment support programs. Our client relationships are frequently decades long.

We also pursue selective acquisitions to enhance and expand our offerings or geographic presence.

- In 2016, we acquired Ascend Management Innovations, LLC (Ascend), a provider of independent, specialized health assessments and data management tools to government agencies in the U.S.

- In 2016, we acquired Assessments Australia, a provider of assessments to identify what support services may be required in order to make individuals successful in a community environment.

- In 2015, we acquired Acentia, LLC (Acentia), a provider of system modernization, software development, program management and other information technology services to the U.S. Federal Government.
- In 2015, we acquired Remploy, a leading provider of disability employment services in the U.K.
- In 2013, we acquired Health Management Limited, a leading provider of independent medical assessments in the U.K.
- In 2012, we acquired Policy Studies, Inc., a provider of health and human services operations in the U.S.

Our business segments

The Company is organized and managed based on the services we provide: Health Services, U.S. Federal Services and Human Services.

For more information on our segment presentation, including comparative revenue, gross profit, operating income, identifiable assets and related financial information for the 2016, 2015 and 2014 fiscal years, see "Note 2. Business segments" within Item 8 of this Annual Report on Form 10-K, which we incorporate by reference herein.

Health Services Segment

Our Health Services Segment generated 54% of our total revenue in fiscal year 2016.

The Health Services Segment provides a variety of business process services, appeals and assessments as well as related consulting services, for state, provincial and national government programs. These services support Medicaid, the Children's Health Insurance Program (CHIP) and the ACA in the U.S., Health Insurance BC (British Columbia) in Canada and HAAS and Fit for Work Service in the U.K. The Segment's services help people access, navigate and use health benefits and other government programs. The Segment also helps governments engage with program recipients, while at the same time helping governments to improve the efficiency, cost effectiveness, quality and accountability of their health and disability benefits programs.

Approximately 76% of our revenue for this segment comes from our comprehensive administrative and program operations services for government health benefits programs. These services include:

- Health insurance exchange customer contact center operations and support services;
- Health insurance program eligibility and enrollment services to help beneficiaries make the best choice for their health insurance coverage and improve their access to health care;
- Beneficiary outreach and education—including multilingual customer contact centers and multi-channel self-service options, such as Web-based portals—for easy enrollment;
- Application assistance and independent health plan enrollment counseling to beneficiaries;
- Premium payment processing and administration, such as invoicing and reconciliation;
- Health plan oversight; and
- Comprehensive eHealth solutions with the Medigent® product suite.

Approximately 23% of the Segment's revenue is from our independent health review services. These services include:

- Independent disability, long-term sick and other health assessments, including those related to long-term services and supports; and

- Occupational health clinical assessments.

We also provide specialized consulting services, including Medicaid Management Information System (MMIS) planning. These services comprise less than one percent of the Segment's revenue.

All of our contracts are different, but we are typically reimbursed for our services based upon the volumes of work performed, the number of participants served, the levels of achievement reached against specified goals, or a combination of these factors. The Health Services Segment may experience seasonality due to transaction-based work, such as program open enrollment periods and activity related to contract life cycles. Most notably, the

Segment may experience revenue and margin fluctuations associated with the ACA, which provides an open enrollment period that begins in our first fiscal quarter and extends into our second fiscal quarter. The exact dates may be subject to change by the U.S. Federal Government. During the first quarter of our fiscal year, reductions in working days due to holidays and vacations may also impact our sales and accounts receivable, but the effect is generally not significant.

U.S. Federal Services Segment

Our U.S. Federal Services Segment generated 25% of our total revenue in fiscal year 2016.

The U.S. Federal Services Segment provides business process services and program management for large government programs, independent health review and appeals services for both the U.S. Federal Government and similar state-based programs and technology solutions for civilian federal programs. The acquisition of Acentia in 2015 provided us with access to twelve new contract vehicles with the U.S. Federal Government. We currently serve nineteen federal agencies.

Approximately 36% of the Segment's revenue is from our comprehensive government program administration services. These include:

- Centralized customer contact centers and support services;
- Document and record management; and
- Case management, citizen engagement and consumer education.

Approximately 28% of the Segment's revenue is from our independent health review services. These include:

- Independent medical reviews and worker's compensation benefit appeals;
- Health benefit appeals; and
- Eligibility appeals.

Approximately 36% of the Segment's revenue is from our technology solutions. These include:

- Modernization of systems and information technology (IT) infrastructure;
- Infrastructure operations and support;
- Software development, operations and management; and
- Data analytics.

Many programs within the Segment are reimbursed on a cost-plus or a time-and-materials basis, although revenue may also be based upon participant numbers. Our independent health review services business is typically based upon the number and type of appeals processed. The U.S. Federal Services Segment is not expected to experience seasonality related to its programs. However, it may experience fluctuations as a result of program maturity including lower revenue and profitability related to transaction or performance based-contracts during program start-up. Some of the contracts may also be structured as cost-reimbursable, which typically carry the lowest level of risk but also carry lower levels of operating margin.

Human Services Segment

Our Human Services Segment generated 21% of our total revenue in fiscal year 2016.

The Human Services Segment provides national, state and local human services agencies with a variety of business process services and related consulting services for government programs.

- Approximately 74% of the Segment's revenue is from comprehensive welfare-to-work services that help disadvantaged individuals transition from government assistance programs to sustainable employment and economic independence Services include eligibility determination, case management, job-readiness preparation, job search and employer outreach, job retention and career advancement, and selected educational and training services. Programs served include the Work Programme and Work Choice in the U.K.; jobactive, Disability Employment Services and Young Refugee Assistance in Australia; Temporary

Assistance to Needy Families (TANF) in the U.S.; the Employment Program of British Columbia, Canada; and the Ta'Qat and Tawafuq programs in Saudi Arabia. These services are typically reimbursed through fees for case management with incentives for providing sustained employment for participants. In recent years, the emphasis on payments has moved toward the incentive fees.

- A further 15% of the Segment's revenue is generated from full and specialized child support case management services, customer contact center operations, and program and systems consulting services. Revenue is typically based upon outcomes.

The balance of the Segment's revenue comes from specialized services including:

- Management tools and professional consulting services for higher education institutions;
- Program consulting services, including independent verification and validation, cost allocation plans and other specialized consulting offerings; and
- Tax credit and employer services.

The Human Services Segment's business is not expected to experience seasonality.

Geographic Information

We operate in the U.S., the U.K., Australia, Canada and Saudi Arabia. The distribution of revenue and assets across geographies are included in "Note 2. Business Segments" within Item 8 of this Annual Report on Form 10-K.

Market overview

We expect that demand for our core offerings will continue to increase over the next few years. This is driven principally by macro trends such as new legislation, new or updated regulations, an increasing interest by governments to implement outcomes-based programs, austerity measures and increasing caseloads, as governments strive to deliver more services with fewer resources. In addition, we believe there is an increasing propensity by certain governments to use public-private partnerships and seek help from firms like MAXIMUS as a means to run more effective and efficient programs. We believe that we remain well-positioned to benefit from this increasing demand.

Demand for our services is contingent upon factors that affect governments, including:

- The need for governments to deliver efficient, cost-effective services to program beneficiaries while meeting legal requirements and achieving programmatic goals and value for funds spent on social benefit programs;
- The requirement of U.S. state governments to implement federal initiatives and qualify for federal matching funds;
- The impact of continued budgetary pressures, which result in governments having to operate more programs with the same level of resources and/or implement cost-control measures;
- The increased demand for social benefit programs as a result of rising caseloads and demographic trends in many developed countries; and
- The need to improve business processes, push innovations, and update technology for public programs as governments seek outside sources of support to gain needed expertise or to address trends as more public workers become eligible for retirement.

As a result, governments hire companies like MAXIMUS to help them deliver innovative, efficient and cost-effective services to beneficiaries on their behalf. We possess the knowledge and resources to operate government health and human programs efficiently and to engage with program beneficiaries, while maintaining the service levels and achieving the outcomes demanded by our clients. With the ability to balance resources with demand, we also offer the flexibility and scalability that governments do not always possess.

Health Services Market Environment

According to the Organization for Economic Cooperation and Development, health care spending in the U.S. still far exceeds that of other high-income countries. The Kaiser Family Foundation noted an acceleration of U.S. health care spending in 2014 due, in part, to increased coverage under the ACA and predicts that spending growth will continue at a higher rates than in recent years, but not to the double-digit growth seen in previous decades.

Effectively managing these costs, as well as improving quality and access to health care, is a major policy priority for governments. Governments seek efficient and cost-effective solutions to manage their public health benefit programs. This includes programs meant to support individuals with disabilities and long-term medical conditions, as well as individuals with shorter-term health conditions.

Outside the U.S., many governments are seeking partners to help them manage, administer or operate their social benefit programs. Countries like the U.K. are examining how public health relates to productivity, cost reduction and economic growth. The U.K. Government provides a range of social welfare benefits for people who are unable to work as a result of a disability, long-term illness or other health condition. For individuals with long-term sickness or disabilities, the government requires an independent health assessment provided by a vendor through HAAS. The assessment is used by the government to determine an individual's level of benefits. We believe there is continued market demand to conduct independent assessments for participants in public benefit programs and to support employers and their employees through our commercial occupational health services.

In the U.S., as a result of Medicaid expansion and the ACA, many states have made program changes. These changes have occurred most notably through benefit changes and the expansion of managed care to new populations that have historically been served through fee-for-service Medicaid or are now eligible for coverage through the ACA health insurance exchanges.

The ACA expanded access to health coverage primarily through insurance subsidies and Medicaid expansion. States are not required to expand their Medicaid programs, but the Congressional Budget Office estimates that most will expand coverage over the next several years. The Kaiser Family Foundation reported that 31 states and the District of Columbia have already expanded Medicaid as of October 2016. In addition, states have seen an increase in Medicaid participation as a result of the "woodwork effect" as the level of visibility for these programs has increased, more individuals who are eligible for Medicaid have applied for coverage.

The ACA also extends CHIP through 2019 and provides increased matching federal funds. The Medicare Access and CHIP Reauthorization Act (MACRA) of 2015 provides new federal funding for CHIP through 2017. We currently serve as the administrative CHIP vendor in six states.

In 2016, certain states and the District of Columbia operated their own exchanges. Other states participate in a partnership model or have opted to use the federal exchange. We currently operate customer contact centers for the District of Columbia and three state-based exchanges. We also operate one customer contact center as a subcontractor for the federal marketplace. In 2017, states will have access to the State Innovation Waivers, also known as the 1332 Waivers, which give states the most comprehensive and flexible framework for best using federal funding for their public health insurance programs. As a result, we believe that these waivers may create a more palatable path for additional states to contemplate new ways to operate their health benefit programs over the coming years.

The election of Donald Trump has renewed focus on the future of the ACA. President-elect Trump's campaign platform included a goal to repeal and replace the ACA. The factors that drove the passage of the ACA, including the large number of Americans without health insurance, are still present and the Trump administration has articulated his interest to broaden health care, make it affordable, and improve its quality. We believe we are well-positioned to assist the new administration and the individual states in any repeal, replacement or modification of the ACA.

Many governments are also looking for innovative solutions to support disabled and elderly populations who require long-term services and supports (LTSS). A general trend in the LTSS market has been to ensure that individuals are in the right setting and receiving the right level of support and care. In many cases, this means allowing individuals to receive care at home or in a community-based settings, rather than institutional facilities. Conflict-free assessment services assist governments in determining the most appropriate placement and health care services for program beneficiaries.

We believe the current health market environment positions us to benefit from continued demand across all of our geographies from service areas such as operations program management and health assessments. Overall, we expect the underlying demand for our services to increase over the next several years.

U.S. Federal Services Market Environment

The U.S. federal market continues to see modest growth after several years of uncertainty due primarily to political struggles around the federal budget and the subsequent reduction of agency budgets. The President's fiscal 2017 budget proposal includes a 1.3 percent increase in overall federal IT spending and a 1.1 percent increase in civilian agency IT spending.

Through our acquisition of Acentia, we are now a full-service provider of business process services and technology solutions to the U.S. Federal Government. The acquisition also provided 12 new contract vehicles that give us the opportunity to bid on task orders that we were previously unable to bid as a prime contractor. We also have access to new federal agencies, as well as the ability to expand our current portfolio of work with agencies where both companies have existing relationships. Our expanded capabilities allow us to address more comprehensively many of the challenges faced by federal agencies today. We have seen a substantial increase in long-term sales opportunities as a result of the acquisition. The business has been fully integrated and now operates under the MAXIMUS Federal Services brand.

While federal agency budgets still face fiscal pressures, we continue to see opportunities to apply our cost-effective and efficient solutions in the federal market. Federal agencies are tasked with cost-effectively managing programs at a time when changing demographics are leading to rising caseloads in many federal programs.

Many federal agencies must also address the maintenance of legacy systems and the pressing need for infrastructure as IT modernization continues to grow. Legacy processes and systems are fundamental to government operations, yet they are unsustainably expensive to operate in an environment that requires online agility and rapid response to new demands, requirements and global challenges. We are in a prime position to help agencies modernize and operate their mission-critical systems.

The implementation of the ACA also continues to impact the federal landscape. The ACA requires an independent, evidence-based external review process and the option for individuals to appeal coverage determinations or claims to insurance companies. We are one of the largest providers of evidence-based health insurance appeals to Medicare and 55 state agencies. We are also presently managing the eligibility appeals process for the Federally Facilitated Marketplace. As previously mentioned, President-elect Trump's campaign platform included a goal to repeal and replace the ACA. The factors that drove the passage of the ACA are still present we believe we are well-positioned to assist the new administration and the federal government in any repeal, replacement or modification of the ACA.

Other key factors that will likely impact the U.S. federal market include a variety of political, economic, social and technological issues:

- A focus on the citizen experience and citizen services, as well as digital services;
- Legacy to modernization through case management;
- Agencies moving from transformation initiatives to operations and maintenance;
- Agencies seeking consolidation and shared services to achieve cost efficiencies;
- Changes in the acquisition and contracting environment, including consolidation of GSA schedules; and
- Limited program and procurement activity following the November 2016 presidential election as a result of the new administration.

Human Services Market Environment

We believe we are well-positioned to compete for opportunities in Human Services because of our established presence, strong brand recognition, and ability to achieve the requisite performance requirements and outcomes outlined in the new reform measures. We offer clients demonstrated results and decades of proven experience in administering welfare-to-work programs in several states and countries.

We provide comprehensive welfare-to-work case management services throughout the U.S., the U.K., Australia, Canada and Saudi Arabia. In Australia, we are one of the largest welfare-to-work providers. We also have an established presence in the U.K.'s welfare-to-work market and presently provide employment and job training services under the Work

Programme, a key component of the coalition government's austerity plan to rein in costly benefits programs and reduce mounting debt.

Through our acquisition of Remploy in the U.K., we have increased our presence in the disability employment services market where we help people with disabilities and health conditions obtain mainstream employment. We believe these services are transferrable to our other geographies and position us well for emerging trends in the disability services market.

In addition to ongoing welfare to work programs, we have seen an increase in initiatives to use private firms for children's services, such as family maintenance and child support. We currently provide services to the Family Maintenance Enforcement Program in British Columbia, as well as several jurisdictions throughout the U.S., including Shelby County, Tennessee and Baltimore, Maryland, two of the largest child support privatization efforts in the nation.

We believe ongoing initiatives and measures to reduce costs and improve efficiencies, combined with our outstanding performance, expertise and proven solutions, will continue to drive demand for our core services across multiple geographies.

Our growth strategy

Our goal is to enable future growth by remaining a leading provider of business process services (BPS), technology solutions and consulting services to government agencies. The key components of our business growth strategy include the following:

Pursue new business opportunities and expand our customer base. With more than 40 years of business expertise in the government market, we continue to be a leader in developing innovative solutions to meet the evolving needs of government agencies. We seek to grow our businesses by leveraging our existing core capabilities, consistently delivering the required outcomes for governments to achieve program goals, and pursuing opportunities with new and current clients.

Grow long-term, recurring revenue streams. We seek to enter into long-term relationships with clients to meet their ongoing objectives. As a result, long-term contracts (three to five years with additional option years) are often the preferred method of delivery for clients and provide us with predictable recurring revenue streams. We believe an incumbent has a considerable advantage in recompetes and that client relationships can last for decades.

Pursue strategic acquisitions. We will selectively identify and pursue strategic acquisitions. Acquisitions can provide us with a rapid and cost-effective method to enhance our services. This includes obtaining additional skill sets, increasing our access to contract vehicles, expanding our client base, cross-selling additional services, enhancing our technical capabilities, and establishing or expanding our geographic presence.

Continue to optimize our current operations to drive innovation and quality to clients. We continue to seek efficiencies and optimize operations in order to achieve sustainable, profitable growth. We will continue to deliver quality BPS to government clients to improve the cost effectiveness, efficiency and scalability of their programs as they deal with rising demand and increasing caseloads.

Recruit and retain highly skilled professionals. We continually strive to recruit motivated individuals, including top managers from larger organizations, former government officials, consultants experienced in our service areas and recent college graduates with degrees aligned with our mission, such as degrees in government policy and administration. We believe we can continue to attract and retain experienced and educated personnel by capitalizing on our focused market approach and our reputation as a premier government services provider.

Focus on core health, U.S. federal civilian and human services business lines. We have centered our core business offerings on delivering BPS to government health and human services agencies in our primary geographies as well as to other civilian agencies within the U.S. Federal Government. Our market focus and established presence positions us to benefit from health care and welfare reform initiatives both in the U.S. and internationally.

See Exhibit 99.1 of this Annual Report on Form 10-K under the caption "Special Considerations and Risk Factors" for information on risks and uncertainties that could affect our business growth strategy.

Competitive advantages

We offer a private sector alternative for the operation and management of critical government-funded health and human services programs. Our reputation and extensive experience give us a competitive advantage as governments value the level of expertise, proven delivery and brand recognition that we bring to our clients. The following are the competitive advantages that allow us to capitalize on various market opportunities:

Proven track record, ability to deliver outcomes and exceptional brand recognition. We assist governments in delivering cost-effective services to beneficiaries of government programs. We run large-scale program management operations on behalf of government agencies, improving the quality of services provided to their beneficiaries and achieving the necessary outcomes to help them cost-effectively meet their program goals. This has further enhanced our brand recognition as a proven partner with government agencies.

Subject matter expertise. Our workforce includes many individuals who possess substantial subject matter expertise in areas critical to the successful design, implementation, administration and operation of government health and human services programs. Many of our employees have worked for governments in management positions and can offer insights into how we can best provide valuable, practical and effective services to our clients.

Intellectual property that supports the administration of government programs. We have proprietary solutions to address client requirements in our market that are configurable or provide a platform that can be transferred to meet contractual needs. We leverage commercial off-the-shelf platforms across multiple contracts in which we have considerable expertise to ensure we can deploy repeatable proven solutions. We also leverage software development methodology to shorten software development cycles. Extensive use of shared infrastructure and standard solutions provides considerable price and quality advantages. We believe our extensive industry focus and expertise embedded in our systems and processes provide us with a competitive advantage.

Flexibility and scalability. We are experienced in launching large-scale operations under compressed time frames. We offer clients the flexibility and scalability to deliver the people, processes and technology to complete short- and long-term contractual assignments in the most efficient and cost-effective manner.

Financial strength. Our business provides us with robust cash flows from operating activities as a result of our profitability and our management of customer receivables. In the event that we have significant cash outlays at the commencement of projects, to fund acquisitions, or where delays in payments have resulted in short-term cash flow declines, we may borrow up to $400 million through our credit facility. We have the ability to borrow in all of the principal currencies in which we operate. We believe we have strong, constructive relationships with the lenders on our credit facility. We had $230.1 million available to borrow as of September 30, 2016. We believe our financial strength provides reassurance to government agencies that we will be able to establish and maintain the services they need to operate high-profile public health and human services.

Focused portfolio of services. We are one of the largest publicly traded companies that provides a portfolio of BPS almost exclusively to government customers. Our government program expertise and proven ability to deliver defined, measurable outcomes differentiate us from other firms and non-profit organizations. This includes large consulting firms that serve multiple industries and lack the focus necessary to manage the complexities of serving government agencies efficiently.

Established presence outside the United States. Governments outside the U.S. are seeking to improve government-sponsored health and human services programs, manage increasing caseloads, and contain costs. We have an established presence in the U.K., Australia, Canada and Saudi Arabia. Our international efforts are focused on delivering cost-effective welfare-to-work and health benefits services to program participants on behalf of governments.

Expertise in competitive bidding. Government agencies typically award contracts through a comprehensive, complex and competitive request for proposals (RFP) and bidding process. Although the bidding criteria vary from contract to contract, typical contracts are awarded based upon a mix of technical solution and price. In some cases, governments award points for past performance tied to program outcomes. With more than 40 years of experience in responding to RFPs, we believe we have the necessary experience and resources to navigate government procurement processes and to assess and allocate the appropriate resources necessary for successful project completion in accordance with contractual terms.

Our clients

Our primary clients are government agencies, with the majority at the national, provincial and state level and, to a lesser extent, some at the county and municipal level. In the U.S., even when our direct clients are state governments, a significant amount of our revenue is ultimately provided by the U.S. Federal Government in the form of cost-sharing arrangements with the states, such as is the case with Medicaid. In the year ended September 30, 2016, approximately 46% of our total revenue was derived from state government agencies, 26% from foreign government agencies, 22% from U.S. Federal Government agencies and 6% from other sources including local municipalities and commercial customers.

In the event of a shutdown of the U.S. Federal Government, a portion of our U.S. Federal Services Segment may be impacted. Many of our federally funded health and human services programs are typically deemed essential, which means that a short-term shut-down would not be expected to cause significant disruption to these operations. With the acquisition of Acentia's business, our contract portfolio now contains services that may be considered discretionary. As a result, we could incur costs tied to portion of work that is considered discretionary with no certainty of recovery. In all cases, an extended delay may affect certain government programs that rely upon federal funding and may also have an effect on our cash flows if payments are delayed.

For the year ended September 30, 2016, our most significant clients were the U.S. Federal Government, which provided 22% of our consolidated revenue, the U.K. Government, which provided 16%, and the State of New York, which provided 12%.

We typically contract with government clients under four primary pricing arrangements: performance-based, cost-plus, fixed-price and time-and-materials. For the year ended September 30, 2016, 42% of our contracts were performance-based, 33% were cost-plus, 18% were fixed-price and 7% were time-and-materials.

Generally, the relationships with our clients are longer-term and typical contracts, including option periods, tend to be several years long before they are subject to be competitively rebid. See the "Backlog" section below for more details.

Competition

The market for providing our services to government agencies is competitive and subject to rapid change. However, given the specialized nature of our services and the programs we serve, market entry can be difficult for new or inexperienced firms. The complex nature of competitive bidding, the required investment in subject-matter expertise, repeatable processes and support infrastructure, and the need to achieve specific program outcomes creates barriers to entry for potential new competitors unfamiliar with the nature of government procurement.

In the U.S., our primary competitors in the Health Services Segment are Xerox, HP, Automated Health Systems and Faneuil. We consider ourselves to be a significant competitor in the markets in which we operate as we are the largest provider of Medicaid and CHIP administrative programs and operate more state-based health insurance exchanges than any other commercial provider. In the U.S. Federal Services Segment, our primary competitors in the BPS market are Serco, General Dynamics Information Technology and FCi. In the U.S. Federal Services Segment, our primary competitors in the technology sector tend to be IBM, Oracle, CSRA and other federal contractors. Our primary competitors in the Human Services Segment vary according to specific business line, but are primarily specialized consulting service providers and local non-profit organizations.

Outside of the U.S., our primary competitors in the Health Services Segment include Atos, Capita, Interserve, Virgin Care and Optum. Our primary competitors in the Human Services Segment include Serco, Ingeus, a Providence Service Company, Staffline, Shaw Trust, Sarina Russon, Advanced Placement Management and other specialized private companies and non-profit organizations such as The Salvation Army and Goodwill Industries. Although the basis for competition varies from contract to contract, we believe that typical contracts are awarded based upon a mix of comprehensive solution and price. In some cases, clients award points for past performance tied to program outcomes.

Legislative initiatives

We actively monitor legislative initiatives and respond to opportunities as they develop. Over the past several years, legislative initiatives created new growth opportunities and potential markets for us. Legislation passed in all the geographies in which we operate has significant public policy implications for all levels of government and presents viable business opportunities in the health and human services arena. We are well-positioned to meet the operations program management and consulting needs resulting from that legislation and subsequent regulatory and program implementation efforts.

Some legislative initiatives that have created new growth opportunities for MAXIMUS include:

The Affordable Care Act (ACA). Enacted in 2010 and upheld through a Supreme Court decision in 2012, the ACA introduced comprehensive health care reform in the United States. MAXIMUS has helped states with the operation of their health insurance exchanges and the expansion of their Medicaid programs to include new populations, the integration of state eligibility processing for entitlement programs and new long-term services and supports initiatives that have introduced more flexibility for home- and community-based services. MAXIMUS has also assisted the federal government with the operations of a customer contact center for the Federal Marketplace and independent eligibility appeals services.

The election of Donald Trump has renewed focus on the future of health care policy in the United States, including the future of the ACA. President-elect Trump's campaign platform included a goal to repeal and replace the ACA. The factors that drove the passage of the ACA, including the large number of Americans without health insurance, are still present and the Trump administration has articulated his interest to broaden health care, make it affordable, and improve its quality. We believe we are well-positioned to assist the new administration and the individual states in any repeal, replacement or modification of the ACA. We would anticipate that any such changes would not affect our results until after fiscal year 2017. We estimate that our work directly tied to the ACA is expected to contribute approximately $160 million to our revenue in fiscal year 2017. We also estimate that approximately $40 million in additional revenue is tied to Medicaid expansion activities in the states where we provide Medicaid services.

Children's Health Insurance Program Reauthorization Act (CHIPRA). CHIPRA was signed into law on February 2, 2009, extending the previous SCHIP program. As part of the ACA, CHIP has been extended through 2019. The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) provides new federal funding for CHIP through 2017. By expanding state options to find and enroll eligible children through "express lane eligibility" and "auto enrollment," CHIPRA has presented MAXIMUS with an opportunity to expand our partnerships with states for the administration of CHIP programs. The advent of state and federal exchanges at the beginning of 2014 has increased participation of eligible children in CHIP.

Medicaid and CHIP Managed Care Regulations. In 2016, the Centers for Medicare & Medicaid Services (CMS) issued managed care regulations and federal standards for the Medicaid and Children's Health Insurance programs. These include enhancing support for consumers, improving health care delivery and quality of care, providing greater access to health care, and ensuring a modern set of rules that better align with the marketplace and Medicare Advantage plans. They also reinforce ongoing efforts to modernize and streamline the enrollment process and the continued value of independent choice counseling.

Work Innovation and Opportunity Act (WIOA). Signed into law in July 2014, WIOA replaces the Workforce Investment Act of 1998 and took effect on July 1, 2015. The law coordinates several core federal employment, training, education and literacy programs. It also requires states to strategically align their workforce development programs, with the option to include TANF, to help job seekers access the necessary support services and to match employers with skilled workers they need to compete in the global economy. WIOA represents potential new opportunities for us to complement our existing TANF welfare-to-work operations in the U.S.

U.K. Health Assessment Advisory Service (formerly known as the Health and Disability Assessment Service). The Welfare Reform Act of 2007 replaced Incapacity Benefits with the Employment and Support Allowance and introduced the Work Capability Assessment (WCA). The WCA was designed to distinguish people who could not work due to health-related problems from people who were 'fit for work' or, with additional support, could eventually return to work. In 2010, the U.K. Government decided to reassess the 2.5 million people who had previously been determined to be eligible to receive Incapacity Benefits. The U.K. Government also decided that an independent health assessment provided by a vendor partner is the best method for the government to determine the level of benefits for individuals with long-term sickness or disabilities. MAXIMUS has been providing assessments through the resulting HAAS on behalf of the Department for Work and Pensions (DWP) since March 2015.

U.K. Work Programme, Work Choice Programme and Work and Health Programme. The Work Programme is a government-sponsored welfare-to-work model that consolidates several existing employment programs into a single comprehensive back-to-work program in an effort to achieve higher quality, longer-term and sustainable employment outcomes for job seekers in the U.K. The Work Choice Programme is a voluntary, government-sponsored employment support program for people with disabilities. The U.K. Government has indicated that the two programs will be consolidated into the new Work and Health Programme with an increased focus on people with health conditions and disabilities. MAXIMUS expects that the scope of work under Work and Health will be smaller than the two previous contracts combined.

Backlog

At September 30, 2016, we estimate that we had approximately $4.0 billion in backlog. Backlog represents an estimate of the remaining future revenue from existing signed base contracts and revenue from contracts that have been formally awarded, but not yet signed. Our backlog estimate includes revenue expected under the current terms of executed contracts and revenue from contracts in which the scope and duration of the services required are not definite but estimable (such as performance-based contracts). Our backlog estimate does not assume any contract renewals or option period exercises.

Increases in backlog result from the award of new contracts, the extension or renewal of existing contracts and the exercise of option periods. Reductions in backlog come from fulfilling contracts or the early termination of contracts. The backlog associated with our performance-based contracts is an estimate based upon management's experience of caseloads and similar transaction volume from which actual results may vary. The Company may modify our estimates related to performance-based contracts and as a result backlog from these contracts may increase or decrease based upon the information that management has at that time. Additionally, backlog estimates may be affected by foreign currency fluctuations.

Government contracts typically contain provisions permitting government clients to terminate contracts on short notice, with or without cause.

We believe that period-to-period backlog comparisons are difficult and may not necessarily accurately reflect future revenue we may receive. The actual timing of revenue receipts, if any, on projects included in backlog could change for any of the aforementioned reasons. The dollar amount by segment of our backlog as of September 30, 2016 and 2015 was as follows:

	Backlog as of September 30,	
	2016	2015
	(In millions)	
Health Services	$ 2,429	$ 2,320
U.S. Federal Services	408	832
Human Services	1,163	1,448
Total	$ 4,000	$ 4,600

Our businesses typically involve contracts covering a number of years, including option periods. Once contracts are signed, they typically take three to six months to begin generating revenue. At September 30, 2016, the average weighted life of these contracts was approximately 5 years, including option periods. Although the exercise of options is uncertain, we believe the incumbent contractor enjoys significant advantages and these options are exercised nearly 100% of the time. The longevity of these contracts assists management in predicting revenue, operating income and cash flows. We expect approximately 51% of the backlog balance to be realized as revenue in fiscal 2017 and, with the inclusion of anticipated option period renewals, to represent approximately 93% of current estimated 2017 revenue. Backlog was adjusted between September 30, 2015 and September 30, 2016 for currency fluctuations and for estimated amounts associated with our performance-based contracts based upon the latest information that management has at that time.

Employees

As of September 30, 2016, we had approximately 18,800 employees, consisting of 10,900 employees in the Health Services Segment, 3,500 employees in our U.S. Federal Services Segment, 4,000 employees in the Human Services Segment and 400 corporate administrative employees. Our success depends in large part on attracting, retaining and motivating talented, innovative, experienced and educated professionals at all levels.

As of September 30, 2016, 417 of our employees in Canada were covered under three different collective bargaining agreements, each of which has different components and requirements. There are 408 employees covered by two collective bargaining agreements with the British Columbia Government and Services Employees' Union and nine employees covered by a collective bargaining agreement with the Professional Employees Association. These collective bargaining agreements expire beginning in 2019 through 2020.

As of September 30, 2016, 1,795 of our employees in Australia were covered under a Collective Agreement, which is similar in form to a collective bargaining agreement. The Collective Agreement is renewed annually.

As of September 30, 2016, 746 of our employees in the U.K. were covered under four different collective bargaining agreements, each of which has different components and requirements. There are 153 employees covered by a collective bargaining agreement with the Union Public and Commercial Services, five employees covered by a collective bargaining agreement with the Union Prospect, and a total of 588 employees covered by a collective bargaining agreement with GMB Trade Union and Unite Amicus Trade Union. These collective bargaining agreements do not have expiration dates.

None of our other employees are covered under any such agreement. We consider our relations with our employees to be good.

Other information

MAXIMUS, Inc. is a Virginia Corporation, founded in 1975.

Our principal executive offices are located at 1891 Metro Center Drive, Reston, Virginia, 20190. Our telephone number is 703-251-8500.

Our website address is *http://www.maximus.com.* We make our website available for informational purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference into this Annual Report on Form 10-K.

We make our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and the proxy statement for our annual shareholders' meeting, as well as any amendments to those reports, available free of charge through our website as soon as reasonably practical after we file that material with, or furnish it to, the Securities and Exchange Commission (SEC). Our SEC filings may be accessed through the Investor Relations page of our website. These materials, as well as similar materials for other SEC registrants, may be obtained directly from the SEC through their website at *http://www.sec.gov*. This information may also be read and copied at the SEC's Public Reference Room at 100 F Street NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

ITEM 1A. *Risk Factors.*

Our operations are subject to many risks that could adversely affect our future financial condition, results of operations and cash flows and, therefore, the market value of our securities. See Exhibit 99.1 of this Annual Report on Form 10-K under the caption "Special Considerations and Risk Factors" for information on risks and uncertainties that could affect our future financial condition and performance. The information in Exhibit 99.1 is incorporated by reference into this Item 1A.

ITEM 1B. *Unresolved Staff Comments.*

Not applicable.

ITEM 2. ***Properties.***

We own a 60,000 square-foot office building in Reston, Virginia. We also lease offices for operations, management and administrative functions in connection with the performance of our services. At September 30, 2016, we leased 114 offices in the U.S. totaling approximately 2.4 million square feet. In four countries outside the U.S., we leased 323 offices totaling approximately 1.0 million square feet. The lease terms vary from month-to-month to ten-year leases and are generally at market rates. In the event that a property is used for our services in the U.S., we typically negotiate clauses to allow termination of the lease if the service contract is terminated by our customer. Such clauses are not standard in foreign leases.

We believe that our properties are maintained in good operating condition and are suitable and adequate for our purposes.

ITEM 3. ***Legal Proceedings.***

We are subject to audits, investigations and reviews relating to compliance with the laws and regulations that govern our role as a contractor to agencies and departments of the U.S. Federal Government, state, local, and foreign governments, and otherwise in connection with performing services in countries outside of the U.S. Adverse findings could lead to criminal, civil or administrative proceedings, and we could be faced with penalties, fines, suspension or disbarment. Adverse findings could also have a material adverse effect on us because of our reliance on government contracts. We are subject to periodic audits by Federal, state, local and foreign governments for taxes. We are also involved in various claims, arbitrations, and lawsuits arising in the normal conduct of our business. These include but are not limited to, bid protests, employment matters, contractual disputes and charges before administrative agencies. Although we can give no assurance, based upon our evaluation and taking into account the advice of legal counsel, we do not believe that the outcome of any pending matter would likely have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ITEM 4. ***Mine Safety Disclosures***

Not applicable.

PART II

ITEM 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.*

Our common stock trades on the New York Stock Exchange (NYSE) under the symbol "MMS." The following table sets forth, for the fiscal periods indicated, the range of high and low sales prices for our common stock and the cash dividends per share declared on the common stock.

	Price Range		
	High	Low	Dividends
Year Ended September 30, 2016:			
First Quarter	$ 69.85	$ 47.95	$ 0.045
Second Quarter	55.67	45.15	0.045
Third Quarter	58.14	46.90	0.045
Fourth Quarter	61.68	54.38	0.045
Year Ended September 30, 2015:			
First Quarter	$ 55.97	$ 38.93	$ 0.045
Second Quarter	66.93	52.36	0.045
Third Quarter	69.04	61.90	0.045
Fourth Quarter	70.00	55.99	0.045

As of October 31, 2016, there were 51 holders of record of our outstanding common stock. The number of holders of record is not representative of the number of beneficial owners due to the fact that many shares are held by depositories, brokers or nominees. We estimate there are approximately 30,800 beneficial owners of our common stock.

We expect to continue our policy of paying regular cash dividends, although there is no assurance as to future dividends. Future cash dividends, if any, will be paid at the discretion of our Board of Directors and will depend, among other things, upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors our Board of Directors may deem relevant.

The following table sets forth information regarding repurchases of common stock that we made during the three months ended September 30, 2016:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans(1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan (in thousands)
July 1, 2016 - July 31, 2016	—	$ —	—	$ 137,455
August 1, 2016 - August 31, 2016	—	—	—	137,660
September 1, 2016 - September 30, 2016 (2)	162,016	$57.40	—	137,796
Total	162,016		—	

(1) Under a resolution adopted in August 2015, the Board of Directors authorized the repurchase, at management's discretion, of up to an aggregate of $200 million of our common stock. This resolution superseded similar authorizations from November 2011 and June 2014. The resolution also authorized the use of option exercise proceeds for the repurchase of our common stock.

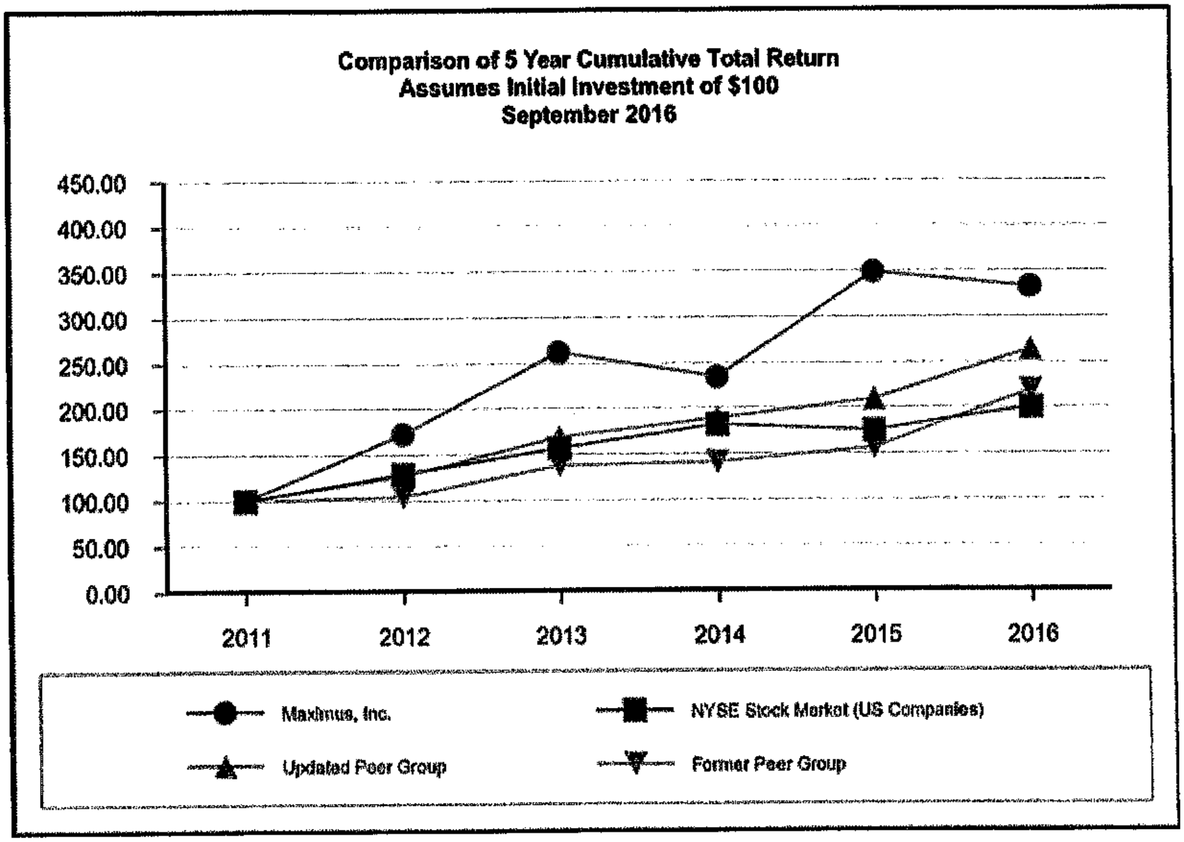
(2) The total number of shares purchased in September 2016 comprises restricted stock units which vested in this month but which were utilized by the recipients to net-settle personal income tax obligations. The shares were not issued and a payment for this liability was made by us in October 2016.

Stock Performance Graph

The following graph compares the cumulative total shareholder return on our common stock for the five-year period from September 30, 2011 to September 30, 2016, with the cumulative total return for the NYSE Stock Market (U.S. Companies) Index. In addition, we have compared the results of a peer group to our performance. Our peer group is based upon the companies noted in our annual proxy statement as entities with whom we compete for executive talent.

During 2016, we updated our peer group to reflect changes in the size of these businesses. The updated peer group is comprised of Booz Allen Holding Corp., CACI International, DST Systems, Gartner, Harris Corp., ICF International, Leidos Holdings, ManTech International, Science International Applications Corp (SAIC) and Unisys Corp. Our former peer group was comprised of CACI International, CIBER, ManTech International, Sapient, SAIC and Unisys.

Both peer groups are weighted by market capitalization. This graph assumes the investment of $100 on September 30, 2011 in our common stock, the NYSE Stock Market (U.S. Companies) Index and our peer groups and assumes dividends are reinvested.



Notes:

A. The lines represent index levels derived from compounded daily returns that include all dividends.

B. The indexes are reweighted daily, using the market capitalization on the previous trading day.

C. If the monthly interval, based on the fiscal year-end, is not a trading day, the preceding trading day is used.

D. The index level for all series was set to $100.00 on September 30, 2011.

ITEM 6. ***Selected Financial Data.***

We have derived the selected consolidated financial data presented below from our consolidated financial statements and the related notes. The revenue and operating results related to the acquisition of companies using the purchase accounting method are included from the respective acquisition dates. The selected financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included as Item 7 of this Annual Report on Form 10-K and with the Consolidated Financial Statements and related Notes included as Item 8 of this Annual Report on Form 10-K. The historical results set forth in this Item 6 are not necessarily indicative of the results of operations to be expected in the future.

	Year Ended September 30,				
	2016	2015	2014	2013	2012
	(In thousands, except per share data)				
Consolidated statement of operations data:					
Revenue	$ 2,403,360	$ 2,099,821	$ 1,700,912	$ 1,331,279	$ 1,050,145
Operating income	286,603	259,832	225,308	185,155	127,334
Net income attributable to MAXIMUS	178,362	157,772	145,440	116,731	76,133
Basic earnings per share attributable to MAXIMUS	$ 2.71	$ 2.37	$ 2.15	$ 1.71	$ 1.12
Diluted earnings per share attributable to MAXIMUS	$ 2.69	$ 2.35	$ 2.11	$ 1.67	$ 1.09
Weighted average shares outstanding:					
Basic	65,822	66,682	67,680	68,165	67,734
Diluted	66,229	67,275	69,087	69,893	69,611
Cash dividends per share of common stock	$ 0.18	$ 0.18	$ 0.18	$ 0.18	$ 0.18

	At September 30,				
	2016	2015	2014	2013	2012
	(In thousands)				
Consolidated balance sheet data:					
Cash and cash equivalents	$ 66,199	$ 74,672	$ 158,112	$ 125,617	$ 189,312
Total assets	1,348,819	1,271,558	900,996	857,978	695,293
Debt	165,615	210,974	1,217	1,489	1,736
Total MAXIMUS shareholders' equity	749,081	612,378	555,962	529,508	451,106

ITEM 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

The following discussion and analysis of financial condition and results of operations is provided to enhance the understanding of, and should be read in conjunction with, our Consolidated Financial Statements and the related Notes.

Business overview

We are a leading operator of government health and human services programs worldwide. We act as a partner to governments under our mission of *Helping Government Serve the People.®* We use our experience, business process management expertise and advanced technological solutions to help government agencies run effective, efficient and accountable programs.

Over the past five years, our business has reported significant organic growth. We believe this growth has been driven by economic and demographic factors, such as aging populations and increased demand for health care, and political factors, such as health care reform in the United States and welfare reform in Australia and the United Kingdom. In addition, we have acquired businesses which have provided us opportunities to expand our skills, technology and customer relationships to complement our existing business and provide opportunities for further organic growth.

We believe that governments will continue to seek opportunities to enhance existing processes or address new challenges through companies such as MAXIMUS. As governments look to identify and reward providers based upon results, we see opportunities to expand based upon our innovative technology, deep subject matter expertise, stringent adherence to our Standards of Business Conduct and Ethics, robust financial performance and worldwide experience.

Recent acquisitions

We completed four acquisitions during fiscal years 2015 and 2016:

- In April 2015, we acquired 100% of Acentia, LLC (Acentia), a provider of services to the U.S. Federal Government. This business has been integrated into our U.S. Federal Services Segment.
- In April 2015, we acquired 70% of Remploy, a business providing services to the U.K. government. This business has been integrated into our Human Services Segment.
- In December 2015, we acquired 100% of the share capital of three companies doing business as "Assessments Australia". This business has been integrated into our Human Services Segment.
- In February 2016, we acquired 100% of the share capital of Ascend Management Innovations, LLC (Ascend). This business has been integrated into our Health Services Segment.

We believe that all four acquisitions will provide us with the ability to complement and expand our existing services in their respective markets.

Financial overview

Our results for the three years ended September 30, 2016 were driven primarily by the following:

- Our recent acquisitions, which have increased revenue and profit, as well as our working capital, goodwill, intangible asset and intangible asset amortization balances;
- Organic growth from new contracts, such as the Health Assessment and Advisory Service (HAAS) contract in the U.K., which commenced in 2015, and various contracts related to the Affordable Care Act (ACA), which commenced or expanded through 2014 and 2015;
- The expansion of existing contracts, such as our contracts with the State of New York in our Health Services

Segment;

- Expansion of our existing work in Australia, partially offset by the initial costs of setting up this work and deferral of initial revenue received;

- Increased investment in our capital infrastructure, which has increased our operating costs, fixed asset balance and depreciation charges;
- The sale of our K-12 Education business, a software-related non-core component of our Human Services Segment, which resulted in a non-recurring gain;
- Detrimental movement in foreign currencies which has resulted in reduced revenue and profit recorded by our international businesses; and
- Borrowings on our credit facilities to pay for the acquisitions discussed above, which have resulted in increased interest expense.

International businesses

We operate in international locations and, accordingly, we also transact business in currencies other than the U.S. Dollar, principally the British Pound, the Australian Dollar, the Canadian Dollar and the Saudi Arabian Riyal. During the year ended September 30, 2016, we earned approximately 28% and 16% of revenue and operating income, respectively, from our foreign subsidiaries. At September 30, 2016, approximately 25% of our assets are held by foreign subsidiaries. International business exposes us to certain risks.

- Tax regulations may penalize us if we transfer funds or debt across international borders. Accordingly, we may not be able to use our cash in the locations where it is needed. We mitigate this risk by maintaining sufficient capital and access to capital both within and outside the U.S. to support the short-term and long-term capital requirements of the businesses in each region. We establish our legal entities to make efficient use of tax laws and holding companies to minimize this exposure.
- We are subject to exposure from foreign currency fluctuations. Our foreign subsidiaries typically incur costs in the same currency as they earn revenue, thus limiting our exposure to unexpected currency fluctuations. The operations of the U.S. business do not depend upon cash flows from foreign subsidiaries. However, declines in the relevant strength of foreign currencies against the U.S. Dollar will affect our revenue mix, profit margin and tax rate.

Summary of consolidated results

The following table sets forth, for the fiscal years indicated, information derived from our statements of operations.

	Year ended September 30,		
(dollars in thousands, except per share data)	2016	2015	2014
Revenue	$ 2,403,360	$ 2,099,821	$ 1,700,912
Cost of revenue	1,841,169	1,587,104	1,248,789
Gross profit	562,191	512,717	452,123
Gross profit margin	23.4%	24.4%	26.6%
Selling, general and administrative expense	268,259	238,792	220,925
Selling, general and administrative expense as a percentage of revenue	11.2%	11.4%	13.0%
Amortization of intangible assets	13,377	9,348	5,890
Acquisition-related expenses	832	4,745	—
Gain on sale of a business	6,880	—	—
Operating income	286,603	259,832	225,308
Operating income margin	11.9%	12.4%	13.2%
Interest expense	4,134	1,398	—
Other income, net	3,499	1,385	2,061
Income before income taxes	285,968	259,819	227,369
Provision for income taxes	105,808	99,770	81,973
Effective tax rate	37.0%	38.4%	36.1%
Net income	180,160	160,049	145,396
Income/(loss) attributable to noncontrolling interests	1,798	2,277	(44)
Net income attributable to MAXIMUS	$ 178,362	$ 157,772	$ 145,440
Basic earnings per share attributable to MAXIMUS	$ 2.71	$ 2.37	$ 2.15
Diluted earnings per share attributable to MAXIMUS	$ 2.69	$ 2.35	$ 2.11

The following provides an overview of the significant elements of our consolidated statements of operations. As our business segments have different factors driving revenue growth and profitability, the sections that follow cover these segments in greater detail.

Fiscal year 2016 compared to fiscal year 2015

Changes in revenue, cost of revenue and gross profit for fiscal year 2016 are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
(dollars in thousands)	Dollars	Percentage change	Dollars	Percentage change	Dollars	Percentage change
Balance for fiscal year 2015	$ 2,099,821		$ 1,587,104		$ 512,717	
Organic growth	194,784	9.3 %	177,732	11.2 %	17,052	3.3 %
Acquired growth	157,985	7.5 %	117,425	7.4 %	40,560	7.9 %
Currency effect compared to the prior period	(49,230)	(2.3)%	(41,092)	(2.6)%	(8,138)	(1.6)%
Balance for fiscal year 2016	$ 2,403,360	14.5 %	$ 1,841,169	16.0 %	$ 562,191	9.6 %

Revenue increased by approximately 14% to $2,403.4 million, with our cost of revenue increasing by approximately 16% to $1,841.2 million. Our gross profit margin declined from 24.4% to 23.4%. We have identified the significant organic, acquisition-related and currency-related effects below. More detail is provided by segment in the sections which follow.

Most of our organic growth came from contracts in our Health Services Segment.

Cost of revenue consists of direct costs related to labor and related overhead, subcontractor labor, outside vendors, rent and other direct costs. The largest component of cost of revenue, approximately two-thirds, is labor (both our labor and subcontracted labor) for our services contracts. Our organic cost of revenue increased at a greater rate than our revenue, driven by a full year of the HAAS contract and the jobactive contract in Australia. As expected, both of these contracts operated at lower margins during fiscal 2016 compared to the rest of our business. It is typical with contracts in the start-up phase for revenue to lag the incurrence of costs. Many performance-based contracts, including jobactive, have outcome-based payments which take time to achieve. Accordingly, no outcome-based payments will occur in the early months of a contract. A mature contract should have a steady flow of such outcomes-based payments.

Acquired growth was from our 2016 acquisitions, Ascend and Assessments Australia, as well as the benefits of a full year of results from Acentia and Remploy.

During fiscal year 2016, the U.S. Dollar gained in strength against all international currencies in which we do business. Accordingly, we received lower revenue and incurred lower costs than would have been the case if currency rates had remained stable.

Selling, general and administrative expense (SG&A) consists of costs related to general management, marketing and administration. These costs include salaries, benefits, bid and proposal efforts, travel, recruiting, continuing education, employee training, non-chargeable labor costs, facilities costs, printing, reproduction, communications, equipment depreciation, legal expenses and the costs of business combinations. Our SG&A is primarily composed of labor costs. These costs may be incurred at a segment level, for dedicated resources which are not client-facing, or at a corporate level. Corporate costs are allocated to segments on a consistent, rational basis. Unlike cost of revenue, SG&A is not directly driven by fluctuations in our revenue and, as our business expands, we would expect to see SG&A decline as a percentage of revenue as we attain economies of scale.

Our SG&A increased by $29.5 million, or 12%, in 2016 compared to the prior year.

- Much of this growth came from our acquisitions, most notably from the full year of Acentia and Remploy, which contributed approximately $20 million.
- In fiscal year 2015, we made significant infrastructure investments, which resulted in increased depreciation charges.
- We incurred legal costs of $2.2 million related to a matter which occurred in fiscal year 2014.

Our SG&A as a percentage of revenue has declined between fiscal years 2015 to 2016, as the revenue growth of the business exceeded that of our administrative cost base.

As noted above, we made four acquisitions during fiscal years 2015 and 2016. These acquisitions have resulted in the following charges in our statements of operations:

- We incurred costs related to the acquisition of these entities; typically legal fees, third-party due diligence and costs related to the valuation of intangible assets. Expenses of $0.8 million in 2016 relate principally to Ascend and $4.7 million in 2015 relate principally to Acentia.
- The acquisitions of Acentia and Ascend were funded using our credit facility. Accordingly, our interest expense increased year-over-year. At present, the interest rate on our borrowings is approximately 1.6%.
- Our acquisitions of Acentia and Ascend included the addition of $69.9 million and $22.3 million, respectively, of intangible assets. The other acquisitions also generated intangible assets. Our charge related to the amortization of intangible assets has increased by approximately $4.0 million per year.

On May 9, 2016, we sold our K-12 Education business, which was previously part of the Company's Human Services Segment. As a result of this transaction, we recorded a gain of approximately $6.9 million. The K-12 Education business contributed revenue of $2.2 million, $4.7 million and $9.4 million for the years ended September 30, 2016, 2015 and 2014, respectively.

Our other income is typically provided through interest income on our overseas cash balances, which have declined. Other income is not expected to be significant in future years.

Our year-to-date effective tax rate for the 2016 fiscal year was 37.0%, a decrease over the prior year period. The decline was caused by the benefit of improvements in profits from jurisdictions with lower tax rates than those of the U.S. Our tax rate in future years will be affected by a new accounting standard which we plan to adopt in fiscal year 2017. Accounting Standard Update 2016-09 *Stock Compensation, Improvements to Employee Share Based Payment Accounting* will require us to record the income tax benefit or expense related to the exercising of stock options and the vesting of restricted stock units (RSUs) as a reduction to the provision for income taxes. The amount of the benefit depends on the Company's stock price on the exercise or vesting date. The benefit to MAXIMUS will be recorded principally in the fourth quarter of the fiscal year. During fiscal year 2016, this was directly recorded as an increase to stockholders' equity as required by the current rules in effect.

We anticipate that revenue growth in 2017 will continue to be driven by our Health Services Segment. We are anticipating that we will receive reduced revenues in our Health and Human Services Segments due to the decline in the value of the British Pound and some significant revenue from our 2016 results in the Health and U.S. Federal Services Segments that are not expected to recur in 2017. We detail these contracts below within their respective segment discussions. We estimate that approximately 93% of our fiscal 2017 forecasted revenue is in the form of backlog or anticipated option or extension periods on existing contracts.

We anticipate that our profit margins will improve in 2017, driven by the maturity of contracts that were in the ramp-up phase during fiscal year 2016. We are also in the process of restructuring our United Kingdom Human Services operations which is expected to result in an estimated charge in the first quarter of fiscal year 2017 of approximately $3.8 million but which is anticipated to have a positive effect to operating income over the course of the full fiscal year.

Fiscal year 2015 compared to fiscal year 2014

Changes in revenue, cost of revenue and gross profit for fiscal year 2015 are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
(dollars in thousands)	Dollars	Percentage change	Dollars	Percentage change	Dollars	Percentage change
Balance for fiscal year 2014	$ 1,700,912		$ 1,248,789		$ 452,123	
Organic growth	317,653	18.7 %	288,222	23.1 %	29,431	6.5 %
Acquired growth	141,036	8.3 %	102,297	8.2 %	38,739	8.6 %
Currency effect compared to the prior period	(59,780)	(3.5)%	(52,204)	(4.2)%	(7,576)	(1.7)%
Balance for fiscal year 2015	$ 2,099,821	23.5 %	$ 1,587,104	27.1 %	$ 512,717	13.4 %

Revenue increased by approximately 23% to $2,099.8 million both through acquisition and organic growth.

- Organic growth was principally driven by contracts in our Health Services and U.S. Federal Services Segments. Much of our organic growth is from contracts in the start-up phase which causes the gross profit to lag in the initial year of contract performance.
- Acquired growth was driven by the acquisitions of Acentia, which has been integrated into our U.S. Federal Services Segment, and Remploy, which has been integrated into our Human Services Segment. Acentia is located in the United States and Remploy is located in the United Kingdom.
- The detrimental currency effect has been driven by the strength of the United States Dollar against other currencies of our foreign operations. We have recorded lower revenues where other currencies are utilized than would have been the case if currency rates had remained stable.

Cost of revenue increased by approximately 27% compared to the prior year. Within our Health Services and Human Services Segments, we had a number of projects which were in start-up.

Gross profit increased by approximately 13% to $512.7 million, representing a profit margin of 24.4% compared to 26.6% in the prior year. The declines in our margins were caused by:

- Declines in Health Services margins from contracts in start-up;
- Declines in U.S. Federal Services margins from the addition of Acentia's business and declines in certain highly-accretive appeals and assessments services which had been anticipated;
- A slight increase in Human Services margins, where the benefits of Remploy's business was generally offset by start-up costs elsewhere.

Our SG&A increased by $17.9 million to $238.8 million in fiscal year 2015 compared to fiscal year 2014, an increase of 8.1%. This increase was principally driven by the following factors:

- The acquisitions of Acentia and Remploy added $21 million of SG&A.
- Our investment in our IT infrastructure resulted in additional expenditures of approximately $7 million on shared resources;
- Our management cash bonus plan was reduced by approximately $11 million compared to fiscal year 2014; and
- The strength of the U.S. Dollar resulted in a reduction to SG&A of $4 million.

As organic SG&A declined slightly year-over-year, all of our segments received steady or declining allocations of costs. Our U.S. Federal Services and Human Services Segments incurred additional costs due to the acquisitions of Acentia and Remploy, respectively.

Operating income increased 15% to $259.8 million, which is 12.4% of revenue. This growth was driven by organic growth and the acquisitions of Acentia and Remploy, partially offset by currency headwinds. The operating income margin decline has been driven by the same factors as the operating income decline, as well as increases in costs related to acquisitions and intangible asset amortization.

In fiscal year 2015, we used a combination of borrowings from our revolving credit facility and cash to fund the acquisition of Acentia as well as other strategic and working capital requirements. As a consequence, we recorded interest expense in fiscal year 2015.

Our tax rate for fiscal year 2015 was 38.4%, compared to 36.1% in fiscal year 2014. Our tax rate increased due to a greater share of our income coming from the United States, particularly with the growth of our U.S. Federal Services Segment. In addition, our fiscal year 2014 tax rate received the benefit of the utilization of additional employment-related tax credits in fiscal year, the utilization of a tax net operating loss in Canada which had previously been fully reserved, and a benefit to our state taxes for the difference between the estimates in fiscal year 2013 to the tax returns filed in the fourth quarter of fiscal year 2014.

Health Services Segment

The Health Services Segment provides a variety of business process services, appeals and assessments as well as related consulting services, for state, provincial and national government programs. These services support Medicaid, the Children's Health Insurance Program (CHIP) and ACA in the U.S., Health Insurance BC (British Columbia) in Canada and HAAS and Fit for Work Service in the U.K.

	Year ended September 30,		
(dollars in thousands)	2016	2015	2014
Revenue	$ 1,298,304	$ 1,109,238	$ 906,650
Cost of revenue	1,006,123	855,130	692,922
Gross profit	292,181	254,108	213,728
Selling, general and administrative expense	107,155	99,815	98,172
Operating income	185,026	154,293	115,556
Gross profit percentage	22.5%	22.9%	23.6%
Operating margin percentage	14.3%	13.9%	12.7%

Fiscal year 2016 compared to fiscal year 2015

Changes in revenue, cost of revenue and gross profit for fiscal year 2016 are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
(dollars in thousands)	Dollars	Percentage change	Dollars	Percentage change	Dollars	Percentage change
Balance for fiscal year 2015	$ 1,109,238		$ 855,130		$ 254,108	
Organic growth	202,928	18.3 %	165,467	19.3 %	37,461	14.7 %
Acquired growth	14,881	1.3 %	10,336	1.2 %	4,545	1.8 %
Currency effect compared to the prior period	(28,743)	(2.6)%	(24,810)	(2.9)%	(3,933)	(1.5)%
Balance for fiscal year 2016	$ 1,298,304	17.0 %	$ 1,006,123	17.7 %	$ 292,181	15.0 %

Revenue increased by approximately 17% to $1,298.3 million. Gross profit increased by approximately 15% and operating income increased by approximately 20%.

Our revenue and direct cost increases were driven by three factors.

- Our scope of work expanded on our existing U.S.-based contracts, notably with the expansion of an existing contract in New York State.
- We received a full year benefit from our U.K.-based HAAS contract. This contract commenced March 1, 2015. The HAAS contract experienced operating losses in fiscal year 2015 due to challenges in the recruitment and retention of healthcare professionals. This resulted in reduced fees from performance incentives in the contract. During fiscal year 2016, our performance on the HAAS contract improved and we experienced operating margins in the high-single digits.
- Our results include seven months of operations following our acquisition of Ascend.

These benefits were partially offset by the detrimental effect of the decline in value of the British Pound.

Our gross profit margins declined slightly year-over-year. This expected decline is due, in part, to the ramp-up on the HAAS contract which operated at lower margins than the remainder of the Segment. As expected, the Fit For Work contract, which commenced in fiscal year 2015, also tempered gross profit margins.

Our operating income margins improved by approximately 40 basis points and received the benefit of our business expansion without a corresponding increase in our administrative cost base.

Our performance in fiscal year 2017 is expected to benefit from the continued maturity of the HAAS contract, although this benefit will be tempered by the declines in the value of the British Pound. We anticipate further expansion within our existing contracts but we do not expect to receive a similar benefit from our New York contract, which included approximately $36 million of non-recurring revenue tied to the infrastructure investments for the expansion of new work. In addition, we elected to forgo rebidding on a contract in Connecticut where we were the incumbent operator due to unfavorable terms and increased risk. This contract contributed approximately $23 million of revenue in fiscal year 2016.

Fiscal year 2015 versus fiscal year 2014

Changes in revenue, cost of revenue and gross profit for fiscal year 2015 are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
(dollars in thousands)	Dollars	Percentage change	Dollars	Percentage change	Dollars	Percentage change
Balance for fiscal year 2014	$ 906,650		$ 692,922		$ 213,728	
Organic growth	225,285	24.8 %	183,918	26.5 %	41,367	19.4 %
Currency effect compared to the prior period	(22,697)	(2.5)%	(21,710)	(3.1)%	(987)	(0.5)%
Balance for fiscal year 2015	$ 1,109,238	22.3 %	$ 855,130	23.4 %	$ 254,108	18.9 %

Revenue increased by approximately 22% to $1,109.2 million. Approximately half of this growth was driven by the HAAS contract, which commenced in fiscal year 2015. The remainder of this growth was driven by the expansion of existing work and new contracts.

Cost of revenue increased by approximately 23% to $855.1 million. The principal driver was the HAAS contract, which was in start-up. This contract experienced challenges in the recruitment and retention of healthcare professionals which resulted in additional costs incurred that were not recovered due to reduced fees from performance incentives.

Gross profit increased by approximately 19% to $254.1 million. Our gross profit margin declined by 70 basis points to 22.9%. The HAAS contract would have reduced the segment profit margin by 270 basis points, but this was more than offset by the improvements on the PSI contract and growth in other contracts.

As noted above, our SG&A expense for the company, and the Health Services Segment, did not significantly fluctuate year-over-year. Accordingly, the segment's operating income margin received the benefit from the company's economies of scale.

U.S. Federal Services Segment

The U.S. Federal Services Segment provides business process solutions, system development, software development and program management for various civilian U.S. federal programs.

	Year ended September 30,		
(dollars in thousands)	2016	2015	2014
Revenue	$ 591,728	$ 502,484	$ 341,840
Cost of revenue	453,560	383,838	231,047
Gross profit	138,168	118,646	110,793
Selling, general and administrative expense	74,792	59,252	47,695
Operating income	63,376	59,394	63,098
Gross profit percentage	23.3%	23.6%	32.4%
Operating margin percentage	10.7%	11.8%	18.5%

Fiscal year 2016 compared to fiscal year 2015

Changes in revenue, cost of revenue and gross profit for fiscal year 2016 are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
(dollars in thousands)	Dollars	Percentage change	Dollars	Percentage change	Dollars	Percentage change
Balance for fiscal year 2015	$ 502,484		$ 383,838		$ 118,646	
Organic growth	(15,043)	(3.0)%	(11,133)	(2.9)%	(3,910)	(3.3)%
Acquired growth	104,287	20.8 %	80,855	21.1 %	23,432	19.7 %
Balance for fiscal year 2016	$ 591,728	17.8 %	$ 453,560	18.2 %	$ 138,168	16.5 %

Revenue increased by approximately 18% to $591.7 million. Gross profit increased by approximately 16% and operating income increased by 6.7%.

Revenue growth was driven by a full year of Acentia's business following the acquisition in April 2015.

Our organic business declined, caused by the anticipated closure of a customer contact center where we provided support for the Federal Marketplace under the ACA. This accounted for a $49 million reduction in revenue compared to fiscal 2015. In addition, the majority of contracts from Acentia are cost-plus or time and materials which has resulted in lower profit margins in this division. Cost-plus and time-and-materials work is designed to have lower profit rates as this is generally lower risk work. These declines in profitability were partially offset by expected benefits in the profitability of our contract with the Department of Education.

Our SG&A expense included a full year of expense from the Acentia acquisition.

For fiscal year 2017, we are anticipating that our growth will be tempered by anticipated reductions in a healthcare contract of approximately $40 million.

Fiscal year 2015 versus fiscal year 2014

Changes in revenue, cost of revenue and gross profit for fiscal year 2015 are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
(dollars in thousands)	Dollars	Percentage change	Dollars	Percentage change	Dollars	Percentage change
Balance for fiscal year 2014	$ 341,840		$ 231,047		$ 110,793	
Organic growth	56,649	16.6%	73,131	31.7%	(16,482)	(14.9)%
Acquired growth	103,995	30.4%	79,660	34.5%	24,335	22.0 %
Balance for fiscal year 2015	$ 502,484	47.0%	$ 383,838	66.1%	$ 118,646	7.1 %

Revenue increased by approximately 47% to $502.5 million. Cost of revenue increased by approximately 66% to $383.8 million. Gross profit increased by 7.1% and operating income decreased by 5.9%.

Revenue was both organic and acquired, with the Acentia business being integrated into this Segment and driving the acquired growth in fiscal year 2015.

Organic revenue was driven by the ongoing ramp-up of the Department of Education contract, a subcontract which commenced in fiscal year 2015 and growth on existing contracts, which more than offset two declines which we had anticipated: approximately $58 million of reductions in the Company's Medicare appeals business and $20 million from the closure of a customer contact center that supported the Federal Marketplace.

Cost of revenue increased due to the acquisition of Acentia and our organic revenue growth. The rate of our cost growth exceeded that of our revenue growth for the following reasons:

- The profit margin on Acentia's business is lower than that of the remainder of the segment. Acentia's portfolio of contracts has a higher share of cost-plus and time-and-materials work, which would be expected to have lower margins.
- The contract with the Department of Education was in start-up, resulting in additional costs.
- Our Medicare appeals business had reduced revenues due to changes in legislation.

Accordingly, our gross profit margins declined year-over-year.

SG&A increased approximately $10.7 million primarily due to the acquisition of Acentia.

Human Services Segment

The Human Services Segment provides national, state and county human services agencies with a variety of business process services and related consulting services for welfare-to-work, child support, higher education and K-12 special education programs. The K-12 Education business was divested in fiscal year 2016. About 65% of our revenue in this Segment is earned in foreign jurisdictions.

	Year ended September 30,		
(dollars in thousands)	2016	2015	2014
Revenue	$ 513,328	$ 488,099	$ 452,422
Cost of revenue	381,486	348,136	324,820
Gross profit	131,842	139,963	127,602
Selling, general and administrative expense	84,157	79,719	74,444
Operating income	47,685	60,244	53,158
Gross profit percentage	25.7%	28.7%	28.2%
Operating margin percentage	9.3%	12.3%	11.7%

Fiscal year 2016 compared to fiscal year 2015

Changes in revenue, cost of revenue and gross profit for fiscal year 2016 are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
(dollars in thousands)	Dollars	Percentage change	Dollars	Percentage change	Dollars	Percentage change
Balance for fiscal year 2015	$ 488,099		$ 348,136		$ 139,963	
Organic growth	6,899	1.4 %	23,398	6.7 %	(16,499)	(11.8)%
Acquired growth	38,817	8.0 %	26,234	7.5 %	12,583	9.0 %
Currency effect compared to the prior period	(20,487)	(4.2)%	(16,282)	(4.7)%	(4,205)	(3.0)%
Balance for fiscal year 2016	$ 513,328	5.2 %	$ 381,486	9.6 %	$ 131,842	(5.8)%

Revenue increased by 5.2% to $513.3 million. Gross profit decreased by 5.8% and operating income decreased by 21%. Revenue was driven by:

- The ramp-up of the new Australian jobactive contract, which commenced in late fiscal 2015. This contract resulted in higher revenue and costs, but in fiscal 2016 it operated at a lower margin than its predecessor contract. We also expect the new contract to operate at lower margins than its predecessor contract in fiscal year 2017;
- Revenue from Assessments Australia and a full year of revenue from Remploy;
- Anticipated declines in the U.K. Work Programme, owing to lower volumes and referrals with the expected wind down of the contract in 2017; and

- The detrimental effect of foreign currency declines.

The expected declines in gross and operating income were principally caused by the ongoing ramp-up of the jobactive contract in Australia.

The majority of the SG&A increase was driven by a full year of Remploy activity and the acquisition of Assessments Australia.

In fiscal 2017, we anticipate that our business will continue to operate at below 10% margins. Subsequent to year end, we have commenced a restructuring of our U.K. Human Services business which will reduce profit by approximately $3.8 million in the first quarter of fiscal 2017, which we believe we will recover from cost savings over the remainder of the year.

Fiscal year 2015 versus fiscal year 2014

Changes in revenue, cost of revenue and gross profit for fiscal year 2015 are summarized below.

	Revenue		Cost of Revenue		Gross Profit	
(dollars in thousands)	Dollars	Percentage change	Dollars	Percentage change	Dollars	Percentage change
Balance for fiscal year 2014	$ 452,422		$ 324,820		$ 127,602	
Organic growth	35,719	7.9 %	31,173	9.6 %	4,546	3.6 %
Acquired growth	37,041	8.2 %	22,637	7.0 %	14,404	11.3 %
Currency effect compared to the prior period	(37,083)	(8.2)%	(30,494)	(9.4)%	(6,589)	(5.2)%
Balance for fiscal year 2015	$ 488,099	7.9 %	$ 348,136	7.2 %	$ 139,963	9.7 %

Revenue increased by 7.9% to $488.1 million. Revenue movement was driven by:

- Organic growth in all our markets driven by new contracts and strong performance in existing contracts;
- Acquired growth from Remploy; and
- The detrimental effect of foreign currency exchange rates (primarily the impact of the Australian Dollar).

Cost of revenue increased by 7.2% to $348.1 million, consistent with revenue growth. The rate of growth for organic cost of revenue exceeded that of revenue. This was principally due to the expansion of the jobactive contract in Australia, which was in start-up. This was tempered by the effect of currency fluctuations.

Gross profit increased by 9.7% to $140.0 million, with our gross profit margin increasing by 50 basis points. The benefits of Remploy's acquired business and some accretive growth in our North American operations was offset by margin dilution from the jobactive contract.

SG&A expenses increased by approximately $10 million due to the acquisition of Remploy.

Liquidity and capital resources

Our principal source of liquidity remains our cash flows from operating activities. These cash flows are used to fund our ongoing operations and working capital needs as well as investments in capital infrastructure and our share repurchases. These operating cash flows are driven by our contracts and their payment terms. For many contracts, we are reimbursed for the costs of start-up operations, although there may be a gap between incurring and receiving these funds. Other factors which may cause shortfalls in cash flows include contract terms where payments are tied to outcome deliveries, which may not correspond with the costs incurred to achieve these outcomes and short-term delays where government budgets are constrained.

To supplement our operating cash flows, we also use a credit facility. We used this facility to fund our acquisitions of Acentia and Ascend, as well as short-term borrowings to cover immediate working capital needs. At September 30, 2016, we had outstanding borrowings of $164.7 million under the credit facility. Our credit facility allows us to borrow up to $400 million, subject to standard covenants. We anticipate that our cash flows from operating activities should be sufficient to meet our day-to-day requirements, as well as pay our interest and repay the principal on our existing borrowings.

At September 30, 2016, our foreign subsidiaries held $63.7 million of our cash and cash equivalents. We have no requirement or intent to remit this cash to the U.S. We consider undistributed earnings of our foreign subsidiaries to be indefinitely reinvested outside of the U.S. and, accordingly, no U.S. deferred taxes have been recorded with respect to such earnings in accordance with the relevant accounting guidance for income taxes. Should these earnings be remitted as dividends, we may be subject to additional U.S. taxes, net of allowable foreign tax credits. It is not practicable to estimate the amount of any additional taxes which may be payable on the undistributed earnings given the various tax planning alternatives we could employ, should we decide to repatriate these earnings in a tax-efficient manner.

The following table provides a summary of our cash flow information for the three years ended September 30, 2016.

	Year ended September 30,		
(dollars in thousands)	2016	2015	2014
Net cash provided by/(used in):			
Operating activities	$ 180,026	$ 206,217	$ 213,600
Investing activities	(87,103)	(393,872)	(49,389)
Financing activities	(96,842)	111,115	(127,144)
Effect of exchange rates on cash and cash equivalents	(4,554)	(6,900)	(4,572)
Net (decrease)/increase in cash and cash equivalents	$ (8,473)	$ (83,440)	$ 32,495

Cash provided by operating activities for the years ended September 30, 2016, 2015 and 2014 was $180.0 million, $206.2 million and $213.6 million, respectively. These cash flows were adversely affected by Days Sales Outstanding (DSO) and by the increase in working capital required by the growth in the volume of our business.

At September 30, 2016, our DSO were 70, which is within our target of 65-80, which increased from 67 and 64 days as of September 30, 2015 and 2014, respectively. A day's worth of sales was approximately $7 million at September 30, 2016; therefore a three day increase reduced cash flow by approximately $21 million. Our working capital investment also increased in fiscal year 2016 due to the 14% increase in our revenue. Deferred revenue increased in fiscal year 2015 as a result of the initial start-up activities for project infrastructure spend for HAAS, Australia and Fit for Work. This caused cash flow from operations to be higher than normal in fiscal year 2015. Deferred revenue decreased in fiscal year 2016 reducing cash flow from operations. The timing of our tax payments in fiscal year 2016, compared to the prior year, has also reduced our cash flows by approximately $25 million.

Our 2014 cash flows followed significant delays in fiscal year 2013 as a large number of contracts commenced late in the year causing delays in payment, which are common at the beginning of arrangements. These issues were resolved in fiscal year 2014, resulting in significant catch-up in our cash collections.

A single significant customer can have an effect of 2-3 days in our DSO calculation and a number of payments due in September 2016 arrived in the early days of our 2017 fiscal year. We are anticipating full year operating cash flows in the range of $230 million to $280 million in fiscal 2017.

Our cash flows from investing activities included significant payments to acquire businesses. In fiscal year 2016, we paid $46.7 million to acquire Ascend and Assessments Australia; in fiscal year 2015, we paid $289.2 million, principally to acquire Acentia. Our cash flows in fiscal year 2015 were further affected by significant investments to improve our IT infrastructure in the U.S. as well as project specific capital build outs in the U.K. and Australia. These expenditures returned to normal levels in fiscal year 2016. In fiscal year 2016, we received cash of $5.5 million related to the sale of our K-12 Education business.

Our cash flows from financing activities have been driven by our use of our credit facility, our repurchases of our own common stock and our quarterly dividend.

In fiscal year 2015, we borrowed $225 million to acquire Acentia; a further $40 million was borrowed in fiscal year 2016 to acquire Ascend, and other borrowings have been made to fund short-term working capital needs. We are currently using cash provided by operating activities to fund capital expenditures and to repay our debt balance.

At September 30, 2016, our outstanding balance under the credit facility was $164.7 million. We had $230.1 million available to borrow as of September 30, 2016, which we believe will be sufficient to cover our operating and other capital requirements.

We repurchased 0.6 million, 1.6 million and 2.7 million shares of common stock during fiscal years 2016, 2015 and 2014, respectively at a total cost of $227.3 million. At September 30, 2016, we had $137.8 million available for future repurchases under a plan approved by our Board of Directors. Our share repurchases are at the discretion of our Board of Directors and depend upon our future operations and earnings, capital requirements general financial condition, contractual restrictions and other factors our Board of Directors may deem relevant. During the first quarter of fiscal year 2017 through November 21, 2016, we acquired an additional 0.5 million shares at a cost of $24.0 million. Based upon our shares repurchased and our expectations for future purchases, we are anticipating that our diluted number of shares for fiscal year 2017 will be approximately 66.2 million.

Since the second half of fiscal year 2011, we have paid a quarterly dividend of $0.045 per common share. This has resulted in a regular cash outflow of approximately $12 million per year. Our next dividend will be paid on November 30, 2016 to shareholders of record on November 15, 2016. Continued payment of the dividend is dependent upon board discretion and is based upon similar factors which influence share repurchases.

The detrimental effect of exchange rates on cash and cash equivalents of $4.6 million in the 2016 fiscal year reflects the strengthening of the U.S. Dollar against the other international currencies utilized by the business.

To supplement our statements of cash flows presented on a GAAP basis, we use the measure of free cash flow to analyze the funds generated from operations.

	Year ended September 30,		
(dollars in thousands)	**2016**	**2015**	**2014**
Cash provided by operating activities	$ 180,026	$ 206,217	$ 213,600
Purchases of property and equipment and capitalized software costs	(46,391)	(105,149)	(47,148)
Free cash flow	$ 133,635	$ 101,068	$ 166,452

Obligations and commitments

The following table summarizes our contractual obligations at September 30, 2016 that require the Company to make future cash payments:

	Payments due by period				
(dollars in thousands)	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
Operating leases	$ 187,394	$ 70,675	$ 87,705	$ 26,682	$ 2,332
Debt(1)	174,437	2,810	5,298	166,229	100
Deferred compensation plan liabilities(2)	25,815	1,803	2,016	1,376	20,620
Total(3)	$ 387,646	$ 75,288	$ 95,019	$ 194,287	$ 23,052

(1) Future interest included in debt was $8.8 million, $2.5 million, $5.0 million and $1.3 million for the total, less than one year, one to three years and three to five years, respectively. These include interest payments that would be made on our revolving credit facility if the current balance and borrowing rate were to continue to prevail.

(2) Deferred compensation plan liabilities are typically payable at times elected by the employee at the time of deferral. However, early withdrawal is permitted for certain conditions, including employee hardship or termination, which may accelerate the payment of these liabilities. At September 30, 2016, we held assets of $24.8 million in a Rabbi Trust which could be used to meet these obligations.

(3) Due to the uncertainty with respect to the timing of future cash flows associated with the Company's unrecognized income tax benefits at September 30, 2016, we are unable to reasonably estimate settlements with taxing authorities. The above table does not reflect unrecognized income tax benefits of

approximately $1.1 million, of which approximately $0.6 million is related interest and penalties. See "Note 15. Income taxes" of the Consolidated Financial Statements for a further discussion on income taxes.

The contractual obligations table also omits our liabilities with respect to acquisition-related contingent consideration. See "Note 5. Business combinations and disposal" of our Consolidated Financial Statements for additional information on these balances.

- As part of the acquisition arrangement for DeltaWare Systems, Inc., which was acquired in fiscal year 2010, we agreed to pay up to $4.0 million (Canadian) in the event that certain sales targets are reached before December 31, 2016. At this time, no sales arrangements have been entered into which would require a payment to be made and we have no accrual recorded.

- As part of the acquisition arrangement for Assessments Australia, which was acquired in fiscal year 2016, we agreed to pay $0.5 million in the event that certain contracts were obtained prior to December 2022. At present, we have recorded a liability of $0.4 million related to this balance.

Off-balance sheet arrangements

Other than our operating lease commitments, we do not have material off-balance sheet risk or exposure to liabilities that are not recorded or disclosed in our financial statements. We have significant operating lease commitments for office space; those commitments are generally tied to the period of performance under related contracts. Although on certain contracts we are bound by performance bond commitments and standby letters of credit, we have not had any defaults resulting in draws on performance bonds. Also, we do not speculate in derivative transactions. We utilize interest rate derivatives to add stability to interest expense and to manage our exposure to interest rate movements.

Effects of inflation

As measured by revenue, approximately 33% of our business in fiscal year 2016 was conducted under cost-reimbursable pricing arrangements that adjust revenue to cover costs increased by inflation. Approximately 7% of the business was time-and-material pricing arrangements where labor rates are often fixed for several years. We generally have been able to price these contracts in a manner that accommodates the rates of inflation experienced in recent years. Our remaining contracts are fixed-price and performance-based and are typically priced to mitigate the risk of our business being adversely affected by inflation.

Critical accounting policies and estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires us to make estimates and judgments that affect the amounts reported. We consider the accounting policies below to be the most important to our financial position and results of operations either because of the significance of the financial statement item or because of the need to use significant judgment in recording the balance. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could differ from those estimates. Our significant accounting policies are summarized in "Note 1. Business and summary of significant accounting policies" of the Consolidated Financial Statements included in Item 8 in this Annual Report on Form 10-K.

Revenue Recognition. We recognize revenue on arrangements as work is performed and amounts are earned. We consider amounts to be earned once evidence of an arrangement has been obtained, services have been delivered, fees are fixed or determinable and collectability of revenue is reasonably assured.

Approximately 33% of our business is derived from cost-plus pricing arrangements. Revenue on cost-plus contracts is recognized based on costs incurred plus the negotiated fee earned. Our key estimates relate to the allocation of indirect costs. Much of the allocation of allowable indirect costs is based upon rules established by the relevant contract or by reference to U.S. Federal Government standards. While the existence of these rules reduces the risk of a significant error, the allocation of indirect costs is typically audited by our customers and it usually takes a significant period of time for an audit to be concluded. The iterative process of an audit provides us with information to refine our estimates for open periods. We have not recorded any significant adjustments to our revenue related to changes in such estimates for any of the three years ended September 30, 2016. We are current in our submissions of costs to relevant regulators. Although audits of past costs remain open for certain years, we believe it is unlikely that a significant adjustment to prior periods would occur at this time. We believe that the likelihood of a significant adjustment to revenue would be remote.

On certain performance-based arrangements, our per-transaction fees may be higher in earlier years to compensate for anticipated higher costs at the commencement of contract operations. Where the discount in future fees is considered both significant and incremental, we are required to estimate our total future volumes and revenues and allocate an estimated fee to each transaction. We refine these estimates of total future volumes quarterly and we recognize these changes as a cumulative catch-up to our revenue. The sensitivity of these volume estimates is driven by the length of the contract, the size of the discounts and the maturity of the contract. Our greatest revenue volatility from our estimate will typically arise at the mid-point of the contract; in early periods of contract performance, changes to estimates of future volumes will have a smaller true-up; in later periods, there is less likelihood of a significant change in estimate. Although we had a number of contracts with these terms and conditions during the three years ended September 30, 2016, no significant adjustments to revenue were recorded in this period. As of September 30, 2016, many of these contracts are close to maturity and, accordingly, the likelihood of a significant adjustment has diminished. The only significant remaining contract is in our contract with the Department of Education, which is in our U.S. Federal Services Segment. The contract, which has an expected total value of approximately $0.9 billion, has completed its second full year of operations and has up to eight years of operations remaining. Our transaction billing rate for the future periods is approximately 10% lower than that for the first two years. If, at September 30, 2016, our estimate of future volumes had increased or decreased by five percent, it would not have resulted in a significant adjustment to revenue and operating income.

Where contracts have multiple deliverables, we evaluate these deliverables at the inception of each contract and as each item is delivered. As part of this evaluation, we consider whether a delivered item has value to a customer on a stand-alone basis and whether the delivery of the undelivered items is considered probable and substantially within our control, if a general right of return exists. Where deliverables, or groups of deliverables, have both of these characteristics, we treat each deliverable item as a separate element in the arrangement, allocate a portion of the allocable arrangement consideration using the relative selling price method to each element and apply the relevant revenue recognition guidance to each element. The allocation of revenue to individual elements requires judgment as, in many cases, we do not provide directly comparable services or products on a standalone basis.

Business combinations and goodwill. The purchase price of an acquired business is allocated to tangible assets and separately identifiable intangible assets acquired less liabilities assumed based upon their respective fair values. The excess balance is recorded as goodwill. Accounting for business combinations requires the use of judgment in determining the fair value of assets acquired and liabilities assumed in order to allocate the purchase price of entities acquired. Our estimates of these fair values are based upon assumptions we believe to be reasonable and, where appropriate, include assistance from third-party appraisal firms.

Goodwill is not amortized, but is subject to impairment testing on an annual basis, or more frequently if impairment indicators arise. Impairment testing is performed at the reporting unit level. This process requires judgment in identifying our reporting units, appropriately allocating goodwill to these reporting units and assessing the fair value of these reporting units. At July 1, 2016, the Company performed its annual impairment test and determined that there had been no impairment of goodwill. In performing this assessment, the Company utilizes an income approach. Such an approach requires estimation of future operating cash flows including business growth, utilization of working capital and discount rates. The valuation of the business as a whole is compared to the Company's market capital at the date of the acquisition in order to verify the calculation. In all cases, we determined that the fair value of our reporting units was significantly in excess of our carrying value to the extent that a 25% decline in fair value in any reporting unit would not have resulted in an impairment charge.

Long-Lived Assets (Excluding Goodwill). The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. Examples of indicators include projects performing less well than anticipated or making losses or an identified risk of a contract termination. Where a potential risk is identified, our review is based on our projection of the undiscounted future operating cash flows of the related customer project. To the extent such projections indicate that future undiscounted cash flows are not sufficient to recover the carrying amount of the related assets (the asset group), we recognize a non-cash impairment charge to reduce the carrying amount to equal projected future discounted cash flows. Judgment is required in identifying the indicators of impairment, in identifying the asset group and in estimating the future cash flows.

No impairment charges were recorded in the three years ending September 30, 2016. During the year ended September 30, 2016, we performed an impairment assessment on long-lived assets with carrying values of

$25.5 million. Although no impairment was identified at this time, we will continue to review for indicators of asset impairment over its remaining life.

Contingencies. From time to time, we are involved in legal proceedings, including contract and employment claims, in the ordinary course of business. We assess the likelihood of any adverse judgments or outcomes to these contingencies, as well as potential ranges of probable losses and establish reserves accordingly. The amount of reserves required may change in future periods due to new developments in each matter or changes in approach to a matter such as a change in settlement strategy.

Income Taxes. The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would "more likely than not" sustain the position following an audit. For tax positions meeting the "more likely than not" threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. The assumptions and estimates used in preparing these calculations may change over time and may result in adjustments that will affect our tax charge.

Non-GAAP and other measures

We utilize non-GAAP measures where we believe it will assist the user of our financial statements in understanding our business. The presentation of these measures is meant to complement, but not replace, other financial measures in this document. The presentation of non-GAAP numbers is not meant to be considered in isolation, nor as an alternative to revenue growth, cash flows from operating activities or net income as measures of performance. These non-GAAP measures, as determined and presented by us, may not be comparable to related or similarly titled measures presented by other companies.

During fiscal years 2016 and 2015, we acquired Acentia, Remploy, Assessments Australia and Ascend. We believe users of our financial statements wish to evaluate the performance of our underlying business, excluding changes that have arisen due to businesses acquired. We provide organic revenue growth as a useful basis for assessing this. To calculate organic revenue growth, we compare current year revenue excluding revenue from these acquisitions to our prior year revenue.

In fiscal year 2016, 28% of our revenue was generated outside the U.S. We believe that users of our financial statements wish to understand the performance of our foreign operations using a methodology which excludes the effect of year-over-year exchange rate fluctuations. To calculate year-over-year currency movement, we determine the current year's results for all foreign businesses using the exchange rates in the prior year.

In order to sustain our cash flows from operations, we require regular refreshing of our fixed assets and technology. We believe that users of our financial statements wish to understand the cash flows that directly correspond with our operations and the investments we must make in those operations using a methodology which combines operating cash flows and capital expenditures. We provide free cash flow to complement our statement of cash flows. Free cash flow shows the effects of the Company's operations and routine capital expenditures and excludes the cash flow effects of acquisitions, share repurchases, dividend payments and other financing transactions. We have provided a reconciliation of free cash flow to cash provided by operating activities.

To sustain our operations, our principal source of financing comes from receiving payments from our customers. We believe that users of our financial statements wish to evaluate our efficiency in converting revenue into cash receipts. Accordingly, we provide DSO, which we calculate by dividing billed and unbilled receivable balances at the end of each quarter by revenue per day for the period. Revenue per day for a quarter is determined by dividing total revenue by 91 days.

During fiscal year 2016, we utilized our credit facility. Our credit agreement includes the defined term Consolidated EBITDA and our calculation of Adjusted EBITDA conforms to the credit agreement definition. We believe our investors appreciate the opportunity to understand the possible restrictions which arise from our credit agreement. Adjusted EBITDA is also a useful measure of performance which focuses on the cash generating capacity of the business as it excludes the non-cash expenses of depreciation and amortization, and makes for easier comparisons between the operating performance of companies with different capital structures by excluding interest expense and therefore the impacts of financing costs. The measure of Adjusted EBITA is a step in calculating Adjusted EBITDA and facilitates comparisons to similar businesses as it isolates the amortization effect of business combinations. We have provided a reconciliation from net income to Adjusted EBITA and Adjusted EBITDA as follows:

(in thousands)	Year ended September 30, 2016	2015	2014
Net income attributable to MAXIMUS	$ 178,362	$ 157,772	$ 145,440
Interest expense/(income)	3,466	673	(1,815)
Provision for income taxes	105,808	99,770	81,973
Amortization of intangible assets	13,377	9,348	5,890
Stock compensation expense	18,751	17,237	17,278
Acquisition-related expenses	832	4,745	—
Gain on sale of a business	(6,880)	—	—
Adjusted EBITA	313,716	289,545	248,766
Depreciation and amortization of property, plant, equipment and capitalized software	58,404	46,849	42,778
Adjusted EBITDA	$ 372,120	$ 336,394	$ 291,544

ITEM 7A. ***Quantitative and Qualitative Disclosures About Market Risk.***

Our exposure to market risks generally relates to changes in interest rates and foreign currency exchange rates.

We are exposed to market rate risk relating to interest rates through our revolving credit facility. Our cash balances are held in highly rated securities with maturities of three months or less. We manage our exposure to interest rate fluctuations through the use of interest rate swap agreements. At September 30, 2016, we had borrowings under our credit facility of $164.7 million and we had an interest rate swap agreement fixing a notional $42.0 million of this balance. Our interest rate varies based upon our leverage, as defined in our agreement with our lenders, but we are currently paying interest at a rate based upon the one-month London Interbank Offering Rate (LIBOR) plus 1%. The one-month LIBOR rate at September 30, 2016 was 0.527%. A hypothetical increase in LIBOR of 10% would increase our annual interest expense and cash flows on our outstanding balance by approximately $0.1 million.

We are exposed to foreign currency exchange risk through our businesses in the U.K., Australia and Canada. At September 30, 2016, we held net assets in functional currencies other than the U.S. Dollar of $203.9 million and, accordingly, in the event of a 10% fluctuation in the value of the local currencies, we would report a $20.4 million gain or loss in our statement of comprehensive income. Our foreign-based businesses mitigate their currency risks through incurring costs in the same currency as their revenue. The operations of the U.S. business do not depend upon cash flows from the foreign businesses.

Our net monetary assets are calculated as cash and cash equivalents, accounts receivable, prepaid and other current assets offset by accounts payable and accrued liabilities, accrued compensation and employee benefits, deferred revenue (both current and non-current) and the current portion of long-term debt. Our net monetary assets in functional currencies other than the U.S. Dollar include $10.9 million in Australian Dollars, $5.7 million in Canadian Dollars and $21.5 million in British Pounds as of September 30, 2016.

ITEM 8. *Financial Statements and Supplementary Data.*

The following consolidated financial statements and supplementary data are included as part of this Annual Report on Form 10-K:

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REPORT OF ERNST & YOUNG LLP, INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors and Shareholders
MAXIMUS, Inc.

We have audited the accompanying consolidated balance sheets of MAXIMUS, Inc. as of September 30, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended September 30, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of MAXIMUS, Inc. at September 30, 2016 and 2015, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), MAXIMUS, Inc.'s internal control over financial reporting as of September 30, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated November 21, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

McLean, Virginia
November 21, 2016

MAXIMUS, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

	Year ended September 30,		
	2016	2015	2014
Revenue	$ 2,403,360	$ 2,099,821	$ 1,700,912
Cost of revenue	1,841,169	1,587,104	1,248,789
Gross profit	562,191	512,717	452,123
Selling, general and administrative expenses	268,259	238,792	220,925
Amortization of intangible assets	13,377	9,348	5,890
Acquisition-related expenses	832	4,745	—
Gain on sale of a business	6,880	—	—
Operating income	286,603	259,832	225,308
Interest expense	4,134	1,398	—
Other income, net	3,499	1,385	2,061
Income before income taxes	285,968	259,819	227,369
Provision for income taxes	105,808	99,770	81,973
Net income	180,160	160,049	145,396
Income/(loss) attributable to noncontrolling interests	1,798	2,277	(44)
Net income attributable to MAXIMUS	$ 178,362	$ 157,772	$ 145,440
Basic earnings per share attributable to MAXIMUS	$ 2.71	$ 2.37	$ 2.15
Diluted earnings per share attributable to MAXIMUS	$ 2.69	$ 2.35	$ 2.11
Dividends per share	$ 0.18	$ 0.18	$ 0.18
Weighted average shares outstanding:			
Basic	65,822	66,682	67,680
Diluted	66,229	67,275	69,087

See accompanying notes to consolidated financial statements.

MAXIMUS, Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

	Year ended September 30,		
	2016	2015	2014
Net income	$ 180,160	$ 160,049	$ 145,396
Foreign currency translation adjustments	(13,828)	(22,570)	(7,757)
Interest rate hedge, net of income taxes of $(16), $16 and $—	24	(25)	—
Comprehensive income	166,356	137,454	137,639
Comprehensive income/(loss) attributable to noncontrolling interests	1,798	2,277	(44)
Comprehensive income attributable to MAXIMUS	$ 164,558	$ 135,177	$ 137,683

See accompanying notes to consolidated financial statements.

MAXIMUS, Inc.

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands)

	September 30, 2016	September 30, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 66,199	$ 74,672
Accounts receivable—billed and billable, net	444,357	396,177
Accounts receivable—unbilled	36,433	30,929
Income taxes receivable	17,273	7,310
Prepaid expenses and other current assets	56,718	52,819
Total current assets	620,980	561,907
Property and equipment, net	131,569	137,830
Capitalized software, net	30,139	32,483
Goodwill	397,558	376,302
Intangible assets, net	109,027	102,358
Deferred contract costs, net	18,182	19,126
Deferred compensation plan assets	23,307	19,310
Deferred income taxes	8,644	11,058
Other assets	9,413	11,184
Total assets	$ 1,348,819	$ 1,271,558
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 150,711	$ 155,411
Accrued compensation and benefits	96,480	99,700
Deferred revenue	73,692	77,642
Income taxes payable	7,979	11,709
Long-term debt, current portion	277	356
Other liabilities	11,617	11,562
Total current liabilities	340,756	356,380
Deferred revenue, less current portion	40,007	52,954
Deferred income taxes	16,813	6,546
Long-term debt	165,338	210,618
Deferred compensation plan liabilities, less current portion	24,012	20,635
Other liabilities	8,753	8,726
Total liabilities	595,679	655,859
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value; 100,000 shares authorized; 65,223 and 65,437 shares issued and outstanding at September 30, 2016 and 2015, at stated amount, respectively	461,679	446,132
Accumulated other comprehensive income	(36,169)	(22,365)
Retained earnings	323,571	188,611
Total MAXIMUS shareholders' equity	749,081	612,378
Noncontrolling interests	4,059	3,321

Total equity	753,140	615,699
Total liabilities and equity	$ 1,348,819	$ 1,271,558

See accompanying notes to consolidated financial statements.

MAXIMUS, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	Year ended September 30,		
	2016	**2015**	**2014**
Cash flows from operating activities:			
Net income	$ 180,160	$ 160,049	$ 145,396
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property, plant, equipment and capitalized software	58,404	46,849	42,778
Amortization of intangible assets	13,377	9,348	5,890
Deferred income taxes	5,652	807	2,898
Stock compensation expense	18,751	17,237	17,278
Gain on sale of business	(6,880)	—	—
Changes in assets and liabilities, net of effects of business combinations:			
Accounts receivable—billed and billable	(51,986)	(103,774)	(144)
Accounts receivable—unbilled	(5,590)	(911)	2,056
Prepaid expenses and other current assets	(2,027)	(6,475)	(2,540)
Deferred contract costs	(398)	(7,245)	2,254
Accounts payable and accrued liabilities	(2,371)	44,351	(2,928)
Accrued compensation and benefits	(869)	(3,157)	12,277
Deferred revenue	(11,661)	47,948	2,841
Income taxes	(13,125)	9,134	(10,974)
Other assets and liabilities	(1,411)	(7,944)	(3,482)
Cash provided by operating activities	180,026	206,217	213,600
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(46,651)	(289,212)	(2,670)
Purchases of property and equipment and capitalized software costs	(46,391)	(105,149)	(47,148)
Proceeds from the sale of a business	5,515	—	—
Other	424	489	429
Cash used in investing activities	(87,103)	(393,872)	(49,389)
Cash flows from financing activities:			
Cash dividends paid to MAXIMUS shareholders	(11,701)	(11,852)	(12,187)
Repurchases of common stock	(33,335)	(82,787)	(111,141)
Stock compensation tax benefit	5,172	9,474	9,665
Tax withholding related to RSU vesting	(11,614)	(12,451)	(14,681)
Stock option exercises	546	868	1,362
Borrowings under credit facility	149,823	330,993	15,000
Repayment of credit facility and other long-term debt	(195,200)	(121,611)	(15,162)
Other	(533)	(75)	—
Expansion of credit facility	—	(1,444)	—
Cash (used in)/provided by financing activities	(96,842)	111,115	(127,144)
Effect of exchange rate changes on cash	(4,554)	(6,900)	(4,572)

Net (decrease)/increase in cash and cash equivalents	(8,473)	(83,440)	32,495
Cash and cash equivalents, beginning of period	74,672	158,112	125,617
Cash and cash equivalents, end of period	$ 66,199	$ 74,672	$ 158,112

See accompanying notes to consolidated financial statements.

MAXIMUS, Inc.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Amounts in thousands)

	Common Shares Outstanding	Common Stock	Accumulated Other Comprehensive Income	Retained Earnings	Noncontrolling Interest	Total
Balance at September 30, 2013	68,525	$ 415,271	$ 7,987	$ 106,250	$ 267	$ 529,775
Net income/(loss)	—	—	—	145,440	(44)	145,396
Foreign currency translation	—	—	(7,757)	—	—	(7,757)
Cash dividends	—	—	—	(12,187)	—	(12,187)
Dividends on RSUs	—	493	—	(493)	—	—
Repurchases of common stock	(2,672)	—	—	(113,135)	—	(113,135)
Stock compensation expense	—	17,278	—	—	—	17,278
Stock compensation tax benefit	—	9,665	—	—	—	9,665
Tax withholding relating to RSU vesting	—	(14,212)	—	—	—	(14,212)
Stock option exercises and RSU releases	760	1,362	—	—	—	1,362
Balance at September 30, 2014	66,613	429,857	230	125,875	223	556,185
Net income	—	—	—	157,772	2,277	160,049
Foreign currency translation	—	—	(22,570)	—	—	(22,570)
Interest rate hedge, net of income taxes	—	—	(25)	—	—	(25)
Cash dividends	—	—	—	(11,852)	(75)	(11,927)
Dividends on RSUs	—	397	—	(397)	—	—
Repurchases of common stock	(1,619)	—	—	(82,787)	—	(82,787)
Stock compensation expense	—	17,237	—	—	—	17,237
Stock compensation tax benefit	—	9,474	—	—	—	9,474
Tax withholding related to RSU vesting	—	(11,701)	—	—	—	(11,701)
Stock option exercises and RSU releases	443	868	—	—	—	868
Addition of noncontrolling interest from acquisition	—	—	—	—	896	896
Balance at September 30, 2015	65,437	446,132	(22,365)	188,611	3,321	615,699
Net income	—	—	—	178,362	1,798	180,160
Foreign currency translation	—	—	(13,828)	—	—	(13,828)
Interest rate hedge, net of income taxes	—	—	24	—	—	24
Cash dividends	—	—	—	(11,701)	(1,060)	(12,761)
Dividends on RSUs	—	363	—	(363)	—	—
Repurchases of common stock	(587)	—	—	(31,338)	—	(31,338)
Stock compensation expense	—	18,751	—	—	—	18,751
Stock compensation tax benefit	—	5,172	—	—	—	5,172
Tax withholding related to RSU vesting	—	(9,285)	—	—	—	(9,285)
Stock option exercises and RSU releases	373	546	—	—	—	546
Balance at September 30, 2016	65,223	$ 461,679	$ (36,169)	$ 323,571	$ 4,059	$ 753,140

See accompanying notes to consolidated financial statements.

MAXIMUS, Inc.

Notes to Consolidated Financial Statements

For the years ended September 30, 2016, 2015 and 2014

1. Business and summary of significant accounting policies

Description of business

MAXIMUS, Inc. (the "Company" or "we") is a leading operator of government health and human services programs worldwide.

We conduct our operations through three business segments: Health Services, U.S. Federal Services and Human Services.

- The Health Services Segment provides a variety of business process services, appeals and assessments as well as related consulting services, for state, provincial and national government programs. These services support Medicaid, the Children's Health Insurance Program (CHIP) and the Affordable Care Act (ACA) in the U.S., Health Insurance BC (British Columbia) in Canada, and the Health Assessment Advisory Service (HAAS) and Fit for Work Service in the United Kingdom.

- The U.S. Federal Services Segment provides business process services and program management for large government programs, independent health review and appeals services for both the U.S. Federal Government and similar state-based programs and technology solutions for civilian agencies.

- The Human Services Segment provides national, state and local human services agencies with a variety of business process services and related consulting services for government programs.

Principles of consolidation

The consolidated financial statements include the accounts of MAXIMUS, Inc. and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Where MAXIMUS owns less than 100% of the share capital of its subsidiaries, but is still considered to have sufficient ownership to control the businesses, the results of these business operations are consolidated within our financial statements. The ownership interests held by other parties are shown as noncontrolling interests.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expenses during each reporting period. Actual results could differ from those estimates. Our significant estimates include revenue recognition, estimates of the fair value of assets acquired and liabilities assumed in business combinations, estimates of the collectability of receivables, estimates of future discounts in performance-based contracts, evaluation of asset impairment, accrual of estimated liabilities, valuation of acquisition-related contingent consideration liabilities and income taxes.

Revenue recognition

Revenue is generated from contracts with various pricing arrangements with total revenue contributions in fiscal year 2016 as follows:

- performance-based criteria (42%);

- costs incurred plus a negotiated fee ("cost-plus") (33%);
- fixed-price (18%); and
- time-and-materials (7%).

We recognize revenue on arrangements as work is performed and amounts are earned. We consider amounts to be earned once evidence of an arrangement has been obtained, services have been delivered, fees are fixed or determinable and collectability of revenue is reasonably assured.

MAXIMUS, Inc.

Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

We recognize revenue on performance-based contracts when earned, which occurs when we have achieved the performance obligation. This may result in revenue being recognized in irregular increments. In certain performance-based contracts, we may negotiate arrangements where we are reimbursed at higher levels at the beginning of an arrangement. Where we believe the rates in the latter part of the contract represent a significant and incremental discount to the customer, we recognize revenue at an average per-transaction rate. This results in a deferred revenue balance and requires us to estimate future volumes over the life of an arrangement. Adjustments to estimates of future volumes result in adjustments to revenue.

Revenue on cost-plus contracts is recognized as services are performed, based on costs incurred plus the negotiated fee earned. In certain contracts with the U.S. Federal Government, we may be paid an award fee, based upon the quality of the service we perform. Where this fee can be objectively determined, it is recognized ratably over the period of performance, which is between four and six months. Where the fee cannot be determined objectively, all revenue is deferred until the fee has been earned.

We recognize revenue on fixed-priced contracts when earned, as services are provided. Revenue is generally recognized on a straight-line basis unless evidence suggests that revenue is earned or obligations are fulfilled in a different pattern. The timing of expense recognition may result in irregular profit margins.

For certain fixed-price contracts, primarily systems design, development and implementation, we generally recognize revenue based upon costs incurred to date and our anticipated gross profit. The cumulative impact of any revisions in estimated revenue and costs is recognized in the period in which the facts that give rise to the revision become known. Provisions for estimated losses on incomplete contracts are provided for in full in the period in which such losses become known. This policy may result in revenue being recognized at different points from amounts being billable. Where we enter into contracts where significant uncertainty exists over the ability of management to estimate the future costs, we will typically defer all revenue until such time as future costs are estimable or the system implementation is complete.

Revenue on time-and-materials contracts is recognized as services are performed, based on hours worked and expenses incurred.

Where contracts have multiple deliverables, we evaluate these deliverables at the inception of each contract and as each item is delivered. As part of this evaluation, we consider whether a delivered item has value to a customer on a stand-alone basis and whether the delivery of the undelivered items is considered probable and substantially within our control, if a general right of return exists. Where deliverables, or groups of deliverables, have both of these characteristics, we treat each deliverable item as a separate element in the arrangement, allocate a portion of the allocable arrangement consideration using the estimated relative selling price method to each element and apply the relevant revenue recognition guidance to each element.

Sales and purchases in jurisdictions subject to indirect taxes, such as value added tax, are recorded net of tax collected and paid.

New accounting standards

We have adopted two new accounting standard updates during the current fiscal year. These are part of the simplification initiative being undertaken by the Financial Accounting Standards Board (FASB).

We have adopted Accounting Standards Update (ASU) No. 2015-17, *Balance Sheet Classification of Deferred Taxes.* This standard reduces the complexity of deferred taxation disclosure by showing deferred income tax balances as noncurrent. In adopting this standard, we updated our September 30, 2015 consolidated balance sheet as if we had adopted this standard at that time. As previously disclosed in our Annual Report on Form 10-K for the year ended September 30, 2015, our consolidated balance sheet held $19 million of current deferred tax assets, $0.7 million of noncurrent deferred tax assets included in "Other Assets" and $15.2 million of noncurrent deferred tax liabilities. These balances have been reclassified to record $11.1 million and $6.5 million of noncurrent deferred tax assets and liabilities, respectively.

We have adopted ASU No. 2015-16, *Business Combinations, Simplifying the Accounting for Measurement-Period Adjustments*. The new standard eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Adoption of this standard has not had a material effect on our financial statements.

MAXIMUS, Inc.

Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

In addition, we are evaluating the effects of guidance issued in three significant areas of financial reporting. These new standards will have a significant effect on how we report and disclose transactions.

In March 2016, the FASB issued ASU No. 2016-09, *Stock Compensation, Improvements to Employee Share-Based Payment Accounting.* The new standard will require us to record the tax benefit or expense related to the vesting of restricted stock units or the exercise of stock options within our provision for income taxes in the consolidated statement of operations. This benefit is currently reported in the statement of changes in shareholders' equity. The cash flow effects of the tax benefit will be reported in cash flows from operating activities; they are currently in cash flows from financing activities. The new standard will also allow us more flexibility in net settling RSUs as they vest. In addition, the new standard allows for changes in accounting for the forfeiture of stock awards. We are required to adopt this standard in our 2018 fiscal year; however, early adoption is permitted. If we had adopted this standard in our 2016 fiscal year, we would have reported a smaller provision for income taxes in the fourth quarter of our fiscal year, resulting in an additional $5.2 million in net income and cash flows from operating activities, with a corresponding decline in cash flows from financing activities. Our diluted earnings per share attributable to MAXIMUS would have been increased by $0.07 to $2.76. Almost all of our existing stock awards vest in September each year; accordingly, we would expect to record most of the effect of this change in our fourth fiscal quarter once this standard is adopted. We expect to adopt this standard in fiscal year 2017.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers.* In addition, the FASB has issued additional updates covering technical items and changing the date of adoption. This new standard will change the manner in which we evaluate revenue recognition for all contracts with customers, although the effect of the changes on revenue recognition will vary from contract to contract. We will adopt this standard during our 2019 fiscal year. The standard permits a retrospective or cumulative effect transition method. We anticipate that we will adopt the new standard using the retrospective method. We are evaluating the effect of the standard on our revenue.

In February 2016, the FASB issued ASU No. 2016-02, *Leases.* The new standard will change the manner in which we will present our leasing arrangements. This standard will be effective during our 2020 fiscal year; however, early adoption is permitted. We are evaluating the effect of the standard.

Cash and cash equivalents

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Where we are obliged to hold cash balances as collateral for lease, credit card or letter of credit arrangements, or where we hold funds on behalf of clients, this balance is reported within other current assets. These restricted cash balances totaled $14.1 million and $13.4 million at September 30, 2016 and 2015, respectively.

Accounts receivable—billed, billable and unbilled

We present our accounts receivable balance including both billed and billable receivables. Billed receivables are balances where an invoice has been prepared and issued and is collectible under standard contract terms.

Many of our clients require invoices to be prepared on a monthly basis. Where a significant amount of information needs to be collected prior to billing, it may not be possible to have an invoice prepared, reviewed and issued as of a period end. Where we anticipate that an invoice will be issued within a short period of time and where the funds are considered collectible from within standard contract terms, we include this balance as billable accounts receivable.

Both billed and billable balances are recorded at their face amount less an allowance for doubtful accounts. We re-evaluate our client receivables on a quarterly basis, especially receivables that are past due, and reassess our allowance for doubtful accounts based on specific client collection issues.

We present unbilled receivables as a separate component of our consolidated balance sheet. Unbilled receivables represents a timing difference between when amounts are billed or billable and when revenue has been recognized has occurred as of period end. The timing of these billings is generally driven by the contractual terms, which may have billing milestones which are different from revenue recognition milestones. Our unbilled receivables balance also includes retainage balances, where customers may hold back payment for work performed for a period of time to allow opportunities to evaluate the quality of our performance. Our unbilled receivable balance is

MAXIMUS, Inc.

Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

recorded at fair value which is the value which we expect to invoice for the services performed, once the criteria for billing have been met.

Business combinations and goodwill

The purchase price of an acquired business is allocated to tangible assets, separately identifiable intangible assets acquired and liabilities assumed based upon their respective fair values. Any excess balance is recorded as goodwill. Costs incurred directly related to an acquisition, including legal, accounting and valuation services, are expensed as incurred.

Intangible assets are separately identified and recorded at fair value. These assets are amortized on a straight-line basis over useful lives estimated at the time of the business combination.

Goodwill is not amortized but is subject to impairment testing on an annual basis, or more frequently if impairment indicators arise. Impairment testing is performed at the reporting unit level. A reporting unit is the operating segment, or a business one level below that operating segment (the component level) if discrete financial information is prepared and reviewed regularly by segment management. However, components are aggregated if they have similar economic characteristics. The evaluation is performed by comparing the fair value of the relevant reporting unit to the carrying value, including goodwill, of the reporting unit. If the fair value of the reporting unit exceeds the carrying value, no impairment loss is recognized. However, if the carrying value of the reporting unit exceeds the fair value, the goodwill of the reporting unit may be impaired.

Our reporting units are consistent with our operating segments, namely Health Services, U.S. Federal Services and Human Services. We perform our annual impairment test as of July 1 of each year. We performed the annual impairment test, as of July 1, 2016, and determined that there had been no impairment of goodwill. In performing this assessment, we utilized an income approach. Such an approach requires estimation of future operating cash flows including business growth, utilization of working capital and discount rates. The valuation of the business as a whole is compared to our market value at the date of the test in order to verify the calculation.

Long-lived assets (excluding goodwill)

Property and equipment is recorded at cost. Depreciation is recorded over the assets' respective useful economic lives using the straight-line method, which are not to exceed 39 years for our buildings and seven years for office furniture and equipment. Leasehold improvements are amortized over the shorter of their useful life or the remaining term of the lease. Repairs and maintenance costs are expensed as incurred.

All of the Company's capitalized software represents development costs for software that is intended for our internal use. Direct costs of time and material incurred for the development of application software for internal use are capitalized and depreciated using the straight-line method over the estimated useful life of the software, ranging from three to eight years. Costs incurred for upgrades and enhancements that do not result in additional functionality are expensed as incurred.

Deferred contract costs consist of contractually recoverable direct set-up costs related to long-term service contracts. These costs include direct and incremental costs incurred prior to the commencement of providing service to our customer. These costs are expensed over the period the services are provided using the straight-line method.

We review long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. Our review is based on our projection of the undiscounted future operating cash flows of the related asset group. To the extent such projections indicate that future undiscounted cash flows are not sufficient to recover the carrying amount, we recognize a non-cash impairment charge to reduce the carrying amount to equal projected future discounted cash flows. No impairment charges were recorded in the three years ending September 30, 2016.

Income taxes

Deferred tax liabilities and assets are determined based on the difference between the financial statement and tax basis of assets and liabilities and are measured by applying enacted tax rates and laws for the taxable years in which those differences are expected to reverse. In addition, a valuation allowance is recorded if it is believed more likely than not that a deferred tax asset will not be fully realized.

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Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

We recognize the financial statement benefit of a tax position only after determining that the relevant tax authority would "more likely than not" sustain the position following an audit. For tax positions meeting the "more likely than not" threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Foreign currency

For all foreign operations, the functional currency is the local currency. The assets and liabilities of foreign operations are translated into U.S. Dollars at period-end exchange rates, and revenue and expenses are translated at average exchange rates for the year. The resulting cumulative translation adjustment is included in accumulated other comprehensive income on the consolidated balance sheet. Gains and losses from foreign currency transactions are included in interest and other income.

Contingencies

From time to time, we are involved in legal proceedings, including contract and employment claims, in the ordinary course of business. We assess the likelihood of any adverse judgments or outcomes to these contingencies, as well as potential ranges of probable losses and establish reserves accordingly. The amount of reserves required may change in future periods due to new developments in each matter or changes in approach to a matter such as a change in settlement strategy.

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between marketplace participants.

Assets and liabilities subject to fair value measurements are required to be disclosed within a fair value hierarchy. The fair value hierarchy ranks the quality and reliability of inputs used to determine fair value. Accordingly, assets and liabilities carried at, or permitted to be carried at, fair value are classified within the fair value hierarchy in one of the following categories based on the lowest level input that is significant in measuring fair value:

Level 1 - Fair value is determined by using unadjusted quoted prices that are available in active markets for identical assets and liabilities.

Level 2 - Fair value is determined by using inputs other than Level 1 quoted prices that are directly or indirectly observable. Inputs can include quoted prices for similar assets and liabilities in active markets or quoted prices for identical assets and liabilities in inactive markets. Related inputs can also include those used in valuation or other pricing models such as interest rates and yield curves that can be corroborated by observable market data.

Level 3 - Fair value is determined by using inputs that are unobservable and not corroborated by market data. Use of these inputs involves significant and subjective judgment.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other amounts included within current assets and liabilities that meet the definition of a financial instrument approximate fair value due to the short-term nature of these balances.

We hold investments in a Rabbi Trust on behalf of our deferred compensation plan. These assets are recorded on our consolidated balance sheet at fair value under the heading of "Deferred Compensation Plan Assets". These assets have quoted prices in active markets (Level 1). See "Note 13. Employee benefit plans and deferred compensation" for further details.

We enter into derivative arrangements to reduce our exposure to interest rate fluctuations on our credit facility. The fair value of this derivative instrument was negligible at September 30, 2016. The inputs to calculate this balance are based upon prices and other factors which are observable in similar markets (Level 2). See "Note 6. Debt" for further details.

We have two acquisitions where our payment is contingent upon events which take place after the acquisition date. The related liability is recorded on our consolidated balance sheet as a long-term liability at estimated fair value and updated on a quarterly basis. The valuation of this liability is derived from internal estimates of future

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Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

performance and not from inputs that are observable (Level 3). See "Note 5. Business combinations and disposal" for further details.

2. Business segments

We have three business segments, Health Services, U.S. Federal Services and Human Services. These segments reflect the way in which we organize and manage the business and is consistent with the manner in which our Chief Executive Officer operates and reviews the results of the business.

Expenses which are not specifically included in the segments are included in other categories, including amortization of intangible assets, the direct costs of acquisitions and the gain on sale of the K-12 Education business. These costs are excluded from measuring each segment's operating performance.

The results of these segments for the three years ended September 30, 2016 are shown below (in thousands).

	Year ended September 30,		
	2016	2015	2014
Revenue:			
Health Services	$ 1,298,304	$ 1,109,238	$ 906,650
U.S. Federal Services	591,728	502,484	341,840
Human Services	513,328	488,099	452,422
Total	$ 2,403,360	$ 2,099,821	$ 1,700,912
Gross Profit:			
Health Services	$ 292,181	$ 254,108	$ 213,728
U.S. Federal Services	138,168	118,646	110,793
Human Services	131,842	139,963	127,602
Total	$ 562,191	$ 512,717	$ 452,123
Selling, general and administrative expense:			
Health Services	$ 107,155	$ 99,815	$ 98,172
U.S. Federal Services	74,792	59,252	47,695
Human Services	84,157	79,719	74,444
Other	2,155	6	614
Total	$ 268,259	$ 238,792	$ 220,925
Operating income:			
Health Services	$ 185,026	$ 154,293	$ 115,556
U.S. Federal Services	63,376	59,394	63,098
Human Services	47,685	60,244	53,158
Amortization of intangible assets	(13,377)	(9,348)	(5,890)
Acquisition-related expenses	(832)	(4,745)	—
Gain on sale of a business	6,880	—	—
Other	(2,155)	(6)	(614)
Total	$ 286,603	$ 259,832	$ 225,308
Operating income as a percentage of revenue:			
Health Services	14.3%	13.9%	12.7%
U.S. Federal Services	10.7%	11.8%	18.5%

Human Services	9.3%	12.3%	11.7%
Total	11.9%	12.4%	13.2%
Depreciation and amortization:			
Health Services	$ 31,916	$ 27,694	$ 23,994
U.S. Federal Services	9,953	10,363	9,557
Human Services	16,535	8,792	9,227
Total	$ 58,404	$ 46,849	$ 42,778

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Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

Acquisition-related expenses are costs directly incurred from the purchases of Ascend Management Innovations, LLC (Ascend) and Assessments Australia in 2016 and Acentia, LLC (Acentia) and Remploy in 2015, as well as any unsuccessful transactions.

We principally operate in the U.S., the U.K., Australia, Canada and Saudi Arabia.

Our revenue was distributed as follows (in thousands):

	Year ended September 30,		
	2016	2015	2014
United States	$ 1,721,261	$ 1,559,769	$ 1,306,026
United Kingdom	384,649	267,702	128,363
Australia	200,539	178,167	170,727
Rest of World	96,911	94,183	95,796
Total	$ 2,403,360	$ 2,099,821	$ 1,700,912

Identifiable assets for the segments are shown below (in thousands):

	Year Ended September 30,	
	2016	2015
Health Services	$ 543,361	$ 482,560
U.S. Federal Services	440,006	441,521
Human Services	153,141	186,406
Corporate/Other	212,311	161,071
Total	$ 1,348,819	$ 1,271,558

Our long-lived assets, consisting of property and equipment, capitalized software costs and deferred compensation plan assets, were distributed as follows (in thousands):

	Year Ended September 30,	
	2016	2015
United States	$ 118,751	$ 120,130
Australia	38,852	33,591
Canada	16,209	19,720
United Kingdom	11,086	16,141
Rest of World	117	41
Total	$ 185,015	$ 189,623

3. Concentrations of credit risk and major customers

Financial instruments that potentially subject us to significant concentrations of credit risk consist primarily of accounts receivable - billed, billable and unbilled.

The majority of our business is in the U.S. Revenue from foreign projects and offices was 28%, 26% and 23% of total revenue for the years ended September 30, 2016, 2015 and 2014, respectively.

In the year ended September 30, 2016, approximately 46% of our total revenue was derived from state government agencies, many of whose programs received significant federal funding, 26% from foreign government agencies, 22% from U.S.-based Federal Government agencies, and 6% from other sources including local municipalities and commercial customers. We believe that the credit risk associated with our receivables is limited due to the credit worthiness of these customers.

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Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

During fiscal year 2016, the U.S. Federal Government, the U.K. Government and the state of New York each provided more than 10% of our annual revenue. Revenue from the U.S. Federal Government was exclusively within the U.S. Federal Segment. Revenue from the U.K. Government was both within the Health Services and Human Services Segments. Revenue from the state of New York was exclusively within our Health Services Segment. The proportion of revenue recognized from customers providing in excess of 10% of our consolidated revenue for each of the three years ended September 30, 2016 was from the following governments:

	Year ended September 30,		
	2016	2015	2014
U.S. Federal Government	22%	20%	17%
United Kingdom	16%	*	*
New York	12%	10%	*
Australia	*	*	10%
California	*	*	10%
Texas	*	*	10%

* Government provided less than 10% of our consolidated revenue in this year.

4. Earnings per share

The weighted average number of shares outstanding used to compute earnings per shares was as follows (in thousands):

	Year ended September 30,		
	2016	2015	2014
Weighted average shares outstanding	65,822	66,682	67,680
Effect of employee stock options and unvested restricted stock awards	407	593	1,407
Denominator for diluted earnings per share	66,229	67,275	69,087

For the years ended September 30, 2016, 2015 and 2014, 21,000, 15,000 and 286,000 unvested restricted stock units, respectively, have been excluded from the calculation of diluted earnings per share as the effect of including them would have been anti-dilutive.

5. Business combinations and disposal

K-12 Education

On May 9, 2016, we sold our K-12 Education business, which was previously part of the Human Services Segment. As a result of this transaction, we recorded a gain of approximately $6.9 million. The K-12 Education business contributed revenue of $2.2 million, $4.7 million and $9.4 million for the years ended September 30, 2016, 2015 and 2014, respectively. We reported operating loss of $0.2 million, operating income of $0.9 million and $2.8 million in the respective years. Included within our September 30, 2015 consolidated balance sheet are total assets of $1.5 million and total liabilities of $2.7 million related to the K-12 Education business.

Ascend Management Innovations, LLC

On February 29, 2016, MAXIMUS Health Services, Inc., a wholly-owned subsidiary of MAXIMUS, Inc. acquired 100% of the share capital of Ascend for cash consideration of $44.1 million. Ascend is a provider of independent health assessments and data management tools to government agencies in the U.S. We acquired Ascend to broaden our ability to help our existing government clients deal with the rising demand for long-term care services. This business has been integrated into our Health Services Segment. Management has estimated the fair value of intangible assets acquired as $22.3 million, with an average weighted life of 18 years, and the fair value of goodwill

MAXIMUS, Inc.

Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

as $18.6 million, which is expected to be deductible for tax purposes. We believe that this goodwill represents the value of the assembled workforce of Ascend, as well as the enhanced knowledge and capabilities resulting from this business combination. We have completed our evaluation of the fair value of all of the assets and liabilities acquired with the exception of balances related to taxation.

Our allocation of fair value for the assets and liabilities acquired is shown below.

(Amounts in thousands)	Purchase price allocation
Cash consideration, net of cash acquired	$ 44,069
Billed and unbilled receivables	$ 4,069
Other assets	407
Property and equipment and other assets	707
Intangible assets	22,300
Total identifiable assets acquired	27,483
Accounts payable and other liabilities	1,414
Deferred revenue	554
Total liabilities assumed	1,968
Net identifiable assets acquired	25,515
Goodwill	18,554
Net assets acquired	$ 44,069

The valuation of the intangible assets acquired is summarized below:

(Dollars in thousands)	Useful life	Fair value
Customer relationships	19 years	$ 20,400
Technology-based intangible assets	8 years	1,700
Trade name	1 year	200
Total intangible assets		$ 22,300

Assessments Australia

On December 15, 2015, MAXIMUS acquired 100% of the share capital of three companies doing business as "Assessments Australia." We acquired Assessments Australia to expand our service offerings within Australia. The consideration is comprised of $2.6 million in cash and contingent consideration of $0.5 million to the sellers of Assessments Australia if sufficient contracts with a specific government agency are won by MAXIMUS prior to December 2022. We have performed a probability weighted assessment of this payment. Future changes in our assessment of this liability will be recorded through the consolidated statement of operations. This business has been integrated into our Human Services Segment. Management identified goodwill and intangible assets acquired as $2.9 million and $0.4 million, respectively. We believe that the goodwill represents the value of the assembled workforce of Assessments Australia, as well as the enhanced capabilities which the business will provide us. We have completed our evaluation of the fair value of all of the assets and liabilities acquired with the exception of balances related to taxation.

The intangible assets acquired represent customer relationships. These are being amortized on a straight-line basis over six years.

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Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

Acentia

On April 1, 2015 (the "acquisition date"), we acquired 100% of the ownership interests of Acentia for cash consideration of $293.5 million.

Acentia provides system modernization, software development, program management and other information technology services and solutions to the U.S. Federal Government. We acquired Acentia, among other reasons, to expand our ability to provide complementary business services and offerings across government markets. The acquired assets and liabilities have been integrated into our U.S. Federal Services Segment.

We have completed the process of allocating the acquisition price to the fair value of the assets and liabilities of Acentia as of the acquisition date (in thousands).

	As of September 30, 2015	Adjustments	Updated through September 30, 2016
Cash consideration, net of cash acquired	$ 293,504	$ —	$ 293,504
Accounts receivable and unbilled receivables	35,333	—	35,333
Other current assets	5,050	(1,959)	3,091
Property and equipment	2,140	—	2,140
Intangible assets—customer relationships	69,900	—	69,900
Total identifiable assets acquired	112,423	(1,959)	110,464
Accounts payable and other liabilities	32,426	(1,076)	31,350
Deferred revenue	251	—	251
Capital lease obligations	567	—	567
Deferred tax liabilities	—	6,741	6,741
Total liabilities assumed	33,244	5,665	38,909
Net identifiable assets acquired	79,179	(7,624)	71,555
Goodwill	214,325	7,624	221,949
Net assets acquired	$ 293,504	$ —	$ 293,504

The excess of the acquisition date consideration over the estimated fair value of the net assets acquired was recorded as goodwill. We consider the goodwill to represent the value of the assembled workforce of Acentia, as well as the enhanced knowledge and capabilities resulting from this business combination. Approximately $175 million of the goodwill balance is anticipated to be deductible for tax purposes.

The intangible assets acquired represent customer relationships. These will be amortized on a straight-line basis over 14 years.

Remploy

On April 7, 2015 (the "Remploy acquisition date"), we acquired 70% of the ownership interests of Remploy (2015) Limited, whose assets had previously operated under the "Remploy" tradename. The remaining 30% is held in a trust for the benefit of the employees. The acquisition consideration was $3.0 million (£2.0 million). The purchase agreement stipulated that the net assets of Remploy were zero on the Remploy acquisition date as calculated using U.K. accounting principles. The noncontrolling interest was valued at $0.9 million (£0.6 million) on the Remploy acquisition date.

Remploy provides services to the U.K. Government, particularly in supporting employment opportunities for the disabled. We acquired Remploy to complement our welfare-to-work services in the U.K. The acquired assets and liabilities have been integrated into our Human Services Segment. The principal asset held by Remploy on the Remploy acquisition date was a contract worth $4.6 million. This asset is being amortized over two years on a straight-line basis.

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Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

Centacare

On January 31, 2014, we acquired certain businesses from Centacare for $2.7 million ($3.1 million Australian) in cash. The operations of these businesses are consistent with the welfare-to-work services we provide in Australia. The Company acquired these businesses in order to expand our operations in Australia.

Of the purchase price, we allocated $3.2 million to intangible assets, representing customer relationships, and $0.5 million to deferred revenue. The intangible assets are being amortized over the anticipated lives of the customer relationships, which are approximately four years.

Acquisition related contingent consideration

Our financial statements include liabilities relating to payments we must make to the former owners of businesses which we have acquired based upon events which may occur subsequent to the acquisition. At the date of acquisition, we include an estimate of the fair value of these liabilities at that time. Subsequent changes to the fair value are recorded in our consolidated statement of operations.

Following our acquisition of DeltaWare Systems, Inc. in 2010, we agreed to make payments of up to $4.0 million (Canadian) if we made sales in particular geographic markets prior to December 31, 2016. No such sales have been made. At both September 30, 2016 and 2015, we have recorded no liability for this potential obligation.

Following our acquisition of Assessments Australia, we agreed to pay an additional $0.5 million the sellers of Assessments Australia if sufficient contracts with a specific government agency are won by MAXIMUS prior to December 2022. Upon acquisition and at September 30, 2016, we have reported a liability of $0.4 million.

Both estimates of the fair value of the contingent consideration are based upon probability-weighted assessments of likely future sales. As these inputs require significant judgment, they are considered to be Level 3 inputs under the FASB's classification of assets and liabilities subject to fair value measurement.

6. Debt

Credit Facilities

Our credit agreement provides for a revolving line of credit up to $400 million that may be used for revolving loans, swingline loans (subject to a sublimit of $5 million), and to request letters of credit, subject to a sublimit of $30 million. The line of credit is available for general corporate purposes, including working capital, capital expenditures and acquisitions. Borrowings are permitted in currencies other than the U.S. Dollar. The credit agreement will terminate on March 9, 2020, at which time all outstanding borrowings must be repaid. At September 30, 2016, we had U.S. Dollar borrowings of $164.7 million.

In addition to borrowings under the credit agreement, we have an outstanding loan of $0.8 million (1.0 million Canadian Dollars) with the Atlantic Innovation Fund of Canada. There is no interest charge on this loan. The Atlantic Innovation Fund loan is repayable over 23 remaining quarterly installments.

At September 30, 2016, we held three letters of credit under our credit agreement totaling $5.2 million. Each of these letters of credit may be called by customers or vendors in the event that the Company defaults under the terms of a contract, the probability of which we believe is remote. In addition, two letters of credit totaling $3.0 million, secured with restricted cash balances, are held with another financial institution to cover similar obligations to customers.

Our credit agreement requires us to comply with certain financial covenants and other covenants including a maximum total leverage ratio and a minimum fixed charge coverage ratio. We were in compliance with all covenants as of September 30, 2016. Our obligations under the credit agreement are guaranteed by material domestic subsidiaries of the Company, but are otherwise unsecured. In the event that our total leverage ratio, as defined in the credit agreement, exceeds 2.5:1, we would be obliged to provide security in the form of the assets of the parent Company and certain of its subsidiaries. Our credit agreement contains no restrictions on the payment of dividends as long as our leverage ratio does not exceed 2.5:1. At September 30, 2016, our total leverage ratio was less than 1.0:1.0. We do not believe that the provisions of the credit agreement represent a significant restriction to the successful operation of the business or to our ability to pay dividends.

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Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

The Credit Agreement provides for an annual commitment fee payable on funds not borrowed or utilized for letters of credit. This charge is based upon our leverage and varies between 0.15% and 0.3%. Borrowings under the Credit Agreement bear interest at our choice at either (a) a Base Rate plus a margin that varies between 0.0% and 0.75% per year, (b) a Eurocurrency Rate plus an applicable margin that varies between 1.0% and 1.75% per year or (c) an Index Rate plus an applicable margin which varies between 1.0% and 1.75% per year. The Base Rate, Eurocurrency Rate and Index Rate are defined by the Credit Agreement. As of September 30, 2016, interest accrued at a rate of 1.55%.

Derivative Arrangement

In order to add stability to our interest expense and manage our exposure to interest rate movements, we enter into a derivative arrangement to fix payments on part of our outstanding loan balance. We agree to pay a fixed rate of interest to a financial institution and receive a balance equivalent to the floating rate payable. At September 30, 2016, payments on $42.0 million of our principal balance are fixed. The principal balance subject to this derivative arrangement will decline through June 30, 2017.

At September 30, 2016, the fair value of this derivative instrument was negligible. As this cash flow hedge is considered effective, the loss related to the decline in the fair value of this derivative instrument is reported in accumulated other comprehensive income (AOCI) in the consolidated statement of comprehensive income.

We have agreements with each of our interest rate swap counterparties that contain a provision providing that we could be declared in default on our derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to our default on the indebtedness.

During the year ended September 30, 2016, we made interest payments of $3.7 million.

7. Goodwill and intangible assets

Changes in goodwill for the years ended September 30, 2016 and 2015 are as follows (in thousands):

	Health Services	U.S. Federal Services	Human Services	Total
Balance as of September 30, 2014	$ 118,721	$ 6,199	$ 45,706	$ 170,626
Goodwill acquired with Acentia	—	214,325	—	214,325
Foreign currency translation	(5,294)	—	(3,355)	(8,649)
Balance as of September 30, 2015	113,427	220,524	42,351	376,302
Acquisitions of Ascend and Assessments Australia, respectively	18,554	—	2,899	21,453
Adjustment to goodwill acquired with Acentia	—	7,624	—	7,624
Disposal of K-12 Education business	—	—	(224)	(224)
Foreign currency translation	(8,302)	—	705	(7,597)
Balance as of September 30, 2016	$ 123,679	$ 228,148	$ 45,731	$ 397,558

There have been no impairment charges to our goodwill.

The following table sets forth the components of intangible assets (in thousands):

	As of September 30, 2016			As of September 30, 2015		
	Cost	Accumulated Amortization	Intangible Assets, net	Cost	Accumulated Amortization	Intangible Assets, net

Customer contracts and relationships	$ 132,221	$ 26,238	$ 105,983	$ 114,736	$ 15,100	$ 99,636
Technology-based intangible assets	6,967	4,613	2,354	8,665	7,354	1,311
Trademarks and trade names	4,487	3,797	690	4,277	2,866	1,411
Total	$ 143,675	$ 34,648	$ 109,027	$ 127,678	$ 25,320	$ 102,358

Our intangible assets have a weighted average remaining life of 13.1 years, comprising 13.3 years for customer contracts and relationships, 5.5 years for technology-based intangible assets and 1.2 years for trademarks and trade names. Estimated future amortization expense is estimated for the following five fiscal years ending September 30th as follows (in thousands):

2017	$ 12,234
2018	10,031
2019	9,151
2020	8,054
2021	7,192

8. Property and equipment

Property and equipment, at cost, consists of the following (in thousands):

	As of September 30,	
	2016	2015
Land	$ 1,738	$ 1,738
Building and improvements	11,726	11,716
Office furniture and equipment	261,752	245,577
Leasehold improvements	52,493	39,569
	327,709	298,600
Less: Accumulated depreciation and amortization	(196,140)	(160,770)
Total property and equipment, net	$ 131,569	$ 137,830

Depreciation expense for the years ended September 30, 2016, 2015 and 2014 was $49.2 million, $37.0 million and $32.9 million, respectively.

9. Capitalized software

Capitalized software consists of the following (in thousands):

	As of September 30,	
	2016	2015
Capitalized software	$ 80,646	$ 73,584
Less: Accumulated amortization	(50,507)	(41,101)
Capitalized software, net	$ 30,139	$ 32,483

Amortization expense for the years ended September 30, 2016, 2015 and 2014 was $9.2 million, $9.9 million and $9.9 million, respectively.

10. Deferred contract costs

Deferred contract costs consist of the following (in thousands):

	As of September 30,	
	2016	2015
Deferred contract costs	$ 30,114	$ 27,282
Less: accumulated amortization	(11,932)	(8,156)
Total deferred contract costs, net	$ 18,182	$ 19,126

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Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

11. Accounts receivable reserves

Changes in the reserves against accounts receivable were as follows (in thousands):

	Year ended September 30,		
	2016	2015	2014
Balance at beginning of year	$ 3,385	$ 3,138	$ 3,828
Additions to reserve	2,335	2,690	1,767
Deductions	(1,494)	(2,443)	(2,457)
Balance at end of year	$ 4,226	$ 3,385	$ 3,138

In evaluating the net realizable value of accounts receivable, we consider such factors as current economic trends, customer credit-worthiness, and changes in the customer payment terms and collection trends. Changes in the assumptions used in analyzing a specific account receivable may result in a reserve being recognized in the period in which the change occurs.

At September 30, 2016 and 2015, $16.2 million and $12.1 million of our unbilled receivables related to amounts pursuant to contractual retainage provisions. We anticipate that the majority of the fiscal 2016 balance will be collected during the 2017 fiscal year.

12. Commitments and contingencies

Performance bonds

Certain contracts require us to provide a surety bond as a guarantee of performance. At September 30, 2016, we had performance bond commitments totaling $23.0 million. These bonds are typically renewed annually and remain in place until the contractual obligations have been satisfied. Although the triggering events vary from contract to contract, in general we would only be liable for the amount of these guarantees in the event of default in our performance of our obligations under each contract, the probability of which we believe is remote.

Operating Leases

We lease office space and equipment under various operating leases. Lease expense for the years ended September 30, 2016, 2015 and 2014 was $75.4 million, $67.1 million and $61.8 million, respectively. Sublease income for the year ended September 30, 2016 was $1.1 million. Our operating leases may contain rent escalations or concessions. Lease expense is recorded on a straight-line basis over the life of the respective lease.

Minimum future lease commitments under leases in effect as of September 30, 2016 are as follows (in thousands):

	Office space	Equipment	Total
Year ending September 30,			
2017	$ 66,200	$ 4,475	$ 70,675
2018	46,185	3,779	49,964
2019	34,604	3,137	37,741
2020	20,670	1,910	22,580
2021	4,089	13	4,102
Thereafter	2,330	2	2,332
Total minimum lease payments	$ 174,078	$ 13,316	$ 187,394

We anticipate future sublease income of $1.2 million per fiscal year through fiscal year 2020.

Collective bargaining agreements

Approximately 16% of our employees are covered by collective bargaining agreements or similar arrangements.

13. Employee benefit plans and deferred compensation

We have 401(k) plans for the benefit of employees who meet certain eligibility requirements. The plans provide for Company match, specified Company contributions and discretionary Company contributions. During the years ended September 30, 2016, 2015 and 2014, we contributed $6.0 million, $4.7 million and $4.3 million to the 401(k) plans, respectively.

We also have a deferred compensation plan, which is a non-qualified plan available to a restricted number of highly compensated employees. The plan enables participants to defer compensation for tax purposes. These deferred employee contributions are held within a rabbi trust with investments directed by the respective employees. The assets of the rabbi trust are available to satisfy the claims of general creditors in the event of bankruptcy. The assets of the plan are sufficient to meet 96% of the liabilities as of September 30, 2016. The assets within the rabbi trust include $11.8 million invested in mutual funds which have quoted prices in active markets. These assets, as well as the related employee liabilities, are recorded at fair value with changes in fair value being recorded in the consolidated statement of operations.

14. Equity

Stock compensation

At September 30, 2016, 1.7 million shares remained available for grants under our 2011 Equity Incentive Plan. We typically issue new shares in satisfying our obligations under our stock plans.

We grant equity awards to officers, employees and directors in the form of restricted stock units (RSUs). RSUs issued generally vest ratably over one or five years. The fair value of the RSUs, based on our stock price at the grant date, is expensed in equal installments over the vesting period. For the fiscal years ended September 30, 2016, 2015 and 2014, compensation expense recognized related to RSUs was $18.8 million, $17.2 million and $17.3 million, respectively. All individuals who are granted RSUs also receive dividend-equivalent payments in the form of additional RSUs. However, until the shares are issued, they have no voting rights and may not be bought or sold. In the event that an award is forfeited, the dividend-equivalent payments received by the holder with respect to that award are also forfeited.

A summary of our RSU activity for the year ended September 30, 2016, is as follows:

	Shares	Weighted-Average Grant-Date Fair Value
Non-vested shares outstanding at September 30, 2015	861,540	$ 42.48
Granted	481,901	52.00
Vested	(480,873)	43.08
Forfeited	(53,262)	44.75
Non-vested shares outstanding at September 30, 2016	809,306	47.64

In addition to the non-vested shares, certain shareholders held approximately 0.9 million vested awards whose issuance has been deferred.

The weighted-average grant-date fair value of RSUs granted in the years ended September 30, 2015 and 2014 was $50.82 and $46.49, respectively. The total fair value of RSUs which vested during the years ended September 30, 2016, 2015 and 2014 was $27.1 million, $68.6 million and $38.7 million, respectively. As of September 30, 2016, the total remaining unrecognized compensation cost related to unvested RSUs was $38.5 million. This expense is expected to be realized over the next four years, with a weighted average life of 1.4 years.

Prior to fiscal year 2008, we granted stock options to certain employees. These were granted at exercise prices equal to the fair market value of our common stock at the date of grant, vested over a period of four years and expired ten years after the date of the grant. No compensation expenses related to stock options were recorded in any of the years shown.

MAXIMUS, Inc.

Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

A summary of our stock option activity for the year ended September 30, 2016, is as follows:

	Options	Weighted Average Exercise Price
Outstanding at September 30, 2015	160,000	$ 9.18
Exercised	(80,000)	6.82
Outstanding and exercisable at September 30, 2016	80,000	11.55

The intrinsic value of outstanding and exercisable stock options at September 30, 2016 was $3.6 million. All remaining stock options will expire if not exercised before October 2017.

The following table summarizes information pertaining to the stock options vested and exercised for the years presented (in thousands):

	Year ended September 30,		
	2016	2015	2014
Aggregate intrinsic value of all stock options exercised	$ 4,077	$ 5,536	$ 5,698
Net cash proceeds from exercise of stock options	546	868	1,362

The total income tax benefit recognized in the consolidated statement of operations for share-based compensation arrangements was $7.4 million, $7.1 million and $7.0 million for the fiscal years ended September 30, 2016, 2015 and 2014, respectively.

Employees are permitted to forfeit a certain number of shares to cover their personal tax liability, with the Company making tax payments to the relevant authorities. These payments are reported in the consolidated statements of cash flows as financing cash flows. During the year ended September 30, 2016, our employees forfeited 162,016 shares in this manner, resulting in a liability of $9.3 million.

Stock repurchase programs

Under a resolution adopted in August 2015, the Board of Directors authorized the repurchase, at management's discretion, of up to an aggregate of $200 million of our common stock. This resolution superseded similar authorizations from November 2011 and June 2014. The resolution also authorizes the use of option exercise proceeds for the repurchase of our common stock. During the years ended September 30, 2016, 2015 and 2014, we repurchased 0.6 million, 1.6 million and 2.7 million common shares at a cost of $31.3 million, $82.8 million and $113.1 million, respectively. At September 30, 2016, $137.8 million remained available for future stock repurchases.

Subsequent to September 30, 2016, we have repurchased an additional 0.5 million common shares at a cost of $24.0 million.

MAXIMUS, Inc.

Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

15. Income taxes

The components of income before income taxes and the corresponding provision for income taxes are as follows (in thousands):

	Year ended September 30,		
	2016	2015	2014
Income before income taxes:			
United States	$ 238,871	$ 232,359	$ 180,820
Foreign	47,097	27,460	46,549
Income before income taxes	$ 285,968	$ 259,819	$ 227,369

	Year ended September 30,		
	2016	2015	2014
Current provision:			
Federal	$ 69,025	$ 74,050	$ 55,656
State and local	15,595	15,332	12,003
Foreign	15,536	9,581	11,416
Total current provision	100,156	98,963	79,075
Deferred tax expense (benefit):			
Federal	7,778	2,233	1,750
State and local	902	403	181
Foreign	(3,028)	(1,829)	967
Total deferred tax expense (benefit)	5,652	807	2,898
Provision for income taxes	$ 105,808	$ 99,770	$ 81,973

The provision for income taxes differs from that which would have resulted from the use of the federal statutory income tax rate as follows (in thousands):

	Year ended September 30,		
	2016	2015	2014
Federal income tax provision at statutory rate of 35%	$ 100,089	$ 90,937	$ 79,579
State income taxes, net of federal benefit	10,723	9,847	7,920
Foreign taxation	(3,976)	(2,208)	(3,909)
Permanent items	1,284	1,602	1,286
Tax credits	(1,592)	(961)	(1,623)
Valuation allowances on net operating loss carryforwards	—	—	(962)
Other	(720)	553	(318)
Provision for income taxes	$ 105,808	$ 99,770	$ 81,973

MAXIMUS, Inc.

Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

The significant items comprising our deferred tax assets and liabilities as of September 30, 2016 and 2015 are as follows (in thousands):

	As of September 30,	
	2016	2015
Net deferred tax assets/(liabilities)		
Costs deductible in future periods	$ 27,738	$ 25,896
Deferred revenue	23,469	21,446
Stock compensation	5,085	4,600
Net operating loss carryforwards	1,291	1,356
Amortization of goodwill and intangible assets	(34,484)	(22,061)
Capitalized software	(10,126)	(9,781)
Accounts receivable - unbilled	(13,810)	(9,598)
Property and equipment	(5,517)	(6,650)
Other	(1,815)	(696)
	$ (8,169)	$ 4,512

Our deferred tax assets and liabilities are held in various national and international jurisdictions which do not allow right of offset. Accordingly, our presentation of deferred taxes on our consolidated balance sheet is split between jurisdictions which show a net deferred tax asset and a net deferred tax liability. Our net deferred tax position is summarized below (in thousands):

	As of September 30,	
	2016	2015
Balance of tax jurisdictions with net deferred tax assets	$ 8,644	$ 11,058
Balance of tax jurisdictions with net deferred tax liabilities	(16,813)	(6,546)
Net deferred tax assets/(liabilities)	$ (8,169)	$ 4,512

At September 30, 2016, our foreign subsidiaries held approximately $218 million of cumulative earnings. We consider undistributed earnings of our foreign subsidiaries to be indefinitely reinvested outside of the U.S. and, accordingly, no U.S. deferred taxes have been recorded with respect to such earnings in accordance with the relevant accounting guidance for income taxes. Should the earnings be remitted as dividends, we may be subject to additional U.S. taxes, net of allowable foreign tax credits. It is not practicable to estimate the amount of any additional taxes which may be payable on the undistributed earnings given the various tax planning alternatives we could employ should we decide to repatriate these earnings in a tax-efficient manner.

Cash paid for income taxes during the years ended September 30, 2016, 2015, and 2014 was $108.3 million, $81.3 million and $79.4 million, respectively.

The provision for income taxes includes all provision to return adjustments included in the year recognized in the financial statements.

We account for uncertain tax positions by recognizing the financial statement effects of a tax position only when, based upon the technical merits, it is "more-likely-than-not" that the position will be sustained upon examination. Our net unrecognized tax benefits totaled $1.1 million and $1.0 million at September 30, 2016 and 2015, respectively. The total amount of unrecognized tax benefits that, if recognized, would affect our annual effective income tax rate was $1.1 million and $1.0 million at September 30, 2016 and 2015, respectively.

MAXIMUS, Inc.

Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

We report interest and penalties as a component of income tax expense. In the fiscal years ending September 30, 2016, 2015 and 2014, we recognized interest expense relating to unrecognized tax benefits of less than $0.1 million in each year. The net liability balance at September 30, 2016 and 2015 includes approximately $0.6 million of interest and penalties.

We recognize and present uncertain tax positions on a gross basis (i.e., without regard to likely offsets for deferred tax assets, deductions and/or credits that would result from payment of uncertain tax amounts). The reconciliation of the beginning and ending amount of gross unrecognized tax benefits was as follows (in thousands):

	Year ended September 30,		
	2016	2015	2014
Balance at beginning of year	$ 529	$ 812	$ 812
Lapse of statute of limitation	—	(200)	—
Reductions for tax positions of prior years	(81)	(83)	—
Balance at end of year	$ 448	$ 529	$ 812

We file income tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions. We are no longer subject to federal income tax examinations for years before 2013 and to state and local income tax examinations by tax authorities for years before 2011. In international jurisdictions, similar rules apply to filed income tax returns, although the tax examination limitations and requirements may vary. We are no longer subject to audit by tax authorities for foreign jurisdictions for years prior to 2011.

MAXIMUS, Inc.

Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

16. Quarterly Information (unaudited)

Set forth below are selected quarterly consolidated statement of operations data for the fiscal years ended September 30, 2016 and 2015. We derived this information from unaudited quarterly financial statements that include, in the opinion of our management, all adjustments necessary for a fair presentation of the information for such periods. Results of operations for any fiscal quarter are not necessarily indicative of results for any future period.

Earnings per share amounts are computed independently each quarter. As a result, the sum of each quarter's earnings per share amount may not equal the total earnings per share amount for the respective year.

	Quarter Ended			
	Dec. 31, 2015	March 31, 2016	June 30, 2016	Sept. 30, 2016
	(In thousands, except per share data)			
Health Services	$ 291,903	$ 330,567	$ 333,699	$ 342,135
U.S. Federal Services	145,285	150,191	149,601	146,651
Human Services	119,534	125,695	133,794	134,305
Revenue	$ 556,722	$ 606,453	$ 617,094	$ 623,091
Health Services	$ 51,972	$ 82,717	$ 76,775	$ 80,717
U.S. Federal Services	28,238	33,421	38,980	37,529
Human Services	30,005	31,529	35,624	34,684
Gross profit	$ 110,215	$ 147,667	$ 151,379	$ 152,930
Health Services	$ 26,808	$ 56,914	$ 50,430	$ 50,874
U.S. Federal Services	10,716	14,983	19,119	18,558
Human Services	9,107	9,794	14,251	14,533
Amortization of intangible assets	(3,149)	(3,262)	(3,517)	(3,449)
Acquisition-related expenses	(46)	(529)	—	(257)
Gain on sale of a business	—	—	6,453	427
Other/Corporate	(650)	—	(2,127)	622
Operating Income	$ 42,786	$ 77,900	$ 84,609	$ 81,308
Net income	26,882	49,341	52,750	51,187
Net income attributable to MAXIMUS	26,609	48,785	52,225	50,743
Diluted earnings per share attributable to MAXIMUS	$ 0.40	$ 0.74	$ 0.79	$ 0.77

MAXIMUS, Inc.

Notes to Consolidated Financial Statements (Continued)

For the years ended September 30, 2016, 2015 and 2014

	Quarter Ended			
	Dec. 31, 2014	March 31, 2015	June 30, 2015	Sept. 30, 2015
	(In thousands, except per share data)			
Health Services	$ 243,570	$ 270,918	$ 298,549	$ 296,201
U.S. Federal Services	107,729	99,465	141,011	154,279
Human Services	115,744	111,411	132,741	128,203
Revenue	$ 467,043	$ 481,794	$ 572,301	$ 578,683
Health Services	$ 59,847	$ 69,873	$ 69,813	$ 54,575
U.S. Federal Services	25,568	22,014	34,780	36,284
Human Services	33,852	32,458	39,205	34,448
Gross profit	$ 119,267	$ 124,345	$ 143,798	$ 125,307
Health Services	$ 37,840	$ 41,476	$ 44,470	$ 30,507
U.S. Federal Services	13,318	9,637	15,536	20,903
Human Services	16,153	13,935	16,803	13,353
Amortization of intangible assets	(1,475)	(1,432)	(3,275)	(3,166)
Acquisition-related expenses	(600)	(1,514)	(2,459)	(172)
Other/Corporate	(5)	(95)	(8)	102
Operating Income	$ 65,231	$ 62,007	$ 71,067	$ 61,527
Net income	42,350	39,028	42,259	36,412
Net income attributable to MAXIMUS	41,861	38,808	41,666	35,437
Diluted earnings per share attributable to MAXIMUS	$ 0.63	$ 0.58	$ 0.62	$ 0.53

17. Subsequent Event

Dividend

On October 7, 2016, our Board of Directors declared a quarterly cash dividend of $0.045 for each share of the Company's common stock outstanding. The dividend will be paid on November 30, 2016 to shareholders of record on November 15, 2016. Based on the number of shares outstanding, the payment will be approximately $2.9 million.

ITEM 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

ITEM 9A. ***Controls and Procedures.***

Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (Exchange Act)) as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's (SEC) rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer as appropriate, to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of published financial statements in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of September 30, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in the *Internal Control—Integrated Framework (2013)*. Based on our assessment, we believe that as of September 30, 2016, our internal control over financial reporting was effective based on those criteria.

The attestation report concerning the effectiveness of our internal control over financial reporting as of September 30, 2016, issued by Ernst & Young LLP, the independent registered public accounting firm who also audited our consolidated financial statements, is included following this Item 9A.

Changes in Internal Control Over Financial Reporting. There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal control that occurred during our fourth fiscal quarter of 2016 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, REGARDING INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Shareholders
MAXIMUS, Inc.

We have audited MAXIMUS, Inc.'s internal control over financial reporting as of September 30, 2016, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). MAXIMUS, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, MAXIMUS, Inc. maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of MAXIMUS, Inc. as of September 30, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for each of the three years in the period ended September 30, 2016 of MAXIMUS, Inc. and our report dated November 21, 2016 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

McLean, Virginia
November 21, 2016

PART III

The information required by Items 10, 11, 12, 13 and 14 of Part III of Form 10-K has been omitted in reliance on General Instruction G(3) to Form 10-K and is incorporated herein by reference to the Company's Proxy Statement relating to its 2017 Annual Meeting of Shareholders (Proxy Statement) to be filed with the Securities and Exchange Commission (SEC), except as otherwise indicated below:

ITEM 10. *Directors, Executive Officers and Corporate Governance.*

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 11. *Executive Compensation.*

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.*

Except for the information disclosed in this Item below, the information required by this Item is incorporated by reference to the Proxy Statement.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information as of September 30, 2016 with respect to shares of our common stock that may be issued under our existing equity compensation plans:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans(1)
Equity compensation plans/arrangements approved by the shareholders(2)	889,306	$ 1.04	1,653,682
Equity compensation plans/arrangements not approved by the shareholders	—	—	—
Total	889,306	$ 1.04	1,653,682

(1) In addition to being available for future issuance upon exercise of options that may be granted after September 30, 2016, all shares under the 2011 Equity Incentive Plan may be issued in the form of restricted stock, performance shares, stock appreciation rights, stock units or other stock-based awards.

(2) Includes the 2011 Equity Incentive Plan.

ITEM 13. *Certain Relationships and Related Transactions, and Director Independence.*

The information required by this Item is incorporated by reference to the Proxy Statement.

ITEM 14. *Principal Accounting Fees and Services.*

The information required by this Item is incorporated by reference to the Proxy Statement.

PART IV

ITEM 15. *Exhibits, Financial Statement Schedules.*

(a) 1. Financial Statements.

The consolidated financial statements are listed under Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules.

None. Financial statement schedules are not required under the related instructions.

3. Exhibits.

The Exhibits filed as part of this Annual Report on Form 10-K are listed on the Exhibit Index immediately preceding such Exhibits, which Exhibit Index is incorporated herein by reference.

(b) Exhibits—see Item 15(a)(3) above.

(c) Financial Statement Schedules—see Item 15(a)(2) above.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: November 21, 2016

MAXIMUS, INC.

By: /s/ RICHARD A. MONTONI

Richard A. Montoni
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ RICHARD A. MONTONI Richard A. Montoni	President, Chief Executive Officer and Director (principal executive officer)	November 21, 2016
/s/ RICHARD J. NADEAU Richard J. Nadeau	Chief Financial Officer and Treasurer (principal financial and accounting officer)	November 21, 2016
/s/ PETER B. POND Peter B. Pond	Chairman of the Board of Directors	November 21, 2016
/s/ RUSSELL A. BELIVEAU Russell A. Beliveau	Director	November 21, 2016
/s/ JOHN J. HALEY John J. Haley	Director	November 21, 2016
/s/ PAUL R. LEDERER Paul R. Lederer	Director	November 21, 2016
/s/ RAYMOND B. RUDDY Raymond B. Ruddy	Director	November 21, 2016
/s/ MARILYN R. SEYMANN Marilyn R. Seymann	Director	November 21, 2016
/s/ JAMES R. THOMPSON, JR. James R. Thompson, Jr.	Director	November 21, 2016
/s/ WELLINGTON E. WEBB Wellington E. Webb	Director	November 21, 2016

EXHIBIT INDEX

Exhibit Number	
2.1	Equity Purchase Agreement dated as of March 6, 2015 by and among Acentia, LLC, Certain of the Equity Holders of Acentia, LLC, SPG Acentia Seller Representative, LLC, MAXIMUS Federal Services, Inc. and MAXIMUS, Inc.(15)
3.1	Amended and Restated Articles of Incorporation of the Company, as amended.(1)
3.2	Articles of Amendment of Amended and Restated Articles of Incorporation.(2)
3.3	Amended and Restated Bylaws of the Company.(3)
4.1	Specimen Common Stock Certificate.(4)
10.1	Form of Indemnification Agreement by and between the Company and each of the directors of the Company.(5)*
10.2	Executive Employment, Non-Compete and Confidentiality Agreement by and between the Company and Richard A. Montoni.(6)*
10.3	First Amendment to the Executive Employment, Non-Compete and Confidentiality Agreement by and between the Company and Richard A. Montoni.(7)*
10.4	Executive Employment, Non-Compete and Confidentiality Agreement by and between the Company and Bruce Caswell.(7)*
10.5	First Amendment to the Executive Employment, Non-Compete and Confidentiality Agreement by and between the Company and Bruce Caswell.(7)*
10.6	Amended and Restated Income Continuity Program.(8)*
10.7	Deferred Compensation Plan, as amended.(7)*
10.8	Extension of Employment Agreement of Richard A. Montoni, dated December 22, 2009.(9)*
10.9	2011 Equity Incentive Plan.(10)
10.10	First Amendment to 2011 Equity Incentive Plan.(11)
10.11	Amended and Restated Credit Agreement, dated as of March 15, 2013, among MAXIMUS, Inc., SunTrust Bank as Administrative Agent and other lenders party thereto.(12)
10.12	Extension of Employment Agreement of Richard A. Montoni, dated October 7, 2013.(13)*
10.13	Letter Agreement between Richard A. Montoni and MAXIMUS, Inc. dated March 4, 2014.(14)*
10.14	First Amendment to Amended and Restated Credit Agreement dated as of March 9, 2015 among MAXIMUS, Inc., SunTrust Bank as Administrative Agent and other lenders party thereto.(15)
10.15	Second Amendment to Amended and Restated Revolving Credit Agreement dated as of October 23, 2015 among MAXIMUS, Inc., certain subsidiaries of MAXIMUS, Inc. party thereto, SunTrust Bank, as Administrative Agent and other lenders party thereto.(16)
10.16	1997 Equity Incentive Plan, as amended.(17)*
10.17	First Amendment to the 1997 Equity Incentive Plan, as amended.(7)*
10.18	1997 Equity Incentive Plan—Restricted Stock Units—Terms and Conditions.(18)*
10.19	1997 Equity Incentive Plan—Non-Qualified Stock Option—Terms and Conditions.(18)*
10.20	1997 Director Stock Option Plan, as amended.(19)*
10.21	1997 Employee Stock Purchase Plan, as amended.(20)*

Exhibit Number	
21.1	Subsidiaries of the Company. Filed herewith.
23.1	Consent of Independent Registered Public Accounting Firm. Filed herewith.
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32.1	Section 906 Principal Executive Officer Certification. Furnished herewith.
32.2	Section 906 Principal Financial Officer Certification. Furnished herewith.
99.1	Special Considerations and Risk Factors. Filed herewith.
101	The following materials from the MAXIMUS, Inc. Annual Report on Form 10-K for the year ended September 30, 2016 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Statements of Operations, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Balance Sheets, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Changes in Shareholders' Equity and (vi) Notes to Consolidated Financial Statements. Filed electronically herewith.

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* Denotes management contract or compensation plan.

(1) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2000 (File No. 1-12997) on August 14, 2000 and incorporated herein by reference.

(2) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (File No. 1-12997) on May 10, 2013 and incorporated herein by reference.

(3) Filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-12997) on June 19, 2015 and incorporated herein by reference.

(4) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997 (File No. 1-12997) on August 14, 1997 and incorporated herein by reference.

(5) Filed as an exhibit to the Company's Registration Statement on Form S-1 (File No. 333-21611) on February 12, 1997 and incorporated herein by reference.

(6) Filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-12997) on April 26, 2006 and incorporated herein by reference.

(7) Filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-12997) on November 27, 2007 and incorporated herein by reference.

(8) Filed as an exhibit to the Company's Annual Report on Form 10-K (File No. 1-12997) on November 16, 2015 and incorporated herein by reference.

(9) Filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the Quarter ended December 31, 2009 (File No. 1-12997) on February 4, 2010 and incorporated herein by reference.

(10) Filed as an exhibit to the Company's Proxy Statement on Schedule 14A (File No. 1-12997) on January 27, 2012 and incorporated herein by reference.

(11) Filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-12997) on December 21, 2015 and incorporated herein by reference.

(12) Filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-12997) on March 21, 2013 and incorporated herein by reference.

(13) Filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-12997) on October 7, 2013 and

incorporated herein by reference.

(14)Filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-12997) on March 4, 2014 and incorporated herein by reference.

(15)Filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-12997) on March 9, 2015 and incorporated herein by reference.

(16)Filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-12997) on October 26, 2015 and incorporated herein by reference.

(17)Filed as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-136400) on August 8, 2006 and incorporated herein by reference.

(18)Filed as an exhibit to the Company's Current Report on Form 8-K (File No. 1-12997) on June 23, 2006 and incorporated herein by reference.

(19)Filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended September 30, 1997 (File No. 1-12997) on December 22, 1997 and incorporated herein by reference.

(20)Filed as an exhibit to the Company's Registration Statement on Form S-8 (File No. 333-122711) on February 10, 2005 and incorporated herein by reference.

AMENDMENT NO. 1

This AMENDMENT (together with any appendices or exhibits hereto, this "Amendment") dated as of the date that this Amendment is executed by Nassau County (the "Effective Date") between (i) Nassau County, a municipal corporation having its principal office at 1550 Franklin Avenue, Mineola, New York 11501 (the "County"), acting for and on behalf of the Office of the Nassau County Comptroller, having its principal office at 240 Old Country Road, Mineola, New York 11501 (the "Department"), and (ii) MAXIMUS Consulting Services, Inc., a publicly traded corporation having its principal office at 1891 Metro Center Drive, Reston, VA 20190 (the "Contractor").

WITNESSETH:

WHEREAS, pursuant to County contract number CQCO15000001 between the County and the Contractor, executed on behalf of the County on March 10, 2015 (the "Original Agreement"), the Contractor provides services in connection with the County's indirect cost allocation plan and related schedules to maximize recovery of federal grant funds due the County, which services are more fully described in the Original Agreement (the services contemplated by the Original Agreement, the "Services"); and

WHEREAS, the term of the Original Agreement was effective from March 10, 2015 until December 31, 2017, provided that the County has the option to extend the Original Agreement for up to two (2) additional one-year periods, or unless sooner terminated in accordance with the terms of the Original Agreement (the "Original Term"); and

WHEREAS, the maximum amount that the County agreed to reimburse the Contractor for Services under the Original Agreement, as full compensation for the Services, was Eighty-Six Thousand One Hundred dollars ($86,100.00) ("Maximum Amount"); and

WHEREAS, the County and the Contractor desire to further amend the Original Agreement as and to the extent set forth in this Amendment; and

NOW, THEREFORE, in consideration of the promises and mutual covenants contained in this Amendment, the parties agree as follows:

1. Renewal of Term. The Original Agreement shall be renewed and thereby extended for an additional twenty-four (24) month period, so that the termination date of the Original Agreement as amended by this Amendment ("Amended Agreement") shall be December 31, 2019.

2. Amount of Consideration: The Maximum Amount in the Original Agreement shall be increased pursuant to Section 6 (a) of the Original Agreement by Fifty-Eight Thousand Six Hundred and 00/100 Dollars ($58,600.00) as full compensation for services relating to the County's indirect cost allocation plans and other related schedules and services more particularly described in the Original Agreement, so that the maximum amount that the County shall pay the Contractor as full consideration for all Services provided under the Original Agreement, as amended by this Amendment (the "Amended Agreement"), shall not exceed One Hundred Forty-Four Thousand Seven Hundred and 00/100 dollars ($144,700.00) (the "Amended Maximum Amount").

3. Partial Encumbrance. The Contractor acknowledges that the County will partially encumber funds to be applied toward the Maximum Amount throughout the term of this Agreement. The Contractor further acknowledges that the first encumbrance shall be Twenty-Nine Thousand Three Hundred and 00/100 dollars ($29,300.00). Thereafter, the Department will notify the Contractor of the availability of additional monies, which notice shall include the amount encumbered. Such notification shall serve as notice to proceed.

4. Cost of Testimony or Interviews. The Parties agree the following shall be added as Section 26 of the Agreement:

"If Contractor is requested by County to produce Contractor deliverables, documents, records, working papers, or personnel for testimony or interviews with respect to this Agreement or any services provided hereunder, then prior to Contractor incurring any expenses County and Contractor shall execute a change order or new services agreement for the sole purpose of setting forth any payment and the terms associated with Contractor's response and related to the reasonable fees of Contractor in responding. The total fees associated with Contractor's response shall not exceed Fourteen Thousand Six Hundred and Fifty Dollars ($14,650). The foregoing does not diminish or negate Contractor's obligation to negotiate and defend all cost allocation plans and County mandated cost claims."

5. Full Force and Effect. All the terms and conditions of the Original Agreement not expressly amended by this Amendment shall remain in full force and effect and govern the relationship of the parties for the term of the Amended Agreement.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date.

MAXIMUS Consulting Services, Inc.

By:

Name: ~~T. Isadora Huntley~~
Sr. Manager Contracts

Title:

10.26.17

Date:

NASSAU COUNTY

By: ______________________

Name: ______________________

Title: County Executive

(or) Chief Deputy County Executive

(or) Deputy County Executive

Date:

PLEASE EXECUTE IN BLUE INK

State of ~~New York~~ Virginia)

) ss.:

County of Fairfax

On the 26 day of October in the year 2017 before me personally came Isudora Huntley to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of Fairfax ; that he or she is a Sr. Manager of MAXIMUS Consulting Services, Inc., the publicly traded company described herein and which executed the above instrument; and that he or she signed his or her name by authority of the board of directors of said company.

NOTARY PUBLIC

KIM D. HALLAM
Notary Public
Commonwealth of Virginia
7654426
My Commission Expires 6/30/2019

STATE OF NEW YORK)

) ss.:

COUNTY OF NASSAU)

On the ____ day of ________________ in the year 20__ before me personally came ______________________ to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of ______________ ; that he or she is a Deputy County Executive of the County of Nassau, the municipal corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto pursuant to Section 205 of the County Government Law of Nassau County.

NOTARY PUBLIC____________

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY) 08/04/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

Holder Identifier :

PRODUCER
Aon Risk Services, Inc. of Washington, D.C.
Aon Risk Services Central, Inc.
Chicago IL Office
200 East Randolph
Chicago IL 60601 USA

CONTACT NAME:
PHONE (A/C. No. Ext): (866) 283-7122 FAX (A/C. No.): (800) 363-0105
E-MAIL ADDRESS:

INSURED
MAXIMUS Consulting Services, Inc.
6385 Flank Drive, Suite 400
Harrisburg PA 17112 USA

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A:	Zurich American Ins Co	16535
INSURER B:	American Zurich Ins Co	40142
INSURER C:	National Union Fire Ins Co of Pittsburgh	19445
INSURER D:	QBE Specialty Insurance Company	11515
INSURER E:		
INSURER F:		

COVERAGES CERTIFICATE NUMBER: 570067871867 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS. Limits shown are as requested

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC OTHER:			GL05096218 02	05/01/2017	05/01/2018	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$1,000,000 $1,000,000 $10,000 $1,000,000 $2,000,000 $2,000,000
	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY / SCHEDULED AUTOS HIRED AUTOS ONLY / NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	
	UMBRELLA LIAB / OCCUR EXCESS LIAB / CLAIMS-MADE DED RETENTION						EACH OCCURRENCE AGGREGATE	
B A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/MEMBER EXCLUDED? [N] (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		WC509621602 AOS WC509621702 WI	05/01/2017 05/01/2017	05/01/2018 05/01/2018	X PER STATUTE OTH-ER E.L. EACH ACCIDENT E.L. DISEASE-EA EMPLOYEE E.L. DISEASE-POLICY LIMIT	 $1,000,000 $1,000,000 $1,000,000
C	E&O-PL-Primary			017202809 Claims Made SIR applies per policy terms & conditions	08/01/2017	08/01/2018	Agg/Per Claim SIR	$1,000,000 $10,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
RE: Maximus Consulting Services, Inc., Cost Allocation Plan Engagement Contract. County of Nassau is included as Additional Insured in accordance with the policy provisions of the General Liability policy.

Certificate No : 570067871867

CERTIFICATE HOLDER

County of Nassau
Attn: Risk Manager
240 Old Country Road
Mineola NY 11501 USA

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Aon Risk Services Inc. of Washington D.C.

AGENCY CUSTOMER ID: 410000000170
LOC #:

ADDITIONAL REMARKS SCHEDULE

AGENCY Aon Risk Services, Inc. of Washington, D.C.	NAMED INSURED MAXIMUS Consulting Services, Inc.
POLICY NUMBER See Certificate Number: 570067871867	
CARRIER See Certificate Number: 570067871867 / NAIC CODE	EFFECTIVE DATE:

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 **FORM TITLE:** Certificate of Liability Insurance

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER	
INSURER	
INSURER	
INSURER	

ADDITIONAL POLICIES If a policy below does not include limit information, refer to the corresponding policy on the ACORD certificate form for policy limits.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS	
	WORKERS COMPENSATION							
B		N/A		WC509621602 AOS	05/01/2017	05/01/2018	Deductible	$350,000

Contractor	Maximus Consulting Services, Inc.	Encumb. No.	CQCO15000001			
Contract Dates	1/30/15-12/31/17	Contract Amt.	$28,400.00	2015	Line 1	
Extension			$28,400.00	2016	Line 2	CACO15000004
Extension	1/1/17 - 12/31/17		$29,300.00	2017	Line 3	CACO16000002
			$86,100.00			
		MAX	$86,100.00			

Claim No.	Indirect Cost Allocation	Amount Paid	Ist year	2nd year	3rd year	Auditor
			$28,400.00	$28,400.00	$29,300.00	
VDCO15000062	2015 Fiscal Year	$28,400.00	$28,400.00			Mifa
VDCO15000063	2016Cost Allocation Plan/ Based on Annual Costs for the year 3 ending December 31,2014	$28,400.00		$28,400.00		OM
TOTAL		$56,800.00	$28,400.00	$28,400.00		
	REMAINING BALANCES	$29,300.00	$0.00	$0.00	$29,300.00	

10/12/2016

JM

Contract ID#: CQCO15000001-L 03

Department: CO

Contract Details

SERVICE Indirect Cost Allocation

NIFS ID #: CACO16000002-L 01 NIFS Entry Date: 6/30/16 Term: from 1/30/15 to 12/31/17

New ☐ Renewal	☐
Amendment	☐
Time Extension	☐
Addl. Funds	☒
Blanket Resolution RES#	☐

1) Mandated Program:	Yes ☒	No ☐
2) Comptroller Approval Form Attached:	Yes ☒	No ☐
3) CSEA Agmt. § 32 Compliance Attached:	Yes ☐	No ☒
4) Vendor Ownership & Mgmt. Disclosure Attached:	Yes ☒	No ☐
5) Insurance Required	Yes ☒	No ☐

Agency Information

Vendor	
Name Maximus Consulting Services, Inc.	Vendor ID# 261557956 01
Address 1891 Metro Center Drive Reston, VA 20190	Contact Person Tim Cloos
	Phone (717) 441-9109

County Department
Department Contact Michael E. Olney
Address 240 Old Country Road, Mineola, NY
Phone 571-2677

Routing Slip

PLEASE BE ADVISED THAT THE FOREGOING ADVISEMENT HAS BEEN FILED IN THE OFFICE OF THE CLERK OF THE LEGISLATURE THIS 29th DAY OF August, 2016

NASSAU COUNTY LEGISLATURE · COUNTY OF NASSAU STATE OF NEW YORK

CLERK OF THE LEGISLATURE
Nassau County Legislature

JM

Contract ID#: COCO15000001-L 03

Department: CO

Contract Details

SERVICE Indirect Cost Allocation

NIFS ID #: CACO16000002-L 01 NIFS Entry Date: 6/30/16 Term: from 1/30/15 to 12/31/17

New ☐ Renewal	☐
Amendment	☐
Time Extension	☐
Addl. Funds	☒
Blanket Resolution RES#	☐

1) Mandated Program:	Yes ☒	No ☐
2) Comptroller Approval Form Attached:	Yes ☒	No ☐
3) CSEA Agmt. § 32 Compliance Attached:	Yes ☐	No ☒
4) Vendor Ownership & Mgmt. Disclosure Attached:	Yes ☒	No ☐
5) Insurance Required	Yes ☒	No ☐

Agency Information

Vendor	
Name Maximus Consulting Services, Inc.	Vendor ID# 261557956 01
Address 1891 Metro Center Drive Reston, VA 20190	Contact Person Tim Cloos Phone (717) 441-9109

County Department
Department Contact Michael E. Olney
Address 240 Old Country Road, Mineola, NY
Phone 571-2677

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NASSAU COUNTY LEGISLATURE · COUNTY OF NASSAU STATE OF NEW YORK

CLERK OF THE LEGISLATURE
Nassau County Legislature

JM

Contract ID#: CQCO15000001-L 03

Department: CO

Contract Details

SERVICE Indirect Cost Allocation

NIFS ID #:CACO16000002-L 01 NIFS Entry Date: 6/30/16 Term: from 1/30/15 to 12/31/17

New ☐ Renewal	☐
Amendment	☐
Time Extension	☐
Addl. Funds	☒
Blanket Resolution RES#	☐

1) Mandated Program:	Yes ☒	No ☐
2) Comptroller Approval Form Attached:	Yes ☒	No ☐
3) CSEA Agmt. § 32 Compliance Attached:	Yes ☐	No ☒
4) Vendor Ownership & Mgmt. Disclosure Attached:	Yes ☒	No ☐
5) Insurance Required	Yes ☒	No ☐

Agency Information

Vendor	
Name Maximus Consulting Services, Inc.	Vendor ID# 261557956 01
Address 1891 Metro Center Drive Reston, VA 20190	Contact Person Tim Cloos
	Phone (717) 441-9109

County Department
Department Contact Michael E. Olney
Address 240 Old Country Road, Mineola, NY
Phone 571-2677

Routing Slip

DATE Rec'd.	DEPARTMENT	Internal Verification		DATE Appv'd & Fw'd.	SIGNATURE	Leg. Approval Required
	Department	NIFS Entry (Dept) 6/30/16 NIFS Appvl (Dept. Head)	☒ ☒	6/30/16 6/30/16	[signature]	
07-11-16	OMB	NIFS Approval	☐	7/18/16 7/18/16	[signature]	Yes☐ No ☑ Not required if blanket resolution
	County Attorney	CA RE & Insurance Verification	☐			
	County Attorney	CA Approval as to form	☐			Yes☐ No ☐
7/16/16	Legislative Affairs	Fw'd Original Contract to CA	☐	7/22/16	[signature]	
	Rules ☐/ Leg. ☐		☐			
	County Attorney	NIFS Approval	☐			
	Comptroller	NIFS Approval	☑	8/11/16 8/15/16	[signature]	
7/13/16	County Executive	Notarization Filed with Clerk of the Leg.	☐ ☐	7/22/16	[signature]	

PR5254 (8/04)

Contract ID#: CQCO15000001-L 03

Department: CO

Contract Summary

Description: Contract with a vendor who will provide indirect cost allocation services for receipt of federal awards as required by Federal OMB Circular A-87.
Purpose: The creation of an indirect cost allocation plan and related schedules to maximize recovery of federal grant funds due the County.
Method of Procurement: RFP
Procurement History: The Comptroller's Office issued a request for proposals. Two companies responded. The Selection Committee, composed of employees from the Comptroller's Office and the Office of Management and Budget, evaluated the proposals based on the criteria set forth in the RFP. Maximus's proposal was deemed superior and therefore it had a higher total score.
Description of General Provisions: The federal government requires that the County have an indirect cost allocation plan to receive reimbursement of federal grant monies for certain administrative costs. Maximus will create an indirect cost allocation plan for the County that meets the federal requirements. Maximus will also calculate fringe benefit rates, and separate indirect cost rate schedules for ARRA (American Recovery and Reinvestment Act of 2009) funding and the Department of Public Works.
Impact on Funding / Price Analysis: $28,400 per year for the first two years and $29,300 in the third year.
Change in Contract from Prior Procurement: A new provision of the contract requires that the vendor provide indirect cost allocation schedules in support of money received under ARRA.
Recommendation: approve as submitted

Advisement Information

BUDGET CODES	
Fund:	GEN
Control:	CO
Resp:	1200
Object:	DE503
Transaction:	109

FUNDING SOURCE	AMOUNT
Revenue Contract ☐	
County	$29,300
Federal	$
State	$
Capital	$
Other	$
TOTAL	$29,300

LINE	INDEX/OBJECT CODE	AMOUNT
X		$
3	COGEN1200- DE503	$29,300
X		$
X		$
X		$
X		$
	TOTAL	$29,300

RENEWAL	
% Increase	
% Decrease	

Document Prepared By: ____________ **Date:** ____________

NIFS Certification	Comptroller Certification	County Executive Approval
I certify that this document was accepted into NIFS	I certify that an unencumbered balance sufficient to cover this contract is present in the appropriation to be charged	Name
Name Michael S. Coker	Name	Date 7/15/14
Date 8/15/2016	Date 8/15/16	(For Office Use Only) E #:

PR5254 (8/04)

FAML4010 V4.2 | NIFS PRODUCTION SYSTEM | 06/30/2016
LINK TO: | DOCUMENT HEADER | 12:20 PM

DOCUMENT CATEGORY : C2 CONTRACT LOOSE ADVISEMENTS
ENTERED BY : MARKERT, VALERIE 1-6552
DOCUMENT NUMBER : CACO16000002 **INITIATING DEPT** : CO
INPUT PERIOD (MM YYYY) : 06 2016 JUNE
VENDOR NUMBER / SUFFIX : 261557956 01 **APPROVAL TYPE** : 01
VENDOR NAME : MAXIMUS CONSULTING SERVICES INC
VENDOR ADDRESS : PO BOX 791188

BALTIMORE MD 212791188
COUNTRY : USA
ALPHA VENDOR : MAXIMUS CONSULTING SRVCS
BANK NUMBER : **TREAS NO** :
DUE DATE : SINGLE CHECK :
DOCUMENT AMOUNT : 29,300.00 CURRENCY CODE :
NUMBER OF LINES : 1 . RESPONSIBLE UNIT :
TRANSACTION CODE HASH :
TERMS : **NOTEPAD (Y OR N)** : N
POSTING/EDIT ERRORS :
F1-HELP F2-SELECT F3-DELETE F4-PRIOR F5-NEXT F6-DTL ENTRY
F7-VIEW DOC F8-SUBMIT F9-LINK F10-SAVE F12-ADL FCTNS
G014 - RECORD FOUND

FAML4050 V4.2 NIFS PRODUCTION SYSTEM 06/30/2016
LINK TO: ENCUMBRANCE / ACC RECEIVABLE DOCUMENTS 12:20 PM

DOCUMENT : CACO16000002 - 01 **INPUT PER**: 06 2016 **AMOUNT** : 29,300.00

TRANS CODE	: 109 ADD A SUFFIX TO A CONTRACT	
DOCUMENT REF	: CQCO15000001 03	
TRANS DESC.	: INDIRECT COST ALLOCATION PLAN 2017 REPORT	
TRANS AMOUNT	: 29,300.00	
INDEX	: COGEN1200	ACCOUNTING
SUBOBJECT	: DE503	FINANCIAL
UCODE/ORD#/DRC	:	
GRANT	:	
GRANT DETAIL	:	
PROJECT	:	
PROJECT DETAIL	:	
START DATE	:	
END DATE	:	

FINANCIAL ERRORS :
F1-HELP F2-SELECT F3-DELETE F4-PRIOR F5-NEXT
F7-VIEW DOC F9-LINK F10-SAVE
G008 - NEXT RECORD DISPLAYED

Contractor	Maximus, Inc.	Encumb. No.	CQCO15000001			
Contract Dates	1/30/15-12/31/17	Contract Amt.	$ 28,400.00	2015	Line 1	
Extension			$ 28,400.00	2016	Line 2	CACO15000004
		MAX	$86,100.00			

Claim No.	Indirect Cost Allocation	Amount Paid	Ist year	2nd year	3rd year	Auditor
			$28,400.00	$28,400.00	$29,300.00	
VDCO15000062	2015 Fiscal Year	$28,400.00	$28,400.00			Mifa
VDCO15000063	2016Cost Allocation Plan/ Based on Annual Costs for the year 3 ending December 31,2014	$28,400.00		$28,400.00		OM
TOTAL		$56,800.00	$28,400.00	$28,400.00		

8/12/2016

JM

Contract ID#: COCO15000001-L 02

Department: CO

Contract Details

SERVICE Indirect Cost Allocation

NIFS ID #: CACO15000004-L 01_ NIFS Entry Date: 10/6/15 Term: from 1/30/15 to 12/31/17

New ☐ Renewal ☐	1) Mandated Program:	Yes ☒	No ☐
Amendment ☐	2) Comptroller Approval Form Attached:	Yes ☒	No ☐
Time Extension ☐	3) CSEA Agmt. § 32 Compliance Attached:	Yes ☐	No ☒
Addl. Funds ☒	4) Vendor Ownership & Mgmt. Disclosure Attached:	Yes ☒	No ☐
Blanket Resolution ☐ RES#	5) Insurance Required	Yes ☒	No ☐

Agency Information

Vendor		County Department
Name: Maximus Consulting Services, Inc.	Vendor ID: 261557956 01	Department Contact: Michael E. Olney
Address: 1891 Metro Center Drive, Reston, VA 20190	Contact Person: Tim Cloos	Address: 240 Old Country Road, Mineola, NY
	Phone: (717) 441-9109	Phone: 571-2677

PLEASE BE ADVISED THAT THE FOREGOING ADVISEMENT HAS BEEN FILED IN THE OFFICE OF THE CLERK OF THE LEGISLATURE THIS 11th DAY OF JANUARY, 2016

NASSAU COUNTY LEGISLATURE · COUNTY OF NASSAU STATE OF NEW YORK

William J. Muller III

CLERK OF THE LEGISLATURE
Nassau County Legislature

PR5254 (8/04)

JM

Contract ID#: CQCO15000001-L 02

Department: CO

Contract Details

SERVICE Indirect Cost Allocation

NIFS ID #: CACO15000004-L 01 NIFS Entry Date: 10/6/15 Term: from 1/30/15 to 12/31/17

New ☐ Renewal	☐
Amendment	☐
Time Extension	☐
Addl. Funds	☒
Blanket Resolution RES#	☐

1) Mandated Program:	Yes ☒	No ☐
2) Comptroller Approval Form Attached:	Yes ☒	No ☐
3) CSEA Agmt. § 32 Compliance Attached:	Yes ☐	No ☒
4) Vendor Ownership & Mgmt. Disclosure Attached:	Yes ☒	No ☐
5) Insurance Required	Yes ☒	No ☐

Agency Information

Vendor	
Name: Maximus Consulting Services, Inc.	Vendor ID: 261557956 01
Address: 1891 Metro Center Drive, Reston, VA 20190	Contact Person: Tim Cloos
	Phone: (717) 441-9109

County Department
Department Contact: Michael E. Olney
Address: 240 Old Country Road, Mineola, NY
Phone: 571-2677

Routing Slip

DATE Rec'd.	DEPARTMENT	Internal Verification		DATE Appv'd & Fw'd.	SIGNATURE	Leg. Approval Required
	Department	NIFS Entry (Dept) NIFS Appvl (Dept. Head)	☑ ☑	10/6/15 12/2/15		
10/20/15	OMB	NIFS Approval	☑	10/21/15		Yes ☐ No ☑
	County Attorney	CA RE & Insurance Verification	☐			
	County Attorney	CA Approval as to form	☐			Yes ☐ No ☐
	Legislative Affairs	Fw'd Original Contract to CA	☐			
	Rules ☐ Leg. ☐		☐			
	County Attorney	NIFS Approval	☐			
	Comptroller	NIFS Approval	☑	12/9/15		SR 12/4/15
12/7/15	County Executive	Notarization Filed with Clerk of the Leg.	☐ ☐			

PR 5254 (8/04)

Contract ID#: CQCO15000001-L 02

Department: CO

Contract Summary

Description: Contract with a vendor who will provide indirect cost allocation services for receipt of federal awards as required by Federal OMB Circular A-87.

Purpose: The creation of an indirect cost allocation plan and related schedules to maximize recovery of federal grant funds due the County.

Method of Procurement: RFP

Procurement History: The Comptroller's Office issued a request for proposals. Two companies responded. The Selection Committee, composed of employees from the Comptroller's Office and the Office of Management and Budget, evaluated the proposals based on the criteria set forth in the RFP. Maximus's proposal was deemed superior and therefore it had a higher total score.

Description of General Provisions: The federal government requires that the County have an indirect cost allocation plan to receive reimbursement of federal grant monies for certain administrative costs. Maximus will create an indirect cost allocation plan for the County that meets the federal requirements. Maximus will also calculate fringe benefit rates, and separate indirect cost rate schedules for ARRA (American Recovery and Reinvestment Act of 2009) funding and the Department of Public Works.

Impact on Funding / Price Analysis: $28,400 per year for the first two years and $29,300 in the third year.

Change in Contract from Prior Procurement: A new provision of the contract requires that the vendor provide indirect cost allocation schedules in support of money received under ARRA.

Recommendation: approve as submitted

Advisement Information

BUDGET CODES	
Fund:	GEN
Control:	CO
Resp:	1200
Object:	DE503
Transaction:	109

FUNDING SOURCE	AMOUNT
Revenue Contract ☐	
County	$28,400
Federal	$
State	$
Capital	$
Other	$
TOTAL	$28,400

LINE	INDEX/OBJECT CODE	AMOUNT
X		$
2	COGEN1200- DE503	$28,400
X		$
X		$
X		$
X		$
	TOTAL	$28,400

RENEWAL
% Increase
% Decrease

Document Prepared By: [illegible] Date: [illegible]

NIFS Certification	Comptroller Certification	County Executive Approval
[signature] 2/18/2015	[illegible]	Name: [illegible] Date: [illegible]
		E #:

15 JAN 17 PM 2:36
RECEIVED FRONT OFFICE
COMPTROLLER'S OFFICE

PR5254 (8/04)

Contract ID#: CQCO15000001-L 01

Department: CO

E-27-15

Contract Details

SERVICE Indirect Cost Allocation

NIFS ID #: CQCO15000001 NIFS Entry Date: 02-02-2015 Term: from 1/30/15 to 12/31/17

New ☒ Renewal	☐
Amendment	☐
Time Extension	☐
Addl. Funds	☐
Blanket Resolution RES#	☐

1) Mandated Program:	Yes ☒	No ☐
2) Comptroller Approval Form Attached:	Yes ☒	No ☐
3) CSEA Agmt. § 32 Compliance Attached:	Yes ☐	No ☒
4) Vendor Ownership & Mgmt. Disclosure Attached:	Yes ☒	No ☐
5) Insurance Required	Yes ☒	No ☐

Agency Information

Vendor

Name: Maximus Consulting Services, Inc.	Vendor ID#: 541000588 01
Address: 1891 Metro Center Drive, Reston, VA 20190	Contact Person: Tim Cloos
	Phone: (717) 441-9109

County Department

Department Contact: Michael E. Olney
Address: 240 Old Country Road, Mineola, NY
Phone: 571-2677

Routing Slip

DATE Rec'd.	DEPARTMENT	Internal Verification		DATE Appv'd & Fw'd.	SIGNATURE	Leg. Approval Required
	Department	NIFS Entry (Dept) / NIFS Appvl (Dept. Head)	☐ ☐	2/2/15	mo	
2/2	OMB	NIFS Approval	☐	2/2/2015	[signature]	Yes ☐ No ☐ Not required if blanket resolution
	County Attorney	CA RE & Insurance Verification	☐	2/2/2015	[signature]	
	County Attorney	CA Approval as to form	☐	2/2/2015	[signature]	Yes ☐ No ☐
	Legislative Affairs	Fw'd Original Contract to CA	☐	2/2/15	Concetta A. Petrucci	
	Rules ☐ Leg. ☐		☐			
	County Attorney	NIFS Approval	☐	2/19/2015	[signature]	SS 3/3/15
	Comptroller	NIFS Approval	☑	3/3/15	[signature]	
	County Executive	Notarization / Filed with Clerk of the Leg.	☐ ☐	3/10/15	[signature]	

K for time only insurance certificates

PR5254 (8/04)

Contract ID#: CQCO15000001-L01

Department: CO

Contract Summary

Description: Contract with a vendor who will provide indirect cost allocation services for receipt of federal awards as required by Federal OMB Circular A-87

Purpose: The creation of an indirect cost allocation plan and related schedules to maximize recovery of federal grant funds due the County.

Method of Procurement: RFP

Procurement History: The Comptroller's Office issued a request for proposals. Four companies responded. The Selection Committee, composed of employees from the comptroller's office and the office of management and budget, evaluated the proposals based on the criteria set forth in the RFP. Maximus's proposal was deemed superior and therefore it had a higher total score.

Description of General Provisions: The Federal government requires that the County have an indirect cost allocation plan to receive reimbursement of federal grant monies for certain administrative costs. Maximus will create an indirect cost allocation plan for the County that meets the federal requirements. Maximus will also calculate fringe benefit rates, and separate indirect cost rate schedules for ARRA funding and the Department of Public Works.

Impact on Funding / Price Analysis: $28,400 per year for two years and the remaining year is $29,300.

Change in Contract from Prior Procurement: A new provision of the contract requires that the vendor provide indirect cost allocation schedules in support of money received under the American Recovery and Reinvestment Act.

Recommendation: approve as submitted

Advisement Information

BUDGET CODES	
Fund:	GEN
Control:	CO
Resp:	1200
Object:	DE503
Transaction:	103

FUNDING SOURCE	AMOUNT
Revenue Contract ☐	
County	$28,400
Federal	$
State	$
Capital	$
Other	$
TOTAL	$28,400

LINE	INDEX/OBJECT CODE	AMOUNT
1	COGEN1200-DE503	$28,400
2		$
3		$
4		$
5		$
6		$
	TOTAL	$28,400

RENEWAL	
% Increase	
% Decrease	

Document Prepared By: [signature] Date: 2/2/15

NIFS Certification	Comptroller Certification	County Executive Approval
[illegible]	I certify that an unencumbered balance sufficient to cover this contract is present in the appropriation to be charged	Name [signature]
Name [signature]	Name [signature]	Date 3/10/15
Date 3/3/15	Date 3/3/15	(For Office Use Only) E #:

PR5254 (8/04)

Contract ID#: CQCO15000001-L 01

Department: CO

Contract Summary

Description: Contract with a vendor who will provide indirect cost allocation services for receipt of federal awards as required by Federal OMB Circular A-87

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3		$
4		$
5		$
6		$
	TOTAL	$28,400

RENEWAL	
% Increase	
% Decrease	

Document Prepared By: [signature] Date: 2/2/15

NIFS Certification	Comptroller Certification	County Executive Approval
[illegible]	I certify that an unencumbered balance sufficient to cover this contract is present in the appropriation to be charged	Name [signature]
Name [signature]	Name [signature]	Date 3/10/15
Date 3/3/15	Date 3/3/15	(For Office Use Only) E #:

PR5254 (8/04)

E-27-15

RULES RESOLUTION NO.35 – 2015

A RESOLUTION AUTHORIZING THE COUNTY EXECUTIVE TO EXECUTE A PERSONAL SERVICES AGREEMENT BETWEEN THE COUNTY OF NASSAU, ACTING ON BEHALF OF THE OFFICE OF THE NASSAU COUNTY COMPTROLLER, AND MAXIMUS CONSULTING SERVICES, INC.

Passed by the Rules Committee
Nassau County Legislature
By Voice Vote on 2/9/15
VOTING:
ayes 7 nayes 0 abstained 0 recused 0
Legislators present:

WHEREAS, the County has negotiated a personal services agreement with Maximus Consulting Services, Inc. in relation to providing indirect cost allocation plans and other related schedules and performing other related services, a copy of which is on file with the Clerk of the Legislature; now, therefore, be it

RESOLVED, that the Rules Committee of the Nassau County Legislature authorizes the County Executive to execute the said agreement with Maximus Consulting Services, Inc.

RULES RESOLUTION NO.   – 2015

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RESOLVED, that the Rules Committee of the Nassau County Legislature authorizes the County Executive to execute the said agreement with Maximus Consulting Services, Inc.

George Maragos
Comptroller

OFFICE OF THE COMPTROLLER
240 Old Country Road
Mineola, New York 11501

COMPTROLLER APPROVAL FORM FOR PERSONAL, PROFESSIONAL OR HUMAN SERVICES CONTRACTS

Attach this form along with all personal, professional or human services contracts, contract renewals, extensions and amendments.

CONTRACTOR NAME: **Maximus Consulting Services, Inc.**

CONTRACTOR ADDRESS: **1891 Metro Center Drive, Reston, VA 20190**

FEDERAL TAX ID #:54-1000588

Instructions: **Please check the appropriate box ("☑") after one of the following roman numerals, and provide all the requested information.**

I. ☐ The contract was awarded to the lowest, responsible bidder after advertisement for sealed bids. The contract was awarded after a request for sealed bids was published in________________ [newspaper] on __________ [date]. The sealed bids were publicly opened on __________ [date]. _____ [#] of sealed bids were received and opened.

II. ☒ The contractor was selected pursuant to a Request for Proposals.
The Contract was entered into after a written request for proposals was issued on July 30, 2014. Potential proposers were made aware of the availability of the RFP by Newday advertisement, posting on website. Four (4) potential proposers requested copies of the RFP. Proposals were due on August 29, 2014. Four (4) proposals were received and evaluated, of which one proposer did not meet the minimum requirements. The evaluation committee consisted of: Richard Burkert, Lisa Tsikouras and Sergio Blanco. The proposals were scored and ranked. As a result of the scoring and ranking, the highest-ranking proposer was selected.

III. ☐ This is a renewal, extension or amendment of an existing contract.
The contract was originally executed by Nassau County on ____________________________[date]. This is a renewal or extension pursuant to the contract, or an amendment within the scope of the contract or RFP (copies of the relevant pages are attached). The original contract was entered into after____

____

____ [describe procurement method, i.e., RFP, three proposals evaluated, etc.] Attach a copy of the most recent evaluation of the contractor's performance for any contract to be renewed or extended. If the contractor has not received a satisfactory evaluation, the department must explain why the contractor should nevertheless be permitted to continue to contract with the county.

IV. ☐ Pursuant to Executive Order No. 1 of 1993, as amended, at least three proposals were solicited and received. The attached memorandum from the department head describes the proposals received, along with the cost of each proposal.

☐ **A.** The contract has been awarded to the proposer offering the lowest cost proposal; **OR:**

☐ **B.** The attached memorandum contains a detailed explanation as to the reason(s)why the contract was awarded to other than the lowest-cost proposer. The attachment includes a specific delineation of the unique skills and experience, the specific reasons why a proposal is deemed superior, and/or why the proposer has been judged to be able to perform more quickly than other proposers.

V. ☐ Pursuant to Executive Order No. 1 of 1993 as amended, the attached memorandum from the department head explains why the department did not obtain at least three proposals.

☐ **A.** There are only one or two providers of the services sought or less than three providers submitted proposals. The memorandum describes how the contractor was determined to be the sole source provider of the personal service needed or explains why only two proposals could be obtained. If two proposals were obtained, the memorandum explains that the contract was awarded to the lowest cost proposer, or why the selected proposer offered the higher quality proposal, the proposer's unique and special experience, skill, or expertise, or its availability to perform in the most immediate and timely manner.

☐ **B.** The memorandum explains that the contractor's selection was dictated by the terms of a federal or New York State grant, by legislation or by a court order. (Copies of the relevant documents are attached).

☐ **C.** Pursuant to General Municipal Law Section 104, the department is purchasing the services required through a New York State Office of General Services contract no.________________________, and the attached memorandum explains how the purchase is within the scope of the terms of that contract.

☐ **D.** Pursuant to General Municipal Law Section 119-o, the department is purchasing the services required through an inter-municipal agreement.

VI. ☐ This is a human services contract with a not-for-profit agency for which a competitive process has not been initiated. Attached is a memorandum that explains the reasons for entering into this contract without conducting a competitive process, and details when the department intends to initiate a competitive process for the future award of these services. For any such contract, where the vendor has previously provided services to the county, attach a copy of the most recent evaluation of the vendor's performance. If the contractor has not received a satisfactory evaluation, the department must explain why the contractor should nevertheless be permitted to contract with the county.

In certain limited circumstances, conducting a competitive process and/or completing performance evaluations may not be possible because of the nature of the human services program, or because of a compelling need to continue services through the same provider. In those circumstances, attach an explanation of why a competitive process and/or performance evaluation is inapplicable.

VII. ☐ This is a public works contract for the provision of architectural, engineering or surveying services. The attached memorandum provides details of the department's compliance with Board of Supervisors' Resolution No.928 of 1993, including its receipt and evaluation of annual Statements of Qualifications & Performance Data, and its negotiations with the most highly qualified firms.

***In addition,** if this is a contract with an individual or with an entity that has only one or two employees:*

☐ a review of the criteria set forth by the Internal Revenue Service, *Revenue Ruling No*. 87-41, 1987-1 C.B. 296, attached as Appendix A to the Comptroller's Memorandum, dated February 13, 2004, concerning independent contractors and employees indicates that the contractor would not be considered an employee for federal tax purposes.

Department Head Signature

2/5/15

Date

***NOTE:* Any information requested above, or in the exhibit below, may be included in the county's "staff summary" form in lieu of a separate memorandum.**

Compt. form Pers./Prof. Services Contracts: Rev. 02/04

Appendix 4: MAXIMUS 10-K Excerpt

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

MAXIMUS, INC.

Dated: November 18, 2013 By: /s/ RICHARD A. MONTONI

Richard A. Montoni
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ RICHARD A. MONTONI Richard A. Montoni	President, Chief Executive Officer and Director (principal executive officer)	November 18, 2013
/s/ DAVID N. WALKER David N. Walker	Chief Financial Officer and Treasurer (principal financial and accounting officer)	November 18, 2013
/s/ PETER B. POND Peter B. Pond	Chairman of the Board of Directors	November 18, 2013
/s/ RUSSELL A. BELIVEAU Russell A. Beliveau	Director	November 18, 2013
/s/ JOHN J. HALEY John J. Haley	Director	November 18, 2013
/s/ PAUL R. LEDERER Paul R. Lederer	Director	November 18, 2013
/s/ RAYMOND B. RUDDY Raymond B. Ruddy	Director	November 18, 2013

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Signature	Title	Date
/s/ MARILYN R. SEYMANN Marilyn R. Seymann	Director	November 18, 2013
/s/ JAMES R. THOMPSON, JR. James R. Thompson, Jr.	Director	November 18, 2013
/s/ WELLINGTON E. WEBB Wellington E. Webb	Director	November 18, 2013

CONTRACT FOR SERVICES

THIS AGREEMENT, dated as of ___________________ ____, 2015 (together with the schedules, appendices, attachments and exhibits, if any, this "Agreement"), is entered into by and between (i) Nassau County, a municipal corporation having its principal office at 1550 Franklin Avenue, Mineola, New York 11501 (the "County"), acting on behalf of the Office of the Nassau County Comptroller, having its principal office at 240 Old Country Road, Mineola, New York 11501 (the "Department"), and (ii) MAXIMUS Consulting Services, Inc., a publicly traded corporation having its principal office, 1891 Metro Center Drive, Reston, VA 20190 (the "Contractor").

WITNESSETH:

WHEREAS, the County desires to hire the Contractor to perform the services described in this Agreement; and

WHEREAS, this is a personal service contract within the intent and purview of Section 2206 of the County Charter;

WHEREAS, the Contractor desires to perform the services described in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained in this Agreement, the parties agree as follows:

1. Term. This Agreement shall be effective as of the last signature below, and terminate on December 31, 2017 unless sooner terminated in accordance with the provisions of this Agreement; provided that, the County, at its sole option, may renew this Agreement under the same terms and conditions for two additional one-year periods.

2. Services. The services to be provided by the Contractor under this Agreement shall consist of indirect cost allocation plans and other related schedules and performing other related services, as more particularly described below, as well as in the following exhibits, which are attached to and incorporated into this Agreement by reference; Exhibit A: RFP, Exhibit B, Contractor's Proposal in response to the RFP dated August 27, 2014, as modified by Exhibit C: the Contractor's Best and Final Offer letter dated December 2, 2014. In the event of any conflict between the terms of this Agreement, and any other documents, this Agreement, including any exhibits, schedules and appendices attached hereto, shall take precedence over the attached RFP and then the Proposal.

3. Services and Data to Be Furnished by the County. The Contractor shall inform the County of the specific data it requires to perform the Services. The County agrees to provide all data reasonably requested to the Contractor in a timely manner, to the extent that such data is available. The Contractor shall reasonably assume without incurring liability therefore, that all data so provided is correct and complete.

4. Contractor Liability if Audited. The County represents that all financial and statistical information provided to the Contractor by the County, its employees and/or agents is accurate and complete to the best of County's knowledge. Contractor shall, upon notice of audit, make work papers and other records available to the auditors. Contractor's sole responsibility under an audit shall be to provide reasonable assistance to the County through the audit and to make those changes to the work product as required as a result of the audit. Contractor shall not be liable for any audit disallowances or any missed or lost revenue associated with, or related to, the Services, except for liabilities resulting from Contractor's willful misconduct or gross negligence.

5. Contractor's Proprietary Software. Notwithstanding anything to the contrary, the

Contractor represents and the County acknowledges that the cost allocation plan provided by the Contractor to the County is generated by the Contractor's proprietary cost allocation software. The Contractor further represents that it owns or has rights to all necessary software licenses, and will indemnify the County for any claims brought by a third party against the County for patent, copyright, or other intellectual property infringement. Nothing contained herein is intended nor shall it be construed to require the Contractor to provide such software or component data files to the County; provided, however, that the Contractor shall submit to the County an electronic copy of all deliverables required under this Agreement.

6. Payment. (a) Amount of Consideration. The maximum amount to be paid to the Contractor as full consideration for the Contractor's services, as provided above under this Agreement shall be eighty-six thousand one hundred dollars ($86,100.00), shall be subject to encumbrance and payable in accordance with the pricing structure set forth as follows:

Fiscal Year	**Fee for County Audits**
2015	$28,400
2016	$28,400
2017	$29,300

At the County's option, the contract may be extended for two additional one-year periods at the same fixed fee as specified for 2017, i.e., $29,300 per year. Payments shall be made annually upon the completion of the services and the issuance of the Cost Allocation Plans.

(b) The parties acknowledge that the maximum annual amount of compensation for the services rendered by the Contractor during the term of this Agreement shall not exceed the amounts listed above, unless this Contract is amended to include additional funds for a continuation of services. Contractor agrees that this compensation includes Contractor's travel time and expenses and for all other costs incidental to the Services to be provided by Contractor under this Agreement. In no event shall the County be responsible for paying more than the amount listed in this paragraph even if it is necessary for the contractor to expend a greater number of employee hours to fulfill the terms of this contract.

(c) Vouchers; Voucher Review, Approval and Audit. Payments shall be made to the Contractor in arrears and shall be contingent upon (i) the Contractor submitting a claim voucher (the "Voucher") in a form satisfactory to the County, that (a) states with reasonable specificity the services provided and the payment requested as consideration for such services, (b) certifies that the services rendered and the payment requested are in accordance with this Agreement, and (c) is accompanied by documentation satisfactory to the County supporting the amount claimed, and (ii) review, approval and audit of the Voucher by the Department and/or the County Comptroller or his or her duly designated representative (the "Comptroller").

(d) Timing of Payment Claims. The Contractor shall submit claims no later than three (3) months following the County's receipt of the services that are the subject of the claim and no more frequently than once a month.

(e) No Duplication of Payments. Payments under this Agreement shall not duplicate payments for any work performed or to be performed under other agreements between the Contractor and any funding source including the County.

(f) Payments in Connection with Termination or Notice of Termination. Unless a provision of this Agreement expressly states otherwise, payments to the Contractor following the termination of this Agreement shall not exceed payments made as consideration for services that were (i) performed prior to termination, (ii) authorized by this Agreement to be performed, and (iii) not performed after the Contractor received notice that the County did not desire to receive such services.

7. Independent Contractor. The Contractor is an independent contractor of the County. The Contractor shall not, nor shall any officer, director, employee, servant, agent or independent contractor of the Contractor (a "Contractor Agent"), be (i) deemed a County employee, (ii) commit the County to any obligation, or (iii) hold itself, himself, or herself out as a County employee or Person with the authority to commit the County to any obligation. As used in this Agreement the word "Person" means any individual person, entity (including partnerships, corporations and limited liability companies), and government or political subdivision thereof (including agencies, bureaus, offices and departments thereof).

8. No Arrears or Default. The Contractor is not in arrears to the County upon any debt or contract and it is not in default as surety, contractor, or otherwise upon any obligation to the County, including any obligation to pay taxes to, or perform services for or on behalf of, the County.

9. Compliance with Law. (a) Generally. The Contractor shall comply with any and all applicable Federal, State and local Laws, including, but not limited to those relating to conflicts of interest, discrimination, a living wage, disclosure of information, and vendor registration, in connection with its performance under this Agreement. In furtherance of the foregoing, the Contractor is bound by and shall comply with the terms of Appendix EE attached hereto and with the County's vendor registration protocol. As used in this Agreement the word "Law" includes any and all statutes, local laws, ordinances, rules, regulations, applicable orders, and/or decrees, as the same may be amended from time to time, enacted, or adopted.

(b) Nassau County Living Wage Law. Pursuant to LL 1-2006, as amended, and to the extent that a waiver has not been obtained in accordance with such law or any rules of the County Executive, the Contractor agrees as follows:

(i) Contractor shall comply with the applicable requirements of the Living Wage Law, as amended;

(ii) Failure to comply with the Living Wage Law, as amended, may constitute a material breach of this Agreement, the occurrence of which shall be determined solely by the County. Contractor has the right to cure such breach within thirty days of receipt of notice of breach from the County. In the event that such breach is not timely cured, the County may terminate this Agreement as well as exercise any other rights available to the County under applicable law.

(iii) It shall be a continuing obligation of the Contractor to inform the County of any material changes in the content of its certification of compliance, attached as Appendix L, and shall provide to the County any information necessary to maintain the certification's accuracy.

(c) Records Access. The parties acknowledge and agree that all records, information, and data ("Information") acquired in connection with performance or administration of this

Agreement shall be used and disclosed solely for the purpose of performance and administration of the contract or as required by law. The Contractor acknowledges that Contractor Information in the County's possession may be subject to disclosure under Article 6 of the New York State Public Officer's Law ("Freedom of Information Law" or "FOIL"). In the event that such a request for disclosure is made, the County shall make reasonable efforts to notify the Contractor of such request prior to disclosure of the Information so that the Contractor may take such action as it deems appropriate.

10. Minimum Service Standards. Regardless of whether required by Law: (a) The Contractor shall, and shall cause Contractor Agents to, conduct its, his or her activities in connection with this Agreement so as not to endanger or harm any Person or property.

(b) The Contractor shall deliver services under this Agreement in a professional manner consistent with that degree of skill and judgment normally exercised by recognized professional firms performing services of a similar nature. The Contractor shall take all actions necessary or appropriate to meet the obligation described in the immediately preceding sentence, including obtaining and maintaining, and causing all Contractor Agents to obtain and maintain, all approvals, licenses, and certifications ("Approvals") necessary or appropriate in connection with this Agreement.

11. Indemnification; Defense; Cooperation. (a) The Contractor shall be solely responsible for and shall indemnify and hold harmless the County, the Department and its officers, employees, and agents (the "Indemnified Parties") from and against any and all liabilities, losses, costs, expenses (including, without limitation, attorneys' fees and disbursements) and damages ("Losses"), arising out of or in connection with negligent acts or willful misconduct of the Contractor or a Contractor Agent; provided, however, that the Contractor shall not be responsible for any Loss, in whole or in part, that is caused by the negligence or willful misconduct of the County.

(b) The Contractor shall, upon the County's demand and at the County's direction, promptly and diligently defend, at the Contractor's own risk and expense, any and all suits, actions, or proceedings which may be brought or instituted against one or more Indemnified Parties for which the Contractor is responsible under this Section, and, further to the Contractor's indemnification obligations, the Contractor shall pay and satisfy any judgment, decree, loss or settlement in connection therewith.

(c) The Contractor shall, and shall cause Contractor Agents to, cooperate with the County and the Department in connection with the investigation, defense or prosecution of any action, suit or proceeding in connection with this Agreement, including the acts or omissions of the Contractor and/or a Contractor Agent in connection with this Agreement.

(d) The provisions of this Section shall survive the termination of this Agreement.

12. Limitation of Liability. Except for claims for death, bodily injury, damage to tangible property, or which result from the Contractor's willful misconduct, the County agrees that Contractor's total liability to County for any and all damages whatsoever arising out of, or in any way related to, this Agreement from any cause, including but not limited to negligence, errors, omissions, strict liability, breach of contract or breach of warranty shall not, in the aggregate, exceed the greater of (a) the amount of fees paid or owing to Contractor under the Contract, or (b)

$250,000.

In no event shall either party be liable for indirect, special, incidental, economic, consequential or punitive damages, including but not limited to lost revenue, lost profits, replacement goods, loss of technology rights or services, loss of data, or interruption or loss of use of software or any portion thereof regardless of the legal theory under which such damages are sought even if Contractor has been advised of the likelihood of such damages, and notwithstanding any failure of essential purpose of any limited remedy.

13. Insurance. (a) Types and Amounts. The Contractor shall obtain and maintain throughout the term of this Agreement, at its own expense: (i) one or more policies for commercial general liability insurance, which policy(ies) shall name "Nassau County" as an additional insured and have a minimum single combined limit of liability of not less than one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) aggregate coverage, (ii) if contracting in whole or part to provide professional services, one or more policies for professional liability insurance, which policy(ies) shall have a minimum single combined limit liability of not less than one million dollars ($1,000,000) per occurrence, (iii) compensation insurance for the benefit of the Contractor's employees ("Workers' Compensation Insurance"), which insurance is in compliance with the New York State Workers' Compensation Law, and (iv) such additional insurance as the County may from time to time specify.

(b) Acceptability; Deductibles; Subcontractors. All insurance obtained and maintained by the Contractor pursuant to this Agreement shall be (i) written by one or more commercial insurance carriers licensed to do business in New York State and acceptable to the County, and which is (ii) in form and substance acceptable to the County. The Contractor shall be solely responsible for the payment of all deductibles to which such policies are subject. The Contractor shall require any subcontractor hired in connection with this Agreement to carry insurance with the same limits and provisions required to be carried by the Contractor under this Agreement.

(c) Delivery; Coverage Change; No Inconsistent Action. Prior to the execution of this Agreement, copies of current certificates of insurance evidencing the insurance coverage required by this Agreement shall be delivered to the Department. Prior to the date of any non- renewal of, or actual, proposed or threatened cancellation of coverage under any insurance required hereunder, the Contractor's insurers shall provide 30 days prior written notice to the Department of the same and deliver to the Department renewal or replacement certificates of insurance. The Contractor shall cause all insurance to remain in full force and effect throughout the term of this Agreement and shall not intentionally take or omit to take any action that would suspend or invalidate any of the required coverages. The failure of the Contractor to maintain Workers' Compensation Insurance shall render this contract void and of no effect. The failure of the Contractor to maintain required coverages shall be deemed a material breach of this Agreement upon which the County reserves the right to consider this Agreement terminated as of the date of such failure.

14. Assignment; Amendment; Waiver; Subcontracting. This Agreement and the rights and obligations hereunder may not be in whole or part (i) assigned, transferred or disposed of, (ii) amended, (iii) waived, or (iv) subcontracted, without the prior written consent of the County Executive or his or her duly designated deputy (the "County Executive"), and any purported assignment, other disposal or modification without such prior written consent shall be null and void. The failure of a party to assert any of its rights under this Agreement, including the right to demand strict performance, shall not constitute a waiver of such rights.

15. Termination. (a) Generally. This Agreement may be terminated (i) for any reason by the County upon thirty (30) days' written notice to the Contractor, (ii) for "Cause" by the County upon thirty (30) days prior written notice to Contractor which notice shall specify the nature of the default and the effective termination date and upon such notice of termination, Contractor shall be entitled to the opportunity to cure any such default prior to the effective date of termination, (iii) upon mutual written Agreement of the County and the Contractor, and (iv) in accordance with any other provisions of this Agreement expressly addressing termination.

As used in this Agreement the word "Cause" includes: (i) a breach of this Agreement; (ii) the failure to obtain and maintain in full force and effect all Approvals required for the services described in this Agreement to be legally and professionally rendered; and (iii) the termination or impending termination of federal or state funding for the services to be provided under this Agreement.

(b) By the Contractor. This Agreement may be terminated by the Contractor if performance becomes impracticable through no fault of the Contractor, where the impracticability relates to the Contractor's ability to perform its obligations and not to a judgment as to convenience or the desirability of continued performance. Termination under this subsection shall be effected by the Contractor delivering to the County Comptroller at least sixty (60) days prior to the termination date (or a shorter period if sixty days' notice is impossible), a notice stating (i) that the Contractor is terminating this Agreement in accordance with this subsection, (ii) the date as of which this Agreement will terminate, and (iii) the facts giving rise to the Contractor's right to terminate under this subsection. A copy of the notice given to the County Comptroller shall be given to the County Attorney on the same day that notice is given to the County Comptroller.

(c) Contractor Assistance upon Termination. In connection with the termination or impending termination of this Agreement the Contractor shall, regardless of the reason for termination, take all actions reasonably requested by the County (including those set forth in other provisions of this Agreement) to assist the County in transitioning the Contractor's responsibilities under this Agreement. The provisions of this subsection shall survive the termination of this Agreement.

16. Accounting Procedures; Records. The Contractor shall maintain and retain, for a period of six (6) years following the later of termination of or final payment under this Agreement, complete and accurate records, documents, accounts and other evidence, whether maintained electronically or manually ("Records"), pertinent to performance under this Agreement. Records shall be maintained in accordance with Generally Accepted Accounting Principles and, if the Contractor is a non-profit entity, must comply with the accounting guidelines set forth in the federal Office of Management & Budget Circular A-122, "Cost Principles for Non-Profit Organizations." Such Records shall at all times be available for audit and inspection by the County Comptroller, any other County Department or other governmental authority with jurisdiction over the provision of services hereunder and/or the payment therefore, and any of their duly designated representatives. The provisions of this Section shall survive the termination of this Agreement.

17. Limitations on Actions and Special Proceedings against the County. No action or special proceeding shall lie or be prosecuted or maintained against the County upon any claims arising out of or in connection with this Agreement unless:

(a) Notice. At least thirty (30) days prior to seeking relief the Contractor shall have presented the demand or claim(s) upon which such action or special proceeding is based in writing to the County Comptroller for adjustment and the County shall have neglected or refused to make an adjustment or payment on the demand or claim for thirty (30) days after presentment. The Contractor shall send or deliver copies of the documents presented to the County Comptroller under this Section to the County Attorney (at the address specified above for the County) on the same day that documents are sent or delivered to the County Comptroller. The complaint or necessary moving papers of the Contractor shall allege that the above-described actions and inactions preceded the Contractor's action or special proceeding against the County.

(b) Time Limitation. Such action or special proceeding is commenced within the earlier of (i) one (1) year of the first to occur of (A) final payment under or the termination of this Agreement, and (B) the accrual of the cause of action, and (ii) the time specified in any other provision of this Agreement.

18. Work Performance Liability. The Contractor is and shall remain primarily liable for the successful completion of all work in accordance this Agreement irrespective of whether the Contractor is using a Contractor Agent to perform some or all of the work contemplated by this Agreement, and irrespective of whether the use of such Contractor Agent has been approved by the County.

19. Consent to Jurisdiction and Venue; Governing Law. Unless otherwise specified in this Agreement or required by Law, exclusive original jurisdiction for all claims or actions with respect to this Agreement shall be in the Supreme Court in Nassau County in New York State and the parties expressly waive any objections to the same on any grounds, including venue and forum non conveniens. This Agreement is intended as a contract under, and shall be governed and construed in accordance with, the Laws of New York State, without regard to the conflict of laws provisions thereof.

20. Notices. Any notice, request, demand or other communication required to be given or made in connection with this Agreement shall be (a) in writing, (b) delivered or sent (i) by hand delivery, evidenced by a signed, dated receipt, (ii) postage prepaid via certified mail, return receipt requested, or (iii) overnight delivery via a nationally recognized courier service, (c) deemed given or made on the date the delivery receipt was signed by a County employee, three (3) business days after it is mailed or one (1) business day after it is released to a courier service, as applicable, and (d)(i) if to the County Comptroller's office, to the attention of the County Comptroller at the address specified above, (ii) if to an Applicable DCE, to the attention of the Applicable DCE (whose name the Contractor shall obtain from the Department) at the address specified above for the County, (iii) if to the Comptroller, to the attention of the Comptroller at 240 Old Country Road, Mineola, NY 11501, and (iv) if to the Contractor, to the attention of the person who executed this Agreement on behalf of the Contractor at the address specified above for the Contractor, or in each case to such other persons or addresses as shall be designated by written notice.

21. All Legal Provisions Deemed Included; Severability; Supremacy. (a) Every provision required by Law to be inserted into or referenced by this Agreement is intended to be a part of this Agreement. If any such provision is not inserted or referenced or is not inserted or referenced in correct form then (i) such provision shall be deemed inserted into or referenced by this Agreement for purposes of interpretation and (ii) upon the application of either party this Agreement shall be formally amended to comply strictly with the Law, without prejudice to the rights of either party.

(b) In the event that any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(c) Unless the application of this subsection will cause a provision required by Law to be excluded from this Agreement, in the event of an actual conflict between the terms and conditions set forth above the signature page to this Agreement and those contained in any schedule, exhibit, appendix, or attachment to this Agreement, the terms and conditions set forth above the signature page shall control. To the extent possible, all the terms of this Agreement should be read together as not conflicting.

(d) Each party has cooperated in the negotiation and preparation of this Agreement. Therefore, in the event that construction of this Agreement occurs, it shall not be construed against either party as drafter.

22. Section and Other Headings. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

23. Entire Agreement. This Agreement represents the full and entire understanding and agreement between the parties with regard to the subject matter hereof and supersedes all prior agreements (whether written or oral) of the parties relating to the subject matter of this Agreement.

24. Administrative Service Charge. The Contractor agrees to pay the County an administrative service charge of five hundred and thirty-three dollars ($533) for the processing of this Agreement pursuant to Ordinance Number 74-1979, as amended by Ordinance Number 128-2006. The administrative service charge shall be due and payable to the County by the Contractor upon signing this Agreement.

25. Executory Clause. Notwithstanding any other provision of this Agreement:

(a) Approval and Execution. The County shall have no liability under this Agreement (including any extension or other modification of this Agreement) to any Person unless (i) all County and other governmental approvals have been obtained, including, if required, approval by the County Legislature, and (ii) this Agreement has been executed by the County Executive (as defined in this Agreement).

(b) Availability of Funds. The County shall have no liability under this Agreement (including any extension or other modification of this Agreement) to any Person beyond funds appropriated or otherwise lawfully available for this Agreement, and, if any portion of the funds for this Agreement are from the state and/or federal governments, then beyond funds available to the County from the state and/or federal governments.

IN WITNESS WHEREOF, the Contractor and the County have executed this Agreement as of the date first above written.

MAXIMUS Consulting Services, Inc.

By: Charles K. Sweeney II
Name: Charles K. Sweeney II
Title: Vice President - Contracts
Date: January 30, 2015

State of New York
}SS.:
County of Nassau}

I, William J. Muller III, Clerk of the Legislature, do hereby certify that the foregoing is a true and correct copy of the original agreement with, Maximus Consulting Services, Inc.
On behalf of the Nassau County Office of County Comptroller

On file in this office of the Legislature and is of the whole said original.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed seal of the Nassau County Legislature the 17th day of March 2015

William J. Muller III
Clerk, Nassau County Legislature
Nassau County, N.Y.

STATE OF COLORADO)
) ss.:
COUNTY OF DENVER)

On the 30th day of January in the year 2015 before me personally came Charles K. Sweeney II to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of Denver; that he is the Vice President - Contracts of MAXIMUS Consulting Services, Inc., the corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto by authority of the board of directors of said corporation.

Nancy L Barbour

NOTARY PUBLIC

NANCY L BARBOUR
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20084035888
MY COMMISSION EXPIRES 12/10/2016

STATE OF NEW YORK)
) ss.:
COUNTY OF NASSAU)

On the 10th day of March in the year 2015 before me personally came Richard R. Walker to me personally known, who, being by me duly sworn, did depose and say that he or she resides in the County of Nassau; that he or she is a Deputy County Executive of the County of Nassau, the municipal corporation described herein and which executed the above instrument; and that he or she signed his or her name thereto pursuant to Section 205 of the County Government Law of Nassau County.

Concetta A. Petrucci

NOTARY PUBLIC

CONCETTA A PETRUCCI
Notary Public, State of New York
No. 01PE[illegible]
Qualified in Nassau County
Commission Expires April 02, 2016

Appendix EE
Equal Employment Opportunities for Minorities and Women

The provisions of this Appendix EE are hereby made a part of the document to which it is attached.

The Contractor shall comply with all federal, State and local statutory and constitutional anti-discrimination provisions. In addition, Local Law No. 14-2002, entitled "Participation by Minority Group Members and Women in Nassau County Contracts," governs all County Contracts as defined herein and solicitations for bids or proposals for County Contracts. In accordance with Local Law 14-2002:

(a) The Contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status in recruitment, employment, job assignments, promotions, upgradings, demotions, transfers, layoffs, terminations, and rates of pay or other forms of compensation. The Contractor will undertake or continue existing programs related to recruitment, employment, job assignments, promotions, upgradings, transfers, and rates of pay or other forms of compensation to ensure that minority group members and women are afforded equal employment opportunities without discrimination.

(b) At the request of the County contracting agency, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, union, or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability, or marital status and that such employment agency, labor union, or representative will affirmatively cooperate in the implementation of the Contractor's obligations herein.

(c) The Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of the County Contract, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.

(d) The Contractor shall make best efforts to solicit active participation by certified minority or women-owned business enterprises ("Certified M/WBEs") as defined in Section 101 of Local Law No. 14-2002, for the purpose of granting of Subcontracts.

(e) The Contractor shall, in its advertisements and solicitations for Subcontractors, indicate its interest in receiving bids from Certified M/WBEs and the requirement that Subcontractors must be equal opportunity employers.

(f) Contractors must notify and receive approval from the respective Department Head prior to issuing any Subcontracts and, at the time of requesting such authorization, must submit a signed Best Efforts Checklist.

(g) Contractors for projects under the supervision of the County's Department of Public Works shall also submit a utilization plan listing all proposed Subcontractors so that, to the greatest extent feasible, all Subcontractors will be approved prior to commencement of work. Any additions or changes to the list of subcontractors under the utilization plan shall be approved by the Commissioner of the Department of Public Works when made. A copy of the utilization plan any additions or changes thereto shall be submitted by the Contractor to the Office of Minority Affairs simultaneously with the submission to the Department of Public Works.

(h) At any time after Subcontractor approval has been requested and prior to being granted, the contracting agency may require the Contractor to submit Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises. In addition, the contracting agency may require the Contractor to submit such documentation at any time after Subcontractor approval when the contracting agency has reasonable cause to believe that the existing Best Efforts Checklist may be inaccurate. Within ten working days (10) of any such request by the contracting agency, the Contractor must submit Documentation.

(i) In the case where a request is made by the contracting agency or a Deputy County Executive acting on behalf of the contracting agency, the Contractor must, within two (2) working days of such request, submit evidence to demonstrate that it employed Best Efforts to obtain Certified M/WBE participation through proper documentation.

(j) Award of a County Contract alone shall not be deemed or interpreted as approval of all Contractor's Subcontracts and Contractor's fulfillment of Best Efforts to obtain participation by Certified M/WBEs.

(k) A Contractor shall maintain Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises for a period of six (6) years. Failure to maintain such records shall be deemed failure to make Best Efforts to comply with this Appendix EE, evidence of false certification as M/WBE compliant or considered breach of the County Contract.

(l) The Contractor shall be bound by the provisions of Section 109 of Local Law No. 14-2002 providing for enforcement of violations as follows:

a. Upon receipt by the Executive Director of a complaint from a contracting agency that a County Contractor has failed to comply with the provisions of Local Law No. 14-2002, this Appendix EE or any other contractual provisions included in furtherance of Local Law No. 14-2002, the Executive Director will try to resolve the matter.

b. If efforts to resolve such matter to the satisfaction of all parties are unsuccessful, the Executive Director shall refer the matter, within thirty days (30) of receipt of the complaint, to the American Arbitration Association for proceeding thereon.

c. Upon conclusion of the arbitration proceedings, the arbitrator shall submit to the Executive Director his recommendations regarding the imposition of sanctions, fines or penalties. The Executive Director shall either (i) adopt the recommendation of the arbitrator (ii) determine that no sanctions, fines or penalties should be imposed or (iii) modify the recommendation of the arbitrator, provided that such modification shall not expand upon any sanction recommended or impose any new sanction, or increase the amount of any recommended fine or penalty. The Executive Director, within ten days (10) of receipt of the arbitrators award and recommendations, shall file a determination of such matter and shall cause a copy of such determination to be served upon the respondent by personal service or by certified mail return receipt requested.

The award of the arbitrator, and the fines and penalties imposed by the Executive Director, shall be final determinations and may only be vacated or modified as provided in the civil practice law and rules ("CPLR").

(m) The contractor shall provide contracting agency with information regarding all subcontracts awarded under any County Contract, including the amount of compensation paid to each Subcontractor and shall complete all forms provided by the Executive Director or the Department Head relating to subcontractor utilization and efforts to obtain M/WBE participation.

Failure to comply with provisions (a) through (m) above, as ultimately determined by the Executive Director, shall be a material breach of the contract constituting grounds for immediate termination. Once a final determination of failure to comply has been reached by the Executive Director, the determination of whether to terminate a contract shall rest with the Deputy County Executive with oversight responsibility for the contracting agency.

Provisions (a), (b) and (c) shall not be binding upon Contractors or Subcontractors in the performance of work or the provision of services or any other activity that are unrelated, separate, or distinct from the County Contract as expressed by its terms.

The requirements of the provisions (a), (b) and (c) shall not apply to any employment or application for employment outside of this County or solicitations or advertisements therefor or any existing programs of affirmative action regarding employment outside of this County and the effect of contract provisions required by these provisions (a), (b) and (c) shall be so limited.

The Contractor shall include provisions (a), (b) and (c) in every Subcontract in such a manner that these provisions shall be binding upon each Subcontractor as to work in connection with the County Contract.

As used in this Appendix EE the term "Best Efforts Checklist" shall mean a list signed by the Contractor, listing the procedures it has undertaken to procure Subcontractors in accordance with this Appendix EE.

As used in this Appendix EE the term "County Contract" shall mean (i) a written agreement or purchase order instrument, providing for a total expenditure in excess of twenty-five thousand dollars ($25,000), whereby a County contracting agency is committed to expend or does expend funds in return for labor, services, supplies, equipment, materials or any combination of the foregoing, to be performed for, or rendered or furnished to the County; or (ii) a written agreement in excess of one hundred thousand dollars ($100,000), whereby a County contracting agency is committed to expend or does expend funds for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon. However, the term "County Contract" does not include agreements or orders for the following services: banking services, insurance policies or contracts, or contracts with a County contracting agency for the sale of bonds, notes or other securities.

As used in this Appendix EE the term "County Contractor" means an individual, business enterprise, including sole proprietorship, partnership, corporation, not-for-profit corporation, or any other person or entity other than the County, whether a contractor, licensor, licensee or any other party, that is (i) a party to a County Contract, (ii) a bidder in connection with the award of a County Contract, or (iii) a proposed party to a County Contract, but shall not include any Subcontractor.

As used in this Appendix EE the term "County Contractor" shall mean a person or firm who will manage and be responsible for an entire contracted project.

As used in this Appendix EE "Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises" shall include, but is not limited to the following:

a. Proof of having advertised for bids, where appropriate, in minority publications, trade newspapers/notices and magazines, trade and union publications, and publications of general circulation in Nassau County and surrounding areas or having verbally solicited M/WBEs whom the County Contractor reasonably believed might have the qualifications to do the work. A copy of the advertisement, if used, shall be included to demonstrate that it contained language indicating that the County Contractor welcomed bids and quotes from M/WBE Subcontractors. In addition, proof of the date(s) any such advertisements appeared must be included in the Best Effort Documentation. If verbal solicitation is used, a County Contractor's affidavit with a notary's signature and stamp shall be required as part of the documentation.

b. Proof of having provided reasonable time for M/WBE Subcontractors to respond to bid opportunities according to industry norms and standards. A chart outlining the schedule/time frame used to obtain bids from M/WBEs is suggested to be included with the Best Effort Documentation

c. Proof or affidavit of follow-up of telephone calls with potential M/WBE subcontractors encouraging their participation. Telephone logs indicating such action can be included with the Best Effort Documentation

d. Proof or affidavit that M/WBE Subcontractors were allowed to review bid specifications, blue prints and all other bid/RFP related items at no charge to the M/WBEs, other than reasonable documentation costs incurred by the County Contractor that are passed onto the M/WBE.

e. Proof or affidavit that sufficient time prior to making award was allowed for M/WBEs to participate effectively, to the extent practicable given the timeframe of the County Contract.

f. Proof or affidavit that negotiations were held in good faith with interested M/WBEs, and that M/WBEs were not rejected as unqualified or unacceptable without sound business reasons based on (1) a thorough investigation of M/WBE qualifications and capabilities reviewed against industry custom and standards and (2) cost of performance The basis for rejecting any M/WBE deemed unqualified by the County Contractor shall be included in the Best Effort Documentation

g. If an M/WBE is rejected based on cost, the County Contractor must submit a list of all sub-bidders for each item of work solicited and their bid prices for the work.

h. The conditions of performance expected of Subcontractors by the County Contractor must also be included with the Best Effort Documentation

i. County Contractors may include any other type of documentation they feel necessary to further demonstrate their Best Efforts regarding their bid documents.

As used in this Appendix EE the term "Executive Director" shall mean the Executive Director of the Nassau County Office of Minority Affairs; provided, however, that Executive Director shall include a designee of the Executive Director except in the case of final determinations issued pursuant to Section (a) through (l) of these rules.

As used in this Appendix EE the term "Subcontract" shall mean an agreement consisting of part or parts of the contracted work of the County Contractor.

As used in this Appendix EE, the term "Subcontractor" shall mean a person or firm who performs part or parts of the contracted work of a prime contractor providing services, including construction services, to the County pursuant to a county contract. Subcontractor shall include a person or firm that provides labor, professional or other services, materials or supplies to a prime contractor that are necessary for the prime contractor to fulfill its obligations to provide services to the County pursuant to a county contract. Subcontractor shall not include a supplier of materials to a contractor who has contracted to provide goods but no services to the County, nor a supplier of incidental materials to a contractor, such as office supplies, tools and other items of nominal cost that are utilized in the performance of a service contract.

Provisions requiring contractors to retain or submit documentation of best efforts to utilize certified subcontractors and requiring Department head approval prior to subcontracting shall not apply to inter-governmental agreements. In addition, the tracking of expenditures of County dollars by not-for-profit corporations, other municipalities, States, or the federal government is not required.

Appendix L

Certificate of Compliance

In compliance with Local Law 1-2006, as amended (the "Law"), the Contractor hereby certifies the following:

1. The chief executive officer of the Contractor is:

   Richard Montoni (Name)

   1891 Metro Center Drive, Reston, VA 20190 (Address)

   703-25-8500 (Telephone Number)

2. The Contractor agrees to either (1) comply with the requirements of the Nassau County Living Wage Law or (2) as applicable, obtain a waiver of the requirements of the Law pursuant to section 9 of the Law. In the event that the contractor does not comply with the requirements of the Law or obtain a waiver of the requirements of the Law, and such contractor establishes to the satisfaction of the Department that at the time of execution of this agreement, it had a reasonable certainty that it would receive such waiver based on the Law and Rules pertaining to waivers, the County will agree to terminate the contract without imposing costs or seeking damages against the Contractor

3. In the past five years, Contractor has not been found by a court or a government agency to have violated federal, state, or local laws regulating payment of wages or benefits, labor relations, or occupational safety and health. If a violation has been assessed against the Contractor, describe below:

   __________N/A____

   ____

   ____

   ____

   ____

   ____

   ____

   ____

4. In the past five years, an administrative proceeding, investigation, or government body-initiated judicial action has not been commenced against or relating to the Contractor in connection with

federal, state, or local laws regulating payment of wages or benefits, labor relations, or occupational safety and health. If such a proceeding, action, or investigation has been commenced, describe below:

N/A

5. Contractor agrees to permit access to work sites and relevant payroll records by authorized County representatives for the purpose of monitoring compliance with the Living Wage Law and investigating employee complaints of noncompliance.

I hereby certify that I have read the foregoing statement and, to the best of my knowledge and belief, it is true, correct and complete. Any statement or representation made herein shall be accurate and true as of the date stated below.

January 30, 2015
Dated

Charles K. Sweeney II
Signature of MAXIMUS Consulting Services, Inc.

Charles K. Sweeney II, Vice President - Contracts
(Name and Title)

Sworn to before me this

30th day of January, 2015.

Nancy L Barbour
Notary Public

NANCY L BARBOUR
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20084035868
MY COMMISSION EXPIRES 12/10/2016

NASSAU COUNTY
OFFICE OF THE COMPTROLLER

GEORGE MARAGOS
COMPTROLLER

Request for Proposals (RFP) for Indirect Cost Services

Proposal Issuance Date: July 30, 2014

Proposal Submission Date: August 29, 2014

RFP No. CO0711-1420

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I. GENERAL INFORMATION

A. Introduction.

The Nassau County Comptroller ("Comptroller"), on behalf of Nassau County ("County"), is soliciting proposals for consulting services to provide the County with indirect cost allocation plans. This Request for Proposals ("RFP") describes the scope of work requested to be performed; minimum proposer qualifications; required proposal format and content; proposal evaluation criteria; and required terms of any agreement resulting from this RFP.

The County operates certain programs that are funded with federal grant monies. The County provides administrative support services to these programs. Pursuant to the United States Office of Management and Budget Circular OMB A-87 and ASMB C-10 (collectively, the "OMB Guidelines"), the County may receive federal reimbursement of a fair share of these administrative support services costs if the County produces a cost allocation plan, approved by the federal government. The County has previously filed an approved plan, and received reimbursement for its fair share of these costs.

The County also provides central administrative support services to agencies within the County, the Department of Environmental Conservation, and the Environmental Protection Agency, the cost of which may then be "charged back" to those agencies. A full cost allocation plan allows the County to determine the costs incurred in providing central support services so that agencies may be "charged back" the appropriate amounts. The full allocation plan is not limited by restrictions imposed by federal cost principles.

The County expects to enter into an agreement with the vendor submitting the proposal most advantageous to the County. Potential vendors with verifiable qualifications and demonstrated ability are invited to submit proposals for the RFP services.

Nassau County is committed to policy of equal opportunity and does not discriminate against vendors on the basis of age, sex, sexual orientation, race, color, creed, religion, ethnicity, national origin, disability, marital status, familial status, veteran status or any other basis protected under federal, state, and local laws, regulations and ordinances.

B. RFP Contact.

The sole contact for the submission of proposals, and inquiries relating to this RFP is:

Sergio Blanco
Office of the Nassau County Comptroller
240 Old Country Road, Suite 210
Mineola, New York 11501
Phone: (516) 571-2386
Fax: (516) 571-5900

Email: nccomptroller@nassaucountyny.gov

Contact with anyone else in the County government including elected officials, County personnel, their agents or consultants regarding this RFP is strictly prohibited. Violation of this requirement may be grounds for eliminating a proposal from consideration.

C. Proposed Preparation Costs.

Neither the Comptroller nor the County shall be liable for any costs incurred in the preparation and production of a proposal in response to this RFP or for any work performed prior to the issuance of a contract.

D. Rejection of Proposals.

This RFP does not commit the Comptroller or the County to award a contract, or to otherwise procure the services sought by this RFP. The Comptroller reserves the right to accept or reject any or all proposals received, to negotiate with all qualified proposers, and to cancel this RFP in part or in its entirety if the Comptroller determines that it is in the interests of the County to do so.

E. Addenda to Request for Proposals.

Addenda to this RFP may be issued prior to the proposal submission date and will be posted on the County website at https://eproc.nassaucountyny.gov/MainBidBoard.

F. Submission of Proposals and RFP Timetable.

1. Submission of Proposals.

The original proposal and five (5) copies should be submitted in a sealed envelope addressed to the RFP Contact. An authorized representative of the vendor must sign the original.

To be considered, proposals must be mailed or hand-delivered so as to be received by the RFP Contact located at 240 Old Country Road, Suite 210, Mineola, NY 11501, no later than 4:00PM on Thursday, August 28, 2014. If proposers are mailing the proposal, they must allow sufficient time for mail delivery to ensure timely receipt of their proposals, and should consider using registered or certified mail with return receipt requested. When delivering a proposal in person, contact Denise Nicoletti or Katherine Heintz, at (516) 571-2386, to arrange delivery. Late proposals will not be considered.

2. Proposed RFP Timetable.

a. Release of Request for Proposals: July 30, 2014

b. Final date for Submission of Questions: August 13, 2014

c. Final date for Submission of Proposals: August 29, 2014

d. Approximate date for Selection of Vendor: September 5, 2014

Dates indicated above are subject to change at the sole discretion of the County.

G. Additional Information May Be Required.

The County may award a contract or contracts based upon proposals received without discussion. Each proposal, therefore, should be submitted in the most favorable terms. However, the Comptroller reserves the right to request additional data, oral discussions, or presentations in support of written proposals from any or all proposers. In addition, the Comptroller reserves the right to make on-site visits to the proposer's place of business to assess and/or evaluate the proposer's qualifications.

H. Independent Price Determination.

By submission of its offer, the proposers certify (and in the case of a joint offer, each party hereto certifies as to its own organization) that, in connection with the procurement:

1. The prices in this offer have been arrived at independently, without consultation, communication, or agreement for the purpose of restricting competition, as to any matters relating to such prices with any other proposer or competitor; and

2. Unless otherwise required by law, the prices have been quoted in this offer have not been knowingly disclosed by the proposer prior to award, directly or indirectly, to any other proposer or competitor; and

3. No attempt has been made or will be made by the proposer to induce any other person or firm to submit or not to submit an offer for the purpose of restricting competition; and

4. No elected or appointed official or employee of the County shall benefit financially or materially from this contract. The County may terminate this contract if gratuities were offered or given by the proposer or his or her agency to any such official or employee.

I. Time Validity of Proposal.

The proposer must guarantee that the proposal submitted will be valid for 180 days following the submission deadline.

J. Disclosure of Proposal Contents.

Information submitted to the County, including the information contained in proposals submitted in response to this RFP, may be subject to disclosure under the New York Freedom of Information Law ("FOIL") and other laws. If a vendor is submitting information that it believes is protected from disclosure under FOIL or similar laws, it should clearly identify, at the time of submission, the information at issue and the basis for non-disclosure. If the County receives a request for disclosure of the identified information and the County determines that the identified information is required by FOIL or any other law to be disclosed, the County will use reasonable efforts to notify the vendor prior to disclosing the information in order to enable the vendor to take such action as the vendor deems appropriate. Copies of executed contracts are not exempt from disclosure under FOIL and similar laws.

K. Anticipated Contract Term.

The County expects that the contract will be for a three-year term with the option for two additional one-year renewals at the sole discretion of the County, subject to all required County approvals.

L. Award of Contract

The County shall select a proposer by means of Notice of Award issued by the RFP evaluation Committee. Neither the selection of a proposer nor the issuance of a Notice of Award shall constitute the County's acceptance of the proposal or a binding commitment on behalf of the County to enter into a contract with the proposer, as any binding arrangement must be set forth in definitive documentation signed by both parties and shall be subject to all requisite approvals.

THE FOLLOWING SCOPE OF WORK SHOULD BE TREATED AS A GUIDLINE IN PREPARING A PROPOSAL RESPONSE IN APPENDIX B, AND MAY BE SUBJECT TO NEGOTIATIONS RESULTING IN A FINAL AGREEMENT. THE PROPOSER SHOULD PROVIDE A PROPOSAL IN APPENDIX B WHICH MEETS THE SCOPE REQUIREMENTS SET FORTH BELOW.

II. SCOPE OF WORK

The selected vendor will develop indirect cost allocation plans in accordance with the OMB Guidelines for costs incurred by the County in administering federally funded programs, and for central administrative support services provided by the County to its agencies. The engagement will commence on June 1 of each year, and the plans for federally funded programs will be due no later than July 31 of each year for which the contract applies.

1. The County desires to ensure that administrative costs incurred in support of the federal programs administered by the County are recovered to the maximum extent possible under the OMB Guidelines. In order to do so, the indirect cost allocation plan prepared must contain adequate documentation of administrative costs, justification of their benefit to federal programs, accumulation of administrative overhead, and optimal allocation to programs served (the "Federal Plan").

2. The selected vendor will be required to prepare separate indirect cost rate schedules for the Department of Social Services ("DSS"),the Department of Public Works ("DPW") and Real Estate Services for the years 2015, 2016 and 2017. The vendor will instruct designated personnel in the use and application of the plans. The DPW schedules will support claims for indirect costs and fringe benefits incurred on projects funded in part

through the New York State Department of Environmental Conservation Construction Grants Program and the United States Environmental Protection Agency.

3. The selected vendor will need to prepare separate indirect cost rate schedules for County programs being funded pursuant to the American Recovery and Reinvestment Act ("ARRA"), as applicable.

4. For central administrative support services provided to agencies within the County, the selected vendor will be required to prepare a separate analysis of fully loaded overhead costs applicable to all County funds, departments, programs, and special users (the "Full Plan") for 2015, 2016 and 2017.

5. The selected vendor will be asked to calculate the annual indirect cost rates for the County, for 2015, 2016, and 2017, broken down by operating department/grantee for each fiscal year.

6. The selected vendor will be required to calculate the County's annual fringe benefit rates for 1) uniformed Police Officers and 2) all other County employees for the years 2015, 2016, and 2017.

7. Each of the schedules and plans outlined above in Section II, subsections 1 – 6 for 2015 are due on or about February 20, 2014 and are based on the financial and statistical information from 2013; for 2016 are due on or about February 20, 2017 and are based on the financial and statistical information from 2014; and for 2017 are due on or about February 20, 2016 and are based on the financial and statistical information from 2015.

8. The selected vendor will be required to submit a PDF version of each item outlined above, and the following numbers of hard copies for each item for each fiscal year:

    a. Three (3) copies of the Federal Plan based on actual costs for the fiscal years indicated above;

    b. Three (3) copies of the Full Plan;

    c. Three (3) sets of indirect cost rate schedules for DPW and DSS, and supplemental schedules for other departments, as necessary;

    d. Three (3) sets of indirect cost rate schedules for ARRA;

    e. Three (3) sets of indirect cost rate schedules for the County broken down by operating department/grantee; and

    f. Three (3) sets of the County's fringe benefit rates.

III. PROPOSAL FORMAT AND CONTENT

Proposals that do not meet the requirements of this RFP will not be considered.

The proposal should be submitted in one volume divided into the following sections:

A. Cover Letter.

The cover letter must contain the following:

1. Identify the proposal as a response to the Indirect Cost Allocation Plan RFP.
2. Name and address of vendor, and addresses from which services will be provided, if different.
3. Name, title, and telephone number of individual to be contacted regarding the proposal.
4. Name, title, address, telephone number and signature of the official authorized to bind the vendor.
5. Disclosure. All organizations contracting with Nassau County are required to disclose the names and home addresses of all principals. The cover letter must provide the following as indicated by the type of ownership:
    i. Sole proprietorship/individual. The name and email address of the sole proprietorship/individual. "Sole ownership" must be stated on the disclosure.
    ii. Closely held corporation. The names and email addresses of all shareholders, officers and directors.
    iii. Publicly traded corporation. Only the page(s) of the SEC Form 10-K setting forth the names of all officers and directors.
    iv. Not for profit corporation. The names and email addresses of all members, officers and directors.
    v. Partnership. The names and email addresses of all general and limited partners.
    vi. Limited liability company. The names and email addresses of all members.
    vii. Limited liability partnership. The names and email addresses of all members.
    viii. Joint venture. The names and email addresses of all joint ventures.

6. List any possible conflicts of interest, and how the proposer would resolve the conflict.

7. An affirmative statement, **with supporting documentation**, that the proposer meets the following **minimum qualifications:**

   a. at least three years' experience in developing indirect cost allocation plans; and

   b. at least three clients for whom the proposer has provided indirect cost allocation consulting services.

B. Table of Contents.

C. Organizational Overview.

Provide an organization chart and a brief description of the type and general history of your organization, size, staffing, annual budget, and number/type of clients. Describe your experience in developing indirect cost allocation plans, and your experience in working with public sector agencies.

D. References.

Provide the name, address, contact person, and telephone number for the three largest organizations for which you currently provide indirect cost allocation plan consulting services, and if applicable, three for which you no longer provide such services. For organizations that have terminated their relationship with your organization, specify the reasons for termination. Include all governmental entities for which you have provided similar services within the last five years.

E. Technical Proposal.

Describe your implementation plan and project schedule for accomplishing the work outlined in the Scope of Work and attach as Appendix B. Appendix B should contain a complete written description of proposer's proposal. Include a brief introduction outlining the proposer's overall approach to developing indirect cost allocation plans. Specifically, the proposal must:

1. Describe the work product you will deliver. Include an explanation of all relevant computer technology with which you are familiar. Please enumerate all matrices you have developed, and explain how they can be and/or will be applied to develop the County's indirect cost allocation plans.

2. Describe your previous experiences in developing indirect cost allocation plans and explain your familiarity with the Federal Office of Management and Budget ("OMB"), the EPA and the DEC. Include the number of clients for whom you have developed indirect cost allocation plans, the amount of federal funding received by those entities, and the amount of funding received through the EPA and the DEC.

Also include a brief summary of the outcome(s) realized by your clients as a result of your indirect cost allocation plans.

3. Provide a cost proposal for your services. Include the names and rates of pay of all individuals who will be assigned to develop the indirect cost allocation plans for the County.

4. Provide an implementation schedule. The plans and rate proposals described in the Scope of Work must be delivered to the County on or before July 31 of each year for which the contract applies.

IV. EVALUATION CRITERIA

An Evaluation Committee will carefully evaluate the proposals received and select a vendor for contract award. The Committee will consist of representatives from the Comptroller's Office and other County agencies. A proposal's merit will be evaluated as follows:

A. The proposer's history, organizational resources, and service background. (30%)

B. Adequacy of plan development, including (70%)

- The work product to be delivered;
- The experience with indirect cost allocation plans;
- The cost proposal;
- The implementation schedule.

V. TERMS OF AGREEMENT

By submitting a proposal, proposers agree to be bound by the terms of their proposals and by the terms of this RFP.

STANDARD CLAUSES FOR NASSAU COUNTY CONTRACTS

1. **Independent Contractor.** The Contractor is an independent contractor of the County. The Contractor shall not, nor shall any officer, director, employee, servant, agent or independent contractor of the Contractor (a "Contractor Agent"), be (i) deemed a County employee, (ii) commit the County to any obligation, or (iii) hold itself, himself, or herself out as a County employee or Person with the authority to commit the County to any obligation. As used in this Agreement the word "Person" means any individual person, entity (including partnerships, corporations and limited liability companies), and government or political subdivision thereof (including agencies, bureaus, offices and departments thereof).

2. **No Arrears or Default**. The Contractor is not in arrears to the County upon any debt or contract and it is not in default as surety, contractor, or otherwise upon any obligation to the County, including any obligation to pay taxes to, or perform services for or on behalf of, the County.

3. **Compliance With Law.**

(a) Generally. The Contractor shall comply with any and all applicable Federal, State and local Laws, including, but not limited to those relating to conflicts of interest, discrimination, and disclosure of information, in connection with its performance under this Agreement. In furtherance of the foregoing, the Contractor is bound by and shall comply with the terms of Exhibits EE and U attached hereto. As used in this Agreement the word "Law" includes any and all statutes, local laws, ordinances, rules, regulations, applicable orders, and/or decrees, as the same may be amended from time to time, enacted, or adopted.

(b) Nassau County Living Wage Law. Pursuant to LL 1-2006, as amended, and to the extent that a waiver has not been obtained in accordance with such law or any rules of the County Executive, the Contractor agrees as follows:

(i) Contractor shall comply with the applicable requirements of the Living Wage Law, as amended;

(ii) Failure to comply with the Living Wage Law, as amended, constitutes a material breach of this Agreement, the occurrence of which shall be determined solely by the County. Contractor has the right to cure such breach within thirty days of receipt of notice of breach from the County. In the event that such breach is not timely cured, the County may terminate this Agreement as well as exercise any other rights available to the County under applicable law.

(iii) It shall be a continuing obligation of the Contractor to inform the County of any material changes in the content of its certification of compliance, attached to this Agreement as Appendix L, and shall provide to the County any information necessary to maintain the certification's accuracy.

(c) Records Access. The parties acknowledge and agree that all records, information, and data ("Information") acquired in connection with performance or administration of this Agreement shall be used and disclosed solely for the purpose of performance and administration of the contract or as required by law. The Contractor acknowledges that Contractor Information in the County's possession may be subject to disclosure under Article 6 of the New York State Public Officer's Law ("Freedom of Information Law" or "FOIL"). In the event that such a request for disclosure is made, the County shall make reasonable efforts to notify the Contractor of such request prior to disclosure of the Information so that the Contractor may take such action as it deems appropriate.

4. **Minimum Service Standards**. Regardless of whether required by Law:

(a) The Contractor shall, and shall cause Contractor Agents to, conduct its, his or her activities in connection with this Agreement so as not to endanger or harm any Person or property.

(b) The Contractor shall deliver services under this Agreement in a professional manner consistent with the best practices of the industry in which the Contractor operates. The Contractor shall take all actions necessary or appropriate to meet the obligation described in the immediately preceding sentence, including obtaining and maintaining, and causing all Contractor Agents to obtain and maintain, all approvals, licenses, and certifications ("Approvals") necessary or appropriate in connection with this Agreement.

5. Indemnification; Defense; Cooperation.

(a) The Contractor shall be solely responsible for and shall indemnify and hold harmless the County, its officers, employees, and agents (the "Indemnified Parties") from and against any and all liabilities, losses, costs, expenses (including, without limitation, reasonable attorneys' fees and disbursements) and damages ("Losses"), arising out of or in connection with any acts or omissions of the Contractor or a Contractor Agent, regardless of whether taken pursuant to or authorized by this Agreement and regardless of whether due to negligence, fault, or default, including Losses in connection with any threatened investigation, litigation or other proceeding or preparing a defense to or prosecuting the same; provided, however, that the Contractor shall not be responsible for that portion, if any, of a Loss that is caused by the negligence of the County.

(b) The Contractor shall, upon the County's demand and at the County's direction, promptly and diligently defend, at the Contractor's own risk and expense, any and all suits, actions, or proceedings which may be brought or instituted against one or more Indemnified Parties for which the Contractor is responsible under this Section and the Contractor shall pay and satisfy any judgment, decree, loss or settlement in connection therewith.

(c) The Contractor shall, and shall cause Contractor Agents to, cooperate with the County in connection with the investigation, defense or prosecution of any action, suit or proceeding in connection with this Agreement.

(d) The provisions of this Section shall survive the termination of this Agreement.

6. Insurance.

(a) Types and Amounts. The Contractor shall obtain and maintain throughout the term of this Agreement, at its own expense: (i) one or more policies for commercial general liability insurance, which policy(ies) shall name "Nassau County" as an additional insured and have a minimum single combined limit of liability of not less than one million dollars ($1,000,000) per occurrence, (ii) if contracting in whole or part to provide professional services, one or more policies for professional liability insurance, which policy(ies) shall have a minimum single combined limit liability of not less than one million dollars ($1,000,000) per occurrence, (iii) compensation insurance for the benefit of the Contractor's employees ("Workers' Compensation Insurance"), which insurance is in compliance with the New York State Workers' Compensation Law, and (iv) such additional insurance, including, without limitation, builder's all risk, if applicable, automobile liability insurance and umbrella liability insurance, as the County may from time to time specify.

(b) Acceptability; Deductibles; Subcontractors. All insurance obtained and maintained by the Contractor pursuant to this Agreement shall be (i) written by one or more commercial insurance carriers licensed or authorized to do business in New York State and acceptable to the County, and (ii) in form and substance acceptable to the County. The Contractor shall be solely responsible for the payment of all deductibles to which such policies are subject. The Contractor shall require any subcontractor hired in connection with this Agreement to carry insurance with the same limits and provisions required to be carried by the Contractor under this Agreement.

(c) Delivery; Coverage Change; No Inconsistent Action. Prior to the execution of this Agreement, copies of current certificates of insurance evidencing the insurance coverage required by this Agreement shall be delivered to the County Attorney's Office. Not less than thirty (30) days prior to the date of any expiration or renewal of, or actual, proposed or threatened reduction or cancellation of coverage under, any insurance required hereunder, the Contractor shall provide written notice to the County Attorney's Office of the same and deliver to the County Attorney's Office renewal or replacement certificates of insurance. The Contractor shall cause all insurance to remain in full force and effect throughout the term of this Agreement and shall not take any action, or omit to take any action that would suspend or invalidate any of the required coverages. The failure of the Contractor to maintain Workers' Compensation Insurance shall render this contract void and of no effect. The failure of the Contractor to maintain the other required coverages shall be deemed a material breach of this Agreement upon which the County reserves the right to consider this Agreement terminated as of the date of such failure.

7. **Assignment; Amendment; Waiver; Subcontracting.**

(a) This Agreement and the rights and obligations hereunder may not be in whole or part (i) assigned, transferred or disposed of, (ii) amended, (iii) waived, or (iv) subcontracted, without the prior written consent of the County Executive or his or her duly designated deputy (the "County Executive"), and any purported assignment, other disposal or modification without such prior written consent shall be null and void. The failure of a party to assert any of its rights under this Agreement, including the right to demand strict performance, shall not constitute a waiver of such rights.

8. **Termination**. (a) Generally. This Agreement may be terminated (i) for any reason by the County upon thirty (30) days' written notice to the Contractor, (ii) for "Cause" by the County immediately upon the receipt by the Contractor of written notice of termination, (iii) upon mutual written Agreement of the County and the Contractor, and (iv) in accordance with any other provisions of this Agreement expressly addressing termination.

As used in this Agreement the word "Cause" includes: (i) a breach of this Agreement; (ii) the failure to obtain and maintain in full force and effect all Approvals required for the services described in this Agreement to be legally and professionally rendered; and (iii) the termination or impending termination of federal or state funding for the services to be provided under this Agreement.

(b) By The Contractor. This Agreement may be terminated by the Contractor if performance becomes impracticable through no fault of the Contractor, where the impracticability relates to the Contractor's ability to perform its obligations and not to a judgment as to convenience or the desirability of continued performance. Termination under this subsection shall be effected by the Contractor delivering to the commissioner or other head of the Department (the "Commissioner"), at least sixty (60) days prior to the termination date (or a shorter period if sixty days' notice is impossible), a notice stating (i) that the Contractor is terminating this Agreement in accordance with this subsection, (ii) the date as of which this Agreement will terminate, and (iii) the facts giving rise to the Contractor's right to terminate under this subsection. A copy of the notice given to the Commissioner shall be given to the Deputy County Executive who oversees the administration of the Department (the "Applicable DCE") on the same day that notice is given to the Commissioner.

(c) Contractor Assistance Upon Termination. In connection with the termination or impending termination of this Agreement the Contractor shall, regardless of the reason for termination, take all actions reasonably requested by the County (including those set forth in other provisions of this Agreement) to assist the County in transitioning the Contractor's responsibilities under this Agreement. The provisions of this subsection shall survive the termination of this Agreement.

9. **Accounting Procedures; Records**. The Contractor shall maintain and retain, for a period of six (6) years following the later of termination of or final payment under this Agreement, complete and accurate records, documents, accounts and other evidence, whether maintained electronically or manually ("Records"), pertinent to performance under this Agreement. Records

shall be maintained in accordance with Generally Accepted Accounting Principles and, if the Contractor is a non-profit entity, must comply with the accounting guidelines set forth in the federal Office of Management & Budget Circular A-122, "Cost Principles for Non-Profit Organizations." Such Records shall at all times be available for audit and inspection by the County Comptroller, the County Attorney's Office, any other governmental authority with jurisdiction over the provision of services hereunder and/or the payment therefore, and any of their duly designated representatives. The provisions of this Section shall survive the termination of this Agreement.

10. **Right to Works/Intellectual Property Rights**

(a) Except as noted in Subsection (c) below, upon execution of this Agreement, any reports, documents, data, designs, drawings, photographs and/or any other material or information provided by the County or complied by the Contractor for the County pursuant to this Agreement shall remain exclusive property of the County.

(b) The completed project deliverables as well as all working material shall become the sole property of the County. The completed audits, reports, documents, and any additional products shall be copyrighted in the County's name. The Contractor shall not sell or distribute any of these County project deliverables in whole or in part to any third parties. The Contractor, with the expressed written permission of the County, may be allowed to use limited examples of the completed work for marketing or other uses.

(c) Contractor Property or Works. Unless otherwise agreed upon between the parties, Contractor retains all right, title and interest, including all copyrights, patent rights and trade secret rights, in any pre-existing Contractor property or work, including all intellectual property interests therein, except solely the specific modifications made by the County, which modifications shall be owned by the County.

(d) Where applicable, works for authorship created by the Contractor for the County in performance of this Agreement shall be considered "works made for hire" as defined in the U.S. Copyright Act.

11. **Limitations on Actions and Special Proceedings Against the County.** No action or special proceeding shall lie or be prosecuted or maintained against the County upon any claims arising out of or in connection with this Agreement unless:

(a) Notice. At least thirty (30) days prior to seeking relief the Contractor shall have presented the demand or claim(s) upon which such action or special proceeding is based in writing to the Applicable DCE for adjustment and the County shall have neglected or refused to make an adjustment or payment on the demand or claim for thirty (30) days after presentment. The Contractor shall send or deliver copies of the documents presented to the Applicable DCE under this Section to each of (i) the Department and the (ii) the County Attorney (at the address specified above for the County) on the same day that documents are sent or delivered to the

Applicable DCE. The complaint or necessary moving papers of the Contractor shall allege that the above-described actions and inactions preceded the Contractor's action or special proceeding against the County.

(b) Time Limitation. Such action or special proceeding is commenced within the earlier of (i) one (1) year of the first to occur of (A) final payment under or the termination of this Agreement, and (B) the accrual of the cause of action, and (ii) the time specified in any other provision of this Agreement.

12. **Work Performance Liability**. The Contractor is and shall remain primarily liable for the successful completion of all work in accordance this Agreement irrespective of whether the Contractor is using a Contractor Agent to perform some or all of the work contemplated by this Agreement, and irrespective of whether the use of such Contractor Agent has been approved by the County.

13. **Consent to Jurisdiction and Venue; Governing Law**. Unless otherwise specified in this Agreement or required by Law, exclusive original jurisdiction for all claims or actions with respect to this Agreement shall be in the Supreme Court in Nassau County in New York State and the parties expressly waive any objections to the same on any grounds, including venue and forum non conveniens. This Agreement is intended as a contract under, and shall be governed and construed in accordance with, the Laws of New York State, without regard to the conflict of laws provisions thereof.

14. **Notices.** Any notice, request, demand or other communication required to be given or made in connection with this Agreement shall be (a) in writing, (b) delivered or sent (i) by hand delivery, evidenced by a signed, dated receipt, (ii) postage prepaid via certified mail, return receipt requested, or (iii) overnight delivery via a nationally recognized courier service, (c) deemed given or made on the date the delivery receipt was signed by a County employee, three (3) business days after it is mailed or one (1) business day after it is released to a courier service, as applicable, and (d)(i) if to the Department, to the attention of the Commissioner at the address specified above for the Department, (ii) if to an Applicable DCE, to the attention of the Applicable DCE (whose name the Contractor shall obtain from the Department) at the address specified above for the County, (iii) if to the Comptroller, to the attention of the Comptroller at 240 Old Country Road, Mineola, NY 11501, and (iv) if to the Contractor, to the attention of the person who executed this Agreement on behalf of the Contractor at the address specified above for the Contractor, or in each case to such other persons or addresses as shall be designated by written notice.

15. **All Legal Provisions Deemed Included; Severability; Supremacy; Construction.**

(a) Every provision required by Law to be inserted into or referenced by this Agreement is intended to be a part of this Agreement. If any such provision is not inserted or referenced or is not inserted or referenced in correct form then (i) such provision shall be deemed inserted into or referenced by this Agreement for purposes of interpretation and (ii) upon the application of either party this Agreement shall be formally amended to comply strictly with the Law, without prejudice to the rights of either party.

(b) In the event that any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(c) Unless the application of this subsection will cause a provision required by Law to be excluded from this Agreement, in the event of an actual conflict between the terms and conditions set forth above the signature page to this Agreement and those contained in any schedule, exhibit, appendix, or attachment to this Agreement, the terms and conditions set forth above the signature page shall control. To the extent possible, all the terms of this Agreement should be read together as not conflicting.

(d) Each party has cooperated in the negotiation and preparation of this Agreement, so if any construction is made of the Agreement it shall not be construed against either party as drafter.

16. **Section and Other Headings**. The section and other headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

17. **Entire Agreement**. This Agreement represents the full and entire understanding and agreement between the parties with regard to the subject matter hereof and supersedes all prior agreements (whether written or oral) of the parties relating to the subject matter of this Agreement.

18. **Administrative Service Charge**. The Contractor agrees to pay the County an administrative service charge of _________dollars ($_____) for the processing of this Agreement pursuant to Ordinance Number 74-1979, as amended by Ordinance Number 201-2001. The administrative service charge shall be due and payable to the County by the Contractor upon signing this Agreement.

Value of contract:	Administrative fee:
$0 - $5,000	$0
$5,001 - $50,000	$160
$50,001 - $ 100,000	$266
$100,001 or more	$533

19. **Executory Clause**. Notwithstanding any other provision of this Agreement:

(a) Approval and Execution. The County shall have no liability under this Agreement (including any extension or other modification of this Agreement) to any Person unless (i) all County approvals have been obtained, including, if required, approval by the County Legislature, and (ii) this Agreement has been executed by the County Executive (as defined in this Agreement).

(b) Availability of Funds. The County shall have no liability under this Agreement (including any extension or other modification of this Agreement) to any Person beyond funds appropriated or otherwise lawfully available for this Agreement, and, if any portion of the funds for this Agreement are from the State and/or federal governments, then beyond funds available to the County from the State and/or federal governments.

Appendix EE

Equal Employment Opportunities for Minorities and Women

The provisions of this Appendix EE are hereby made a part of the document to which it is attached.

The Contractor shall comply with all federal, State and local statutory and constitutional anti-discrimination provisions. In addition, Local Law No. 14-2002, entitled "Participation by Minority Group Members and Women in Nassau County Contracts," governs all County Contracts as defined herein and solicitations for bids or proposals for County Contracts. In accordance with Local Law 14-2002:

(a) The Contractor shall not discriminate against employees or applicants for employment because of race, creed, color, national origin, sex, age, disability or marital status in recruitment, employment, job assignments, promotions, upgradings, demotions, transfers, layoffs, terminations, and rates of pay or other forms of compensation. The Contractor will undertake or continue existing programs related to recruitment, employment, job assignments, promotions, upgradings, transfers, and rates of pay or other forms of compensation to ensure that minority group members and women are afforded equal employment opportunities without discrimination.

(b) At the request of the County contracting agency, the Contractor shall request each employment agency, labor union, or authorized representative of workers with which it has a collective bargaining or other agreement or understanding, to furnish a written statement that such employment agency, union, or representative will not discriminate on the basis of race, creed, color, national origin, sex, age, disability, or marital status and that such employment agency, labor union, or representative will affirmatively cooperate in the implementation of the Contractor's obligations herein.

(c) The Contractor shall state, in all solicitations or advertisements for employees, that, in the performance of the County Contract, all qualified applicants will be afforded equal employment opportunities without discrimination because of race, creed, color, national origin, sex, age, disability or marital status.

(d) The Contractor shall make best efforts to solicit active participation by certified minority or women-owned business enterprises ("Certified M/WBEs") as defined in Section 101 of Local Law No. 14-2002, for the purpose of granting of Subcontracts.

(e) The Contractor shall, in its advertisements and solicitations for Subcontractors, indicate its interest in receiving bids from Certified M/WBEs and the requirement that Subcontractors must be equal opportunity employers.

(f) Contractors must notify and receive approval from the respective Department Head prior to issuing any Subcontracts and, at the time of requesting such authorization, must submit a signed Best Efforts Checklist.

I

(g) Contractors for projects under the supervision of the County's Department of Public Works shall also submit a utilization plan listing all proposed Subcontractors so that, to the greatest extent feasible, all Subcontractors will be approved prior to commencement of work. Any additions or changes to the list of subcontractors under the utilization plan shall be approved by the Commissioner of the Department of Public Works when made. A copy of the utilization plan any additions or changes thereto shall be submitted by the Contractor to the Office of Minority Affairs simultaneously with the submission to the Department of Public Works.

(h) At any time after Subcontractor approval has been requested and prior to being granted, the contracting agency may require the Contractor to submit Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises. In addition, the contracting agency may require the Contractor to submit such documentation at any time after Subcontractor approval when the contracting agency has reasonable cause to believe that the existing Best Efforts Checklist may be inaccurate. Within ten working days (10) of any such request by the contracting agency, the Contractor must submit Documentation.

(i) In the case where a request is made by the contracting agency or a Deputy County Executive acting on behalf of the contracting agency, the Contractor must, within two (2) working days of such request, submit evidence to demonstrate that it employed Best Efforts to obtain Certified M/WBE participation through proper documentation.

(j) Award of a County Contract alone shall not be deemed or interpreted as approval of all Contractor's Subcontracts and Contractor's fulfillment of Best Efforts to obtain participation by Certified M/WBEs.

(k) A Contractor shall maintain Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises for a period of six (6) years. Failure to maintain such records shall be deemed failure to make Best Efforts to comply with this Appendix EE, evidence of false certification as M/WBE compliant or considered breach of the County Contract.

(l) The Contractor shall be bound by the provisions of Section 109 of Local Law No. 14-2002 providing for enforcement of violations as follows:

a. Upon receipt by the Executive Director of a complaint from a contracting agency that a County Contractor has failed to comply with the provisions of Local Law No. 14-2002, this Appendix EE or any other contractual provisions included in furtherance of Local Law No. 14-2002, the Executive Director will try to resolve the matter.

b. If efforts to resolve such matter to the satisfaction of all parties are unsuccessful, the Executive Director shall refer the matter, within thirty days (30) of receipt of the complaint, to the American Arbitration Association for proceeding thereon.

c. Upon conclusion of the arbitration proceedings, the arbitrator shall submit to the Executive Director his recommendations regarding the imposition of sanctions, fines or penalties. The Executive Director shall either (i) adopt the recommendation of the

arbitrator (ii) determine that no sanctions, fines or penalties should be imposed or (iii) modify the recommendation of the arbitrator, provided that such modification shall not expand upon any sanction recommended or impose any new sanction, or increase the amount of any recommended fine or penalty. The Executive Director, within ten days (10) of receipt of the arbitrators award and recommendations, shall file a determination of such matter and shall cause a copy of such determination to be served upon the respondent by personal service or by certified mail return receipt requested. The award of the arbitrator, and the fines and penalties imposed by the Executive Director, shall be final determinations and may only be vacated or modified as provided in the civil practice law and rules ("CPLR").

(m) The contractor shall provide contracting agency with information regarding all subcontracts awarded under any County Contract, including the amount of compensation paid to each Subcontractor and shall complete all forms provided by the Executive Director or the Department Head relating to subcontractor utilization and efforts to obtain M/WBE participation.

Failure to comply with provisions (a) through (m) above, as ultimately determined by the Executive Director, shall be a material breach of the contract constituting grounds for immediate termination. Once a final determination of failure to comply has been reached by the Executive Director, the determination of whether to terminate a contract shall rest with the Deputy County Executive with oversight responsibility for the contracting agency.

Provisions (a), (b) and (c) shall not be binding upon Contractors or Subcontractors in the performance of work or the provision of services or any other activity that are unrelated, separate, or distinct from the County Contract as expressed by its terms.

The requirements of the provisions (a), (b) and (c) shall not apply to any employment or application for employment outside of this County or solicitations or advertisements therefor or any existing programs of affirmative action regarding employment outside of this County and the effect of contract provisions required by these provisions (a), (b) and (c) shall be so limited.

The Contractor shall include provisions (a), (b) and (c) in every Subcontract in such a manner that these provisions shall be binding upon each Subcontractor as to work in connection with the County Contract.

As used in this Appendix EE the term "Best Efforts Checklist" shall mean a list signed by the Contractor, listing the procedures it has undertaken to procure Subcontractors in accordance with this Appendix EE.

As used in this Appendix EE the term "County Contract" shall mean (i) a written agreement or purchase order instrument, providing for a total expenditure in excess of twenty-five thousand dollars ($25,000), whereby a County contracting agency is committed to expend or does expend funds in return for labor, services, supplies, equipment, materials or any combination of the foregoing, to be performed for, or rendered or furnished to the County; or (ii) a written agreement in excess of one hundred thousand dollars ($100,000), whereby a County contracting agency is committed to expend or does expend funds

for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements thereon. However, the term "County Contract" does not include agreements or orders for the following services: banking services, insurance policies or contracts, or contracts with a County contracting agency for the sale of bonds, notes or other securities.

As used in this Appendix EE the term "County Contractor" means an individual, business enterprise, including sole proprietorship, partnership, corporation, not-for-profit corporation, or any other person or entity other than the County, whether a contractor, licensor, licensee or any other party, that is (i) a party to a County Contract, (ii) a bidder in connection with the award of a County Contract, or (iii) a proposed party to a County Contract, but shall not include any Subcontractor.

As used in this Appendix EE the term "County Contractor" shall mean a person or firm who will manage and be responsible for an entire contracted project.

As used in this Appendix EE "Documentation Demonstrating Best Efforts to Obtain Certified Minority or Women-owned Business Enterprises" shall include, but is not limited to the following:

a. Proof of having advertised for bids, where appropriate, in minority publications, trade newspapers/notices and magazines, trade and union publications, and publications of general circulation in Nassau County and surrounding areas or having verbally solicited M/WBEs whom the County Contractor reasonably believed might have the qualifications to do the work. A copy of the advertisement, if used, shall be included to demonstrate that it contained language indicating that the County Contractor welcomed bids and quotes from M/WBE Subcontractors. In addition, proof of the date(s) any such advertisements appeared must be included in the Best

Effort Documentation. If verbal solicitation is used, a County Contractor's affidavit with a notary's signature and stamp shall be required as part of the documentation.

b. Proof of having provided reasonable time for M/WBE Subcontractors to respond to bid opportunities according to industry norms and standards. A chart outlining the schedule/time frame used to obtain bids from M/WBEs is suggested to be included with the Best Effort Documentation.

c. Proof or affidavit of follow-up of telephone calls with potential M/WBE subcontractors encouraging their participation. Telephone logs indicating such action can be included with the Best Effort Documentation.

d. Proof or affidavit that M/WBE Subcontractors were allowed to review bid specifications, blue prints and all other bid/RFP related items at no charge to the M/WBEs, other than reasonable documentation costs incurred by the County Contractor that are passed onto the M/WBE.

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e. Proof or affidavit that sufficient time prior to making award was allowed for M/WBEs to participate effectively, to the extent practicable given the timeframe of the County Contract.

f. Proof or affidavit that negotiations were held in good faith with interested M/WBEs, and that M/WBEs were not rejected as unqualified or unacceptable without sound business reasons based on (1) a thorough investigation of M/WBE qualifications and capabilities reviewed against industry custom and standards and (2) cost of performance The basis for rejecting any M/WBE deemed unqualified by the County Contractor shall be included in the Best Effort Documentation

g. If an M/WBE is rejected based on cost, the County Contractor must submit a list of all sub-bidders for each item of work solicited and their bid prices for the work.

h. The conditions of performance expected of Subcontractors by the County Contractor must also be included with the Best Effort Documentation

i. County Contractors may include any other type of documentation they feel necessary to further demonstrate their Best Efforts regarding their bid documents.

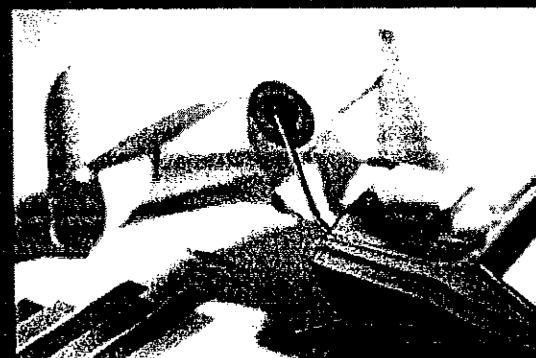
As used in this Appendix EE the term "Executive Director" shall mean the Executive Director of the Nassau County Office of Minority Affairs; provided, however, that Executive Director shall include a designee of the Executive Director except in the case of final determinations issued pursuant to Section (a) through (l) of these rules.

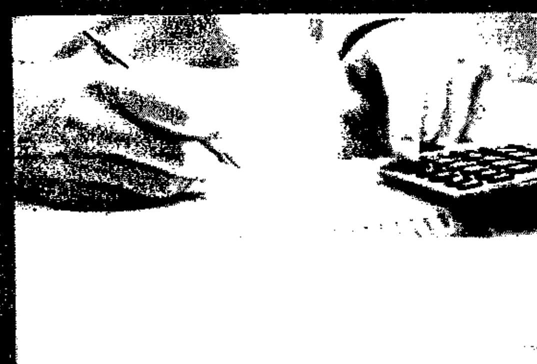
As used in this Appendix EE the term "Subcontract" shall mean an agreement consisting of part or parts of the contracted work of the County Contractor.

As used in this Appendix EE, the term "Subcontractor" shall mean a person or firm who performs part or parts of the contracted work of a prime contractor providing services, including construction services, to the County pursuant to a county contract. Subcontractor shall include a person or firm that provides labor, professional or other services, materials or supplies to a prime contractor that are necessary for the prime contractor to fulfill its obligations to provide services to the County pursuant to a county contract. Subcontractor shall not include a supplier of materials to a contractor who has contracted to provide goods but no services to the County, nor a supplier of incidental materials to a contractor, such as office supplies, tools and other items of nominal cost that are utilized in the performance of a service contract.

Provisions requiring contractors to retain or submit documentation of best efforts to utilize certified subcontractors and requiring Department head approval prior to subcontracting shall not apply to inter-governmental agreements. In addition, the tracking of expenditures of County dollars by not-for-profit corporations, other municipalities, States, or the federal government is not required.

MAXIMUS





Proposal to Provide

Indirect Cost Services
RFP CO0711-1420

Provided To

Nassau County, New York
Office of the Comptroller

August 27, 2014

A. Cover Letter

MAXIMUS
HELPING GOVERNMENT SERVE THE PEOPLE

August 27, 2014

Mr. Sergio Blanco
Office of the Nassau County Comptroller
240 Old Country Road, Suite 210
Mineola, NY 11501

RE: Response to RFP No. CO0711-1420 Request for Proposals for Indirect Cost Services

Dear Mr. Blanco:

MAXIMUS Consulting Services, Inc. (MAXIMUS), a wholly owned subsidiary of MAXIMUS, Inc., is pleased to present our proposal to provide professional cost allocation services to assist Nassau County in developing its central services cost allocation plan and indirect cost proposals. We are confident that you will find our proposal fully compliant with the requirements outlined in the RFP. More importantly, we believe the County will find that we have submitted a proposal that presents the very best approach to meeting your cost allocation needs in a thorough and cost effective manner.

Nassau County wants administrative costs incurred on behalf of the federal programs operated by the County to be recovered to the maximum extent possible under current guidelines. To achieve this end, the County must adequately document these costs, provide justification of their benefit to federal programs, identify administrative overhead, and optimize allocation of County services to these programs. Doing so requires the development and use of a Cost Allocation Plan (CAP) that is compliant with the principles and standards of the federal Office of Management and Budget (OMB).

We have successfully demonstrated in Nassau and other local entities that our cost allocation services and advanced, proprietary cost allocation system can optimize indirect cost reimbursements. Our system, **MAXCARS™, is specifically designed to be in full compliance with federal requirements and uses a "double step-down" costing process providing more than one level of cross allocations among central services.** Our system provides the most detailed costing available in the industry, assures that our clients secure enhanced cost reimbursement from federal sources, and identifies more recoveries than simple single step-down spreadsheets (such as Excel) predominantly used by small regional accounting and consulting firms.

MAXIMUS is the largest and most experienced firm in the nation providing governmental cost allocation and reporting services and systems. We have specialized in the field of cost allocation for nearly 39 years. We intend to utilize an experienced and highly specialized consulting team to work with the County and have documented the team's qualifications in our proposal.

6565 FLANK DRIVE, SUITE 430 | HARRISBURG, PA 17112 717.540.6200 717.540.6201 FAX WWW.MAXIMUS.COM

Mr. Sergio Blanco Page 2 August 27, 2014

Per RFP requirements, we provide the following three specific references. Please feel free to contact any or all of these references as well as those found in other sections of our response.

- New York State Division of the Budget, Mr. Daniel Yanulavich, Labor Relations Section, (518) 474-4916
- Suffolk County, Ms. Brenda Sloan, CPA, Chief Auditor (631) 853-4410 or Ms. Marie L. Hayle, Principal Auditor (631) 853-4890
- Town of Hempstead, Office of Comptroller, Mr. Kevin R. Conroy, CPA, Town Comptroller (516) 812-3169 or Mr. Michael Capobianco (516) 812-3578

MAXIMUS proposes to prepare the County's federal OMB cost allocation plans, indirect cost rate proposals, full overhead cost allocation plans, and complete all required supplemental schedules for the years 2015, 2016 and 2017 (based on actual costs for the years 2013, 2014 and 2015). Further, we intend to successfully negotiate the central services cost allocation plans and corresponding indirect cost proposals with federal and/or state agencies as may be necessary.

MAXIMUS submits its proposal based on certain assumptions. That is, MAXIMUS assumes that the County will negotiate in good faith certain terms and conditions upon award of the contract. We respectfully request an opportunity to discuss and clarify contract terms and conditions as detailed in the Contract Exceptions appendix of this proposal. For the County's review, we have included a sample MAXIMUS cost allocation contract and sample insurance documents.

Should you have any questions regarding this proposal, please contact Tim Cloos at (717) 441-9109 or by email at timothycloos@maximus.com. Mr. Cloos is a Director within our firm's Financial Services Practice and is the proposal's key contact person. Mr. Cloos works from our Harrisburg, Pennsylvania office, the office from which services would be provided.

MAXIMUS, Inc. is a publicly traded corporation that maintains corporate offices at 1891 Metro Center Drive, Reston, Virginia. Our SEC Form 10-K sets forth the names of all our officers and directors and those pages are provided as a separate proposal appendix. To date there are no known conflicts of interest that would interfere with this engagement.

As the MAXIMUS official with the power to submit this proposal and bind MAXIMUS to its commitments, I want to express how honored we are to have this opportunity to continue our long standing relationships with the Nassau County.

Sincerely,

Nelson H. Clugston

Nelson H. Clugston
Vice President, Financial Services Practice
MAXIMUS Consulting Services, Inc.
808 Moorefield Park Drive
Suite 205
Richmond, VA 23236
(804) 823-8131

MAXIMUS

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C. Organizational Overview

For nearly four decades, cost accounting of government services has been a principal line of business for MAXIMUS Consulting Services, Inc. (MAXIMUS). We offer Nassau County (County) both a national perspective and in-depth knowledge of local government. In addition, our proposed project team has a thorough understanding of the Office of Management and Budget (OMB) cost principles. Our extensive overall cost allocation experience, our financially stable company, our deep bench of resources, and our successful history of working with thousands of counties and cities across the country makes MAXIMUS the best choice for this engagement.

C.1 Corporate Summary

MAXIMUS, Inc., our parent company, was founded over 38 years ago in the Commonwealth of Virginia and currently has more than 11,000 employees. As one of the largest firms in the nation working with federal, state, and local government agencies, the corporate mission of MAXIMUS, Inc. and its subsidiaries is *"Helping Government Serve the People®."* Our success is measured by how we make lives better.

MAXIMUS, Inc. is a leading provider of financial and management consulting services and program management and operations to health and human services agencies. We have completed thousands of projects for government clients — from multi-phased efforts involving large numbers of personnel and subcontractors to short-term contracts requiring successful coordination of resources to meet tight deadlines. By being responsive to the needs of our government clients, we have built a reputation for providing quality services. The longevity of our service to government clients is a testament to our commitment to quality service and collaborative, open, and honest relationships with our clients.

MAXIMUS, Inc. provides services to federal, state, and local government agencies across all 50 states, Canada, the United Kingdom, and Australia with a variety of administrative support and case management services for Child Support Enforcement (CSE), welfare-to-work programs, Children's Health Insurance Program (CHIP), Medicaid, Integrated Eligibility, as well as other program support. Our services include:

- Program consulting services including cost allocation services, Independent Verification and Validation (IV&V)/Quality Assurance (QA), and repeatable management services
- Business Process Reengineering (BPR) and program and project management
- Call Center support for various health and human services programs
- Comprehensive welfare-to-work services to help disadvantaged individuals transition from government assistance programs to sustainable employment and economic independence
- Full and specialized child support case management services, customer contact center operations, and program and systems consulting services

The firm's corporate structure, as shown in *Exhibit C.1-1: MAXIMUS, Inc. Corporate Organization*, allows the County the advantages that come with our vast array of experience across our core health and human services business lines. Every aspect of our corporate organization — including substantial corporate personnel, financial, quality and risk management, human capital, and administrative resources — supports the projects we operate. This allows us to focus on quality and best practices for the type of opportunities we seek, constantly monitoring our current projects to anticipate needs and helping projects

MAXIMUS, Inc. is a public organization traded on the New York Stock Exchange (symbol: MMS). As a publicly-traded company, our financial stability is independently verifiable. An essential component of contract management is maintaining strict financial controls. Our financial structure and practices meet Committee on Sponsoring Organizations (COSO) and Generally Accepted Accounting Principles (GAAP) requirements.

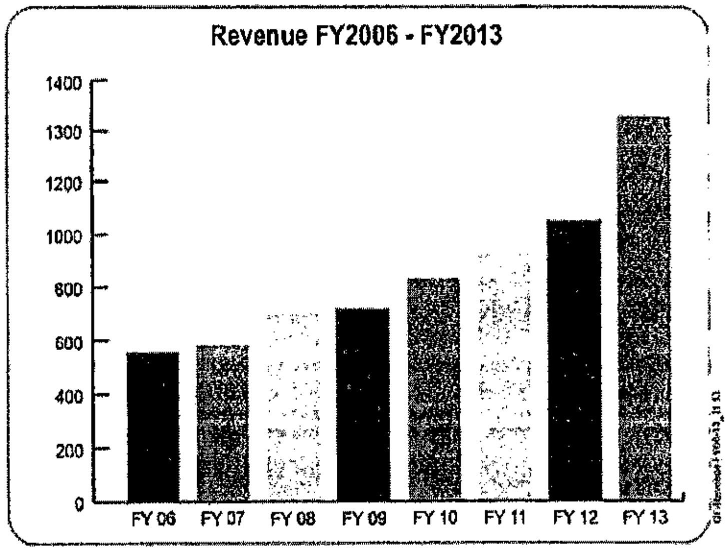

Exhibit C.1-2: MAXIMUS Revenue for the Past Eight Years. *MAXIMUS, Inc. has been profitable for more than 38 years and enjoys a very strong balance sheet.*

C.1.1 Cost Allocation Plan Experience

MAXIMUS is the nation's leader in cost allocation services to state and local governments. Our approach to supporting our clients throughout the entire Cost Allocation Plan (CAP) process has been continuously refined over the past 38 years as we worked with state and local government agencies across the country preparing, negotiating, and ultimately receiving formal federal cognizant approval of CAPs, as illustrated in *Exhibit C.1.1-1: MAXIMUS Cost Allocation Projects.*

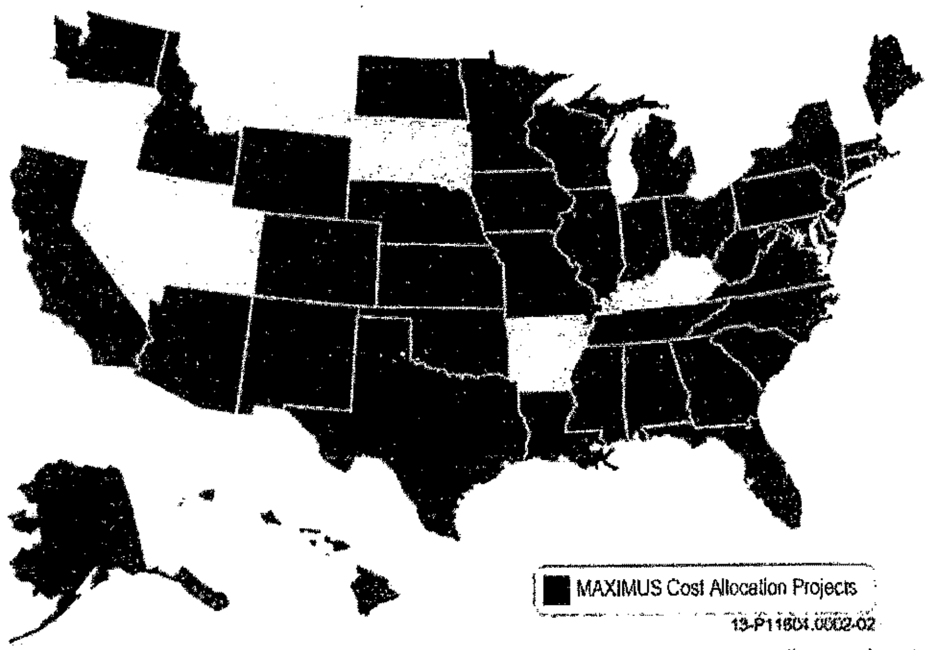

Exhibit C.1.1-1: MAXIMUS Cost Allocation Projects. As the leading provider of cost accounting services to government organizations, MAXIMUS has led the development of CAPs for numerous state and local government agencies in 42 states.

D. References

MAXIMUS has many clients that will speak to our ability to provide quality staff and services. They know of our uncompromising commitment to quality to ensure compliance with federal regulations and the ability to optimize reimbursements from the federal government. The project references provided in this section were selected based on the similarity to that of the County's CAP project, as well as to demonstrate the broad capabilities of our team.

D.1 Specific References

We are pleased to furnish the following five representative clients who will verify that we possess the experience necessary to successfully complete this engagement. As requested in the RFP, the first three represent our three largest organizations for which the Harrisburg office currently provides indirect cost plan consulting services. It is important to note that the main emphasis in selecting representative clients is to showcase the past years' experience of the project team assembled for this engagement. MAXIMUS encourages the County to make specific requests to the clients provided below regarding our commitment.

New York State Division of the Budget

Reference Name: Mr. Daniel Yanulavich, Labor Relations Section

Phone Number: (518) 474-4916

Address: New York Division of the Budget, State Capitol, Room 129, Albany, NY 12224

Date: 2000 to date

Project Director: Nelson Clugston *Project Manager: Timothy J. Cloos*

Scope of Work: MAXIMUS prepares the State's OMB central services cost allocation plans based on actual and projected expenditures. The plans are successfully negotiated with their federal cognizant agency DHHS/Cost Allocation Services. The plan is used to identify the fixed costs incurred by the State in support of other State agencies for claiming to federal grants and contracts. MAXIMUS also prepares statewide fringe benefit rates on both a federal cost and State cost basis. We are currently working on methodologies to allow the State to recover the cost of the State Financial System (SFS) and the Business Services Center (BCS) from federal programs.

Suffolk County, New York

Reference Name: Ms. Brenda Sloan, CPA, Chief Auditor

Phone Number: (631) 853-4410

Reference Name: Ms. Marie L. Hayle, Principal Auditor

Phone Number: (631) 853-4890

Address: Audit & Control, 100 Veterans Memorial Highway, 8th Floor, P.O. Box 6100, Hauppauge, NY 11788-0099

Date: 1991 to date

Project Manager: Timothy J. Cloos

and performance metrics that may be maintained by the department. These cost plans are used to recover indirect costs from grants, enterprise operations, and other special revenue fund sources; and have been accepted by the federal cognizant agency and auditors.

D.2 Additional References

Nothing speaks more highly of a successful track record than repeat clients. Many of our cost allocation clients have been with us for 25 years or more. They know of our uncompromising commitment to quality to ensure compliance with federal regulations and the ability to enhance reimbursements from the federal government. They know that MAXIMUS CAPs withstand federal and state-level audit scrutiny.

As shown in *Exhibit D.2-1: Established Experience Record*, MAXIMUS has successfully provided these services for other state and local governments. Due to the large number of CAPs that we provide each year nationally, we have limited this list to those clients served within the last five years from our Harrisburg, Pennsylvania office. A more complete list can be provided at the County's request.

Established Experience Record			
State of New York			
▪ New York Division of the Budget	▪ Nassau County	▪ Putnam County	▪ Sullivan County
▪ Allegany County	▪ Ontario County	▪ Rensselaer County	▪ Syracuse (City of)
▪ Hempstead Town	▪ Orange County	▪ Seneca County	▪ Warren County
▪ Jefferson County	▪ Otsego County	▪ Suffolk County	▪ Yates County
Commonwealth of Pennsylvania			
▪ Commonwealth of Pennsylvania	▪ Chester County	▪ Greene County	▪ Philadelphia (City of) Department of Public Health
▪ Allegheny Department of Budget & Finance	▪ Clarion County	▪ Harrisburg (City of)	▪ Philadelphia (City of)
▪ Allegheny Court of Common Pleas	▪ Clearfield County	▪ Juniata County	▪ Pike County
▪ Beaver County	▪ Columbia County	▪ Lancaster (City of)	▪ Reading (City of)
▪ Bedford County	▪ Community Action Program of Armstrong County	▪ Lancaster County	▪ Schuylkill County
▪ Berks County	▪ Crawford County	▪ Lawrence County	▪ Snyder County
▪ Bethlehem (City of)	▪ Cumberland County	▪ Lebanon County	▪ Somerset County
▪ Blair County	▪ Dauphin County	▪ Lehigh County	▪ State College Borough
▪ Bradford County	▪ Delaware County	▪ McKean County	▪ Susquehanna County
▪ Bucks County	▪ Elk County	▪ Mercer County	▪ Tioga County
▪ Butler County	▪ Ephrata (Borough of)	▪ Mifflin County	▪ Union County
▪ Cambria County	▪ Fayette County	▪ Monroe County	▪ Venango County
▪ Cameron County	▪ Forest County	▪ Redevelopment Authority of the County of Monroe	▪ Washington County
▪ Carbon County	▪ Franklin County	▪ Northumberland County	▪ Wayne County
▪ Centre County	▪ Fulton County	▪ Philadelphia (City of) First Judicial District of Pennsylvania	▪ Westmoreland County

E. Technical Proposal - Appendix B

In today's economic environment, recovering federal and state money for local programs is a critical component of Nassau County's (County) budget process. MAXIMUS Consulting Services, Inc. (MAXIMUS) understands the importance of having reliable cost data to make the management decisions necessary to administer your programs and we can readily guide you through the Cost Allocation Plan (CAP) process. We bring a unique combination of knowledgeable staff that has performed thousands of cost allocation projects in 42 states including New York, a structured repeatable approach to performing the CAP process, and a financially strong corporation standing behind our work with the resources to support the County in any contingency.

E.1 Understanding the Project

The federal government recognizes the increasing burden that federal programs place on the administrative operations of state and local governments and has developed a mechanism to ensure that local governments are reimbursed for a fair (proportionate) share of these costs. To ensure that all federal agencies use common procedures for determining the proper allocation of these costs, the U.S. Office of Management and Budget (OMB) cost principles were developed to provide a specific cost methodology that state and local governments must follow in determining the administrative costs of federal programs. OMB provides specific direction to state and local agencies regarding processes and procedures for allocating their administrative costs when seeking reimbursement of those costs from the federal government.

Specifically, OMB defines acceptable methods of allocating costs for central service administration and indirect costs which may include central accounting services, information technology services, human resources functions, and general program management and oversight. Generally, the costs of these central functions are shared by several programs, and localities must develop a Cost Allocation Plan (CAP) to show how those costs are shared among the various programs. In addition, Generally Accepted Accounting Principles (GAAP) provide for a mechanism to allocate costs that are not reimbursable by external entities but that nevertheless, should be tracked to their source for accounting purposes.

On December 26, 2013, OMB issued in the Code of Federal Regulations (CFR) Title 2: Grants and Agreements Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. With the issuance of Part 200, the former Part 225 (OMB Circular A-87) will be superseded effective December 26, 2014. Moreover, 2 CFR Part 200 has been coined the "Super Circular" as the guidance supersedes the requirements of the previous OMB cost circulars, including OMB Circular A-87. MAXIMUS intends to follow the appropriate guidelines throughout the course of the project, depending on the effective date of the new regulations as they apply to the County's CAP.

In addition to the federal requirements, the County is also required to follow New York State regulations and guidelines, including those defined in Office of Temporary and Disability Assistance (OTDA) Fiscal Reference Manuals. The requirements for the LDSS-4927, Statement of Estimated Annual Maintenance Costs (SEAMC) for the Division of Social Services and the Maintenance in Lieu of Rent (MILOR) regulations are codified in the OTDA Fiscal Reference Manuals.

d. Three (3) sets of indirect cost rate schedules for ARRA;

e. Three (3) sets of indirect cost rate schedules for the County broken down by operating department/grantee; and

f. Three (3) sets of the County's fringe benefit rates.

MAXIMUS will provide assistance as necessary in using the OMB plan in preparing claims to outside users for recovery of funds due the County. MAXIMUS will provide for negotiation of the completed OMB cost allocation plans and rates with the County's federal cognizant agency and/or the State of New York, if required.

The federal cognizant agency for Nassau County is the U.S. Department of Health and Human Services, Cost Allocation Services, Northeast Region. Our firm has worked very closely with this office on behalf of our clients. We have been able to satisfactorily resolve numerous issues involving cost allocation and indirect cost claims because of our historically strong relationship with federal negotiators. In addition, we have established similar relationships with New York state agency personnel. Our expertise in governmental accounting, along with our experience with all levels of audit and review personnel allows us to confidently propose our services to you.

MAXIMUS experience is unparalleled in the cost allocation services field. No other firm has the breadth of experience or personnel with the depth of skills required to understand and apply the complexities within the cost allocation process. We bring our corporate experience and staff qualifications directly to the benefit of the County.

E.3 MAXCARS™ Software Tool

A reliable software application is a critical component of this engagement as accurate cost allocation is the cornerstone to the County's realization of expected revenue. The software application needs to be designed to eliminate the guesswork that often results when spreadsheets are used to perform financial cost allocation. Further, the application needs to be stable and documented so that we can easily transfer knowledge about the system, processes, and procedures to the County staff. To ensure that we meet these criteria, MAXIMUS proposes to use MAXCARS, our proprietary cost allocation solution that simplifies and streamlines the process of developing CAPs.

MAXCARS is the result of more than 25 years of continuous development and refinement. Unlike other spreadsheet cost allocation calculations, our system has been designed specifically for cost allocation plan preparation. MAXCARS allows us to evaluate alternative allocation bases and to quickly assess the impact of changes during the negotiation process. The MAXIMUS methodology and computerized double step-down cost allocation system has been reviewed and accepted by all federal cognizant agencies to which our plans have been submitted.

MAXCARS is not simply a complex spreadsheet; if Excel or use of Excel as a report writer would suffice, we would not have invested in a proprietary system. MAXCARS exists for the sole purpose of generating cost allocation reports that meet federal requirements. It was designed to support our data collection, interview questions, data validation, and reporting, and it structures the required cost plan report to comply with OMB guidelines.

component functions of receiving departments on a variety of appropriate bases. Specific costs can be singled out and targeted, in whole or in part, to specific functions.

We propose that departments to which indirect costs are allocated are presented in enhanced detail. For example, we expect, provided accounting and other statistical data are available, to present indirect cost allocations to subdivisions within departments and programs. The end result is a cost accounting system that provides the most precise information for use in analysis and allocation.

E.4 Project Implementation Plan

For this engagement, MAXIMUS will develop the County's cost engagement every year under contract following our structured methodology, as illustrated in *Exhibit E.4-1: MAXIMUS Cost Allocation Plan Methodology*.

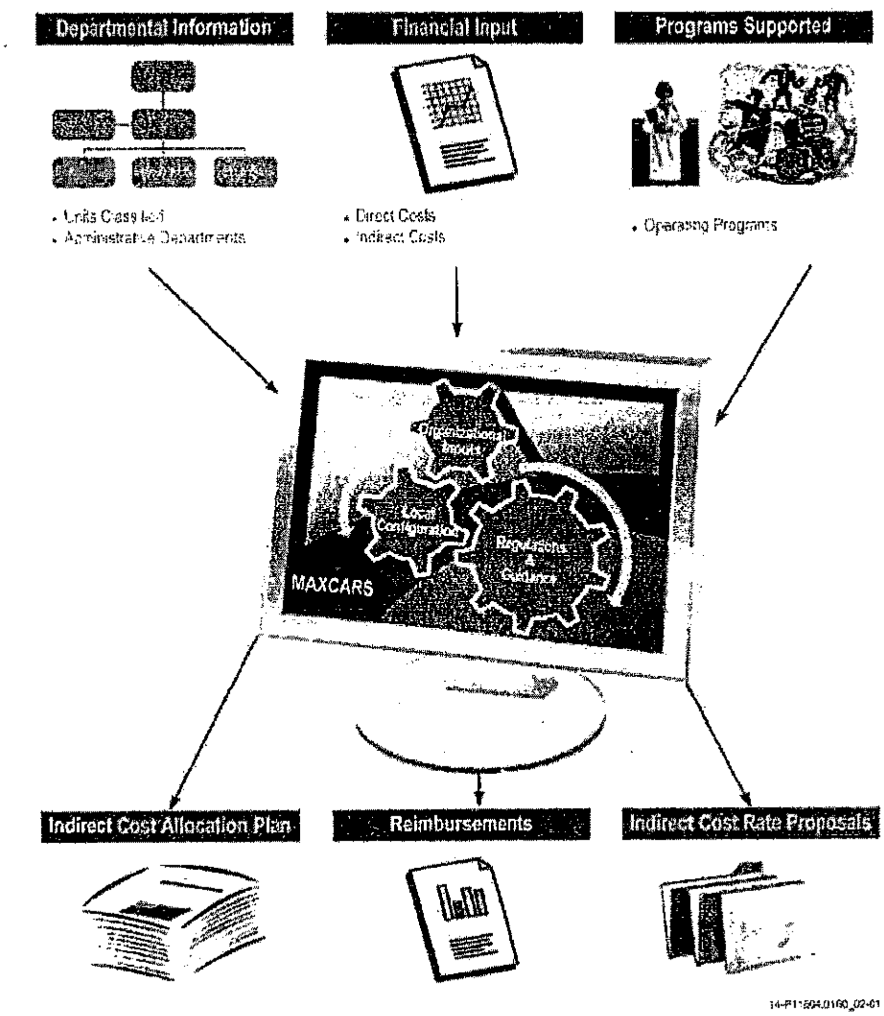

Exhibit E.4-1: MAXIMUS Cost Allocation Plan Methodology. *The MAXIMUS cost allocation plan methodology provides a structured approach that is easily customizable to meet the specific circumstances of the County.*

- **Step 1: Determine Available Financial Information.** This step involves identifying the sources of financial information to be used. At a minimum, we will review the County's Comprehensive Annual Financial Report (CAFR) for the period under review and any relevant organization charts. We will also work with the County to identify additional financial reports that may be of use.
- **Step 2: Classify Departments.** Since most legislative costs are not allowable for recovery of federal grants, this is a critical step during development of the CAP. After updating the latest organization charts, we will classify all organizational units as executive, legislative, or judicial.
- **Step 3: Inventory State, Federal, and Enterprise Funds.** All funds will be analyzed with an eye toward identifying which ones have the greatest potential for recovery of administrative costs. Rather than expending resources to chase insignificant reimbursement amounts, we will focus our efforts on efficient recovery efforts that will yield the County maximum allowable recoveries.
- **Step 4: Determine Administrative Departments.** During this step, our focus is on identifying those departments (normally administrative departments) with responsibility for providing services to other departments. These departments are typically performing such services as information technology, financial accounting, payroll and personnel administration, and purchasing.
- **Step 6: Determine Allocation Bases.** To ensure that administrative costs are allocated fairly and accurately, we will determine the allocation bases. OMB provides substantial leeway in selecting allocation bases, but they must be defensible during negotiations.
- **Step 7: Develop Allocation Data.** The services provided by each user department must be measurable in specific units of service. We will identify the most appropriate metrics for cost allocation, based upon the services provided by the department. For example, the payroll section provides payroll services to all other departments. As a result, payroll services are measured by the number of personnel within each department. During this step, therefore, we will collect and analyze data on the percentage of payroll checks issued to each department.
- **Step 8: Prepare Worksheets.** For each administrative department, we will prepare a worksheet showing the expenditures of the department during the period under review. We will eliminate any disallowed expenditures under OMB guidelines and add back building and equipment depreciation. The resulting amount is allowable to benefiting departments. Based upon the units of service identified in Steps 6 and 7, we will then calculate the portion of allowable costs to each department.

E.4.3 Task 3 – Develop an OMB CAP

Using the information gathered during Task 2, we will perform the necessary analysis and calculations to provide the County with an OMB CAP. We will use our proprietary software tool, MAXCARS™, to assist us during this task. To accomplish this task, we will conduct the following steps:

- **Step 1: Allocate Central Services Costs.** Using MAXCARS, our sophisticated computerized cost allocation system, we will use cost data and allocation statistics to allocate the cost of overhead to the grantee departments. MAXCARS uses a double step-down allocation procedure to distribute costs among central services and to grantee departments that receive benefits. The double step-down procedure initially requires a sequential ordering of departments. We will then make department indirect cost allocations in the order selected to all benefiting departments, including cross allocations to other central service departments. To ensure that the cross-benefit of services among central

- **Step 4: Review Plan with Core County Personnel.** During this step, we will review the formalized draft CAP with relevant management personnel and any required agencies. MAXIMUS will present the plan and provide an opportunity for County personnel to raise any questions or concerns regarding the plan.
- **Step 5: Prepare Final Plan and Present to the County.** Following completion of the County's review of the draft plan, we will incorporate any agreed upon changes and finalize the plan.

E.4.5 Task 5 - Develop Indirect Cost Rate Schedules

In addition to relying on the OMB CAP developed in Task 3, the County also recovers indirect costs through the application of indirect costs rates. Indirect cost rate schedules will be prepared for the Department of Social Services, the Department of Public Works, Real Estate Services, for County programs being funded pursuant to the ARRA, if applicable, and for operating departments/grantees for each fiscal year. The Department of Public Works rates will support claims for indirect costs incurred on projects funded in part through the New York State Department of Environmental Conservation Construction Grants Program and the U.S. Environmental Protection Agency.

The MAXIMUS Project Team will develop these indirect cost rates using the information gathered during *Task 2: Conduct Research and Gather Materials* with additional departmental follow-up if necessary. To accomplish this task, we will conduct the following steps:

- **Step 1: Analyze Cost Data.** We will compile the cost data for the appropriate cost centers to determine the ICR base, which traditionally have been total salaries and wages. These are the costs identified and documented during *Task 3: Develop an OMB CAP*. These costs will be included in the ICR calculation and presented in the appropriate schedules for the departmental ICR.
- **Step 2: Calculate Indirect Costs.** We will compile all relevant indirect costs for the department. These are the indirect costs identified and documented during *Task 3: Develop an OMB CAP*.
- **Step 3: Formalize ICRs.** We will prepare the draft ICRs with relevant schedules utilized in the ICR calculations. Following a thorough internal quality assurance review cycle, we will submit the ICRs for review by the County's management.
- **Step 4: Review ICRs with Core County Personnel.** We will review the draft ICRs with relevant management personnel and any required agencies. MAXIMUS will present the rates and provide an opportunity for County personnel to raise any questions or concerns regarding the rates.
- **Step 5: Prepare Final ICRs and Present to the County.** Following completion of the County's review of the draft ICRs, we will incorporate any agreed upon changes and finalize the ICRs.
- **Step 6: Defend ICRs.** If necessary, the MAXIMUS Project Team will assist the County with negotiating the ICRs with the applicable cognizant federal or state agency. We have successfully negotiated rates with the U.S. Department of Health and Human Services, Housing and Urban Development, Labor, Federal Aviation Administration and other federal agencies, and the New York State Office of Temporary & Disability Assistance. Nationwide, we have more than 40 consultants that can be called on to provide reference and consultation to assist in negotiations with any cognizant agency that may review the ICRs. Please refer to *Task 7 – Defend OMB CAP* for a detailed discussion of our negotiations methodology.

projects and activities at the entity. The entity frequently utilizes such a cost plan to support its application for reimbursable costs from the federal government for discrete programs. Such applications can result in the federal government's reimbursement of funds to the entity for the costs it indirectly incurred in the course of implementing various programs. Some of these cost allocation reports are subject to federal audit and review. In the course of such audits, the auditor may conclude that:

- An expense is ineligible for reimbursement. The applicant may then be able to appeal the finding.
- An expense is not documented with sufficient detail to prove that it is eligible for reimbursement. The applicant may then submit the documentation, which, if adequate, should overcome the initial finding.
- There is a mathematical error in the calculation. In this case, the applicant must correct the calculation and resubmit the report.

In rare circumstances, such an audit may result in the disallowance of funding or, if the funding has already been disbursed, a request to return such funds obtained through federal recoveries (usually in the form of a future claim reduction).

In the event of an audit, we will conduct the following steps:

- **Step 1: Meet with the County to review the federal and/or State's position and concerns.** To begin, we will review the correspondence between the negotiating agency and the County to understand the issues and concerns. This will form the basis for our subsequent research and appeal arguments.
- **Step 2: Research appropriate federal regulations and OMB guidance.** We will review current regulations and guidance specific to the expressed concerns being negotiated to understand the issues raised and to identify appropriate responses to those issues for the negotiations.
- **Step 3: Research similar appeals of cost allocations.** In concert with our research on federal regulations, we will also research appeals case history to identify situations that are similar to the issue at hand. We will identify precedents that may be appropriate to the negotiation.
- **Step 4: Prepare a negotiation strategy and review it with the County.** Based on our analysis, we will develop a strategy for approaching negotiations; identifying our logic, appropriate guidance, and associated precedence. This strategy will be documented in a presentation format. We will review this strategy with the County and adjust, where necessary, based upon the discussion.
- **Step 5: Finalize the strategy and prepare draft language for the negotiation.** We will prepare language for inclusion in the County's response to the federal/state entity during negotiation that defines our position regarding the claimed costs.
- **Step 6: Provide functional and technical expertise to the County's negotiating team.** We will continue to support the negotiation by furnishing functional and technical expertise, as required, throughout the process. When necessary, we will provide the County with written documentation to use in the negotiation process.

E.4.8 Task 8 – Provide Training/Guidance and Recommendations

As your CAP partner, we strive to provide you with more than the required documentation; we aim to provide your staff with the skills and guidance necessary to both expedite plan preparation in future years and to utilize the plans to their maximum potential. To this end, we will provide relevant staff members with guidance and training commensurate with their job responsibilities and involvement with the CAPs.

Document Format (PDF) copy of all deliverables as well as hard copies in a number sufficient to meet the County's needs.

Optionally, we offer to prepare the County's 2018 and 2019 (based on 2016 and 2017) cost allocation plan engagements for the fixed fee of $34,300 per each annual analysis.

The fee quotation stated above is firm for a period of 180 days from August 29, 2014 and is based on budgeted hours for project management and staff plus expenses (travel, hotel, meals, etc.).

We will not request fees or expenses in addition to the contract amount, regardless of the actual time spent or the expenses incurred in preparing, negotiating or subsequently defending the plans.

Performance Standard Guarantees

The performance of our services shall be undertaken in such a manner and sequence as to assure their expeditious completion, while best carrying out the objectives of the County. MAXIMUS intends to perform any additional tasks that may reasonably relate to preparation, negotiation, or defense of the plans prepared for a period of up to three years following the date of original submission of each final annual plan and associated cost proposals to the County.

MAXIMUS will not request fees or expenses in addition to the contract amount, regardless of the actual time spent or the expenses incurred in preparing, negotiating, or subsequently defending the plans.

E.6 Project Schedule

Our work plan illustrates how MAXIMUS services will be delivered. This schedule will be revised and updated as necessary over the life of the engagement to align with the County's requirements.

We agree to commence the 2015 (based on 2013) engagement within three weeks after successful contract negotiations, and will submit all deliverables no later than February 20, 2015. The 2016 and 2017 plan engagements are scheduled to kickoff April 1 of each year and be completed by July 31 of each year for which the contract applies. We have developed a project schedule based on the specific requests in the RFP. Our schedule assumes that the County fulfills its commitments under this schedule, including providing all required financial and statistical data, making staff available for interviews and reviewing our draft report.

During the course of the work, we anticipate discussing our programs frequently with those responsible for overseeing the preparation of cost allocation plans within the County. We take full responsibility for the work and require only workspace and liaison assistance to central services' offices and programs' supervisory personnel.

With the selection of MAXIMUS, you can be confident that you are getting a team of the industry's leading experts who provide quality results.

The MAXIMUS Project Team is led by Timothy Cloos. As Project Director, he is ultimately responsible for the overall success of the project — including the quality of MAXIMUS work products. Mr. Cloos provides management direction to the Project Manager, and verifies that all resources are available when necessary. He will also directly manage all MAXIMUS activities and support staff. Shelley Perry is the proposed Project Manager for this engagement. The Project Team is supported by Nelson Clugston, CPA, as the Quality Control/Technical Advisor, who will be responsible for quality control and assurance from the standpoint that the project deliverables meet MAXIMUS quality guidelines. In addition, we have dedicated a Project Consultant, Christine Lukacsina, who will be available to assist as needed.

Exhibit E.7.1-1: MAXIMUS Project Team depicts our project team organizational structure and lines of authority. We have developed our project organization to provide the County with specialized expertise as well as project team members who will be responsible for day-to-day efforts.

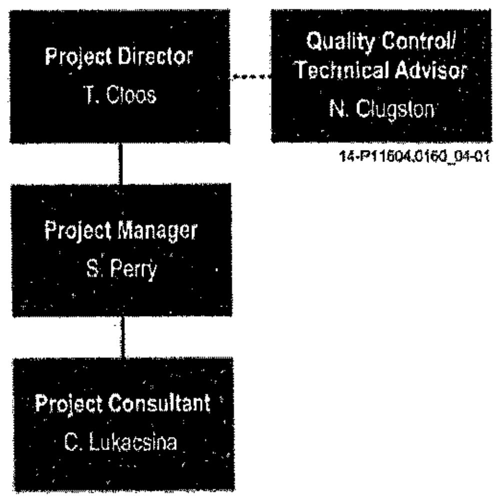

Exhibit E.7.1-1: MAXIMUS Project Team. *This chart depicts our proposed project organization, which is designed to provide the County with day-to-day consultants as well as specialized expertise.*

Every consultant assigned to this project is fully knowledgeable of OMB policies and procedures, understands how to enhance indirect costs within federally allowable limits, knows how to effectively interview staff so as to minimize staff time and efficiently gather data, and has New York-specific experience. In the following section, we summarize the qualifications of our proposed staff and display the wealth of experience they bring to this project.

Detailed resumes including education, qualifications, experience, and training are included in *Section E.7.2: Project Team Resumes.*

Timothy J. Cloos, Project Director

Timothy Cloos, a Director in our Financial Services Practice, is the senior staff member in charge of the Harrisburg, Pennsylvania office and oversees local government cost allocation and user fee projects in New York, New Jersey, Pennsylvania, and the New England area. He has prepared more than 525 CAPs and associated rate analyses during his 25-year association with our firm. He is thoroughly familiar with the requirements of state and local CAPs and ICRs as well as the volume of financial and statistical data, analyses, and interviews that are involved in the plan preparation process. Mr. Cloos is the Project Director for our current New York engagements with the counties of Allegany, Otsego, and Suffolk and the Town of Hempstead.

Mr. Cloos provides the team with input and guidance to help ensure project success and customer satisfaction are achieved. He will also play a hands-on role in this project and will review all CAP preparation work to help ensure accuracy and consistency in the application of federal cost principles with other entities that we serve.

Christine M. Lukacsina, Project Consultant

Christine Lukacsina has been with the firm for more than 24 years and has prepared CAPs and associated analyses for 13 years. She is well versed in the technical aspects of cost plan preparation and the requirements of state and local CAPs. Ms. Lukacsina is currently supporting the New York counties of Rensselaer, Seneca, Warren, and Yates.

We anticipate utilizing Ms. Lukacsina as needed to assist the Project Director and Project Manager with gathering and reviewing source documentation, inputting financial and statistical data using our proprietary software, and providing other general project analyses.

Deep Bench of Available Staff

Although we believe we have sufficiently staffed this project to fulfill the requested scope of work, additional resources may be required from time to time. MAXIMUS has more than 40 staff with government accounting expertise; several with New York-specific cost allocation experience. This deep bench of available staff differentiates MAXIMUS from the smaller, local accounting firms that may only have one or two staff supporting numerous contracts.

In addition to Mr. Clugston, our proposed Quality Control/Technical Advisor, we have another Financial Services consultant currently supporting New York clients: Charles Satterfield. Since joining MAXIMUS in 2011, Charles Satterfield has worked on CAPs for 15 counties in North Carolina, Pennsylvania, and Virginia. Currently, Mr. Satterfield is supporting the New York State Division of the Budget in developing billing rates for the New York State Information Technology Services consolidation effort.

Mr. Satterfield is just one of the 40 experienced staff we have available to support the County. Should the need arise; the County can be confident that MAXIMUS is able to provide additional cost allocation expertise on short notice.

Timothy J. Cloos

Director | Project Director

EXPERIENCE

Mr. Cloos has more than 25 years of experience providing management consulting services to government clients. In addition to client work, Mr. Cloos manages the Harrisburg, Pennsylvania office and has direct responsibility for oversight of local government CAP engagements in New York, New Jersey, Pennsylvania, Connecticut, and the New England region.

Mr. Cloos has worked on more than 525 projects since joining MAXIMUS. A representative sample of his projects is provided below.

QUALIFICATIONS

- More than 25 years of experience in governmental management consulting
- Primary areas of experience include cost allocation; departmental ICR preparation; cost of service determination; space occupancy cost analysis (aka MILORY) and fringe benefit rate analysis

Cost Allocation Plans

New York Division of the Budget: Current member of the project team who prepares the statewide federal OMB A-87 cost allocation plan. His responsibilities include reconciliation of carry-forward adjustments and calculating fixed indirect cost rates for over 20 state agencies, including the Executive Department, which consists of 45 agencies and other miscellaneous boards and commissions. Mr. Cloos has been providing services to the Division of the Budget for 14 years.

Nassau County, New York: Project Director for the preparation of the County's annual federal OMB A-87 and full overhead cost allocation plans. This project includes the preparation of indirect cost proposals for various county departments (such as, Social Services), computing fringe benefit rates for all funds, and assisting the County in the preparation of space occupancy cost schedules for claiming eligible maintenance in lieu of rent costs on behalf of Social Services and Public Health. He also prepares indirect cost rates for the Department of Public Works. Mr. Cloos has been providing services to the County for 24 years.

Suffolk County, New York: Project Director for the preparation of the County's annual federal OMB A-87 cost allocation plan. This project includes the preparation of indirect cost proposals for various county departments (such as, Social Services). Mr. Cloos has been providing services to the County for 12 years.

Allegany County, New York: Project Director for the preparation of the County's annual federal OMB A-87 cost allocation plan. This project includes the preparation of indirect cost proposals for various county departments (such as, Social Services) and space occupancy cost analysis for claiming eligible maintenance in lieu of rent costs on behalf of Social Services and Public Health. Mr. Cloos has been providing services to the County for 24 years.

Camden County, New Jersey: Project Director for the preparation of the County's federal OMB A-87 CAP. This project includes computing indirect cost rates for applicable County departments, fringe benefit rates, and the County Health Services Center fixed cost schedule; and preparing Judiciary forms JUDPA and JUD-230. Mr. Cloos has provided these services to the County for the last three years.

Allegheny County, Pennsylvania: Project Director for the preparation of the County's annual federal OMB A-87 and full CAPs jail per diem rate. Mr. Cloos has provided these services to the County for the last 13 years.

Allegheny County, Pennsylvania, Court of Common Pleas (Fifth Judicial District): Project Director for the preparation of the Court's annual CAP and Federal IV-D claim based on OMB Circular A-87 methodology for the past 13 years.

Bucks County, Pennsylvania: Project Director for the preparation of the County's annual federal OMB A-87 and full CAPs for the last 24 years.

Dauphin County, Pennsylvania: Project Director for the preparation of the County's annual federal OMB A-87 plan. Mr. Cloos has provided services to the County for the past 24 years.

Lancaster County, Pennsylvania: Project Director for the preparation of the County's annual federal OMB A-87 plan. Mr. Cloos has been providing services to the County for the last 24 years.

Washington County, Pennsylvania: Project Director for the preparation of the County's annual federal OMB A-87 and full CAPs for the last 17 years.

Service Rates and User Fees

City of Harrisburg, Pennsylvania: Project Director for the 2011 budget-based fee study. The scope of the project was to develop an analysis of costs and revenues and service utilization measurements for services provided by Police,

Nelson H. Clugston, CPA

Vice President | Quality Control/Technical Advisor

EXPERIENCE

- Supervises the preparation of CAPs for more than 40 local governments in Virginia.
- Supervises the preparation of department CAPs and ICRs in Connecticut, Delaware, Maine, Massachusetts, North Carolina, Rhode Island, and Virginia. Negotiates these plans and rates with federal funding agencies.
- Manages the preparations and negotiates the State of Delaware SWCAP and nine departmental ICR calculations. Provides advice to the State on how it can enhance its recovery of indirect costs.
- Supervises the preparation of SWCAPs for the States of Connecticut, Maine, Maryland, Massachusetts, New York, North Carolina, Pennsylvania, West Virginia, and Rhode Island. Negotiates these statewide plans with HHS. Provides advice on how to enhance recovery of indirect costs.
- Supervises the preparation of billed service reports in Delaware, New York, Maryland, and North Carolina.
- For the past 23 years, has developed, prepared, and negotiated a CAP that allows the American Red Cross to recover indirect costs related to grants it receives from the federal government.
- Developed overhead rates for the City of Lynchburg, Virginia. The City uses these rates to charge overhead costs to its street maintenance program that is funded by the Virginia Department of Transportation.
- Developed a cost accounting system that the City of Norfolk Utility Department uses to calculate the cost of water production that Virginia Beach will share with Norfolk under an agreement where Virginia Beach purchases water from Norfolk.
- Prepared CAPs and indirect cost rates for the Virginia Department of Mines, Minerals, and Energy and the Virginia Department of Environmental Quality.
- Developed billed services rates for Human Resources, Facilities, Accounting and Budgeting, and Auditing in Delaware, Maryland, and Rhode Island.
- Supervises the preparation of 70 local CAPs in North Carolina.
- Assisted on a project for five United Nations (UN) specialized agencies to develop a cost methodology for allocating support costs to UN-funded development projects in undeveloped countries. The result of this study was the implementation of a uniform method for allocating and charging technical assistance and administrative costs to UN development projects. This methodology was accepted by the UN system.
- Developed methodology to recover American Recovery and Reinvestment Act (ARRA)-specific overhead costs for the State of North Carolina.

QUALIFICATIONS

- More than 25 years experience in finance/accounting, including preparing CAPs, ICRs, and federal funds claiming
- Develops overhead rates and methodologies for public works and utility departments
- Prepares certified pass-through claims for human services activities
- Spoke on recovering overhead costs from ARRA grants at the Virginia GFAO Annual Meeting

PRIOR EXPERIENCE

North Central Texas Council of Governments: As Assistant Director of Administration, Mr. Clugston's responsibilities included supervising the accounting staff, coordinating the annual audit report, and preparing the financial section of the financial statements that received the Government Finance Officers Association (GFOA) Certificate of Excellence in Financial Reporting.

EDUCATION

B.S. in Accounting and Public Service, Pennsylvania State University
CPA in Virginia since 1989
CPA in Texas, 1985 – 1988

City of Reading, Pennsylvania: Project Manager for the preparation of the City's annual CAP based on the OMB Circular A-87 methodology. For the past 24 years, Ms. Perry has been responsible for all fieldwork, data research, compilation, and distribution of the analysis.

Service Rates and User Fees

City of Reading, Pennsylvania: Project Director for the 2008-budget based fee study. The scope of the project was to develop an analysis of costs and revenues and service utilization measurements for services provided by the City Clerk, Fire, Planning, Zoning Codes, Engineering, Parks and Recreation, Solid Waste, and Streets and Traffic Engineering; and recommend user fee rates as appropriate based on the cost of services provided.

City of Reading, Pennsylvania: Project Director for the 2012-budget based fee analysis for Property Maintenance. The scope of the project was to develop an analysis of costs and revenues and service utilization measurements for the Property Maintenance Division.

City of Lancaster, Pennsylvania: Project Director for the 2011 cost of service study specific to the City-operated Central Arraignment Center. The scope of the project was to develop an analysis of costs and revenues and service utilization measurements for services provided by the Lancaster Central Arraignment Center.

City of Harrisburg, Pennsylvania: Project Manager for the 2011 budget-based fee study. The scope of the project was to develop an analysis of costs and revenues and service utilization measurements for services provided by Police, Fire, Codes, Parks and Recreation, and Planning and Public Works; and recommend user fee rates as appropriate based on the cost of services provided.

City of Lancaster, Pennsylvania: Project Director for the 2007-based fee study. The scope of the project was to develop an analysis of costs and revenues and service utilization measurements for services provided by the Bureaus of Zoning and Inspections, Structural Inspections, Planning, Police, Fire, Engineering, Procurement and Collections, and the Mayor's Office; and recommend user fee rates as appropriate based on the cost of services provided.

EDUCATION

B.S. in Professional Accountancy, Pennsylvania State University

PROFESSIONAL AFFILIATIONS

Pennsylvania Government Finance Officers Association

Clarion County, Pennsylvania: Project Manager for the preparation of the County's annual CAP based on OMB Circular A-87 methodology. Responsible for all fieldwork, data research, compilation, and distribution of the analysis. Ms. Lukacsina has been providing services to the County for 10 years.

EDUCATION

Certificate of Accounting, Harrisburg Area Community College

PROFESSIONAL AFFILIATIONS

Pennsylvania Government Finance Officers Association

Management Practice	Control Measure
Risk Management	▪ Documentation procedures ensure agreement on meeting proceedings and follow-up action items ▪ Risk Management Plan defines the process for addressing varying levels and types of risk items ▪ Risk mitigation is tracked to support management of identified project risks

Exhibit E.8-1: MAXIMUS Project Management Practices. *The Project Leadership Team monitors all management practice areas to ensure overall project quality and customer satisfaction with our delivery of cost allocation services.*

E.9 Quality Assurance

We apply our MAX~QA methodology to our projects to support the effective conduct and delivery of required tasks and deliverables. Our approach adheres to the following quality principles:

- **QA is an ongoing process that is built into the project:** We tailor deliverable standards to reflect requirements that meet the needs of the client. Through all phases of the project, we evaluate deliverables, activities, and progress against the established objectives and, where appropriate, identify and support process improvement.
- **QA is an extension of project management roles and responsibilities:** Our approach to QA can also be seen as project management assistance or project management support.

For all tasks and activities conducted, the MAXIMUS Project Team follows established QA guidelines and implements QA processes to help ensure that the conduct of each task is consistent, comprehensive, and in compliance with the scope of the contract. For example, all deliverables are passed through an internal review process before they are submitted in draft format to the County. Further, we employ a series of guidelines for quality reviews throughout our company for each engagement, no matter how large or small, as illustrated in *Exhibit E.9-1: MAXIMUS Levels of Quality Review.*

Level One Quality Control (Project Staff)	Level Two Quality Control/Assurance (Project Leadership)	Level Three Quality Assurance (Segment/Division QA Team)	Level Four Quality Assurance (Corporate QA Team)
Reviews for accuracy: ▪ Data input/output ▪ Work completed in accordance with scope of work, policies, and procedures	Reviews and confirms accuracy and compliance: ▪ Data input/output ▪ Work completed and in compliance with scope of work, policies, and procedures ▪ Project control effectiveness	Confirms the following: ▪ Adequate internal controls ▪ Documented policies and procedures ▪ Compliance with federal and state regulations	Confirms the Following: ▪ Project controls in place ▪ Adherence to MAXIMUS protocols ▪ Adherence to federal accounting controls

Exhibit E.9-1: MAXIMUS Levels of Quality Review. *To promote across-the-board quality on all of our contracts, corporate guidelines define the levels of quality reviews to be carried out.*

Appendix 1: Contract Exceptions

MAXIMUS Consulting Services, Inc. (MAXIMUS) is pleased to submit its response to Nassau County's Request for Proposals (RFP) for Indirect Cost Services. If awarded the contract, MAXIMUS will once again enter into an agreement with the County containing terms that are mutually acceptable to both parties. However, please note that no contract shall form between MAXIMUS and the County unless such contract contains mutually acceptable language, including, but not limited to, a reasonable limit on our liability and indemnification obligations. For the County's review, a sample MAXIMUS Consulting Services, Inc. contract is contained as *Appendix B: Sample Contract*. It contains terms specific to the services being offered.

With a goal toward reaching such mutually acceptable terms, we respectfully provide the following language for your consideration.

Specific Exceptions to: Standard Clauses for Nassau County Contracts		
Term	**Section**	**Language**
Indemnification Defense Cooperation	Section 5	*MAXIMUS proposes to revise this section as follows:* (a) The Contractor shall be solely responsible for and shall indemnify and hold harmless the County, its officers, employees, and agents (the "Indemnified Parties") from and against any and all third-party liabilities, losses, costs, expenses (including, reasonable attorneys' fees and disbursements) and damages ("Losses"), directly caused by the negligent acts or omissions of the Contractor or a Contractor Agent, including Losses in connection with any threatened investigation, litigation or other proceeding or preparing a defense to or prosecuting the same; provided, however, that the Contractor shall not be responsible for that portion, if any, of a Loss that is caused by the negligence of the County. (b) The Contractor shall, upon the County's demand and at the County's direction, promptly and diligently defend, at the Contractor's own risk and expense, any and all suits, actions, or proceedings which may be brought or instituted against one or more Indemnified Parties for which the Contractor is directly responsible under this Section. Contractor shall not enter into any settlement agreement without first notifying the Indemnified Parties in writing."
Insurance	Section 6	*In accordance with our insurance policies, MAXIMUS proposes to revise this section as follows:* (a) *Delete "without limitation, builder's all risk, if applicable" starting from the third to last line.* (b) *Add the word "reasonably" before "acceptable to the County" in subsection (i) and (ii).* (c) *Add the word "Intentional" before "Inconsistent Action" in the title of this subsection. Revise the second sentence of this section to state the following:* "Not less than thirty (30) days' prior written notice shall be given by insurers to the County Attorney's Office in the event of cancellation or non-renewal of any insurance coverages required herein, and shall deliver to the County Attorney's Office replacement certificates of insurance. If any of the policies have an expiration date during the course of this agreement, renewal certificates of insurance shall be provided within 10 days of the renewal date." Also, add the word "intentionally" before "take any action" in the third to last sentence.

Contractor Liability if Audited	RFP is silent	*MAXIMUS takes exception and proposes that any resulting contract include the following language:* "The County represents that all financial and statistical information provided to Contractor by the County, its employees and/or agents is accurate and complete to the best of the County's knowledge. Contractor shall, upon notice of audit, make work papers and other records available to the auditors. Contractor's sole responsibility under an audit shall be to provide reasonable assistance to the County through the audit and to make those changes to the work product as required as a result of the audit. Contractor shall not be liable for any audit disallowances or any missed or lost revenue associated with, or related to, the Services, regardless of cause." Provision request explanation: MAXIMUS requests that the parties clarify MAXIMUS' role in the event of an audit. MAXIMUS is proposing to develop an OMB based Cost Allocation Plan (CAP) that meets state and federal requirements. We intend to defend our work in the event of audit and will make the necessary changes to the work product as required as a result of the audit. Under this contract or any OMB CAP work we do, we are not guaranteeing a particular level of federal recovery nor can we guarantee a certain outcome if a plan is audited. We simply cannot predict what an auditor will do, but what we can do is warrant that we will provide you with a good quality cost allocation plan that is compliant with industry standards and OMB. We will stand behind our work, we will represent you at an audit and defend our work and if need be, we will modify the cost allocation plan to meet requirements identified in an audit. Much like a tax professional when dealing with the IRS, we cannot agree to be held liable for any audit disallowances or lost revenue. A cost allocation plan assists a government entity (such as the County) in documenting its various overhead and other indirect costs and how these costs may be distributed or allocated between various projects and activities at the entity. The entity frequently utilizes such a cost plan to support its application for reimbursable costs from the federal government for discrete programs. Such applications can result in the federal government's reimbursement of funds to the entity for the costs it indirectly incurred in the course of implementing various programs. Some of these cost allocation reports are subject to federal audit and review. In the course of such audits, the auditor may conclude that: • An expense is ineligible for reimbursement. The applicant may then be able to appeal the finding. • An expense is not documented with sufficient detail to prove that it is eligible for reimbursement. The applicant may then submit the documentation, which, if adequate, should overcome the initial finding. • There is a mathematical error in the calculation. In this case, the applicant must correct the calculation and resubmit the report. In rare circumstances such an audit may result in the disallowance of funding or, if the funding has already been disbursed, a request to return such funds obtained through federal recoveries (usually in the form of a future claim reduction). Essentially, the County and MAXIMUS can do everything right, produce a CAP that is fully compliant with all federal and state requirements and accepted by the cognizant agency; yet an auditor can require the CAP be changed. We have no control over what an auditor will do in an audit, therefore MAXIMUS can only be held responsible for defending the CAP and making changes requested by the auditor.

Appendix 2: Sample Contract

AGREEMENT TO PROVIDE
PROFESSIONAL CONSULTING SERVICES

THIS AGREEMENT is entered into this BLANK day of BLANK, 2014 (the "Effective Date"), by and between MAXIMUS Consulting Services, Inc. ("Consultant"), and BLANK, New York ("Client"). In consideration of mutual promises and covenants, the parties agree as follows:

(1) Scope of Services. Consultant shall perform in a professional manner the Services detailed in Exhibit A.

(2) Term. This Agreement shall commence on the Effective Date and shall remain in effect until (a) forty-eight (48) months thereafter, (b) completion of, and payment in full for, the Services specified in Exhibit A, or (c) termination in accordance with Section 4, whichever occurs first. Should the Services not be completed at the conclusion of the forty-eight (48) month term, and this Agreement has not been terminated pursuant to Section 4, the parties may agree to extend the agreement for a specified period of time pursuant to an amendment signed by both parties.

(3) Compensation. Client shall pay Consultant a fee for services rendered as set forth in Exhibit B, incorporated herein by reference as if fully set forth as part of this Agreement.

(4) Termination.

a) Termination for Cause. Upon material breach of the terms of this Agreement, the non-breaching party shall provide written notice to the breaching party specifying the nature of the default. The breaching party shall have 30 days (or such longer period as the parties may mutually agree upon) from the date of receipt to cure any such default prior to the effective date of termination. Any notice of default shall be delivered by certified mail or overnight courier.

b) Termination for Convenience. Either party may terminate this Agreement without cause upon 60 days prior written notice to the other. In the event the Agreement is so terminated by Client, Client shall reimburse Consultant for all reasonable costs incurred by Consultant due to such early termination.

c) Rights Upon Termination. Upon termination for whatever reason and regardless of the nature of the default (if any), Client agrees to pay Consultant in full for all goods and/or services provided to Client under this Agreement, or any amendment thereto, as of the effective date of termination of the Agreement.

(5) Services and Materials to be Furnished by Client. Consultant shall provide guidance to Client in determining the data required. The Client acknowledges and agrees that Consultant shall be entitled to rely upon the accuracy and completeness of the data provided by the Client to perform the Services. Client shall provide all such data in a timely manner sufficient to allow Consultant to provide the Services. Consultant shall have no liability to Client whatsoever if Client provides incomplete or inaccurate data or provides data in an untimely manner.

(11) Consultant Liability if Audited. The Client represents that all financial and statistical information provided to Consultant by Client, its employees and/or agents is accurate and complete to the best of Client's knowledge. Consultant shall, upon notice of audit, make work papers and other records available to the auditors. Consultant's sole responsibility under an audit shall be to provide reasonable assistance to the Client through the audit and to make those changes to the work product as required as a result of the audit. Consultant shall not be liable for any audit disallowances or any missed or lost revenue associated with, or related to, the Services, regardless of cause.

(12) Notices. Any notices, bills, invoices, or reports required by this Agreement shall be sufficient if sent by the parties in the United States mail, postage paid, to the address noted below:

[Client]
[Address]
[Address]

MAXIMUS Consulting Services, Inc.
6385 Flank Drive, Suite 400
Harrisburg, PA 17112

Such notice shall be deemed delivered 5 days after deposit in the U.S. mailbox.

(13) Changes. The terms and scope of Services of this Agreement may be changed only by written agreement signed by both parties.

(14) Miscellaneous.

a. There are no third-party beneficiaries to this Agreement and nothing in this Agreement shall be construed to provide any rights or benefits to any third-party.

b. The parties intend that Consultant, in performing the Services specified in this Agreement shall act as an independent contractor and shall have full control of the work and the manner in which it is performed. Consultant and Consultant's employees are not to be considered agents or employees of Client for any purpose.

c. In the event that any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason, this Agreement will continue in full force and effect without said provision, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, and this Agreement will be interpreted to reflect the original intent of the parties insofar as possible.

d. The titles of the sections, subsections, and paragraphs set forth in this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of the provisions of this Agreement.

e. This Agreement and any additional or supplementary document or documents incorporated herein by specific reference contain all the terms and conditions agreed upon by the parties hereto, and no other agreements, oral or otherwise, regarding the subject matter of this Agreement or any part thereof shall have any validity or bind any of the parties hereto.

EXHIBIT A
Scope of Services

Description of Services:

1. Development and delivery of central services cost allocation plans that identify the various costs incurred by the Client to support and administer federal programs. The plans will contain a determination of the allowable costs of providing each supporting service, such as purchasing, legal counsel, disbursement processing, etc. The plans will be based upon the Client's actual financial and statistical data for calendar years 2013, 2014 and 2015, and will become the basis for program charges during calendar years 2015, 2016 and 2017, respectively.

2. If necessary, negotiation of the completed cost allocation plans with representatives of the Client's federal cognizant agency and/or the state.

3. Development and delivery of central services cost allocation plans not limited by restrictions imposed by federal cost principles that identify the various costs incurred by the Client to support funds, departments, programs, and special users. The plans will be based upon the same calendar years as noted in #1.

4. Prepare separate indirect cost rate schedules for the Department of Social Services, the Department of Public Works, Real Estate Services, for County programs funded with ARRA monies and for all other operating departments/grantees, and calculate annual fringe benefit rates for uniformed Police Officers and all other employees. The schedules will be prepared based on the results of the plans prepared in #1.

   Additionally, this agreement may be optionally extended to include calendar years 2016 and 2017, the basis for program charges in 2018 and 2019, upon the same terms and conditions.

Consultant represents that it has, or will secure at its own expense, all personnel required in the performance of Services under this Agreement. All of the Services required hereunder will be performed by Consultant or under its supervision, and all personnel engaged in the work shall be fully qualified to perform the services described herein.

Consultant shall provide the Services stated in this Exhibit A in a professional and workmanlike manner consistent with the typical standards of the industry. Consultant specifically disclaims all other warranties, express or implied, including but not limited to the warranties of merchantability and fitness for a particular purpose.

Appendix 3: Sample Insurance Documentation

ACORD®

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) [illegible]

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
[illegible]
WASHINGTON DC [illegible]

INSURED
MAXIMUS, INC. AND ALL SUBSIDIARIES
[illegible]

CONTACT NAME:
PHONE (A/C, No, Ext): FAX (A/C, No):
E-MAIL ADDRESS:

INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A	Hartford Fire Insurance Co	[illegible]
INSURER B	[illegible]	[illegible]
INSURER C	Hartford Casualty Insurance Company	[illegible]
INSURER D	[illegible] Insurance Company	[illegible]
INSURER E	National Union Fire Ins Co Pittsburgh PA	[illegible]
INSURER F:		

COVERAGES CERTIFICATE NUMBER: [illegible] REVISION NUMBER: [illegible]

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY PRO-JECT LOC			[illegible]	[illegible]	[illegible]	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 1,000,000 $ 10,000 $ 1,000,000 $ 2,000,000 $ 2,000,000
B	AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS			[illegible]	[illegible]	[illegible]	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
C	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED RETENTION $			[illegible]	[illegible]	[illegible]	EACH OCCURRENCE AGGREGATE	$ [illegible] $ [illegible]
E	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) Y/N N If yes, describe under DESCRIPTION OF OPERATIONS below	N/A		[illegible] [illegible]	[illegible] [illegible]	[illegible] [illegible]	WC STATUTORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ 1,000,000 $ 1,000,000 $ 1,000,000
E	PROFESSIONAL LIABILITY			[illegible]	[illegible]	[illegible]	Each Claim/Aggregate SIR	[illegible] [illegible]

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
RE: MAXIMUS CONSULTING SERVICES, INC. COST ALLOCATION PLAN [illegible] CONTRACT
THE CERTIFICATE HOLDER IS INCLUDED AS AN ADDITIONAL INSURED UNDER THE GENERAL LIABILITY AND AUTOMOBILE LIABILITY COVERAGES WHERE REQUIRED BY WRITTEN CONTRACT [illegible]

CERTIFICATE HOLDER

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE
of Marsh USA Inc.
Manashi Mukherjee

ACORD 25 (2010/05)

Workers' Compensation Law

Section 57. Restriction on issue of permits and the entering into contracts unless compensation is secured.

1. The head of a state or municipal department, board, commission or office authorized or required by law to issue any permit for or in connection with any work involving the employment of employees in a hazardous employment defined by this chapter, and notwithstanding any general or special statute requiring or authorizing the issue of such permits, shall not issue such permit unless proof duly subscribed by an insurance carrier is produced in a form satisfactory to the chair, that compensation for all employees has been secured as provided by this chapter. Nothing herein, however, shall be construed as creating any liability on the part of such state or municipal department, board, commission or office to pay any compensation to any such employee if so employed.

2. The head of a state or municipal department, board, commission or office authorized or required by law to enter into any contract for or in connection with any work involving the employment of employees in a hazardous employment defined by this chapter, notwithstanding any general or special statute requiring or authorizing any such contract, shall not enter into any such contract unless proof duly subscribed by an insurance carrier is produced in a form satisfactory to the chair, that compensation for all employees has been secured as provided by this chapter.

C-105.2 (9-07) Reverse

Appendix 4: MAXIMUS 10-K Excerpt

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

MAXIMUS, INC.

Dated: November 18, 2013

By: /s/ RICHARD A. MONTONI

Richard A. Montoni
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ RICHARD A. MONTONI Richard A. Montoni	President, Chief Executive Officer and Director (principal executive officer)	November 18, 2013
/s/ DAVID N. WALKER David N. Walker	Chief Financial Officer and Treasurer (principal financial and accounting officer)	November 18, 2013
/s/ PETER B. POND Peter B. Pond	Chairman of the Board of Directors	November 18, 2013
/s/ RUSSELL A. BELIVEAU Russell A. Beliveau	Director	November 18, 2013
/s/ JOHN J. HALEY John J. Haley	Director	November 18, 2013
/s/ PAUL R. LEDERER Paul R. Lederer	Director	November 18, 2013
/s/ RAYMOND B. RUDDY Raymond B. Ruddy	Director	November 18, 2013

Appendix 5: Nassau County Required Form

APPENDIX L

Certificate of Compliance

In compliance with Local Law 1-2006, as amended (the "Law"), the Contractor hereby certifies the following:

1. The chief executive officer of the Contractor is:
   Richard A. Montoni, President & CEO, MAXIMUS, Inc. (Name)
   Kathleen Kerr, President, MAXIMUS Consulting Services, Inc. (Name)

   1801 Metro Center Drive, Reston, VA 20190 (Address)

   703-251-8500 (Telephone Number)

2. The Contractor agrees to either (1) comply with the requirements of the Nassau County Living Wage Law or (2) as applicable, obtain a waiver of the requirements of the Law pursuant to section 9 of the Law. In the event that the contractor does not comply with the requirements of the Law or obtain a waiver of the requirements of the Law, and such contractor establishes to the satisfaction of the Department that at the time of execution of this agreement, it had a reasonable certainty that it would receive such waiver based on the Law and Rules pertaining to waivers, the County will agree to terminate the contract without imposing costs or seeking damages against the Contractor

3. In the past five years, Contractor _____ has __X__ has not been found by a court or a government agency to have violated federal, state, or local laws regulating payment of wages or benefits, labor relations, or occupational safety and health. If a violation has been assessed against the Contractor, describe below:

MAXIMUS

HELPING GOVERNMENT SERVE THE PEOPLE®

December 2, 2014

Mr. Sergio Blanco
Office of the Nassau County Comptroller
Nassau County
240 Old Country Road, Suite 210
Mineola, NY 11501

Re: RFP No. CO0711-1420, Request for Proposals for Indirect Cost Allocation Plan Services

Dear Mr. Blanco:

MAXIMUS Consulting Services, Inc. (MAXIMUS) is pleased to present our Best and Final Offer (BAFO) with respect to the above-referenced RFP for Indirect Cost Allocation Plan Services. As directed our BAFO submission includes the following five specifically requested responses.

1. **The annual cost proposal for the services requested for the years covered in the RFP.**

   Our BAFO fee request for preparation of the federal OMB and full cost allocation plans, indirect cost rates, and fringe benefit rates based on actual financial and statistical data are as follows:

   2015 (2013 based) Cost Allocation Plan Engagement $28,400

   2016 (2014 based) Cost Allocation Plan Engagement $28,400

   2017 (2015 based) Cost Allocation Plan Engagement $29,300

   Under this fee arrangement, we guarantee approval of the OMB plan by your federal or state cognizant agency, if negotiation is requested. Optionally, we offer to prepare the County's 2018 and 2019 (based on 2016 and 2017) cost allocation plan engagements for the fixed fee of $29,300 per each annual analysis.

   The fee quotation stated above is firm for a period of 60 days from December 8, 2014 and is based on budgeted hours for project management and staff plus expenses (travel, hotel, meals, etc.).

2. **Whether the cost proposal would be amended if the County were to transition to a new financial reporting system that may be implemented during the contract period.**

   MAXIMUS' cost proposal as stated above would not change if the County were to transition to a new financial reporting system during the contract period.

3. **Describe the requirements and procedures that will be necessary for the firm to meet the required dates as set forth in the RFP. Specifically address the fact that the cost allocation plans based on the 2013 year-end financials have not yet begun.**

The performance of our services shall be undertaken in such a manner and sequence as to assure their expeditious completion, while best carrying out the objectives of the County. The requirements and procedures to prepare the County's cost plan remain the same as found in our August proposal section E.4 Project Implementation Plan.

However, due to the shortened timeline for the 2013 based cost plan engagement, we propose a revised first year schedule that may still meet the RFP February deadline depending on contract execution date. As the incumbent provider of these services, we are familiar with the County's financial structure and are uniquely positioned to prepare the 2013 based cost plan as quickly as possible. We propose a five week period for the entire engagement, utilizing all proposed staff concentrating solely on Nassau County's engagement to ensure timely completion. **It is very important to note that the revised schedule is wholly dependent upon the County's ability to fulfill its commitments under this engagement, including quickly providing all required financial and statistical data, making staff available for interviews and reviewing our draft report.**

We agree to commence the 2015 (based on 2013) engagement within one week of successful contract execution and will submit all final deliverables five weeks after that. We have developed a revised project schedule based on the specific scope requests in the RFP and the now shortened timeline for the 2013 based cost plan.

Task	Deliverable	Due Date (Year One – 2013 based cost plan)
1 – Initiate Project	n/a	1 week after contract execution
2 – Conduct Research and Gather Materials	Draft Worksheets	1 week after contract execution
3 – Develop an OMB A-87 CAP	Final OMB A-87 CAP	5 weeks after contract execution
4 - Develop a Full Overhead CAP	Final Full Overhead CAP	5 weeks after contract execution
5 – Develop Indirect Cost Rates	Final Indirect Cost Rates	5 weeks after contract execution
6 – Develop Fringe Benefit Rates	Final Fringe Benefit Rates	5 weeks after contract execution
7 – Defend OMB A-87 CAP	n/a	TBD
8 – Provide Training/Guidance and Recommendations	Completed staff training Final Supporting Documentation Recommendations	Ongoing

The 2016 and 2017 plan engagements are scheduled to kickoff April 1 of each year and be completed by July 31 of each year for which the contract applies.

4. Describe what types of additional services your firm will provide as part of the not-to-exceed fee. For example, if the County required assistance with audit support, what services would be provided without an additional cost and how would you determine what services would require an additional fee?

The County RFP invited a fixed fee bid for preparation of the federal OMB and full cost allocation plans, indirect cost rates, and fringe benefit rates based on actual financial and statistical data for a three year period (2013 through 2015 year-ends) and two optional periods (2016-2017).

For the above stated BAFO fixed fees found in item 1 of this letter, MAXIMUS intends to prepare the RFP requested services **and** to perform any additional tasks that may reasonably relate to preparation, negotiation, or defense of the plans prepared for a period of up to three years following the date of original submission of each final annual plan and associated cost proposals to the County.

MAXIMUS historically provides the County with no cost, value added services. For example, Nassau County offered an early retirement incentive package in 2009. Incentive payments continued through 2012. MAXIMUS understood that the incentive payments applicable to Social Services were not allowed to be claimed by Social Services as a direct fringe benefit. In order for Nassau County to claim the incentive payments, MAXIMUS identified the incentive expenses at year end that were transferred to a capital project fund and, in turn, allocated the expenses in the Central Services CAP for the years ended 2009 - 2012. The total claimable amount identified for Social Services over that period was $1,739,000. State funding levels are generally 50 percent of the non-federal share of expenditures, which would equate to a net recovery of $869,500 to the general fund.

5. Describe how many visits to the County's offices, including audit support visits, are included in your not-to-exceed fee.

MAXIMUS will not request fees or expenses in addition to the contract amount, regardless of the actual time spent or the expenses incurred in preparing, negotiating, or subsequently defending the plans.

MAXIMUS typically conducts two client site visits during the course of plan preparation. Following a provided information request, the first of the two visits is scheduled to gather additional data and conduct interviews necessary for plan preparation. This site visit is the longer of the two visits and usually takes three-five workdays. The second site visit is a follow-up visit conducted after the draft report has been issued but before the report is finalized and typically lasts one day. Individual meetings are held with the Department of Social Services, Office of Management & Budget, and the County Comptroller-Division of Accounting staff. Additional meetings are scheduled upon request (e.g., Public Health).

After federal and/or state agencies have reviewed the finalized OMB cost plan, indirect cost rates, and fringe benefit rates, negotiations on certain classifications of costs may possibly begin. Representatives of MAXIMUS intend to act as your advocates to secure the fairest plan to all concerned, consistent with the principles of OMB. We will defend the plan, indirect cost rates, and fringe benefit rates if challenged by federal, state, or local agency representatives for a period of three years after delivery of the plan at no additional cost. Should there be an audit and additional site visits become necessary, they would be scheduled on an "as needed" basis. Our August proposal section E.4 Project Implementation Plan, Task 7 more fully explains our audit support. The very first step in our audit support task is to meet with the County to review the federal and/or state's position and concerns.

We believe we addressed all the BAFO required requested information, however should you have any questions or require any additional information regarding this BAFO or our proposal, please contact Timothy J. Cloos at (717) 441-9109 or by email at timothycloos@maximus.com. Mr. Cloos is a Director within our firm's Financial Services Practice and is the key contact person for the proposal and BAFO.

As the MAXIMUS official with the power to submit this offer, I want to express how honored we are to have this opportunity to serve Nassau County.

Sincerely,

Nelson H. Clugston

Nelson H. Clugston
Vice President, Financial Services Practice
MAXIMUS Consulting Services, Inc.
808 Moorefield Park Drive
Suite 205
Richmond, VA 23236
(804) 823-8131