

MAXIMUS INC
Form 10-Q
May 07, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2009

Commission File Number: 1-12997

MAXIMUS, INC.

(Exact name of registrant as specified in its charter)

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Virginia
(State or other jurisdiction of
incorporation or organization)

11419 Sunset Hills Road
Reston, Virginia
(Address of principal executive offices)

54-1000588
(I.R.S. Employer
Identification No.)

20190
(Zip Code)

(703) 251-8500

(Registrant's telephone number, including area code)

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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 Web site, 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if smaller reporting company)

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 April 30, 2009, there were 17,496,595 shares of the registrant's common stock (no par value) outstanding.

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MAXIMUS, Inc.

Quarterly Report on Form 10-Q

For the Quarter Ended March 31, 2009

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Throughout this Quarterly Report on Form 10-Q, the terms we, us, our and MAXIMUS refer to MAXIMUS, Inc. and its subsidiaries.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Condensed Consolidated Financial Statements.****MAXIMUS, Inc.****CONDENSED CONSOLIDATED BALANCE SHEETS****(Dollars in thousands)**

	September 30, 2008 (Note 1)	March 31, 2009 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 119,605	\$ 85,090
Restricted cash	2,736	2,449
Accounts receivable billed, net of reserves of \$5,512 and \$4,232	128,819	96,350
Accounts receivable unbilled	30,695	35,388
Current portion of note receivable	746	786
Income taxes receivable		17,097
Deferred income taxes	21,901	8,735
Due from insurance carrier	12,500	
Prepaid expenses and other current assets	7,892	17,655
Current assets of discontinued operations	193	192
Total current assets	325,087	263,742
Property and equipment, at cost	81,232	83,577
Less accumulated depreciation and amortization	(47,238)	(50,028)
Property and equipment, net	33,994	33,549
Capitalized software	19,979	23,262
Less accumulated amortization	(5,854)	(6,581)
Capitalized software, net	14,125	16,681
Deferred contract costs, net	5,324	7,604
Goodwill	60,659	58,763
Intangible assets, net	3,699	2,458
Note receivable, less current portion	1,337	721
Deferred income taxes	10,933	1,440
Other assets, net	3,788	3,065
Total assets	\$ 458,946	\$ 388,023
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 48,950	\$ 53,218
Accrued compensation and benefits	26,684	24,932
Current portion of deferred revenue	19,676	19,351
Current portion of income taxes payable	12,662	
Current portion of capital lease obligations	417	
Other accrued liabilities	53,891	15,029

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Current liabilities of discontinued operations	11,028	4,406
Total current liabilities	173,308	116,936
Deferred revenue, less current portion	8,315	7,884
Income taxes payable, less current portion	1,617	1,573
Total liabilities	183,240	126,393
Shareholders' equity:		
Common stock, no par value; 60,000,000 shares authorized; 18,302,368 and 17,423,577 shares issued and outstanding at September 30, 2008 and March 31, 2009, at stated amount, respectively	328,323	332,462
Treasury stock, at cost; 8,635,130 and 9,562,820 shares at September 30, 2008 and March 31, 2009, respectively	(289,103)	(319,149)
Accumulated other comprehensive income	5,536	(1,771)
Retained earnings	230,950	250,088
Total shareholders' equity	275,706	261,630
Total liabilities and shareholders' equity	\$ 458,946	\$ 388,023

See notes to unaudited condensed consolidated financial statements.

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MAXIMUS, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share data)

(Unaudited)

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	Three Months Ended March 31,		Six Months Ended March 31,	
	2008	2009	2008	2009
Revenue	\$ 189,611	\$ 184,201	\$ 366,700	\$ 364,293
Cost of revenue	137,748	137,090	268,553	270,035
Gross profit	51,863	47,111	98,147	94,258
Selling, general and administrative expenses	28,762	27,996	55,800	55,334
Legal and settlement expense	931	368	931	368
Operating income from continuing operations	22,170	18,747	41,416	38,556
Interest and other income, net	107	35	1,608	129
Income from continuing operations before income taxes	22,277	18,782	43,024	38,685
Provision for income taxes	8,788	7,419	17,267	15,281
Income from continuing operations	13,489	11,363	25,757	23,404
Discontinued operations, net of income taxes:				
Loss from discontinued operations	(3,862)	(336)	(5,525)	(409)
Loss on disposal				(5)
Loss from discontinued operations	(3,862)	(336)	(5,525)	(414)
Net income	\$ 9,627	\$ 11,027	\$ 20,232	\$ 22,990
Basic earnings (loss) per share:				
Income from continuing operations	\$ 0.73	\$ 0.65	\$ 1.32	\$ 1.33
Loss from discontinued operations	(0.21)	(0.02)	(0.28)	(0.03)
Basic earnings per share	\$ 0.52	\$ 0.63	\$ 1.04	\$ 1.30
Diluted earnings (loss) per share:				
Income from continuing operations	\$ 0.72	\$ 0.64	\$ 1.30	\$ 1.31
Loss from discontinued operations	(0.21)	(0.02)	(0.28)	(0.02)
Diluted earnings per share	\$ 0.51	\$ 0.62	\$ 1.02	\$ 1.29
Dividends paid per share	\$ 0.10	\$ 0.12	\$ 0.20	\$ 0.22
Weighted average shares outstanding:				
Basic	18,537	17,435	19,527	17,621
Diluted	18,763	17,751	19,803	17,832

See notes to unaudited condensed consolidated financial statements.

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MAXIMUS, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(Unaudited)

	Six Months Ended March 31,	
	2008	2009
Cash flows from operating activities:		
Net income	\$ 20,232	\$ 22,990
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss from discontinued operations	5,525	414
Depreciation	5,151	4,203
Amortization	1,410	1,525
Deferred income taxes	7,522	22,659
Gain on sale of fixed assets		(51)
Deferred interest income on note receivable		210
Non-cash equity based compensation	5,458	3,950
Change in assets and liabilities:		
Accounts receivable billed		