

MAXIMUS INC
Form 10-Q
February 08, 2013
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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 December 31, 2012

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)

**1891 Metro Center Drive
Reston, Virginia**
(Address of principal executive offices)

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

20190
(Zip Code)

(703) 251-8500

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(Registrant's telephone number, including area code)

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 ☐
(Do not check if 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 Exchange Act). Yes ☐ No ☒

As of January 31, 2013, there were 34,086,283 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 December 31, 2012**

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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.

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	Three Months Ended December 31,			
	2012		2011	
Revenue	\$	286,266	\$	239,603
Cost of revenue		209,736		179,756
Gross profit		76,530		59,847
Selling, general and administrative expenses		42,222		32,756
Acquisition-related expenses		148		
Legal and settlement expense		142		186
Operating income from continuing operations		34,018		26,905
Interest and other income, net		1,106		1,104
Income from continuing operations before income taxes		35,124		28,009
Provision for income taxes		13,341		10,351
Income from continuing operations		21,783		17,658
Discontinued operations, net of income taxes:				
Loss from discontinued operations		(503)		
Gain on disposal		36		46
Income (loss) from discontinued operations		(467)		46
Net income	\$	21,316	\$	17,704
Basic earnings (loss) per share:				
Income from continuing operations	\$	0.64	\$	0.52
Income (loss) from discontinued operations		(0.01)		0.01
Basic earnings per share	\$	0.63	\$	0.53
Diluted earnings (loss) per share:				
Income from continuing operations	\$	0.62	\$	0.51
Income (loss) from discontinued operations		(0.01)		
Diluted earnings per share	\$	0.61	\$	0.51
Dividends paid per share	\$	0.09	\$	0.09
Weighted average shares outstanding:				
Basic		34,081		33,663
Diluted		34,876		34,557

See notes to unaudited consolidated financial statements.

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MAXIMUS, Inc.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)

(Unaudited)

		Three Months Ended December 31,	
		2012	2011
Net income	\$	21,316	\$ 17,704
Foreign currency translation adjustments		(603)	4,231
Comprehensive income	\$	20,713	\$ 21,935

See notes to unaudited consolidated financial statements.

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MAXIMUS, Inc.

CONSOLIDATED BALANCE SHEETS

(In thousands)

	December 31, 2012 (unaudited)	September 30, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 167,138	\$ 189,312
Restricted cash	12,106	11,593
Accounts receivable billed, net of reserves of \$4,114 and \$3,975	198,939	172,705
Accounts receivable unbilled	11,387	10,539
Prepaid income taxes	4,711	3,800
Deferred income taxes	21,779	22,207
Prepaid expenses and other current assets	38,171	38,528
Total current assets	454,231	448,684
Property and equipment, net	58,284	58,798
Capitalized software, net	29,304	27,390
Goodwill	112,021	112,032
Intangible assets, net	24,129	25,330
Deferred contract costs, net	14,619	9,284
Deferred income taxes	833	1,369
Deferred compensation plan assets	9,373	9,220
Other assets, net	3,111	3,186
Total assets	\$ 705,905	\$ 695,293
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 82,826	\$ 73,128
Accrued compensation and benefits	41,707	56,105
Deferred revenue	62,401	60,026
Current portion of long-term debt	176	178
Income taxes payable	1,785	3,100
Other accrued liabilities	6,819	6,599
Total current liabilities	195,714	199,136
Deferred revenue, less current portion	23,619	19,550
Long-term debt	1,494	1,558
Acquisition-related contingent consideration	401	406
Income taxes payable, less current portion	1,436	1,412
Deferred income taxes	8,323	10,384
Deferred compensation plan liabilities, less current portion	13,212	11,741
Total liabilities	244,199	244,187
Shareholders' equity:		
Common stock, no par value; 60,000 shares authorized; 56,866 and 56,516 shares issued and 34,086 and 33,985 shares outstanding at December 31, 2012 and September 30, 2012, at stated amount, respectively	403,706	395,967
Treasury stock, at cost; 22,780 and 22,531 shares at December 31, 2012 and September 30, 2012, respectively	(444,282)	(429,646)
Accumulated other comprehensive income	19,637	20,240

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Retained earnings		482,645		464,545
Total shareholders' equity		461,706		451,106
Total liabilities and shareholders' equity	\$	705,905	\$	695,293

See notes to unaudited consolidated financial statements.

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MAXIMUS, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(Unaudited)

	Three Months Ended December 31,	
	2012	2011
Cash flows from operating activities:		
Net income	\$ 21,316	\$ 17,704
Adjustments to reconcile net income to net cash provided by operating activities:		
(Income) loss from discontinued operations	467	(46)
Depreciation and amortization	9,975	6,111
Deferred income taxes	(611)	(2,424)
Non-cash equity based compensation	3,475	2,797
Change in assets and liabilities:		
Accounts receivable billed	(26,380)	(2,473)
Accounts receivable unbilled	(845)	(418)
Prepaid expenses and other current assets	72	(1,621)
Deferred contract costs	(5,345)	790
Accounts payable and accrued liabilities	10,526	7,770
Accrued compensation and benefits	(7,694)	(10,553)
Deferred revenue	6,463	7,629
Income taxes	(2,233)	4,978
Other assets and liabilities	933	(2,688)
Cash provided by operating activities continuing operations	10,119	27,556
Cash used in operating activities discontinued operations	(493)	
Cash provided by operating activities	9,626	27,556
Cash flows from investing activities:		
Purchases of property and equipment	(7,087)	(2,554)
Capitalized software costs	(3,464)	(720)
Proceeds from note receivable	60	148
Proceeds from sale of discontinued operations		2,240
Cash used in investing activities	(10,491)	(886)
Cash flows from financing activities:		
Repurchases of common stock	(15,403)	(9,749)
Employee tax withholding on restricted stock unit vesting	(6,677)	(3,088)
Tax benefit due to option exercises and restricted stock units vesting	2,365	1,740
Cash dividends paid	(3,064)	(3,023)
Stock option exercises	1,752	2,816
Repayment of long-term debt	(44)	
Cash used in financing activities	(21,071)	(11,304)
Effect of exchange rate changes on cash and cash equivalents	(238)	2,732
Net increase/(decrease) in cash and cash equivalents	(22,174)	18,098

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Cash and cash equivalents, beginning of period	189,312	172,950
Cash and cash equivalents, end of period	\$ 167,138	