

MAXIMUS INC
Form 10-Q
February 08, 2008

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, 2007

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)

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 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

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, 2008, there were 18,498,626 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, 2007

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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.

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements.

MAXIMUS, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

| | September 30, 2007 (Note 1) | December 31, 2007 (unaudited) |
|--|-----------------------------------|-------------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 70,472 | \$ 62,279 |
| Marketable securities | 126,210 | 50 |
| Restricted cash | 325 | 325 |
| Accounts receivable billed, net of reserves of \$30,526 and \$28,878 | 132,962 | 119,267 |
| Accounts receivable unbilled | 42,200 | 49,771 |
| Deferred income taxes | 17,409 | 11,267 |
| Prepaid expenses and other current assets | 9,159 | 7,688 |
| Total current assets | 398,737 | 250,647 |
| Property and equipment, at cost | 83,823 | 86,356 |
| Less accumulated depreciation and amortization | (47,922) | (50,776) |
| Property and equipment, net | 35,901 | 35,580 |
| Capitalized software | 61,459 | 63,009 |
| Less accumulated amortization | (31,919) | (33,703) |
| Capitalized software, net | 29,540 | 29,306 |
| Deferred contract costs, net | 8,116 | 7,712 |
| Goodwill | 86,086 | 86,086 |
| Intangible assets, net | 3,603 | 3,201 |
| Other assets, net | 2,481 | 3,546 |
| Total assets | \$ 564,464 | \$ 416,078 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 54,425 | \$ 52,441 |
| Accrued compensation and benefits | 29,449 | 25,771 |
| Current portion of deferred revenue | 38,545 | 37,461 |
| Current portion of income taxes payable | 5,487 | 1,422 |
| Current portion of capital lease obligations | 1,627 | 1,643 |
| Other accrued liabilities | 2,059 | 1,253 |
| Total current liabilities | 131,592 | 119,991 |
| Capital lease obligations, less current portion | 417 | |
| Deferred revenue, less current portion | 10,143 | 10,213 |
| Income taxes payable, less current portion | | 2,106 |
| Deferred income taxes | 12,912 | 11,202 |
| Total liabilities | 155,064 | 143,512 |

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Shareholders' equity:

| | | |
|---|------------|------------|
| Common stock, no par value; 60,000,000 shares authorized; 22,194,489 and 18,497,241 shares issued and outstanding at September 30, 2007 and December 31, 2007, at stated amount, respectively | 299,846 | 305,398 |
| Treasury stock, at cost; 4,490,073 and 8,248,530 shares at September 30, 2007 and December 31, 2007, respectively | (124,637) | (275,025) |
| Accumulated other comprehensive income | 1,730 | 1,603 |
| Retained earnings | 232,461 | 240,590 |
| Total shareholders' equity | 409,400 | 272,566 |
| Total liabilities and shareholders' equity | \$ 564,464 | \$ 416,078 |

See notes to unaudited condensed consolidated financial statements.

MAXIMUS, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share data)

(Unaudited)

| | Three Months Ended December 31, | |
|--|------------------------------------|------------|
| | 2006 | 2007 |
| Revenue | \$ 161,138 | \$ 201,950 |
| Cost of revenue | 140,860 | 149,183 |
| Gross profit | 20,278 | 52,767 |
| Selling, general and administrative expenses | 34,653 | 36,253 |
| Legal and settlement expense (Note 11) | 3,000 | |