

MAXIMUS INC
Form 8-K
October 03, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report: October 3, 2008

Date of Earliest Event Reported: October 3, 2008

MAXIMUS, INC.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction
of incorporation)

1-12997
(Commission
File Number)

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

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

20190-5207
(Zip Code)

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

Not Applicable

Edgar Filing: MAXIMUS INC - Form 8-K

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 8.01 Other Events.

On September 23, 2008, the Company announced that it had signed an asset purchase agreement for the sale of its Justice Solutions, Education Systems, and Asset Solutions divisions, which were previously reported as part of its Systems Segment, to Toronto-based Constellation Software, Inc. (TSX: CSU). The transaction closed on September 30, 2008. Beginning in the fourth quarter of fiscal 2008, the Company will classify the results of operations of these divisions as discontinued operations and the Enterprise Resource Planning (ERP) Solutions division will be incorporated into the Consulting Segment. Going forward, the Company will report financial results for its remaining Operations and Consulting Segments.

We are filing this Current Report on Form 8-K on October 3, 2008 to reclassify prior periods' financial information to conform to discontinued operations reporting and the incorporation of the ERP Solutions division into the Consulting Segment. The reclassifications have no impact on the previously reported consolidated net income or cash flows of the Company. This information is being provided for informational purposes only.

The Company reports its financial results in accordance with generally accepted accounting principles (GAAP). However, the Company uses certain non-GAAP performance measures including pro forma income before income taxes from continuing operations and pro forma diluted earnings per share from continuing operations to provide both management and investors a more complete understanding of the Company's underlying operational trends and results. The non-GAAP performance measures are reconciled to the corresponding GAAP measures in the schedule titled Supplemental Pro Forma Income before Income Taxes and Diluted Earnings per Share from Continuing Operations.

SIGNATURES

Edgar Filing: MAXIMUS INC - Form 8-K

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 hereunto duly authorized.

MAXIMUS, Inc.

Date: October 3, 2008

By:

/s/ David R. Francis
David R. Francis
General Counsel and Secretary

MAXIMUS, Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share data)

(Unaudited)

	Quarter Ended			Year Ended		Quarter Ended			Nine Months Ended
	Dec. 31, 2006	Mar. 31, 2007	Jun. 30, 2007	Sept. 30, 2007	Sept. 30, 2007	Dec. 31, 2007	Mar. 31, 2008	Jun. 30, 2008	Jun. 30, 2008
Revenue	\$ 131,721	\$ 150,827	\$ 169,971	\$ 173,712	\$ 626,231	\$ 177,089	\$ 189,611	\$ 189,364	\$ 556,064
Cost of revenue	118,820	115,939	117,544	126,204	478,507	130,805	137,748	136,576	405,129
Gross profit	12,901	34,888	52,427	47,508	147,724	46,284	51,863	52,788	150,935
Selling, general and administrative expenses	27,483	26,891	27,025	23,233	104,632	27,038	28,762	28,949	84,749
Gain on sale of building								3,938	3,938
Gain (gain adjustment) on sale of Corrections Services business	684		(233)		451				
Legal and settlement expense	3,000	6,104	33,010	2,324	44,438		931	700	1,631
Income (loss) from operations	(16,898)	1,893	(7,841)	21,951	(895)	19,246	22,170	27,077	68,493
Interest and other income, net	477	1,615	1,131	2,581	5,804	1,501	107	490	2,098
Income (loss) before income taxes	(16,421)	3,508	(6,710)	24,532	4,909	20,747	22,277	27,567	70,591
Provision (benefit) for income taxes	(5,901)	1,404	6,277	10,301	12,081	8,479	8,788	10,271	27,538
Income (loss) from continuing operations	(10,520)	2,104	(12,987)	14,231	(7,172)	12,268	13,489	17,296	43,053
Discontinued operations, net of income taxes:									
Income (loss) from discontinued operations	125	258	(1,404)	(62)	(1,083)	(1,663)	(3,862)	(7,617)	(13,142)
Gain on disposal								1,726	1,726
Income (loss) from discontinued operations	125	258	(1,404)	(62)	(1,083)	(1,663)	(3,862)	(5,891)	(11,416)
Net income (loss)	\$ (10,395)	\$ 2,362	\$ (14,391)	\$ 14,169	\$ (8,255)	\$ 10,605	\$ 9,627	\$ 11,405	\$ 31,637
Basic earnings (loss) per share:									
Income (loss) from continuing operations	\$ (0.49)	\$ 0.10	\$ (0.59)	\$ 0.64	\$ (0.33)	\$ 0.60	\$ 0.73	\$ 0.93	\$ 2.24
Income (loss) from discontinued operations	0.01	0.01	(0.06)		(0.05)	(0.08)	(0.21)	(0.32)	(0.60)
Basic earnings (loss) per share	\$ (0.48)	\$ 0.11	\$ (0.65)	\$ 0.64	\$ (0.38)	\$ 0.52	\$ 0.52	\$ 0.61	\$ 1.64
Diluted earnings (loss) per share:									
Income (loss) from continuing operations	\$ (0.49)	\$ 0.10	\$ (0.59)	\$ 0.63	\$ (0.33)	\$ 0.59	\$ 0.72	\$ 0.92	\$ 2.21
Income (loss) from discontinued operations	0.01	0.01	(0.06)		(0.05)	(0.08)	(0.21)	(0.31)	(0.59)

Not Applicable

Edgar Filing: MAXIMUS INC - Form 8-K

Diluted earnings (loss) per share	\$	(0.48)	\$	0.11	\$	(0.65)	\$	0.63	\$	(0.38)	\$	0.51	\$	0.51	\$	0.61	\$	1.62
Dividends per share	\$	0.10	\$	0.10	\$	0.10	\$	0.10	\$	0.40	\$	0.10	\$	0.10	\$	0.10	\$	0.30
Weighted average shares outstanding:																		
Basic		21,590		21,714		21,998		22,177		21,870		20,506		18,537		18,648		19,235
Diluted		21,590		21,972		21,998		22,554		21,870		20,854		18,763		18,819		19,471

MAXIMUS, Inc.

Segment Information - Income (loss) from Continuing Operations (1)

(Dollars in thousands)

(Unaudited)

	Dec. 31, 2006	Quarter Ended Mar. 31, 2007	Jun. 30, 2007	Sept. 30, 2007	Year Ended Sept. 30, 2007	Dec. 31, 2007	Quarter Ended Mar. 31, 2008	Jun. 30, 2008	Nine Months Ended Jun. 30, 2008
Revenue:									
Operations	\$ 102,830	\$ 121,391	\$ 140,277	\$ 142,988	\$ 507,486	\$ 146,807	\$ 160,982	\$ 157,917	\$ 465,706
Consulting	28,891	29,436	29,694	30,724	118,745	30,282	28,629	31,447	90,358
Total	131,721	150,827	169,971	173,712	626,231	177,089	189,611	189,364	556,064
Gross Profit:									
Operations	1,045	23,901	40,360	37,580	102,886	35,557	42,166	41,870	\$ 119,593
Consulting	11,856	10,987	12,067	9,928	44,838	10,727	9,697	10,918	31,342
Total	12,901	34,888	52,427	47,508	147,724	46,284	51,863	52,788	150,935
Selling, General, and Administrative expense:									
Operations	17,988	17,556	16,913	14,814	67,271	17,731	19,318	19,025	\$ 56,074
Consulting	9,638	9,449	9,988	8,015	37,090	8,948	9,201	9,656	27,805
Corporate/Other	(143)	(114)	124	404	271	359	243	268	870
Total	27,483	26,891	27,025	23,233	104,632	27,038	28,762	28,949	84,749
Income (loss) from Operations: (1)									
Operations	(16,943)	6,345	23,447	22,766	35,615	17,826	22,848	22,845	\$ 63,519
Consulting	2,218	1,538	2,079	1,913	7,748	1,779	496	1,262	3,537
Consolidating adjustments	143	114	(124)	(404)	(271)	(359)	(243)	(268)	(870)
Gain (gain adjustment) on sale of Corrections Services business	684		(233)		451				
Gain on sale of building								3,938	3,938
Legal and settlement expense	(3,000)	(6,104)	(33,010)	(2,324)	(44,438)		(931)	(700)	(1,631)
Consolidated total	\$ (16,898)	\$ 1,893	\$ (7,841)	\$ 21,951	\$ (895)	\$ 19,246	\$ 22,170	\$ 27,077	\$ 68,493
Operating margin (loss) percentage:									
Operations	-16.5%	5.2%	16.7%	15.9%	7.0%	12.1%	14.2%	14.5%	13.6%
Consulting	7.7%	5.2%	7.0%	6.2%	6.5%	5.9%	1.7%	4.0%	3.9%
Consolidated total	-12.8%	1.3%	-4.6%	12.6%	-0.1%	10.9%	11.7%	14.3%	12.3%

(1) Before income taxes.

MAXIMUS, Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

(Unaudited)

	FISCAL YEAR 2007				FISCAL YEAR 2008		
	Dec. 31, 2006	Mar. 31, 2007	Jun. 30, 2007	Sept. 30, 2007	Dec. 31, 2007	Mar. 31, 2008	Jun. 30, 2008
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 21,964	\$ 42,871	\$ 91,105	\$ 70,472	\$ 62,279	\$ 63,420	\$ 77,944
Marketable securities	141,811	134,409	123,737	126,210	50		
Restricted cash	312	324	323	325	325	327	327
Accounts receivable billed	106,113	101,609	98,229	111,210	100,387	104,131	113,160
Accounts receivable unbilled	14,811	17,173	18,501	19,782	27,860	33,029	33,078
Current portion of note receivable							733
Income taxes receivable	11,018	3,678	3,598			6,307	1,684
Deferred income taxes	10,690	13,704	13,932	17,409	11,267	9,490	10,255
Prepaid expenses and other current assets	7,619	7,741	6,082	8,087	6,725	8,550	8,153
Current assets of discontinued operations	46,816	47,836	44,844	45,242	41,754	38,708	31,355
Total current assets	361,154	369,345	400,351	398,737	250,647	263,962	276,689
Property and equipment, at cost	62,779	64,810	67,871	73,199	75,580	76,733	78,380
Less accumulated depreciation and amortization	(31,135)	(33,408)	(36,014)	(38,870)	(41,551)	(44,021)	(45,861)
Property and equipment, net	31,644	31,402	31,857	34,329	34,029	32,712	32,519
Capitalized software	12,727	13,340	14,054	14,848	15,768	16,886	18,567
Less accumulated amortization	(3,131)	(3,425)	(3,726)	(4,018)	(4,454)	(4,887)	(5,369)
Capitalized software, net	9,596	9,915	10,328	10,830	11,314	11,999	13,198
Deferred contract costs, net	9,758	8,482	8,368	8,116	7,712	6,273	5,435
Goodwill	62,309	62,309	62,376	62,376	62,376	62,376	62,376
Intangible assets, net	3,413						