

BARRETT BUSINESS SERVICES INC

Form 10-Q

November 09, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the Quarterly Period Ended September 30, 2010

Commission File No. 0-21886

BARRETT BUSINESS SERVICES, INC.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of

52-0812977
(IRS Employer

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incorporation or organization)

Identification No.)

8100 NE Parkway Drive, Suite 200

Vancouver, Washington
(Address of principal executive offices)

(360) 828-0700

98662
(Zip Code)

(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 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 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 (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer Accelerated filer

Non-accelerated filer 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

Number of shares of common stock, \$.01 par value, outstanding at October 29, 2010 was 10,201,222 shares.

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Part I - Financial Information

Item 1. Financial Statements

BARRETT BUSINESS SERVICES, INC.

Consolidated Balance Sheets

(Unaudited)

(In thousands, except per share amounts)

	September 30, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,261	\$ 36,671
Marketable securities	24,227	13,766
Trade accounts receivable, net	56,483	33,070
Income taxes receivable	3,898	4,274
Prepaid expenses and other	1,772	979
Deferred income taxes	4,271	4,071
Total current assets	108,912	92,831
Marketable securities	7,166	7,473
Property, equipment and software, net	14,929	14,795
Restricted marketable securities and workers' compensation deposits	9,305	2,666
Other assets	3,091	3,104
Workers' compensation receivables for insured losses and recoveries	3,610	3,865
Goodwill	47,820	47,338
	\$ 194,833	\$ 172,072
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,042	\$ 1,117
Accrued payroll, payroll taxes and related benefits	52,288	30,244
Other accrued liabilities	370	499
Workers' compensation claims liabilities	11,018	10,509
Safety incentives liability	4,753	4,437
Total current liabilities	69,471	46,806
Long-term workers' compensation claims liabilities	16,351	14,560
Long-term workers' compensation claims liabilities for insured claims	2,665	2,729
Deferred income taxes	6,322	6,323
Customer deposits and other long-term liabilities	1,451	1,527
Commitments and contingencies		

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Stockholders' equity:

Preferred stock, \$.01 par value; 500 shares authorized; no shares issued and outstanding		
Common stock, \$.01 par value; 20,500 shares authorized, 10,201 and 10,303 shares issued and outstanding	102	105
Additional paid-in capital	25,093	28,358
Accumulated other comprehensive income	176	256
Retained earnings	73,202	71,408
	98,573	100,127
	\$ 194,833	\$ 172,072

The accompanying notes are an integral part of these financial statements

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BARRETT BUSINESS SERVICES, INC.

Consolidated Statements of Operations

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended September 30,	
	2010	2009
Revenues:		
Staffing services	\$ 33,954	\$ 33,180
Professional employer service fees	39,922	32,314
Total revenues	73,876	65,494
Cost of revenues:		
Direct payroll costs	25,846	25,095
Payroll taxes and benefits	24,501	20,399
Workers compensation	9,473	7,859
Total cost of revenues	59,820	53,353
Gross margin	14,056	12,141
Selling, general and administrative expenses	9,156	8,416
Depreciation and amortization	341	422
Income from operations	4,559	3,303
Other income:		
Investment income, net	244	305
Other	344	660
Other income	588	965
Income before income taxes	5,147	4,268
Provision for income taxes	1,461	1,323
Net income	\$ 3,686	\$ 2,945
Basic earnings per share	\$.36	\$.28
Weighted average number of basic shares outstanding	10,217	10,475
Diluted earnings per share	\$.36	\$.28
Weighted average number of diluted shares outstanding	10,251	10,559

The accompanying notes are an integral part of these financial statements

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BARRETT BUSINESS SERVICES, INC.

Consolidated Statements of Operations

(Unaudited)

(In thousands, except per share amounts)

	Nine Months Ended September 30,	
	2010	2009
Revenues:		
Staffing services	\$ 92,991	\$ 85,224
Professional employer service fees	106,577	88,607
Total revenues	199,568	173,831
Cost of revenues:		
Direct payroll costs	70,519	64,291
Payroll taxes and benefits	71,990	62,460
Workers compensation	25,881	33,473
Total cost of revenues	168,390	160,224
Gross margin	31,178	13,607
Selling, general and administrative expenses	25,787	24,792
Depreciation and amortization	1,051	1,218
Income (loss) from operations	4,340	(12,403)
Other income:		
Investment income, net	645	794
Other	608	579
Other income	1,253	1,373
Income (loss) before income taxes	5,593	(11,030)
Provision for (benefit from) income taxes	1,315	(4,069)
Net income (loss)	\$ 4,278	\$ (6,961)
Basic earnings (loss) per share	\$.41	\$ (.67)
Weighted average number of basic shares outstanding	10,376	10,442
Diluted earnings (loss) per share	\$.41	\$ (.67)

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Weighted average number of diluted shares outstanding	10,410	10,442
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The accompanying notes are an integral part of these financial statements

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BARRETT BUSINESS SERVICES, INC.

Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

	Nine Months Ended September 30,	
	2010	2009
Cash flows from operating activities:		
Net income (loss)	\$ 4,278	\$ (6,961)
Reconciliations of net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,051	1,218
Gains recognized on marketable securities	(399)	(580)
Gain recognized on sale and leaseback	(92)	(92)
Deferred income taxes	(148)	(1,159)
Share based compensation	137	75
Changes in certain assets and liabilities, net of amounts purchased in acquisitions:		
Trade accounts receivable, net	(23,413)	(11,805)
Income taxes receivable	376	(4,445)