

BARRETT BUSINESS SERVICES INC
Form 10-Q
August 10, 2009
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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 June 30, 2009

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 July 31, 2009 was 10,356,908 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)

	June 30, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 27,137	\$ 42,214
Marketable securities	13,114	17,968
Trade accounts receivable, net	41,466	34,389
Income taxes receivable	2,555	
Prepaid expenses and other	2,796	1,440
Deferred income taxes	3,781	2,373
Workers' compensation receivables for insured claims	225	225
Total current assets	91,074	98,609
Marketable securities	11,184	427
Goodwill, net	47,338	47,338
Property, equipment and software, net	15,265	15,503
Restricted marketable securities and workers' compensation deposits	3,283	2,701
Other assets	1,639	1,645
Workers' compensation receivables for insured losses and recoveries	3,626	3,837
	\$ 173,409	\$ 170,060

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 876	\$ 881
Accrued payroll, payroll taxes and related benefits	38,851	32,296
Other accrued liabilities	453	902
Workers' compensation claims liabilities	11,299	7,186
Workers' compensation claims liabilities for insured claims	225	225
Safety incentives liability	4,593	4,626
Total current liabilities	56,297	46,116
Customer deposits	626	706
Long-term workers' compensation claims liabilities	13,667	5,235
Long-term workers' compensation claims liabilities for insured claims	2,366	2,438
Deferred income taxes	2,946	4,394
Deferred gain on sale and leaseback	488	549
Commitments and contingencies		

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Stockholders' equity:		
Preferred stock, \$.01 par value; 500,000 shares authorized; no shares issued and outstanding		
Common stock, \$.01 par value; 20,500 shares authorized, 10,357 and 10,583 shares issued and outstanding	104	106
Additional paid-in capital	28,849	30,959
Other comprehensive income	113	25
Retained earnings	67,953	79,532
	97,019	110,622
	\$ 173,409	\$ 170,060

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 June 30,	
	2009	2008
Revenues:		
Staffing services	\$ 28,002	\$ 40,604
Professional employer service fees	29,263	31,579
Total revenues	57,265	72,183
Cost of revenues:		
Direct payroll costs	21,127	29,943
Payroll taxes and benefits	19,434	20,721
Workers compensation	18,927	7,465
Total cost of revenues	59,488	58,129
Gross margin	(2,223)	14,054
Selling, general and administrative expenses	8,336	9,165
Depreciation and amortization	410	382
(Loss) income from operations	(10,969)	4,507
Other income:		
Investment income, net	239	535
Other	54	52
Other income	293	587
(Loss) income before income taxes	(10,676)	5,094
(Benefit from) provision for income taxes	(3,944)	1,844
Net (loss) income	\$ (6,732)	\$ 3,250
Basic (loss) earnings per share	\$ (.65)	\$.30
Weighted average number of basic shares outstanding	10,355	10,937
Diluted (loss) earnings per share	\$ (.65)	\$.29

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Weighted average number of diluted shares outstanding

10,355

11,221

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)

	Six Months Ended June 30,	
	2009	2008
Revenues:		
Staffing services	\$ 52,044	\$ 76,423
Professional employer service fees	56,293	61,954
Total revenues	108,337	138,377
Cost of revenues:		
Direct payroll costs	39,196	56,326
Payroll taxes and benefits	42,061	45,166
Workers compensation	25,614	14,269
Total cost of revenues	106,871	115,761
Gross margin	1,466	22,616
Selling, general and administrative expenses	16,376	17,834
Depreciation and amortization	796	758
(Loss) income from operations	(15,706)	4,024
Other income:		
Investment income, net	489	1,173
Other	(81)	40
Other income	408	1,213
(Loss) income before income taxes	(15,298)	5,237
(Benefit from) provision for income taxes	(5,392)	1,896
Net (loss) income	\$ (9,906)	\$ 3,341
Basic (loss) earnings per share	\$ (.95)	\$.30
Weighted average number of basic shares outstanding	10,426	11,012
Diluted (loss) earnings per share	\$ (.95)	\$.30

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Weighted average number of diluted shares outstanding	10,426	11,322
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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)

	Six Months Ended June 30,	
	2009	2008
Cash flows from operating activities:		
Net (loss) income	\$ (9,906)	\$ 3,341
Reconciliations of net (loss) income to net cash provided by (used in) operating activities:		
Depreciation and amortization	796	758
Losses (gains) recognized on marketable securities	80	(42)
Purchase of marketable securities		(31)
Gain recognized on sale and leaseback	(61)	(61)
Deferred income taxes	(2,911)	2
Share based compensation	50	
Changes in certain assets and liabilities, net of amounts purchased in acquisitions:		
Trade accounts receivable, net	(7,077)	(8,623)
Income taxes receivable	(2,555)	
Prepaid expenses and other	(1,356)	342
Accounts payable	(5)	(304)
Accrued payroll, payroll taxes and related benefits	6,555	4,302
Income taxes payable		527
Other accrued liabilities	(449)	(351)
Workers' compensation claims liabilities	12,684	2,225
Safety incentives liability	(33)	(1,248)
Customer deposits and other assets, net	(100)	(101)
Net cash (used in) provided by operating activities	(4,288)	736
Cash flows from investing activities:		
Cash paid for acquisitions, including other direct costs		(3,838)
Purchase of property and equipment, net of amounts purchased in acquisitions	(532)	(441)
Proceeds from sales and maturities of marketable securities	8,169	72,378
Purchase of marketable securities	(14,009)	(55,356)
Proceeds from maturities of restricted marketable securities	1,982	1,693
Purchase of restricted marketable securities	(2,564)	(2,839)
Net cash (used in) provided by investing activities	(6,954)	11,597
Cash flows from financing activities:		
Proceeds from credit-line borrowings	323	5,040
Payments on credit-line borrowings	(323)	(5,040)
Proceeds from exercise of stock options	19	221
Dividends paid	(1,673)	(1,752)
Repurchase of common stock	(2,194)	(3,997)