

AUTOMATIC DATA PROCESSING INC

Form 10-Q

November 04, 2010

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 September 30, 2010

OR

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

For the Transition Period From to

Commission File Number 1-5397

AUTOMATIC DATA PROCESSING, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

22-1467904
(IRS Employer Identification No.)

One ADP Boulevard, Roseland, New Jersey
(Address of principal executive offices)

07068
(Zip Code)

Registrant's telephone number, including area code: (973) 974-5000

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

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(§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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a 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

The number of shares outstanding of the registrant’s common stock as of October 29, 2010 was 493,211,855.

Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Automatic Data Processing, Inc. and Subsidiaries
 Statements of Consolidated Earnings
 (In millions, except per share amounts)
 (Unaudited)

	Three Months Ended September 30,	
	2010	2009
REVENUES:		
Revenues, other than interest on funds held for clients and PEO revenues	\$1,763.7	\$1,674.3
Interest on funds held for clients	126.8	127.9
PEO revenues (A)	338.9	293.9
TOTAL REVENUES	2,229.4	2,096.1
EXPENSES:		
Costs of revenues:		
Operating expenses	1,116.7	1,003.5
Systems development and programming costs	134.9	125.7
Depreciation and amortization	60.3	60.3
TOTAL COSTS OF REVENUES	1,311.9	1,189.5
Selling, general and administrative expenses	515.6	491.5
Interest expense	2.7	3.2
TOTAL EXPENSES	1,830.2	1,684.2
Other (income) expense, net	(37.2)	(33.7)
EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	436.4	445.6
Provision for income taxes	157.9	162.7
NET EARNINGS FROM CONTINUING OPERATIONS	\$278.5	\$282.9
Earnings from discontinued operations, net of provision for income taxes of \$0.5 for the three months ended September 30, 2009	-	1.2
NET EARNINGS	\$278.5	\$284.1
Basic Earnings Per Share from Continuing Operations	\$0.57	\$0.56
Basic Earnings Per Share from Discontinued Operations	-	-
BASIC EARNINGS PER SHARE	\$0.57	\$0.57
Diluted Earnings Per Share from Continuing Operations	\$0.56	\$0.56

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Diluted Earnings Per Share from Discontinued Operations	-	-
DILUTED EARNINGS PER SHARE	\$0.56	\$0.56
Basic weighted average shares outstanding	491.4	501.4
Diluted weighted average shares outstanding	494.9	503.7
Dividends declared per common share	\$0.3400	\$0.3300

(A) Professional Employer Organization (“PEO”) revenues are net of direct pass-through costs, primarily consisting of payroll wages and payroll taxes, of \$3,351.3 and \$2,801.1 for the three months ended September 30, 2010 and 2009, respectively.

See notes to the consolidated financial statements.

Automatic Data Processing, Inc. and Subsidiaries
Consolidated Balance Sheets
(In millions, except per share amounts)
(Unaudited)

	September 30, 2010	June 30, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$1,176.7	\$1,643.3
Short-term marketable securities	40.4	27.9
Accounts receivable, net	1,161.5	1,127.7
Other current assets	638.0	673.4
Assets held for sale	12.3	11.8
Total current assets before funds held for clients	3,028.9	3,484.1
Funds held for clients	22,650.3	18,832.6
Total current assets	25,679.2	22,316.7
Long-term marketable securities	99.1	104.3
Long-term receivables, net	126.9	129.4
Property, plant and equipment, net	664.9	673.8
Other assets	835.6	712.3
Goodwill	2,789.1	2,383.3
Intangible assets, net	684.1	542.4
Total assets	\$30,878.9	\$26,862.2
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$132.3	\$150.0
Accrued expenses and other current liabilities	697.4	771.0
Accrued payroll and payroll-related expenses	388.4	448.5
Dividends payable	164.1	164.5