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 (Date of earliest event reported): February 16, 2017

CBIZ, INC.
(Exact name of registrant as specified in its charter)

Delaware	1-32961	22-2769024
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

6050 Oak Tree Boulevard, South, Suite 500
Cleveland, Ohio 44131
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: 216-447-9000
(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 (see General Instruction A.2. below):

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

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

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

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

Item 2.02 Results of Operations and Financial Condition.

On February 16, 2017, CBIZ, Inc. (the "Company") issued a press release announcing its financial results for the three and twelve months ended December 31, 2016. A copy of the press release is furnished herewith as Exhibit 99.1. A transcript of CBIZ's earnings conference call held on February 16, 2017 is furnished herewith as Exhibit 99.2. The exhibits contain, and may implicate, forward-looking statements regarding the Company and include cautionary statements identifying important factors that could cause actual results to differ materially from those anticipated.

The Company typically states same-unit revenue growth for the Financial Services and the Benefits and Insurance Services practice groups for both quarter and full-year periods in its quarterly conference call. This information was inadvertently not stated for the Benefits and Insurance practice group on the conference call held February 16, 2017. The same-unit revenue growth for the Benefits and Insurance Services practice group was (1.3%) for the fourth-quarter, and (2.5%) for the full-year, 2016.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press Release of CBIZ, Inc. dated February 16, 2017, announcing its financial results for the three and twelve months ended December 31, 2016.

99.2 Transcript of earnings conference call held on February 16, 2017, discussing CBIZ's financial results for the three and twelve months ended December 31, 2016.

SIGNATURES

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.

Dated: February 21, 2017

CBIZ, INC.

By:	/s/ Ware H. Grove
Name:	Ware H. Grove
Title:	Chief Financial Officer

PRESS release

FOR IMMEDIATE RELEASE

CONTACT: **Ware Grove**
Chief Financial Officer
-or-
Lori Novickis
Director, Corporate Relations
CBIZ, Inc.
Cleveland, Ohio
(216) 447-9000

CBIZ REPORTS FOURTH-QUARTER AND FULL-YEAR 2016 RESULTS

FOURTH-QUARTER HIGHLIGHTS:

- REVENUE +8.7%
- SAME-UNIT REVENUE +2.9%
- EPS FROM CONTINUING OPERATIONS ($0.01) vs. ($0.02)

FULL-YEAR HIGHLIGHTS:

- REVENUE +6.6%
- SAME-UNIT REVENUE +2.6%
- EPS FROM CONTINUING OPERATIONS $0.76 vs. $0.66; +15.2%

CLEVELAND (February 16, 2017) – CBIZ, Inc. (NYSE: CBZ) today announced financial results for the fourth quarter and year ended December 31, 2016.

For the 2016 fourth quarter, CBIZ reported revenue of $178.8 million, an increase of $14.4 million, or 8.7%, over the $164.4 million reported in the fourth quarter of 2015. Same-unit revenue increased by $4.8 million, or 2.9%, for the quarter, compared with the same period a year ago. Newly acquired operations, net of divestitures, contributed $9.6 million, or 5.8%, to revenue in the quarter. CBIZ reported a loss from continuing operations of $0.6 million, or $0.01 per diluted share in the 2016 fourth quarter, compared with a loss of $0.8 million, or $0.02 per diluted share, for the same period a year ago. Adjusted EBITDA for the fourth quarter was $5.4 million, compared with $3.5 million for the fourth quarter of 2015.

For the full-year 2016, CBIZ reported revenue of $799.8 million, an increase of $49.4 million, or 6.6%, over the $750.4 million recorded for 2015. Same-unit revenue increased by $19.5 million, or 2.6%, compared with the same period a year ago. Acquisitions, net of divestitures, contributed $29.9 million, or 4.0%, to revenue growth. Income from continuing operations was $40.6 million, or $0.76 per diluted share, for 2016, compared with $35.0 million, or $0.66 per diluted share, for the same period a year ago. Adjusted EBITDA was $94.8 million, compared with $87.0 million for 2015.

Jerry Grisko, CBIZ President and Chief Executive Officer, said, “2016 was another strong year for CBIZ. Our full-year results of 6.6% growth in revenue and 15.2% growth in earnings per diluted share were ahead of our expectations. These results were bolstered by a strong fourth quarter, with revenue growth of 8.7%, and same-unit revenue growth of 2.9%. The positive results recorded in our Financial Services segment reflect continued strength in both government healthcare consulting and our core accounting services, while the growth in our Benefits and Insurance segment was driven primarily by acquisitions.”

Grisko continued, “We completed two acquisitions during the fourth quarter, Actuarial Consultants, Inc., of Torrance, CA, which further enhances our position as a leading national provider of retirement planning services, and The Seff Group, which strengthens our financial services offerings in Denver, CO. We are pleased with the performance of our acquisition activity to date, as the six acquisitions we closed during 2016 are expected to contribute approximately $41.0 million to annualized revenue. With our strong cash flow and current acquisition pipeline, we intend to continue to make strategic acquisitions that broaden our geographic footprint and enhance the services we provide to our clients.”

2017 Outlook

For 2017, CBIZ expects total revenue growth within a range of 6% to 8%, and income from continuing operations to grow within a range of 12% to 14%. Fully-diluted weighted average share count is expected to increase to approximately 55.5 million shares in 2017, and as a result, earnings per diluted share is expected to increase within a range of 8% to 10% over the $0.76 reported for 2016.

Conference Call

CBIZ will host a conference call at 11:00 a.m. (ET) today to discuss its results. The call will be webcast live for the media and the public, and can be accessed at www.cbiz.com. Shareholders and analysts who would like to participate in the call can register at http://dpregister.com/10100437 to receive the dial-in number and unique personal identification number. Participants may register at any time, including up to and after the call start time.

A replay of the webcast will be made available approximately two hours following the call on the Company’s web site at www.cbiz.com. For those without Internet access, a replay of the call will also be available starting at approximately 1:00 p.m. (ET), February 16, through 5:00 p.m. (ET), February 20, 2017. The toll-free dial-in number for the replay is 1-877-344-7529. If you are listening from outside the United States, dial 1-412-317-0088. The access code for the replay is 10100437.

About CBIZ

CBIZ, Inc. provides professional business services that help clients better manage their finances, employees and insurance needs. CBIZ provides its clients with financial services including accounting, tax, financial advisory, government healthcare consulting, risk advisory, and valuation services. Benefits and Insurance services include employee benefits consulting, property and casualty insurance, retirement plan consulting, payroll, and HR consulting. As one of the largest accounting, insurance brokerage and valuation companies in the United States, the Company’s services are provided through more than 100 Company offices in 33 states.

Forward-looking statements in this release are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, but are not limited to, the Company's ability to adequately manage and sustain its growth; the Company's dependence on the current trend of outsourcing business services; the Company's dependence on the services of its CEO and other key employees; competitive pricing pressures; general business and economic conditions; and changes in governmental regulation and tax laws affecting the Company's insurance business or its business services operations. A more detailed description of such risks and uncertainties may be found in the Company's filings with the Securities and Exchange Commission.

CBIZ, INC.
FINANCIAL HIGHLIGHTS (UNAUDITED)
THREE MONTHS ENDED DECEMBER 31, 2016 AND 2015
(In thousands, except percentages and per share data)

	THREE MONTHS ENDED DECEMBER 31,			
	2016	%	2015	%
Revenue	$178,785	100.0%	$164,412	100.0%
Operating expenses (1) (2)	171,544	95.9%	159,914	97.3%
Gross margin	7,241	4.1%	4,498	2.7%
Corporate general and administrative expenses (1)	9,049	5.1%	8,019	4.8%
Operating loss	(1,808)	-1.0%	(3,521)	-2.1%
Other income (expense):				
Interest expense	(1,574)	-0.9%	(1,237)	-0.7%
Gain (loss) on sale of operations, net	375	0.2%	(22)	0.0%
Other income, net (1) (3)	1,475	0.8%	1,780	1.0%
Total other income, net	276	0.1%	521	0.3%
Loss from continuing operations before income tax expense	(1,532)	-0.9%	(3,000)	-1.8%
Income tax benefit	(967)		(2,226)	
Loss from continuing operations	(565)	-0.3%	(774)	-0.5%
Loss from operations of discontinued businesses, net of tax	(121)		(1,097)	
Loss on disposal of discontinued businesses, net of tax	—		(35)	
Net loss	$ (686)	-0.4%	$ (1,906)	-1.2%
Diluted loss per share:				
Continuing operations .	$ (0.01)		$ (0.02)	
Discontinued operations	—		(0.02)	
Net loss	$ (0.01)		$ (0.04)	
Diluted weighted average common shares outstanding	53,019		51,669	
Other data from continuing operations:				
Adjusted EBITDA (4)	$ 5,406		$ 3,480	

(1) CBIZ sponsors a deferred compensation plan, under which a CBIZ employee's compensation deferral is held in a rabbi trust and invested accordingly as directed by the employee. Income and expenses related to the deferred compensation plan are included in "Operating expenses" ($0.9 million expense in 2016 and $2.0 million expense in 2015, or (0.5%) and (1.2%) of revenue, respectively) and "Corporate general and administrative expenses" ($0.1 million expense in 2016 and $0.3 million of expense in 2015, or (0.1%) and (0.2%) of revenue, respectively) and are directly offset by deferred compensation gains or losses in "Other income, net" ($1.0 million income in 2016 and $2.3 million income in 2015, or 0.6% and 1.4% of revenue, respectively). The deferred compensation plan has no impact on "Loss from continuing operations before income tax expense".

(2) "Operating expenses" for both the fourth quarter of 2016 and 2015 include a reduction of $0.9 million related to state payroll tax incentives associated with an office relocation. During the fourth quarter of 2015, the Company recorded the incentives associated with the office relocation to "Other income, net." These incentives were reclassified from "Other income, net" to "Operating expenses" to align the incentives with the expenses associated with the office relocation. This reclassification had no impact on "Loss from continuing operations" or diluted loss per share from continuing operations.

(3) Included in "Other income, net" for the three months ended December 31, 2016 and 2015, is income of $0.4 million and expense of $0.2 million, respectively, related to net decreases/increases in the fair value of contingent consideration related to CBIZ's prior acquisitions.

(4) Refer to the financial highlights tables for a reconciliation of Non-GAAP financial measures to the nearest generally accepted accounting principles ("GAAP") financial measure, and for additional information as to the usefulness of the Non-GAAP financial measures to shareholders and investors.

CBIZ, INC.
FINANCIAL HIGHLIGHTS (UNAUDITED)
TWELVE MONTHS ENDED DECEMBER 31, 2016 AND 2015
(In thousands, except percentages and per share data)

	TWELVE MONTHS ENDED DECEMBER 31,			
	2016	%	2015	%
Revenue	$799,832	100.0%	$750,422	100.0%
Operating expenses (1) (2)	697,726	87.2%	652,391	86.9%
Gross margin	102,106	12.8%	98,031	13.1%
Corporate general and administrative expenses (1)	36,319	4.6%	32,527	4.4%
Operating income	65,787	8.2%	65,504	8.7%
Other income (expense):				
Interest expense	(6,593)	-0.8%	(8,902)	-1.2%
Gain on sale of operations, net	855	0.1%	84	0.0%
Other income, net (1) (3)	6,957	0.9%	1,146	0.2%
Total other income (expense), net	1,219	0.2%	(7,672)	-1.0%
Income from continuing operations before income tax expense	67,006	8.4%	57,832	7.7%
Income tax expense	26,399		22,829	
Income from continuing operations	40,607	5.1%	35,003	4.7%
Loss from operations of discontinued businesses, net of tax	(542)		(2,323)	
Gain on disposal of discontinued businesses, net of tax	—		1,427	
Net income	$ 40,065	5.0%	$ 34,107	4.5%
Diluted earnings (loss) per share:				
Continuing operations	$ 0.76		$ 0.66	
Discontinued operations	(0.01)		(0.01)	
Net income	$ 0.75		$ 0.65	
Diluted weighted average common shares outstanding	53,513		52,693	
Other data from continuing operations:				
Adjusted EBITDA (4)	$ 94,842		$ 87,039	

(1) CBIZ sponsors a deferred compensation plan, under which a CBIZ employee's compensation deferral is held in a rabbi trust and invested accordingly as directed by the employee. Income and expenses related to the deferred compensation plan are included in "Operating expenses" ($4.6 million expense in 2016 and $0.6 million income in 2015, or (0.6%) and 0.1% of revenue, respectively) and "Corporate general and administrative expenses" ($0.7 million expense in 2016 and $0.1 million income in 2015, or (0.1%) and 0.0% of revenue, respectively) and are directly offset by deferred compensation gains or losses in "Other income, net" ($5.3 million income in 2016 and $0.7 million expense in 2015, or 0.7% and (0.1%) of revenue, respectively). The deferred compensation plan has no impact on "Income from continuing operations before income tax expense."

(2) "Operating expenses" for the twelve months ended December 31, 2016 include a reduction of $3.2 million related to state payroll tax incentives associated with an office relocation. For the twelve months ended December 31, 2015, the Company recorded incentives associated with the office relocation of $1.6 million which were recorded in "Other income, net." These incentives were reclassified from "Other income, net" to "Operating expenses" to align the incentives with the expenses associated with the office relocation. This reclassification had no impact on "Income from continuing operations" or diluted earnings per share from continuing operations.

(3) Included in "Other income, net" is income of $1.3 million and $2.9 million at December 31, 2016 and 2015, respectively, related to net decreases in the fair value of contingent consideration related to CBIZ's prior acquisitions. During the twelve months ended December 31, 2015, CBIZ recorded a non-operating charge of $0.8 million from the early retirement of $49.3 million face value of its 2010 Notes that matured on October 1, 2015.

(4) Refer to the financial highlights tables for a reconciliation of Non-GAAP financial measures to the nearest generally accepted accounting principles ("GAAP") financial measure, and for additional information as to the usefulness of the Non-GAAP financial measures to shareholders and investors.

CBIZ, INC.
FINANCIAL HIGHLIGHTS (UNAUDITED)
(In thousands)

SELECT SEGMENT DATA

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Revenue				
Financial Services	$103,195	$ 97,539	$501,307	$476,396
Benefits and Insurance Services	67,816	59,525	267,606	244,493
National Practices	7,774	7,348	30,919	29,533
Total	**$178,785**	**$164,412**	**$799,832**	**$750,422**
Gross Margin				
Financial Services	$ (2,960)	$ (1,226)	$ 69,053	$ 65,071
Benefits and Insurance Services	11,980	10,911	44,119	42,355
National Practices	854	825	3,222	3,116
Operating expenses - unallocated (1):				
Other	(1,734)	(3,971)	(9,722)	(13,064)
Deferred compensation	(899)	(2,041)	(4,566)	553
Total	**$ 7,241**	**$ 4,498**	**$102,106**	**$ 98,031**

(1) Represents operating expenses not directly allocated to individual businesses, including stock-based compensation, consolidation and integration charges and certain advertising expenses. “Operating expenses—unallocated” also include gains or losses attributable to the assets held in the Company’s deferred compensation plan. These gains or losses do not impact “Income from continuing operations before income tax expense” as they are directly offset by the same adjustment to “Other income (expense), net” in the Consolidated Statements of Comprehensive Income. Net gains/losses recognized from adjustments to the fair value of the assets held in the deferred compensation plan are recorded as compensation expense in “Operating expenses” and as income in “Other income (expense), net.”

CBIZ, INC.
SELECT CASH FLOW DATA
(In thousands)

	TWELVE MONTHS ENDED DECEMBER 31,	
	2016	2015
Net income	**$ 40,065**	**$ 34,107**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	22,098	20,389
Amortization of discount on notes and deferred financing costs	523	2,271
Bad debt expense, net of recoveries	4,090	5,658
Adjustments to contingent earnout liability	(1,342)	(2,853)
Employee stock awards	5,725	5,729
Other adjustments	3,756	2,575
Net income, after adjustments to reconcile net income to net cash provided by operating activities	**74,915**	**67,876**
Changes in assets and liabilities, net of acquisitions and divestitures	(4,260)	(21,480)
Operating cash flows provided by continuing operations	70,655	46,396
Operating cash flows provided by discontinued operations	387	990
Net cash provided by operating activities	**71,042**	**47,386**
Net cash used in investing activities	**(50,014)**	**(6,949)**
Net cash used in financing activities	**(18,384)**	**(40,566)**
Net increase (decrease) in cash and cash equivalents	**$ 2,644**	**$ (129)**

CBIZ, INC.

SELECT FINANCIAL DATA AND RATIOS

(In thousands)

	DECEMBER 31, 2016	DECEMBER 31, 2015
Cash and cash equivalents	$ 3,494	$ 850
Restricted cash	27,880	24,860
Accounts receivable, net	175,354	153,608
Current assets before funds held for clients	228,135	200,983
Funds held for clients - current and non-current	213,457	171,497
Goodwill and other intangible assets, net	584,401	535,653
Total assets	**$ 1,118,588**	**$ 996,331**
Current liabilities before client fund obligations	$ 125,592	$ 99,735
Client fund obligations	213,855	171,318
Notes payable - long-term	1,721	—
Bank debt (1)	190,049	203,931
Convertible notes - non-current	—	750
Total liabilities	**$ 638,567**	**$ 568,383**
Treasury stock	$ (471,311)	$ (462,167)
Total stockholders' equity	**$ 480,021**	**$ 427,948**
Debt to equity (2)	40.2%	47.8%
Days sales outstanding (DSO) - continuing operations (3)	76	72
Shares outstanding	54,044	52,953
Basic weighted average common shares outstanding	52,321	50,280
Diluted weighted average common shares outstanding	53,513	52,693

(1) Effective January 1, 2016, CBIZ adopted Accounting Standards Update ("ASU") 2015-03 and ASU 2015-15, "Interest—Imputation of Interest" which requires that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Upon the adoption of ASU 2015-03 and ASU 2015-15, the carrying amount of bank debt at December 31, 2015 has been retrospectively adjusted from $205.8 million to $203.9 million.

(2) Ratio is calculated as bank debt, notes payable and convertible notes divided by total stockholders' equity. Upon the adoption of ASU 2015-03 and ASU 2015-15, the Company retrospectively adjusted the debt to equity ratio at December 31, 2015 from 48.3% to 47.8%.

(3) DSO is provided for continuing operations and represents accounts receivable, net at the end of the period, divided by trailing twelve month daily revenue. The Company has included DSO data because such data is commonly used as a performance measure by analysts and investors and as a measure of the Company's ability to collect on receivables in a timely manner. DSO should not be regarded as an alternative or replacement to any measurement of performance under GAAP.

CBIZ, INC.

GAAP RECONCILIATION

Income from Continuing Operations to Non-GAAP Financial Measures (1)

(In thousands)

	THREE MONTHS ENDED DECEMBER 31, 2016	THREE MONTHS ENDED DECEMBER 31, 2015	TWELVE MONTHS ENDED DECEMBER 31, 2016	TWELVE MONTHS ENDED DECEMBER 31, 2015
(Loss) income from continuing operations	**$ (565)**	**$ (774)**	**$ 40,607**	**$ 35,003**
Interest expense	1,574	1,237	6,593	8,902
Income tax (benefit) expense	(967)	(2,226)	26,399	22,829
(Gain) loss on sale of operations, net	(375)	22	(855)	(84)
Depreciation	1,355	1,372	5,378	5,658
Amortization	4,384	3,849	16,720	14,731
Adjusted EBITDA	**$ 5,406**	**$ 3,480**	**$ 94,842**	**$ 87,039**

(1) CBIZ reports its financial results in accordance with GAAP. This table reconciles Non-GAAP financial measures to the nearest GAAP financial measure, "(Loss) income from continuing operations". Adjusted EBITDA is not defined by GAAP and should not be regarded as an alternative or replacement to any measurement of performance or cash flow under GAAP. Adjusted EBITDA is commonly used by the Company, its shareholders and debt holders to evaluate, assess and benchmark the Company's operational results and to provide an additional measure with respect to the Company's ability to meet future debt obligations.

Exhibit 99.2

TRANSCRIPT OF EARNINGS CONFERENCE CALL HELD ON FEBRUARY 16, 2017

CORPORATE PARTICIPANTS

Lori Novickis *CBIZ Inc. - Director of Corporate Relations*

Jerry Grisko *CBIZ Inc. - President and CEO*

Ware Grove *CBIZ Inc. - CFO*

CONFERENCE CALL PARTICIPANTS

Jim MacDonald *First Analysis Securities Corporation - Analyst*

Michael Colonnese *Sidoti & Company - Analyst*

PRESENTATION

Operator

Good morning, and welcome to the CBIZ Fourth-Quarter and Full-Year 2016 Results Conference Call. (Operator Instructions) Please note, this event is being recorded.

I would now like to turn the conference over to Lori Novickis, Director of Corporate Relations. Please go ahead.

Lori Novickis - ***CBIZ Inc.*** - ***Director of Corporate Relations***

Thank you, Anita. Good morning, everyone, and thank you for joining us for the CBIZ Fourth-Quarter and Full-Year 2016 Results Conference Call. In connection with this call, today's press release has been posted on the Investor Relations page of our website, www.cbiz.com. This call is being webcast. A link to the live webcast as well as the replay can also be found on our website.

Before we begin our presentation, we would like to remind you that during the call, management may discuss certain non-GAAP financial measures. A reconciliation of these measures to comparable GAAP measures can be found in the financial tables of today's press release.

Finally, remember that management may also make forward-looking statements. Such statements are based on current information and management's expectations as of this date and do not guarantee future performance. Forward-looking statements involve certain risks, uncertainties and assumptions that can be difficult to predict. Actual results can and sometimes do differ materially. A more detailed description of such risks and uncertainties can be found in the company's filings with the Securities and Exchange Commission.

Joining us for today's call are Jerry Grisko, President and CEO; and Ware Grove, Chief Financial Officer. I will now turn the call over to Jerry Grisko for his opening remarks. Jerry?

Jerry Grisko - ***CBIZ Inc.*** - ***President and CEO***

Thank you, Lori, good morning, everyone. 2016 was another good year for CBIZ, and we're very pleased with the results that we reported earlier this morning for the fourth quarter and for the full year.

For the year and for the quarter, we reported continued strong growth in revenue, an improvement in pretax margin and growth in earnings per share. Our full year revenue was in line with expectations, and our income from continuing operations exceeded the high end of our guidance.

Total revenue for the fourth quarter was up 8.7%, with same-unit revenue growth of 2.9% compared with the same period a year ago. The fourth quarter is typically a seasonally weaker quarter for us. And for the most recent quarter, we recorded a small loss of $0.01 per share, which compares favorably to the loss of $0.02 a share that we recorded in the fourth quarter of 2015.

Total revenue for the full year 2016 was up 6.6% over the same period a year ago, with 2.6% representing organic revenue growth. We are very pleased to report an improvement of 70 basis points in margin on pretax income from continuing operations. And we are also pleased to report a 15.2% increase in fully diluted earnings per share, that being $0.76 per share for the full year of 2016 compared with the $0.66 per share reported a year ago.

We are particularly pleased with the strong results recorded by our Financial Services group. Total revenue within this group increased by 5.2% for the full year, with same-unit revenue up 5.1% compared to the prior year. For the fourth quarter, total revenue increased by 5.8%, with same-unit revenue growing by 5.3%. Strong growth within this group was recorded both within our core tax and accounting service lines and within our government healthcare consulting business. For the full year, the gross margin for the Financial Services group improved by 10 basis points.

Within our core tax and accounting business, we increased our staffing levels in the latter part of 2015, which allowed us to capitalize on an increase in demand for our services throughout the busy season and record strong revenue growth in the first two quarters of the year. With increased staffing levels, our challenge was to utilize that staff during the second half of the year when client demand for tax and accounting work is typically lower than the first half. Fortunately, improved demand for our consulting and advisory services allowed us to continue to record strong revenue growth throughout the second half of 2016 as well, and our current staffing levels position us to continue to grow into 2017.

Our government healthcare consulting business had another strong year as well, recording revenue growth at high single-digit rates. As the leading provider of consulting services to state Medicaid programs, we continue to expand the scope of our services within the states that we currently serve, and we're beginning to provide Medicare-related services to the federal government as well. As a reminder, the majority of these engagement run for multiple years, and we have a very active process focused on the renewal of engagements and the pursuit of new opportunities.

Turning to the Benefits and Insurance Services segment. We are now referring to what was previously known as Employee Services as Benefits and Insurance Services. We believe this better describes the breadth of products and services that we provide to our clients. Total revenue for our Benefits and Insurance segment increased by 13.9% in the fourth quarter. As we've discussed, our growth from this group throughout 2016 has primarily come from acquisitions.

As we also discussed in our third quarter earnings call, organic growth within this group was negatively impacted in 2016 by a number of factors, including lower contingent commissions, reduced production from a few of our historic top performers and less favorable retention rates caused in part by the sale of a number of our large clients. We have taken corrective actions throughout the year, and we're encouraged by the improvements in organic revenue and profitability that we observed in the fourth quarter.

Also on a positive note, we experienced strong growth within our payroll business during 2016. And while it's in its early stages, we're encouraged by the reception from our clients and prospects when we go to market with an integrated offering of payroll, group health benefits and technology.

Also, during the past 18 months, we have been very active with the acquisition activity within our Benefits and Insurance segment. These acquisitions have provided us with a stronger national presence in the retirement plan services business, strengthen our payroll business and strengthen our employee benefits services. All of which are strategically important to us.

Looking to 2017, we expect continued softness in the property and casualty market. But overall, we expect to report organic revenue growth for the Benefits and Insurance segment.

With these comments, let me turn it over to Ware Grove, our Chief Financial Officer, to highlight some additional information for you. Ware?

Ware Grove - *CBIZ Inc. - CFO*

Yes. Thank you, Jerry, and good morning, everyone. Let me reiterate that we are pleased with the results that we reported for the fourth quarter and year-ended December 31, 2016. We think that generally favorable economic conditions will continue, and we look for continued progress in growing revenue and expanding margins as we turn to 2017.

As Jerry mentioned, we closed six acquisitions during 2016 that are expected to contribute approximately $41 million to annual revenue. Spending on acquisitions for the full year was approximately $51 million, including payments for earnouts on acquisitions closed in previous years. Future cash payments for earnouts are estimated at $16.5 million in 2017, $8.2 million in 2018, $7.0 million in 2019 and then approximately $1.3 million in 2020.

Cash flow for the full year of 2016 was strong with adjusted EBITDA at $94.8 million, up 9% over $87.0 million a year ago. As a percent of revenue, adjusted EBITDA was 11.9% in 2016 compared with 11.6% for the full year 2015.

Day sales outstanding at year-end 2016 were 76 days. And that compares with 72 days a year ago, but the increase being primarily attributed to the balance sheet impact of acquisitions rather than a slowdown in our cash collection efforts.

Bad debt expense in 2016 was at 51 basis points of revenue. And that compares with 75 basis points of revenue for the full year 2015. Capital spending for the full year of 2016 was $4.7 million with $1.5 million of capital spending in the fourth quarter. Capital spending has consistently been in a $4.0 million to $6.0 million range annually, and we expect a similar level of capital spending as we look forward to 2017.

At year-end 2016, the balance outstanding on our $400 million unsecured credit facility was $191.0 million. And there is approximately $137.0 million of unused capacity at that point with the flexibility to increase this unused borrowing capacity upwards to $160.0 million should the need arise. We continue to have a very active pipeline of potential acquisitions under review. And as has been our consistent pattern over the years, we expect to close a number of acquisitions in 2017.

We have the financing flexibility and the capacity to carry out both an active acquisition program and to continue with our share repurchase activity. For the full year 2016, we repurchased approximately 783,000 shares of our common stock at a cost of approximately $7.8 million. Since the end of 2016, we have had a 10b5-1 program in place. And through the close of business yesterday, we have purchased an additional 175,000 shares at a cost of approximately $2.2 million.

As I have commented in previous calls, our first priority for the use of capital is to make strategic acquisitions. And we have taken an opportunistic approach towards using funds to repurchase shares. We continue to have a focus on share repurchases and we have the flexibility and the financing capacity to do this. But with the relatively strong performance of the share price during this past year, we have seen limited opportunities to repurchase shares. As a result, our fully diluted weighted average share count in 2016 increased by approximately 800,000 shares to 53.5 million shares at year-end.

Now as I have commented, we have repurchased approximately 175,000 shares to date this year in 2017 under our 10b program. So we have been actively repurchasing shares in recent weeks, and we will continue to look for opportunities for share repurchases going forward in the year ahead. However, with our opportunistic approach, the level of future share repurchase is naturally unpredictable.

Absent any further repurchase activity in 2017, we are projecting a fully diluted weighted average share count at approximately 55.5 million shares for the full year 2017, and our guidance on earnings per share is based on the share count.

With our strong revenue in 2016, we are very pleased to report an improvement of 70 basis points in our margin on income from continuing operations before income tax. As a reminder, as you look at the income statement, you have to consider the impact of accounting for gains and losses on the assets held in the deferred compensation plan. Assets held in this plan total approximately $70.0 million at year-end. The impact of gains and losses on these assets are outlined for you in the footnotes to the attached schedules.

When you make these adjustments to exclude the impact of gains and losses on assets held in the deferred compensation plan, gross margin stood at 13.3% in 2016. And that compares with 13.0% a year ago. And you'll also note that the level of G&A was at 4.5% of revenue in 2016. And that compares with 4.3% a year ago. The G&A leverage was slightly unfavorable in 2016 compared with the prior year primarily due to the variability of higher legal expenses and higher incentive compensation costs that are associated with our strong performance in 2016.

Bear in mind we have leveraged G&A cost down from about 5.0% several years ago. And we remain confident that over time, we can get an annual 10 basis point improvement or more in G&A costs over time, but perhaps not in a consistent straight-line pattern every year. So there may be some short-term variability to this.

Our effective tax rate for the full year 2016 was 39.4% compared with 39.5% a year ago. And we continue to project an effective tax rate of approximately 40.0% as we go into 2017.

So in conclusion, looking at 2016 in review, we were very pleased to be able to report a 6.6% growth in revenue, and with this, a 70 basis points improvement in our pretax margin and a 15.2% increase in our reported earnings per share.

Now looking forward into 2017, we see continued strength in the year ahead. Considering the impact of the acquisitions we have already announced in 2016, we are projecting an increase in revenue within a range of 6.0% to 8.0% in 2017 over the $799.0 million reported for 2016. We continue to work to improve margin on pretax income within a range of at least 25 to 50 basis points a year over time.

In 2017, we expect to leverage the 6.0% to 8.0% increase in revenue into growth in income from continued operations within the range of 12.0% to 14.0% over the $40.6 million of income from continued operations reported in 2016.

Now using the 55.5 million fully diluted share count that I outlined earlier, we expect fully diluted earnings per share to grow within a range of 8.0% to 10.0% in 2017 compared with the $0.76 earnings per share we just reported for the full year of 2016.

So with these comments, I will conclude, and I'll turn it back over to Jerry.

Jerry Grisko - *CBIZ Inc. - President and CEO*

Thank you, Ware. One of the strengths of CBIZ is that our clients rely on us to provide certain essential products and services, regardless of economic conditions. The scope of these offerings expand in more favorable economic times as our clients turn to us to help support their growth. We clearly benefited from a more favorable business climate and increased optimism among our clients in 2016.

Turning to 2017, our nation's new administration is fast at work of establishing new policies and setting its agenda for the next four years. Almost regardless of the changes that are likely to come from Washington, history tells us that the clients will turn to us to help them understand the impact of these changes on their businesses, particularly with the wide scope of significant changes under discussion on items such as the Affordable Care Act and tax reform.

We're also encouraged by the depth of our pipeline for potential acquisitions. While it is always difficult to predict how many transactions we'll close in a given year, our goal is to close no less than the three to five transactions that we typically complete each year.

Also, as we commented during our Analyst Day last fall, we are now beginning to explore larger acquisition opportunities that have a close and complementary strategic fit with our existing business but also have the potential to provide even faster future revenue growth and higher profit margins.

Finally, before I conclude, I want to acknowledge the contributions of the more than 4,000 CBIZ associates who are working hard to serve our clients. CBIZ has assembled an outstanding team of highly skilled professionals who bring a unique breadth of expertise and solutions to our clients throughout the U.S.

I'm particularly proud that 25 of our offices were recognized as best places to work in their markets, our Benefits and Insurance group is recognized as the best place to work in the industry and CBIZ was recognized as among the best and brightest companies to work for in the nation. All of which speaks volumes about our culture and the high caliber of people who are part of our team here at CBIZ.

So with these comments, I'd now like to turn the call over and take questions from you.

QUESTION AND ANSWER

Operator

(Operator Instructions) Our first question comes from Jim MacDonald with First Analysis. Please go ahead.

Jim MacDonald - *First Analysis Securities Corporation - Analyst*

Hey, good morning, guys. So could you talk a little about the new Medicaid contract? And did that start to kick in, in the quarter?

Ware Grove - *CBIZ Inc. - SVP and CFO*

Yes, Jim. This is Ware. We're really happy. We've been talking about this expansion into the federal Medicaid — I'm sorry, Medicare market for the last couple of years. We were a little slow to get started just because the records from the prior service provider were a little slow to transition over to our group. But we did start it during the second half of this year. It's a multiple-year contract that should give us, in aggregate, somewhere between $15 million and $20 million. It's associated with a kidney dialysis network of service providers. And I estimate it should provide us probably $3 million to $4 million of annual revenue as we go forward. And it should be pretty steady from here on out.

Jim MacDonald - *First Analysis Securities Corporation - Analyst*

So you're sort of at full scale on the fourth quarter, then?

Ware Grove - *CBIZ Inc. - SVP and CFO*

No, not quite. I would say we're starting to ramp up in the fourth quarter. We were a little slow to get started, again, because the records were a little slow to transition across to us from the old service provider.

Jerry Grisko - *CBIZ Inc. - President and CEO*

Yes, Jim. It's Jerry. The fourth quarter actually reflected little income from this contract. We'll start to see it in kind of, as Ware indicated, ramp up really into the first quarter and throughout the remainder of 2017 and thereafter.

Jim MacDonald - *First Analysis Securities Corporation - Analyst*

Okay, great. And you talked a little bit about government policy, and obviously, some changes potential. I mean, I know we don't know what the final policies are, but if the Affordable Care Act was to go away, any impact on your business?

Jerry Grisko - *CBIZ Inc. - President and CEO*

No, we don't see a material change. Jim, what we experienced when the Affordable Care Act was enacted was that our clients came to us to understand the impact of that new law on their business and their health plans. I expect that if it is modified in a material way, they will come back to us again to ask us to explain, which is always good for us. Any time that we can be in front of a client or prospect, it provides opportunities for us.

So longer-term, as far as clients — impact on our clients, our clients, we did not see a significant migration away from traditional health plans when the Affordable Care Act was enacted. We don't expect that there would be any change in that going forward.

The other question that we get is as it relates to a government health care consulting practice. And again, similarly, we did not see a significant positive impact from the Affordable Care Act when it was enacted. We also don't believe that it will negatively impact the business in any material way if it is modified going forward.

Jim MacDonald - *First Analysis Securities Corporation - Analyst*

Okay. And just a couple of quickies, and I'll get back in the queue. I sort of missed your tax guidance for 2017. And also G&A was a little high in the quarter. I don't know if you could talk to that.

Ware Grove - *CBIZ Inc. - SVP and CFO*

Yes. A couple of things. Tax guidance is at 40% for 2017. I think we came in about 60 basis points lower in 2016, but I would guide you to use 40% going forward to 2017. And yes, at year-end, sometimes G&A can be a little lumpy just due to incentive compensation accruals and things related to kind of year-end final numbers. But year-over-year, the leverage was negative. And I did make a comment. There are a couple of things, not only the incentive comp, but there was a little lumpiness in some legal expenses. And you're going to see that from time to time. We continue to be comfortable that we can leverage G&A. And I would kind of guide you to kind of a 10-basis point improvement each year as we go forward.

Operator

Our next question comes from Michael Colonnese with Sidoti & Company. Please go ahead.

Michael Colonnese - *Sidoti & Company - Analyst*

Hi, good morning. Thank you for taking my call and congratulations on a great quarter there. Filling in for Joan as she was unable to make the call today. But with that said, one of our questions here, just a couple to ask this morning. Last quarter, you mentioned some turnover issue on the B&I side of the business. Has this issue been resolved?

Jerry Grisko - *CBIZ Inc. - President and CEO*

Yes, Mike. We were — as we commented the last quarter, it was a few people, who happened to be at a point in time. We are pleased with our recruiting efforts there. We have filled the pipeline. It does take some time for our newer producers to reach the same level of productivity as some of our more senior people. But we're pleased with how we've responded to that.

Michael Colonnese - *Sidoti & Company - Analyst*

Got it. Thank you. And if you could just talk a little bit about the web-based platform where you guys combined the employee benefits and payroll services. What kind of progress are you making there? And I know Joan mentioned before, you said you were targeting about 5,000 customers. How many do you have now in that arena?

Jerry Grisko - *CBIZ Inc. - President and CEO*

I don't have the total count. I can get back to you with that number. But I will tell you that it is among our fastest-growing segments. Although, again, it's going off of a very small base. But we are pleased with the reception that we're receiving in the market. And again, that's a combination of payroll and our employee benefits offering and technology. We're pleased with the reception that we're receiving from our clients and prospects. We're pleased with the growth that we're seeing. And it also helps us, obviously, to increase the revenue per engagement when we combine all those services. So all signs are positive, but we will say again that it's very early stage, and really too small to materially impact the business right now.

Michael Colonnese - *Sidoti & Company - Analyst*

Got it. Great. And if you can also provide an update on the cross-serving activities to your client base?

Jerry Grisko - *CBIZ Inc. - President and CEO*

Right. So again, we experienced year-over-year increase in those activities. Again, continue to find opportunities to serve our clients in ways that our competitors cannot. And we were very pleased with the results that we saw in 2016. And it was a nice improvement over the 2015 results. And again, kind of sequentially increasing year-over-year.

Operator

(Operator Instructions) Our next question is a follow-up from Jim MacDonald with First Analysis. Please go ahead.

Jim MacDonald - *First Analysis Securities Corporation - Analyst*

I thought I'd just dig into the guidance a little bit and what you've assumed there. So any thoughts — have you just assumed the acquisitions you've made historically? Or any new acquisitions in the guidance? Or how have you thought about that?

Ware Grove - *CBIZ Inc. - SVP and CFO*

Yes, Jim. We typically do not include future acquisitions in the guidance. We hope to make and we plan to make additional acquisitions, but it's pretty unpredictable, as is any acquisition program. So the guidance really incorporates those businesses already acquired through the end of 2016 at this point in time.

Jim MacDonald - *First Analysis Securities Corporation - Analyst*

Okay. And with interest rates going up a little bit, is that starting to benefit you guys on your client funds?

Ware Grove - *CBIZ Inc. - SVP and CFO*

It is. We have actively invested, to the extent that we're able to, the client funds on an overnight basis. And we actually have a layer of those funds that are extended out a bit longer than on an overnight basis. But the short-term rates really haven't moved that much yet. So we hope to get more basis points out of that investment, but we're not seeing a significant move yet.

Operator

(Operator Instructions) This concludes our question-and-answer session. I would like to turn the conference back over to Jerry Grisko for any closing remarks.

Jerry Grisko - *CBIZ Inc. - President and CEO*

Thank you, Anita. I just want to end by thanking our associates for an outstanding 2016, and thank our shareholders and analysts for your continued support of the company. We look forward to another successful year in 2017. Thank you.

Operator

This conference has now concluded. Thank you for attending today’s presentation. You may now disconnect.