SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q (Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2001

OR

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

For the transition period from Not Applicable to

Commission file number 0-25890

CENTURY BUSINESS SERVICES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	22-2769024
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

6480 Rockside Woods Boulevard South, Suite 330, Cleveland, Ohio	44131
(Address of Principal Executive Offices)	(Zip Code)

(Registrant's Telephone Number, Including Area Code) 216-447-9000

Former Name, Former Address and Former Fiscal Year, if Changed since Last Report

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 proceeding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class of Common Stock	Outstanding at July 31, 2001
Par value $.01 per share	95,513,623

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	JUNE 30, 2001 (Unaudited)	DECEMBER 31, 2000
ASSETS		
Cash and cash equivalents	$ 8,847	$ 15,970
Restricted cash and funds held for clients	73,589	80,590
Accounts receivable, less allowance for doubtful accounts of $16,366 and $22,156	145,328	142,682
Notes receivable - current	585	667
Income taxes recoverable	8,361	22,519
Deferred income taxes	3,050	9,895
Other current assets	11,231	13,864
Total current assets	250,991	286,187
Goodwill, net of accumulated amortization of $58,248 and $47,261	266,616	281,268
Property and equipment, net of accumulated depreciation of $35,751 and $29,813	57,158	59,349
Notes receivable - non-current	3,464	3,564
Deferred income taxes - non-current	5,109	2,028
Other assets	15,584	17,098
TOTAL ASSETS	$ 598,922	$ 649,494
LIABILITIES		
Accounts payable	$ 31,498	$ 35,220
Notes payable and capitalized leases - current	3,038	4,382
Client fund obligations	33,961	39,719
Accrued expenses	34,054	45,455
Total current liabilities	102,551	124,776
Bank debt	76,800	117,500
Notes payable and capitalized leases - non-current	1,423	1,432
Accrued expenses	19,414	18,848
TOTAL LIABILITIES	200,188	262,556
STOCKHOLDERS' EQUITY		
Capital stock	949	947
Additional paid-in capital	439,127	438,681
Accumulated deficit	(40,595)	(51,906)
Treasury stock	(754)	(754)
Accumulated other comprehensive income (loss)	7	(30)
TOTAL STOCKHOLDERS' EQUITY	398,734	386,938
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 598,922	$ 649,494

See the accompanying notes to the condensed consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands, except per share data)

	THREE MONTHS ENDED JUNE 30, 2001	THREE MONTHS ENDED JUNE 30, 2000	SIX MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2000
Revenue	$ 132,663	$ 144,873	$ 295,038	$ 315,341
Operating expenses	113,768	123,681	236,026	251,043
Gross income	18,895	21,192	59,012	64,298
Corporate general and administrative	4,708	5,068	9,858	13,587
Depreciation and amortization	10,058	10,466	19,830	21,230
Operating income	4,129	5,658	29,324	29,481
Other income (expense):				
Interest expense	(1,848)	(3,497)	(4,397)	(6,192)
Gain (loss) on sale of operations, net	945	449	(1,400)	(566)
Other income, net	1,279	1,793	2,427	2,695
Total other income (expense)	376	(1,255)	(3,370)	(4,063)
Income from continuing operations before income tax expense	4,505	4,403	25,954	25,418
Income tax expense	2,541	3,116	14,643	14,118
Income from continuing operations	1,964	1,287	11,311	11,300
Loss from operations of discontinued business, net of tax	--	(1,765)	--	(1,760)
Loss on disposal of discontinued business, net of tax	--	(7,333)	--	(8,421)
Income (loss) before cumulative effect of change in accounting principle	1,964	(7,811)	11,311	1,119
Cumulative effect of a change in accounting principle, net of tax	--	--	--	(11,905)
Net income (loss)	$ 1,964	$ (7,811)	$ 11,311	$ (10,786)
Earnings (loss) per share:				
Basic:				
Continuing operations	$ 0.02	$ 0.01	$ 0.12	$ 0.12
Discontinued operations	--	(0.09)	--	(0.11)
Cumulative effect of change in accounting principle	--	--	--	(0.13)
Net income (loss)	$ 0.02	$ (0.08)	$ 0.12	$ (0.12)
Diluted:				
Continuing operations	$ 0.02	$ 0.01	$ 0.12	$ 0.12
Discontinued operations	--	(0.09)	--	(0.11)
Cumulative effect of change in accounting principle	--	--	--	(0.12)
Net income (loss)	$ 0.02	$ (0.08)	$ 0.12	$ (0.11)
Basic weighted average shares outstanding	94,903	93,264	94,903	93,251
Diluted weighted average shares outstanding	97,099	94,938	96,167	95,202

See the accompanying notes to the condensed consolidated financial statements

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	SIX MONTHS ENDED JUNE 30, 2001	2000
NET CASH PROVIDED BY CONTINUING OPERATING ACTIVITIES	$ 30,280	5,769
CASH FLOWS FROM INVESTING ACTIVITIES:		
Business acquisitions, net of cash acquired and contingent consideration on prior transactions	(1,466)	(6,108)
Additions to property and equipment, net	(5,987)	(16,377)
Proceeds from dispositions of businesses	11,772	698
Proceeds from (additions to) notes receivable	182	(788)
Net cash provided by (used in) investing activities	4,501	(22,575)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bank debt	17,900	59,100
Proceeds from notes payable and capitalized leases	84	4,192
Payment of bank debt	(58,600)	(54,000)
Payment of notes payable and capitalized leases	(1,432)	(7,437)
Proceeds from stock issuances, net	29	17
Proceeds from exercise of stock options and warrants, net	115	107
Net cash (used in) provided by financing activities	(41,904)	1,979
Net decrease in cash and cash equivalents	(7,123)	(14,827)
Cash and cash equivalents at beginning of period	15,970	24,740
Cash and cash equivalents at end of period	$ 8,847	9,913

See the accompanying notes to the condensed consolidated financial statements.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the opinion of management, the accompanying unaudited condensed consolidated interim financial statements reflect all adjustments (consisting of only normal and recurring adjustments) necessary to present fairly the financial position of Century Business Services, Inc. and Subsidiaries (CBIZ or the Company) as of June 30, 2001 and December 31, 2000, the results of their operations for the three and six-month periods ended June 30, 2001 and 2000, and cash flows for the six-month periods ended June 30, 2001 and 2000. The results of operations for such interim periods are not necessarily indicative of the results for the full year. The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting and with instructions to Form 10-Q, and accordingly do not include all disclosures required by generally accepted accounting principles. The December 31, 2000 condensed consolidated balance sheet was derived from CBIZ's audited consolidated balance sheet. For further information, refer to the consolidated financial statements and footnotes thereto included in CBIZ's annual report on Form 10-K for the year ended December 31, 2000.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Certain reclassifications have been made to the 2000 financial statements to conform to the 2001 presentation.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term highly liquid investments with a maturity of three months or less at the date of purchase. The carrying amount approximates fair value because of the short maturity of those instruments.

Restricted Cash and Funds Held for Clients

Restricted cash represents funds on deposit from clients related to its payroll and payroll tax filing services, and insurance related services. In addition, a portion of restricted cash pertains to fees earned by CBIZ in relation to its capital and investment advisory services, those funds are restricted in accordance with applicable NASD regulations.

As part of its payroll and payroll tax filing services, CBIZ is engaged in the preparation of payroll checks, federal, state, and local payroll tax returns, and the collection and remittance of payroll obligations. In relation to its payroll services, CBIZ collects payroll funds from its client's account in advance of paying the client's employees. Likewise, for its payroll tax filing services, CBIZ collects payroll taxes from its clients in advance of paying the various taxing authorities. Those funds that are collected before they are due are invested in short-term investment grade instruments. The funds held for clients and the related client fund obligations are included in the condensed consolidated balance sheets as current assets and current liabilities, respectively. The amount of collected but not yet remitted funds for CBIZ's payroll and tax filing services varies significantly during the year.

For its insurance business, funds on deposit from clients pertains to the administering and settling of claims, and the pass through of insurance premiums to the carrier. A related liability for these funds is recorded in accrued expenses in the condensed consolidated balance sheets.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-(continued)

2. ACQUISITIONS AND DIVESTITURES

During the second quarter of 2001, CBIZ purchased one business solutions firm which was accounted for under the purchase method of accounting. Accordingly, the operating results of the acquired company have been included in the accompanying condensed consolidated financial statements since the date of acquisition. The aggregate purchase price of this acquisition was approximately $0.3 million in cash. The excess of the purchase price over fair value of the net assets acquired (goodwill) was approximately $0.1 million, and is being amortized over a 15-year period. As a result of the nature of the assets and liabilities of the business acquired, there were no material identifiable intangible assets or liabilities.

During the first quarter of 2001, CBIZ completed the sale of three non-core business operations for an aggregate price of $2.4 million, which resulted in a pretax loss of $0.1 million. CBIZ also recorded an additional charge of $2.2 million related to the divestiture of another business unit that was completed in the second quarter of 2001.

During the second quarter of 2001, CBIZ completed the sale of three business units (including the operation discussed above) for an aggregate price of $9.4 million, which resulted in a pretax gain of $0.9 million. In addition, CBIZ closed one non-core business for a loss of less than $0.1 million. The aforementioned gains and losses have been included in gain (loss) on sale of operations in the accompanying condensed consolidated statements of operations.

3. CONTINGENCIES

CBIZ is from time to time subject to claims and suits arising in the ordinary course of business. CBIZ is involved in certain legal proceedings as described in Part I, "Item 3 - Legal Proceedings" in our Annual Report on Form 10-K for the year ended December 31, 2000. There have been no significant developments in such claims or suits during the first six months of 2001. Although the ultimate disposition of such proceedings is not presently determinable, management does not believe that the ultimate resolution of these matters will have a material adverse effect on the financial condition, results of operations or cash flows of CBIZ.

4. EARNINGS PER SHARE

For the periods presented, CBIZ presents both basic and diluted earnings per share. The following data shows the amounts used in computing earnings per share and the effect on the weighted average number of dilutive potential common shares (in thousands, except per share data). Included in potential dilutive common shares are contingent shares, which represent shares issued and placed in escrow that will not be released until certain performance goals have been met.

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
Denominator				
Basic				
Weighted average common shares	94,903	93,264	94,903	93,251
Diluted				
Warrants	--	21	--	35
Options	2,123	43	1,191	306
Contingent shares	73	1,610	73	1,610
Total	97,099	94,938	96,167	95,202

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-(continued)

5. CHANGE IN ACCOUNTING PRINCIPLE

During the fourth quarter of 2000, CBIZ adopted Securities and Exchange Commission Staff Accounting Bulletin No. 101 (SAB 101), "Revenue Recognized in Financial Statements." SAB 101 summarizes certain of the Commission's views in applying generally accepted accounting principles to revenue recognition in financial statements. In light of the guidance given by SAB 101 and the SEC's "Frequently Asked Questions and Answers" bulletin released on October 12, 2000, CBIZ changed certain revenue recognition policies effective January 1, 2000.

Due to this change, CBIZ recorded a cumulative adjustment in the first quarter of 2000 of $11.9 million (net of tax benefit of $7.9 million). The impact of adopting SAB 101 for the three and six month periods ended June 30, 2000, resulted in a reduction in revenue of approximately $3.4 million and $5.0 million, respectively, a reduction in operating expense of approximately $3.0 million and $4.1 million, respectively, and a reduction in income from continuing operations before income taxes (and cumulative effect of accounting change) of approximately $0.4 million and $0.9 million, respectively.

6. CONSOLIDATION AND INTEGRATION CHARGES

Consolidation and integration reserve balances as of December 31, 2000, activity during the six-month period ended June 30, 2001, and the remaining reserve balances as of June 30, 2001, were as follows (in thousands):

	Lease Consolidation	Severance & Benefits
Reserve balance at December 31, 2000	$ 2,843	449
Amounts adjusted to income	(380)	(159)
Payments	(399)	(65)
Reserve balance at June 30, 2001	$ 2,064	225

During the fourth quarter of fiscal 1999, CBIZ's Board of Directors approved a plan to consolidate several operations in multi-office markets and integrate certain back-office functions into a shared-services center. The plan included the consolidation of at least 60 office locations, the elimination of more than 200 positions (including Corporate), and the divestiture of four small, non-core businesses. Pursuant to the plan, Century recorded a consolidation and integration pre-tax charge of $27.4 million, which included $4.8 million for severance and $9.4 million for obligations under various noncancellable leases that were committed to prior to plan approval, for which no economic benefit to CBIZ would be subsequently realized.

As a result of executive management changes (including CBIZ's President and Chief Operating Officer) and certain strategic changes in the first quarter of fiscal 2000, CBIZ revisited the extent of its planned integration and consolidation initiatives and extended the timing of certain office consolidations beyond one year. CBIZ's Board of Directors approved the revision to the plan on March 31, 2000. Accordingly, CBIZ reduced approximately $4.4 million of accruals originally provided for in the plan related to the aforementioned noncancellable lease obligations, and reduced approximately $1.3 million of accruals related to the elimination of certain positions.

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-(continued)

6. CONSOLIDATION AND INTEGRATION CHARGES (con't)

For the six-months ended June 30, 2001, CBIZ reduced approximately $0.5 million of accruals related to noncancellable lease obligations, due to the fact that the consolidations in the San Jose and St. Louis markets will not be completed within the original timeframe, offset by the addition of $0.1 million of accruals to cover lease costs under the original plan not subleased in the original time frame. CBIZ also reduced approximately $0.1 million of accruals related to severance due to the accrual being higher than actual severance expense for those consolidations that have been completed.

In addition to the consolidation activity described above that relates to the original accrual, CBIZ has incurred expenses related to noncancellable lease obligations related to consolidations in other markets, abandonment of leases, and severance obligations related to these consolidations, as well as expense-reduction initiatives. For the six month periods ended June 30, 2001 and 2000, expenses were incurred related to certain consolidation charges that are required to be expensed as incurred, and severance.

Consolidation and integration charges incurred for the six-months ended June 30, 2001 and 2000, were as follows (in thousands):

	2001		2000		
	Operating expense	Corporate G&A expense	Operating Expense	Corporate G&A expense	Loss On Sale
Consolidation and integration charges not in original plan:					
Severance expense	37	93	149	2,892	--
Lease consolidation and abandonment	82	--	358	--	--
Other consolidation charges	247	--	157	763	--
Shared service	--	--	--	377	--
Write-down of non-core businesses	--	--	449	--	566
Subtotal	$ 366	93	1,113	4,032	566
Consolidation and integration charges in original plan:	7	7	7	7	7
Adjustment to lease accrual	(381)	--	(4,379)	--	--
Adjustment to severance accrual	(52)	(36)	--	(1,382)	--
Total consolidation and integration charges	(67)	57	(3,266)	2,650	566
	7	7	7	7	7

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-(continued)

7. SEGMENT REPORTING

Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information," established standards for reporting selected information about operating segments, products and services, geographic areas and major customers.

CBIZ's business units were previously aggregated into four reportable segments: business solutions; benefits and insurance; performance consulting and technology solutions services. In November 2000, CBIZ changed its structure from four divisions to three divisions: Business Solutions, Benefits and Insurance, and National Practices, although the financial reports were not fully functional until January 1, 2001. The performance consulting and technology solutions divisions were merged into the National Practices, and certain business units that formerly reported under Business Solutions and Benefits and Insurance have been moved to the National Practices division, as these units have a national platform to provide services to customers. Segment information for the three and six-month periods ended June 30, 2000 have been restated in accordance with the new segments.

Segment information for the three and six-month periods ended June 30, 2001 and 2000 is as follows (in thousands):

For the Three Months Ended June 30, 2001

	Business Solutions	Benefits & Insurance	National Practices	Corporate and Other	Total
Revenue	$ 58,031	$ 39,676	$ 34,956	$ --	$ 132,663
Operating expenses	50,486	30,076	31,959	1,247	113,768
Corporate gen. and admin	--	--	--	4,708	4,708
Depreciation and amortization	1,111	1,174	827	6,946	10,058
Interest expense	23	34	22	1,769	1,848
Gain on sale of operations, net	--	--	--	(945)	(945)
Other income, net	(228)	(126)	(484)	(441)	(1,279)
Pre-tax income (loss)	$ 6,639	$ 8,518	$ 2,632	$ (13,284)	$ 4,505

For the Three Months Ended June 30, 2000

	Business Solutions	Benefits & Insurance	National Practices	Corporate and Other	Total
Revenue	$ 60,976	$ 42,076	$ 41,821	$ --	$ 144,873
Operating expenses	49,955	32,491	37,833	3,402	123,681
Corporate gen. and admin	--	--	--	5,068	5,068
Depreciation and amortization	1,189	716	737	7,824	10,466
Interest expense	253	45	29	3,170	3,497
Gain on sale of operations, net	--	--	--	(449)	(449)
Other income, net	(15)	(469)	(1,001)	(308)	(1,793)
Pre-tax income (loss)	$ 9,594	$ 9,293	$ 4,223	$ (18,707)	$ 4,403

For the Three Months Ended June 30, 2001

	Business Solutions	Benefits & Insurance	National Practices	Corporate and Other	Total
Revenue	$ 139,340	$ 79,257	$ 76,441	$ --	$ 295,038
Operating expenses	103,581	60,362	69,148	2,935	236,026
Corporate gen. and admin	--	--	--	9,858	9,858
Depreciation and amortization	2,201	2,129	1,664	13,836	19,830
Interest expense	45	94	41	4,217	4,397
Loss on sale of operations, net	--	--	--	1,400	1,400
Other income, net	(465)	(811)	(1,077)	(74)	(2,427)
Pre-tax income (loss)	$ 33,978	$ 17,483	$ 6,665	$ (32,172)	$ 25,954

For the Three Months Ended June 30, 2000

	Business Solutions	Benefits & Insurance	National Practices	Corporate and Other	Total
Revenue	$ 147,429	$ 83,805	$ 84,107	$ --	$ 315,341
Operating expenses	105,511	64,530	76,278	4,724	251,043

Corporate gen. and admin	--	--	--	13,587	13,587
Depreciation and amortization	2,310	1,064	1,594	16,262	21,230
Interest expense	277	92	98	5,725	6,192
Loss on sale of operations, net	--	--	--	566	566
Other income, net	(320)	(407)	(1,292)	(676)	(2,695)
	------	------	------	------	------
Pre-tax income (loss)	$ 39,651	$ 18,526	$ 7,429	$ (40,188)	$ 25,418

CENTURY BUSINESS SERVICES, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)-(continued)

8. DISCONTINUED OPERATIONS

In April 1999, CBIZ adopted a formal plan to divest of its risk-bearing specialty insurance segment, which was no longer part of CBIZ's strategic long-term growth objectives. The risk-bearing specialty insurance segment, which included Century Surety Company, Evergreen National Indemnity, and Continental Heritage Insurance Company, was reported as a discontinued operation and its net assets and results of operations were reported separately in the unaudited condensed consolidated financial statements. Revenues from the discontinued operations for the three and six-month periods ended June 30, 2000 were $10.7 million and $22.0 million, respectively. The Company completed the sale of the risk-bearing insurance segment in October of 2000 to Pro Finance Holding Corporation.

9. SUBSEQUENT EVENTS

On August 8, 2001, the Board of Directors approved a Share Repurchase Program of up to one million shares of CBIZ Common Stock, the purchase of such shares to be determined at the discretion of the company.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Century Business Services, Inc. ("CBIZ") is a diversified services company, which acting through its subsidiaires provides professional outsourced business services to small and medium-sized companies, as well as individuals, government entities, and not-for-profit enterprises predominantly throughout the United States. CBIZ provides integrated services in the following areas: accounting and tax; employee benefits; wealth management; property and casualty insurance; payroll; information systems consulting; government relations; commercial real estate; wholesale insurance; healthcare consulting; medical practice management; worksite marketing; and capital advisory services.

RESULTS OF OPERATIONS

Revenue

Total revenue decreased to $132.7 million for the three-month period ended June 30, 2001, from $144.9 million for the comparable period in 2000, a decrease of $12.2 million, or 8.4%. Total revenue decreased to $295.0 million for the six-month period ended June 30, 2001, from $315.3 million for the comparable period in 2000, a decrease of $20.3 million, or 6.4%. The decrease for the three and six-month period was primarily attributable to (i) divestitures completed during and subsequent to the first quarter of 2000, and (ii) lower revenue at certain business units and adverse economic conditions which negatively impacted revenue in our capital management, technology-based consulting, and asset-based investment advisory businesses. The decrease in revenue attributable to divestitures was $8.6 million and $13.3 million for the three and six-month periods ended June 30, 2001, respectively. For business units with a full period of operations for the three-month periods ended June 30, 2001 and 2000, revenue decreased $3.6 million, or 2.7%. For business units with a full period of operations for the six-month periods ended June 30, 2001 and 2000, revenue decreased $7.0 million, or 2.4%.

Expenses

Operating expenses decreased to $113.8 million for the three-month period ended June 30, 2001, from $123.7 million for the comparable period in 2000, a decrease of $9.9 million, or 8.0%. Operating expenses decreased to $236.0 million for the six-month period ended June 30, 2001, from $251.0 million for the comparable period in 2000, a decrease of $15.0 million, or 6.0%. As a percentage of revenue, operating expenses for the three and six-month periods ended June 30, 2001 were 85.8% and 80.0%, compared to 85.4% and 79.6%, respectively for the comparable period. Excluding consolidation and integration credits of $3.3 million for the six-month period ended June 30, 2000, operating expenses decreased as a percentage of revenue to 80.0% in 2001 from 80.6% of revenue in the comparable quarter of 2000. The primary components of operating expenses are personnel costs and facilities costs, both of which have decreased compared to the prior year. Other operating costs such as direct costs have also decreased due to decreased sales.

Corporate general and administrative expenses decreased to $4.7 million for the three-month period ended June 30, 2001, from $5.1 million for the comparable period in 2000. Corporate general and administrative expenses decreased to $9.9 million for the six-month period ended June 30, 2001, from $13.6 million for the comparable period in 2000. Excluding consolidation and integration expenses of $2.7 million in 2000 (which consisted primarily of costs related to severance payments and the new shared services center), corporate general and administrative expenses decreased $1.0 million from $10.9 million for the six-month period ended June 30, 2000, to $9.9 for the comparable period in 2001. Such decrease was attributable to the lower personnel costs and lower technology expenditures. Excluding consolidation and integration expenses, corporate general and administrative expenses represented 3.5% and 3.3% of total revenue for the three and six-month periods ended June 30, 2001, compared to 3.5% for the comparable periods in 2000, respectively.

Depreciation and amortization expense decreased to $10.1 million for the three-month period ended June 30, 2001, from $10.5 million for the comparable period in 2000, a decrease of $0.4 million, or 3.9%. Depreciation and amortization expense decreased to $19.8 million for the six-month period ended June 30, 2001, from $21.2 million for the comparable period in 2000, a decrease of $1.4 million, or 6.6%. The decrease is primarily attributable to lower goodwill amortization of $1.6 million and $3.2 million for the three and six-months periods, respectively, as a result of goodwill impairment recorded in the fourth quarter of 2000 and a reduction in goodwill related to the divestiture of several entities in the last twelve months. The decrease is primarily offset by an increase in depreciation expense related to capital expenditures. As a percentage of total revenues, depreciation and amortization expense was 7.6% and 6.7% for the three and six-month periods ended June 30, 2001, compared to 7.2% and 6.7% for the comparable periods in 2000, respectively.

Interest expense decreased to $1.8 million for the three-month period ended June 30, 2001, from $3.5 million for the comparable period in 2000, a decrease of $1.7 million, or 47.2%. Interest expense decreased to $4.4 million for the six-month period ended June 30, 2001, from $6.2 million for the comparable period in 2000, a decrease of $1.8 million, or 29.0%. The decrease is the result of a lower average outstanding debt during the three and six-month periods ended June 30, 2001 as compared to the comparable prior periods, in addition to a lower average interest rate. The weighted average interest rate in the second quarter of 2001 was 7.9%, compared to 9.0% in the second quarter of 2000.

Net gain (loss) on sale of operations was $0.9 million and ($1.4 million) for the three and six-month periods ended June 30, 2001, and was related to the sale of three non-core operations in the first quarter of 2001, as well as the sale of three and the closure of one non-core business in the second quarter of 2001. Gain on sale of operations, net was $0.4 million and ($0.6 million) for the three and six-month periods ended June 30, 2000, and was related to the sale of three smaller non-core businesses that were announced in the fourth quarter of 1999, and a loss on a fourth business that was written down to net realizable value based on estimated sales proceeds.

Other income, net decreased to $1.3 million for the three-month period ended June 30, 2001, from $1.8 million for the comparable period in 2000, a decrease of $0.5 million, or 28.7%. Other income, net decreased to $2.4 million for the six-month period ended June 30, 2001, from $2.7 million for the comparable period in 2000, a decrease of $0.3 million, or 9.9%. Other income, net is comprised primarily of interest and miscellaneous income. The decrease is primarily related to the decrease in interest income due to lower interest rates in 2001. Interest income is primarily derived from earnings at CBIZ's payroll business.

CBIZ recorded income taxes from continuing operations of $2.5 million and $14.6 million for the three and six-month periods ended June 30, 2001, compared to $3.1 million and $14.1 million for the comparables period in 2000. The effective tax rate was 56.4% for the three and six-month periods ended June 30, 2001, compared to 70.8% and 55.6% for the comparable periods in 2000. Income taxes are provided based on CBIZ's anticipated annual effective rate. The effective tax rate is higher than the statutory federal and state tax rates of approximately 40%, primarily due to the significant amount of goodwill amortization expense, the majority of which is not deductible for tax purposes.

OTHER

Total assets decreased to $598.9 million at June 30, 2001, from $649.5 million at December 31, 2000, and is primarily attributable to the decrease in cash and cash equivalents of $7.1 million, the decrease in income taxes recoverable of $14.2 million, and the decrease in goodwill of $14.7 million. The decrease in assets was driven primarily by two factors: 1) the divestment of six units (and closure of an additional unit) and their related assets, including the reduction of any goodwill related to these divestitures; and 2) the decrease in cash and cash equivalents, as operating cash and cash proceeds from divestitures were primarily used to pay down debt. Accounts receivable, net, increased by $2.6 million, which is largely due to the seasonality of the accounting and tax business. Total liabilities decreased approximately $62.4 million, primarily due to the decrease in bank debt of $40.7 million, and due to the general decrease in liabilities related to the divestitures discussed above. Total stockholders' equity increased $11.8 million, and is primarily due to net income for the first six months of 2001 of $11.3 million.

LIQUIDITY AND CAPITAL RESOURCES

During the six-month period ended June 30, 2001, cash and cash equivalents decreased $7.2 million to $8.8 million, from $16.0 million at December 31, 2000, as cash provided by continuing operating activities of $30.3 million and cash provided by investing activities of $4.5 million exceeded cash used in financing activities of $41.9 million.

Cash provided by investing activities of $4.5 million consisted primarily of proceeds from the disposition of six businesses of $11.8 million, offset by cash used for one acquisition, contingent consideration of businesses acquired (earn outs), and capital expenditures. Significant purchases of property and equipment in the first six months of 2001 were primarily attributable to leasehold improvements and equipment in connection with the consolidation of certain offices. The proceeds from the divested businesses were used primarily to pay down debt.

During the six months ended June 30, 2001, cash used in financing activities consisted primarily of proceeds of $17.9 million from the revolving credit facility and the repayment of bank debt of $58.6 million. Proceeds from divested businesses, as well as excess cash provided by continuing operations were used primarily to pay down debt, which is in line with CBIZ's goals of debt reduction.

Excluding the non-cash charge for the loss on sale of operations and cumulative effect of a change in accounting principle, earnings before interest, taxes, depreciation and amortization (EBITDA) was $51.6 million for the six-month period ended June 30, 2001, compared to $53.4 million for the comparable period in 2000.

NEW ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" and Statement No. 142, "Goodwill and Other Intangible Assets". SFAS 141 provides for the elimination of the pooling-of-interests method of accounting for business combinations completed on or after July 1, 2001. SFAS 142 will require that goodwill and other intangible assets with indefinite useful lives no longer be amortized, rather tested for impairment at least annually in accordance with the provisions of SFAS 142. SFAS 142 is effective for fiscal years beginning after December 15, 2001. CBIZ plans to adopt FASB 142 in its fiscal year beginning January 1, 2002.

As of the date of adoption, CBIZ expects to have unamortized goodwill in the amount of approximately $256 million, which will be subject to the transition provisions of SFAS 141 and 142. Amortization expense related to goodwill was approximately $28.8 million and $11.0 million for the year ended December 31, 2000 and the six months ended June 30, 2001, respectively. Because of the extensive effort required to comply with the new pronouncements, it is not practicable to reasonably estimate the impact of adopting these statements on CBIZ's financial statements at this time, including whether any transitional impairment losses will be required to be recognized as a cumulative effect of a change in accounting principle.

FORWARD-LOOKING STATEMENTS

Statements included in the Form 10-Q, which are not historical in nature, are forward-looking statements made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are commonly identified by the use of such terms and phrases as "intends," "believes," "estimates," "expects," "projects," "anticipates," "foreseeable future," "seeks," and words or phases of similar import. Such statements are subject to certain risks, uncertainties or assumptions. Should one or more of these risks or assumptions materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected. Such risks and uncertainties include, but are not limited to, CBIZ's ability to adequately manage its growth; CBIZ'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 its insurance business or its business services operations. A more detailed description of risks and uncertainties may be found in CBIZ's Annual Report on Form 10-K. All forward-looking statements in this Form 10-Q are expressly qualified by the Cautionary Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE INFORMATION ABOUT MARKET RISK

CBIZ's exposure to market risk, including interest rate risk, is not significant. If market interest rates were to increase or decrease immediately and uniformly by 100 basis points from the levels at June 30, 2001, in each case the impact on CBIZ's financial condition and results of operations would not be significant. CBIZ does not engage in trading market risk sensitive instruments. CBIZ does not purchase instruments, hedges, or "other than trading" instruments that are likely to expose CBIZ to market risk, whether interest rate, foreign currency exchange, commodity price or equity price risk. CBIZ has not issued debt instruments, entered into forward or futures contracts, purchased options or entered into swaps. CBIZ's primary market risk exposure is that of interest rate risk. A change in the Federal Funds Rate, or the Reference Rate set by the Bank of America (San Francisco), would affect the rate at which CBIZ could borrow funds under its Credit Facility.

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At CBIZ's Annual Meeting of Shareholders held on May 8, 2001, the following matters were submitted to a vote of stockholders:

1) The election of the following individuals to the Board of Directors to serve until the 2004 Annual Meeting of Shareholders.

	Shares For	Shares Against
Rick L. Burdick	68,102,768	3,540,657
Steven L. Gerard	70,641,090	1,002,335

2) The approval of the appointment of KPMG LLP as independent accountants for fiscal year 2001.

	Shares For	Shares Against	Abstained

68,755,417	1,507,483	1,380,525

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Reports on Form 8-K

There were no Current Reports on Form 8-K filed during the three months ended June 30, 2001.

SIGNATURE

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 thereunto duly authorized.

Century Business Services, Inc.

(Registrant)

Date: August 14, 2001

By: /s/ Ware H. Grove

Ware H. Grove
Chief Financial Officer