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

October 31, 2018
Date of Report (Date of earliest event reported)

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)

(216) 447-9000
(Registrant's telephone number, including area code)

Not Applicable
(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On October 31, 2018, CBIZ, Inc. (the "Company") issued a press release announcing its financial results for the three and nine months ended September 30, 2018. A copy of the press release is furnished herewith as Exhibit 99.1. A transcript of CBIZ's earnings conference call held on October 31, 2018 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.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1	Press Release of CBIZ, Inc. dated October 31, 2018, announcing its financial results for the three and nine months ended September 30, 2018.
99.2	Transcript of earnings conference call held on October 31, 2018, discussing CBIZ's financial results for the three and nine months ended September 30, 2018.

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: November 5, 2018

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 THIRD-QUARTER AND NINE-MONTH 2018 RESULTS

THIRD-QUARTER HIGHLIGHTS:

- TOTAL REVENUE +8.0%
- SAME-UNIT REVENUE +6.3%
- EPS FROM CONTINUING OPERATIONS +33.3%

NINE-MONTH HIGHLIGHTS:

- TOTAL REVENUE +9.5%
- SAME-UNIT REVENUE +6.0%
- EPS FROM CONTINUING OPERATIONS +33.7%

CLEVELAND (October 31, 2018) – CBIZ, Inc. (NYSE: CBZ) (the "Company") today announced third-quarter and nine-month results for the period ended September 30, 2018.

For the 2018 third quarter, CBIZ reported revenue of $224.2 million, an increase of $16.5 million, or 8%, over the $207.7 million reported in 2017. Same-unit revenue increased by $13 million, or 6.3%, for the quarter, compared with the same period a year ago. Newly acquired operations contributed $3.5 million, or 1.7%, to revenue in the quarter. CBIZ reported income from continuing operations of $13.6 million, or $0.24 per diluted share, in the 2018 third quarter, compared with $9.9 million, or $0.18 per diluted share, for the same period a year ago. Adjusted EBITDA for the third quarter was $24.4 million, compared with $23.7 million for the third quarter of 2017.

For the nine-month period ended September 30, 2018, CBIZ reported revenue of $723 million, an increase of $62.8 million, or 9.5%, over the $660.2 million recorded for 2017. Same-unit revenue increased by $39.4 million, or 6%, compared with the same period a year ago. Acquisitions contributed $23.4 million, or 3.5%, to revenue growth in the first nine months. Income from continuing operations was $62.5 million, or $1.11 per diluted share, for the first nine months of 2018, compared with $46.3 million, or $0.83 per diluted share, for the same period a year ago. Adjusted EBITDA was $104.3 million, compared with $95.1 million for 2017.

During the quarter and nine months ended September 30, 2018, the Company recorded expenses of approximately $600,000 and $3.5 million due to the increase in share price from $23.00 at June 30, 2018 and $15.45 at December 30, 2017, respectively. The Company is required to mark-to-market anticipated future share issuances related to contingent acquisition earnout liabilities, as well as share equivalents in the Company's non-executive, equity-aligned cash bonus plan. These items are primarily reflected in Other income, net, with a small portion reflected in Operating expenses.

Jerry Grisko, CBIZ President and Chief Executive Officer, said, "We are very pleased to report strong growth in revenue and earnings for the third quarter and the first nine months of this year, led by continued strong client demand for our core tax and accounting, advisory, and government healthcare consulting services. We are also pleased with the performance of the acquisitions that we have closed in 2018, which are expected to contribute approximately $9.1 million to annual revenue. With $226 million of unused financing capacity on our unsecured credit facility, we have sufficient funds available to continue to add acquisitions that strengthen our geographic footprint and enhance our client service offerings."

Grisko continued, "In addition to acquisition activity, we have made a number of other strategic investments to strengthen the future growth and performance of our businesses. We launched our first national cable television advertising campaign in the third quarter to improve brand recognition and we have continued to invest in hiring and developing new business producers within our Benefits and Insurance Services group. It is expected that these investments will continue through the balance of this year and into 2019."

2018 Outlook

- The Company expects growth in total revenue to be near the high end of a range of 5% to 8%.

- The Company expects to report an effective tax rate of approximately 24% as a result of the Tax Cuts and Jobs Act, although a number of factors may impact the tax rate. The Company expects a weighted average fully diluted share count of approximately 56.0 to 56.5 million shares for full-year 2018.

- The Company expects to achieve growth in fully diluted earnings per share within a range of 13% to 17% over the $0.92 reported for full-year 2017. Adjusted for the one-time 2017 impact of the Tax Cuts and Jobs Act, the Company expects to achieve growth within a range of 20% to 24% over the adjusted $0.87 reported for 2017.

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/10125170 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), October 31, through 5:00 p.m. (ET), November 5, 2018. 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 10125170.

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 group health benefits consulting, property and casualty insurance, retirement plan consulting, payroll and HR consulting. As a leading provider of accounting, insurance and other professional consulting services to businesses throughout the United States, the Company's services are provided through more than 100 Company offices in 33 states. For more information, please visit www.cbiz.com.

Forward-Looking Statements

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 at www.sec.gov.

CBIZ, INC.
FINANCIAL HIGHLIGHTS (UNAUDITED)
THREE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(In thousands, except percentages and per share data)

	THREE MONTHS ENDED SEPTEMBER 30,			
	2018	**%**	**2017**	**%**
Revenue	**$ 224,249**	**100.0%**	**$ 207,723**	**100.0%**
Operating expenses (1)	198,607	88.6%	184,723	88.9%
Gross margin	**25,642**	**11.4%**	**23,000**	**11.1%**
Corporate general and administrative expenses (1)	10,279	4.5%	7,979	3.8%
Operating income	**15,363**	**6.9%**	**15,021**	**7.3%**
Other (expense) income:				
Interest expense	(1,614)	-0.8%	(1,777)	-0.9%
Other income, net (1) (2)	3,143	1.4%	2,792	1.3%
Total other income, net	1,529	0.6%	1,015	0.4%
Income from continuing operations before income tax expense	**16,892**	**7.5%**	**16,036**	**7.7%**
Income tax expense	3,297		6,172	
Income from continuing operations	**13,595**	**6.1%**	**9,864**	**4.7%**
Loss from operations of discontinued businesses, net of tax	(9)		(206)	
Net income	**$ 13,586**	**6.1%**	**$ 9,658**	**4.6%**
Diluted earnings per share:				
Continuing operations	$ 0.24		$ 0.18	
Discontinued operations	-		-	
Net income	**$ 0.24**		**$ 0.18**	
Diluted weighted average common shares outstanding	56,740		55,827	
Other data from continuing operations:				
Adjusted EBITDA (3)	$ 24,358		$ 23,701	

(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" ($3 million expense in 2018 and $2.7 million expense in 2017, or (1.4%) and (1.3%) of revenue, respectively) and "Corporate general and administrative expenses" ($0.4 million expense in both 2018 and 2017, respectively, or (0.1%) and (0.1%) of revenue, respectively) and are directly offset by deferred compensation gains or losses in "Other income, net" ($3.4 million income in 2018 and $3 million income in 2017, or 1.5% and 1.4% of revenue, respectively). The deferred compensation plan has no impact on "Income from continuing operations before income tax expense."

(2) Included in "Other income, net" for the three months ended September 30, 2018 and 2017, is income of $0.2 million and $0.5 million, respectively, related to net changes in the fair value of contingent consideration related to CBIZ's prior acquisitions.

(3) 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)
NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(In thousands, except percentages and per share data)

	NINE MONTHS ENDED SEPTEMBER 30,			
	2018	%	2017	%
Revenue	**$ 722,980**	**100.0%**	**$ 660,198**	**100.0%**
Operating expenses (1)	608,459	84.2%	565,609	85.7%
Gross margin	**114,521**	**15.8%**	**94,589**	**14.3%**
Corporate general and administrative expenses (1)	30,300	4.2%	25,979	3.9%
Operating income	**84,221**	**11.6%**	**68,610**	**10.4%**
Other (expense) income:				
Interest expense	(5,211)	-0.7%	(4,986)	-0.8%
Gain on sale of operations, net	663	0.1%	45	0.0%
Other income, net (1) (2)	2,544	0.4%	9,293	1.5%
Total other (expense) income, net	(2,004)	-0.2%	4,352	0.7%
Income from continuing operations before income tax expense	**82,217**	**11.4%**	**72,962**	**11.1%**
Income tax expense	19,691		26,656	
Income from continuing operations	**62,526**	**8.6%**	**46,306**	**7.0%**
Gain (loss) from operations of discontinued businesses, net of tax	17		(776)	
Net income	**$ 62,543**	**8.7%**	**$ 45,530**	**6.9%**
Diluted earnings (loss) per share:				
Continuing operations	$ 1.11		$ 0.83	
Discontinued operations	-		(0.01)	
Net income	**$ 1.11**		**$ 0.82**	
Diluted weighted average common shares outstanding	56,393		55,641	
Other data from continuing operations:				
Adjusted EBITDA (3)	$ 104,293		$ 95,070	

(1) CBIZ sponsors a deferred compensation plan, as discussed in the quarterly footnote section. Income and expenses related to the deferred compensation plan are included in "Operating expenses" ($4.7 million expense in 2018 and $7.6 million expense in 2017, or (0.7%) and (1.2%) of revenue, respectively) and "Corporate general and administrative expenses" ($0.5 million expense in 2018 and $0.8 million expense in 2017, or (0.2%) and (0.1%) of revenue, respectively) and are directly offset by deferred compensation gains or losses in "Other income, net" ($5.2 million income in 2018 and $8.4 million income in 2017, or 0.9% and 1.3% of revenue, respectively). The deferred compensation plan has no impact on "Income from continuing operations before income tax expense."

(2) Included in "Other income, net" for the nine months ended September 30, 2018 is expense of $3.3 million related to net changes in the fair value of contingent consideration which is mostly attributable to the required mark-to-market accounting of future share issuances for contingent acquisitions. For the same period in 2017, "Other income, net" included $0.2 million of income related to net changes in the fair value of contingent consideration related to CBIZ's prior acquisitions.

(3) Refer to the financial highlights tables for a reconciliation of Non-GAAP financial measures to the nearest 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 SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2018	2017	2018	2017
Revenue				
Financial Services	$ 146,145	$ 130,305	$ 478,485	$ 421,529
Benefits and Insurance Services	70,069	69,663	220,152	215,386
National Practices	8,035	7,755	24,343	23,283
Total	**$ 224,249**	**$ 207,723**	**$ 722,980**	**$ 660,198**
Gross Margin				
Financial Services	$ 21,599	$ 17,309	$ 91,836	$ 73,293
Benefits and Insurance Services	10,670	10,508	38,455	36,212
National Practices	521	646	1,987	1,932
Operating expenses - unallocated (1):				
Other	(4,126)	(2,779)	(13,010)	(9,220)
Deferred compensation	(3,022)	(2,684)	(4,747)	(7,628)
Total	**$ 25,642**	**$ 23,000**	**$ 114,521**	**$ 94,589**

(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, 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, net."

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

	NINE MONTHS ENDED SEPTEMBER 30,	
	2018	**2017**
Net income	**$ 62,543**	**$ 45,530**
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	17,528	17,167
Bad debt expense, net of recoveries	3,697	4,265
Adjustments to contingent earnout liability	3,290	(221)
Stock-based compensation expense	5,358	4,247
Other noncash adjustments	(1,989)	(3,273)
Net income, after adjustments to reconcile net income to net cash provided by operating activities	**90,427**	**67,715**
Changes in assets and liabilities, net of acquisitions and divestitures	(26,993)	(29,116)
Operating cash flows provided by continuing operations	63,434	38,599
Operating cash used in discontinued operations	(162)	(748)
Net cash provided by operating activities	**63,272**	**37,851**
Net cash provided by investing activities	**42,201**	**43,463**
Net cash used in financing activities	**(102,838)**	**(79,306)**
Net increase in cash, cash equivalents and restricted cash	**$ 2,635**	**$ 2,008**

CBIZ, INC.
SELECT FINANCIAL DATA AND RATIOS
(In thousands)

	SEPTEMBER 30, 2018	DECEMBER 31, 2017
Cash and cash equivalents	$ 3,493	$ 424
Restricted cash	32,551	32,985
Accounts receivable, net	234,906	188,300
Current assets before funds held for clients	297,526	245,061
Funds held for clients - current and non-current	126,311	203,112
Goodwill and other intangible assets, net	636,202	613,206
Total assets	**$ 1,189,856**	**$ 1,176,231**
Notes payable - current	$ 1,523	$ 1,861
Current liabilities before client fund obligations	154,500	130,664
Client fund obligations	127,297	203,582
Notes payable - long-term	1,480	2,164
Bank debt	165,482	177,672
Total liabilities	**$ 587,941**	**$ 645,352**
Treasury stock	$ (499,167)	$ (491,046)
Total stockholders' equity	**$ 601,915**	**$ 530,879**
Debt to equity	28.0%	34.2%
Days sales outstanding (DSO) - continuing operations (1)	81	75
Shares outstanding	55,492	54,592
Basic weighted average common shares outstanding	54,489	53,862
Diluted weighted average common shares outstanding	56,393	55,689

(1) 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. DSO at September 30, 2017 was 84.

CBIZ, INC.
GAAP RECONCILIATION
Income from Continuing Operations to Non-GAAP Financial Measures (1)
(In thousands)

	THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2018	2017	2018	2017
Income from continuing operations	**$ 13,595**	**$ 9,864**	**$ 62,526**	**$ 46,306**
Interest expense	1,614	1,777	5,211	4,986
Income tax expense	3,297	6,172	19,691	26,656
Gain on sale of operations, net	-	-	(663)	(45)
Depreciation	1,465	1,402	4,383	3,864
Amortization	4,387	4,486	13,145	13,303
Adjusted EBITDA	**$ 24,358**	**$ 23,701**	**$ 104,293**	**$ 95,070**

(1) CBIZ reports its financial results in accordance with GAAP. This table reconciles Non-GAAP financial measures to the nearest GAAP financial measure, "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.

Guidance on 2018 Earnings Per Diluted Share from Continuing Operations

	Low	High
2018 outlook growth in earnings per diluted share	13%	17%
2018 outlook earnings per diluted share	$ 1.04	$ 1.08
2018 outlook growth in adjusted earnings per diluted share, excluding impact of Tax Cuts and Jobs Act	20%	24%

Exhibit 99.2

TRANSCRIPT OF EARNINGS CONFERENCE CALL HELD ON OCTOBER 31, 2018

CORPORATE PARTICIPANTS
Jerome P. Grisko *CBIZ, Inc. – President and CEO*
Ware H. Grove *CBIZ, Inc. – CFO and SVP*
Lori Novickis *CBIZ, Inc. - Director of Corporate Relations*

CONFERENCE CALL PARTICIPANTS
Christopher Paul Moore *CJS Securities, Senior Research Analyst*
James Robert MacDonald *First Analysis Securities Corporation, Research Division - MD*
Marc Frye Riddick *Sidoti & Company, LLC – Business and Consumer Services Analyst*
Timothy John McHugh *William Blair & Company LLC, Research Division – Partner & Global Services Analyst*

PRESENTATION

Operator

Hello, and welcome to the CBIZ Third Quarter And 9-Month 2018 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, Sean. Good morning, everyone, and thank you for joining us for the CBIZ Third Quarter And 9- Month 2018 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 also being webcast and 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 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, management's expectations as of this date and do not guarantee future performance. Forward-looking statements involve certain risks, uncertainties, 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 for his opening remarks. Jerry?

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

Thank you, Lori, and good morning, everyone. With this morning's release, we are pleased to report continued strong results for the third quarter and through the first 9 months of this year. Total revenue grew by 8% in the third quarter and by 9.5% for the first 9 months. Of those growth rates, same unit revenue represented 6.3% for the third quarter and 6% for the first 9 months. Recently completed acquisitions are performing well and contributed 1.7% to our third quarter growth rate and 3.5% to our revenue growth for the first 9 months of this year. For the third quarter, earnings per share from continuing operations was $0.24, a 33.3% increase over the $0.18 recorded in the third quarter of last year. For the 9 months, our earnings per share from continuing operations was $1.11, an increase of 33.7% over the $0.83 recorded a year ago. As we have discussed over the years, in times of strong revenue growth, our leverage model allows us to experience even greater growth in our pretax earnings and profit margins. This year, the strong revenue growth that we've experienced has allowed us to report an increase of 30 basis points on pretax margin – pretax income margin for the first 9 months, and at the same time, make strategic investments to enhance the future growth and performance of our business. Among those investments, in the third quarter, we launched our first ever national cable television advertising campaign, aimed at increasing brand awareness.

Throughout this year, we also continued our investment in hiring and developing new producers in our benefits and insurance group, which we expect to enhance organic growth rates in the years to come. The business climate remains very favorable and we continue to see strong demand within our financial services group for our tax planning and advisory services, our government healthcare consulting and our private equity advisory services. Within our financial services group, total revenue increased by 12.2% in the third quarter and 13.5% for the first 9 months. Same unit revenue improved by 10.2% in the third quarter and 8.7% for the first 9 months. Turning to our benefits and insurance group. Total revenue grew by 0.6% in the third quarter and 2.2% for the first 9 months of this year. Same revenue -- same unit revenue declined slightly by 0.8% in the third quarter, an increase by 0.9% for the 9-month period.

Benchmark against our industry peers, many of our more senior producers are performing at a very high level, but in order to achieve greater organic growth we need to increase the number of producers. This is a multiyear process and while early results are very encouraging, it will take some time to gain greater traction and to see the rate of organic growth that we expect from this business. As a company, we are pleased with our yet year-to-date growth in our overall revenue and even greater increase in profitability, particularly in light of the magnitude of the investments in the future growth of the business that we have made thus far this year. Because the television ads did not air till August, and our investment in our new producers have gradually ramped up throughout the year, we would expect the cost of those investments to be somewhat higher in the fourth quarter than in prior quarters this year, and we expect to continue those investments into 2019.

With those comments, I'll conclude and turn it over to Ware Grove, our Chief Financial Officer.

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

Thank you, Jerry, and good morning, everyone. We are very happy with the performance of the business to date this year. We are in a very solid position, leveraging our 9.5% top line growth with strong cash flow from operations and plenty of debt capacity to address strategic growth opportunities. The outstanding balance on our $400 million credit facility as September 30, was $167.1 million, compared with the balance of $178.5 million at year-end 2017. Leverage, as measured by comparing debt levels against EBITDA, is at 1.5x.

For the 9 months this year, we used approximately $36.7 million for acquisition-related payments and through September 30, we have used $6.2 million to repurchase approximately 284,000 shares of our common stock. Since September 30, through the end of business yesterday, we have repurchased an additional 56,000 shares for a total of approximately 340,000 shares repurchased to date, this year. We are in the market with a steady level of daily share repurchases, and we continue to look for a volatility in the share price to find opportunities to increase the volume of repurchase activity. We expect the fully diluted share count for the full year 2018 to be within a range of 56 million to 56.5 million shares compared with 56.4 million shares reported at September 30.

With debt currently at 1.5x EBITDA, we have $226 million of unused financing capacity at September 30 this year. Interest expense for the first 9 months this year is $5.2 million compared with $5.0 million a year ago. That does not represent a significant item year-over-year, but with the rise in interest rates in recent months, you may have general concerns over interest rate risk on your radar screens, and I want to make a few observations and comments relative to CBIZ.

The $167.1 million balance outstanding on our facility is floating-rate debt priced at LIBOR plus 125 basis points, or an effective rate of approximately 3.5% at this time. We have effectively hedged against the impact of rising interest rates through a combination of actions. Outlined in our 10-Q, you will note we have fixed-rate hedges in place for $85 million of this floating-rate debt at an effective all-in cost today of 2.9%. In addition, we have floating-rate investments held as assets on the balance sheet in connection with the investment of client fund cash held for payroll clients. We carry a daily average balance of approximately $115 million of investable funds and the yield on these investment grade short-term investments has increased by approximately 40 basis points to date this year. So through these two actions, we're effectively heading our floating-rate debt cost against the impacts of rising interest rates.

Day sales outstanding on receivables was 81 days at September 30 this year, compared to 84 days a year ago. Bad debt expense for the first 9 months this year was at 51 basis points of revenue compared with 64 basis points of revenue a year ago. Depreciation and amortization expense was approximately $5.9 million in the third quarter this year and approximately $17.5 million for the 9 months this year. Capital spending for the quarter was $4.3 million and was $9.8 million for the 9 months this year. The majority of this capital spending supports facility's moves for our various facilities around the countries and we expect that full year spending will be approximately $12 million this year.

Acquisition spending on earn outs on prior year acquisitions is projected at approximately $1.1 million over the remainder of this year, approximately $16.7 million in 2019, $10.4 million in 2020, $3.7 million in 2021 and $2.2 million in 2022. As I commented during our second quarter earnings call, in addition to future cash payments, there are shares of common stock included as a component of the future earn out consideration. The number of shares used as consideration is fixed, but these shares are revalued to market price at the end of each quarter. The revaluation of these contingent shares held for earn out payments, along with share price adjustments associated with our nonexecutive equity-aligned cash bonus plan is primarily reflected in other income or expense on our income statement. With the increase in our share price to $23.70 at September 30, compared with $15.45 at the beginning of this year and $23 at the end of the second quarter, we recorded an expense of approximately $600,000 in the third quarter, and for the 9 months, the expense associated with the increase in share price is approximately $3.5 million.

This represents a charge of $0.01 in earnings per share impact in the third quarter and the impact for the 9 month is approximately $0.05 earnings per share. These charges impact margin on pretax income by 27 basis points in the third quarter and by 48 basis points for the 9-month results. The number of shares held for contingent earn out payments does not change, and the accounting for the revaluation of these shares has no cash flow impact. The future impact of this revaluation is unpredictable and as a matter of practice, we do not incorporate any anticipated changes in share price into future earnings guidance.

As a result of the favorable impact from accounting for stock compensation, the effective tax rate for the 9 months ended September 30 this year was approximately 24%, and we are now expecting a full year effective tax rate for 2018 of approximately 24%. The future impact of stock compensation accounting on our effective tax rate is also unpredictable due to the variable timing of future option exercises and the difference between grant price and market price at the date of exercise.

Eliminating the impact of accounting for gains or losses on the assets held in our deferred compensation plan, the gross margin for the 9 months this year was 16.5%, compared with 15.5% a year ago, an increase of 100 basis points. General administrative expense stood at 4.1% of revenue for the 9 months this year, compared with 3.8% a year ago, an increase of 30 basis points. The increase in the general administrative expense is driven by increased expense for incentive compensation compared to a year ago, combined with the impact of the investment spending for our marketing campaign that was launched in the third quarter this year. Another item worth noting is the impact of the new revenue recognition accounting that was adopted this year. This item is reported in footnotes and schedules within the 10-Q reports, so you will find a lot of detail disclosed there. But for the first 9 months this year, there was an increase in revenue of approximately $1.7 million that is associated with this change in accounting. The timing of this impact is expected to reverse or normalize in the fourth quarter this year, and so there will be minimal full year impact this year when compared with the prior year.

You may remember the fourth quarter last year was unusually strong due to several unique factors that occurred to impact results in the third and the fourth quarter, a year ago. So as we look forward, anticipating the normal seasonality of our business and the expected fourth quarter impact of the revenue recognition accounting I just described, combined with the accelerated pace of investment spending that is occurring in the second half this year, these factors all influence our expectation and our outlook for the full year 2018 is as follows: we expect growth in total revenue for the year to be near the high end of the range of 5% to 8% growth over the prior year; we expect to report an effective tax rate of approximately 24% for the full year, recognizing there are a number of unpredictable factors that could cause volatility in the effective tax rate; we expect fully diluted share count for the full year within a range of approximately 56 million to 56.5 million shares and there are number of factors, including share price changes that can cause variability in the full year share count; recognizing there may be a higher level of investment spending in the fourth quarter and projecting the expected impact of revenue recognition accounting in the fourth quarter, we expect full year earnings per share to increase within a range of 13% to 17% over the $0.92 reported for the full year of 2017; adjusting to eliminate the impact of the Tax Reform Act of 2017, we expect to achieve growth in earnings per share of 20% to 24% over an adjusted $0.87 per share reported for 2017.

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

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

Thank you, Ware. I'd like to add to Ware's comments on our guidance. As you think about our strong financial results through the first 9 months of this year and our guidance for the full year, we cautioned against projecting our fourth quarter results from the last year on top of our 9-month performance for 2018. Please keep in mind that our fourth quarter results are more heavily dependent on project work that tends to be more difficult to predict. In addition, we experienced several unusual factors in the second half of last year that will not recur. As you may recall, Hurricane Irma occurred in September of last year and our third quarter results were negatively impacted by that event. We also experienced several, temporary contract related delays within our government healthcare consulting business that also had a negative impact on our third quarter results. As we had anticipated, much of the unfavorable impact of those events in the third quarter of last year was made up in the fourth quarter, but the pacing of our revenue in the third and fourth quarters last year makes it difficult to compare the same periods this year.

So with that clarification, I'll turn it over to questions and answers.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And our first question comes from Chris Moore of CJS Securities.

Christopher Paul Moore *CJS Securities, Senior Research Analyst*

Maybe we can just start with the -- kind of the growth mix in Q3. So obviously, it was skewed heavier towards, kind of, same unit growth and I'm just trying to get a sense is -- any reason to think that trend will continue in '19? Or likely more balanced towards the acquisitions?

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

Yes, Chris, I think right now, our visibility towards '19 is much like what we're seeing in '18. So it's very difficult to predict acquisitions. We usually say that our mix is about half organic, half acquired. In any given period of time it might be more heavily weighted towards one or the other. As you indicated, this year it's been more heavily weighted towards organic. We're very pleased with that. It's hard to predict what's it's going to look like in 2019, although, we're, at this point, bullish about the economic outlook for 2019 and the amount of activity that we'll see in that period of time.

Christopher Paul Moore *CJS Securities, Senior Research Analyst*

Got it. On the National Practices side, the Edward Jones contract that expires at the end of the year, any updates? Any thoughts on that?

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

Yes. While it's not been signed yet, we've been told that all the terms are -- have been agreed to and it's just working its way through the process for signature at the client.

Christopher Paul Moore *CJS Securities, Senior Research Analyst*

Got it. And, Ware, for you. Into -- the $600,000 in terms of the share revaluation, you've mentioned a little bit of that was in operating expense, any -- is it -- was this significant enough to have any impact on the adjusted operating margin? Or really was below the line?

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

Yes, not really, Chris. Most of it is not included in operating expense. There might be a little bit of the equity line cash bonus plan accrued in operating expense, but most of it is in other areas. It would be in the other income part of the adjustment for contingent payouts. That's where the majority is.

Christopher Paul Moore *CJS Securities, Senior Research Analyst*

Got it, got it. Jerry you had talked in your comments on, in terms of some of the areas that are still really performing really well on the financial services, healthcare consulting. So I know that's kind of been a jewel you guys have been able to grow that kind of high single digits. Is the growth there coming from new contracts to the $500 million or so that you have? Or just expanding the scope? Or a little bit of both?

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

It's a little of both, Chris. We continue to see growth within our existing clients as we continue to expand the scope of services that we provide to them, and we've also been successful at picking up new engagements, one of which, most recently is a pretty sizable engagement with the federal government. So as you know, we've been working at that segment of the market for some time, and we're beginning to have some success there.

Christopher Paul Moore *CJS Securities, Senior Research Analyst*

Got it, got it. Last question just -- and I know payroll's just a small piece of revenue at this point in time, and you've talked in the past about developing as you kind of employ your -- employee service organization and kind of leveraging growth in there. Can you may be just talk a little bit about what that looks like, and the progress to date?

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

Yes, I would say it's -- we believe that, that's an incredible opportunity for us. We believe that, that's where the market's going. We believe that you have to have the right approach to the market in order to be successful there, including the right technology solution. We are pleased that we believe that we found that technology solution. We recently contracted with a national provider of technology that we think is going to be a tremendous tool for us in the last, kind of, puzzle piece that we need in order to go to market with that ESO strategy. Having said that, we know the demand's there but it's going to take some time for our team to familiarize themselves with the software that we've just contracted for and to build the service team around it, and then to get our sales force trained and going out and selling that value proposition. So more to come, but we're very optimistic about the opportunities there.

Operator

(Operator Instructions) Our next question comes from Jim MacDonald of First Analysis.

James Robert MacDonald *First Analysis Securities Corporation, Research Division - MD*

Yes. Just following up on that last question. Will that new software require a conversion of all your existing accounts? And what's sort of the process there?

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

We don't believe so, Jim, there is a -- it's really 2 different segments of the market so that the software that we've historically used is very well positioned for a good segment of the clients that we serve within that business, although what we've learned over the past several years is that it wasn't well suited for the larger clients with more sophisticated needs, so we've been actively in the market searching for that solution and pleased to have been able to found -- find the one that we just contracted with.

James Robert MacDonald *First Analysis Securities Corporation, Research Division - MD*

So just to clarify, you'll be operating on potentially 2 platforms?

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

That's correct, for the foreseeable future.

James Robert MacDonald *First Analysis Securities Corporation, Research Division - MD*

Okay. And going back to financial services, first I'm -- missed the same store sales number there, but it sounds like the tax consulting may have kicked in a little bit. Maybe you could talk and give me that number and talk about that?

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

Yes, so it's difficult to -- first of all we with -- as you've -- as we commented we've had very strong growth in our financial services business and our systems, while we have a method and a process for recording revenue specifically, related to the Tax Reform Act, it's really discretionary on behalf of the billing person as to where they enter that revenue, so it's very difficult to track with precision, the amount of revenue that's coming from the Tax Reform Act, although if you look at the growth that we've experienced, we believe that the amount of revenue that we would receive, that we expected to receive from that initiative is in fact in our numbers. So it's hard to say it was x dollars or y dollars, but the growth is very strong, and we believe that it reflects a good portion of the Tax Reform Act's revenue.

James Robert MacDonald *First Analysis Securities Corporation, Research Division - MD*

Great. And just one more. You've been investing in benefits producers all year. Can you just give us a feel for -- I mean I know it takes -- there's a lag time, but when do you think benefits will go back positive? And when we can start to, maybe, see some reasonable growth for that segment?

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

Yes, so basically -- and we've talked about this, I think, on prior calls that the -- it typically turns from a the new producer, typically, you see the productivity of that person kind of start to return after about 12 -- I'm sorry, about 24 months and then return cash and cash at about 36 months if they're successful. And so what we've done is, obviously, we've hired the number that we targeted for the year. We're tracking the performance of the people that we've hired. As a group, they are performing in excess of what the targets or goals were for that group, so we're very pleased with the performance to date, although it will take some time, and I don't have an exact date for you as to when that growth rate will begin to see that growth rate, but within the next 12, 24, 36 months, we would expect to really see the return from the investments that we're making there.

Operator

(Operator Instructions) Our next question comes from Tim McHugh with William Blair & Company.

Timothy John McHugh *William Blair & Company LLC, Research Division – Partner & Global Services Analyst*

Just want to follow up a little bit on the margin question. I guess the -- I know it's early, but does the spending on the TV contract or TV advertisements and/or the producers for insurance change at all your perspective for 2019 and 2020 in terms of the normal target for margin expansion?

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

Yes, Tim, this is Ware. Great question. I don't think so. We've said 25 to 50 basis points a year, sometimes more, maybe sometimes less, depending on the pace and the timing that may be a little choppy like you see it -- saw a disproportionate impact in the third quarter margin here, and you may see a disproportionate impact in the fourth quarter because of the things we just described, but year-over-year, we would still strive to improve margins, at least at 25 basis points, and still invest in the business. So we're pleased to have 30 basis points year-to-date improvement, this year through the 9 months, but as Jerry and I described, the fourth quarter will probably have an increased pace of spending, so that 30 basis points we're happy with it year-to-date, and we think we can still maintain some improvements in the years ahead and still invest.

Timothy John McHugh *William Blair & Company LLC, Research Division – Partner & Global Services Analyst*

And then just how should I think about the -- I guess the new TV advertising campaign? Is this just part of the normal marketing that we'll see kind of over the next few years? Is to say kind of project you’re testing where this may not be kind of always part of the spending? I guess can you frame for us how to think about that?

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

Yes. Tim, it's really the former not the latter. This is something that we would expect to continue on into the future. We've been considering this type of investment for some period of time and really now at the scale that allows us to make this investment. The 1 -- in our marketing spend, in our marketing initiatives have been building over time but the one comment that we oftentimes receive as we travel office to office, is that while we're very well known in those local offices, we don't have the national brand recognition that some of our competitors have. Those competitors follow a similar strategy of investing in a number of areas, including television cable. So we wanted to be able to do that, and we're pleased that our growth and our profitability at this stage has allowed us to do that.

Operator

(Operator Instructions) Our next question comes from Marc Riddick of Sidoti & Company.

Marc Frye Riddick *Sidoti & Company, LLC – Business and Consumer Services Analyst*

Wanted to see if there was any feedback that you were getting -- you had made a brief mention that you were feeling fairly positive about macroeconomic type issues. I wanted to see if there's a little bit of feedback that you've been receiving from customers and if there are any areas of concern maybe that are specific to the upcoming election or any potential legislative regulatory issues that we should be on the lookout for that you would be positioned to take advantage of.

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

Yes, Marc, it's Jerry. So we get our data from a couple of different sources. First of all, we ask our offices as we travel what they're seeing, within their client base and their level of optimism, we also generally survey that group, at least at a pretty high level before it is called just to make sure that our data is still correct, and then we're following all the publications on small middle market business, which is really where our clients are. Based on all that information, our clients in the segment of the market that we serve continues to be very optimistic about the foreseeable future that being the next 12 months. With that said, the types of concerns that they have today are no different than what they -- what we heard from them over the past 3 to 6 months, which is difficulty in hiring labor, rising labor cost, some concern around the regulatory environment and the higher-level global issues around tariffs, et cetera. With that said, our experience is that those types of issues sometimes are favorable for us. So as the labor market tightens and it's more difficult for our clients to hire at least back office people that provide the types of services that we provide, oftentimes they'll look to us to outsource. So it's tied to things. So that's favorable. If, in fact, the regulatory environment becomes more complex, our experience is that our clients turn to us even more often to help them understand and navigate that complexity. So it's a bit of a 2-edged sword for us, but the overall kind of theme is that our clients remained optimistic about, at least the foreseeable future.

Marc Frye Riddick *Sidoti & Company, LLC – Business and Consumer Services Analyst*

Okay, great. Wanted to shift gears and get any thoughts on the acquisition pipeline. Certainly you had quite a bit earlier in the year. Wanted to get a sense if there any changes that you've seen, maybe given the pullback of the overall stock market that we've seen since this summer, wondering if you've seen any differences in the pipeline there?

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

What I'd say Marc is our pipeline is consistent with what we've generally had in our pipeline over the past several years. We'd like it to be fuller, and we're making investments and committing resources to fill that pipeline, but we're pleased with where it is today and again, consistent with where it's been, our pipeline really -- we haven't seen variability in the pipeline based on performance of the stock market at least as it relates to the types of firms and businesses that we acquire.

Marc Frye Riddick *Sidoti & Company, LLC – Business and Consumer Services Analyst*

Okay, and then the last one for me is, wondering if there are any key highlights that you are seeing as far as strength, whether it's regional or certain states that you see as performing particularly well or any areas of concern that would be worth calling out.

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

Yes. Marc, interesting question. No areas of concern and in fact what makes us is -- as bullish as we are today is that the growth that we've experienced throughout the year has come across all geographies and offices, so all of our larger offices in our larger markets is -- markets are performing at a very encouraging rate. So oftentimes in the past when we've had very favorable results, it's coming in a particular business segment or particularly geography, today it's really across all geographies, so it's very encouraging.

Operator

(Operator Instructions) At this time, there are no further questions. This now concludes the question-and-answer session, and I would like to turn the conference back over to Jerry Grisko, President and CEO, for any closing remarks.

Jerome P. Grisko - *CBIZ, Inc. – President and CEO*

Thanks, Sean. I'd like to end the call by thanking our analysts and our investors for their continued support and to congratulate our team members for an outstanding first 9 months of the year. Not only have our financial results been very strong, but we're very proud of the number of Best Places to Work awards that we continue to receive across the country and within our individual businesses, including our recent recognition for the fourth year in a row as the Best Place to Work in insurance and our recognition as the Best Place to Work by our -- in our industries by a number of very prestigious publications including Forbes and Fortune. We look forward to speaking with you again when we report our fourth quarter year-end results.

Thank you, and have a nice day.

Operator

The conference has now concluded. Thank you for attending today's presentation and you may now disconnect.