

PAYCHEX INC
Form 11-K
June 12, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 11-K

(Mark One):

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

OR

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

For the transition period from _____ to _____

Commission file number 0-11330

Paychex, Inc. 401(k)

Incentive Retirement Plan

(Full title of the Plan)

Paychex, Inc.

911 Panorama Trail South

Rochester, NY 14625

(Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office)

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

June 12, 2017:

PAYCHEX, INC. 401(k) INCENTIVE RETIREMENT PLAN
(Name of Plan)

/s/ Jacob W. Flaitz, Jr.
Jacob W. Flaitz, Jr.
401(k) Committee Member

Report of Independent Registered Public Accounting Firm

Paychex, Inc. 401(k) Incentive Retirement Plan Committee

Paychex, Inc. 401(k) Incentive Retirement Plan

We have audited the accompanying statements of net assets available for benefits of Paychex, Inc. 401(k) Incentive Retirement Plan (the Plan) as of December 31, 2016 and 2015 and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan has determined it is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Paychex, Inc. 401(k) Incentive Retirement Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2016 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but includes supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully Submitted,

/s/ Inero & Co. CPAs, LLP

Inero & Co. CPAs, LLP

Certified Public Accountants

Rochester, New York

June 12, 2017

PAYCHEX, INC. 401(k) INCENTIVE RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

(In Thousands)

As of December 31,	2016	2015
Assets		
Cash	\$ 3,966	\$ 4,742
Investments:		
Paychex ESOP Stock Fund	161,069	147,944
American Funds EuroPacific Growth Fund	49,287	48,579
ClearCourse Group Variable Annuity	6,823	7,602
Columbia Short Term Bond Fund	13,721	12,228
Fidelity Balanced Fund — Class K	49,641	48,376
Fidelity Freedom K Funds 2005 — 2060	174,765	141,370
Fidelity Freedom K Income Fund	1,926	1,921
Fidelity Government Money Market Fund	46,116	38,111
Fidelity International Index Fund	25,351	24,449
Fidelity Total Market Index Fund	21,967	23,236
Fidelity U.S. Bond Index Fund	60,920	51,742
Fidelity 500 Index Fund	82,231	63,936
Glenmede Small-Cap Equity Portfolio Fund	32,084	29,133
Harbor Capital Appreciation Fund	68,620	80,794
Invesco Growth and Income Fund	52,423	44,981
MFS Midcap Value Fund	44,374	—
Vanguard S&P Mid-Cap 400 Index Fund	47,499	29,140
Vanguard S&P Small-Cap 600 Index Fund	33,226	23,766
Wells Fargo Advantage Common Stock Fund	—	40,953
Total investments	972,043	858,261
Notes receivable from participants	20,313	18,907
Net assets available for benefits	\$ 996,322	\$ 881,910

See accompanying notes to financial statements.

PAYCHEX, INC. 401(k) INCENTIVE RETIREMENT PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(In Thousands)

Year ended December 31,	2016	2015
Contributions:		
Participant	\$ 68,953	\$ 62,700
Employer, net of forfeitures	21,960	20,505
Total contributions	90,913	83,205
Investment income:		
Dividends and interest income	27,990	