

CITIZENS FINANCIAL SERVICES INC  
Form 10-Q  
August 07, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q

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

For the quarterly period ended June 30, 2014  
Or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-13222

CITIZENS FINANCIAL SERVICES, INC.  
(Exact name of registrant as specified in its charter)

PENNSYLVANIA  
(State or other jurisdiction of incorporation or organization)  
No.)

23-2265045  
(I.R.S. Employer Identification  
No.)

15 South Main Street  
Mansfield, Pennsylvania 16933  
(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: (570) 662-2121

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of outstanding shares of the Registrant's Common Stock, as of July 29, 2014, was 3,041,911.

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Citizens Financial Services, Inc.  
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CITIZENS FINANCIAL SERVICES, INC.  
CONSOLIDATED BALANCE SHEET  
(UNAUDITED)

(in thousands except share data)	June 30 2014	December 31 2013
<b>ASSETS:</b>		
Cash and due from banks:		
Noninterest-bearing	\$ 14,742	\$ 8,899
Interest-bearing	998	1,184
Total cash and cash equivalents	15,740	10,083
Interest bearing time deposits with other banks	2,480	2,480
Available-for-sale securities	312,322	317,301
Loans held for sale	545	278
Loans (net of allowance for loan losses: 2014, \$6,751 and 2013, \$7,098)		
	533,126	533,514
Premises and equipment	11,501	11,105
Accrued interest receivable	3,557	3,728
Goodwill	10,256	10,256
Bank owned life insurance	14,921	14,679
Other assets	9,721	11,510
<b>TOTAL ASSETS</b>	<b>\$ 914,169</b>	<b>\$ 914,934</b>
<b>LIABILITIES:</b>		
Deposits:		
Noninterest-bearing	\$ 94,434	\$ 85,585
Interest-bearing	671,022	662,731
Total deposits	765,456	748,316
Borrowed funds	43,075	66,932
Accrued interest payable	735	895
Other liabilities	6,664	6,735
<b>TOTAL LIABILITIES</b>	<b>815,930</b>	<b>822,878</b>
<b>STOCKHOLDERS' EQUITY:</b>		
Preferred Stock		
\$1.00 par value; authorized 3,000,000 shares June 30, 2014 and December 31, 2013;		
none issued in 2014 or 2013	-	-
Common stock		
\$1.00 par value; authorized 15,000,000 shares; issued 3,335,235 at June 30, 2014 and 3,305,517 at December 31, 2013		
	3,335	3,306
Additional paid-in capital	25,142	23,562
Retained earnings	76,925	74,325
Accumulated other comprehensive income (loss)	1,100	(1,225)

Treasury stock, at cost: 296,758 shares at June 30, 2014

and 290,468 shares at December 31, 2013	(8,263)	(7,912)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>98,239</b>	<b>92,056</b>
<b>TOTAL LIABILITIES AND</b>		
<b>STOCKHOLDERS' EQUITY</b>	<b>\$ 914,169</b>	<b>\$ 914,934</b>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

CITIZENS FINANCIAL  
SERVICES, INC.  
CONSOLIDATED  
STATEMENT OF INCOME  
(UNAUDITED)

(in thousands, except share and per share data)	Three Months Ended June 30		Six Months Ended June 30,	
	2014	2013	2014	2013
<b>INTEREST INCOME:</b>				
Interest and fees on loans	\$ 7,118	\$ 7,141	\$ 14,106	\$ 14,278
Interest-bearing deposits with banks	13	9	26	19
<b>Investment securities:</b>				
Taxable	849	936	1,737	1,899
Nontaxable	840	844	1,682	1,713
Dividends	69	18	119	38
<b>TOTAL INTEREST INCOME</b>	<b>8,889</b>	<b>8,948</b>	<b>17,670</b>	<b>17,947</b>
<b>INTEREST EXPENSE:</b>				
Deposits	1,094	1,287	2,199	2,615
Borrowed funds	145	310	309	668
<b>TOTAL INTEREST EXPENSE</b>	<b>1,239</b>	<b>1,597</b>	<b>2,508</b>	<b>3,283</b>
<b>NET INTEREST INCOME</b>	<b>7,650</b>	<b>7,351</b>	<b>15,162</b>	<b>14,664</b>
Provision for loan losses	150	75	330	225
<b>NET INTEREST INCOME AFTER</b>				
<b>PROVISION FOR LOAN LOSSES</b>	<b>7,500</b>	<b>7,276</b>	<b>14,832</b>	<b>14,439</b>
<b>NON-INTEREST INCOME:</b>				
Service charges	1,102	1,114	2,141	2,168
Trust	186	169	377	370
Brokerage and insurance	137	121	257	213
Investment securities gains, net	75	98	246	294
Gains on loans sold	30	50	70	161
Earnings on bank owned life insurance	121	126	242	250
Other	104	100	209	204
<b>TOTAL NON-INTEREST INCOME</b>	<b>1,755</b>	<b>1,778</b>	<b>3,542</b>	<b>3,660</b>
<b>NON-INTEREST EXPENSES:</b>				
Salaries and employee benefits	2,893	2,795	5,810	5,600
Occupancy	304	312	654	654
Furniture and equipment	94	113	194	215
Professional fees	208	188	442	417
FDIC insurance	116	113	229	225
Pennsylvania shares tax				