

CITIZENS FINANCIAL SERVICES INC
Form 10-Q
May 08, 2008

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 March 31, 2008

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 23-2265045
(State or other jurisdiction of incorporation or organization) (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 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.)

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

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

The number of shares, as of May 5, 2008, was 2,830,931 shares of the Registrant's Common Stock, par value \$1.00.

Citizens Financial Services, Inc.
Form 10-Q

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CITIZENS FINANCIAL SERVICES, INC.
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

(in thousands except share data)	March 31 2008	December 31 2007
ASSETS:		
Cash and due from banks:		
Noninterest-bearing	\$ 12,261	\$ 10,374
Interest-bearing	-	15
Total cash and cash equivalents	12,261	10,389
Available-for-sale securities	126,064	120,802
Loans (net of allowance for loan losses: 2008, \$4,305 and 2007, \$4,197)	420,918	419,182
Premises and equipment	12,408	12,538
Accrued interest receivable	2,755	2,522
Goodwill	8,605	8,605
Bank owned life insurance	8,463	8,378
Other assets	8,893	8,613
TOTAL ASSETS	\$ 600,367	\$ 591,029
LIABILITIES:		
Deposits:		
Noninterest-bearing	\$ 54,812	\$ 50,944
Interest-bearing	404,790	405,084
Total deposits	459,602	456,028
Borrowed funds	83,994	80,348
Accrued interest payable	1,939	2,199
Other liabilities	4,243	3,926
TOTAL LIABILITIES	549,778	542,501
STOCKHOLDERS' EQUITY:		
Common stock		
\$1.00 par value; authorized 10,000,000 shares; issued 3,020,538 shares at March 31, 2008 and December 31, 2007, respectively		
	3,020	3,020
Additional paid-in capital	12,511	12,511
Retained earnings	38,961	37,590
Accumulated other comprehensive income (loss)	355	(348)
Unearned restricted stock, at cost:		
3,149 shares at March 31, 2008 and December 31, 2007	(72)	(72)
Treasury stock, at cost: 195,500 shares at March 31, 2008 and 194,883 shares at December 31, 2007	(4,186)	(4,173)
TOTAL STOCKHOLDERS' EQUITY	50,589	48,528
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 600,367	\$ 591,029

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 per share data)	Three Months Ended March 31,	
	2008	2007
INTEREST INCOME:		
Interest and fees on loans	\$ 7,664	\$ 7,357
Investment securities:		
Taxable	1,123	1,014
Nontaxable	336	224
Dividends	85	91
TOTAL INTEREST INCOME	9,208	8,686
INTEREST EXPENSE:		
Deposits	2,943	3,309
Borrowed funds	857	926
TOTAL INTEREST EXPENSE	3,800	4,235
NET INTEREST INCOME	5,408	4,451
Provision for loan losses	120	120
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	5,288	4,331
NON-INTEREST INCOME:		
Service charges	776	748
Trust	167	138
Brokerage and insurance	44	19
Earnings on bank owned life insurance	85	79
Other	137	143
TOTAL NON-INTEREST INCOME	1,209	1,127
NON-INTEREST EXPENSES:		
Salaries and employee benefits	2,156	2,093
Occupancy	314	301
Furniture and equipment	133	128
Professional fees	181	165
Other	1,131	1,091
TOTAL NON-INTEREST EXPENSES	3,915	3,778
Income before provision for income taxes	2,582	1,680
Provision for income taxes	561	300
NET INCOME	\$ 2,021	\$ 1,380
Earnings Per Share	\$ 0.72	\$ 0.48
Cash Dividends Paid	\$ 0.23	\$ 0.22
Weighted average number of shares outstanding	2,825,529	2,847,416

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

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

(in thousands)	Three Months Ended	
	March 31	
	2008	2007
Net income	\$ 2,021	\$ 1,380
Other comprehensive income:		
Unrealized gains on available for sale securities	1,065	200
Other comprehensive income, before tax	1,065	200
Income tax expense related to other comprehensive income	362	68
Other comprehensive income, net of tax		