

CITIZENS FINANCIAL SERVICES INC
Form 10-Q
November 08, 2018
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 September 30, 2018
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)

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

N/A
(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 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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated
filer
filer

Accelerated

Non-accelerated filer
reporting company

Smaller

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.

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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

The number of outstanding shares of the Registrant's Common Stock, as of October 31, 2018, was 3,509,143.

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

	September 30, 2018	December 31, 2017
(in thousands except share data)		
ASSETS:		
Cash and due from banks:		
Noninterest-bearing	\$15,496	\$16,347
Interest-bearing	1,004	2,170
Total cash and cash equivalents	16,500	18,517
Interest bearing time deposits with other banks	14,754	10,283
Equity Securities	291	-
Available-for-sale securities	240,426	254,782
Loans held for sale	960	1,439
Loans (net of allowance for loan losses: 2018, \$12,383 and 2017, \$11,190)	1,047,948	989,335
Premises and equipment	16,189	16,523
Accrued interest receivable	4,480	4,196
Goodwill	23,296	23,296
Bank owned life insurance	27,350	26,883
Other intangibles	1,703	1,953
Other assets	13,983	14,679
TOTAL ASSETS	\$1,407,880	\$1,361,886
LIABILITIES:		
Deposits:		
Noninterest-bearing	\$173,379	\$171,840
Interest-bearing	1,001,464	933,103
Total deposits	1,174,843	1,104,943
Borrowed funds	86,097	114,664
Accrued interest payable	979	897
Other liabilities	11,561	12,371
TOTAL LIABILITIES	1,273,480	1,232,875
STOCKHOLDERS' EQUITY:		
Preferred Stock		
\$1.00 par value; authorized 3,000,000 shares at September 30, 2018 and December 31, 2017; none issued in 2018 or 2017	-	-
Common stock		
\$1.00 par value; authorized 25,000,000 shares at September 30 2018 and 15,000,000 at December 31, 2017; issued 3,904,212 at September 30, 2018 and 3,869,939 at December 31, 2017	3,904	3,870
Additional paid-in capital	53,122	51,108
Retained earnings	96,754	89,982
Accumulated other comprehensive loss	(6,081)	(3,398)
Treasury stock, at cost: 395,070 shares at September 30, 2018 and 383,065 shares at December 31, 2017	(13,299)	(12,551)

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TOTAL STOCKHOLDERS' EQUITY	134,400	129,011
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,407,880	\$1,361,886

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except share and per share data)	2018	2017	2018	2017
INTEREST INCOME:				
Interest and fees on loans	\$ 12,666	\$ 10,659	\$ 36,988	\$ 30,680
Interest-bearing deposits with banks	94	49	218	129
Investment securities:				
Taxable	967	762	2,683	2,341
Nontaxable	425	588	1,426	1,857
Dividends	107	62	355	191
TOTAL INTEREST INCOME	14,259	12,120	41,670	35,198
INTEREST EXPENSE:				
Deposits	1,794	1,210	4,695	3,398
Borrowed funds	695	293	2,034	782
TOTAL INTEREST EXPENSE	2,489	1,503	6,729	4,180
NET INTEREST INCOME	11,770	10,617	34,941	31,018
Provision for loan losses	475	500	1,300	1,740
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	11,295	10,117	33,641	29,278
NON-INTEREST INCOME:				
Service charges	1,181	1,145	3,455	3,323
Trust	147	187	548	596
Brokerage and insurance	222	154	571	459
Gains on loans sold	170	134	302	383
Equity security gains (losses), net	(4) -	9	-
Available for sale security gains (losses), net	(8) 9	(8) 204
Earnings on bank owned life insurance	161	166	467	499
Other	141	126	414	380
TOTAL NON-INTEREST INCOME	2,010	1,921	5,758	5,844
NON-INTEREST EXPENSES:				
Salaries and employee benefits	4,679	4,287	14,251	13,030
Occupancy	500	475	1,606	1,479
Furniture and equipment	130	159	394	444
Professional fees	507	318	1,273	942
FDIC insurance	120	95	327	295
Pennsylvania shares tax	250	243	850	767
Amortization of intangibles	74	74	224	223
OREO expenses	6	139	92	255
Other	1,522	1,457	4,305	4,169
TOTAL NON-INTEREST EXPENSES	7,788	7,247	23,322	21,604
Income before provision for income taxes	5,517	4,791	16,077	13,518
Provision for income taxes	936	1,141	2,558	3,097
NET INCOME	\$4,581	\$3,650	\$13,519	\$10,421

PER COMMON SHARE DATA:

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Net Income - Basic	\$1.31	\$1.04	\$3.85	\$2.96
Net Income - Diluted	\$1.31	\$1.04	\$3.85	\$2.96
Cash Dividends Paid	\$0.440	\$0.426	\$1.302	\$1.228
Number of shares used in computation - basic	3,502,859	3,517,208	3,507,515	3,515,032
Number of shares used in computation - diluted	3,503,020	3,519,493	3,509,676	3,516,906

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

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

	Three Months		Nine Months Ended	
	Ended		September 30,	September 30,
(in thousands)	2018	2017	2018	2017
Net income	\$4,581	\$3,650	\$13,519	\$10,42