

CITIZENS FINANCIAL SERVICES INC
Form 10-Q
November 09, 2006

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

(Mark One)

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

For the quarterly period ended September 30, 2006

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 000-13222

**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.)

**First Citizens National Bank
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 required 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, or a non-accelerated filer. (See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act) Check one:

Large accelerated filer Accelerated filer Non-accelerated filer

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 shares outstanding of the Registrant's Common Stock, as of November 6, 2006; 2,826,970 shares of Common Stock, par value \$1.00.

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

<i>(in thousands except share data)</i>	September 30 2006	December 31 2005
ASSETS:		
Cash and due from banks:		
Noninterest-bearing	\$ 9,616	\$ 8,498
Interest-bearing	26	111
Total cash and cash equivalents	9,642	8,609
Available-for-sale securities	103,301	102,602
Loans (net of allowance for loan losses: 2006, \$3,841; 2005, \$3,664)	407,769	379,139
Premises and equipment	12,574	12,305
Accrued interest receivable	2,407	2,164
Goodwill	8,605	8,605
Bank owned life insurance	7,967	7,743
Other assets	8,389	8,074
TOTAL ASSETS	\$ 560,654	\$ 529,241
LIABILITIES:		
Deposits:		
Noninterest-bearing	\$ 49,741	\$ 50,600
Interest-bearing	398,418	379,199
Total deposits	448,159	429,799
Borrowed funds	64,295	52,674
Accrued interest payable	1,994	1,862
Commitment to purchase investments	-	752
Other liabilities	2,628	2,593
TOTAL LIABILITIES	517,076	487,680
STOCKHOLDERS' EQUITY:		
Common Stock		
\$1.00 par value; authorized 10,000,000 shares; issued		
2,992,896 shares in 2006 and 2,965,257 in 2005, respectively	2,993	2,965
Additional paid-in capital	11,933	11,359
Retained earnings	33,140	31,251
TOTAL	48,066	45,575
Accumulated other comprehensive loss	(1,018)	(1,540)
Less: Treasury Stock, at cost 162,674 shares for 2006 and 118,715 for 2005, respectively	(3,470)	(2,474)
TOTAL STOCKHOLDERS' EQUITY	43,578	41,561
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 560,654	\$ 529,241

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,	
<i>(in thousands, except per share data)</i>	2006	2005	2006	2005
INTEREST INCOME:				
Interest and fees on loans	\$ 7,226	\$ 6,362	\$ 20,639	\$ 18,386
Interest-bearing deposits with banks	-	-	-	-