

PEOPLES FINANCIAL SERVICES CORP/  
Form 10-K/A  
May 02, 2005

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 10-K/A**

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

For the fiscal year ended December 31, 2004,

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 **0-23863**

**PEOPLES FINANCIAL SERVICES CORP.**

*(Exact Name of Registrant as Specified in its Charter)*

**PENNSYLVANIA**

*(State or Other Jurisdiction of*

*Incorporation or Organization)*

**23-2391852**

*(I.R.S. Employer*

*Identification Number)*

**50 MAIN STREET, HALLSTEAD, PA**

*(Address of Principal Executive Offices)*

**18822**

*(Zip Code)*

Registrant's telephone number, including area code: **(570) 879-2175**

Securities registered pursuant to Section 12(b) of the Act: **NONE**

Securities registered pursuant to Section 12(g) of the Act: **COMMON STOCK (\$2 Par Value)**

*(Title Class)*

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. [X]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer. [X]

The aggregate market value of voting stock held by non-affiliates of the registrant is \$ 98,133,789

The aggregate dollar amount of the voting stock set forth equals the number of shares of the registrant's Common Stock outstanding, reduced by the amount of Common stock held by executive officers, directors, and shareholders owning in excess of 10% of the registrant's Common Stock, multiplied by the last sale price for the registrant's Common Stock by June 30, 2004. The information provided shall in no way be construed as an admission that the officer, director, or 10% shareholder in the registrant may be deemed an affiliate of the registrant or that such person is the beneficial owner of the shares reported as being held by him, and any such inference is hereby disclaimed. The information provided herein is included solely for the record keeping purpose of the Securities and Exchange Commission.

|   |   |   |
|---|---|---|
| Number of shares outstanding as of<br>December 31, 2004 | <b>COMMON STOCK</b><br><br><i>(\$2 Par Value)</i><br><br><i>(Title Class)</i> | <b>3,155,801</b><br><br><i>(Outstanding<br/>Shares)</i> |
|---|---|---|

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2005 Proxy Statement for the Registrant are incorporated by reference into Part III of this report.

**PEOPLES FINANCIAL SERVICES CORP.**

**EXPLANATORY NOTE**

This amendment to the Annual Report on Form 10-K for Peoples Financial Services Corp. (the “Company”) for the fiscal year ended December 31, 2004 (initially filed on March 15, 2005, the “Original Filing”), is being filed to include *Management’s annual report on internal control over financial reporting* required by Item 308(a) of Regulation S-K and the related *Attestation report of the registered public accounting firm* required by Item 308(b). As permitted by SEC Release No. 34-50754 dated November 30, 2004, the initial filing of the Company’s Form 10-K did not include those items. However, in order for the Company’s Form 10-K to be deemed as “timely filed”, those items must be included in a Form 10-K Amendment to be filed within 45 days of the filing deadline otherwise specified for the Original Filing.

This Amendment is specifically intended to make only the following changes to the Company’s 10-K for the year ended December 31, 2004: 1) to modify Part II Item 9A to include the information required by Items 308(a) and 308(b) of Regulation S-K; 2) to update the requisite Section 302 and Section 906 certifications and the signature page to reflect the filing date of this Amendment; and 3) to modify the list of exhibits to reflect the updated certifications and auditor’s consent and to incorporate by reference any other exhibits filed with the Original Filing. All other information presented in the Original Filing is unaffected by this Amendment, and has thus not been reiterated herein. All information in this Amendment is as of the date of the Original Filing and does not reflect any subsequent information or events occurring after the date of the Original Filing.



PART II

ITEM 9A.

**Evaluation of Disclosure Controls and Procedures**

The Company maintains controls and procedures designed to ensure that information required to be

**Management's Report on Internal Controls**

The management of Peoples Financial Services Corp. is responsible for designing, implementing, do  
Maintain records that accurately reflect the Company's Transactions;  
Prepare financial statement and footnote disclosures in accordance with GAAP that can be relied u  
Prevent and detect unauthorized acquisition, use, or disposition of the Company's assets that cou

**Changes in Internal Controls**

There were no changes in the Company's internal controls over financial reporting that occurred during the fourth fiscal quarter ending December 31, 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

**Report of Independent Registered Public Accounting Firm**

The Board of Directors

Peoples Financial Services Corp.

Hallstead, Pennsylvania

We have audited management's assessment, included in the accompanying Management's Report on Internal Controls, that Peoples Financial Services Corp. maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Peoples Financial Services Corp.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit 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 effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become

inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Peoples Financial Services Corp. maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also in our opinion, Peoples Financial Services Corp. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Peoples Financial Services Corp. and its subsidiary as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three year period ended December 31, 2004, and our report dated February 25, 2005, expressed an unqualified opinion on those consolidated financial statements.

/s/ BEARD MILLER COMPANY LLP

Allentown, Pennsylvania

April 20, 2005





**PART IV**

**ITEM 15 EXHIBITS AND FINANCIAL STATEMENTS SCHEDULES**

Exhibits required by Item 601 of Regulation S-K:

- (3.1) Articles of Incorporation of Peoples Financial Services Corp. \*;
- (3.2) Bylaws of Peoples Financial Service Corp. as amended \*\*;
- (10.1) Agreement dated January 14, 1997, between John W. Ord and Peoples Financial Services Corp.\*;
- (10.2) Excess Benefit Plan dated January 14, 1992, for John W. Ord \*;
- (10.4) Termination Agreement dated January 1, 1997, between Debra E. Dissinger and Peoples Financial Services Corp. \*;
- (10.5) Supplemental Executive Retirement Plan Agreement, dated December 3, 2004, for John W. Ord\*\*\*;
- (10.6) Supplemental Executive Retirement Plan Agreement, dated December 3, 2004, for Debra E. Dissinger\*\*\*;
  
- (10.7) Supplemental Director Retirement Plan Agreement, dated December 3, 2004, for all Non-Employee Directors of the Company\*\*\*;
- (11) The statement regarding computation of per-share earnings \*\*\*\*;
  
- (14) Code of Ethics \*\*\*\*\*;
- (21) Subsidiaries of Peoples Financial Services Corp. \*;
- (23.1) Consent of Independent Registered Public Accounting Firm – Beard Miller Company LLP, filed herewith;
- (31.1) Certification of Chief Executive Officer (Section 302 Certification);
- (31.2) Certification of Chief Financial Officer (Section 302 Certification);
- (32.1) Certification of Periodic Financial Report (Section 906 Certification);
- (32.2) Certification of Periodic Financial Report (Section 906 Certification);

\* Incorporated by reference to the Corporation's Registration Statement on Form 10 as filed with the U.S. Securities and Exchange Commission on March 4, 1998.

\*\* Incorporated by reference to the Company's Exhibit 3.2 on Form 10Q filed with the U.S. Securities and Exchange Commission on November 8, 2004.

\*\*\* Incorporated by reference to the Corporation's Exhibits 10.5, 10.6 and 10.7 on Form 10K filed with the U.S. Securities and Exchange Commission on March 15, 2005.

\*\*\*\* Computation of earnings per share is incorporated herein by reference to Note 1 of the financial statements on Form 10K filed with the U.S. Securities and Exchange Commission on March 15, 2005.

\*\*\*\*\* Filed as an exhibit to the Form 10K filed with the U.S. Securities and Exchange Commission on March 15, 2005.





/s/ Russell D. Shurtleff, Esq.

Russell D. Shurtleff, Member, Board of Directors

/s/ Richard S. Lochen, Jr.

Richard S. Lochen, Jr., Member, Board of Directors



Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement No. 333 84169, of our report dated April 20, 2005, relating to the effectiveness of Peoples Financial Services Corp.'s internal control over financial reporting, included in this Amended Annual Report (Form 10-K/A).

/s/ BEARD MILLER COMPANY LLP  
Allentown, Pennsylvania  
April 29, 2005

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Exhibit 31.1

Certification of Chief Executive Officer (Section 302 Certification)

I, John W. Ord, certify that:

1. I have reviewed this annual report on Form 10-K of Peoples Financial Services Corp.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in the annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By/s/ John W. Ord

Chief Executive Officer and President

Date: May 2, 2005

Exhibit 31.2

Certification of Chief Financial Officer (Section 302 Certification)

I, Debra E. Dissinger, certify that:

1. I have reviewed this annual report on Form 10-K of Peoples Financial Services Corp.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- d) disclosed in the annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By/s/ Debra E. Dissinger

Executive Vice President

Date: May 2, 2005



Exhibit 32.2

Certification of Periodic Financial Report (Section 906 Certification)

In connection with the Annual Report on Form 10-K of Peoples Financial Services Corp. (the "Company") for the period ended December 31, 2004, as filed with the Securities and Exchange Commission (the "Report"), I, Debra E. Dissinger, Executive Vice President, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as added by Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the

Report.

By/s/ Debra E. Dissinger

Executive Vice President

Date: May 2, 2005

