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JUNIATA VALLEY FINANCIAL CORP  
Form DEF 14A  
March 23, 2004

Proxy Statement Pursuant to Section 14(a)  
Of the Securities Exchange  
Act of 1934 (Amendment No. )

Filed by the Registrant  [X]  
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Juniata Valley Financial Corp.

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(Name of Registrant as Specified In Its Charter)  
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(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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TABLE OF CONTENTS

-----

GENERAL INFORMATION.....1

-----

VOTING PROCEDURES.....1

-----

MANAGEMENT AND CORPORATE GOVERNANCE.....2

-----

    DIRECTORS OF THE COMPANY.....3

    -----

        Nominees for Election.....3

        -----

        Directors Continuing in Office.....3

        -----

    EXECUTIVE OFFICERS OF THE COMPANY.....5

    -----

    MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS.....5

    -----

        Audit Committee.....6

        -----

        Nominating Committee.....7

        -----

        Personnel Committee.....8

        -----

    SHAREHOLDER COMMUNICATIONS WITH THE BOARD.....8

    -----

    TRANSACTIONS BETWEEN MANAGEMENT AND BANK.....8

    -----

    ATTENDANCE OF DIRECTORS AT ANNUAL MEETING.....9

    -----

COMPENSATION OF MANAGEMENT.....9

-----

    EXECUTIVE OFFICERS.....9

    -----

        Summary Compensation Table.....9

        -----

        Option/SAR Grants In Last Fiscal Year.....10

        -----

        Aggregated Options/SAR Exercises In Last Fiscal Year and FY-End Option/SAR Values.....10

        -----

        Pension Plan Table.....11

        -----

        Employment Contracts.....11

        -----

        Personnel Committee Report On Executive Compensation.....12

        -----

        Stock Performance Graph.....13

        -----

    DIRECTOR'S COMPENSATION.....14

    -----

        Director's Deferred Compensation Plans.....14

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-----

STOCK OWNERSHIP BY MANAGEMENT AND BENEFICIAL OWNERS.....	16
-----	
SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE.....	17
-----	
OTHER MATTERS.....	17
-----	
SHAREHOLDER PROPOSALS FOR THE 2005 ANNUAL MEETING OF SHAREHOLDER.....	17
-----	
OTHER BUSINESS.....	17
-----	
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS.....	18
-----	
ANNUAL REPORT ON FORM 10-K.....	18
-----	
OBTAINING MULTIPLE COPIES OF THE PROXY STATEMENT AND ANNUAL REPORT.....	19
-----	
AUDIT COMMITTEE CHARTER.....	A-1
CHARTER OF THE NOMINATING COMMITTEE OF THE BOARD OF DIRECTORS.....	B-1

i

JUNIATA VALLEY FINANCIAL CORP.

Bridge and Main Streets  
Post Office Box 66  
Mifflintown, PA 17059  
Telephone (717) 436-8211

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Date: May 18, 2004  
Time: 10:30 a.m.  
Place: Clarion Inn, Burnham, Pennsylvania

MATTERS TO BE VOTED ON:

1. Election of Directors: Election of five Class B Directors to serve  
-----  
until the 2007 annual meeting.
2. Other Business: Any other business properly brought before the  
-----  
shareholders at the meeting.

You can vote your shares of common stock if our records show that you owned the shares at the close of business on April 12, 2004 (the "Record Date"). Your vote at the annual meeting is very important to us. Please vote your shares of common stock by completing the enclosed proxy and returning it to us in the enclosed prepaid envelope. This proxy will not be used if you are present at the

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meeting and desire to vote in person.

BY ORDER OF THE BOARD OF DIRECTORS

RONALD H. WITHERITE, Secretary

Mifflintown, Pennsylvania  
April 13, 2004

### PROXY STATEMENT

APRIL 13, 2004

### GENERAL INFORMATION

-----

This proxy statement has information about the annual meeting of shareholders of Juniata Valley Financial Corp. We refer to Juniata Valley Financial Corp. in this proxy statement as the "Company" or "we," "our" or "us." The Company is the holding company for Juniata Valley Bank, which we refer to as the "Bank." The enclosed proxy is being solicited by the Board of Directors of the Company for use at the annual meeting. We first mailed this proxy statement and the enclosed proxy card to shareholders on April 13, 2004.

We will pay the costs of preparing, printing and mailing the proxy and all related materials. In addition to sending you these materials, some of our employees may contact you by telephone, by mail or in person.

Our executive offices are located at Bridge and Main Streets, Mifflintown, Pennsylvania 17059, and our telephone number is (717) 436-8211. Our mailing address is P.O. Box 66, Mifflintown, PA 17059.

### VOTING PROCEDURES

-----

#### WHO CAN VOTE?

You can vote your shares of common stock if our records show that you owned the shares at the close of business on April 12, 2004 (the "Record Date"). A total of 2,284,703 shares of common stock were outstanding on March 1, 2004, and can vote at the annual meeting. You get one vote for each share of common stock that you own, and there is no cumulative voting for the election of directors. The enclosed proxy card shows the number of shares you can vote. We will hold the annual meeting if the holders of a majority of the shares of the common stock entitled to vote either sign and return their proxy cards or attend the meeting in person.

#### WHAT VOTE IS REQUIRED?

The directors will be elected by a plurality of the votes cast. Because five directors are being elected at the 2004 annual meeting, the five nominees receiving the greatest number of votes will be elected. All other matters to be voted on at the annual meeting must be approved by the holders of a majority of the shares of common stock present at the annual meeting in person or by proxy.

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WHAT IF OTHER MATTERS COME UP AT THE ANNUAL MEETING?

The matters described in this proxy statement are the only matters we know will be voted on at the meeting. If other matters are properly presented at the annual meeting, the proxy holders named in the enclosed proxy card will vote your shares in accordance with their best judgment.

HOW ARE VOTES COUNTED?

At the annual meeting, our judges of election will manually count all votes which are cast in person or by proxy. Voting is an important right of shareholders. Abstentions will be counted for purposes of determining whether there is a quorum, but they will not be counted as votes. Broker non-votes, which occur when a broker or a bank holding your shares does not have discretion to vote on your behalf or has not received voting instructions from you, may be counted to determine whether there is a quorum but will not be counted as a vote on any matter.

CAN I CHANGE MY VOTE AFTER I RETURN MY PROXY CARD?

Yes. At any time before the vote on a proposal, you can change your vote either by:

- o Giving the Company's secretary a written notice revoking your proxy card; or
- o Signing, dating and returning to us a new proxy card.

We will honor the proxy card with the latest date.

CAN I VOTE IN PERSON AT THE ANNUAL MEETING?

Yes. We encourage you to complete and return the proxy card to ensure that your vote is counted. However, you may attend the meeting and vote in person whether or not you have previously returned a proxy card.

MANAGEMENT AND CORPORATE GOVERNANCE

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DIRECTORS OF THE COMPANY

NOMINEES FOR ELECTION AS DIRECTORS TO CONTINUE IN OFFICE

-----

UNTIL THE 2007 ANNUAL MEETING

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With respect to electing directors, the Company's bylaws provide as follows:

- o The board of directors will consist of not less than five nor more than 25 directors;
- o There will be three classes of directors (A, B and C), as nearly equal in number as possible;
- o Each class will be elected for a term of three years; and

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- o Each class will be elected in a separate election so that the term of office of one class of directors will expire each year.

At the annual meeting, we will nominate the five persons named below as directors. Although we do not know of any reason why any of these nominees might not be able to serve, we will propose a substitute nominee if any nominee is not available for election. The proxy holders named on the proxy card intend to vote for the election of the five persons listed as the directors named below to serve until the 2007 annual meeting. Unless you indicate otherwise, your proxy will be voted in favor of the election of those nominees. Each nominee for the position of Class B Director is currently a director of the Company and the Bank. Besides their service to the Company and the Bank, none of the nominees or continuing directors has been occupied in businesses that are affiliates or subsidiaries of the Company or the Bank.

Don E. Haubert. Mr. Haubert, age 64, has been the president of Haubert Homes, Inc., a residential development and home-building company based in Camp Hill, Pennsylvania, since 1996. He has been a director of the Bank since 1975 and of the Company since its formation in 1983.

Timothy I. Havice. Mr. Havice, age 56, has been the owner and principal of T. I. Havice Development, a development company based in Lewistown, Pennsylvania, since 1975. He has been a director of the Bank and the Company since 1998 and is currently serving as Vice-Chairman of the Company's Board.

Charles E. Hershberger. Mr. Hershberger, age 58, has been the president of Stonewall Equity, Inc., an investment company, since 1996 and was president of Hoenstine Funeral Homes, Inc., based in Lewistown, Pennsylvania, from 1987 to 2002. He has been a director of the Bank and the Company since 1998.

John A. Renninger. Mr. Renninger, age 68, was the president of A. D. Renninger Lumber Co., a lumber company and manufacturer of lumber products, based in Richfield, Pennsylvania, from 1968 to 2002 and is now retired. He has been a director of the Bank since 1979 and of the Company since its formation in 1983.

Ronald H. Witherite. Mr. Witherite, age 66, has been the president and owner of Ron's Fruit Market, Inc., a retail grocery store and a lawn and garden equipment center based in Reedsville, Pennsylvania, since 1969. He has been a director of the Bank and the Company since 1992.

DIRECTORS CONTINUING IN OFFICE  
 -----

DIRECTORS TO CONTINUE IN OFFICE UNTIL THE 2005 ANNUAL MEETING (CLASS C)  
 -----

Joe E. Benner. Mr. Benner, age 65, has been the owner and principal of Benner Automotive, a retail vehicle sales company based in Mifflintown, Pennsylvania, since 1985. He has been a director of the Bank and the Company since 1996 and has served as the Chair of the Board's Audit Committee since 2001.

Francis J. Evanitsky. Mr. Evanitsky, age 61, has been the President and a director of the Bank and the Company since 1998. In 2000 Mr. Evanitsky became

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the CEO of the Bank and Company. Prior to 1998, Mr. Evanitsky was the President and CEO of the Lewistown Trust Company, which merged into the Bank in 1998.

Philip E. Gingerich, Jr. Mr. Gingerich, age 45, has been the president of Central Insurance Group, Inc, an insurance agency based in Lewistown, Pennsylvania, since 1982. He has been a director of the Company and the Bank since 1998.

Dale G. Nace. Mr. Nace, age 59, was the owner and principal of Glenn Nace, Inc., a cooling and heating contracting company based in Millerstown, Pennsylvania, from 1975 until his retirement in 2003. Mr. Nace is currently the owner and principal of GlenDale Storage, a storage business also based in Millerstown. He has been a director of the Company and the Bank since 1992.

Harold B. Shearer. Mr. Shearer, age 68, owned and operated a farming business in East Waterford, Pennsylvania from 1961 until his retirement in 1994. He has been a director of the Company and the Bank since 1988.

Jan Snedeker. Mr. Snedeker, age 57, has been the president of Snedeker Oil, Inc., a heating oil and propane business based in Lewistown, Pennsylvania, since 1995. He has been a director of the Company and the Bank since 1998.

### DIRECTORS TO CONTINUE IN OFFICE UNTIL THE 2006 ANNUAL MEETING (CLASS A)

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A. Jerome Cook. Mr. Cook, age 63, was the President and CEO of the Bank and the Company until 1998 when he then became CEO and Chairman of the Board until his retirement as CEO in 2000. He has been a director of the Bank since 1976 and of the Company since its formation in 1983.

Martin L. Dreibelbis. Mr. Dreibelbis, age 50, has been a member of the Boards of the Company and the Bank since 1998 and became Chairman of the Boards in 2001. He has been a self-employed consultant to the petroleum industry since 1992.

Marshall L. Hartman. Mr. Hartman, age 65, has been the owner and principal of Traditions, Ltd. an antique gallery based in Lewistown, PA since 1992. Mr. Hartman was the President and CEO of Lewistown Trust Company, based in Lewistown, Pennsylvania, from 1977 to 1997. Throughout his twenty years as CEO of Lewistown Trust Company, Mr. Hartman also acted in the role of Chief Financial Officer of that organization and was responsible for the preparation of the financial statements submitted by the Lewistown Trust Company to its shareholder and to banking regulators. He has been a director of the Company and the Bank since 1998.

Robert K. Metz. Mr. Metz, age 62, was the President of Metz Poultry Farms, Inc., a poultry production and sales company based in Belleville, Pennsylvania, from 1985 until his retirement in 2003. He has been a director of the Company and the Bank since 1998.

4

Richard M. Scanlon, DMD. Dr. Scanlon, age 55, has owned and operated his own dentistry practice, based in Lewistown, Pennsylvania, since 1979. He has been a director of the Company and the Bank since 1998.

### EXECUTIVE OFFICERS OF THE COMPANY

In addition to Mr. Evanitsky, the following individuals serve as executive officers of the Company. The officers will hold office until their successors

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are elected.

Judy R. Aumiller. Ms. Aumiller, age 61, has been Sr. Vice President of Operations since 1989.

William L. Barnett. Mr. Barnett age 52, Sr. Vice President Trust & Investment Division Manager since 2003. Prior to joining the Company, Mr. Barnett held positions as Account Manager and Vice President of Retirement Services at other financial institutions.

Pamela S. Eberman. Ms. Eberman, age 52, has been the Sr. Vice President of Human Resources since 2002. Prior to 2002 Ms. Eberman held the position of Vice President of Human Resources.

Linda L. Engle. Ms. Engle, age 51, has been the Treasurer of the Company and the Chief Financial Officer since 1992 and Executive Vice President since 1998.

Edward L. Kauffman. Mr. Kauffman, age 51, has been Sr. Vice President of Loan Administration since 1989.

Donald L. Musser. Mr. Musser, age 62, has been Sr. Vice President Facilities and Security Manager since 2002. Prior to 2002, Mr. Musser held the position of Senior Vice President Branch Administration with the Company.

Thomas L. Parrish. Mr. Parrish, age 57, has been Sr. Vice President Community Banking Division Manager since 2002. Prior to joining the Company, Mr. Parrish held positions as Vice President, and Area Manager of other financial institutions.

Lou Ann Wilson. Ms. Wilson, age 51, has been Vice President, Compliance Officer since 2001. Ms. Wilson also held the position of Community Office Manager prior to becoming the Company's Compliance Officer.

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company met 12 times in 2003. No director attended fewer than 75% of the total number of meetings of the Board and the committee(s) on which he served. The Board has audit, nominating and personnel committees, in addition to other committees that are more specifically related to the banking business. Following are descriptions of those committees and reports from the audit and personnel committees.

AUDIT COMMITTEE

-----

Members, Number of Meetings, Function, Charter

-----

and Audit Committee Financial Expert

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The members of the Audit Committee are Joe Benner Chairman, Marshall Hartman, Don Haubert, Charles Hershberger and Robert Metz. Each member is an independent director, based on the qualifications for independence established by the Nasdaq Stock Market, Inc. and applicable Securities and Exchange Commission regulations. The Board of Directors has determined that Mr. Hartman is an audit committee financial expert. The Audit Committee, which met five times in 2003, oversees the Company's financial reporting process on behalf of



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the Board of Directors. The Committee, along with the Board of Directors, has formally adopted an audit committee charter setting forth its responsibilities. A copy of the charter is included in this Proxy Statement as Appendix A.

### Report of the Audit Committee

-----

Management has the primary responsibility for the financial statements and the reporting process including the systems of internal control. In fulfilling its oversight responsibilities, the Committee reviewed the audited financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability of the accounting principles, the reasonableness of significant judgments and the clarity of disclosure in the financial statements.

The Committee reviewed with the independent auditors who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Committee under generally accepted auditing standards. In addition, the Committee has discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, "Communications with Audit Committees." We have also received from Beard Miller Company LLP, the Company's independent auditors, written disclosures and a letter concerning the firm's independence from the Company, as required by Independence Standards Board No. 1, "Independence Discussions with Audit Committees."

The Committee discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits. The Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2003 for filing with the Securities and Exchange Commission. The Committee and the Board of Directors have also approved the selection of Beard Miller Company LLP as the Company's independent auditors for 2004.

By: Joe Benner, Chairman, Charles Hershberger, Marshall Hartman,  
Don Haubert and Robert Metz

6

### NOMINATING COMMITTEE

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#### Members, Meetings, Function and Charter

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The members of the Nominating Committee are Joe Benner, Martin Dreibelbis, Philip Gingerich, Jr., Tim Havice and Harold Shearer. Each member is an independent director, based on the qualifications for independence established by the Nasdaq Stock Market, Inc. The function of the Committee is to identify and recommend qualified candidates for election to the Board of Directors and to nominate candidates to fill vacancies that occur between shareholder meetings.

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The Committee has adopted a charter, which is included in this Proxy Statement as Appendix B. A current copy of the charter is also posted on the Bank's website at [jvbonline.com](http://jvbonline.com), under the Investor Relations tab. Because the Nominating Committee was formed by the Board of Directors at its meeting in January 2004, it did not meet in 2003. Before recommending candidates for election to the Board, the Nominating Committee will consider the candidate's character, judgment, business experience, expertise and acumen, as well as any other criteria contained in the bylaws for membership on the Board.

### Process for Identifying and Evaluating Nominees for Director -----

The Committee will utilize current board members, management and other appropriate sources to identify potential nominees. The Committee will conduct any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board of Directors, and recommend nominees for approval by the Board of Directors and stockholders. The Committee's process for the consideration of potential nominees will be the same for nominees identified by shareholders, as well as the other sources identified above.

The Nominating Committee will receive and consider nominee recommendations that shareholders address to the Secretary of the Company at the address listed on the first page of this proxy statement. If shareholders wish to nominate candidates for election at the Company's annual meeting of shareholders, however, they must comply with additional procedures contained in the Company's bylaws. To nominate someone at the annual meeting, you must deliver or mail a notice to the secretary of the Company not less than 45 days prior to the date of the annual meeting. Your notice must state your name and residence address and the number of shares of the Company which you own. Your notice must also contain the following information on each proposed nominee:

the name, address and age of the nominee;

the principal occupation of the nominee;

the number of shares of the Company common stock owned by the nominee; and

the total number of shares that, to your knowledge, will be voted for the nominee.

7

If you do not follow this procedure, the Chairman of the meeting will disregard a nomination made at the annual meeting, and the judges of election will disregard any votes cast for your nominees.

### PERSONNEL COMMITTEE -----

#### Compensation Committee Interlocks and Insider Participation -----

The Personnel Committee makes recommendations to the Board regarding executive compensation. Its members are Timothy Havice, Chairman, Jan Snedeker, Richard Scanlon and Ronald Witherite, each of whom is independent based on the qualifications for independence established by the Nasdaq Stock Market, Inc. The Committee met three times in 2003. The report of the Personnel Committee is contained in the section of this Proxy Statement entitled "Compensation of Management." None of the members of the Personnel Committee has been an officer

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or employee of the Company or the Bank at any time. As is the case with other Board members, any indebtedness of the members of the Personnel Committee to the Bank is on the same terms, including interest rates and collateral on loans, as those prevailing at the time for comparable transactions with others, and did not involve more than the normal risk of collectibility or present other unfavorable features.

### SHAREHOLDER COMMUNICATIONS WITH THE BOARD

The Board has established a process whereby shareholders are able to communicate directly with the Board by addressing communications either to the Audit Committee Chair, or in the case of recommendations for Board candidates, the Secretary, c/o Juniata Valley Financial Corporation, Bridge and Main Streets, Post Office Box 66, Mifflintown, Pennsylvania 17059. Every communication sent to the Audit Committee Chair will be delivered directly to that director, who will in turn forward the communication to the specific member of the Board to whom it has been addressed and to the Board as a whole. All communications regarding nominations that are sent to the Secretary will be forwarded to the Chair of the Nominating Committee.

### TRANSACTIONS BETWEEN MANAGEMENT AND BANK

During 2003, the Bank had and expects to continue having banking transactions in the ordinary course of business with our directors and executive officers on the same terms, including interest rates and collateral on loans, as those prevailing at the time for comparable transactions with others. Management believes that these loans present no more than the normal risk of collectibility or other unfavorable features. During 2003, the highest aggregate amount of credit the Bank extended to directors, officers and their associates, either directly or indirectly, did not exceed 10% of equity capital. Also during 2003, extension of credit to any one director, officer, principal shareholder did not exceed 5% of equity capital.

### ATTENDANCE OF DIRECTORS AT ANNUAL MEETINGS

The Board has adopted a policy requiring the attendance of all directors at the annual meeting, absent extenuating circumstances. All members of the Board attended the 2003 annual meeting.

8

### COMPENSATION OF MANAGEMENT

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#### EXECUTIVE OFFICERS

The following tables and reports apply to the compensation our Company paid to Mr. Evanitsky. Pursuant to the rules of the Securities and Exchange Commission, we have only included Mr. Evanitsky's compensation information in this proxy statement, because he is the only executive officer of the Company whose salary and bonus exceeded \$100,000 in 2003.

### SUMMARY COMPENSATION TABLE

LONG TERM COMPENSATION

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(a) Name and Principal Position	(b) Year	ANNUAL COMPENSATION			Awards	
		(c) Salary (\$)	(d) Bonus (\$)	(e) Other Annual Compen- sation (\$)	(f) Restricted Stock Awards (\$)	(g) Securities Underlying Options/ SARs (#)
Francis J. Evanitsky, President and CEO	2003	151,501	2,057	-	-	2,540
	2002	148,271	1,185	-	-	2,544
	2001	128,923	1,185	-	-	2,429

- (1) The Company does not maintain any Long-Term Incentive Plans as defined by the Securities and Exchange Commission.
- (2) Mr. Evanitsky received \$8,700 in 2003, \$8,400 in 2002, and \$8,100 in 2001 as compensation for serving as a director of the Company and the Bank. Mr. Evanitsky is provided with the use of an automobile, and the compensation element of this automobile was \$2,988 in 2003, \$2,421 in 2002, and \$1,756 in 2001. In 2003, 2002 and 2001, benefits were accrued for Mr. Evanitsky under supplemental retirement, director's retirement and split dollar life insurance agreements, described below, in the amounts of \$48,221, \$44,525, and \$30,811 respectively.

9

OPTION/SAR GRANTS IN LAST FISCAL YEAR

At the 2000 annual meeting, the shareholders of the Company approved the 2000 Incentive Stock Option Plan, which is the only stock option plan that the Company maintains. The following table shows the options awarded to Mr. Evanitsky in 2003.

Individual Grants						Potential Value of Annual Stock Appreciation
(a) Name	(b) Number of Securities Underlying Options/SARS Granted (#)	(c) % of Total Options/SARS Granted to Employees in Fiscal Year	(d) Exercise Or Base Price (\$/Sh)	(e) Expiration Date	(f) 5% (\$)	

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Francis J. Evanitsky, President & CEO	2,540	30%	30.25	11/18/13	58,665
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AGGREGATED OPTION/SAR EXERCISED IN LAST FISCAL YEAR AND FY-END  
OPTION/SAR VALUES

Mr. Evanitsky did not exercise any options in 2003. The following table shows the value of all unexercised options and the number of in-the-money unexercised options held by Mr. Evanitsky as of the end of 2003.

(a) Name	(b) Shares Acquired on Exercise (#)	(c) Value Realized (\$)	(d) Number of Securities Underlying Unexercised Options/SARs at FY-End (#)  Exercisable/ Unexercisable
Francis J. Evanitsky, President & CEO	-0-	-0-	2,467/5,046

10

PENSION PLAN TABLE

We maintain a pension plan for employees of the Company and the Bank, in which Mr. Evanitsky participates. The following table shows the annual benefits payable to a participant in the plan, assuming that the participant retires at age 65.

Remuneration	Years of Service			
	15	20	25	30
100,000	\$17,814	\$23,752	\$29,690	\$35,628
120,000	\$22,914	\$30,552	\$38,190	\$45,828
140,000	\$28,014	\$37,352	\$46,690	\$56,028
160,000	\$33,114	\$44,152	\$55,190	\$66,228

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180,000	\$38,214	\$50,952	\$63,690	\$76,428
200,000	\$43,314	\$57,752	\$72,190	\$86,628

The compensation covered by the Pension Plan includes salary and bonuses, as shown in columns (c) and (d) on the Summary Compensation Table. Benefits are computed on the basis of straight line annuity amounts. The benefits listed do not take into account deductions for Social Security or other offset amounts. As of December 31, 2003, Mr. Evanitsky had 7 years of credit service under the Pension Plan.

### EMPLOYMENT CONTRACTS

In 1998, we entered into an employment agreement with Mr. Evanitsky. The agreement provides that we will pay Mr. Evanitsky severance compensation equal to 2.95 times his average annual compensation over the five years immediately preceding termination of his employment if:

- o Mr. Evanitsky's employment is terminated without cause;
- o Mr. Evanitsky's employment is terminated by either Mr. Evanitsky or us at any time during the six months before or nine months after a change in control of the Company and the Bank.

The agreement will expire when Mr. Evanitsky retires. In addition to his employment agreement, Mr. Evanitsky participates in the Supplemental Retirement and Split Dollar Life Insurance Agreements for Selected Officers compensation arrangement.

11

### Supplemental Retirement and Split Dollar Life Insurance

#### ----- Agreements for Selected Officers -----

In order to attract and retain key officers and to encourage such officers to remain with the Bank, the Bank has provided certain officers with retirement and death benefits, as described below; supplementing the retirement benefits they will receive under the qualified retirement plans.

The agreements provide the selected officers with supplemental retirement income benefits upon reaching age 65 with a reduced benefit available at age 62; such benefit is to be paid in 180 equal monthly installments. Benefits are also payable upon disability, early retirement, and change in control or death. It is projected that the supplemented retirement income benefit will allow each participant to receive an annual retirement benefit of 50% to 80% of his or her final salary, when such supplemental retirement benefit is added to the annual benefit that will be available from social security and the other retirement plan benefits sponsored by the Bank. In addition, the selected officers will be eligible to retain life insurance coverage equal to one or two times their final salary, if they comply with the terms of their split dollar agreements. The officer will not be required to contribute any premium payments, but will have the economic value of the coverage included in taxable income. Supplemental retirement income benefits accrue monthly, but no vesting occurs until age 62. The estimated liability under the agreements is accrued as earned by the employee. Benefits were accrued for Mr. Evanitsky in 2003 in the amount of \$39,423. Under the supplemental retirement plan, Mr. Evanitsky will be paid

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\$30,000 annually, upon his retirement at normal retirement age. This amount is in addition to the annual benefits payable to Mr. Evanitsky under the pension plan, as shown on the Pension Plan Table.

The program is funded with life insurance and is not expected to result in any material cost to the Bank.

### PERSONNEL COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Personnel Committee makes recommendations to the Board of Directors regarding executive compensation. The Board of Directors then reviews and ratifies the Personnel Committee's recommendations.

The Personnel Committee's objective is to provide a level of salary competitive with that offered by other similar regional bank holding companies and banks. The Personnel Committee reviews the results of several salary and compensation surveys. Executive compensation is not based solely on the Company's corporate performance. The process of determining executive compensation is mostly subjective and not based on quantitative data.

Mr. Evanitsky participates in the same two bonus programs in which all of our employees participate. These programs pay modest bonuses. One bonus is paid at year end. The other bonus is paid after the Company's return on assets is calculated. We offer no special incentive programs for Mr. Evanitsky.

Executive officer compensation appears in the Summary Compensation Table on Page 9.

By: Timothy Havice, Chairman, Jan Snedeker, Richard Scanlon and Ronald Witherite.

12

### STOCK PERFORMANCE GRAPH

The following graph shows the yearly percentage change in the Company's cumulative total shareholder return on its common stock from December 31, 1998 to December 31, 2003 compared with the S&P 500, the Russell 3000 Index and a peer group index, (the "Juniata Valley Bank Peer Group"), consisting of eight Pennsylvania bank holding companies. The bank holding companies in the Peer Group Index are ACNB Corporation, Citizens & Northern Corporation, Codorus Valley Bancorp, Inc., Columbia Financial Corp., Community Banks, Inc., Fidelity D & D Bancorp, Inc., PennRock Financial Services Corp., and Union National Financial Corp. These companies were selected for our Juniata Valley Peer Group, because they are community-based banks of similar market capitalization. The Company has selected the Russell 3000 Index for inclusion in the graph, because it contains a broader array of publicly traded companies and provides a more comprehensive market comparison than the S&P 500.

[GRAPHIC OMITTED]

Index	----- 12/31/98	12/31/99	12/31/00	12/31/01	12/31/02
Juniata Valley Financial Corporation	100.00	92.68	73.64	93.97	100.00
S&P 500*	100.00	121.11	110.34	97.32	100.00
Russell 3000	100.00	120.90	111.88	99.06	100.00

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Juniata Valley Peer Group**	100.00	92.82	83.13	101.26
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13

### DIRECTOR'S COMPENSATION

We pay each director an annual director's fee of \$8,700 for attending 12 regular meetings of the Board of Directors. We also pay each director who is not an executive officer \$90 for attending each committee meeting and special meeting of the Board of Directors. In addition to meeting fees, the Company compensated the directors under the following plans.

#### DIRECTOR'S DEFERRED COMPENSATION PLANS

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##### The 1982 Plan

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In 1982, we established a director's deferred compensation plan. This plan permitted participating directors to defer \$3,900 in director's fees each year for a five year period beginning with the election to participate in the plan. In return we agreed to pay each participating director a specified amount in 120 equal payments beginning at the age of 65 or five years after the date the director elects to participate in the plan, whichever is later. If the director were to die before that time, payments would begin upon the death of the director. We applied the deferred director's compensation to the purchase of life insurance policies which will fund our obligations under the plan. The Company is the owner and the beneficiary of these life insurance policies.

##### The 1987 Plan

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In 1987, when the first director's deferred compensation plan was fully funded, we offered directors a second deferred compensation plan. Each director could elect to defer \$4,700 in director's fees each year for five years in exchange for an additional benefit similar to that offered under the 1982 plan.

##### The 1991 Plan

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In 1991, when the second plan was funded, we offered a third deferred compensation plan to directors. Each director could elect to defer \$6,000 in director's fees each year for five years in order to receive an additional benefit similar to that offered under the 1982 and 1987 plans.

All three plans operate in substantially the same manner and all are funded by insurance policies as described above. The 1982, 1987 and 1991 plans will continue in effect.

##### The 1999 Plan

-----

Effective January 1, 1999, the Board of Directors adopted a director's deferred compensation plan which is in addition to the other plans described above. The 1999 plan is different than the other deferred compensation plans. The 1999 plan is an unfunded plan. We do not make contributions to the plan. This plan simply allows our directors to defer receipt of their compensation to future dates.



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Prior to each calendar year, a director may elect to defer receipt of all or a part of his or her compensation for that calendar year. We will credit the deferred amounts to an account

14

maintained at the Bank. Each participating director will have a separate account. The deferred compensation will earn interest, compounded quarterly, at the current interest rate of the Bank's floating IRA savings program.

A participating director who resigns as director before reaching age 55 will receive his or her account balance in one lump sum distribution. A participating director who resigns as director after reaching age 55 will receive his or her account balance in equal semi-annual payments the ten years beginning on the earlier of January 1 or July 1 after the director resigns.

If a participating director dies prior to receiving all of his or her account balance, we will pay the director's remaining account balance in one lump sum to the director's designated beneficiary. In the event of a director's permanent disability or unforeseeable emergency, the Board of Directors has the discretion to accelerate payment of that director's account balance.

### Director's Retirement Plan

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In December, 1988, the Bank established a retirement program for directors. All persons who were directors of the Bank on January 1, 1988, are eligible for benefits under the plan. All directors who became directors after January 1, 1988, are eligible upon completing six months of service on the Board. The plan provides for a target retirement benefit of \$7,800 per year for 10 years beginning at age 65, or, if later, when the director has completed 10 years of credited service (as defined in the plan) with the Board. The retirement benefit for each director will accrue over his or her remaining projected period of service until he or she reaches age 65 or completes 10 years of credited service. The plan depends on annual funding which is subject to approval by the Board of Directors. If the Board terminates the plan or declines to make a contribution in any year, directors will receive only the benefits that have accrued, even if less than the targeted benefits. Lesser benefits are payable in the event of the director's death, disability, or other termination (except terminations caused by the director's fraud or dishonesty).

In January, 2001, certain directors who were not participating in the December, 1988 directors' retirement plan but who are now on the Board commenced participation in the retirement program. These directors included directors of the former Lewistown Trust Company, which merged into the bank in 1998. The benefit amount was increased to \$8,500 per year commencing in 2001, applicable to all active directors who will commence benefit payments in 2001 or later. In addition, the director life insurance benefit of \$25,000 per director will be provided through bank-owned life insurance ("BOLI") program because BOLI is a more cost-efficient way of providing the benefits. As a result, directors who remain on the Board until age 65 or later will be eligible to retain \$25,000 of life insurance coverage for the rest of their lives. The eligible directors will not be required to pay any premiums on the life insurance policy, but will have the imputed value of the insurance coverage included in their taxable incomes. Benefits are also payable upon death, disability, early retirement or change in control. Benefits were accrued for Mr. Evanitsky in 2003 in the amount of \$8,798. Mr. Evanitsky will be paid \$8,500 per year upon his retirement at normal retirement age.

15

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### STOCK OWNERSHIP BY MANAGEMENT AND BENEFICIAL OWNERS

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No individual, group or business owns more than five percent of the Company's stock. The following table shows the number of shares of common stock owned by each of the Company's directors, including Mr. Evanitsky (who is both a director and the Company's president and chief executive officer) and as a group. Common stock is the only class of equity securities of the Company that is outstanding.

Owner	Number of Shares	Percentage of Outstanding Common Stock
Joe E. Benner	5,145 (1) (2)	*
A. Jerome Cook	5,125 (1) (2) (4)	*
Martin L. Dreibelbis	6,036 (2) (4)	*
Francis J. Evanitsky	4,967 (2) (3)	*
Philip E. Gingerich, Jr.	6,042 (2)	*
Marshall L. Hartman	31,646	1.43%
Don E. Haubert	5,474 (2)	*
Timothy I. Havice	21,377 (1) (2) (4)	*
Charles E. Hershberger	7,106 (5)	*
Robert K. Metz	16,413	*
Dale G. Nace	3,205 (2)	*
John A. Renninger	13,031 (1)	*
Richard M. Scanlon, DMD	2,228 (2)	*
Harold B. Shearer	5,751 (2) (6)	*
Jan Snedeker	2,565 (2) (4)	*
Ronald H. Witherite	1,752 (2)	*
Directors (including Mr. Evanitsky) as a group	137,863 (7)	6.03% (8)

\*Indicates ownership of less than 1% of the outstanding common stock.

(1) Includes shares held solely by the director's spouse: as to Mr. Benner, 719 shares; as to Mr. Cook, 338 shares; as to Mr. Havice, 9,829 shares; as to Mr. Renninger, 2,521 shares.

(2) Includes shares held jointly by director and his spouse.

(3) Includes 2,467 shares that Mr. Evanitsky may acquire currently through the exercise of stock options.

(4) Includes shares held jointly by director and his children: and as to Mr. Cook 787 shares; Mr. Dreibelbis 430 shares. Mr. Havice 120 shares, and Mr. Snedeker 90 shares held solely by the directors' children.

(5) Includes 6,884 shares held by Stonewall Equity, a limited liability partnership owned by Mr. Hershberger and his spouse.

(6) Includes 132 shares held in a trust.

(7) Includes 13,617 shares that are indirectly owned.

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(8) Based on the total shares outstanding plus the number of shares underlying Mr. Evanitsky's exercisable stock options.

16

### SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Our directors and certain executive officers must file reports with the Securities and Exchange Commission indicating the number of shares of Company common stock they beneficially own and changes in their beneficial ownership. To the best of our knowledge, our directors and executive officers timely filed all required reports in 2003.

### OTHER MATTERS

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### SHAREHOLDER PROPOSALS FOR THE 2005 ANNUAL MEETING OF SHAREHOLDERS

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Under the Company's Bylaws, no business may be brought before an annual meeting of shareholders unless it is specified in the notice of the meeting or is otherwise brought before the meeting by the Board of Directors or by a shareholder entitled to vote who has delivered notice to the Company (containing information specified in the Bylaws) not less than 120 days prior to the anniversary of the mailing of the previous year's proxy statement. These requirements are separate from and in addition to the SEC's requirements that a shareholder must meet in order to have a shareholder proposal included in the Company's proxy statement. A shareholder wishing to submit a proposal for consideration at the 2005 annual meeting of Shareholders, either under SEC Rule 14a-8, or otherwise, should do so no later than December 14, 2004. A proposal submitted after that date will be considered untimely.

If the corporate secretary of the Company receives notice of a shareholder proposal that complies with the governing Bylaw provision on or prior to the required date and if such proposal is properly presented at the 2005 annual meeting of shareholders, the proxies appointed by the Company may exercise discretionary authority in voting on such proposal if, in the Company's proxy statement for such meeting, the Company advises shareholders of the nature of such proposal and how the proxies appointed by the Company intend to vote on such proposal, unless the shareholder submitting the proposal satisfies certain SEC requirements, including the mailing of a separate statement to the Company's shareholders.

The presiding officer of the meeting may refuse to permit any proposal to be made at an annual meeting by a shareholder who has not complied with all of the governing Bylaw procedures, including receipt of the required notice by the corporate secretary for the Company by the date specified. If a shareholder proposal is received by the Company after the required notice date but the presiding officer of the meeting nevertheless permits such proposal to be made at the 2005 annual meeting of shareholders, the proxies appointed by the Company may exercise discretionary authority when voting on such proposal.

If the date of our next annual meeting is advanced or delayed more than 30 days from May 17, 2005, we will promptly inform you of the change of the annual meeting and the date by which shareholder proposals must be received.

### OTHER BUSINESS

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At the date of this proxy statement, we are not aware of any business to be

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presented at the annual meeting other than the election of directors discussed in this proxy statement. If other

17

proposals are properly brought before the meeting, the proxy holders named in the enclosed proxy card will vote your shares in accordance with their best judgment.

### INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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The Audit Committee has engaged Beard Miller Company LLP, Harrisburg, Pennsylvania, as principal accountant to audit the financial statements of the Company and the Bank for the year 2004. This firm has no material relationship with the Company or the Bank and is considered to be well qualified. A representative of the firm is expected to be at the annual meeting. That representative will have the opportunity to make a statement if he so desires, and he will be available to respond to appropriate questions.

Before Beard Miller Company LLP performs any non-audit services for the Company, the Audit Committee is informed at a meeting that such services are necessary and is advised of the estimated costs of such services. The Audit Committee then decides whether to approve Beard Miller's performance of the services. In 2003, all services performed by Beard Miller Company were approved in advance pursuant to these procedures. The Audit Committee has determined that the performance by Beard Miller Company LLP of benefit plan audits, the preparation of tax returns and advice on SEC accounting issues is compatible with maintaining that firm's independence. The Company has paid the following fees to Beard Miller Company LLP in the last two years:

Year	Audit Fees(1)	Audit-Related Fees(2)	Tax Fees(3)	All Other Fees(4)
----	-----	-----	-----	-----
2003	\$69,007	\$13,819	\$3,775	\$6,737
2002	\$60,543	\$14,030	\$4,125	-0-

(1) Includes professional services rendered for the audit of the Company's annual financial statements and review of financial statements included in Forms 10-Q, or services normally provided in connection with statutory and regulatory filings (i.e., attest services required by FDICIA or Section 404 of the Sarbanes-Oxley Act), including out-of-pocket expenses.

(2) Assurance and related services reasonably related to the performance of the audit or review of financial statements include the following: retirement and 401k plans.

(3) Tax fees include the following: preparation of state and federal tax returns, assistance with calculating estimated tax payments.

(4) Other fees represent discussions with management regarding Sarbanes-Oxley, employee stock purchase plan issues and the accounting treatment of insurance proceeds.

ANNUAL REPORT ON FORM 10-K

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SHAREHOLDERS CAN OBTAIN A COPY OF OUR ANNUAL REPORT ON FORM 10-K FREE OF CHARGE BY SENDING A REQUEST TO MS. LINDA L. ENGLE, EXECUTIVE VICE PRESIDENT/CFO, THE JUNIATA VALLEY BANK, PO BOX 66, MIFFLINTOWN, PA 17059.

18

### OBTAINING MULTIPLE COPIES OF THE PROXY STATEMENT AND ANNUAL REPORT

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Only one Annual Report and proxy statement are being delivered to shareholders sharing an address unless we have received contrary instructions from one or more of the shareholders. We will deliver promptly, upon written or oral request, a separate copy of the Annual Report and proxy statement to you, if you reside at a shared address to which single copies were sent. You can make a request for delivery of individual copies of the Annual Report and proxy statement (or for delivery of a single copy if you reside at a shared address and are receiving multiple copies) by calling Linda Engle, Executive Vice President and CFO at 717-436-8211, or by mailing a request to her at the above address.

### RETURN OF PROXY

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We urge you to sign, date and return the enclosed proxy card as soon as possible, whether or not you plan to attend the meeting in person. If you do attend the meeting, you may then withdraw your proxy.

BY ORDER OF THE BOARD OF  
DIRECTORS

RONALD H. WITHERITE  
Secretary

Mifflintown, Pennsylvania  
April 13, 2004

19

### JUNIATA VALLEY FINANCIAL CORP. AUDIT COMMITTEE CHARTER

#### AUDIT COMMITTEE MISSION

The Audit Committee is appointed by the Board of Directors to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- o Monitor the integrity of the Company's financial reporting process and systems of internal controls regarding finance, accounting and regulatory compliance.
- o Monitor the independence and performance of the Company's independent auditors and internal auditing department.
- o Provide an avenue of communication among the independent auditors, management, the internal auditing department, and the Board of

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Directors.

To effectively perform his or her role, each Committee member will obtain an understanding of the detailed responsibilities of Committee membership.

### AUDIT COMMITTEE ORGANIZATION

Each member of the Committee shall meet the independence and eligibility criteria set forth in all applicable rules and regulations of the Securities and Exchange Commission and NASDAQ, unless the member satisfies an applicable exemption. The Audit Committee shall be comprised of three or more directors as determined by the Board. To the extent required by law, regulation or listing agreement, a member or members of the Audit Committee shall serve as the Company's "Audit Committee Financial Expert". One of the members shall be designated "Chairman".

The Committee shall meet quarterly, or more frequently as circumstances dictate.

The Committee believes that the above mission statement sets forth its primary roles and responsibilities. In that connection, the following is meant to serve as a guide in achieving that mission.

### ROLES AND RESPONSIBILITIES

#### FINANCIAL STATEMENT REVIEW PROCEDURES

1. Review the Corporation's interim financial results and annual audited financial statements prior to filing or distribution. The review should include discussion with management and independent auditors of significant issues regarding accounting principles, practices, and judgments. Discuss with Independent Auditors its judgment about the quality, not just acceptability, of the Company's accounting principles as applied in its financial reporting.
2. In consultation with management, as well as the Corporation's independent accountants, verify that the CEO and CFO have certified that they disclosed to the independent auditors

A-1

and to the Audit Committee all significant deficiencies in the design or operation of internal controls that could affect the Corporation's ability to record, process, summarize and report financial data, any material weaknesses in the internal controls, and any fraud- whether or not material- that involved management or other employees who have a significant role in the Corporation's internal controls.

3. Review the adequacy of the Corporation's internal controls.
4. In consultation with management, independent accountants, and internal auditors, consider the integrity of the Corporation's financial reporting processes and controls. Discuss significant financial risk exposures and steps taken by management to monitor, control, and report such exposures.
5. Review significant findings prepared by the independent accountants and the internal auditors together with management's responses. Confirm that management has implemented internal control recommendations made by internal auditors and independent accountants, if any.

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6. The Committee's job is one of oversight as set forth in this Audit Charter. It is not the duty of the Committee to prepare the Company's financial statements, to plan or conduct audits, or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. The Company's management is responsible for preparing the Company's financial statements and for maintaining internal control, and the independent auditors are responsible for auditing the financial statements.
7. In performing their duties and responsibilities, as permitted under the Pennsylvania Business Corporation Law of 1988, as amended, Committee members are entitled to rely in good faith on information, opinions, reports or statements prepared or presented by:
  - o One or more officers or employees of the Company whom the Committee member reasonable believes to be reliable and competent in the matters presented;
  - o Counsel, independent auditors, or other persons as to matters which the Committee member reasonable believes to be within the professional or expert competence of such person; or
  - o Another committee of the Board as to matters within its designated authority which committee the Committee member reasonably believes to merit conference.

A-2

### INDEPENDENT ACCOUNTANTS

1. The independent accountants are ultimately accountable to the Audit Committee and the Board of Directors. The Audit Committee shall review the independence and performance of the accountants and shall be directly responsible for the appointment and compensation for the independent accountants and any discharge of the independent accountants when circumstances warrant.
2. Review the independent accountants' timetable, scope and approach of the quarterly reviews and annual examination of the financial statements. Confirm that the lead partner having primary responsibility for the audit, the audit partner responsible for reviewing the audit and any other individual(s) so required, have been rotated on a periodic basis, as may be required by applicable law or regulation.
3. Review and discuss with the independent accountants, as may be required by law or regulation (1) all critical accounting policies and practices to be used, (2) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent accountant, and (3) other material written communications between the independent accountant and management, such as any management letter or schedule of unadjusted differences.
4. Obtain from the independent accountants their annual communication to the Audit Committee in satisfaction of SAS 61 regarding communication with the Audit Committee, and, if applicable, any commentary on internal controls or other recommendations.
5. Review and discuss with the independent auditors all relationships they

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have with the Company that could impair the auditors' independence, consistent with Independence Standards Board Standard 1. Take all appropriate action to ensure the ongoing independence of the independent accountants.

6. Review and pre-approve all audit and permitted non-audit services provided by the independent accountants. The Chairman of the Committee has the authority to grant pre-approvals for certain permitted non-audit services to the extent permitted by law. All pre-approvals granted by the Chairman of the Committee shall be presented to and reviewed by the full committee at its next regularly scheduled meeting.
7. Resolve any financial reporting disagreements between the independent accountants and management.

A-3

### INTERNAL AUDITORS

1. Approve an Annual Risk Assessment and Audit Plan developed by the internal auditors.
2. Meet quarterly with the internal auditors to gain an understanding of the effectiveness of the internal audit function. These meetings will also serve in evaluating their performance.
3. Review significant reports prepared by the internal auditors together with management's response and follow-up to these reports.
4. The Audit Committee may contract for internal audit services as necessary to assess the adequacy and effectiveness of internal controls, the accuracy of management reporting and compliance with laws, regulations and bank policy. The Audit Committee will set forth the outsourcing vendor's responsibilities in a written contract the terms of which comply with the "Interagency Policy Statement of Internal Audit and Internal Audit Outsourcing."

### COMPLIANCE WITH LAWS AND REGULATIONS

1. Receive updates quarterly from management and compliance auditors regarding compliance with laws and regulations.
2. Review the findings of any examination by regulatory agencies such as the Federal Reserve, FDIC, Office of the Comptroller of the Currency, or the United States Securities and Exchange Commission.
3. Review management's response to regulatory examinations.

### OTHER COMMITTEE RESPONSIBILITIES

1. Review the Audit Charter annually and submit proposed amendments, if any, to the Board of Directors for review and approval. Ensure that the charter is included within the Corporation's proxy statement once every three years, or as otherwise may be required by law or regulation.
2. Prepare an annual Audit Committee Report for inclusion in the Corporation's Annual Proxy Statement that states a formal audit charter has been approved



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and that the Audit Committee has satisfied its responsibility during the year.

3. Perform other oversight functions as requested by the Board of Directors. Further, the Audit Committee shall have the power to conduct or authorize investigations into any matters within the committee's scope of responsibilities.
4. The Audit Committee has the authority to engage independent counsel and other advisors, as they determine necessary to carry out their duties, and to obtain appropriate funding, as determined by the Audit Committee, for compensating such advisors, for compensating the

A-4

independent accountants for their audit services and for ordinary administrative expenses necessary or appropriate in the carrying out of the committee's duties.

5. Maintain minutes of meetings and periodically report to the Board of Directors on significant results of the activities.
6. Meet periodically with the internal auditors, the independent accountants, and management in separate executive sessions to discuss any matters that the committee or these groups believe should be discussed privately with the Audit Committee.
7. Report Audit Committee actions to the Board of Directors with such recommendations, as the Audit Committee may deem appropriate.
8. Obtain quarterly updates from the Corporation's loan review function as to their evaluation of the risk ratings assigned to appropriate loans.
9. Review and validate, at least annually, the Allowance for Loan and Lease Losses (ALLL) methodology employed by the Corporation.
10. Establish procedures for the receipt, retainment and treatment of complaints received regarding accounting, internal accounting controls, or auditing matters. Such procedures shall have provisions designed to protect the confidentiality of any anonymous complaints from the employees of the Company or its subsidiary regarding such matters.

A-5

APPENDIX B

JUNIATA VALLEY FINANCIAL CORPORATION

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Charter of the Nominating  
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Committee of the Board of Directors  
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I. PURPOSE.

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The Nominating Committee ("Committee") is appointed by the Board of Directors for the following purposes:

- o Identifying individuals qualified to become Board members and recommending persons to be nominated by the Board of Directors for election as Directors of the Corporation.
- o Recommending to the Boards of Directors of significant subsidiaries slates of persons to be nominated as Directors of such subsidiaries.
- o Nominating a candidate for election to the Board of Directors of the Corporation in the event any vacancy may occur in the interval between shareholders' meetings.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities, and it has direct access to anyone in the organization. The Committee has the ability to retain, at the Corporation's expense, special legal, accounting or other consultants or experts it deems necessary in the performance of its duties.

### II. COMPOSITION, MEETINGS AND PROCEDURES.

Committee members shall be independent directors who meet the requirements of the National Association of Securities Dealers Automated Quotation System ("NASDAQ"). The Committee shall be comprised of three or more directors as determined by the Board of Directors. Committee members, including a Chair and a Vice Chair, shall be appointed by the Board of Directors on recommendation of the Committee and serve at the pleasure of the Board. If the Committee Chair is not present at a meeting of the Committee, the Vice Chair shall preside. The Committee shall fix its own rules of procedure which shall be consistent with the Corporation's Bylaws and this Charter.

Except as limited by law, regulation or the rules of NASDAQ, the Committee may form subcommittees for any purpose that it deems appropriate and may delegate to such subcommittees such power and authority as it deems appropriate.

The Committee shall meet at least annually, or more frequently as circumstances dictate. The Chair of the Committee or a majority of its members may call a meeting of the Committee in addition to any regularly scheduled meeting. The Committee shall maintain minutes of its meetings and periodically report to the Board of Directors on significant actions it has taken.

B-1

### III. RESPONSIBILITIES AND DUTIES.

The Committee shall:

1. Review and reassess the adequacy of this Charter at least annually and submit the Charter to the Board of Directors for approval.
2. Annually consider and recommend to the Board of Directors the size of the Board of Directors.
3. Identify nominees for director. The Committee will utilize current board members, management and other appropriate sources to identify potential nominees. The Committee will conduct any appropriate and necessary inquiries into the backgrounds and qualifications of possible candidates after considering the function and needs of the Board of Directors, and recommend nominees for approval by the Board

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of Directors and stockholders. The Committee's process for the consideration of potential nominees is the same for nominees identified by shareholders, as well as the other sources identified above.

4. In advance of the annual shareholders' meeting each year, recommend persons to be nominated by the Board of Directors for election as Directors of the Corporation.
5. Nominate a candidate for election to the Board of Directors of the Corporation in the event any vacancy may occur in the interval between shareholders' meetings.
6. Receive and consider nominee recommendations from shareholders. The Committee will consider nominees recommended by shareholders for election as directors of the Corporation, provided that any shareholder who intends to nominate or to cause to have nominated any candidate for election to the Board of Directors (other than any candidate proposed by the Corporation's then existing Board of Directors) shall so notify the Secretary of the Corporation, Bridge and Main Streets, Mifflintown, PA 17059, in accordance with any deadline set forth in the Corporation's by-laws. The Secretary, in turn, shall promptly deliver such communications to the Chairman of the Committee.
7. When considering a person to be recommended for nomination as a Director of the Corporation, consider the skills and background needed by the Corporation and possessed by the person, diversity of the Board (in all aspects of that term) and the ability of the person to devote the necessary time to serve as a Director (including directorships held at other corporations and organizations). Candidates for director will be selected for their character, judgment, business experience, expertise and acumen.
8. Have sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms.

B-2

9. Recommend appointments of Directors as members of Committees of the Boards of Directors of the Corporation and Juniata Valley Bank. Recommendations should consider the qualifications for membership on each Committee, the desirability of rotation of directors among Committees and any limitations on the number of consecutive years a Director should serve on any one Board Committee.
10. Nominate candidates for election as members of any Regional Boards and Advisory Boards of its subsidiaries.
11. Perform any other activities consistent with this Charter, the Corporation's Bylaws and governing law as the Board of Directors shall specifically delegate to the Committee.

B-3

PROXY  
JUNIATA VALLEY FINANCIAL CORP.

