

LAKE SHORE BANCORP, INC.  
Form 10-Q  
November 14, 2017

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, 2017

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

Commission File No.: 000-51821

LAKE SHORE  
BANCORP, INC.  
(Exact name of  
registrant as specified  
in its charter)

United States 20-4729288  
(State or other jurisdiction of  
incorporation or  
organization)  
(I.R.S. Employer Identification Number)

31 East Fourth Street,  
Dunkirk, New York 14048

(Address(Zip code)  
of  
principal  
executive  
offices)

(716) 366-4070  
(Registrant's telephone  
number, including area  
code)

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, and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date:

There were 6,097,818 shares of the registrant's common stock, \$0.01 par value per share, outstanding at November 6, 2017.

---

TABLE OF  
CONTENTS

ITEM	PART I	PAGE
_1	<u>FINANCIAL STATEMENTS</u>	
-	<u>Consolidated Statements of Financial Condition as of September 30, 2017 (Unaudited) and December 31, 2016</u>	1
-	<u>Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2017 and 2016 (Unaudited)</u>	2
-	<u>Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2017 and 2016 (Unaudited)</u>	3
-	<u>Consolidated Statements of Stockholders' Equity for the Nine Months Ended September 30, 2017 and 2016 (Unaudited)</u>	4
-	<u>Consolidated Statements of Cash Flows for the Nine Months Ended</u>	5

September 30,  
2017 and 2016  
(Unaudited)

- Notes to Unaudited  
Consolidated  
Financial  
Statements

<u>_2</u>	<u>MANAGEMENT'S</u> <u>DISCUSSION AND</u> <u>ANALYSIS OF</u> <u>FINANCIAL</u> <u>CONDITION AND</u> <u>RESULTS OF</u> <u>OPERATIONS</u>	34
<u>_3</u>	<u>QUANTITATIVE AND</u> <u>QUALITATIVE</u> <u>DISCLOSURES ABOUT</u> <u>MARKET RISK</u>	51
<u>_4</u>	<u>CONTROLS AND</u> <u>PROCEDURES</u>	51

PART II

<u>_1A</u>	<u>RISK FACTORS</u>	52
<u>_2</u>	<u>UNREGISTERED</u> <u>SALES OF EQUITY</u> <u>SECURITIES AND USE</u> <u>OF PROCEEDS</u>	52
<u>_6</u>	<u>EXHIBITS</u>	52
<u>SIGNATURES</u>		53

---

## PART I Financial Information

## Item 1. Financial Statements

## Lake Shore Bancorp, Inc. and Subsidiary

## Consolidated Statements of Financial Condition

	September 30, 2017	December 31, 2016
	(Unaudited)	
	(Dollars in thousands, except share data)	
Assets		
Cash and due from banks	\$ 7,220	\$ 8,089
Interest earning deposits	12,520	6,889
Federal funds sold	24,633	30,501
Cash and Cash Equivalents	44,373	45,479
Securities available for sale	73,108	86,335
Federal Home Loan Bank stock, at cost	1,631	1,340
Loans receivable, net of allowance for loan losses 2017 \$3,217; 2016 \$2,882	362,408	326,365
Premises and equipment, net	9,391	8,747
Accrued interest receivable	1,834	1,600
Bank owned life insurance	17,987	17,719
Other assets	2,029	1,589
Total Assets	\$ 512,761	\$ 489,174
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Interest bearing	\$ 342,240	\$ 330,004
Non-interest bearing	58,683	55,889
Total Deposits	400,923	385,893
Long-term debt	26,950	18,950
Advances from borrowers for taxes and insurance	1,708	3,183
Other liabilities	5,019	5,118
Total Liabilities	\$ 434,600	\$ 413,144
Commitments and Contingencies	-	-
Stockholders' Equity		
Common stock, \$0.01 par value per share, 25,000,000 shares authorized; 6,827,236 shares issued and 6,097,818 shares outstanding at September 30, 2017 and 6,827,236 shares issued	\$ 68	\$ 68

and 6,088,674 shares outstanding at December 31, 2016

Additional paid-in capital	30,667	30,532
Treasury stock, at cost (729,418 shares at September 30, 2017 and 738,562 shares at December 31, 2016)	(7,309)	(7,300)
Unearned shares held by ESOP	(1,556)	(1,620)
Unearned shares held by compensation plans	(618)	(578)
Retained earnings	55,785	53,546
Accumulated other comprehensive income	1,124	1,382
Total Stockholders' Equity	78,161	76,030
Total Liabilities and Stockholders' Equity	\$ 512,761	\$ 489,174

See notes to consolidated financial statements.

## Lake Shore Bancorp, Inc. and Subsidiary

## Consolidated Statements of Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(Unaudited)			
	(Dollars in thousands, except per share data)			
<b>Interest Income</b>				
Loans, including fees	\$ 4,289	\$ 3,681	\$ 12,456	\$ 10,797
Investment securities, taxable	189	237	597	879
Investment securities, tax-exempt	388	449	1,259	1,351
Other	81	30	167	81
<b>Total Interest Income</b>	<b>4,947</b>	<b>4,397</b>	<b>14,479</b>	<b>13,108</b>
<b>Interest Expense</b>				
Deposits	523	449	1,499	1,373
Long-term debt	139	93	328	280
Other	20	23	62	69
<b>Total Interest Expense</b>	<b>682</b>	<b>565</b>	<b>1,889</b>	<b>1,722</b>
<b>Net Interest Income</b>	<b>4,265</b>	<b>3,832</b>	<b>12,590</b>	<b>11,386</b>
<b>Provision for Loan Losses</b>	<b>75</b>	<b>125</b>	<b>450</b>	<b>310</b>
<b>Net Interest Income after Provision for Loan Losses</b>	<b>4,190</b>	<b>3,707</b>	<b>12,140</b>	<b>11,076</b>
<b>Non-Interest Income</b>				
Service charges and fees	441	461	1,353	1,326
Earnings on bank owned life insurance	91	70	268	207
Recovery on previously impaired investment securities	25	39	96	107
Gain on sale of securities available for sale	22	-	244	1,636
Net gain on sale of loans	1	56	10	117
Other	37	32	83	78
<b>Total Non-Interest Income</b>	<b>617</b>	<b>658</b>	<b>2,054</b>	<b>3,471</b>
<b>Non-Interest Expenses</b>				
Salaries and employee benefits	1,898	1,803	5,610	5,388
Occupancy and equipment	565	549	1,740	1,707
Data processing	320	289	937	815
Professional services	231	257	703	784
Advertising	127	81	439	383
Postage and supplies	53	69	197	179
FDIC Insurance	38	68	111	192
Other	381	304	955	865
<b>Total Non-Interest Expenses</b>	<b>3,613</b>	<b>3,420</b>	<b>10,692</b>	<b>10,313</b>
<b>Income before Income Taxes</b>	<b>1,194</b>	<b>945</b>	<b>3,502</b>	<b>4,234</b>
<b>Income Tax Expense</b>	<b>254</b>	<b>188</b>	<b>704</b>	<b>859</b>
<b>Net Income</b>	<b>\$ 940</b>	<b>\$ 757</b>	<b>\$ 2,798</b>	<b>\$ 3,375</b>
Basic and diluted earnings per common share	\$ 0.15	\$ 0.13	\$ 0.46	\$ 0.56
Dividends declared per share	\$ 0.08	\$ 0.07	\$ 0.24	\$ 0.21

See notes to consolidated financial statements.





## Lake Shore Bancorp, Inc. and Subsidiary

## Consolidated Statements of Comprehensive Income

	Three Months Ended September 30, 2017      2016 (Unaudited) (Dollars in thousands)	
Net Income	\$ 940	\$ 757
Other Comprehensive loss, net of tax benefit:		
Unrealized holding losses on securities available for sale, net of tax benefit	(60)	(451)
Reclassification adjustments related to:		
Recovery on previously impaired investment securities included in net income, net of tax expense	(16)	(26)
Net gain on sale of securities included in net income, net of tax expense	(15)	-
Total Other Comprehensive Loss	(91)	(477)
Total Comprehensive Income	\$ 849	\$ 280
	Nine Months Ended September 30, 2017      2016 (Unaudited) (Dollars in thousands)	
Net Income	\$ 2,798	\$ 3,375
Other Comprehensive loss, net of tax benefit:		
Unrealized holding (losses) gains on securities available for sale, net of tax benefit (expense)	(34)	875
Reclassification adjustments related to:		
Recovery on previously impaired investment securities included in net income, net of tax expense	(63)	(71)
Net gain on sale of securities included in net income, net of tax expense	(161)	(1,080)

Total Other Comprehensive Loss	(258)	(276)
Total Comprehensive Income	\$ 2,540	\$ 3,099

See notes to consolidated financial statements.

Edgar Filing: LAKE SHORE BANCORP, INC. - Form 10-Q

Lake Shore Bancorp, Inc. and Subsidiary

Consolidated Statements of Stockholders' Equity

Nine Months Ended September 30, 2017 and 2016 (Unaudited)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Unearned Shares Held by ESOP	Unearned Shares Held by Compensation Plans	Retained Earnings	Accumulated Other Comprehensive Income	Total
(Dollars in thousands, except share and per share data)								
Balance - January 1, 2016	\$ 67	\$ 29,359	\$ (7,026)	\$ (1,706)	\$ (580)	\$ 50,919	\$ 2,843	\$ 73,876
Net income	-	-	-	-	-	3,375	-	3,375
Other comprehensive loss, net of tax benefit of \$142	-	-	-	-	-	-	(276)	(276)
Stock options exercised (98,986 shares)	1	1,108	-	-	-	-	-	1,109
ESOP shares earned (5,951 shares)	-	15	-	64	-	-	-	79
Compensation plan shares granted (20,354 shares)	-	-	197	-	(197)	-	-	-
Compensation plan shares earned (17,833 shares)	-	42	-	-	186	-	-	228
Purchase of treasury stock, at cost (25,000 shares)	-	-	(338)	-	-	-	-	(338)
Cash dividends declared (\$0.21 per share)	-	-	-	-	-	(727)	-	(727)
Balance - September 30, 2016	\$ 68	\$ 30,524	\$ (7,167)	\$ (1,642)	\$ (591)	\$ 53,567	\$ 2,567	\$ 77,326
Balance - January 1, 2017	\$ 68	\$ 30,532	\$ (7,300)	\$ (1,620)	\$ (578)	\$ 53,546	\$ 1,382	\$ 76,030
Net income	-	-	-	-	-	2,798	-	2,798
Other comprehensive loss, net of tax benefit of \$133	-	-	-	-	-	-	(258)	(258)
ESOP shares earned (5,951 shares)	-	30	-	64	-	-	-	94
	-	33	-	-	-	-	-	33

Stock based compensation								
Compensation plan shares granted (27,348 shares)	-	-	270	-	(270)	-	-	-
Compensation plan shares forfeited (1,104 shares)	-	-	(10)	-	10	-	-	-
Compensation plan shares earned (20,569 shares)	-	72	-	-	220	-	-	292
Purchase of treasury stock, at cost (17,100 shares)	-	-	(269)	-	-	-	-	(269)
Cash dividends declared (\$0.24 per share)	-	-	-	-	-	(559)	-	(559)
Balance - September 30, 2017	\$ 68	\$ 30,667	\$ (7,309)	\$ (1,556)	\$ (618)	\$ 55,785	\$ 1,124	\$ 78,161

See notes to consolidated financial statements.



## Lake Shore Bancorp, Inc. and Subsidiary

## Consolidated Statements of Cash Flows

	Nine Months Ended September 30,	
	2017	2016
	(Unaudited)	
	(Dollars in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 2,798	\$ 3,375
Adjustments to reconcile net income to net cash provided by operating activities:		
Net amortization of investment securities	88	138
Net amortization of deferred loan costs	425	412
Provision for loan losses	450	310
Recovery on previously impaired investment securities	(96)	(107)
Gain on sale of investment securities	(244)	(1,636)
Originations of loans held for sale	(796)	(4,628)
Proceeds from sales of loans held for sale	806	4,745
Gain on sale of loans	(10)	(117)
Depreciation and amortization	648	646
Increase in bank owned life insurance, net	(268)	(207)
ESOP shares committed to be released	94	79
Stock based compensation expense	325	228
Increase in accrued interest receivable	(234)	(84)
Decrease in other assets	161	326
(Decrease) increase in other liabilities	(99)	65
Net Cash Provided by Operating Activities	4,048	3,545
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Activity in available for sale securities:		
Sales	6,510	14,406
Maturities, prepayments and calls	8,980	8,947
Purchases	(2,402)	-
Purchases of Federal Home Loan Bank Stock	(375)	(3)
Redemptions of Federal Home Loan Bank Stock	84	117
Loan origination and principal collections, net	(37,384)	(24,237)
Additions to premises and equipment	(1,294)	(240)
Net Cash Used in Investing Activities	(25,881)	(1,010)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net increase in deposits	15,030	5,311
Net decrease in advances from borrowers for taxes and insurance	(1,475)	(1,438)
Proceeds from issuance of long-term debt	9,700	-
Repayment of long-term debt	(1,700)	(2,200)
Proceeds from stock options exercised	-	1,109
Purchase of treasury stock	(269)	(338)
Cash dividends paid	(559)	(727)
Net Cash Provided by Financing Activities	20,727	1,717
Net (Decrease) Increase in Cash and Cash Equivalents	(1,106)	4,252
CASH AND CASH EQUIVALENTS - BEGINNING	45,479	34,227
CASH AND CASH EQUIVALENTS - ENDING	\$ 44,373	\$ 38,479

SUPPLEMENTARY CASH FLOWS INFORMATION

Interest paid	\$ 1,869	\$ 1,728
Income taxes paid	\$ 750	\$ 760

SUPPLEMENTARY SCHEDULE OF NONCASH INVESTING ACTIVITIES

Foreclosed real estate acquired in settlement of loans	\$ 554	\$ 199
--	--------	--------

See notes to consolidated financial statements.

5

---



Lake Shore Bancorp, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Unaudited)

Note 1 – Basis of Presentation

The interim consolidated financial statements include the accounts of Lake Shore Bancorp, Inc. (the “Company”, “us”, “our”, or “we”) and Lake Shore Savings Bank (the “Bank”), its wholly owned subsidiary. All intercompany accounts and transactions of the consolidated subsidiary have been eliminated in consolidation.

The interim consolidated financial statements included herein as of September 30, 2017 and for the three and nine months ended September 30, 2017 and 2016 have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and therefore, do not include all information or footnotes necessary for a complete presentation of the consolidated statements of financial condition, results of operations and cash flows in conformity with accounting principles generally accepted in the United States of America (“GAAP”). The consolidated statement of financial condition at December 31, 2016 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete consolidated financial statements. The consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of such information and to make the financial statements not misleading. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2016. The consolidated statements of income for the three and nine months ended September 30, 2017 are not necessarily indicative of the results for any subsequent period or the entire year ending December 31, 2017.

To prepare these consolidated financial statements in conformity with GAAP, management of the Company made a number of estimates and assumptions relating to the reporting of assets and liabilities and the reporting of revenue and expenses. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, securities valuation estimates, evaluation of impairment of securities and income taxes.

The Company has evaluated events and transactions occurring subsequent to the statement of financial condition as of September 30, 2017 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through the date these consolidated financial statements were issued.

Note 2 – New Accounting Standards

The following are new accounting standards that have been previously disclosed but not yet adopted, which includes additional information on the impact the adoption of the standard will have on the Company's consolidated financial statements:

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2014-09 "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"). The guidance in this update supersedes the revenue recognition requirements in ASC Topic 605 "Revenue Recognition", and most industry-specific guidance throughout the industry topics of Codification. For public companies, this update will be effective for interim and annual periods beginning after December 15, 2017. The Company's revenue is primarily comprised of interest income on financial instruments, including investment securities and loans, which are excluded from the scope of ASU 2014-09. The Company does not expect the guidance to have a material impact on the Company's consolidated financial statements. The most significant impact of the update for the Company may be additional disclosure requirements relating to non-interest income, specifically service charges and fees.

In January 2016, the FASB issued ASU 2016-01 "Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" ("ASU 2016-01"). The update

enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information by updating certain aspects of recognition, measurement, presentation and disclosure of financial instruments. Among other changes, the update requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, and clarifies that entities should evaluate the need for a valuation allowance on a deferred tax asset related to available for sale securities in combination with the entities' other deferred tax assets. For public companies, this update will be effective for interim and annual periods beginning after December 15, 2017, and is to be applied on a modified retrospective basis. Upon the effective date, the fair value of the Company's financial instruments will be presented using an exit price method and this will be disclosed. It is not expected that the use of the exit price method will have a material impact on the Company's consolidated financial statements. At the effective date, the Company does not expect any impact on the valuation allowance of deferred tax assets related to available for sale securities as a result of the adoption of ASU 2016-01.

In February 2016, the FASB issued ASU 2016-02 "Leases" (Topic 842) ("ASU 2016-02"). The guidance in the update supersedes the requirements in ASC Topic 840, Leases. The guidance is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for leases with lease terms of more than 12 months. For public companies, this update will be effective for interim and annual periods beginning after December 15, 2018, and is to be applied on a modified retrospective basis. The Company currently has one operating lease for its branch office located in Depew, NY as well as several operating leases for five off-site ATMs, land on which one branch office is situated, and for parking lot space, that will result in recognition of lease assets and lease liabilities on the consolidated balance sheets. The amount of assets and liabilities added to the balance sheet are not expected to have a material impact on the Company's consolidated financial statements per preliminary estimates.

### Note 3 – Investment Securities

The amortized cost and fair value of securities are as follows:

	September 30, 2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in thousands)			
<b>SECURITIES AVAILABLE FOR SALE:</b>				
Municipal bonds	\$ 42,307	\$ 1,495	\$ (1)	\$ 43,801
Mortgage-backed securities:				
Collateralized mortgage obligations-private label	34	-	-	34
Collateralized mortgage obligations-government sponsored entities	24,025	45	(363)	23,707
Government National Mortgage Association	246	19	-	265
Federal National Mortgage Association	2,975	117	-	3,092
Federal Home Loan Mortgage Corporation	1,591	50	-	1,641
Asset-backed securities-private label	147	298	(3)	442
Asset-backed securities-government sponsored entities	58	4	-	62
Equity securities	22	42	-	64
	\$ 71,405	\$ 2,070	\$ (367)	\$ 73,108



	December 31, 2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(Dollars in thousands)			
<b>SECURITIES AVAILABLE FOR SALE:</b>				
Municipal bonds	\$ 48,869	\$ 1,847	\$ (18)	\$ 50,698
Mortgage-backed securities:				
Collateralized mortgage obligations-private label	37	-	-	37
Collateralized mortgage obligations-government sponsored entities	29,170	83	(423)	28,830
Government National Mortgage Association	306	23	-	329
Federal National Mortgage Association	3,457	128	(3)	3,582
Federal Home Loan Mortgage Corporation	1,825	42	-	1,867
Asset-backed securities-private label	484	362	(14)	832
Asset-backed securities-government sponsored entities	71	5	-	76
Equity securities	22	62	-	84
	\$ 84,241	\$ 2,552	\$ (458)	\$ 86,335

All of our collateralized mortgage obligations are backed by one- to four-family residential mortgages.

At September 30, 2017 and at December 31, 2016, equity securities consisted of 22,368 shares of Federal Home Loan Mortgage Corporation ("FHLMC") common stock.

At September 30, 2017 thirty municipal bonds with a cost of \$10.3 million and fair value of \$10.7 million, were pledged under a collateral agreement with the Federal Reserve Bank ("FRB") of New York for liquidity borrowing. At December 31, 2016 thirty-four municipal bonds with a cost of \$11.1 million and fair value of \$11.5 million were pledged under a collateral agreement with the FRB of New York for liquidity borrowing. In addition at September 30, 2017 nineteen municipal bonds with a cost and fair value of \$5.0 million and \$5.1 million, respectively, were pledged as collateral for customer deposits in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limits. At December 31, 2016 fourteen municipal bonds with a cost and fair value of \$3.6 million and \$3.7 million, respectively, were pledged as collateral for customer deposits in excess of "FDIC" insurance limits.

Edgar Filing: LAKE SHORE BANCORP, INC. - Form 10-Q

The following table sets forth the Company's investment in securities available for sale with gross unrealized losses of less than twelve months and gross unrealized losses of twelve months or more and associated fair values as of the dates indicated:

	Less than 12 months		12 months or more		Total	
	Gross Unrealized		Gross Unrealized		Gross Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
	(Dollars In thousands)					
September 30, 2017						
Municipal bonds	\$ 453	\$ (1)	\$ -	\$ -	\$ 453	\$ (1)
Mortgage-backed securities	4,976	(43)	15,095	(320)	20,071	(363)
Asset-backed securities -private label	144	(3)	-	-	144	(3)
	\$ 5,573	\$ (47)	\$ 15,095	\$ (320)	\$ 20,668	\$ (367)

December 31, 2016

Municipal bonds \$ 1,430 \$ (18) \$ - \$ - \$