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SLADES FERRY BANCORP
Form 10-Q/A
August 15, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For quarter ended September 30, 2004

Commission file number 000-23904

SLADE'S FERRY BANCORP.

(Exact name of registrant as specified in its character)

| | |
|---|---|
| Massachusetts ----- (State or other jurisdiction of incorporation or organization) | 04-3061936 ----- (I.R.S. Employer Identification Number) |
|---|---|

| | |
|--|------------------------------|
| 100 Slade's Ferry Avenue Somerset, Massachusetts ----- (Address of principal executive offices) | 02726 ----- (Zip code) |
|--|------------------------------|

(508)-675-2121

(Registrant's telephone number, including area code)

Check 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 past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

| | | |
|-------|---|-------|
| Yes | X | No |
| ----- | | ----- |

Indicate by checkmark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

| | | |
|-------|-------|-------|
| Yes | No | X |
| ----- | ----- | ----- |

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

Common stock (\$0.01 par value) 4,067,848 shares as of October 31, 2004.

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EXPLANATORY NOTE

We announced in a Form 8-K filed on July 19, 2005, that in May 2005, a financial reporting error relating to our pension plan that affects our previously filed financial statements was discovered. The pension plan commenced on January 1, 1969 and was frozen on December 31, 1997. In May of 2005, we began exploring alternatives with respect to possibly liquidating the pension plan.

At that time, we discovered that the amount of our prepaid benefit cost had

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been overstated (and our pension expense had been cumulatively understated) since fiscal year 1996. Such misstatements related to (1) the failure to use settlement accounting for significant lump sum distributions, as required by FASB Statement No. 88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Plans and for Termination Benefit, and (2) the understatement of the projected benefit obligation prior to 2003.

This Form 10-Q/A is being filed to amend and restate the financial statements and related information contained in our Form 10-Q for the period ended September 30, 2004.

The table below shows the cumulative effect of the defined benefit pension plan adjustment to retained earnings and accumulated other comprehensive income (loss) as of December 31, 2003 and 2002, and the impact on net income and earnings per share for the three and nine months ended September 30, 2004 and 2003.

| | At December 31, | |
|--|-----------------|--------------|
| | 2003 | 2002 |
| Retained earnings, as previously reported | \$14,698,595 | \$13,445,335 |
| Cumulative decrease to retained earnings | (398,337) | (394,095) |
| Retained earnings, as restated | \$14,300,258 | \$13,051,240 |
| Accumulated other comprehensive loss as previously reported | \$ (605,619) | \$ (10,908) |
| Cumulative increase (decrease) in accumulated other comprehensive loss | 193,223 | (149,918) |
| Accumulated other comprehensive loss, as restated | \$ (412,396) | \$ (160,826) |

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|-----------|------------------------------------|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| Net income, as previously reported | \$1,071,213 | \$699,345 | \$2,318,930 | \$1,616,616 |
| Increase (decrease) to pension expense | (8,877) | (85,743) | 54,386 | (14,386) |
| Net deferred tax effect | 3,633 | 35,095 | (22,260) | 6,616 |
| (Decrease) increase to net income | 5,244 | 50,648 | (32,126) | 8,616 |
| Net income, as restated | \$1,076,457 | \$749,993 | \$2,286,804 | \$1,625,616 |

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Earnings per share, as previously reported:

| | | | | |
|---------|---------|---------|---------|------|
| Basic | \$ 0.26 | \$ 0.18 | \$ 0.57 | \$ 0 |
| Diluted | \$ 0.26 | \$ 0.17 | \$ 0.57 | \$ 0 |

Earnings per share, as restated:

| | | | | |
|---------|---------|---------|---------|------|
| Basic | \$ 0.27 | \$ 0.19 | \$ 0.57 | \$ 0 |
| Diluted | \$ 0.26 | \$ 0.19 | \$ 0.56 | \$ 0 |

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PART I

ITEM 1

Financial Statements

SLADE'S FERRY BANCORP. AND SUBSIDIARY CONDENSED CONSOLIDATED BALANCE SHEETS

| | (Unaudited) | |
|--|----------------|-------------------|
| | September 2004 | December 31, 2003 |
| | ----- | ----- |
| Assets | | |
| ----- | | |
| Cash and due from banks | \$ 20,507,497 | \$ 18,428,932 |
| Interest bearing demand deposits with other banks | - | 213,438 |
| Money market mutual funds | - | 63,539 |
| Federal Home Loan Bank overnight deposit | 1,000,000 | - |
| Federal funds sold | 5,000,000 | 4,000,000 |
| | ----- | ----- |
| Cash and cash equivalents | 26,507,497 | 22,705,909 |
| Interest bearing time deposits with other bank | 100,000 | 200,000 |
| Investments in available-for-sale securities (at fair value) | 84,329,600 | 47,162,852 |
| Investments in held-to-maturity securities (fair values of \$41,140,312 as of September 31, 2004 and \$11,851,713 as of December 31, 2003) | 40,631,411 | 11,300,402 |
| Federal Home Loan Bank stock | 4,204,300 | 3,023,800 |
| Loans, net of allowance for loan losses \$4,102,567 at September 30, 2004 and \$4,154,394 at December 31, 2003 | 362,389,567 | 331,496,525 |
| Premises and equipment | 5,844,940 | 5,894,736 |
| Goodwill | 2,173,368 | 2,173,368 |
| Accrued interest receivable | 2,037,264 | 1,497,104 |
| Cash surrender value of life insurance | 11,473,825 | 10,980,879 |
| Deferred taxes | 2,097,060 | 2,138,336 |
| Other assets | 1,205,078 | 659,791 |
| | ----- | ----- |
| Total assets | \$542,993,910 | \$439,233,702 |
| | ===== | ===== |
| Liabilities and Stockholders' Equity | | |
| ----- | | |
| Deposits: | \$403,454,662 | \$333,144,817 |
| Federal Home Loan Bank advances | 80,388,352 | 60,474,864 |
| Subordinated debentures | 10,310,000 | - |

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| | | |
|---|---------------|---------------|
| Other liabilities | 3,665,999 | 3,076,994 |
| | ----- | ----- |
| Total liabilities | 497,819,013 | 396,696,675 |
| Stockholders' equity: | | |
| Common stock, par value \$.01 per share; authorized 10,000,000 shares; issued and outstanding 4,060,049 shares on September 30, 2004 and 3,995,857 shares at December 31, 2003 | 40,601 | 39,959 |
| Paid-in capital | 29,816,333 | 28,609,206 |
| Retained earnings | 15,495,017 | 14,300,258 |
| Accumulated other comprehensive income (loss) | (177,054) | (412,396) |
| | ----- | ----- |
| Total stockholders' equity | 45,174,897 | 42,537,027 |
| | ----- | ----- |
| Total liabilities and stockholders' equity | \$542,993,910 | \$439,233,702 |
| | ===== | ===== |