

PEOPLES FINANCIAL CORP /MS/
Form 10-Q
May 14, 2012

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012

or

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

Commission File Number 001-12103

PEOPLES FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

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(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Lameuse and Howard Avenues, Biloxi, Mississippi (Address of principal executive offices)	39533 (Zip Code)
(228) 435-5511	
(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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant 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 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 or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input checked="" type="checkbox"/>

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 last practicable date. Peoples Financial Corporation has only one class of common stock authorized. At April 27, 2012, there were 15,000,000 shares of \$1 par value common stock authorized, with 5,136,918 shares issued and outstanding.

Part 1 Financial Information**Item 1: Financial Statements****Peoples Financial Corporation and Subsidiaries****Consolidated Statements of Condition**

	March 31, 2012 (Unaudited)	December 31, 2011 (Audited)
Assets		
Cash and due from banks	\$ 43,812,997	\$ 36,928,657
Available for sale securities	367,207,502	278,918,481
Held to maturity securities, fair value of \$2,834,881 at March 31, 2012; \$1,492,374 at December 31, 2011	2,776,972	1,428,887
Other investments	3,875,661	3,930,300
Federal Home Loan Bank Stock, at cost	3,849,400	2,580,700
Loans	428,199,697	432,407,286
Less: Allowance for loan losses	8,048,333	8,135,622
Loans, net	420,151,364	424,271,664
Bank premises and equipment, net of accumulated depreciation	27,513,145	28,035,308
Other real estate	7,725,111	6,153,238
Accrued interest receivable	2,863,755	2,698,241
Cash surrender value of life insurance	16,353,796	16,196,368
Prepaid FDIC assessments	1,690,393	2,096,320
Other assets	2,186,873	913,926
Total assets	\$ 900,006,969	\$ 804,152,090

Peoples Financial Corporation and Subsidiaries

Consolidated Statements of Condition (continued)

Consolidated Statements of Condition

	March 31, 2012 (Unaudited)	December 31, 2011 (Audited)
Liabilities & Shareholders Equity		
Liabilities:		
Deposits:		
Demand, non-interest bearing	\$ 110,112,066	\$ 97,581,073
Savings and demand, interest bearing	237,844,894	205,318,859
Time, \$100,000 or more	107,032,542	115,014,220
Other time deposits	48,768,341	50,524,930
Total deposits	503,757,843	468,439,082
Federal funds purchased and securities sold under agreements to repurchase	178,594,946	157,600,967
Borrowings from Federal Home Loan Bank	94,272,007	53,323,568
Employee and director benefit plans liabilities	11,707,657	11,310,607
Other liabilities	3,575,569	4,025,565
Total liabilities	791,908,022	694,699,789
Shareholders Equity:		
Common stock, \$1 par value, 15,000,000 shares authorized, 5,136,918 shares issued and outstanding at March 31, 2012 and December 31, 2011	5,136,918	5,136,918
Surplus	65,780,254	65,780,254
Undivided profits	33,855,617	33,350,861
Accumulated other comprehensive income, net of tax	3,326,158	5,184,268
Total shareholders equity	108,098,947	109,452,301
Total liabilities & shareholders equity	\$ 900,006,969	\$ 804,152,090

See accompanying notes to consolidated financial statements.

Peoples Financial Corporation and Subsidiaries

Consolidated Statements of Income

(Unaudited)

	Three Months Ended March 31,	
	2012	2011
Interest income:		
Interest and fees on loans	\$ 4,641,535	\$ 4,906,762
Interest and dividends on securities:		
U.S. Treasuries	54,825	63,863
U.S. Government agencies	1,041,670	1,439,362
Mortgage-backed securities	80,295	
States and political subdivisions	363,689	369,101
Other investments	4,709	6,218
Interest on federal funds sold	6,418	1,352
Total interest income	6,193,141	6,786,658
Interest expense:		
Deposits	434,762	702,711
Borrowings from Federal Home Loan Bank	50,619	50,065
Federal funds purchased and securities sold under agreements to repurchase	119,084	172,023
Total interest expense	604,465	924,799
Net interest income	5,588,676	5,861,859
Provision for allowance for loan losses	540,000	641,000
Net interest income after provision for allowance for loan losses	\$ 5,048,676	\$ 5,220,859

Peoples Financial Corporation and Subsidiaries

Consolidated Statements of Income (continued)

(Unaudited)

Consolidated Statements of Income

	Three Months Ended March 31,	
	2012	2011
Non-interest income:		
Trust department income and fees	\$ 343,799	\$ 346,455
Service charges on deposit accounts	1,456,948	1,419,028
Gain on sales and calls of securities	104,233	
Loss on other investments	(54,639)	(10,154)
Increase in cash surrender value of life insurance	121,391	132,300
Other income	146,961	135,281
Total non-interest income	2,118,693	2,022,910
Non-interest expense:		
Salaries and employee benefits	3,271,721	3,376,297
Net occupancy	618,943	613,934
Equipment rentals, depreciation and maintenance	777,115	870,400
FDIC assessments	441,145	405,826
Data processing	371,681	144,298
ATM Expense	479,122	484,760
Other expense	792,886	1,060,710
Total non-interest expense	6,752,613	6,956,225
Income before income tax benefit	414,756	287,544
Income tax benefit	(90,000)	(150,000)
Net income	\$ 504,756	\$ 437,544
Basic and diluted earnings per share	\$.10	\$.09
Dividends declared per share	\$	\$

See accompanying notes to consolidated financial statements.

Peoples Financial Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

	Three Months Ended	
	March 31,	
	2012	2011
Net Income	\$ 504,756	\$ 437,544
Other comprehensive income (loss), net of tax:		
Net unrealized gain (loss) on available for sale securities, net of taxes of \$875,851 in 2012 and \$472,349 in 2011	(1,700,181)	916,913
Reclassification adjustment for available for sale securities called or sold in current year, net of taxes of \$87,249	(157,929)	
Total other comprehensive income (loss)	(1,858,110)	916,913
Comprehensive income (loss)	\$ (1,353,354)	\$ 1,354,457

See accompanying notes to consolidated financial statements.

Peoples Financial Corporation and Subsidiaries

Consolidated Statement of Changes in Shareholders' Equity

	Number of Common Shares	Common Stock	Surplus	Undivided Profits	Accumulated Other Comprehensive Income	Total
Balance, January 1, 2012	5,136,918	\$ 5,136,918	\$ 65,780,254	\$ 33,350,861	\$ 5,184,268	\$ 109,452,301
Net income				504,756		504,756
Net unrealized loss on available for sale securities, net of tax					(1,700,181)	(1,700,181)
Reclassification adjustment for available for sale securities called or sold in current year, net of tax					(157,929)	(157,929)
Balance, March 31, 2012	5,136,918	\$ 5,136,918	\$ 65,780,254	\$ 33,855,617	\$ 3,326,158	\$ 108,098,947

Note: Balances as of January 1, 2012 were audited.

See accompanying notes to consolidated financial statements.

Peoples Financial Corporation and Subsidiaries

Consolidated Statements of Cash Flows

(Unaudited)

	Three Months Ended	
	March 31,	
	2012	2011
Cash flows from operating activities:		
Net income	\$ 504,756	\$ 437,544
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation	528,500	567,000
Provision for allowance for loan losses	540,000	641,000
Writedown of other real estate		124,606
Loss on sales of other real estate	14,300	5,000
Loss on other investments	54,639	