

FIRST FARMERS & MERCHANTS CORP
 Form 10-K/A
 May 02, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

(Mark one)

FORM 10-K/A

(Amendment No. 1)

Annual Report Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

For the fiscal year ended **December 31, 2004**

Or

TRANSITION REPORT Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission file number 0-10972

| | |
|---|--------------------------------------|
| First Farmers and Merchants Corporation | |
| (Exact name of registrant as specified in its charter) | |
| Tennessee | 62-1148660 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 816 South Garden Street | |
| Columbia, Tennessee | 38402 - 1148 |
| (Address of principal executive offices) | (Zip Code) |
| Registrant's telephone number, including area code - (931) 388-3145 | |

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Name of each exchange on which registered |
|---|---|
| None | None |
| Securities registered pursuant to Section 12(g) of the Act: | |
| Common Stock, par value \$10.00 per share | |
| (Title of Class) | |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

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

[X]Yes [] No

The aggregate market value of the voting stock held by non-affiliates of First Farmers and Merchants Corporation at March 1, 2005, was \$209,072,000.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as the latest practicable date. 5,840,000 shares as of March 1, 2005

DOCUMENTS INCORPORATED BY REFERENCE

- (1) Annual Report to Shareholders for Fiscal Year Ended December 31, 2004-Part II of this Report.
- (2) Proxy Statement for 2004 Annual Shareholders' Meeting to be held on April 19, 2005 -- Part III of this Report.

EXPLANATORY NOTE

In reliance upon the Order of the Securities and Exchange Commission (the "SEC") issued under Section 36 of the Securities Exchange Act of 1934 (Release No. 50754, November 30, 2004), First Farmers and Merchants Corporation (the "Corporation"), omitted from Item 9A of its Form 10-K for the year ended December 31, 2004, filed with the SEC on March 16, 2005 (the "Original Filing"), "Management's Annual Report on Internal Control Over Financial Reporting," as required by Item 308(a) of Regulation S-K, as well as the related "Attestation Report of the Registered Public Accounting Firm," as required by Item 308(b) of Regulation S-K.

The Corporation is filing this Amendment No. 1 to Form 10-K to provide the information that was omitted from Item 9A of the Original Filing. In connection with the amendment to Item 9A, this Amendment No. 1 provides superseding certifications in Exhibits 31.1 and 31.2 to replace those in the Original Filing. Furthermore, this Amendment No. 1 conforms the Exhibit Index of the Original Filing to the list of exhibits in Item 15.

Except as described above, this Amendment No. 1 to Form 10-K does not modify or update other disclosures in, or exhibits to, the Original Filing.

Item 9A. Controls and Procedures

(a) **Evaluation of Disclosure Controls and Procedures.** The Corporation carried out an evaluation, under the supervision and with the participation of management, including the Corporation's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures as of the end of the period covered by this report pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Corporation (including the Corporation's consolidated subsidiaries) in reports that the Corporation files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported in a timely manner.

(b) **Management's Report on Internal Control Over Financial Reporting.**

Management of First Farmers and Merchants Corporation (the "Corporation") is responsible for establishing and maintaining effective internal control over financial reporting, as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Securities Exchange Act of 1934. The Corporation's management, including the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the Corporation's internal control over financial reporting as of December 31, 2004. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework*. The Corporation's internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Corporation;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorizations of management and directors of the Corporation; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Corporation's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management's assessment was designed to provide reasonable assurance that the Corporation maintained effective internal control over financial reporting as of December 31, 2004. Based on this assessment, management believes that, as of December 31, 2004, the Corporation maintained effective control over financial reporting.

(c) **Attestation Report of the Registered Public Accounting Firm.**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors

First Farmers and Merchants Corporation

Columbia, Tennessee

We have audited management's assessment, included in the accompanying "Management's Report on Internal Control Over Financial Reporting", that First Farmers and Merchants Corporation (the "Corporation") maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control-Integrated Framework Issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)*. The Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Corporation's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of First Farmers and Merchants Corporation and its wholly-owned subsidiary, First Farmers and Merchants National Bank, as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2004, and our report dated February 17, 2005, expressed an unqualified opinion.

Nashville, Tennessee

April 27, 2005

(d) **Changes in Internal Control Over Financial Reporting.** There has been no change in the Corporation's internal control over financial reporting that occurred during the fourth quarter of 2004 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) (1) Financial statements are incorporated herein by reference to Consolidated Financial Statements and Notes to Consolidated Financial Statements, which are a part of the Annual Report that is included as an exhibit to this filing.

(2) All schedules are omitted because they are not applicable or not required, or because the required information is included in the Consolidated Financial Statements referenced in Item 15 (a)(1).

(3) The following exhibits are filed herewith:

3.1 Charter (a)

3.2 Articles of Amendment to Charter (a)

3.3 By-laws (b)

4.1 Form of Specimen Stock Certificate (a)

10.1 Profit Sharing Plan (c)

10.2 First Amendment to Profit Sharing Plan (c)

10.3 Second Amendment to Profit Sharing Plan (c)

10.4 Executive Salary Continuation Agreement between First Farmers and Merchants National Bank and Waymon L. Hickman, dated December 1, 1992 (c)

10.5 Memorandum of Understanding among First Farmers and Merchants National Bank, First Farmers and Merchants Corporation, and Waymon L. Hickman, dated June 17, 2002 (c)

10.6 Change in Control Agreement between First Farmers and Merchants National Bank and Leslie R. (Berry) Brooks, dated June 28, 2002 (c)

13.1 Annual Report to Shareholders (d)

21.1 List of Subsidiaries (d)

31.1 Certification of the Chief Executive Officer of First Farmers and Merchants Corporation Pursuant to Rule 13a-14(1) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (e)

31.2 Certification of the Chief Financial Officer of First Farmers and Merchants Corporation Pursuant to Rule 13a-14(1) of the Securities Exchange Act of 1934, as amended, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (e)

32.1 Certification of the Chief Executive Officer and Chief Financial Officer of First Farmers and Merchants Corporation Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (e)

- (a) Incorporated by reference from the First Farmers and Merchants Corporation Amendment No. 1 to the Annual Report on Form 10-K/A for the year ended December 31, 2003, File Number 0-10972, as filed with the Securities and Exchange Commission on May 7, 2004.
- (b) Incorporated by reference from the First Farmers and Merchants Corporation Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, File Number 0-10972.
- (c) Incorporated by reference from the First Farmers and Merchants Corporation Amendment No. 2 to the Annual Report on Form 10-K/A for the year ended December 31, 2003, File Number 0-10972, as filed with the Securities and Exchange Commission on July 19, 2004.
- (d) Previously filed as an exhibit to the First Farmers and Merchants Corporation's Annual Report on Form 10-K for the year ended December 31, 2004.

EXHIBIT INDEX

FIRST FARMERS AND MERCHANTS CORPORATION

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- 3.2 Articles of Amendment to Charter (a)
- 3.3 By-laws (b)
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- 10.9 Second Amendment to Profit Sharing Plan (c)
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- (e) Filed herewith.