

MONARCH CEMENT CO
Form 10-Q
August 12, 2013

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 June 30, 2013, 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: 0-2757

THE MONARCH CEMENT COMPANY
(Exact name of registrant as specified in its charter)

KANSAS 48-0340590
(state or other jurisdiction of incorporation or organization)(IRS employer identification no.)

P.O. BOX 1000, HUMBOLDT, KANSAS 66748-0900
(address of principal executive offices) (zip code)

Registrant's telephone number, including area code: (620) 473-2222

(former name, former address and former fiscal year, if changed since last report)

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 (§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 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.

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

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES NO

As of July 29, 2013, there were 2,586,721 shares of Capital Stock, par value \$2.50 per share outstanding and 1,411,299 shares of Class B Capital Stock, par value \$2.50 per share outstanding.

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PART I - FINANCIAL INFORMATION

The condensed consolidated financial statements included in this report have been prepared by our Company without audit. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Our Company believes that the disclosures are adequate to make the information presented not misleading. The accompanying consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results of operations for the interim periods presented. Those adjustments consist only of normal, recurring adjustments. The condensed consolidated balance sheet of the Company as of December 31, 2012 has been derived from the audited consolidated balance sheet of the Company as of that date. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Company's annual report on Form 10-K for 2012 filed with the Securities and Exchange Commission. The results of operations for the period are not necessarily indicative of the results to be expected for the full year.

Item 1. Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2013 (UNAUDITED) AND DECEMBER 31, 2012

ASSETS	2013	2012
CURRENT ASSETS:		
Cash and cash equivalents	\$2,212,781	\$1,440,959
Receivables, less allowances of \$793,000 in 2013 and \$636,000 in 2012 for doubtful accounts	20,290,669	17,235,220
Inventories, priced at cost which is not in excess of market-		
Finished cement	\$5,323,967	\$5,385,586
Work in process	2,802,353	3,040,112
Building products	4,535,533	4,324,133
Fuel, gypsum, paper sacks and other	7,417,404	6,760,554
Operating and maintenance supplies	13,382,548	13,244,419
Total inventories	\$33,461,805	\$32,754,804
Refundable federal and state income taxes	—	1,441,206
Deferred income taxes	750,000	750,000
Prepaid expenses	1,124,927	658,369
Assets held for sale, net	6,064,969	—
Total current assets	\$63,905,151	\$54,280,558
PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation and depletion of \$184,472,417 in 2013 and \$193,109,379 in 2012	81,815,217	83,179,004
DEFERRED INCOME TAXES	15,442,458	14,964,458
INVESTMENTS, carried at fair value	22,137,134	24,761,746
INVESTMENTS, carried at cost	2,618,904	2,618,904
OTHER ASSETS	1,392,648	1,483,475
	\$187,311,512	\$181,288,145
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$7,955,770	\$11,186,677
Current portion of term loan	1,428,571	1,237,816
Current portion of other long-term debt	175,000	175,000
Accrued liabilities	7,746,167	7,141,353
Total current liabilities	\$17,305,508	\$19,740,846
LONG-TERM DEBT	19,655,425	9,683,965
ACCRUED POSTRETIREMENT BENEFITS	36,947,948	36,262,992
ACCRUED PENSION EXPENSE	12,906,273	13,241,529
STOCKHOLDERS' EQUITY		
Capital Stock, par value \$2.50 per share, one vote per share - Authorized 10,000,000 shares,		
Issued and Outstanding 2,585,321 shares at 06/30/2013 and 2,596,047 shares at 12/31/2012	\$6,463,303	\$6,490,117
Class B Capital Stock, par value \$2.50 per share, supervoting rights of ten votes per share,		
restricted transferability, convertible at all times into Capital Stock on a share-for-share basis - Authorized 10,000,000 shares, Issued and Outstanding 1,412,699 shares at 06/30/2013 and 1,417,587 shares at 12/31/2012	3,531,747	3,543,968

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Additional paid-in-capital	2,485,125	2,485,125
Retained earnings	95,887,901	97,214,376
Accumulated other comprehensive loss	(7,871,718)	(7,374,773)
TOTAL STOCKHOLDERS' EQUITY	\$100,496,358	\$102,358,813
	\$187,311,512	\$181,288,145

See accompanying Notes to the Condensed Consolidated Financial Statements

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THE MONARCH CEMENT COMPANY AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND RETAINED EARNINGS
 FOR THE THREE MONTHS AND THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012 (UNAUDITED)

	For the Three months ended		For the Six months ended	
	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012
NET SALES	\$37,954,290	\$36,993,658	\$60,744,506	\$63,127,595
COST OF SALES	30,584,497	28,538,324	53,849,757	53,349,824
Gross profit from operations	\$7,369,793	\$8,455,334	\$6,894,749	\$9,777,771
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,633,683	3,571,349	7,548,124	7,286,299
Income (loss) from operations	\$3,736,110	\$4,883,985	\$(653,375)) \$2,491,472
OTHER INCOME (EXPENSE):				