

MONARCH CEMENT CO  
Form 10-Q  
May 09, 2014

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 March 31, 2014, 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 April 28, 2014, there were 2,600,232 shares of Capital Stock, par value \$2.50 per share outstanding and 1,366,699 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 condensed 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, 2013 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 2013 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

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THE MONARCH CEMENT COMPANY AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
MARCH 31, 2014 (UNAUDITED) AND DECEMBER 31, 2013

	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$1,515,014	\$6,401,752
Receivables, less allowances of \$516,000 in 2014 and \$490,000 in 2013 for doubtful accounts	13,831,680	12,139,618
Inventories, priced at cost which is not in excess of market-		
Finished cement	\$5,826,900	\$4,420,327
Work in process	2,518,317	3,595,223
Building products	4,325,110	3,883,085
Fuel, gypsum, paper sacks and other	6,550,908	6,570,913
Operating and maintenance supplies	12,959,807	12,794,198
Total inventories	\$32,181,042	\$31,263,746
Refundable federal and state income taxes	913,771	—
Deferred income taxes	660,000	660,000
Prepaid expenses	1,732,596	1,042,033
Total current assets	\$50,834,103	\$51,507,149
<b>PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation and depletion of \$184,129,259 in 2014 and \$183,868,729 in 2013</b>	81,027,077	80,940,604
<b>DEFERRED INCOME TAXES</b>	6,960,577	8,179,577
<b>INVESTMENTS</b>	28,692,634	25,292,634
<b>INVESTMENTS IN AFFILIATES</b>	3,377,407	3,428,633
<b>OTHER ASSETS</b>	4,766,468	4,757,265
	\$175,658,266	\$174,105,862
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$7,293,359	\$6,327,952
Current portion of term loan	1,428,571	1,428,571
Current portion of other long-term debt	175,000	175,000
Accrued liabilities	5,067,816	6,754,288
Total current liabilities	\$13,964,746	\$14,685,811
<b>LONG-TERM DEBT</b>	15,010,222	12,061,164
<b>ACCRUED POSTRETIREMENT BENEFITS</b>	25,146,717	24,917,379
<b>ACCRUED PENSION EXPENSE</b>	8,007,127	8,009,127
<b>STOCKHOLDERS' EQUITY</b>		
Capital Stock, par value \$2.50 per share, one vote per share - Authorized 10,000,000 shares,		
Issued and Outstanding 2,600,232 shares at 03/31/2014 and 2,599,532 shares at 12/31/2013	\$6,500,580	\$6,498,830
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 1,366,699 shares at 03/31/2014 and 1,367,399 shares at 12/31/2013	3,416,747	3,418,497

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Additional paid-in-capital	2,485,125	2,485,125
Retained earnings	95,699,369	98,518,546
Accumulated other comprehensive income	5,427,633	3,511,383
TOTAL STOCKHOLDERS' EQUITY	\$ 113,529,454	\$ 114,432,381
	\$ 175,658,266	\$ 174,105,862

See accompanying Notes to the Condensed Consolidated Financial Statements

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THE MONARCH CEMENT COMPANY AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF LOSS AND RETAINED EARNINGS  
 FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013 (UNAUDITED)

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	2014	(As adjusted) 2013
NET SALES	\$23,461,551	\$21,364,465
COST OF SALES	23,538,514	21,776,225
Gross loss from operations	\$(76,963 )	\$(411,760 )
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,646,195	3,750,405
Loss from operations	\$(3,723,158 )	\$(4,162,165 )
OTHER INCOME (EXPENSE):		
Interest income	\$22,168	\$33,049
Interest expense	(54,454 )	(47,646 )
Gain on sale of equity investments	—	3,069,284
Dividend income	104,000	748,736
Other, net	(14,201 )	(2,451 )
	\$57,513	\$3,800,972
Loss from continuing operations before income taxes	\$(3,665,645 )	\$(361,193 )