

MONARCH CEMENT CO  
Form 10-K  
March 14, 2014

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

FORM 10-K  
(MARK ONE)

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

For the fiscal year ended December 31, 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

Securities registered pursuant to Section 12(b) of the Act: None

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

Title of Class: Capital Stock, par value \$2.50 per share  
Class B Capital Stock, par value \$2.50 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the  
Act. Yes  No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this  
chapter) is not contained herein, and will not be contained, to the best of 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.

Edgar Filing: MONARCH CEMENT CO - Form 10-K

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter was \$75,325,827.

As of February 14, 2014, the registrant had outstanding 2,600,232 shares of Capital Stock, par value \$2.50 per share, and 1,366,699 shares of Class B Capital Stock, par value \$2.50 per share.

---

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents are incorporated by reference into the indicated parts of this report: (1) the registrant's annual report to stockholders for the year ended December 31, 2013 - Parts I, II, and IV of Form 10-K and (2) the registrant's definitive proxy statement prepared in connection with the annual meeting of stockholders to be held on April 9, 2014 - Part III of Form 10-K.

1.

---

PART I

ITEM 1. BUSINESS

Unless otherwise indicated by the context, we use the term Company to mean The Monarch Cement Company (Monarch) and its subsidiaries. Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the description of the Company's business, including information regarding lines of business, in The Monarch Cement Company's 2013 Annual Report to Stockholders (filed herewith as Exhibit 13) under the headings:

Description of the Business;  
Lines of Business; and  
Note 12, Lines of Business, of Notes to Consolidated Financial Statements.

During 2013, the Company made the decision to discontinue operations of two of its subsidiaries, Beaver Lake Concrete, Inc. (BLC) and Tulsa Dynaspan, Inc. (TDI) located in northwest Arkansas and northern Oklahoma, respectively, due to consecutive year operating losses. Both subsidiaries were in the Ready-Mixed Concrete Business segment. Prior period financial statements reflect the operations of both subsidiaries as discontinued operations and as such their information was excluded from segment results. We refer to the "Results of Operations" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "General"; Note 2, "Discontinued Operations", of Notes to Consolidated Financial Statements; and Note 12, "Lines of Business", of Notes to Consolidated Financial Statements in our 2013 Annual Report to Stockholders for a more detailed discussion of the Company's discontinued operations. Such discussion is incorporated herein by reference.

The Company did not introduce any new products nor begin to do business in a new industry segment during 2013.

The Company owns and operates quarries located near its Humboldt, Kansas plant. Such quarries contain all essential raw materials presently used by the Company's cement operations. The Company's total reserves, including these quarries and other property located near the plant, are estimated to be sufficient to maintain operations at the Humboldt plant's present capacity for more than 50 years, although not all reserves are currently accessible under existing governmental permits and approvals.

The Company's cement products are marketed under registered trademarks using the name "MONARCH". With the exception of these trademarks, the Company's operations are not materially dependent on any trademarks, franchises, patents or on any licenses relating to the use thereof.

Portland cement is the basic material used in the production of ready-mixed concrete that is used in highway, bridge and building construction. These construction activities are seasonal in nature. During winter months when the ground is frozen, groundwork preparation cannot be completed. Cold temperatures affect concrete set-time, strength and durability, limiting its use in winter months. Dry ground conditions are also required for construction activities to proceed. During the summer, winds and warmer temperatures tend to dry the ground quicker creating fewer delays in construction projects.

Variations in weather conditions from year-to-year significantly affect the demand for our products during any particular quarter; however, our Company's highest revenue and earnings historically occur in its second and third fiscal quarters, April through September.



It is necessary for the Company to invest a significant portion of its working capital in inventories. At December 31, 2013 the Company had inventories as follows:

Cement	\$4,420,327
Work in process	3,595,223
Building products	3,883,085
Fuel, gypsum and other materials	6,570,913
Operating and maintenance supplies	12,794,198
Total	\$31,263,746

The Company is heavily dependent upon the construction industry and is directly affected by the level of activity in that industry. However, no customer accounted for 10% or more of the Company's consolidated net revenue during 2013, 2012 or 2011.

Backlog of customers' orders is not a material factor in the Company's business.

The Company has no contracts that are subject to renegotiation of profits or termination thereof at the election of the government.

The manufacture and sale of cement and ready-mixed concrete are extremely competitive enterprises. A number of producers, including several nationwide manufacturers, compete for business with the Company in its market area. The Company is not a significant factor in the nationwide portland cement or ready-mixed concrete business but does constitute a significant market factor for cement in its market area. Cement generally is produced to meet standard specifications and there is little differentiation between the products sold by the Company and its competitors. Accordingly, competition exists primarily in the areas of price and customer service.

The Company did not spend a material amount in the last three fiscal years on Company sponsored research and development. However, the Company is a member of the Portland Cement Association which conducts research for the cement industry.

The Company has, during the past several years, made substantial capital expenditures for pollution control equipment. The Company also incurs normal operating and maintenance expenditures in connection with its pollution control equipment. The Environmental Protection Agency (EPA) has published modifications to the National Emission Standard for Hazardous Air Pollutants (NESHAP) regulation in the Federal Register. The date for compliance with these modifications by all U.S. cement plants is September 2015. Since the Company does not currently meet certain emission limitations included in latest regulations issued by the EPA, additional pollution control equipment expenditures in its Cement Business are planned over the next few years to comply with these new regulations. We refer to the "Capital Resources" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2013 Annual Report to Stockholders for a more detailed description of the Company's capital resources and improvements under consideration. Such description is incorporated herein by reference.

At December 31, 2013, the Company and its subsidiaries employed approximately 510 employees including 390 hourly employees and 120 salaried employees, which included plant supervisory personnel, sales and executive staff. Of the 510 total employees, approximately 39% are union employees covered by various collective bargaining agreements. Approximately 23% of those union employees (9% of our total employees) are covered by an agreement that expires in 2014. The Company believes it has a good working relationship with its employees and has been successful in negotiating multi-year union contracts without work stoppages.



All of the Company's operations and sales are in one geographic area consisting primarily of the State of Kansas, the State of Iowa, southeast Nebraska, western Missouri, northwest Arkansas and northern Oklahoma.

The Monarch Cement Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed with or furnished to the Securities and Exchange Commission (SEC), are available free of charge through the "SEC Filings" link of the Company's website, <http://www.monarchcement.com>, as soon as reasonably practicable after filing with or furnished to the SEC. These reports are also available to read and copy at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

#### ITEM 1A. RISK FACTORS

We are identifying important risks and uncertainties that could affect the Company's results of operations, financial condition or business and that could cause them to differ materially from the Company's historical results of operations, financial condition or business, or those contemplated by forward-looking statements made herein or elsewhere, by, or on behalf of, the Company. Factors that could cause or contribute to such differences include, but are not limited to, those factors referred to below.

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the material responsive to this Item in The Monarch Cement Company's 2013 Annual Report to Stockholders in the "Capital Resources" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the headings:

- Accounting and Disclosure Rules Impact;
- Market Risks;
- Inflation; and
- Environmental Regulations.

We depend on construction activity levels, which tend to be cyclical. Our operating results depend on residential, commercial and governmental construction activity and spending levels which tend to be cyclical. Construction activity and spending levels are influenced by interest rates, inflation, environmental laws and regulations, employment levels and the availability of funds for construction projects. Economic downturns may lead to recessions in the construction industry, either in individual markets or nationally. These cyclical downturns in construction activity in our market area, which we cannot control, significantly affect our business.

Construction is dependent upon the overall U.S. economy which remains weak and could weaken further. Commercial and residential construction levels generally move with economic cycles; when the economy is strong, construction levels rise and when the economy is weak, construction levels fall. The overall U.S. economy has been hurt by changes in the financial services sector and the resulting constraints on credit availability. The overall weakness in the economy and the uncertainty in the credit markets could cause commercial and residential construction to remain at low levels or weaken further, and thereby continue to adversely affect our sales volumes and earnings. A recessionary economy can also increase the likelihood we will not be able to collect on our accounts receivable from our customers.



A decline in public sector construction and reductions in governmental funding could adversely affect our operations and results. If spending on publicly funded construction is reduced significantly as a result of a loss of federal funding or a significant reduction in state or federal budgets, our earnings could be negatively affected.

Competition in our industry could adversely affect our results of operations. All of the markets we operate in are highly competitive. We compete with several other domestic suppliers of cement, concrete and concrete products, as well as with importers of foreign cement. Many factors affect the competitive environments we face in our markets. Among others, they include the number of competitors in the market, the pricing policies of those competitors, the financial strength of those competitors, the total production capacity serving the market, the barriers that potential competitors face to enter the market, the proximity of natural resources to the market, as well as economic conditions and product demand within the market. Such factors come together in our market in varying ways, sometimes in ways that adversely impact demand for and pricing of our products.

Increased energy and fuel costs may have a material adverse effect on our results. Our operations consume significant amounts of energy. The price and availability of energy are subject to political, economic and market factors that are generally outside our control. Energy and fuel costs have affected, and may continue to affect, our financial condition, results of operations and liquidity.

Adverse weather lessens demand for our products, which is seasonal in our market. Construction activity, and thus demand for our products, decreases substantially during periods of cold weather, when it snows or when heavy or sustained rains fall. Consequently, demand for our products is significantly lower during the winter, when winter weather significantly curtails construction activity. Our operations are seasonal, with sales generally peaking during the second and third quarters because of normally better weather conditions. However, high levels of rainfall can adversely impact our operations during these periods as well. Such adverse weather conditions can materially and adversely affect our results of operations and profitability if they occur with unusual intensity, during abnormal periods, or last longer than usual, especially during peak construction periods.

Changes in legal requirements and governmental policies concerning zoning, land use, environmental and other areas of the law impact our business. Our operations are affected by numerous federal, state and local laws and regulations related to zoning, land use and environmental matters. Despite our compliance efforts, there is the inherent risk of liability in the operation of our business, especially from an environmental standpoint. These potential liabilities could have an adverse impact on our operations and profitability. Our operations require numerous governmental approvals and permits, which often require us to make significant capital and maintenance expenditures to comply with zoning and environmental laws and regulations. Stricter laws and regulations, or more stringent interpretations of existing laws or regulations, may impose new liabilities on us, reduce operating hours, require additional investment by us in pollution control equipment, or impede the expansion of our facilities.

Climate change and climate change legislation or regulations may adversely impact our business. In the past a number of governmental bodies have introduced or contemplated legislative and regulatory changes in response to the potential impacts of climate change that, if enacted, would have limited and reduced greenhouse gas emissions through a "cap and trade" system of allowances and credits, among other provisions. In addition, the EPA has required large emitters of greenhouse gases to collect and report data with respect to their greenhouse gas emissions and has proposed a permitting process for large emitters. Any such "cap-and-trade" system or other limitations imposed on the emission of "greenhouse gases" could have a material adverse effect on our financial position, results of operation or cash flows.

Litigation could affect our profitability. The nature of our business exposes us to various litigation matters including product liability claims, employment, health and safety matters, environmental matters, regulatory and administrative proceedings, governmental investigations, tort claims and contract disputes. We contest these matters vigorously and file insurance claims where appropriate. However, litigation is inherently costly and unpredictable, making it difficult to accurately estimate the outcome of existing or future litigation.

See Item 3, "Legal Proceedings" below for a discussion of the Company's current material litigation matters.

#### ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

#### ITEM 2. PROPERTIES

The Company's corporate office and cement plant, including equipment and raw materials, are located at Humboldt, Kansas, approximately 110 miles southwest of Kansas City, Missouri. The Company owns approximately 5,000 acres of land on which the Humboldt plant, offices and all essential raw materials for the cement operations are located. Construction completed in 2006 increased our cement plant's capacity allowing us to produce in excess of one million tons of cement per year. Producing at that level, raw material reserves are estimated to be sufficient to maintain operations at this plant for more than 50 years, although not all reserves are currently accessible under existing governmental permits and approvals. The Company believes that this plant and equipment are suitable and adequate for its current level of operations and provides for increases in market demand.

The Company also owns approximately 250 acres of land in Des Moines, Iowa on which it operates a cement terminal. The Company transfers cement produced in Humboldt, Kansas to this terminal for distribution to Iowa customers. The Company also owns a rock quarry located near Earlham, Iowa, approximately 30 miles west of Des Moines, Iowa. Approximately 353 acres of this 400 acre tract have been quarried and the Company has contracted with a third party to quarry and sell the remaining rock. This quarry operation does not have a material effect on the Company's overall operations.

The Company owns various companies which sell ready-mixed concrete, concrete products and sundry building materials within the Humboldt cement plant's primary market. Various equipment and facility improvements in this line of business ensure these plants are suitable and adequate for their current level of operations and provide for increases in market demand. No single subsidiary's physical property is materially significant to the Company.

There are no material encumbrances on our properties.

#### ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any material pending legal proceedings.

6.

---

## ITEM 4. MINE SAFETY DISCLOSURES

Under Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and under the SEC's Item 104 of Regulation S-K, each operator of a coal or other mine is required to include disclosures regarding certain mine safety results in its periodic reports filed with the SEC. The operation of the Company's quarries is subject to regulation by the federal Mine Safety and Health Administration (MSHA) under the Federal Mine Safety and Health Act of 1977. The information required under Section 1503(a) and Item 104 of Regulation S-K regarding certain mining safety and health matters is presented in Exhibit 95 to this report.

## EXECUTIVE OFFICERS OF THE REGISTRANT

Executive officers of our Company are appointed by the Board of Directors and serve at the discretion of the Board. The following table sets forth certain information, as of February 14, 2014, with respect to all executive officers of our Company.

Name	Age	Position
Walter H. Wulf, Jr.	69	Chairman of the Board and President
Robert M. Kissick	77	Vice President
Byron K. Radcliff	76	Vice Chairman of the Board, Secretary and Treasurer
Debra P. Roe	58	Chief Financial Officer, Assistant Secretary-Treasurer
Rick E. Rush	61	Vice President
N. Joan Perez	74	Vice President – Sales
Harvey D. Buckley	64	Vice President – Cement Manufacturing

The business experience of the executive officers of our Company during the last five years is as follows:

Walter H. Wulf, Jr. has served as our Chairman of the Board since 2001 and as our President since 1997. He began working in our plant as a teenager during summer vacations. After college, he served in the U.S. Army, attaining the rank of Captain. Following a tour of duty in Vietnam, Mr. Wulf returned to our Company as a salesman and later became Vice President and then our President and Chairman of the Board. Although he is knowledgeable in all areas of our Company's operations, his strengths are in customer relations, pricing, marketing, environmental regulations and equity investments. Mr. Wulf has enhanced his skills and experiences through participation in many professional and civic boards and committees.

Robert M. Kissick is the retired former President of Hydraulic Power Systems, Inc., a manufacturer of construction equipment, and Chairman of the Board of that company. He has served as a Vice President of our Company since 1980, although he currently is not actively involved in the daily affairs of our Company. His background in manufacturing of construction equipment gives him the ability to analyze our production processes and proposed equipment purchases and the risks associated with various courses of action. As the former principal of a construction equipment company, his business experiences are quite extensive and include personnel supervision, purchasing oversight, capital structuring, banking relations, budgeting and establishment of overall corporate strategy.

Byron K. "Kent" Radcliff is the owner and manager of the 9,000 acre Radcliff Ranch, located near Dexter, Kansas. He has served as our Vice Chairman of the Board since 2001, as our Secretary since 1999

and as our Treasurer since 1976, although he currently is not actively involved in the daily affairs of our Company. As a member of our Board for over 50 years, Mr. Radcliff has a thorough understanding of our total company operations. The historical insight he provides is helpful as we evaluate our current operations, potential acquisitions and overall corporate strategy. He has many years of experience in personnel supervision, banking relations and risk management as a result of managing his ranch and other business ventures. He keeps current on pending regulations in both the Kansas and Federal legislatures, particularly in the areas of environmental issues and greenhouse gases. His participation in professional and civic organizations adds to the skills and experiences he brings to the Board.

Debra P. Roe has served as Chief Financial Officer of our Company since 2003 and as Assistant Secretary-Treasurer since 1998.

Rick E. Rush has served as a Vice President of our Company since 2001.

N. Joan Perez has served as Vice President – Sales of our Company since 2005.

Harvey D. Buckley has served as Vice President – Cement Manufacturing of our Company since 2006.

There is no arrangement or understanding between any executive officer and any other person pursuant to which such executive officer was selected as an officer.

## PART II

### ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND 5. ISSUER PURCHASES OF EQUITY SECURITIES

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the material responsive to this Item in The Monarch Cement Company's 2013 Annual Report to Stockholders under the heading "Stock Market and Dividend Data". In addition we submit the following information:

The Company's Board of Directors is responsible for determining the amount and timing of dividend payments. All dividends are discretionary and are based on past financial performance and availability of funds. Under the terms and conditions of the loan agreement effective for 2012, the Company's ability to pay dividends was subject to its satisfaction of certain financial covenants that the Company was in compliance with at year end. The Company was required to maintain a tangible net worth after accumulated other comprehensive income (loss) of \$85.0 million, maintain a minimum tangible net worth before accumulated other comprehensive income (loss) of \$95.0 million, and restrict cash dividends in any fiscal year to a maximum of \$3.8 million. In November 2012, our current lender granted the Company a waiver which enabled the Board of Directors in their December meeting to authorize the payment in December 2012 of \$0.9 million of the Company's cash dividends that are typically paid in January of the following year which resulted in five dividend payments made in 2012. Each was declared as a \$0.23 per share dividend by the Board of Directors. For several years prior to 2012, the Company paid a dividend four times during the year-January, March, June and September.

Under the terms and conditions of our new credit agreement entered into on December 31, 2012, the Company's ability to pay dividends is subject to its satisfaction of the requirements to maintain a minimum tangible net worth after accumulated other comprehensive income (loss) of \$85.0 million and maintain a

8.

---

minimum tangible net worth before accumulated other comprehensive income (loss) of \$95.0 million. The requirements could impact the Company's ability to pay and the size of dividends in the future. Although dividends are declared at the Board's discretion and could be impacted by the requirements of the Company's loan agreement, we project future earnings will support the continued payment of dividends at the current level (four quarterly dividends of \$0.23 per share).

The Company does not have any compensation plans or individual compensation arrangements under which equity securities of the registrant are authorized for issuance to employees or non-employees.

Pursuant to the provisions of Monarch's Articles of Incorporation governing the conversion of its Class B Capital Stock into Capital Stock, a total of 50,188 shares of Monarch's Capital Stock were issued in 2013 upon conversion of an equal number of shares of Monarch's Class B Capital Stock, including the following share conversions in the three months ended December 31, 2013 as indicated below:

Shares of Capital Stock Issued Upon Conversion  
of Class B Capital Stock

Date	Number of shares
October 7, 2013	18,950
October 18, 2013	5,770
November 8, 2013	500
November 27, 2013	15,630
Total	40,850

The above shares of Capital Stock were issued in reliance on the exemption from registration provided by Section 3(a)(9) of the Securities Act of 1933, which exemption is available for transactions involving securities exchanged by the issuer with its existing security holders exclusively where no commission or other remuneration is paid or given directly or indirectly for soliciting such exchange. The Company received no payment in connection with the issuances of such shares. No underwriters were involved with the issuance of such shares and no commissions were paid in connection with such issuances. There was no advertisement or general solicitation made in connection with the issuance of such shares. Except as described above, Monarch did not issue or sell any shares of its Capital Stock or Class B Capital Stock during 2013.

The Company repurchased 13,316 shares of its Capital Stock in isolated, open-market transactions during the fourth quarter of 2013. These repurchases were as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
Beginning repurchase authority				149,879
October 1-31	—	\$—	—	149,879
November 1-30	13,316	\$24.17	13,316	136,563
December 1-31	—	\$—	—	136,563
Total	13,316	\$24.17	13,316	136,563

9.

---

On August 5, 2011, our Board of Directors authorized the purchase, through open market or private transactions, of 101,672 shares of Monarch's Capital Stock and Class B Capital Stock in addition to the existing 98,328 shares remaining from the Board's 1996 authorization for a total repurchase authority of 200,000 shares. Management's authorization has no expiration. Management was given discretion to determine the number and pricing of the shares to be purchased, as well as, the timing of any such purchases. As of December 31, 2013, Monarch continued to be authorized by the Board, exercisable in management's discretion, to purchase up to 136,563 shares of our Capital Stock and Class B Capital Stock.

#### ITEM 6. SELECTED FINANCIAL DATA

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item is incorporated herein by reference to the material responsive to this Item under the heading "Selected Financial Data – For the Five Years Ended December 31, 2013" of The Monarch Cement Company's 2013 Annual Report to Stockholders.

#### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the material responsive to this Item in The Monarch Cement Company's 2013 Annual Report to Stockholders under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations". In addition we submit the following information:

The Company does not have any off-balance sheet arrangements.

#### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the material responsive to this Item in The Monarch Cement Company's 2013 Annual Report to Stockholders in the "Capital Resources" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" under the heading "Market Risks". In addition we submit the following information:

The Company has a \$3.4 million equity method investment which was initially recorded at cost and subsequently adjusted for our share of the income or loss and cash contributions and distributions to or from the investee. The Company also invests in equity investments which are subject to market fluctuations. As of December 31, the Company had \$25.3 million of equity securities, primarily of publicly traded entities, for both 2013 and 2012. The aggregate amount of securities carried at cost, for which the Company has not elected the fair value option, was \$0.5 million for 2013 and 2012. The remaining \$24.8 million in equity investments for both 2013 and 2012 are stated at fair value, are not hedged and are exposed to the risk of changing market prices. The Company classifies all securities as "available-for-sale" for accounting purposes and marks them to fair value on the balance sheet at the end of each period unless they are securities for which the Company has not elected the fair value option. Securities carried at cost are adjusted for impairment, if conditions warrant. Management estimates that its publicly traded investments will generally be consistent with trends and movements of the overall stock market excluding any unusual situations. As of December 31, an immediate 10% change in the fair value of our equity securities would have had a \$1.5 million effect, net of deferred tax, on comprehensive income for both 2013 and 2012. At



December 31, 2013, the Company evaluated all its equity investments for impairments and none were considered other than temporarily impaired.

On December 31, 2012, the Company entered into a new credit agreement with its current lender, BOKF, NA dba Bank of Oklahoma (Bank of Oklahoma), which amended and restated its existing credit agreement. The agreement provided for a secured credit commitment consisting of a \$10.0 million advancing term loan maturing December 31, 2015, a \$10.0 million term loan maturing December 31, 2017, and a \$15.0 million revolving loan maturing December 31, 2015. Interest rates on the Company's advancing term loan and revolving loan are both variable and based on the rate of interest regularly published by the Wall Street Journal and designated as the U.S. Prime Rate (hereto referred to as the WSJ prime rate) less 1.50% with a 1.50% interest rate minimum or floor. Interest rates on the Company's term loan are variable and based on the WSJ prime rate less 1.25% with a 1.75% interest rate minimum or floor. The agreement requires the Company to pledge its investment account, receivable accounts, and inventory to Bank of Oklahoma as collateral for the advancing term loan, the term loan, and revolving loan. The Company is obligated to maintain at least \$12.0 million in its pledged investment account. The carrying value of receivables, inventory and the investment account pledged as collateral was \$12.1 million, \$31.3 million and \$23.6 million, respectively as of December 31, 2013. The agreement also contains financial covenants requiring the Company, as of the end of any fiscal quarter, to maintain a minimum tangible net worth before accumulated other comprehensive income (loss) of \$95.0 million and a minimum tangible net worth after accumulated other comprehensive income (loss) of \$85.0 million. The Company was in compliance with these requirements at year end. As of December 31, 2013, the Company owed \$8.5 million on its term loan, \$0.0 million on its revolving loan, and \$4.5 million on its advancing term loan.

The average outstanding balance on the revolving loan during 2013 and 2012 was approximately \$4.6 million and \$5.6 million, respectively. At December 31, 2013 and 2012, there was approximately \$0.0 million and \$0.1 million, respectively, borrowed against the revolving loan. The balance available on the revolving loan at December 31 was approximately \$15.0 million and \$14.9 million for 2013 and 2012, respectively. Interest on the revolving loan varied with the lender's national prime rate less 0.50% with a 3.50% interest rate minimum or floor for 2012 and WSJ prime rate less 1.50% with a 1.50% interest rate minimum or floor for 2013. The annual weighted average interest rate we paid on the revolving loan during 2013 and 2012 was 1.75% and 3.50%, respectively. The interest rate was 1.75% and 3.50% on December 31, 2013 and 2012, respectively, and is payable quarterly.

As of December 31, 2013 and 2012, there was approximately \$8.5 million and \$10.0 million, respectively, borrowed on the term loan. Interest on the Company's term loan was variable and was based on the lender's national prime rate less 0.75% with a 3.00% interest rate minimum or floor for 2012 and WSJ prime rate less 1.25% with a 1.75% interest rate minimum or floor for 2013. The annual weighted average interest rate we paid on the term loan during 2013 and 2012 was 2.00% and 3.25%, respectively. The interest rate was 2.00% and 3.25% on December 31, 2013 and 2012, respectively, and principal and interest is payable quarterly.

As of December 31, 2013 and 2012, there was approximately \$4.5 million and \$0.0, respectively, borrowed on the advancing term loan. Interest on the advancing term loan varied with the WSJ prime rate less 1.50% with a 1.50% interest rate minimum or floor. The annual weighted average interest rate we paid on the advancing term loan during 2013 was 1.75%. The interest rate on December 31, 2013 was 1.75% and is payable quarterly.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item is incorporated herein by reference to the material responsive to this Item in The Monarch Cement Company's 2013 Annual Report to Stockholders under the headings:

Report of Independent Registered Public Accounting Firm (BKD, LLP--related to financial statements);  
Consolidated Balance Sheets--December 31, 2013 and 2012;  
Consolidated Statements of Income--For the Years Ended December 31, 2013, 2012 and 2011;  
Consolidated Statements of Comprehensive Income--For the Years Ended December 31, 2013, 2012 and 2011;  
Consolidated Statements of Stockholders' Equity--For the Years Ended December 31, 2013, 2012 and 2011;  
Consolidated Statements of Cash Flows--For the Years Ended December 31, 2013, 2012 and 2011; and  
Notes to Consolidated Financial Statements--December 31, 2013, 2012 and 2011

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to the Company's management, including its President and Chairman of the Board of Directors and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As of the end of the period covered by this report, an evaluation was carried out by the Company's management, including its President and Chairman of the Board of Directors and Chief Financial Officer, of the effectiveness of its disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934). Based upon that evaluation, the Company's President and Chairman of the Board of Directors and Chief Financial Officer concluded that these disclosure controls and procedures were effective as of the end of the period covered by this report.

Pursuant to General Instruction G(2) to Form 10-K, the information required by this Item with respect to internal control over financial reporting is incorporated herein by reference to the material responsive to this Item with respect to such information in The Monarch Cement Company's 2013 Annual Report to Stockholders under the following headings:

Management's Report on Internal Control Over Financial Reporting; and  
Report of Independent Registered Public Accounting Firm (BKD, LLP--related to internal control over financial reporting).

12.

---

In addition, we submit the following information:

There has been no change in our Company's internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2013 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### ITEM 9B. OTHER INFORMATION

There was no information required to be disclosed, but not reported, in a report on Form 8-K during the fourth quarter of 2013.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Pursuant to General Instruction G(3) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the material responsive to this Item in the Company's definitive proxy statement prepared in connection with its 2014 annual meeting of stockholders pursuant to Regulation 14A and filed with the Commission, which material is provided under the following headings of said proxy statement:

Item 1: Election of Directors--What is the structure of our Board and how often are directors elected?

Item 1: Election of Directors--Who are this year's nominees?

Item 1: Election of Directors--What is the business experience of the nominees and of our continuing Board members and the basis for the conclusion that each such person should serve on our Board?

Section 16(a) Beneficial Ownership Reporting Compliance

Corporate Governance and Board Matters--Code of Ethics

Corporate Governance and Board Matters--Consideration of Director Nominees

Corporate Governance and Board Matters--Committees of the Board

Pursuant to General Instruction G(3) to Form 10-K, the information regarding executive officers required by this Item is provided under the caption "Executive Officers of the Registrant" in Part I of this report.

#### ITEM 11. EXECUTIVE COMPENSATION

Pursuant to General Instruction G(3) to Form 10-K, the information required by this Item is incorporated herein by reference to the material responsive to this Item in the Company's definitive proxy statement prepared in connection with its 2014 annual meeting of stockholders pursuant to Regulation 14A and previously filed with the Commission, which material is provided under the following headings of said proxy statement:

• Executive Compensation and Related  
Matters

Corporate Governance and Board Matters--Director Compensation

Corporate Governance and Board Matters--Compensation Committee Interlocks and Insider Participation

ITEM SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND  
12. RELATED STOCKHOLDER MATTERS

Pursuant to General Instruction G(3) to Form 10-K, the information required by this Item (other than that presented below) is incorporated herein by reference to the material responsive to this Item in the Company's definitive proxy statement prepared in connection with its 2014 annual meeting of stockholders pursuant to Regulation 14A and previously filed with the Commission, which material is provided under the following heading of said proxy statement:

Ownership of Company Securities

In addition we submit the following information:

The Company does not have any compensation plans or individual compensation arrangements under which equity securities of the registrant are authorized for issuance to employees or non-employees.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Pursuant to General Instruction G(3) to Form 10-K, the information required by this Item is incorporated herein by reference to the material responsive to this Item in the Company's definitive proxy statement prepared in connection with its 2014 annual meeting of stockholders pursuant to Regulation 14A and previously filed with the Commission, which material is provided under the following headings of said proxy statement:

Related Party Transactions

Item 1: Election of Directors--What is the structure of our Board and how often are directors elected?

Corporate Governance and Board Matters--Committees of the Board

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Pursuant to General Instruction G(3) to Form 10-K, the information required by this Item is incorporated herein by reference to the material responsive to this Item in the Company's definitive proxy statement prepared in connection with its 2014 annual meeting of stockholders pursuant to Regulation 14A and previously filed with the Commission, which material is provided under the following heading of said proxy statement:

Independent Auditor Fees and Services

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

FINANCIAL STATEMENTS

Pursuant to General Instruction G(2) to Form 10-K, the following is a list of the information required by this Item which is incorporated herein by reference to the material responsive to this Item in The Monarch Cement Company's 2013 Annual Report to Stockholders under the headings:

14.

---

Report of Independent Registered Public Accounting Firm (BKD, LLP--related to financial statements);  
Consolidated Balance Sheets--December 31, 2013 and 2012;  
Consolidated Statements of Income--For the Years Ended December 31, 2013, 2012 and 2011;  
Consolidated Statements of Comprehensive Income--For the Years Ended December 31, 2013, 2012 and 2011;  
Consolidated Statements of Stockholders' Equity--For the Years Ended December 31, 2013, 2012 and 2011;  
Consolidated Statements of Cash Flows--For the Years Ended December 31, 2013, 2012 and 2011; and  
Notes to Consolidated Financial Statements--December 31, 2013, 2012 and 2011.

## FINANCIAL STATEMENTS SCHEDULES

### Schedule II -- Valuation and Qualifying Accounts

Financial statement schedules (other than the schedule listed above) are omitted because they are not required or are not applicable, or the required information is provided in the consolidated financial statements or in the notes described above in Financial Statements of Item 15, Exhibits, Financial Statement Schedules.

15.

---

## EXHIBITS

Exhibit No.	Description	Filed with this Report	Incorporated by Reference			Filing Date
			Form	Date of Report or Period Ending	Exhibit	
3(i)	Articles of Incorporation		8-K	4/11/2013	3(i)	4/12/2013
3(ii)	By-Laws		8-K	4/12/2006	3(ii)	4/14/2006
10.3	Credit agreement dated December 31, 2012 between BOKF, NA dba Bank of Oklahoma and The Monarch Cement Company		8-K	12/31/2012	10.3	1/7/2013
13	2013 Annual Report to Stockholders	X				
21	Subsidiaries of the Registrant	X				
31.1	Certificate of the President and Chairman of the Board pursuant to Section 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934	X				
31.2	Certificate of the Chief Financial Officer pursuant to Section 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934	X				
32.1	18 U.S.C. Section 1350 Certificate of the President and Chairman of the Board dated March 14, 2014	X				
32.2	18 U.S.C. Section 1350 Certificate of the Chief Financial Officer dated March 14, 2014	X				
95	Mine Safety Disclosure	X				
101.INS	XBRL Instance Document	X				
101.SCH	XBRL Taxonomy Extension Schema	X				
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	X				
101.DEF	XBRL Taxonomy Extension Definition Linkbase	X				
101.LAB	XBRL Taxonomy Extension Label Linkbase	X				
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	X				

16.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE MONARCH CEMENT COMPANY  
(Registrant)

By: /s/ Walter H. Wulf, Jr.  
Walter H. Wulf, Jr.  
President

Date: March 14, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Jack R. Callahan  
Jack R. Callahan  
Director

Date: March 14, 2014

By: /s/ Ronald E. Callaway  
Ronald E. Callaway  
Director

Date: March 14, 2014

By: /s/ David L. Deffner  
David L. Deffner  
  
Director

Date: March 14, 2014

By: /s/ Robert M. Kissick  
Robert M. Kissick  
  
Director

Date: March 14, 2014

By: /s/ Gayle C. McMillen  
Gayle C. McMillen  
Director

Date: March 14, 2014

By: /s/ Byron K. Radcliff  
Byron K. Radcliff  
Director

Date: March 14, 2014

By: /s/ Walter H. Wulf, Jr.  
Walter H. Wulf, Jr.  
President, Chairman of the  
Board and Director (principal  
executive officer)

Date: March 14, 2014

By: /s/ Debra P. Roe  
Debra P. Roe, CPA  
Chief Financial Officer and  
Assistant Secretary-Treasurer  
(principal financial officer and  
principal accounting officer)

Date: March 14, 2014

Report of Independent Registered Public Accounting Firm on  
Financial Statement Schedules

Audit Committee, Board of Directors and Stockholders  
The Monarch Cement Company  
Humboldt, Kansas

In connection with our audit of the consolidated financial statements of The Monarch Cement Company and subsidiaries (the Company) for each of the three years in the period ended December 31, 2013, we have also audited the following financial statement schedules. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits of the basic consolidated financial statements. The schedules are presented for purposes of complying with the Securities and Exchange Commission's rules and regulations and are not a required part of the consolidated financial statements.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

Kansas City, Missouri  
March 14, 2014



## THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS  
FOR THE THREE YEARS ENDED DECEMBER 31, 2013

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Deduction from Reserves (1)	Balance at End of Period
FOR THE YEAR ENDED DECEMBER 31, 2013:				
Reserve for doubtful accounts	\$636,000	\$538,000	\$684,000	\$490,000
FOR THE YEAR ENDED DECEMBER 31, 2012:				
Reserve for doubtful accounts	\$670,000	\$112,000	\$146,000	\$636,000
FOR THE YEAR ENDED DECEMBER 31, 2011:				
Reserve for doubtful accounts	\$707,000	\$250,000	\$287,000	\$670,000

(1) Write-off of uncollectible accounts, net of collections on accounts previously written off.

EXHIBIT INDEX

Exhibit

No.	Description
13	2013 Annual Report to Stockholders
21	Subsidiaries of the Registrant
31.1	Certificate of the President and Chairman of the Board pursuant to Section 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
31.2	Certificate of the Chief Financial Officer pursuant to Section 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934
32.1	18 U.S.C. Section 1350 Certificate of the President and Chairman of the Board dated March 14, 2014
32.2	18 U.S.C. Section 1350 Certificate of the Chief Financial Officer dated March 14, 2014
95	Mine Safety Disclosure
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

20.