

MONARCH CEMENT CO

Form 10-K

March 15, 2012

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, 2011

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

(State or other jurisdiction

of

incorporation or

organization)

P.O. Box 1000, Humboldt, Kansas 66748-0900

(Address of principal executive offices) (zip code)

48-0340590

(IRS employer

identification no.)

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.

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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 average bid and asked price of such common equity as of the last business day of the registrant's most recently completed second fiscal quarter was \$82,436,544.

As of February 15, 2012, the registrant had outstanding 2,569,831 shares of Capital Stock, par value \$2.50 per share, and 1,443,803 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, 2011 - 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 11, 2012 - Part III of Form 10-K.

PART I

Item Business

1.

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 2011 Annual Report to Stockholders (filed herewith as Exhibit 13) under the headings:

- Description of the Business;
- Lines of Business; and
- Note 9, Lines of Business, of Notes to Consolidated Financial Statements.

The Company did not introduce any new products nor begin to do business in a new industry segment during 2011.

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, 2011 the Company had inventories as follows:

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Cement	\$3,963,233
Work in process	1,353,361
Building products	4,236,266
Fuel, gypsum and other materials	6,416,618
Operating and maintenance supplies	11,892,887
Total	\$27,862,365

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 2011, 2010 or 2009.

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 9, 2013. 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. NESHAP regulations also require us to install analyzers capable of continuously monitoring certain pollutants. Analyzers capable of continuously monitoring these pollutants at the extremely low levels (i.e. emissions of particulate matter are limited to 3 parts per million) specified in the regulation do not currently exist. We are partnering with an analyzer manufacturer to assist in the development of the required technology. We refer to the "Capital Resources" section of the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2011 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, 2011, the Company and its subsidiaries employed approximately 615 employees including 475 hourly employees and 140 salaried employees, which included plant

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supervisory personnel, sales and executive staff. Of the 615 total employees, approximately 31% are union employees covered by various collective bargaining agreements. Approximately 35% of those union employees (11% of our total employees) are covered by an agreement that expires in 2012. 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 Risk Factors

##### 1A.

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 2011 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

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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

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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.

ItemUnresolved Staff Comments

1B.

None.

ItemProperties

2.

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.

5.

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 310 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 will 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 location has a material effect on the Company's overall operations.

#### Item Legal Proceedings

3.

In 2007 Monarch self-reported potential violations pertaining to construction permitting requirements of the Kansas Department of Health and Environment (KDHE). As a result, the company has been negotiating an environmental settlement with the KDHE over the past few years. In the best interest of the KDHE and Monarch, both parties have recently agreed to the terms of a settlement. The alleged violations addressed within the agreement are procedural in nature and relate to permitting activities that accompanied facility modifications, all of which occurred in the 1990s. The alleged violations did not increase emission rates at the facility or harm the environment in any manner. The terms of the settlement required the company to pay a civil penalty of \$120,000 and submit an administratively complete construction permit modification, which established a combined nitrous oxide (NO<sub>x</sub>) limit on the company's kilns. The company has provided data to the KDHE for review, which demonstrates that Monarch has been in compliance with the new NO<sub>x</sub> emission limits over the past 12 calendar months. Once the KDHE concurs with Monarch's determination that 12 consecutive calendar months of NO<sub>x</sub> emission compliance have been achieved, the Consent Agreement and Final Order of the Secretary (CAO) will be closed. If the KDHE does not agree that Monarch has met the terms of the CAO, and furthermore, the company is unable to demonstrate that it can operate within the limits set forth in the "CAO Construction Permit" (which was required to make the terms of the CAO federally enforceable), the company will submit a proposal to the KDHE for the installation of control technology on the kilns to meet the NO<sub>x</sub> emission limitations included within the CAO Construction Permit. Nothing in the CAO shall be construed as an admission of any fact or an acknowledgement of any liability by any party. Monarch neither admits nor denies the Findings of Fact and Conclusions of Law contained in the CAO. The Company's manufacturing operations have always pursued excellence in environmental compliance and the health of our employees, and the Company will continue to strive to be a leader in environmental stewardship, and will remain focused on these core principles into the future.

#### Item Mine Safety Disclosures

4.

Under Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and under the SEC's recently adopted 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

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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 the newly adopted 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 with respect to all executive officers of our Company.

Name	Age	Position
Walter H. Wulf, Jr.	67	Chairman of the Board and President
Robert M. Kissick	75	Vice President
Byron K. Radcliff	74	Vice Chairman of the Board, Secretary and Treasurer
Debra P. Roe	56	Chief Financial Officer, Assistant Secretary-Treasurer
Rick E. Rush	59	Vice President
N. Joan Perez	72	Vice President – Sales
Harvey D. Buckley	62	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 Viet Nam, Mr. Wulf returned to our Company as a salesman and later became Vice President and then our President and Chairman of the Board. He is the father of Walter H. Wulf III, a member of our Board of Directors.

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.

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.

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.

7.

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

ItemMarket for Registrant’s Common Equity, Related Stockholder

### 5. Matters and 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 2011 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. For several years the Company has paid a dividend in January, March, June and September. For each of the four dividend payments in 2011, the Board of Directors declared a \$0.23 per share dividend. Under the terms and conditions of the loan agreement effective for 2011, the Company’s ability to pay dividends was subject to its satisfaction of the requirements to maintain a tangible net worth of \$90.0 million and an adjusted tangible net worth, which is tangible net worth before accumulated other comprehensive income, of \$95.0 million. The Company was in compliance with these requirements at year end. Under the terms and conditions of our new credit agreement, 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 of \$85.0 million, maintain a minimum tangible net worth before accumulated other comprehensive income of \$95.0 million, and restrict cash dividends in any fiscal year to a maximum of \$3.8 million. The requirements could impact the Company’s ability to pay and the size of dividends in the future.

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.

As previously disclosed, the Company issued 105,750 shares of Capital Stock in April 2011 as part of the consideration paid by the Company for the acquisition of Kay Concrete Materials Co. No shares were issued during 2010. Except as described above, the Company did not sell any of its Capital Stock during 2011 or 2010. No repurchases of Capital Stock or Class B Capital Stock were made by the Company during the fourth quarter in 2010. The Company repurchased 5,534 shares of its Capital Stock in isolated, open-market transactions during the fourth quarter of 2011. These repurchases were as follows:

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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				188,800
October 1-31	-	-	-	188,800
November 1-30	4,000	\$ 23.68	4,000	184,800
December 1-31	1,534	\$ 23.56	1,534	183,266
Total	5,534	\$ 23.65	5,534	183,266

In 1996, our Board of Directors authorized the purchase, through open market transactions, of up to 400,000 shares of our Company's Capital Stock. On August 5, 2011, our Board of Directors authorized the purchase, through open market or private transactions, of 101,672 shares of our Company's 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, 2011, the Company continued to be authorized by the Board, exercisable in management's discretion, to purchase up to 183,266 shares of our Capital Stock. However, the Company's new credit agreement with BOKF, NA dba Bank of Oklahoma prohibits cash outlays for the purchase of the Company's Capital Stock through December 31, 2012.

#### Item Selected Financial Data

6.

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, 2011" of The Monarch Cement Company's 2011 Annual Report to Stockholders.

#### Item Management's Discussion and Analysis of Financial Condition and

7. 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 2011 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.

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Item Quantitative and Qualitative Disclosures About Market Risk

7A.

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 2011 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:

During 2011, Monarch's secured credit commitment with its lender, Bank of Oklahoma, N.A., consisted of a \$17.8 million term loan maturing December 31, 2014 and a \$15.0 million line of credit which matured December 31, 2011. The interest rates on the line of credit were variable and based on the lender's national prime rate less 0.50% with a 3.50% interest rate minimum or floor. Interest rates on the term loan were variable and based on the lender's national prime rate less 0.75% with a 3.00% interest rate minimum or floor. The agreement required Monarch to pledge its investment account to the lender as collateral for the term loan and revolving line of credit. The proceeds of the sale of any assets held in the investment account were to be paid to the Bank of Oklahoma, N.A. to be applied to the balance of the revolving line of credit then to the term loan, at the lender's discretion. The fair value of the investment account was \$16.9 million as of December 31, 2011. The loan agreement also contained a financial covenant requiring the Company, as of the end of any fiscal quarter, to maintain a minimum tangible net worth before accumulated other comprehensive income of \$95.0 million and a minimum tangible net worth after accumulated other comprehensive income of \$90.0 million. The Company was in compliance with these requirements at year end.

At December 31, 2011 and 2010, there was approximately \$4.8 million and \$0, respectively, borrowed against the line of credit. The balance available on the line of credit at December 31 was approximately \$10.2 million and \$15.0 million for 2011 and 2010, respectively. Interest on the line of credit varied with the lender's national prime rate less .50% with a 3.50% interest rate minimum or floor for 2011 and 2010. The annual weighted average interest rate we paid on the line of credit during 2011 and 2010 was 3.50%. The applicable interest rate was 3.50% at December 31, 2011 and 2010 and was payable quarterly.

As of December 31, 2011 and 2010, there was approximately \$9.0 million and \$11.9 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 2011 and 2010. The annual weighted average interest rate we paid on the term loan during 2011 and 2010 was 3.25%. The applicable interest rate was 3.25% at December 31, 2011 and 2010.

On December 31, 2011, Monarch entered into an amendment to the loan agreement with its current lender, BOKF, NA dba Bank of Oklahoma, to renew and modify the terms of Monarch's term loan and revolving line of credit. Interest rates on the line of credit and term loan remained unchanged from the prior agreement with the lender. The credit commitment consisted of a \$17.8 million term loan maturing December 31, 2014 and a \$15.0 million line of credit maturing February 3, 2012. In February 2012, the Company entered into a new credit agreement with its current lender, BOKF, NA dba Bank of Oklahoma, which amended and restated its existing credit agreement. The new agreement provides for a secured credit

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commitment consisting of an approximately \$9.0 million term loan maturing December 31, 2014 and a line of credit which permits revolving borrowings and letters of credit up to an aggregate of \$15.0 million maturing December 31, 2012. Interest rates on the Company's line of credit are variable and are based on the lender's prime rate less 0.50% with a 3.50% interest rate minimum or floor. Interest rates on the Company's term loan are variable and based on the lender's prime rate less 0.75% with a 3.00% interest rate minimum or floor. The new agreement requires the Company to pledge its investment account, receivable accounts and inventory to BOKF, NA dba Bank of Oklahoma as collateral for the term loan and revolving line of credit. The fair value of receivables, inventory, and the investment account pledged as collateral was \$16.0 million, \$27.9 million, and \$16.9 million, respectively as of December 31, 2011. Withdrawal of the proceeds of the sale of any equity securities from the pledged investment account must be used to reduce the obligations of the Company to the lender. The agreement contains a financial covenant requiring the Company, as of the end of any fiscal quarter, to maintain a minimum tangible net worth before accumulated other comprehensive income of \$95.0 million and a minimum tangible net worth after accumulated other comprehensive income of \$85.0 million. In addition, the agreement prohibits cash outlays for business acquisitions and the purchase of the Company's Capital Stock and restricts cash dividends and capital expenditures in any fiscal year to a maximum of \$3.8 million and \$11.5 million, respectively. Additional financing with any banks or other financial institutions would be prohibited under our new credit agreement.

**Item 8. Financial Statements and Supplementary Data**

8.

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 2011 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, 2011 and 2010;
  - Consolidated Statements of Income--For the Years Ended December 31, 2011, 2010 and 2009;
- Consolidated Statements of Comprehensive Income--For the Years Ended December 31, 2011, 2010 and 2009;
- Consolidated Statements of Stockholders' Equity and Noncontrolling Interests--For the Years Ended December 31, 2011, 2010 and 2009;
  - Consolidated Statements of Cash Flows--For the Years Ended December 31, 2011, 2010 and 2009; and
    - Notes to Consolidated Financial Statements--December 31, 2011, 2010 and 2009.

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

None

**Item 9a. Controls and Procedures**

9a.

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

11.

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 2011 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).

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, 2011 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ItemOther Information

9b.

There was no information required to be disclosed, but not reported, in a report on Form 8-K during the fourth quarter of 2011.

### PART III

ItemDirectors, Executive Officers and Corporate Governance

10.

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 2012 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:

12.

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- “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 Executive Compensation

11.

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 2012 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 2012 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.

13.

Item Certain Relationships and Related Transactions, and Director

13. 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 2012 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 Principal Accounting Fees and Services

14.

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 2012 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 Exhibits, Financial Statement Schedules

15.

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 2011 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, 2011 and 2010;
  - Consolidated Statements of Income--For the Years Ended December 31, 2011, 2010 and 2009;
- Consolidated Statements of Comprehensive Income--For the Years Ended December 31, 2011, 2010 and 2009;
- Consolidated Statements of Stockholders' Equity and Noncontrolling Interests--For the Years Ended December 31, 2011, 2010 and 2009;

14.



- Consolidated Statements of Cash Flows--For the Years Ended December 31, 2011, 2010 and 2009; and
  - Notes to Consolidated Financial Statements--December 31, 2011, 2010 and 2009.

#### Financial Statement 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		
			Form	Period Ending	Date of Report or Filing Exhibit Date
3(i)	Articles of Incorporation	X			
3(ii)	By-Laws		8-K	4/12/2006	3(ii) 4/14/2006
10.2	Credit agreement dated February 3, 2012 between BOKF, NA dba Bank of Oklahoma and The Monarch Cement Company entered into on February 9, 2012		8-K	2/9/2012	10.2 2/15/2012
13	2011 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 15, 2012	X			
32.2	18 U.S.C. Section 1350 Certificate of the Chief Financial Officer dated March 15, 2012	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			



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  
15,  
2012

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

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

Date: March 15, 2012

Date: March 15, 2012

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

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

Date: March 15, 2012

Date: March 15, 2012

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

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

Date: March 15, 2012

Date: March 15, 2012

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

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 15, 2012

Date: March 15, 2012

17.

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 for each of the three years in the period ended December 31, 2011, 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 15, 2012

## The Monarch Cement Company and Subsidiaries

## Schedule II – Valuation and Qualifying Accounts

For the Three Years Ended December 31, 2011

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, 2011:				
Reserve for doubtful accounts	\$ 707,000	\$ 250,000	\$287,000	\$ 670,000
For the Year Ended December 31, 2010:				
Reserve for doubtful accounts	\$911,000	\$ 139,000	\$343,000	\$707,000
For the Year Ended December 31, 2009:				
Reserve for doubtful accounts	\$788,000	\$214,000	\$91,000	\$911,000

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

## Exhibit Index

## Exhibit

No.	Description
3(i)	Articles of Incorporation
13	2011 Annual Report to Stockholders
21	Subsidiaries of the Registrant
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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