EXPERIENCED HERITAGE DEDICATED PASSIONATE INNOVATIVE QUALITY LOYAL SAFETY RELIABLE

THE MONARCH CEMENT COMPANY

ANNUAL REPORT 2015

To Our Shareholders

March 15, 2016

Rainy weather hampered construction through the second quarter of 2015, limiting sales opportunities during the first half of the year. As construction projects resumed, demand for our products substantially improved allowing us to end the year with a 0.9% increase in tons of cement sold, while ready-mixed concrete cubic yards sold trailed 2014 by 6.8%. Operating income for the year 2015 increased 16.0% as compared to 2014. A slight improvement in net sales, primarily due to price increases, coupled with reductions in cost of sales and selling and administrative expenses generated a $2.3 million increase in income from operations. Major improvements in the stock market in the fall prompted the Company to sell off approximately 33%, or $11.4 million of our equity portfolio, resulting in a realized gain of $8.3 million. The subsequent decline in market prices gave us the opportunity to begin buying back into the market at lower prices later in the year and continuing into 2016. Other income for 2015 also included $0.6 million of proceeds related to the settlement of a lawsuit. Net income for the year 2015 was $18.3 million compared to $11.3 million for the year 2014.

After five years of engineering and construction, and an investment of approximately $20.0 million, we are now in compliance with the Environmental Protection Agency's NESHAP regulations. During 2015, we spent approximately $13.7 million on capital expenditures. With the completion of our NESHAP projects, we redirected our capital budget toward projects to improve our production and energy efficiency in the cement business, upgrading our ready-mixed concrete trucks and mixers, and investing in a new corporate financial software system. Looking forward to 2016, we anticipate spending $15.0 million to $17.0 million on capital expenditures as we continue to strive to maintain up-to-date equipment to maximize our production efficiencies and to provide a safe working environment for our employees.

We are pleased to report that at a special meeting of the Board of Directors, Kent A. Webber was elected to the position of Executive Vice President. Mr. Webber began his employment at Monarch in 2012 as Subsidiary Operations Manager. Prior to joining the Monarch family, he spent 30 years in the ready-mixed concrete and construction industries. Mr. Webber has a degree in Business Administration from the University of Kansas. We welcome him to our team of hard-working, dedicated employees.

With our upgraded equipment and team of experienced, reliable and dedicated employees, we are prepared to meet the challenges of the upcoming construction season and look forward to continuing to supply our many loyal customers with a quality product in a timely manner. We wish to recognize and congratulate our Monarch employees for working all of 2015 with no lost time accidents. With grateful appreciation for the continued support of our steadfast stockholders and the blessings and support of our Heavenly Father, we optimistically look forward to success in the coming year.

Walter H. Wulf, Jr.
President and Chairman of the Board

2015 Financial Results

in thousands, except per share data	2015	2014	2013	2012	2011
FOR THE YEAR					
Net sales	$ 147,900	$ 146,898	$ 127,442	$ 128,842	$ 110,097
Net income from continuing operations	18,252	11,442	8,122	10,430	3,540
Net loss from discontinued operations	-	(127)	(2,679)	(7,300)	(1,950)
Net income	18,252	11,314	5,443	3,130	1,590
PER SHARE INFORMATION					
Basic earnings (loss) per share:					
From continuing operations	$ 4.72	$ 2.89	$ 2.03	$ 2.60	$ 0.87
From discontinued operations	-	(0.03)	(0.67)	(1.82)	(0.48)
Net earnings per share	4.72	2.86	1.36	0.78	0.39
Cash dividends declared per share	1.00	0.92	0.92	0.92	0.92
Stockholders' equity per share	32.22	30.10	28.85	25.64	24.58
YEAR END POSITION					
Total assets	$ 182,014	$ 179,867	$ 174,106	$ 181,832	$ 174,224
Long-term debt obligations	4,342	5,861	12,061	9,684	7,303

Consolidated net sales for the year ended December 31, 2015 were approximately $147.9 million, an increase of $1.0 million as compared to the year ended December 31, 2014. Sales in our Cement Business were higher by $3.7 million while sales in our Ready-Mixed Concrete Business decreased $2.7 million. Cement Business sales increased $0.6 million due to a 0.9% increase in volume sold and $3.1 million due to higher prices related to increased delivery charges. Ready-mixed concrete sales decreased $4.1 million due to a 6.8% decrease in cubic yards sold partially offset by $1.8 million in price increases. In addition, sales of brick, block and other sundry items declined by $0.4 million.

Consolidated cost of sales for 2015 were $0.8 million lower than cost of sales for 2014. Cost of sales in our Cement Business increased $2.5 million and cost of sales in our Ready-Mixed Concrete Business decreased $3.3 million. Cement Business cost of sales increased $0.4 million due to the 0.9% increase in volume sold in addition to an increase of $2.1 million primarily due to additional delivery costs. Ready-Mixed Concrete Business cost of sales decreased $3.7 million due to the 6.8% decrease in cubic yards of ready-mixed concrete sold partially offset by $1.3 million due to increases in production costs. Cost of sales for brick, block, aggregates and other sundry items decreased $0.9 million.

As a result of the above sales and cost of sales factors, our overall gross profit rate for the year ended December 31, 2015 was 22.1% compared to 21.1% for the year ended December 31, 2014. The gross profit rate for Ready-Mixed Concrete Business slightly improved from 10.5% for 2014 to 11.6% for 2015. The Cement Business gross profit rate declined from 34.2% for 2014 to 34.1% for 2015.

Selling, general and administrative expenses decreased by $0.6 million or 3.5% for the year ended December 31, 2015 as compared to the year ended December 31, 2014. These costs are normally considered fixed costs that do not vary significantly with changes in sales volume.

Gain on sale of equity investments increased by $8.4 million for the year ended December 31, 2015 compared to the year ended December 31, 2014. Other, net contains miscellaneous nonoperating income (expense) items excluding interest income, interest expense, gains (losses) on sale of equity investments and dividend income. Significant items in Other, net for 2015 include proceeds related to the settlement of a lawsuit of approximately $640,000. Significant items in Other, net for 2014 include rental income of approximately $580,000.

The effective tax rates for 2015 and 2014 were 33.1% and 28.9%, respectively. The Company's effective tax rate differs from the federal and state statutory income tax rate primarily due to the effects of percentage depletion. During 2015 and 2014, percentage depletion decreased the effective tax rate by 2.8% and 5.3%, respectively.

Certain statements in this Annual Report constitute "forward-looking statements". Except for historical information, the statements made in this report are forward-looking statements that involve risks and uncertainties. You can identify these statements by forward-looking words such as "should", "anticipate", "believe", "intend", "may", "forecast" or similar words. In particular, statements with respect to the timing, scope, cost and benefits of our proposed and recently completed capital improvements and expansion plans, including potential fuel savings, projected installation costs and other cash needs, and our forecasted cement sales are all forward-looking statements. You should be aware that forward-looking statements involve known and unknown risks, uncertainties, and other factors that may affect the actual results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others: general economic and business conditions; competition; raw material and other operating costs; costs of capital equipment; changes in business strategy or expansion plans; demand for our Company's products; cyclical and seasonal nature of our business; the affect weather has on our business; the affect of environmental and other government regulation; and the affect of federal and state funding on demand for our products.

BKD LLP
CPAs & Advisors

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of The Monarch Cement Company and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The Selected Financial Data and Results of Operations are presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Kansas City, Missouri
March 15, 2016

BKD LLP
CPAs & Advisors

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Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated financial statements of The Monarch Cement Company and subsidiaries (the Company), which include the consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the year ended December 31, 2013. The Company's management is responsible for these consolidated financial statements. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of the Company's operations and its cash flows for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

BKD, LLP

Kansas City, Missouri
March 14, 2014

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

ASSETS	2015	2014
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,612,180	$ 7,262,355
Receivables, less allowances of $524,000 in 2015 and $448,000 in 2014 for doubtful accounts	14,377,672	12,239,757
Inventories, priced at cost which is not in excess of market-		
Finished cement	$ 5,827,904	$ 4,192,466
Work in process	3,637,693	4,083,846
Building products	3,734,990	3,798,841
Fuel, gypsum, paper sacks and other	7,074,199	5,741,983
Operating and maintenance supplies	13,903,745	13,722,587
Total inventories	$ 34,178,531	$ 31,539,723
Refundable federal and state income taxes	-	391,029
Prepaid expenses	599,766	1,569,523
Total current assets	**$ 55,768,149**	**$ 53,002,387**
PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation and depletion of $213,306,179 in 2015 and $201,504,780 in 2014	83,456,790	84,411,110
DEFERRED INCOME TAXES	11,295,736	9,212,537
INVESTMENTS	22,446,008	26,106,762
INVESTMENTS IN AFFILIATES	6,238,697	4,094,804
OTHER ASSETS	2,808,971	3,039,524
	$ 182,014,351	**$ 179,867,124**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 5,481,096	$ 9,069,939
Current portion of term loan	1,428,571	5,901,521
Current portion of other long-term debt	-	175,000
Accrued liabilities		
Dividends	965,197	889,530
Compensation and benefits	2,832,064	3,132,616
Federal and state income taxes	910	-
Miscellaneous taxes	657,508	552,012
Other	5,103,987	2,662,910
Total current liabilities	**$ 16,469,333**	**$ 22,383,528**
LONG-TERM DEBT	4,342,006	5,860,566
ACCRUED POSTRETIREMENT BENEFITS	23,609,837	25,969,091
ACCRUED PENSION EXPENSE	13,213,113	9,253,554
STOCKHOLDERS' EQUITY		
Capital stock, par value $2.50 per share, one vote per share - Authorized 10,000,000 shares, Issued and Outstanding 2,607,705 shares at 12/31/2015 and 2,547,937 shares at 12/31/2014	$ 6,519,263	$ 6,369,843
Class B capital stock, par value $2.50 per share, supervoting rights of ten votes per share, restricted transferability, convertible at all times into Capital Stock on a share-for-share basis - Authorized 10,000,000 shares, Issued and Outstanding 1,253,084 shares at 12/31/2015 and 1,319,587 shares at 12/31/2014	3,132,710	3,298,967
Additional paid-in-capital	2,485,125	2,485,125
Retained earnings	117,683,646	103,482,537
Accumulated other comprehensive income (loss)	(5,440,682)	763,913
TOTAL STOCKHOLDERS' EQUITY	**$ 124,380,062**	**$ 116,400,385**
	$ 182,014,351	**$ 179,867,124**

See accompanying Notes to the Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	2015	2014	2013
NET SALES	$ 147,899,622	$ 146,897,728	$ 127,441,599
COST OF SALES	115,187,416	115,944,332	106,770,282
Gross profit from operations	**$ 32,712,206**	**$ 30,953,396**	**$ 20,671,317**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	15,780,087	16,351,345	15,154,992
Income from operations	**$ 16,932,119**	**$ 14,602,051**	**$ 5,516,325**
OTHER INCOME (EXPENSE)			
Interest income	$ 94,592	$ 105,869	$ 77,293
Interest expense	(230,388)	(253,941)	(299,169)
Gain (loss) on sale of equity investments	8,343,407	(12,706)	3,891,296
Dividend income	558,323	753,895	1,673,430
Other, net	1,013,357	696,558	5,353
	$ 9,779,291	$ 1,289,675	$ 5,348,203
Income from continuing operations before income taxes	**$ 26,711,410**	**$ 15,891,726**	**$ 10,864,528**
PROVISION FOR INCOME TAXES	8,845,000	4,595,000	2,870,000
Equity in affiliate earnings, net of tax	385,196	144,996	127,446
Net income from continuing operations	**$ 18,251,606**	**$ 11,441,722**	**$ 8,121,974**
Discontinued operations:			
Loss from operations of Tulsa Dynaspan, Inc. and Beaver Lake Inc. (including a gain on disposal of assets of $-0-, $-0-, and $3,438,000, respectively) before income taxes	$ -	$ (177,306)	$ (4,059,263)
BENEFIT FROM INCOME TAXES	-	(50,000)	(1,380,000)
Net loss from discontinued operations	**$ -**	**$ (127,306)**	**$ (2,679,263)**
NET INCOME	**$ 18,251,606**	**$ 11,314,416**	**$ 5,442,711**
Basic earnings (loss) per share:			
From continuing operations	$ 4.72	$ 2.89	$ 2.03
From discontinued operations	-	(0.03)	(0.67)
Net earnings per share	**$ 4.72**	**$ 2.86**	**$ 1.36**

See accompanying Notes to the Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	2015	2014	2013
NET INCOME	**$ 18,251,606**	**$ 11,314,416**	**$ 5,442,711**
OTHER COMPREHENSIVE INCOME (LOSS), net of deferred tax			
UNREALIZED APPRECIATION ON AVAILABLE-FOR-SALE SECURITIES (Net of deferred tax expense of $1,896,000, $364,000 and $1,700,000 for 2015, 2014 and 2013, respectively)	2,847,407	543,294	2,551,296
RECLASSIFICATION ADJUSTMENT FOR SALE OF SECURITIES INCLUDED IN NET INCOME (Net of deferred tax (benefit) expense of $3,336,000, $(4,000) and $1,556,000 for 2015, 2014 and 2013, respectively)	(5,007,407)	8,706	(2,335,296)
PENSION AND POSTRETIREMENT, CURRENT YEAR ACTUARIAL GAIN (LOSS) (Net of deferred tax (benefit) expense of $(4,456,500), $(1,825,000) and $2,262,000 for 2015, 2014 and 2013, respectively)	(6,683,361)	(2,728,768)	3,388,337
PENSION AND POSTRETIREMENT, CURRENT YEAR PRIOR SERVICE CREDIT (Net of deferred tax expense of $1,974,000, $-0- and $4,036,000 for 2015, 2014 and 2013, respectively)	2,961,193	-	6,055,710
AMORTIZATION OF PENSION AND POSTRETIREMENT PRIOR SERVICE COST (Net of deferred tax (benefit) expense of $905,000, $919,000 and $(20,000) for 2015, 2014 and 2013, respectively)	(1,357,404)	(1,378,933)	28,976
AMORTIZATION OF PENSION AND POSTRETIREMENT LOSS (Net of deferred tax benefit of $(689,000), $(538,000) and $(798,000) for 2015, 2014 and 2013, respectively)	1,034,977	808,231	1,197,133
OTHER COMPREHENSIVE INCOME (LOSS), net of deferred tax	**$ (6,204,595)**	**$ (2,747,470)**	**$ 10,886,156**
COMPREHENSIVE INCOME	**$ 12,047,011**	**$ 8,566,946**	**$ 16,328,867**

See accompanying Notes to the Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	Company Stockholders						
	Capital Stock	Class B Capital Stock	Additional Paid-In-Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss), Net of Tax	Total
BALANCE JANUARY 1, 2013	**$ 6,490,117**	**$ 3,543,968**	**$ 2,485,125**	**$ 97,758,013**	**$ -**	**$ (7,374,773)**	**$ 102,902,450**
Net income	-	-	-	5,442,711	-	-	5,442,711
Dividends declared ($0.92 per share)	-	-	-	(3,663,381)	-	-	(3,663,381)
Transfer of shares	125,471	(125,471)	-	-	-	-	-
Purchase of capital stock	-	-	-	-	(1,135,555)	-	(1,135,555)
Retirement of capital stock	(116,758)	-	-	(1,018,797)	1,135,555	-	-
Change in unrealized appreciation on available-for-sale securities	-	-	-	-	-	2,551,296	2,551,296
Reclassification adjustment for sale of securities in net income	-	-	-	-	-	(2,335,296)	(2,335,296)
Pension and Postretirement current year prior service credit	-	-	-	-	-	6,055,710	6,055,710
Pension and Postretirement current year actuarial gain	-	-	-	-	-	3,388,337	3,388,337
Amortization of Pension and Postretirement prior service cost	-	-	-	-	-	28,976	28,976
Amortization of Pension and Postretirement loss	-	-	-	-	-	1,197,133	1,197,133
BALANCE DECEMBER 31, 2013	**$ 6,498,830**	**$ 3,418,497**	**$ 2,485,125**	**$ 98,518,546**	**$ -**	**$ 3,511,383**	**$ 114,432,381**
Net income	-	-	-	11,314,416	-	-	11,314,416
Dividends declared ($0.92 per share)	-	-	-	(3,625,306)	-	-	(3,625,306)
Transfer of shares	21,508	(21,508)	-	-	-	-	-
Purchase of capital stock	-	-	-	-	(137,406)	-	(137,406)
Repurchases of capital stock due to reverse stock split	-	-	-	-	(2,836,230)	-	(2,836,230)
Retirement of capital stock	(150,495)	(98,022)	-	(2,725,119)	2,973,636	-	-
Change in unrealized appreciation on available-for-sale securities	-	-	-	-	-	543,294	543,294
Reclassification adjustment for sale of securities in net income	-	-	-	-	-	8,706	8,706
Pension and Postretirement current year actuarial loss	-	-	-	-	-	(2,728,768)	(2,728,768)
Amortization of Pension and Postretirement prior service cost	-	-	-	-	-	(1,378,933)	(1,378,933)
Amortization of Pension and Postretirement loss	-	-	-	-	-	808,231	808,231
BALANCE DECEMBER 31, 2014	**$ 6,369,843**	**$ 3,298,967**	**$ 2,485,125**	**$ 103,482,537**	**$ -**	**$ 763,913**	**$ 116,400,385**
Net income	-	-	-	18,251,606	-	-	18,251,606
Dividends declared ($1.00 per share)	-	-	-	(3,863,060)	-	-	(3,863,060)
Transfer of shares	166,257	(166,257)	-	-	-	-	-
Purchase of capital stock	-	-	-	-	(204,274)	-	(204,274)
Retirement of capital stock	(16,837)	-	-	(187,437)	204,274	-	-
Change in unrealized appreciation on available-for-sale securities	-	-	-	-	-	2,847,407	2,847,407
Reclassification adjustment for sale of securities in net income	-	-	-	-	-	(5,007,407)	(5,007,407)
Pension and Postretirement current year prior service credit	-	-	-	-	-	2,961,193	2,961,193
Pension and Postretirement current year actuarial loss	-	-	-	-	-	(6,683,361)	(6,683,361)
Amortization of Pension and Postretirement prior service cost	-	-	-	-	-	(1,357,404)	(1,357,404)
Amortization of Pension and Postretirement loss	-	-	-	-	-	1,034,977	1,034,977
BALANCE DECEMBER 31, 2015	**$ 6,519,263**	**$ 3,132,710**	**$ 2,485,125**	**$ 117,683,646**	**$ -**	**$ (5,440,682)**	**$ 124,380,062**

See accompanying Notes to the Consolidated Financial Statements

THE MONARCH CEMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013

	2015	2014	2013
OPERATING ACTIVITIES:			
Net income	$ 18,251,606	$ 11,314,416	$ 5,442,711
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	14,686,217	13,363,263	11,952,217
Income from equity method investments, net of dividends	(376,613)	(137,706)	(121,823)
Deferred income taxes	2,054,391	1,185,040	(385,119)
Gain on disposal of assets	(528,472)	(556,900)	(3,606,441)
Realized (gain) loss on sale of equity investments	(8,343,407)	12,706	(3,891,296)
Postretirement benefits and pension expense	(5,362,790)	(3,459,331)	1,203,141
Change in assets and liabilities:			
Receivables, net	(2,137,915)	(73,091)	5,095,602
Inventories	(2,638,808)	(116,231)	1,491,058
Income taxes refundable/payable	391,939	(391,029)	1,441,206
Prepaid expenses	969,757	(527,490)	(383,664)
Other assets	9,862	1,001	2,511
Accounts payable and accrued liabilities	1,426,477	848,624	(5,809,770)
Net cash provided by operating activities	$ 18,402,244	$ 21,463,272	$ 12,430,333
INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment	$ (14,108,388)	$ (12,606,217)	$ (15,359,307)
Proceeds from disposals of property, plant and equipment	668,115	808,092	6,555,352
Payment for acquisition of business, net of cash acquired	-	(2,494,500)	-
Payment for purchases of available-for-sale equity investments	(2,977,360)	(36,630)	(1,116,664)
Proceeds from disposals of available-for-sale equity investments	11,381,520	129,797	5,373,412
Payment for acquisition of equity method investments	(1,767,280)	(528,465)	(680,610)
Net cash used for investing activities	$ (6,803,393)	$ (14,727,923)	$ (5,227,817)
FINANCING ACTIVITIES:			
Decrease in line of credit, net	$ -	$ -	$ (110,137)
Proceeds from bank loans	-	-	4,472,950
Payments on bank loans	(5,901,521)	(1,428,572)	(1,428,571)
Payments on other long-term debt	(264,988)	(405,058)	(366,287)
Cash dividends paid	(3,787,393)	(3,648,170)	(3,674,123)
Purchase of capital stock	(2,295,124)	(392,946)	(1,135,555)
Net cash used for financing activities	$ (12,249,026)	$ (5,874,746)	$ (2,241,723)
Net increase (decrease) in cash and cash equivalents	**$ (650,175)**	**$ 860,603**	**$ 4,960,793**
Cash and Cash Equivalents, beginning of year	**7,262,355**	**6,401,752**	**1,440,959**
Cash and Cash Equivalents, end of year	**$ 6,612,180**	**$ 7,262,355**	**$ 6,401,752**
Supplemental disclosures:			
Interest paid, net of amount capitalized	$ 230,388	$ 253,941	$ 299,484
Income taxes paid	7,088,045	4,300,000	1,475,000
Income tax refund	688,325	46,947	1,549,378
Capital equipment additions included in accounts payable and accrued liabilities	351,542	809,081	736,848
Capital stock repurchases included in accounts payable	489,840	2,580,690	-

See accompanying Notes to the Consolidated Financial Statements

(1) NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) **Nature of Operations**--The Monarch Cement Company (Monarch) is principally engaged in the manufacture and sale of portland cement. The marketing area for Monarch's products consists primarily of the State of Kansas, the State of Iowa, southeast Nebraska, western Missouri, northwest Arkansas and northern Oklahoma. Sales are made primarily to contractors, ready-mixed concrete plants, concrete products plants, building materials dealers and governmental agencies. Subsidiaries of Monarch (which together with Monarch are referred to herein as the "Company") sell ready-mixed concrete, concrete products and sundry building materials within Monarch's marketing area.

b) **Principles of Consolidation**--Monarch has direct control of certain operating companies that have been deemed to be subsidiaries within the meaning of accounting principles generally accepted in the United States of America. Accordingly, the financial statements of such companies have been consolidated with Monarch's financial statements. All significant intercompany transactions have been eliminated in consolidation.

We use the equity method to account for investments in companies if the investment provides the ability to exercise significant influence, but not control, over operating and financial policies of the investee. Investments accounted for under the equity method are recorded initially at cost and subsequently adjusted for our share of the net income or loss and cash contributions and distributions to or from these entities. Our proportionate share of the net income or loss of these companies is included in consolidated net income.

c) **Use of Estimates**--The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d) **Reclassifications**-- Certain reclassifications have been made to the 2014 financial statements for the adoption of ASU 2015-17, *Balance Sheet Classification of Deferred Taxes*, which were deemed to be immaterial. These reclassifications had no effect on earnings.

e) **Cash Equivalents**--The Company considers all liquid investments with original maturities of three months or less which we do not intend to roll over beyond three months to be cash equivalents. At December 31, 2015 and 2014, cash equivalents consisted primarily of money market investments and repurchase agreements with various banks.

The Federal Deposit Insurance Corporation's (FDIC) standard maximum deposit insurance amount fully guarantees all deposit accounts up to $250,000. At times, cash in banks may be in excess of the FDIC limits. At December 31, 2015, the Company had $2.5 million in sweep arrangement accounts that were not covered by FDIC's general deposit insurance in addition to $4.2 million in general deposits that exceeded FDIC limits. The sweep accounts assets are normally 80% invested in U.S. Treasury securities and repurchase agreements for those securities. We have not experienced any losses in our accounts due to exceeding FDIC insurance limits or lack of FDIC coverage.

f) **Investments**--Equity securities for which the Company has no immediate plan to sell but that may be sold in the future are classified as available for sale. If the fair value of the equity security is readily determinable, it is carried at fair value and unrealized gains and losses are recorded, net of related income tax effects, in stockholders' equity. Realized gains and losses, based on the specifically identified cost of the security, are included in net income. Equity securities whose fair value is not readily determinable are carried at cost unless the Company is aware of significant adverse effects which have impaired the investments. Equity method investments are recorded initially at cost and subsequently adjusted for our share of the net income or loss and cash contributions or distributions to or from these entities. Our cost and equity method investments generally involve entities for which it is not practical to determine fair values.

g) **Receivables**--Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

h) **Inventories**--Inventories of finished cement and work in process are recorded at the lower of cost or market on a last-in, first-out (LIFO) basis. Total inventories reported under LIFO amounted to $9.5 million and $8.3 million as of December 31, 2015 and 2014, respectively. Under the average cost method of accounting (which approximates current cost), these inventories would have been $2.8 million, $2.9 million and $4.4 million higher than those reported at December 31, 2015, 2014 and 2013, respectively. The cost of manufactured items includes all material, labor, factory overhead and production-related administrative overhead required in their production.

We incurred a permanent reduction in the LIFO layers of work in process and cement inventories resulting in liquidation gains of $0.1 million and $0.2 million for the years 2014 and 2013, respectively. The liquidation gains were recognized as reductions of cost of sales. We did not incur any material liquidation gains in the LIFO layers for 2015.

Other inventories are purchased from outside suppliers. Fuel and other materials are priced by the first-in, first-out (FIFO) method while operating and maintenance supplies are recorded using the average cost method.

Inventories of fuel, gypsum, paper sacks and other are used in the manufacture of cement. The operating and maintenance supplies consist primarily of spare parts for our cement manufacturing equipment.

i) **Property, Plant and Equipment**--Property, plant and equipment are stated at cost of acquisition or construction. The Company capitalizes the cost of interest on borrowed funds used to finance the construction of property, plant and equipment. During 2015, 2014 and 2013, the Company capitalized approximately $74,500, $80,100 and $88,400, respectively, of interest expense related to current construction projects.

The Company records depreciation, depletion and amortization related to manufacturing operations in Cost of Sales; those related to general operations are recorded in Selling, General and Administrative Expenses; and those related to non-operational activities are in Other, net on the Consolidated Statements of Income. The approximate amounts included in each line item as of December 31, 2015, 2014 and 2013 are as follows:

	2015	2014	2013
Cost of Sales	$ 13,500,000	$ 12,400,000	$ 10,900,000
Selling, General and Administrative Expenses	900,000	600,000	300,000
Other, net	300,000	300,000	300,000
Total	$ 14,700,000	$ 13,300,000	$ 11,500,000

Depreciation of property, plant and equipment is provided by charges to operations over the estimated useful lives of the assets using accelerated methods. The majority of the Company's buildings, machinery and equipment are depreciated using 200% (double) declining balance depreciation. Some of the assets used in the Cement Business manufacturing process are depreciated using 150% declining balance depreciation. The Company switches to straight line depreciation once it exceeds the amount computed under the declining balance method being used until the asset is fully depreciated. The Company does not depreciate construction in process. Depletion rates for quarry lands are designed to amortize the cost over the estimated recoverable reserves. Expenditures for improvements that significantly increase the assets' useful lives are capitalized while maintenance and repairs are charged to expense as incurred.

The Company continually evaluates whether events or changes in circumstances have occurred that would indicate that the carrying amount of long-lived assets may not be recoverable. An impairment loss would be recognized and the asset cost would be adjusted to fair value when undiscounted estimated future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. The impairment loss would be the amount by which the carrying amount of a long-lived asset exceeds its fair value. Various factors that the Company considers in its review include changes in expected use of the assets, changes in technology, changes in operating performance and changes in expected future cash flows. No asset impairment was recognized during the years ended December 31, 2015, 2014 and 2013.

j) **Other Current Liabilities**--Accrued liabilities-Other contains approximately $3.4 million and $1.3 million related to prepayments held on account in 2015 and 2014, respectively.

k) **Income Taxes**--Deferred tax assets and liabilities are recognized for the tax effects of differences between the financial statement and tax bases of assets and liabilities. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized.

l) **Revenue Recognition**--The Company records revenue from the sale of cement, ready-mixed concrete, concrete products and sundry building materials following delivery of the products to customers. In the event the Company receives advance payment on orders, we defer revenue recognition until the product is delivered.

Our Ready-Mixed Concrete Business previously included the concrete construction division of Tulsa Dynaspan, Inc. (TDI) which involved short-term and long-term contracts. The operations of TDI were discontinued in 2013 due to consecutive year operating losses. See Note 4, "Discontinued Operations", for further discussion. Short-term contracts for specific projects were generally of three to six months in duration. Long-term contracts relate to specific projects with terms in excess of one year from the contract date. Revenues from contracts using the cost-to-cost measures of completion were recognized based on the ratio of contract costs incurred to date to total estimated contract costs. Full provision was made for any anticipated losses. The majority of the long-term contracts would allow only scheduled billings and contained retainage provisions under which 5% to 10% of the contract invoicing may be withheld by the customer pending project completion.

m) **Cost of Sales**--The Company considers all production and shipping costs, (gain) loss on disposal of operating assets, inbound freight charges, purchasing and receiving costs, inspection costs, warehousing costs and internal transfer costs as cost of sales.

n) **Selling, General and Administrative Expenses**--Selling, general and administrative expenses consist of sales personnel salaries and expenses, promotional costs, accounting personnel salaries and expenses, director and administrative officer salaries and expenses, legal and professional expenses and other expenses related to overall corporate costs.

o) **Other, net**--Other, net contains miscellaneous nonoperating income (expense) items excluding interest income, interest expense, gains (losses) on sale of equity investments, realized loss on impairment of equity investments and dividend income. Significant items in Other, net for 2015 include proceeds related to the settlement of a lawsuit of approximately $640,000. Significant items in Other, net for 2014 include rental income of approximately $580,000.

p) **Earnings per Share**--Basic earnings per share is based on the weighted average common shares outstanding during each year. Diluted earnings per share are based on the weighted average common and common equivalent shares outstanding each year. Monarch has no common stock equivalents and therefore does not report diluted earnings per share. The weighted average number of shares outstanding was 3,864,518 in 2015, 3,961,871 in 2014 and 3,996,771 in 2013.

q) **Taxes Collected from Customers and Remitted to Governmental Authorities**--Taxes collected from customers and remitted to governmental authorities are presented in the accompanying consolidated statements of income on a net basis.

r) **Self Insurance**--The Company has elected to self-insure certain costs related to employee and retiree health and accident benefits programs. Costs resulting from self-insured losses are charged to income when incurred. Health benefits provided to employees in the Ready-Mixed Concrete Business and health and accident benefits provided to employees in the Cement Business are totally self-insured but are subject to an individual stop loss of $100,000 and $200,000 for the Ready-Mixed Concrete Business and the Cement Business, respectively, with an aggregate stop loss of 120% for both lines of business.

s) **Disclosure about Fair Value of Financial Instruments**--Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Cash and cash equivalents, receivables, accounts payable and short and long-term debt have carrying values that approximate fair values. Investment fair values equal quoted market prices, if available. If quoted market prices are not available, fair value is estimated based on quoted market prices of similar securities. If it is not practicable to estimate the

fair value of an investment, the investment is recorded at cost and evaluated quarterly for events that may adversely impact its fair value.

t) **Intangibles - Goodwill and Other**--Goodwill represents the excess of cost over the fair value of net assets of businesses acquired. Goodwill acquired in a purchase business combination is not amortized, but is tested for impairment on an annual basis. The Company performed a qualitative assessment of its goodwill during the fourth quarter of 2015 and determined that its goodwill is not impaired and therefore no impairment was required.

(2) DEREGISTRATION

In August 2014, the Board of Directors voted to pursue a "going private" transaction in order to deregister our stock from the Securities and Exchange Commission (SEC). Our primary purpose was to reduce our ongoing accounting, legal and other costs associated with being a publicly traded company. In December 2014, the Company effected a 1-for-600 reverse stock split of our Capital Stock and Class B Capital Stock. Each stockholder of record owning fewer than 600 shares of either class of stock before the reverse stock split had their shares of such class cancelled and converted into the right to receive $30.00 for each share of such class held of record prior to the reverse stock split in lieu of receiving a fractional post-reverse stock split share of such class. Immediately following the reverse stock split, the Company effected a 600-for-1 forward stock split of each one issued and outstanding share of its Capital Stock and Class B Capital Stock (and including each fractional share of such class in excess of one share). As a result of the reverse stock split, our total record holders of Capital Stock and Class B Capital Stock dropped below 300 in each class, as required to deregister with the SEC. In December 2014, the Company cancelled 55,332 shares of Capital Stock and 39,209 shares of Class B Capital Stock at a cost of $30.00 per share. As of December 31, 2015 and December 31, 2014, accounts payable included $0.5 million and $2.6 million, respectively, for the purchase of shares which had not yet been presented to the Company for exchange.

(3) ACQUISITIONS

On July 1, 2014, the Company purchased all of the common stock of Russell Block Company, Inc. (Russell Block), which is included in our Ready-Mixed Concrete Business, primarily to obtain additional markets and to improve manufacturing efficiencies. The consideration for acquiring Russell Block's stock totaled $2.5 million. Russell Block was then liquidated and its assets were distributed to the Company.

In accordance with Accounting Standards Codification (ASC) 805, the Company determined the assets and liabilities acquired constituted a business and applied purchase accounting to the assets acquired and the liabilities assumed. The following table summarizes the consideration paid for acquisition of the assets acquired and the liabilities assumed at the acquisition date as well as the fair value at the acquisition date:

Consideration:		
Cash paid, gross	$	2,499,500
Fair Value of assets acquired and liabilities assumed:		
Assets		
Current assets (including cash of $5,250)	$	192,044
Property, plant and equipment		747,500
Other assets		1,959,956
Liabilities		
Current liabilities		(400,000)
Total:	$	2,499,500

(4) DISCONTINUED OPERATIONS

Through the first quarter of 2014, Beaver Lake Concrete, Inc. (BLC) and TDI were classified as discontinued operations since these companies were no longer producing and selling ready-mixed concrete or issuing construction contracts. BLC leased out its ready-mixed facilities, but retained its cement transport trucks to haul cement for third parties. Prior to discontinuing their ready-mixed concrete operations, BLC transported cement for their own ready-mixed concrete operation but did not haul for other companies. TDI's ready-mixed concrete division was sold during 2013 and the facilities

that were not sold are currently under a lease/purchase agreement. BLC's and TDI's current revenue streams are derived from different operations from those that were discontinued and the current operations are expected to continue into the foreseeable future. As a result, their operating results for the second quarter of 2014 and going forward are included in continuing operations. BLC's and TDI's operating results, reported in discontinued operations, for the quarter ended March 31, 2014 and the year ended December 31, 2013 are as follows:

	2014	2013
Sales	$ 154,760	$ 16,140,553
Pretax loss	(177,306)	(4,059,263)

During the year ended December 31, 2013, $6.4 million of the $6.6 million in proceeds from the disposals of property, plant and equipment were from the disposal of assets held for sale related to the discontinued operations of TDI.

(5) FAIR VALUE

Realized gains (losses) on equity investments are computed using the specific identification method. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The aggregate amount of equity securities carried at cost for which the Company has not elected the fair value option, was $0.9 million at December 31, 2015. The remaining $21.6 million in equity security investments are stated at fair value. As of December 31, 2014, the aggregate amount of equity securities carried at cost was $0.6 million and the remaining $25.5 million in equity security investments were stated at fair value. The following table summarizes the bases used to measure certain assets at fair value on a recurring basis in the balance sheet at December 31, 2015 and 2014:

		Fair Value Measurements Using:		
December 31, 2015 Assets:	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available-for-sale equity securities				
Cement industry	$ 9,337,662	$ 9,337,662	$ -	$ -
General building materials industry	6,533,795	6,533,795	-	-
Oil & gas refining & marketing industry	4,781,025	4,781,025	-	-
Residential construction industry	940,896	940,896	-	-
Total assets measured at fair value	$ 21,593,378	$ 21,593,378	$ -	$ -

		Fair Value Measurements Using:		
December 31, 2014 Assets:	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available-for-sale equity securities				
Cement industry	$ 13,307,384	$ 13,307,384	$ -	$ -
General building materials industry	7,262,508	7,262,508	-	-
Oil & gas refining & marketing industry	3,944,549	3,944,549	-	-
Residential construction industry	1,019,350	1,019,350	-	-
Total assets measured at fair value	$ 25,533,791	$ 25,533,791	$ -	$ -

Cash and cash equivalents have carrying values that approximate fair value using Level 1 prices. Receivables, accounts payable and short and long-term debt have carrying values that approximate fair values using Level 2 inputs. The Company's valuation techniques used to measure the fair value of its marketable equity securities were derived from quoted prices in active markets for identical assets (Level 1 inputs). Investments that are recorded at cost or the equity method are evaluated quarterly for events that may adversely impact their carrying value.

There were no transfers between levels and there were no significant changes in the valuation techniques during the period ended December 31, 2015. The Company has no liabilities at either date requiring remeasurement to fair value on a recurring basis in the balance sheet. The Company has no additional assets or liabilities at either date requiring remeasurement to fair value on a non-recurring basis in the balance sheet.

The following table shows the gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual trade lots of securities have been in a continuous unrealized loss position at December 31, 2015 and 2014:

Available-for-sale equity securities	Less than 12 Months		12 Months or Greater		Total	
December 31, 2015	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Cement industry	$ 534,091	$ 73,816	$ -	$ -	$ 534,091	$ 73,816
General building materials industry	821,760	96,202	-	-	821,760	96,202
Oil & gas refining & marketing industry	566,640	38,698	-	-	566,640	38,698
Residential construction industry	602,316	69,520	-	-	602,316	69,520
Total	$2,524,807	$ 278,237	$ -	$ -	$2,524,807	$ 278,237
December 31, 2014						
Residential construction industry	$ -	$ -	$ 57,942	$ 186	$ 57,942	$ 186
Total	$ -	$ -	$ 57,942	$ 186	$ 57,942	$ 186

(6) INVESTMENTS

Cost Method Investments

The Company owns stock in a privately-owned company in the ethanol production industry. The investment, for which fair value approximates carrying value, was evaluated at December 31, 2015 and 2014 for impairment. The evaluations of the investment for each period's impairment analysis were based on the specific identification of shares held and quoted prices in markets that are not active (Level 2) and no impairments were identified. As a result of the evaluations, the Company does not consider the cost method investment to be impaired at December 31, 2015 or 2014.

Fair Value Investments

Impairment Analysis

December 31, 2015--The Company's investments in available-for sale securities carried at fair value were evaluated every quarter for impairment by comparing the specifically identified cost of each investment to market price. As a result of these evaluations, the Company did not identify any other-than-temporary impairments in investments which would have resulted in a recognized loss in earnings of equity investments. The Company did identify some specific investments in available-for-sale equity securities that were not other-than-temporarily impaired resulting in the recognition of unrealized losses (see table above in Note 5 "Fair Value"). These unrealized losses were immaterial.

December 31, 2014--The Company's investments in available-for sale securities carried at fair value were evaluated every quarter for impairment by comparing the specifically identified cost of each investment to market price. As a result of these evaluations, the Company did not identify any other-than-temporary impairments in investments which would have resulted in a recognized loss in earnings of equity investments. The Company did identify some specific investments in available-for-sale equity securities that were not other-than-temporarily impaired resulting in the recognition of unrealized losses (see table above in Note 5 "Fair Value"). These unrealized losses were immaterial.

Investment Results

The investment results for the years ended December 31, 2015 and 2014 are as follows for available-for-sale equity securities carried at fair value:

	Amortized	Gross Unrealized Holding		Fair
December 31, 2015	Cost	Gains	Losses	Value
Available-for-sale equity securities				
Cement industry	$ 2,340,000	$ 7,000,000	$ -	$ 9,340,000
General building materials industry	2,950,000	3,580,000	-	6,530,000
Oil & gas refining & marketing industry	1,150,000	3,630,000	-	4,780,000
Residential construction industry	970,000	-	30,000	940,000
Total available-for-sale equity securities	$ 7,410,000	$ 14,210,000	$ 30,000	$ 21,590,000
Total gross unrealized gains, net of losses		$ 14,180,000		
Less: Deferred taxes on unrealized holding gains		5,672,000		
Unrealized gains recorded in equity, net of deferred tax		$ 8,508,000		
December 31, 2014				
Available-for-sale equity securities				
Cement industry	$ 2,940,000	$ 10,370,000	$ -	$ 13,310,000
General building materials industry	3,600,000	3,660,000	-	7,260,000
Oil & gas refining & marketing industry	340,000	3,600,000	-	3,940,000
Residential construction industry	870,000	150,000	-	1,020,000
Total available-for-sale equity securities	$ 7,750,000	$ 17,780,000	$ -	$ 25,530,000
Total gross unrealized gains, net of losses		$ 17,780,000		
Less: Deferred taxes on unrealized holding gains		7,112,000		
Unrealized gains recorded in equity, net of deferred tax		$ 10,668,000		

Equity Method Investments

The Company owns common stock of GFI, a privately-owned company in the brick industry. The Company has determined that it has the ability to exercise significant influence, but not control, over the operating and financial policies of GFI. Consequently, the equity method of accounting is used for the investment.

Pertinent information about the Company's investment in GFI is as follows:

	2015	2014	2013
Carrying value	$ 6,238,697	$ 4,094,804	$ 3,428,633
Ownership percentage	32.04%	22.77%	19.34%
Cash dividends received	$ 8,583	$ 7,290	$ 5,623
Undistributed earnings	1,367,711	982,515	837,519
Difference between carrying amount and the underlying equity in net assets*	(39,663)	94,450	172,654
Equity in earnings	385,196	144,996	127,446

* The difference between carrying amount and the underlying equity in net assets is in a memo account allocated to goodwill.

During 2015, 2014, and 2013, the Company purchased $1.2 million, $0.9 million and $0.9 million, respectively, of brick from GFI in arm's length transactions in the normal course of business for resale to third parties. The Company eliminated intra-entity profits or losses for its proportionate share of GFI's common stock for inventory still remaining with the Company until such profits or losses were realized in transactions with third parties. Amounts due to GFI for Company purchases were not significant at December 31, 2015 and 2014.

The Company's equity method investment is reviewed for impairment on a periodic basis or if an event occurs or circumstances change that indicate the carrying amount may be impaired. This assessment is based on a review of the investment's performance and a review of indicators of impairment to determine if there is evidence of a loss in value of the investment. Factors the Company considers include:

- Absence of the Company's ability to recover the carrying amount;
- Inability of the equity affiliate to sustain an earnings capacity which would justify the carrying amount of the investment; and
- Significant litigation, bankruptcy or other events that could impact recoverability.

For an equity investment with impairment indicators, the Company measures fair value on the basis of discounted cash flows or other appropriate valuation methods (Level 3). If it is probable that the Company will not recover the carrying amount of its investment, the impairment is considered other-than-temporary and recorded in earnings, and the equity investment balance is reduced to its fair value accordingly. After review, the Company does not consider its equity method investment, for which fair value approximates carrying value, to be impaired at December 31, 2015 or 2014.

(7) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and their estimated useful lives at December 31, 2015 and 2014 consisted of:

	Lives (Years)	2015	2014
Quarry land		$ 2,004,549	$ 2,004,549
Other land		7,766,002	7,666,286
Buildings and improvements	15 – 39	32,129,782	31,567,400
Cement manufacturing equipment	15 – 25	149,367,023	142,028,581
Ancillary equipment	5 – 10	14,203,144	13,440,661
Ready-mix and concrete production machinery and equipment	5 – 15	36,180,544	35,622,446
Transportation and mobile equipment	3 – 7	45,931,655	44,102,480
Office machinery, equipment, furniture and fixtures	3 – 10	5,869,410	3,627,426
Construction in process		3,310,860	5,856,061
		$ 296,762,969	$ 285,915,890
Less: Accumulated depreciation and depletion		213,306,179	201,504,780
		$ 83,456,790	$ 84,411,110

(8) REVOLVING LOAN AND LONG-TERM DEBT

On December 31, 2015, 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 revolving loan. The Company's current agreements provide for a secured credit commitment consisting of a $10.0 million term loan maturing December 31, 2017 and a $15.0 million revolving loan maturing on December 31, 2018. The previous agreement included a $10.0 million advancing term loan that matured on December 31, 2015. Interest rates on the Company's revolving loan are 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 agreements require the Company to pledge its investment account, receivable accounts and inventory to Bank of Oklahoma as collateral for 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 $14.4 million, $34.2 million and $20.6 million, respectively as of December 31, 2015. The agreements also contain 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, 2015, the Company owed $5.7 million on its term loan and $0.0 on its revolving loan.

As of December 31, 2015 and 2014, there was $0.0 and $0.0, respectively, borrowed against the revolving loan. The interest rate was 2.00% and 1.75% on December 31, 2015 and 2014, respectively, and is payable quarterly. As of December 31, 2015 and 2014, there was approximately $5.7 million and $7.1 million, respectively, borrowed on the term loan. The interest rate was 2.25% and 2.00% on December 31, 2015 and 2014, respectively, and is payable quarterly. As of December 31, 2015 and 2014, there was approximately $0.0 million and $4.5 million, respectively, borrowed on the advancing term loan. The interest rate was 2.00% and 1.75% on December 31, 2015 and 2014, respectively, and is payable quarterly.

At December 31, 2015 the Note payable, bank in the table below is comprised of a $5.7 million term loan. The $0.1 million in Other long-term debt is related to noncompete payment obligations. At December 31, 2014 the $11.6 million in Note payable, bank in the table below is comprised of a $7.1 million term loan and $4.5 million advancing term loan. The $0.1 million in Other long-term debt is related to noncompete payment obligations.

	2015	2014
Note payable, bank [(a)]	$ 5,714,285	$ 11,615,807
Other	56,292	146,280
	$ 5,770,577	$ 11,762,087
Less current maturity of bank note payable	1,428,571	5,901,521
Total long-term debt	$ 4,342,006	$ 5,860,566

[(a)] Term loan due December 31, 2017; payable $357,143 quarterly plus interest. Revolving loan due December 31, 2018; quarterly payments of interest with outstanding principal and accrued interest due at maturity.

Aggregate annual maturities of long-term debt as of December 31, 2015 are:

2016	$ 1,428,571
2017	4,307,392
2018	22,787
2019	11,827
	$ 5,770,577

(9) INCOME TAXES

The components of the provision for federal and state income taxes in the accompanying consolidated statements of income are as follows:

	2015	2014	2013
Taxes currently payable	$ 6,791,000	$ 3,410,000	$ 3,200,000
Deferred income taxes	2,054,000	1,185,000	(330,000)
Provision for income taxes	$ 8,845,000	$ 4,595,000	$ 2,870,000

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is as follows:

	2015	2014	2013
Computed at statutory rate (34%; over $10 million-35%)	$ 9,250,000	$ 5,462,000	$ 3,694,000
Increase (decrease) resulting from:			
State income taxes, net of federal tax benefit	545,000	275,000	155,000
Percentage depletion	(741,000)	(834,000)	(494,000)
Domestic production activities deduction	(193,000)	(48,000)	-
Dividends received deduction	(88,000)	(154,000)	(400,000)
Other	72,000	(106,000)	(85,000)
Provision for income taxes	$ 8,845,000	$ 4,595,000	$ 2,870,000

The tax effects of significant temporary differences relating to deferred taxes, net of valuation allowances, on the balance sheets were:

	2015	2014
Allowance for doubtful accounts	$ 209,000	$ 180,000
Accrued vacation	503,000	455,000
Depreciation	(630,000)	(856,000)
Postretirement benefits	9,295,000	10,338,000
Pension liability	5,416,000	3,797,000
Unrealized holding gains	(5,672,000)	(7,112,000)
Tax carryforwards	1,025,000	900,000
Impairment on investments	345,000	719,000
Other, net	804,736	791,537
Net long-term deferred tax assets*	$ 11,295,736	$ 9,212,537

*Net of valuation allowance of $2,052,000 for 2015 and 2014.

Some of the Company's subsidiaries file separate state income tax returns resulting in net operating loss carryforwards. In addition, some subsidiaries separately filed federal income tax returns in prior years which also resulted in net operating loss carryforwards. The provision (benefit) for income taxes and income tax liabilities recorded in the financial statements include those separate calculations. The deferred taxes resulting from these and other tax carryforwards are included in the above table net of valuation allowances. The valuation allowance has been used to reduce the tax benefit associated with the tax carryforwards. The following table presents the expiration dates of the Company's carryforwards, net of valuation allowances, for tax purposes as of December 31, 2015:

Expiration Date	Tax Carryforwards
2023	$ 137,000
2024	263,000
2025	214,000
2026	129,000
2028	1,000
2029	114,000
2030	167,000
	$ 1,025,000

The Company uses a recognition threshold of "more likely than not" that a tax position would be sustained upon examination before any part of the benefit of that position is recognized in the Company's financial statements.

The Company, or one of its subsidiaries, files income tax returns in the U.S. Federal jurisdiction and various state jurisdictions. With few exceptions, the Company is no longer subject to U.S. Federal or state income tax examinations by tax authorities for years before 2012. The Company believes it is not subject to any significant tax risk. The Company does not have any accrued interest or penalties associated with any unrecognized tax benefits, nor were any significant interest expenses recognized during the years ended December 31, 2015, 2014 and 2013.

(10) PENSION AND OTHER POSTRETIREMENT BENEFITS

Postretirement Benefits

Monarch provides certain postretirement health care and life insurance benefits to all retired employees in the Cement Business who, as of their retirement date, meet the eligibility requirements. These benefits are self-insured by Monarch and are paid out of Monarch's general assets. Monarch expects 2016 cash expenditures for this plan to be approximately $1,155,000 which is equal to the net expected benefit payments for the year. In 2015, we negotiated a change in our postretirement health benefits for our Des Moines union employees from a defined benefit to a defined contribution structure.

Monarch uses a December 31 measurement date for the plans. At December 31, 2015 and 2014, the current portion of the accrued benefit cost of approximately $1,155,000 and $1,375,000, respectively, is recorded in compensation and benefits. Information about the plans' funded status and postretirement cost follows:

	2015	2014
Change in benefit obligation:		
Beginning of year	$ 27,344,091	$ 26,542,379
Service cost	568,845	495,549
Interest cost	1,101,504	1,132,234
Actuarial loss	1,760,952	447,776
Benefits paid*	(1,057,879)	(1,273,847)
Plan amendments	(4,952,676)	-
Benefit obligation at end of year	$ 24,764,837	$ 27,344,091
Change in fair value of plan assets:		
Beginning of year	$ -	$ -
Employer contributions*	1,057,879	1,273,847
Benefits paid*	(1,057,879)	(1,273,847)
Fair value of plan asset at end of year	$ -	$ -
Weighted Average Assumptions used to determine benefit obligations:		
Discount rate	4.00%	4.00%
Trend rate	7.5% for fiscal 2015 decreasing .5%/yr to 5%	8% for fiscal 2014 decreasing .5%/yr to 5%
Funded status, end of year:		
Fair value of plan assets	$ -	$ -
Benefit obligations	(24,764,837)	(27,344,091)
Funded status = year-end benefit liability	$ (24,764,837)	$ (27,344,091)

*Amounts are net of retiree prescription drug subsidy received during the fiscal year.

Accrued Postretirement Benefits represents the accumulated difference between actual contributions and actual expenses from past years. It is updated from the prior year as follows:

	2015	2014
A. Accrued postretirement benefits at beginning of year	$ (25,855,072)	$ (27,370,754)
B. Net periodic postretirement benefit income	(66,334)	(241,835)
C. Employer contributions	1,118,907	1,329,046
D. Retiree drug subsidy	61,028	55,199
E. Accrued postretirement benefits at end of year (A) - (B) + (C) - (D)	$ (24,730,859)	$ (25,855,072)

Following are the components of net periodic benefit cost:

	2015	2014	2013
Components of net periodic benefit cost:			
Service cost	$ 568,845	$ 495,549	$ 780,225
Interest cost	1,101,504	1,132,234	1,608,234
Amortization of prior service cost	(2,362,132)	(2,397,661)	(50,752)
Recognized net actuarial loss	625,449	528,043	661,499
Net periodic benefit cost	$ (66,334)	$ (241,835)	$ 2,999,206
Weighted Average Assumptions used to determine net periodic postretirement benefit cost:			
Discount rate	4.00%	4.50%	4.50%
Trend rate	7.5% for fiscal 2015 decreasing .5%/yr to 5%	8% for fiscal 2014 decreasing .5%/yr to 5%	8% for fiscal 2013 decreasing 1%/yr to 5%

Amounts recognized in the balance sheets consist of:

	2015	2014
Current liability	$ (1,155,000)	$ (1,375,000)
Noncurrent liability	(23,609,837)	(25,969,091)
Net amount recognized	$ (24,764,837)	$ (27,344,091)

Amounts recognized in accumulated other comprehensive income consist of:

	2015	2014
Net actuarial loss	$ 10,384,546	$ 9,249,043
Prior service credit	(10,350,568)	(7,760,024)
	$ 33,978	$ 1,489,019

Other changes in benefit obligations recognized in other comprehensive income:

	2015	2014	2013
Current year actuarial (gain)/loss	$ 1,760,952	$ 447,776	$ (2,563,073)
Amortization of actuarial loss	(625,449)	(528,043)	(661,499)
Current year prior service credit	(4,952,676)	-	(10,091,710)
Amortization of prior service credit	2,362,132	2,397,661	50,752
Total recognized in other comprehensive income	$ (1,455,041)	$ 2,317,394	$ (13,265,530)

Estimated amounts that will be amortized from accumulated other comprehensive income into net periodic postretirement benefit cost in 2016:

Actuarial loss	$ 929,991
Prior service credit	(3,215,800)
Total	$ (2,285,809)

The amortization schedule for prior service costs is as follows:

Description	Date Established	Initial Amount	Initial Period	12/31/2015 Outstanding Balance	Annual Amortization
Lifetime Maximums	12/31/2009	$ (268,983)	5.30 years	$ -	$ -
Change in Benefit Structure	12/31/2013	(10,091,710)	4.30 years	(5,397,892)	(2,346,909)
Change in Benefit Structure	12/31/2015	(4,952,676)	5.70 years	(4,952,676)	(868,891)
				$ (10,350,568)	$ (3,215,800)

ASC Topic 715 requires the disclosure of the impact on certain items of a percentage point increase and decrease in the medical trend rates. These amounts are illustrated as follows:

	1% Increase	1% Decrease
Interest cost and service cost for 2015		
Amount prior to change	$ 1,670,349	$ 1,670,349
Amount after 1 percentage point change	1,992,851	1,417,891
Increase (decrease)	322,502	(252,458)
Accumulated postretirement benefit obligation at December 31, 2015		
Amount prior to change	$ 24,764,837	$ 24,764,837
Amount after 1 percentage point change	28,750,219	21,559,651
Increase (decrease)	3,985,382	(3,205,186)

On December 8, 2003, the Medicare Prescription Drug Improvement Modernization Act of 2003 (the Act) was signed into law. The Act introduces a prescription drug benefit under Medicare Part D, as well as a federal subsidy to sponsors of retiree health care benefit plans that provide benefits at least actuarially equivalent to Medicare Part D. The Company has concluded that the benefits provided to most of our retirees are actuarially equivalent to Medicare Part D under the Act.

The accumulated postretirement benefit obligation as of December 31, 2015 is shown below:

Assuming Medicare Part D Subsidy receipts	$ 24,764,837
Assuming no Medicare Part D Subsidy receipts	25,647,701

Expected benefit payments and expenses (net of employee contributions), shown separately for the next five fiscal years, and in the aggregate for the subsequent five-year period are presented below:

December 31, 2016	$ 1,154,461
December 31, 2017	1,185,474
December 31, 2018	1,242,696
December 31, 2019	1,265,051
December 31, 2020	1,293,377
Five fiscal years ending December 31, 2025	6,447,575

Pension Plans

Monarch has noncontributory defined benefit pension plans covering substantially all employees in the Cement Business who meet the eligibility requirements. Monarch's funding policy is to contribute annually an amount within the minimum/maximum range of tax deductible contributions. In 2016, there are no minimum expected contributions to the plans.

Monarch uses a December 31 measurement date for the plans. Information about the plans' funded status and pension cost follows:

Change in benefit obligation:	2015	2014
Benefit obligation at beginning of year	$ 47,768,966	$ 44,116,353
Service cost	930,560	859,880
Interest cost	1,904,787	1,984,365
Actuarial loss	2,729,538	3,017,816
Plan amendment	17,483	-
Benefits paid	(2,299,804)	(2,209,448)
Benefit obligation at end of year	$ 51,051,530	$ 47,768,966
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 38,515,412	$ 36,107,226
Actual return on plan assets	(3,591,191)	1,799,418
Employer contributions	5,214,000	2,818,216
Benefits paid	(2,299,804)	(2,209,448)
Fair value of plan assets at end of year	$ 37,838,417	$ 38,515,412
Funded status, end of year:		
Fair value of plan assets	$ 37,838,417	$ 38,515,412
Benefit obligation	51,051,530	47,768,966
Funded status = pension liability, end of year	$ (13,213,113)	$ (9,253,554)

The actuarial formula used to calculate the projected benefit obligation takes into account future increases in pension contributions that would take place as the employees' salaries increase. The accumulated benefit obligation uses an actuarial formula to calculate the projected benefit obligation which assumes that the employees cease to work for the Company at the time the estimation is made. The plans' accumulated benefit obligation follows:

	2015	2014
Accumulated benefit obligation, end of year	$ 49,213,132	$ 46,041,518

Amounts recognized in the balance sheets consist of:

	2015	2014
Current liability	$ -	$ -
Noncurrent liability	(13,213,113)	(9,253,554)
Net amount recognized	$ (13,213,113)	$ (9,253,554)

Amounts recognized in accumulated other comprehensive income not yet recognized as components of net periodic benefit cost consist of:

	2015	2014
Net actuarial loss	$ 23,914,966	$ 15,634,585
Prior service cost	448,238	530,483
	$ 24,363,204	$ 16,165,068
Less: Deferred tax	9,750,000	6,470,000
Additional pension liability, net of deferred tax	$ 14,613,204	$ 9,695,068

Other changes in plan assets and benefit obligations recognized in other comprehensive income:

	2015	2014	2013
Current year actuarial (gain)/loss	$ 9,378,909	$ 4,105,992	$ (3,087,264)
Amortization of actuarial loss	(1,098,528)	(818,188)	(1,333,634)
Current year prior service loss	17,483	-	-
Amortization of prior service cost	(99,728)	(99,728)	(99,728)
	$ 8,198,136	$ 3,188,076	$ (4,520,626)
Less: Deferred tax	3,280,000	1,280,000	(1,810,000)
Minimum pension liability, net of deferred tax	$ 4,918,136	$ 1,908,076	$ (2,710,626)

Estimated amounts that will be amortized from accumulated other comprehensive income into net periodic pension cost in 2016:

Actuarial loss	$ 1,857,000
Prior service cost	100,000
Total to be amortized	$ 1,957,000

The amortization schedule for prior service costs is as follows:

Description	Established Dec. 31 of:	Initial Amount	Initial Period	12/31/2015 Outstanding Balance	2015 Amortization Amount
Unrecognized Prior Service Cost	1999	37,715	16.53 years	$ 1,203	$ 2,282
	2001	409,804	15.74 years	45,412	26,028
	2003	22,267	13.23 years	2,071	1,683
	2007	876,119	13.41 years	353,455	65,333
	2009	55,026	12.50 years	28,614	4,402
	2015	17,483	11.17 years	17,483	-
				$ 448,238	$ 99,728

Cumulative employer contributions in excess of net periodic pension cost are as follows:

		2015	2014
A.	Cumulative balance at beginning of year	$ 6,911,514	$ 4,967,865
B.	Net periodic pension cost	975,423	874,567
C.	Contributions	5,214,000	2,818,216
D.	Cumulative balance at end of year (A) - (B) + (C)	$ 11,150,091	$ 6,911,514

The weighted average assumptions used to determine net pension cost and benefit obligations as of December 31, 2015, 2014 and 2013 are as follows:

	2015	2014	2013
Benefit obligation:			
Discount rate	4.00%	4.00%	4.50%
Expected return on plan assets	7.50%	8.00%	8.00%
Rate of compensation increase (Staff plan only)	3.50%	3.50%	3.50%
Pension cost:			
Discount rate	4.00%	4.50%	4.50%
Expected return on plan assets	8.00%	8.00%	8.00%
Rate of compensation increase (Staff plan only)	3.50%	3.50%	3.50%

The following table presents the components of net periodic pension cost as of December 31, 2015, 2014 and 2013:

	2015	2014	2013
Service cost	$ 930,560	$ 859,880	$ 870,115
Interest cost	1,904,787	1,984,365	1,937,423
Expected return on plan assets	(3,058,180)	(2,887,594)	(2,349,451)
Amortization of prior service cost	99,728	99,728	99,728
Recognized net actuarial loss	1,098,528	818,188	1,333,634
Net periodic pension expense	$ 975,423	$ 874,567	$ 1,891,449

The Company has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets as well as current facts and circumstances.

Plan assets are held by a trustee bank. A fund manager has been retained to make investment decisions within guidelines specified by Monarch. The guidelines permit investment in both equities and fixed income securities including common stocks, corporate bonds and debentures and U.S. Government securities. An investment committee appointed by the Board also invests a portion of the funds in equity securities. Asset allocation is primarily based on a strategy to provide stable earnings through investing in interest-generating or fixed income investments while still permitting the plan to

recognize potentially higher returns through investments in equity securities. Focusing on balancing the risks and rewards of each broad asset class, the percentage of allocation between fixed income and equity investments for 2015 and 2014 are as follows:

Equities	60%
Fixed Income	40%

The pension investment guidelines strive for diversification of equity securities among the various market sectors and do not permit participation in higher risk investment strategies involving hedging activities and the use of derivative instruments.

The plan allows a 5% fluctuation before assets are rebalanced. During periods of extreme market volatility, the fluctuation may exceed 5% before rebalancing is complete. At December 31, 2015 and 2014, plan assets by category were as follows:

	2015	2014
Equities	61%	65%
Debt Securities	36%	35%
Other	3%	-

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Fair value prices for all securities in the pension plan portfolio are provided by our trustee bank which utilizes an internationally recognized independent pricing service. Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include equity securities which were priced at the market close. Level 2 assets have observable inputs other than Level 1 prices. Plan assets are classified within Level 3 of the hierarchy when relevant observable inputs for a security are not available.

We have established control procedures in which we independently assess the pricing obtained from the trustee bank which utilizes the pricing service. These internal processes include obtaining and reviewing available reports on controls at the trustee bank and pricing service, evaluating the prices for reasonableness given market changes, investigating anomalies and confirming determinations through discussions with the trustee bank.

The fair value of Monarch's pension plan assets by asset category at December 31, 2015 and 2014 are as follows:

		Fair Value Measurements Using:		
2015	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 1,051,369	$ 1,051,369	$ -	$ -
Equity securities:				
Materials	3,696,957	3,696,957	-	-
Industrials	3,283,133	3,283,133	-	-
Telecommunication	1,286,407	1,286,407	-	-
Consumer discretion	1,527,409	1,527,409	-	-
Consumer staples	924,286	924,286	-	-
Energy	2,303,053	2,303,053	-	-
Financials	4,483,399	4,483,399	-	-
Healthcare	1,143,849	1,143,849	-	-
Information technology	2,367,647	2,367,647	-	-
Utilities	1,341,047	1,341,047	-	-
Miscellaneous	472,584	472,584	-	-
Fixed income securities:				-
Intermediate Duration Fund	13,957,277	13,957,277	-	-
Total	$ 37,838,417	$ 37,838,417	$ -	$ -

2014	Total	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 304,568	$ 304,568	$ -	$ -
Equity securities:				
Materials	3,223,603	3,223,603	-	-
Industrials	3,103,833	3,103,833	-	-
Telecommunication	1,827,414	1,827,414	-	-
Consumer discretion	1,548,248	1,548,248	-	-
Consumer staples	2,134,133	2,134,133	-	-
Energy	3,363,120	3,363,120	-	-
Financials	3,837,911	3,837,911	-	-
Healthcare	1,304,270	1,304,270	-	-
Information technology	2,594,502	2,594,502	-	-
Utilities	1,478,947	1,478,947	-	-
Miscellaneous	376,092	376,092	-	-
Fixed income securities:			-	-
Intermediate Duration Fund	13,418,771	13,418,771	-	-
Total	$ 38,515,412	$ 38,515,412	$ -	$ -

The plans' expected benefit payments as of December 31, 2015, shown separately for the next five fiscal years and in the aggregate for the subsequent five-year period, are presented below:

2016	$ 2,858,588
2017	2,867,661
2018	2,894,100
2019	2,980,959
2020	3,114,178
Five fiscal years ending December 31, 2025	15,704,604

The Company has defined contribution plans covering substantially all permanent employees of the Ready-Mixed Concrete Business. These plans allow the Company, at its discretion, to match the employee's contributions. For the 2015, 2014 and 2013 plan years, the Company matched 25% of the first 6% of the employee's compensation up to a maximum match of $2,500. The Company contributed $60,252, $66,354 and $70,910 to these plans for the years 2015, 2014 and 2013, respectively. The Company expects to contribute approximately $60,000 to these plans in 2016.

The Company contributes to multiemployer defined benefit pension plans under the terms of collective bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

a) Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

b) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c) If the Company chooses to stop participating in one of its multiemployer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Company's participation in these plans for the annual period ended December 31, 2015, is outlined in the table below. The Company considers only one plan it contributes to under collective bargaining agreements to be significant. The "EIN/Pension Plan Number" column provides the plan's Employer Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2015

and 2014 is for the plan's year-end at December 31, 2014 and 2013, respectively. The zone status is based on information that the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration dates of the collective bargaining agreements to which the plan is subject. There have been no significant changes that affect the comparability of 2015, 2014 and 2013 contributions.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2015	Pension Protection Act Zone Status 2014	FIP/RP Status Pending/ Implemented	Contributions by Company 2015	Contributions by Company 2014	Contributions by Company 2013	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
Central States, Southeast & Southwest Areas Pension Plan	36-6044243/001	Red	Red	Yes	$301,893	$298,382	$273,243	Yes	3/31/2016 & 4/30/2017 [(a)]
Other Funds					44,031	39,933	35,941		
					$345,924	$338,315	$309,184		

[(a)] The Company is party to two collective bargaining agreements that require contributions to Central States, Southeast & Southwest Areas Pension Plan. In 2015, 38% of the Company's contributions were required by a collective bargaining agreement that expires 3/31/2016 and 62% were required by an agreement that expires 4/30/2017.

The Company was not listed in any of its multiemployer plans' Forms 5500 as providing more than 5% of the total contributions. Forms 5500 were not available for the plan year ending in 2015.

(11) RECLASSIFICATION OUT OF ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table presents the reclassifications out of accumulated other comprehensive income for the periods indicated and the affected line item in the statements where net income is presented:

Reclassification for	2015	2014	2013
Net periodic pension and postretirement costs in:			
Cost of Sales	$ (123,308)	$ (409,395)	$ (1,222,417)
Tax benefit	49,467	163,895	489,180
Net of tax	$ (73,841)	$ (245,500)	$ (733,237)
Selling, General & Administrative Expenses	$ 661,735	$ 1,361,097	$ (821,692)
Tax benefit (expense)	(265,467)	(544,895)	328,820
Net of tax	$ 396,268	$ 816,202	$ (492,872)
Unrealized net gains on available-for-sale securities in:			
Gain (loss) on sale of equity investments	$ 8,343,407	$ (12,706)	$ 3,891,296
Tax benefit (expense)	(3,336,000)	4,000	(1,556,000)
Net of tax	$ 5,007,407	$ (8,706)	$ 2,335,296
Reclassifications, net of tax	$ 5,329,834	$ 561,996	$ 1,109,187

See Note 10, "Pension and Other Postretirement Benefits", for discussion of pension and postretirement amounts yet to be reclassed in accumulated other comprehensive income.

(12) SIGNIFICANT ESTIMATES AND CERTAIN CONCENTRATIONS

Thirty-nine percent (39%) of the Company's employees are covered by various collective bargaining agreements. Approximately 77% of those union employees (30% of our total employees) are covered by a contract that expires in 2016. 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.

The Company has noncontributory defined benefit pension plans and postretirement health care plans that provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to services rendered prior to the valuation date based on the Entry Age Actuarial Cost Method and the Projected Unit Credit Actuarial Cost Method, respectively. It is reasonably possible that events could occur that would change the estimated amount of these liabilities materially in the near term. The financial statements have been prepared using values and information currently available to the Company.

Economic and financial market conditions could adversely affect our results of operations in future periods. Instability in the financial markets may make it difficult for certain of our customers to obtain financing, which may significantly impact the volume of future sales and adversely impact the Company's future operating results.

In addition, volatility of economic conditions could rapidly change the values of assets and liabilities recorded in the financial statements, resulting in material future adjustments in investment values (including defined benefit pension plan investments), allowances for accounts, net realizable value of inventory and realization of deferred tax assets that could negatively impact the Company's ability to meet debt covenants or maintain sufficient liquidity.

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

The Company invests in various equity securities which are exposed to market risks. Due to the level of risk associated with certain equity securities, it is at least reasonably possible that changes in the values of equity securities will occur in the near term and that those changes could materially affect the amounts reported in the accompanying balance sheet.

(13) STOCKHOLDERS' EQUITY

Capital Stock and Class B Capital Stock have the same rights except as follows: Class B Capital Stock has voting rights of ten votes per share and restricted transferability; Class B Capital Stock is convertible at all times into Capital Stock on a share-for-share basis; and Capital Stock has one vote per share and is freely transferable.

(14) LINES OF BUSINESS

The Company groups its operations into two lines of business - Cement Business and Ready-Mixed Concrete Business. The Company's business lines are separate business units that offer different products. The accounting policies for each line are the same as those described in the summary of significant accounting policies. Corporate assets include cash and cash equivalents, deferred income taxes, investments and other assets for 2015, 2014 and 2013. Corporate assets also include refundable federal and state income taxes for 2014. The operations of TDI and BLC, subsidiaries in the Ready-Mixed Concrete Business segment, have been presented as discontinued operations in the financial statements and not included in segment results for periods prior to March 31, 2014. See Note 4, "Discontinued Operations", for further discussion.

Following is information for each line for the years ended December 31, 2015, 2014 and 2013:

	Cement Business	Ready-Mixed Concrete Business	Adjustments and Eliminations	Consolidated
For the Year Ended December 31, 2015				
Sales to unaffiliated customers	$ 69,132,427	$ 78,767,195	$ -	$ 147,899,622
Intersegment sales	16,072,919	35,320	(16,108,239)	-
Total net sales	$ 85,205,346	$ 78,802,515	$ (16,108,239)	$ 147,899,622
Income from operations	$ 15,709,948	$ 1,222,171		$ 16,932,119
Other income, net				9,779,291
Income before income taxes				$ 26,711,410
Identifiable assets at December 31, 2015	$ 93,655,658	$ 38,957,101		$ 132,612,759
Corporate assets				49,401,592
Total assets at December 31, 2015				$ 182,014,351
For the Year Ended December 31, 2014				
Sales to unaffiliated customers	$ 65,458,122	$ 81,439,606	$ -	$ 146,897,728
Intersegment sales	17,160,386	19,999	(17,180,385)	-
Total net sales	$ 82,618,508	$ 81,459,605	$ (17,180,385)	$ 146,897,728
Income (loss) from operations	$ 14,755,705	$ (153,654)		$ 14,602,051
Other income, net				1,289,675
Income before income taxes				$ 15,891,726
Identifiable assets at December 31, 2014	$ 91,614,058	$ 38,146,055		$ 129,760,113
Corporate assets				50,107,011
Total assets at December 31, 2014				$ 179,867,124
For the Year Ended December 31, 2013				
Sales to unaffiliated customers	$ 55,793,229	$ 71,648,370	$ -	$ 127,441,599
Intersegment sales	18,859,698	3,046	(18,862,744)	-
Total net sales	$ 74,652,927	$ 71,651,416	$ (18,862,744)	$ 127,441,599
Income (loss) from operations	$ 5,716,116	$ (199,791)		$ 5,516,325
Other income, net				5,348,203
Income before income taxes				$ 10,864,528
Identifiable assets at December 31, 2013	$ 91,279,098	$ 34,106,903		$ 125,386,001
Corporate assets				48,719,861
Total assets at December 31, 2013				$ 174,105,862

Total sales by line of business before adjustments and eliminations include both sales to unaffiliated customers (as reported in the Company's consolidated statements of income, comprehensive income and stockholders' equity) and intersegment sales. Intersegment sales are accounted for by the same method as sales to unaffiliated customers.

Income from operations is total net sales less operating expenses. In computing income from operations, none of the following items have been added or deducted: general corporate income and expenses; interest expense; and income taxes. Depreciation and depletion for the Cement Business and Ready-Mixed Concrete Business, respectively, was approximately: $9.1 million and $5.4 million in 2015; $8.3 million and $4.8 million in 2014; and $7.6 million and $3.7 million in 2013. Capital expenditures for the Cement Business and Ready-Mixed Concrete Business, respectively, were: $8.8 million and $4.9 million in 2015; $7.0 million and $5.7 million in 2014; and $10.7 million and $5.0 million in 2013. Identifiable assets by line of business are those assets that are used in the Company's operations in each industry.

During 2015, 2014 and 2013, there were no sales to any one customer in excess of 10% of consolidated net sales.

(15) OTHER COMPREHENSIVE INCOME

The following table summarizes the changes in each component of accumulated other comprehensive income, net of 40% estimated tax:

	2014	Change	2015
Unrealized appreciation on available-for-sale securities	$ 10,668,000	$ (2,160,000)	$ 8,508,000
Pension liability adjustment	(9,695,068)	(4,918,136)	(14,613,204)
Postretirement liability adjustment	(209,019)	873,541	664,522
	$ 763,913	$ (6,204,595)	$ (5,440,682)

	2013	Change	2014
Unrealized appreciation on available-for-sale securities	$ 10,116,000	$ 552,000	$ 10,668,000
Pension liability adjustment	(7,786,992)	(1,908,076)	(9,695,068)
Postretirement liability adjustment	1,182,375	(1,391,394)	(209,019)
	$ 3,511,383	$ (2,747,470)	$ 763,913

(16) SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Corporate Information

DIRECTORS

Jack R. Callahan

Ronald E. Callaway

David L. Deffner

Robert M. Kissick

Gayle C. McMillen

Byron J. Radcliff

Byron K. Radcliff

Steve W. Sloan

Michael R. Wachter

Walter H. Wulf, Jr.

Walter H. Wulf, III

OFFICERS

Walter H. Wulf, Jr.
President and Chairman of the Board

***Byron K. Radcliff**
Vice Chairman of the Board, Secretary and Treasurer

***Robert M. Kissick**
Vice President

Kent A. Webber
Executive Vice President

Debra P. Roe
Chief Financial Officer and
Assistant Secretary-Treasurer

Lisa J. Fontaine
Assistant Secretary

Kenneth G. Miller
Vice President - Cement Manufacturing

N. Joan Perez
Vice President - Sales

*Not actively involved in the daily affairs of the Company

Shareholder Information

CORPORATE OFFICE
449 1200 Street
P.O. Box 1000
Humboldt, KS 66748
Phone: (620) 473-2222
Fax: (620) 473-2447

AUDITORS
BKD, LLP
Kansas City, Missouri

ANNUAL MEETING
The annual meeting of the stockholders of The Monarch Cement Company is held the second Wednesday in April of each year at the Company's corporate offices.

TRANSFER AGENT AND REGISTRAR
The Monarch Cement Company
P.O. Box 1000
Humboldt, KS 66748-0900
shareholder.relations@monarchcement.com

STOCK TRADING INFORMATION
Trading Symbol: MCEM
Over-the-Counter Market

INVESTOR RELATIONS
Inquiries may be directed to Debra P. Roe, Chief Financial Officer and Assistant Secretary-Treasurer, at the corporate address shown above.

FINANCIAL INFORMATION
The Company's financial statements are available on the Company's website, http://www.monarchcement.com.

The Monarch Cement Company

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