

# BRUNING STATE BANK

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**"YOUR COUNTRY BANK"**

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## Who Are We, Anyway?

Bruning State Bank originated in 1891. Five Bruning brothers had come from Germany between 1857 and 1860, and two of those brothers were among the founders. My grandfather, Frank, was only 10 years old when he came to America, and his parents died the next year. My great-uncle, Friederich, arrived at age 24, and spent three years in the Civil War.

The five Bruning brothers lived and worked in the Eureka, Illinois area at first, but then moved to Nebraska in the 1880s. While Friederich and Frank were the only two brothers involved in the original bank, the other three were instrumental in starting the community. The story is that the Bruning brothers took the Burlington Railroad people home for a chicken dinner, and the town became known as "Bruning."

The bank, initially named the "German Bank", was renamed to "Bruning State Bank" after World War I, because of the anti-German sentiment that existed in the area in 1918, even though my father, Fred H. Bruning, served in WWI.

Family support has been very important to our growth; our stockholder list is made up over forty descendants of Friederich and Frank, and our success is directly connected to their desire to run a "very good country bank." As our forebears stated, "The Bank does not belong to us; it is to be passed on to other generations for its use." Presidents of the Bank include my grandfather, my father, my son, and me. My grandson Adam Bruning works in our Holdrege branch. Of Friederich's family, William M., George C., Paul, and now Paul's son, Doug Bruning, have served as officers or directors.

The growth and success we have had in our 121 years, operating from a town of about 300, is humbling, and is largely due to our stockholders and employees. Our Hebron branch started in 1991, Broken Bow in 2005, and Holdrege in 2009.

It has been very rewarding to me to see how we have been accepted in these communities. Since many of you reading may not have known all this history, I hope this letter will help to acquaint you with us a little more. Our goal remains the same as that of our ancestors – we want to be the Best Bank in the Country!

*Banker Frank – Frank L. Bruning  
Chairman of the Board*

*"To us much has been given, so more is required of us." – Fred H. Bruning*

## Visionaries of Nebraska...

Nebraska has been influenced by many visionary people who helped transform the state into a very unique and diverse place. This diversity includes our political system as well as our ability to produce food, livestock, and full-farm crops. NEBRASKA LIFE magazine recently had an article on seventeen of these people who paved our way. I have focused on just a few:

- C.W. McConaughy of Holdrege began a campaign in 1913 to harness the flood waters of the Platte River for irrigation in the center of the state. In 1936, a reservoir on the North Platte River was completed, and is now known as Lake McConaughy. It supplies water for many acres of corn, soybeans, and alfalfa, yielding much more productive farmland.

- Frank Zybach of Columbus developed the center-pivot irrigation system. His system of pipes, sprinklers, trusses, and wheels, more efficient than old-style irrigation methods, also conserved water vs. gravity irrigation. Zybach's center-pivot design is now used globally, allowing farmers everywhere to maximize limited water resources. Nebraska now has the most irrigated acres of any U.S. state and is home to the four largest pivot manufacturers in the world: Reinke, Valley, T&L, and Zimmatic. Some consider the pivot the greatest agricultural device since the tractor.

- George Norris was a 5-term U.S. Senator from McCook who led the drive to create a one-house legislature, the nation's only Unicameral. I believe his finest accomplishment came in 1935 when President Roosevelt signed the Rural Electrical Distribution Systems plan to serve America's neglected rural areas. It was a bill Norris supported to provide electricity for farms, ranches, and rural homeowners.

When you consider McConaughy's reservoir, Zybach's irrigation system, and Norris's rural electricity and Unicameral legislature, you can see how their visions helped change the face of Nebraska. The former Great American Desert of Nebraska has become a productive and economically prosperous state.

These are only three of the fine people who shaped Nebraska – visionary people who stepped forward, despite the odds of accomplishing these ideas. What a great state we live in! Thank you to these leaders, and to all contributors to our heritage.

*Fred D. Bruning – President*

*"Vision without action is only dreaming; action without vision is only passing time; vision with action can change the world." – Nelson Mandela*

# What Goes Up Must Come Down...

Welcome to the wild ride of the capital markets – version 2014. Last year we saw records gained in the stock market fueled by fundamental growth in companies, sluggish but steady economic growth, and the continuation of the Fed's Quantitative Easing (easy money policy).

You do not have to look very far to find differing opinions from economists and financial analysts about economic outlooks for 2014. After studying a multitude of 2014 outlook commentaries, interviews, and presentations, I've come to the conclusion that the prevailing opinion is for a potential correction in 2014, possibly early in the year, with most predicting continued growth, albeit not as great as 2013. A "correction" is loosely defined as a change in the markets of 10% or less (in this case referring to a negative correction or pull-back).

Fixed income will continue to be a challenge this year as portfolio managers work to provide yield in what looks to be a potentially rising rate environment. Some of the fixed income portfolios still have not fully recovered losses from last year's "taper tantrum." This will remain a focus for us and our asset managers this year.

There should be opportunities in Emerging Markets equities and Developed International equities. Be cautious of the percentage you allocate though. The Emerging Markets sector is typically more volatile than other sectors and should fit your investment profile. Economists are divided about U.S. equities. Most analysts remain cautiously optimistic (meaning growth but less than 2012-2013) to downright Bullish, with a minority predicting a Bear market.

Should you be concerned? Is now the time to get out of the market? Is this the time to get in? A recent Forbes article, "The 2014 Investment Guide", by Janet Novack and Matt Schiffrin, lists 365 investment and financial ideas, many quoted from famous investors. Here are a few I picked out:

- "Invest at the points of maximum pessimism." - Sir John Templeton
- "Patience is the fund investor's single most powerful ally." - Benjamin Graham
- "Know your risk tolerance. Pick an asset allocation that lets you sleep at night, so you won't panic and sell stocks at the bottom."
- "After setting an asset allocation, rebalance yearly; it forces you to take profits when stocks have surged and to buy more shares when they're cheap."
- "When the Bear charges, stand your ground." (Meaning: Don't panic and sell at the bottom.)
- "You know who didn't have bad years? Bernard Madoff – until he got caught." - Ken Fisher (That one made me laugh.)

As I read through the "2014 Investment Guide," it struck me that the year didn't matter. It was simply a list of mostly "tried and true" sage financial and investment advice that could be used any year. I like that. Because the truth is no one knows if the Bull market ends this year, or if there will be a significant correction and if so, when it will be. But one thing is for certain, there will be volatility in the markets this year, just like every other year.

So what does that mean for you and your investments? My advice rarely changes. I believe everyone should have an Emergency Fund of 3-12 months expenses in a low risk investment – outside the markets – such as bank savings or CD's. Then choose a diversified portfolio for your investments that's designed to match your risk tolerance and time horizon.

When there is a market correction, a conservative-risk portfolio (more fixed income and cash equivalents than equities) typically will not decline as much as a moderate-risk portfolio (higher percentage of equities) or an aggressive portfolio (highest percentage of equities). Conversely, when the markets are on the climb, the aggressive portfolio typically captures higher returns than the conservative portfolio. Your time horizon and risk tolerance dictate which portfolio is most appropriate for you.

As we enter into a new year, remember – the reason we use capital markets is because we believe in the power of capitalism to grow wealth over the long term – knowing there will be ups and downs along the way but counting on the average of returns to outpace inflation and grow wealth. And we take these calculated risks to build wealth in order to improve our financial lives, increase our retirement income, help our families, contribute to our communities, and help people less fortunate through charitable giving.

## David Frook – Financial Planner

The opinions and forecasts expressed are those of the author and may not actually come to pass. This information is subject to change at any time, based on market and other conditions, and should not be construed as a recommendation of any specific security or investment plan. Past performance does not guarantee future results. All investments involve the risk of potential investment losses and no strategy can assure a profit.

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## Financial Role Models...

Since "do what I say, not what I do" rarely works well as a parenting strategy, I thought I'd pass on some tips I recently read about how parents can be good financial role models for their children.

**1. Be open about your financial situation.** Include your kids in household budget discussions and the decision-making process on when to save and when to spend money.

**2. Take a hands-on approach.** Start teaching your children about money as soon as they begin asking for things. First, teach them how to identify different denominations of money, let them play with and count money early by counting pennies in a piggy bank. As they get older and become teens, teach them how to balance a checking account. Letting your children take control of their finances in some capacity can heighten their confidence about using money appropriately.

**3. Emphasize the importance of earning money.** Encourage children to put in effort to earn money by doing household chores, doing small jobs for people in the neighborhood, or working at minimum wage jobs. Once they are old enough to drive and have vehicles, let them be responsible for putting gas in the car and paying for routine maintenance. This makes them realize they have to budget, and if they drive too much, they have to earn enough money to refill the car with gas.

**4. Have a healthy relationship with money.** Young children pick up on behavioral cues and attitudes faster than you think. If you grimace or moan every time you receive your monthly credit card bill or when taking out your wallet to pay for something, they may start associating money with negative experiences. Instead of reactions like "We can't afford it" or "We don't have enough money," use more positive phrases, such as "It's not a priority right now" or "I don't think it's worth the price." If it is something they really want, ask them, "What can you do to find or earn the money to get that?"

**5. Don't do it on your own.** Teaching kids good financial habits requires a lot of time and effort. In addition to being a good financial role model yourself, connecting your children to other people who have a positive relationship with money can strengthen how your children will handle money in adulthood.

Source: Jennifer Calonia. U.S. News & World Report. June 20, 2013.

*Craig A. Pope –  
Hebron Branch President*

## Progress in Custer County...

As many of you know, I serve on the Custer Economic Development Board. With the start of 2014, I thought I would share with you a little of what is happening here in Custer County.

Over the past five years, Custer County has been fortunate with the business expansion we have seen, and it doesn't appear to be slowing down any time soon.

This past fall, a large new convention center and hotel were built on the west edge of town. The convention center has already hosted many events, and from my understanding, there are a number of booked-up dates in 2014 and beyond. The convention center was something that has been needed for a number of years. The hope is that in addition to many social events, it will bring many business meetings and functions to the town of Broken Bow.

In 2014, a second wind farm project will come to our area. The first phase of the wind farm was completed in 2012, and now the second phase will be started this year. With the completion of the second wind farm, there will be a total of nearly 100 windmills just east and north of Broken Bow. We are very excited about this project because it not only brings revenue to our land owners but also to our local businesses from all the construction that will be going on for roughly twelve months.

Another large project that will be getting started soon is a new affordable housing addition in the northwest part of Broken Bow. Twelve new stick-built homes will be constructed with the help of a local investor, the city, and a grant from the Department of Economic Development. This is a \$2 million plus project that should be completed in the fall of 2014. The exciting news is that seven of the twelve homes have been presold. Once again, this project will stimulate business for local contractors and area businesses.

A couple of weeks ago, the Custer County Board of Supervisors announced an agreement with the local economic development corporation for the lease of a new Judicial Center to be built on the west edge of Broken Bow. This project is in the beginning stages but if the project bids would come within budget guidelines, we could see a new Judicial Center in Broken Bow in the next two to three years.

There are a couple more projects still in their infant stages that will be announced at a later date. The recent growth we have been seeing in the Custer County area has amazed me, and it looks like there is no slowing down for at least another year. I invite you to take a look online at our local economic development group's website at [www.custercountyne.com](http://www.custercountyne.com).

*Jim Scott –  
Broken Bow Branch Vice President*

**Even when a credit card breach isn't in the news, remember to always carefully review your account activity for unauthorized transactions. Online Banking and Mobile Banking are great ways to find and report fraud faster!**

# Is Your Insurance Ready for the New Year?

The New Year is here! New purchases and lifestyle changes can have a profound effect on your insurance needs, so an annual coverage review is very important. Start 2014 off right by discussing your current insurance coverage needs with your agent. Consider the following questions:

## Auto Insurance

- Are all of your vehicles listed on the policy? You may not have automatic coverage on a newly purchased vehicle if all vehicles are not insured by the same company! Liability coverage is required on all licensed vehicles.
- Are all drivers listed on the policy? Coverage can be declined if there is an accident caused by an undisclosed driver in the household.
- Are liability limits sufficient to protect you if there is a major accident? If insurance coverage is insufficient, you risk losing your savings and other assets.

## Home Insurance

- Do you have sufficient coverage on your policy to rebuild your home if it were destroyed?
  - The maximum coverage paid on a claim will be the coverage limit written on the policy. Penalties can apply if coverage is not written to at least 80% of actual replacement cost.
  - Have you added on to your home or made other improvements and renovations?
- Does your policy provide adequate coverage for structures not attached to your dwelling?
  - Don't overlook gazebos, sheds, decks, garages, and other similar structures.
- Is coverage on your personal property (household goods) sufficient to allow for replacement if everything were lost?
  - Don't forget electronics, exercise equipment, appliances, furniture, and other items.
  - Do you have jewelry, guns, electronic equipment, fine arts, cameras, etc. that need to be specifically scheduled on the policy?
- Are you considering or have you recently purchased a vacation home, secondary home, or potential retirement home that needs coverage?
  - Do you need flood insurance coverage for a home in a flood plain?
  - Is your child or other family member renting an apartment, dorm, or another home?
    - Renter's coverage may be needed to provide coverage for personal property.
    - Renter's liability coverage should also be written.

## Farm Insurance

- Are all structures not attached to your home listed on the policy?
  - All garages, buildings, sheds, grain bins, and other structures need to be scheduled on the policy for coverage to apply.
- Are your irrigation pivot systems insured to full replacement cost value, including the pivot system, irrigation motor, underground wiring, electrical panels, etc.?
- Are cattle, hay, and grain insured to value using today's market prices?
  - Are all implements, equipment, and tools included on the policy?
  - Is liability coverage sufficient?

## What about...

Personal Umbrella Liability, Multi-Peril Crop, Crop Hail, Motorcycle, ATV, Health, Life, Disability, and Long Term Care Insurance? Please contact us and we will be happy to help you!

We thank you for your business and look forward to working with you in 2014!

*Kathy Roberts, Brian Hulse  
& Kristen Monteforte –  
Insurance Agency*

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Not insured by any federal government agency. May go down in value.

# For All HSA and IRA Owners...

As we begin the New Year, we want to remind everyone that you have until your tax filing due date to make contributions to your Health Savings Account (HSA) and your Individual Retirement Account (IRA) for the 2013 tax year. You also need to be aware that there are limits on the contributions you can make to each of these accounts. Please note the following limits:

Contribution Limits		2013	2014
Health Savings Accounts	Individual HSA	\$3,250	\$3,300
	Family HSA	\$6,450	\$6,550
	<i>Exception: If you are over the age of 55 but under the age of 65, there is a "catch-up provision". You may contribute an additional \$1,000 per year for 2013 and 2014.</i>		
Individual Retirement Accounts	Traditional IRA	\$5,500	\$5,500
	Roth IRA	\$5,500	\$5,500
	<i>Exception for Traditional &amp; Roth IRAs: If you are age 50 or over, there is a "catch-up provision". You may contribute an additional \$1,000 per year for 2013 and 2014.</i>		
	SEP IRA	The lesser of: 25% of the first \$255,000 of each eligible employee's compensation - OR - \$51,000	The lesser of: 25% of the first \$260,000 of each eligible employee's compensation - OR - \$52,000
Education Savings Accounts	Coverdell ESA	\$2,000	\$2,000

It is up to you, as the account owner, to monitor these account contribution limits. If you are not certain how much you have contributed for the tax year, any of our customer service representatives would be happy to help you!

*Cheryl Houser –  
Customer Service (Bruning)*

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# Prepared for the Next Decade?

On December 12, Bruning State Bank sponsored a presentation by Dr. David Kohl, Professor Emeritus of Agricultural and Applied Economics at Virginia Tech. The event was held at the Sun Theatre in downtown Holdrege and was attended by a nice crowd. Thank you to all who attended.

The talk was on Positioning Your Business for Agriculture's Next Decade. Dr. Kohl, in my opinion, is the best farm economist in the United States. He knows how to present his ideas in a very interesting manner. He is also not afraid to challenge those in attendance.

I made a few notes from his presentation which I would like to share:

1. There are "Winds of Change" evident in the agricultural world.
  2. Good managers will still be in a position to succeed in the coming years.
  3. The emerging nations of Brazil, China, India, Russia, Korea, and Indonesia have been vital to America's agricultural "Super Cycle", but there are signs that their economies are slowing down.
  4. The developed nations of North America, Europe, and Japan are countries with huge public debt, aging populations, and large entitlement sums owed to their taxpayers.
  5. The U.S. Federal Reserve injected \$1 trillion worth of wealth into rural America with their low interest rate policy.
  6. Right now the interest cost, even at the present low rates, is a higher budget item than the United States military budget.
  7. The U.S. and Global stock markets, largely due to government policy, are markets on steroids.
  8. The Supersized Super Cycle, as he calls it, will moderate in the next five years. The reasons are: a) emerging nations' economies are slowing down; b) the ethanol mandate is softening; c) the Fed will not continue to keep interest rates so low; d) there will be good investment options other than farm ground; and e) Mother Nature.
  9. The farm ground in Nebraska has increased in value 51.3% over the past two years.
  10. In preparing for the future it is very important for families to set goals. Those should include spiritual and personal goals along with financial goals.
  11. "Working Capital is King" and vital to survival.
  12. Pay some income taxes and don't market your grain based on income taxes.
  13. Start to reduce your personal living expenses, if you have let them get away from you.
- In summary, we have been through some of the most profitable years ever in agriculture. Position yourself for future success because the tides are beginning to change. We feel confident that Nebraska producers will be able to adapt. For those of you who went through the '80s, it isn't hard to understand why we need to "strap it down" and be more conservative. We know it can happen and it will happen again someday.

On a related note, I also just finished the book The 21 Irrefutable Laws of Leadership by John C. Maxwell. This is a great book on leadership and I would strongly recommend it to anyone.

Chapter 21 is titled "The Law of Legacy." In that chapter, Maxwell poses the question, "What do you want people to say at your

funeral?" That may seem like an odd question, but it is one of the most important things you can ask yourself as a leader because a leader's lasting value is measured by succession.

S. Truett Cathy, founder of Chick-fil-A, said, "Somebody told me 'Truett, the determination of how good a fellow you are is the conduct of your grandchildren.'" To which Truett replied, "Oh don't tell me that. I thought I did pretty good with my three children; now I've got to see how my twelve grandchildren turn out."

The point of this chapter in the book is that a legacy is created only when a person puts his or her organization, farm, business, or family into a position to do great things without him or her. A leader's lasting value is measured by their succession and the impact they had on other's lives. My hope is that you and I will live and lead according to that standard.

*John Boehler –  
Holdrege Branch President*

*"Life is like a parachute jump; you've got to get it right the first time."  
– Eleanor Roosevelt*

## Farmers & Ranchers College...

The final program for the 2013-14  
Farmers & Ranchers College  
season will be:

## Agricultural Water Update



**Tuesday, March 18, 2014**

**10:00 a.m. – 3:00 p.m.**

**Lunch will be provided.**

**Fillmore County Fairgrounds  
Geneva, NE**

**There is no cost to attend this program.**

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## Crop Insurance News & Notes...

Wow...another year has already come and gone! Where are the days when time seemed to drag by? Now we are so busy with day-to-day activities that time just flies by and we can't get everything done!

No matter how busy, here are some things you don't want to forget...

### Multi-peril Crop Insurance Deadline

**March 15, 2014** is the sales closing deadline for 2014 Row Crop Insurance. All 2013 premiums **MUST** be paid by March 15, 2014, or ALL your crop insurance coverage for 2014 will be cancelled and you will not be eligible for crop insurance until 2015.

Coverage changes must also be done by this deadline:

- Obtain new coverage.
- Cancel or transfer coverage.
- Add land in another county.
- Add crops not already insured on the policy.
- Report any changes in marital status.
- Report any changes in corporations, partnerships, LLCs or other entities.
- Report any "new breaking" ground.

### Yield Reporting

2013 Row Crop yields need to be reported to your agent. Remember to contact us right away if you think you might have a loss on your 2014 wheat crop. It is important that all losses be reported timely! Be sure to contact our office **BEFORE** you decide to destroy any wheat crop. Row crop planted on existing 2014 wheat ground is considered double-cropped and could be uninsurable if the wheat has reached head stage.

### Hail Insurance

Do you have continuous hail insurance coverage on all crops? There is no additional charge for the continuous policy – protect yourself from an early hail storm!

We are always available to answer any questions you might have, so please be sure to stop by and talk to us regarding your multi-peril crop insurance, hail insurance, and livestock insurance needs!

*Jeff Hammer, Kathy Roberts,  
Brian Hulse, Craig Pope,  
& Shari Fischer –  
Crop Insurance Agents*

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Not insured by any federal government agency. May go down in value.

## Resolutions...

Is this the year you resolved to take care of all those troublesome little tasks you have been putting off? You know, the will you meant to have drafted (or the will you meant to revise)...

Or is there a situation in your personal life that calls for getting a trust drawn, so you can provide for loved ones? You may want to consider getting a durable power of attorney put in place, just in case something happens to you and you aren't able to manage your own matters.

Many of us think with a new year, we will be able to organize all the details in our lives, thus making our lives much simpler. And it is not just the business issues that need management. If you are a computer / social media user, you already know about all the passwords required by different accounts. What happens if you pass away? Will your Facebook and email accounts have anyone who can "retire" these accounts? And don't forget about all the automatic payments you have set up to be paid out of your account. If you aren't in a position to stop them, it may be advisable to have someone who can.

While you are thinking about finally getting that will or trust drawn up, keep in mind that in these "digital days", there are even more details to address. Make a list of your passwords, and provide them to one of your most trusted people, just in case. Even those of us who work with passwords on a daily basis have trouble remembering them all the time. Here, we have a network administrator who can help us out. In your personal situation, where would you turn? You might also view it as leaving a spare key to your house with a trusted friend. When you work on that will, you may want to address these digital issues as well.

Bruning State Bank Trust Department has been here for over 20 years, with trust committee members in each of our four locations. Please stop in or call us to discuss how we might be able to help you!

*Janet Germer –  
Vice President, Trust Officer*

We invite you to join us for our  
**Annual Crop Insurance  
Meeting & Luncheon**

to learn more about crop insurance  
and the many changes coming soon.

**Friday, February 21 - 11:00 a.m.**  
**Belvidere Community Center,  
Belvidere, NE**

**EVERYONE IS WELCOME TO ATTEND!**

Lunch will be served.

RSVP appreciated: 402-353-2085

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## Technology Update...

As you can guess by reading our Technology Update articles, change is a large part of the IT industry, and being able to cope with it is the mark of a good IT professional. I recently came across this quote, "All changes, even the most longed for, have their melancholy; for what we leave behind us is a part of ourselves; we must die to one life before we can enter another." That was written by Anatole France, a French poet and author, sometime in the late 1800's but we can see the truths in it today.

In September of 1980, Bruning State Bank entered into an agreement with a small technology company from Lincoln, NE. We needed a computer system for accrual accounting and they had signed up a few banks that we knew and whose opinions we trusted. I've been told we were the fifth bank they signed up for their system and here we are 34 years later, still using the same company for our processing. Granted, the software has been updated numerous times, we now have many more servers than we did back in the day, and our customers are able to use their smartphones to look at their balances (something that was probably not dreamed of back then). Through it all we have kept our processing "in-house" – doing our nightly updates and sending out your statements, among other things, from here in Bruning.

We are now currently in the process of migrating our operations to a data processing center in West Des Moines, IA. There were many reasons for this change, but as with many things in banking, it came down to how we could best serve our customers. We have talked about extending our cut-off times in the past for our teller windows as well as for wires, online banking, etc. and this move will allow us to do that. It also allows us to beef up our security for our online channels and better keep an eye on updates both for our core programs and for our servers. With this change, we will also debut a couple of new products that you will be hearing about in the coming months.

It is important to note that our personnel will not change with this move. You will still talk with the same people you always have when you come into the Bank or contact us on the phone. You will still call your local branch when you have a question or concern and we will still give you the same level of personal service you have received in the past. We hope to make this transition a smooth one, perhaps one that you may not even notice, and we hope to continue being "Your County Bank" for many years to come. As the quote says, we are leaving a part of ourselves behind, but the future is looking bright and we are excited for all of the advantages this next step will bring.

**Tech Term of the Month: Bitcoin.** I'm defining this term as a public service, as I've seen a lot written about Bitcoin lately that assumes everyone just knows what this is without any explanation. Bitcoin is a peer-to-peer payment system using digital currency. There have been and continue to be multiple issues with it from security to price volatility. We have seen many digital currencies try and fail over the years and are unsure whether this one will find success or wind up like the others.

*Corey Swartzendruber –  
Network Administrator*

## Cheap Commodities - What Do You Do?

We all knew the high grain prices were not going to last forever. Any of us who have been in farming or associated with farming over the last 50 years are convinced the good times have run their course.

So, we're there, and the good times may not come back for a while – what do you do?

The first thing you need to do is complete a current balance sheet so you know where you are financially today. This should be an uplifting and positive exercise since you have had six to seven years of high prices helping you improve your overall financial position. Most grain farmers tell me they have made more money in just the last seven years than they made in the first twenty to thirty years of farming.

After you know where you are financially, you need to complete a detailed cash flow for the 2014 crop year. It is important you go through your actual expenses from last year and estimate as close as possible what your expenses will be for this coming year. Be sure to include every principal and interest payment you will be making. Estimate your income by using reasonable yields (i.e., if you have been averaging 200 bushel per acre for irrigated corn for the last several years, then use that yield.) Price your grain at a realistic price. On the cash flows we are doing for customers, we are estimating unpriced corn at \$4.00 per bushel and unpriced beans at \$11.00 per bushel. I'm not saying that's the price you have to use, just be realistic.

Be sure to include your anticipated family living expenses in your cash flow. Almost all of the farm customers I work with underestimate family living expenses by at least 25%. Once you have established your cash flow, you have a benchmark of what your financial progress will be, at your estimated commodity prices, using your estimated expenses.

If this projection says you will make money or break even, you now know the minimum price you need to market your gain at. This is a very important piece of information to have in your pocket as you work on your grain marketing strategy for 2014. If the cash flow indicates you will have a loss, then what is the price you need to get to break even? If it's unrealistic to be able to market your grain at that price, then you'll have to look at your operation and see if there are things you can do differently to cut your costs.

The whole point of this exercise is to develop a realistic strategy to hold your equity together and not lose any money. If you can break even through the lean times, then you can build wealth when times improve, instead of just building back what you lost.

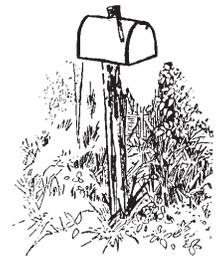
*Darrell Raum –  
Credit Supervisor,  
Senior Vice President*

# BRUNING STATE BANK

P.O. Box 100  
Bruning, Nebraska 68322

Std  
U.S. Postage  
PAID  
Permit No. 4  
Bruning,  
Nebraska

*Address Service  
Requested*



*"YOUR COUNTRY BANK"  
Since 1891*

## BRUNING STATE BANK

"Your Country Bank" Since 1891, Charter No. 618  
Statement of Condition at Close of Business December 31, 2013

### ASSETS

CASH.....	\$21,678,000.00
(Cash in our vault, plus cash due on demand from other banks where funds are deposited.)	
U.S. BONDS.....	\$82,834,000.00
(This is the amount of government bonds owned by the Bank, most of which are due in less than three years.)	
MUNICIPAL BONDS.....	\$27,599,000.00
(Investments in high-grade bonds issued by cities, school districts and other municipal government.)	
FEDERAL FUNDS SOLD.....	\$0.00
(Funds loaned to other banks for daily cash needs, payable on demand.)	
<b>TOTAL CASH ASSETS.....</b>	<b>\$132,111,000.00</b>
(Total of liquid investments that could be quickly converted to cash or other immediately available funds.)	
LOANS AND DISCOUNTS.....	\$182,710,000.00
(Amount of money loaned to customers for all types of loans, such as real estate, agriculture, commercial and consumer.)	
BANKING HOUSE, FURNITURE AND FIXTURES.....	\$4,444,000.00
(The depreciated value of the Bank, all furniture and equipment.)	
OTHER ASSETS.....	\$13,399,000.00
(Accrued interest earned but not collected and other receivables.)	
<b>TOTAL ASSETS.....</b>	<b>\$332,664,000.00</b>

### LIABILITIES

DEPOSITS.....	\$247,125,000.00
(Amount of money on deposit by customers of the Bank, in the form of checking accounts, savings accounts and certificates of deposit.)	
BORROWED FUNDS - FHLB AND OTHERS.....	\$56,278,000.00
OTHER LIABILITIES.....	\$910,000.00
(Accrued interest payable on all interest bearing checking accounts, savings accounts and certificates of deposit, payable at a future date, and income taxes payable during the fiscal year.)	
<b>TOTAL LIABILITIES.....</b>	<b>\$304,313,000.00</b>

### EQUITY CAPITAL

CAPITAL STOCK.....	\$600,000.00
(Par value of 6,000 shares of common stock of the Bank, paid by the people who own the stock.)	
SURPLUS.....	\$19,400,000.00
(Amount taken from the profits of the Bank to further strengthen the position of the Bank.)	
UNDIVIDED PROFITS AND RESERVES.....	\$8,351,000.00
(Amount that has accumulated from earnings of the Bank for reserves.)	
<b>TOTAL EQUITY CAPITAL.....</b>	<b>\$28,351,000.00</b>
<b>TOTAL LIABILITIES &amp; EQUITY CAPITAL.....</b>	<b>\$332,664,000.00</b>

## ANNUAL PRIVACY POLICY NOTICE

### FACTS

### What Does Bruning State Bank Do With Your Personal Information?

<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"> <li>• Social Security number and income</li> <li>• account balances and payment history</li> <li>• credit history and credit scores</li> </ul>
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information, the reasons Bruning State Bank chooses to share, and whether you can limit this sharing.

Reasons we can share your personal information:	Does Bruning State Bank share?	Can you limit this sharing?
<b>For our everyday business purposes –</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	YES	NO
<b>For our marketing purposes –</b> to offer our products and services to you	YES	NO
<b>For joint marketing with other financial companies</b>	NO	NO
<b>For our affiliates' everyday business purposes –</b> information about your transactions and experiences	NO	NO
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	NO	We do not share.
<b>For our affiliates to market to you</b>	NO	We do not share.
<b>For non-affiliates to market to you</b>	YES	YES

<b>To limit our sharing</b>	<p>If you want to limit our sharing of your personal information, please mail the form below or call us at 1-800-403-5889 to opt out.</p> <p>Please note: If you are a <i>new</i> customer, we can begin sharing your information 30 days from the date we sent this notice. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.</p>
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<b>Questions?</b>	Call us at 1-800-403-5889.
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### Mail-In Form (if you choose to opt out)

Mark any/all you want to limit:

- Do not share my personal information with non-affiliates to market their products and services to me.

Name		<b>Mail to:</b> Bruning State Bank PO Box 100 Bruning, NE 68322-0100
Address		
City, State Zip		
Account Number(s)*		

\*If you have a joint account, your choice(s) will apply to everyone on your account unless you mark below.

- Apply my choices only to me.

## ANNUAL PRIVACY POLICY NOTICE

### Who we are

Who is providing this notice?	Bruning State Bank
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### What we do

How does Bruning State Bank protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Bruning State Bank collect my personal information?	<p>We collect your personal information for example, when you</p> <ul style="list-style-type: none"> <li>• Open an account or deposit money</li> <li>• Pay your bills or apply for a loan</li> <li>• Use your credit or debit card</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> <li>• Sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>• Affiliates from using your information to market to you</li> <li>• Sharing for non-affiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
What happens when I limit sharing for an account I hold jointly with someone else?	Your choices will apply to everyone on your account – unless you tell us otherwise.

### Definitions

Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. <i>(Bruning State Bank's affiliates include: Bruning Real Estate Agency.)</i>
Non-affiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <i>(Non-affiliates we share with can include: life, health, and long-term care insurance companies.)</i>
Joint Marketing	A formal agreement between non-affiliated financial companies that together market financial products or services to you. <i>(Bruning State Bank does not participate in joint marketing.)</i>