

# CITY STATE BANK SPIRIT

Grimes • Indianola • Madrid • New Virginia • Norwalk



## PRESIDENT'S LETTER

Dear City State Bank Customers,

With spring upon us, it is a good time to focus on financial planning to grow your new or existing business. There are many considerations for businesses during the different stages of their existence. Over the years, we have consulted with many owners and I have tried to outline some of the factors to consider for businesses in each of the following stages. I hope these considerations help you avoid some of the "trap doors" created in these uncertain times.

### Start-up businesses

- 1) Structure – will my business benefit from being a sole proprietorship, partnership, corporation, or limited liability company?
- 2) Capital – how much capital will my business really need to survive the early stages of its existence to cover 1) fixed asset needs 2) working capital 3) unplanned expenses or costs 4) costs to cover licensing and professional expenses 5) payroll and employment taxes? Most businesses fail in the early stages because capital and cash needs were underestimated up front.
- 3) Owners – are we compatible; do our business philosophies really line up? If something happens to me, would my spouse be able to work with the remaining ownership? Would my spouse be able to operate or liquidate the business?
- 4) Management – does the proposed management team have the education, experience, leadership skills, and knowledge to run the business successfully? Always invest in the best people.
- 5) Accounting, legal, tax, banking – identifying a strong team of professionals to assist you may mean the difference between success and failure. We have had the privilege to work with some outstanding professionals and would be happy to recommend one.
- 6) Personal credit records – will your personal credit record reflect favorably on your loan request?
- 7) Sales force – how will our company make sales? Is there real demand for our product or service? Are we in the correct location? Are we better than the competition?
- 8) How will the company do in times of economic uncertainty – is there enough need for the business created?
- 9) Rainy day fund – prepare a budget that leaves you a solid cushion in the bank. Usually sales volume takes twice as long as expected.
- 10) Insurance – how much insurance do I need to properly protect my business?
- 11) Lease or own – does it really make sense for me to purchase a building from the start? A lease may be more flexible.
- 12) Do we have an exit plan for the existing owners?

### Growth businesses (in addition to those listed above)

- 1) Will new opportunities be as profitable as the core business? How long will it really take to ramp up that new territory or product line?
- 2) Will the core business be sufficient to cover both the investment in the new growth opportunities and potential losses? Where will the additional capital come from if the new venture fails?
- 3) Are the new employee's values in line with the existing staff values? Do they really fit into our company or do they create more problems than they are worth?
- 4) Growth investments can decrease profits for a number of years. Are the investors and bankers fully aware of the potential for decreasing profits and are they in agreement the risk is worth the reward?
- 5) Do we really understand the rate of return on our new investment? If you have several options, invest in those that are likely to provide the highest long-term growth potential.
- 6) Periods of fast growth can create some real challenges. Make sure you really understand the potential impact prior to putting the "pedal to the metal" and spin out of control.

### Mature businesses (in addition to those listed above)

- 1) Refine your business processes and invest in efficiency – improve technology and upgrade your equipment to improve speed and lower costs. Perhaps centralization and consolidation makes sense.
- 2) Negotiate with your providers to make sure you're getting the best deal. As a mature business your track record has given you privilege, now may be the time to reevaluate your purchasing power.
- 3) Save where possible – build a war chest for future growth and acquisition opportunities.
- 4) Position for the exit – structure your business so it meets market demands. You want competition and industry leaders to be longing for an opportunity.
- 5) Succession planning – to whom will you pass your business? Build a trusted team of managers who can run the place without you.

I hope you find these tips useful as you think through your business model. As always, City State Bank is here to help you realize your dreams and meet your financial goals. If you have any questions, please do not hesitate to call us!

Thank you for your business,

Steve Albrecht

## INSIDE THIS ISSUE

- Upcoming Bank Events
- Product Focus: Christmas Club Accounts
- Fraud Prevention Tips
- Get to Know City State Bank
- Trust & Investments: Scary Markets Bring Opportunity
- City State Bank Donations
- Events from Last Quarter

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SPIRIT. DRIVE.  
RELATIONSHIP.





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## UPCOMING BANK EVENTS

- March 21st: Ducks Unlimited Banquet in Indianola—sponsored by City State Bank
- April 18: Norwalk PTO Fun Night—Look for City State Bank’s silent auction basket
- May 9: RuNorwalk—Sign up now to participate in the annual RuNorwalk event, which includes an 8k run, 5k walk and a kids fun run. The event is sponsored by City State Bank, the Norwalk Chamber, and Anytime Fitness. Look for our employees at the finish line where we’ll be handing out water, Gatorade and bananas. To enter or for more information, contact the Norwalk Chamber office at 515-981-0619.
- June 11-13: Grimes Funtastic Days—Join us in the Grimes bank parking lot after the parade for FREE ice cream sundaes on Saturday, June 13th!

April is Financial Literacy  
Awareness month!

Contact City State Bank  
for answers to all your  
financial questions.

## PRODUCT FOCUS: CHRISTMAS CLUB ACCOUNT

Don't let Christmas sneak up on you...sign up today for our Christmas Club Account! It is a free savings account and only requires \$100 to open it. All you need to do is automatically deposit at least \$25 a month to the account. The money is not able to be withdrawn and then on November 1st, the money will automatically be deposited into your City State Bank checking account ready for you to shop till you drop! It's easy to get started, and makes for one less stress during the holiday season. Call or stop in today!



## FRAUD PREVENTION TIPS

Unfortunately, fraud is becoming more and more prevalent, but there are some things you can do to help increase your protection. Below you will find some tips to help keep your financial identity safe. **Safety of our customers' information is paramount to City State Bank.**

- Never provide personal account information to anyone contacting you by telephone, e-mail, or through a text message.
- Carefully examine all billing statements to verify and confirm the charges listed. If anything looks suspicious, promptly report the incident to us or to the financial institution that issued the card.
- If you have not already registered for an online account, you should consider it. This would allow you to monitor your account as often as you'd like. To do so, please visit [www.citystatebank.com](http://www.citystatebank.com).
- The Federal Trade Commission (FTC) has a web site dedicated to identity theft. It is [www.consumer.gov/idtheft](http://www.consumer.gov/idtheft). You may



also call the FTC at (877) 382-4357 to obtain identity theft guidance or to report suspected incidents of identity theft.

- It is important to obtain free yearly copies of your credit reports. Each consumer is entitled to one free report from each of the credit reporting agencies. To easily get your free copies, you may either access the web site at [www.annualcreditreport.com](http://www.annualcreditreport.com) or call (877) 322-8228.

As always, if you should ever detect any questionable or suspicious activity, promptly report the incident to your local City State Bank office.

## GET TO KNOW CITY STATE BANK...NORWALK TELLERS!



At City State Bank, we pride ourselves on knowing our customers and recognizing you when you come into the bank. Now is your chance to get to know us!

Norwalk Tellers (L-R): Derek Bixler (part-time teller, Norwalk MOC student), Wanda Simmons (full-time teller), Patty Olson (full-time teller and personal banker), Phyllis McCann (full-time teller), Phyllis Desenberg (part-time teller), David Neubauer (part-time teller), Becky Meyer (head teller). Missing from photo: Nathan Baker (part-time teller, Norwalk student), Marty Davison (part-time teller), Sandy Stotts (part-time teller), Trevor Williamson (part-time teller, Norwalk student)

## CITY STATE BANK TRUST & INVESTMENTS: SCARY MARKETS BRING OPPORTUNITY

As the nation struggles through its most severe financial crisis in its history, there's little doubt that you are worried about your financial security and the safety of your nest egg. But this is not the time to make drastic changes to a well-balanced investment plan that is aligned with your personal investment time horizon.

Short-term volatility should not drive concerns about your long-term investment plans. Although stocks have lagged bonds in recent years, equity returns have proven time and time again to provide the best answer to rising long-term inflation. Selling stocks or mutual funds after a decline simply means getting out at a low point. Nervously exiting the stock market with assets invested for long term horizons generally proves to be detrimental to the success of your portfolio.

So what should you do? Confirm that your original investment plans were suitable given your goals and objectives, ensure that you have high quality, low-expense investment options, and then stay the course. Here are a few potential opportunities that you may wish to take advantage of:

- Before the recent market declines, inflationary concerns on the price of commodities, oil, and energy sent the prices soaring. Current volatility and pressure on these values could provide a good entry point for potential gain once the economy stabilizes. Commodities can also serve as a hedge against inflation.
- Rebalance your portfolio. If you confirm that your investment plan is accurate, it is likely that after recent declines you may now be underweight in equity exposure. Shifting from investments that have risen or held their value during this decline into equities at reduced prices is essential to portfolio management.
- Yields on corporate bonds may be attractive today while companies experience the market's demand for a higher risk premium. Default

risks must be considered and diversified against, but these attractive yield spreads could boost returns.

- With the recent and likely continued actions from Congress and the Federal Reserve to boost the economy and keep rates low, inflation could become a concern. Treasury Inflation Protected Securities, or TIPS, can help insure against inflation by keeping step with the Consumer Price Index (CPI) while your principal investment is government guaranteed.
- Domestic stocks began their fall before international equity and could be the first to recover. And specifically, US small-cap stocks have historically led the US equity markets when coming out of recessions.



**Please consider our experienced and educated professionals at City State Bank Trust & Investments if you would like a personal review performed on your investment portfolios, or if you would like to learn how to best take advantage of the opportunities outlined above. We enjoy helping our clients meet their financial goals and navigate any financial market.**

Not FDIC insured, not a bank deposit or product, may lose value and is subject to investment risk including possible loss of principal.

# 1ST QUARTER DONATIONS

- Madrid Home ACTS Fund
- New Virginia Fire Department
- Indianola 'Puttin' On the Ritz'
- Indianola Library Summer Reading Program
- Warren County 4H
- Grimes Softball Association
- Grimes Chamber Scholarship Program
- Madrid Little League
- Norwalk High School Baseball
- Martensdale St. Mary Post Prom

## MISSION STATEMENT

The City State Bank Spirit drives us to provide service and solutions exceeding customer expectations.



# EVENTS

## CITY STATE BANK RECEIVES 2008 NORWALK AREA CHAMBER 'BUSINESS OF THE YEAR'

Friday, January 30th was the Norwalk Area Chamber's Annual dinner held at Echo Valley Country Club in Norwalk. City State Bank was proud to be recognized as the 2008 Norwalk Area Chamber's Business of the Year.

### Other award winners recognized were:

Chamber Member of the Year:	Nicole Smith with Norwalk Physical Therapy
Citizen of the Year:	Lew Lane
Teachers of the Year:	Sandi Lathrum & Margaret Harlow-Vogt
Student of the Year:	Zach Viggers

Pictured are City State Bank employees that were on hand to accept the award. Back Row L-R: George Meinecke, Scott Griese, Chad Stevens, David Albrecht, David Lester. Front Row L-R: Holly Albrecht, Cyndie Strawn, Jan Sparks, Amanda Reid.



2009 Chamber President, David Albrecht (City State Bank) presents 2008 Chamber President, Denny Wulf (Superintendent of Norwalk Schools) with his Past President Award.



## CONTACT INFORMATION

### Grimes

100 N. Jacob St.  
Grimes, IA 50111  
515-986-2265

### Madrid

105 E. 2nd St.  
Madrid, IA 50156  
515-795-3807

### Norwalk

801 Main St.  
Norwalk, IA 50211  
515-981-4234

### Indianola

1510 N. 1st St.  
Indianola, IA 50125  
515-961-7000

### New Virginia

501 West St.  
New Virginia, IA 50210  
641-449-3314

### Norwalk Trust & Investments

1104 Sunset Dr. Suite B  
Norwalk, IA 50211  
515-981-1400