

OPINION

GUEST COMMENTARY

Op-ed: Put Iowa first by keeping funds local

ABRAM TUBBS & SETH MCCAULLEY

A debate that could impact the direction of our economy for decades is brewing at the Iowa Capitol.

A recent study by the Common Sense Institute revealed that public entities like schools, cities and counties are holding nearly \$2.5 billion of taxpayer dollars outside of Iowa financial institutions, through vehicles called joint investment trusts. In doing so, they're denying their communities the positive benefits that come when money is reinvested in the local economy.

In community banking, the dollars in an account don't sit idle — they fuel local lending and build wealth. Deposits in your local bank help fund home mortgages, finance small businesses and provide credit for the agriculture industry. This cycle of local deposits and local lending keeps money where it matters most — in our communities, helping it grow and thrive.

When these dollars leave our state through these investment trusts, it shrinks our economy and tax base — ironically, making it even more difficult to fund local governments.

Unfortunately, billions of dollars in deposits have already left our hometown banks, and there's a real risk of losing billions more. In turn, that could cost Iowa billions in lending capacity and the econom-

ic growth that would result.

Even worse, joint investment trusts paid kickbacks of nearly \$2 million to private associations in Iowa in 2025 to incentivize the removal of these deposits from community banks and the communities they serve.

The good news is, there are relatively simple solutions to this issue. The Iowa Legislature should place explicit limitations on the amount of local government funds that can be invested outside their community. This will help ensure these taxpayer dollars are available to support lending by local institutions, further strengthening our small-town economies.

I also encourage school board members, city councilors and county supervisors to consider the broader impact of their decisions. Let's keep taxpayer money local and give our communities a better chance to thrive!

Through action on this issue, our elected officials can put Iowa first — keeping funds local and fueling our economy.

• Tubbs is CEO and chairman of the board at Ohnward Bank & Trust in Monticello and Co-CEO of the parent company, Ohnward Bancshares in Maquoketa. He is also the current chairman of the Iowa Bankers Association. McCauley is president of Community State Bank in Spencer. He is also on the board of directors for the Iowa Bankers Association.

LETTER TO THE EDITOR

Spencer's budget: Balanced on borrowed time

Spencer is doing something that feels responsible. Facing a shrinking tax base and a general fund deficit in the wake of the 2024 flood, city leaders have used department reserve funds to cover capital improvements and tapped general fund reserves to close the remaining operational gap, all without raising the property tax levy significantly. City Manager Kevin Robinson called it fiscal discipline. Finance Committee members called it commendable. It deserves a closer look.

A department reserve fund is money a department was authorized to spend in a given year but didn't. For FY27, Robinson and Finance Director Barb Smith implemented a system that uses those accumulated reserves to pay for capital improvements. Separately, general fund reserves are being used to close the \$83,000 operational gap that remained after spending cuts trimmed what was a \$220,000 deficit, according to Spencer Reporter coverage of the January and February Finance Committee meetings.

The result is a budget with a "very neutral impact on the taxpayer," per Robinson. That's a genuinely difficult achievement given Spencer's circumstances, and credit is due to department heads who found real efficiencies. But a balanced budget built on reserves is not the same thing as a structurally balanced budget. One is sustainable. The other is borrowed time.

18% of residential properties lost taxable valuation due to the flood. Overall taxable valuation grew less than 1% last year, with both residential and industrial property declining. Robinson warned that approximately \$7 million in residential property will be removed from the tax rolls through FEMA buyouts, with replacement housing through Community Development Block Grant programs potentially taking six years to materialize. That's six budget cycles of structurally declining revenue.

This is not a temporary disruption. It is a fundamental change to the city's revenue base that requires fundamental changes in how the city operates. Reserves can absorb the shock of one bad year or one-time emergency. They cannot substitute for structural adjustments that six years of constrained revenue demands.

The structural gap that required the reserves doesn't go away. It waits and comes back bigger and harder to address. Department reserves spent on capital improvements this year are not available next year. General fund reserves used to cover the \$83,000 shortfall reduce the cushion available when snow removal overruns, equipment fails, or other emergencies arrive. Department heads warned at the January Finance Committee meeting that line items could see cost overruns requiring mid-year amendments, as reported by the Spencer Reporter.

At the Feb. 12 meeting, Councilman Reit

praised staff for presenting facts rather than emotions, noting that "the data doesn't lie." He's right. But data requires the right questions to tell the full story. What data didn't show, and what elected officials must demand, is a forward-looking plan answering harder questions: How many years can this approach be sustained? When do reserves become depleted? What structural changes are planned, and on what timeline?

These aren't unfair questions. They distinguish elected officials doing their jobs from officials rubber-stamping staff recommendations. The council's role isn't simply praising effort. It's ensuring the budget reflects a coherent strategy with mechanisms to hold themselves and staff accountable for executing it.

A city navigating six years of constrained revenue needs more than annual budgets assembled in response to deficits. It needs clearly articulated fiscal priorities established by elected officials. Those priorities should be specific, written and publicly available: What minimum reserve level will the city maintain? Which services are essential and protected? Which are candidates for consolidation or reduction if revenues decline? What is the timeline for returning to structural balance without reserve reliance? With a council goal-setting session planned for April, now is the time to address these issues.

Without documented priorities, budget discussions become reactive. Each year's gap gets addressed with whatever tools are available; this year reserves, next year perhaps a levy increase, the year after deferred maintenance. The community never sees the full picture because it hasn't been drawn. With documented priorities, staff have clear direction, council members have evaluation frameworks and taxpayers have accountability measures. The council's role shifts from approving staff-constructed budgets to measuring staff execution against council-established benchmarks, and it's a critically needed shift.

Spencer residents haven't survived and rebuilt by hoping things would work out. They've made hard choices and done the work. City government should operate by the same standard. That means rejecting budgets balanced with accounting tricks and reserves, rejecting plans that work until the money runs out or deny hard choices, and embracing what Spencer actually needs: real priorities, real accountability and real planning for a future that's already here.

Balancing this year's budget with reserves is only acceptable if it's a bridge to something better. If it buys time to develop real priorities, establish clear benchmarks and build a sustainable plan, then it serves a purpose. But if it's just delaying hard decisions or hoping the problem solves itself, we deserve more.

— BRIAN J. BALK, OF SPENCER

THE COMMSTOCK REPORT

Command performance



DAVID KRUSE
COMMSTOCK INVESTMENTS

There is no question as to who calls the tune in every sector or subject today domestically and geopolitically. A Truth Social comment from President Donald Trump gets immediate attention. What he says may not make broad sense, but it makes sense to him and commands attention. Markets respond. His comment that he wanted China to add another 8 mmts of U.S. soybeans to their first tranche of purchases brought an immediate response from the market. For good reason, the trade thought that they were done buying for the time being as the Brazilian harvest took precedence. The background info was that China reportedly found out about Trump's command that he wanted them to buy another 8 mmts of soybeans when we did. That would mean that they had no advance warning and thus taken no preparation, so it was a surprise to them too. Would they comply without reciprocal concessions, and what might they be? They thought that they had complied with the previous agreement for 12 mmts and were ready to buy cheaper Brazilian soybeans. Marketwise, timingwise, this makes no sense. Yet, we have all come to know that what makes traditional sense may not be the relevant factor as to whether this happens or not.

If China feels compelled for some good reason to follow through with a purchase of an additional 294 million bushels of U.S. soybeans, that would have a material impact on our balance sheet, which is why our market responded as it has. So far, this has been isolated to the soybean market, but there is nothing to say that future Truth Social posts could not mention corn or cotton, too. This is a wild card that only one person controls. The cotton market would very much like to have a similar posting from the president. It is very difficult to account for in a marketing plan. Whether China responds or not, he caused the soybean market to rally 80 cents, which many farmers took advantage of. That was better than subsidy ACHs, but only a few U.S. farmers will benefit. The rally could be timed perfectly for Brazilian farmers if the Chinese purchases of our soybeans do not happen.

While more U.S.-origin soybean sales to China would tighten our balance sheet and increase prices, it has the opposite effect on Brazil. They are harvesting a record crop, and there is a limit to how many soybeans China can logistically acquire and manage. If they buy more from us now, that translates to buying less from them. We had thought that China was already full, because of U.S. soybean and Canadian canola purchases ahead of the Brazilian harvest glut. Pricewise, it would make no sense to buy our soybeans at inflated prices while Brazil's soybeans dip to a further discount. The basis differential between Brazilian and U.S. soybeans could set a record. The Chinese have historically followed the best market opportunity with their decisions, and buying our soybeans at this time, under these conditions, would be the opposite of that. That seems like a lot to ask for, but the market is not ruling it out, so neither

can we. U.S. farmers have mostly sold out of old crop, which is where this rally is concentrated. It has not carried through to the new crop, so U.S. farmers miss the opportunity again. Brazilian farmers were undersold on their sales, so if their basis doesn't deflate dramatically, this rally is a windfall for them. Commercials have to be thoroughly confused as to how to bid. I cannot believe that they would bid up Brazilian origin based upon the CBOT rally, but without having actual Chinese orders, buying soybeans at these prices would be full-on-risk here. Thank you to Trump with love from Brazil.

If China buys this many U.S. soybeans at a higher price, every other soybean buyer in the world that may have been thinking of buying from us will buy from Brazil instead. That will dilute the impact that an additional Chinese purchase at this time, if it happens, would have on our carryover. Brazil's soybeans go on sale. There is an enormous collateral impact here. I have warned that Brazilian soybean farmers were at risk of a financial crisis, and the fallout from China buying our soybeans instead would hit them where it hurts. China owns a large soybean reserve supply, so it is not as if they are in need of our soybeans. The world has an adequate soybean supply so all this shift in source origin does is ignore or disrupt normal market signals.

This is an election year, and there is likely to be another attempt at a USDA aid payment designated from Congress to farmers, ostensibly to make up for losses but timed to buy votes. This mid-term battle will be the mid-term election of the century, and the farm vote will be contested. This has been one advantage that U.S. farmers have had over Brazilian farmers, who do not get such payments. Unfortunately, that is also because they have not needed them. They have added acres surpassing the U.S. in soybean production over the last couple of decades without government aid checks. They have a lower cost of production and have been subsidized by the currency exchange of a weak real. The one who is going to want to keep them producing is China, which has made major investments in logistics and transportation infrastructure there. This will figure into their calculation as to whether to comply with Trump's command to buy more U.S. soybeans at what are now higher prices. The original deal was reported to buy 25 mmts in future years, which, while still a little less than their historical demand, is enough to raise the floor, given that a few months ago it was zero. Can China bail out Brazilian soybean farmers while still complying with U.S. purchases demanded by the president? Brazil will be able to find other buyers for cheap soybeans. U.S. farmers have become dependent on government aid and Trump's market commands. There is opposition to this additional aid from those who think that farmers got what they voted for and should not be bailed out.

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Forms must be submitted within 30 days of the baby's birth and must contain the signatures of both of the parents listed.

ENGAGEMENTS
Forms must be submitted no later than two weeks prior to the wedding date.

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WEDDINGS
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