

# SDACO 2018 Deputy Workshop

June 13, 2018

Pierre Ramkota - Tentative Schedule

## Wednesday, June 13

<b>Time</b>	<b>Auditors</b> Amphitheatre II	<b>Treasurers</b> Gallery DE	<b>Registers of Deeds</b> Lake Sharpe
<b>8:30 - 9:30 am</b>	Customer Service <i>Doug Kirkus, Safety Benefits</i>	Customer Service <i>Doug Kirkus, Safety Benefits</i>	Customer Service <i>Doug Kirkus, Safety Benefits</i>
<b>9:30 to 9:45 am</b>	Break – <i>Oahe Lobby</i>	Break – <i>Oahe Lobby</i>	Break – <i>Oahe Lobby</i>
<b>10:00 to 10:45 am</b>	SD Dept of Revenue <i>Wendy Semmler</i>	Legislative Audit <i>Rod Fortin</i>	Vital Records <i>Kristy Malsam</i>
<b>11:00 am to 12:00</b>	Legislative Audit <i>Rod Fortin</i>	SD Dept of Revenue <i>Wendy Semmler</i>	Fee Presentation <i>Elaine Reimer, Brule County</i> <i>Julie Risty, Minnehaha County</i>
<b>12:00 to 1:00 pm</b>	Lunch <i>Gallery BC</i>	Lunch <i>Gallery BC</i>	Lunch <i>Gallery BC</i>
<b>1:00 to 1:45 pm</b>	Work Comp 101 <i>Brad Wilson</i>	SD Dept of Motor Vehicles <i>Lisa Weyer &amp; Staff</i>	<i>Invited – SOS office</i>
<b>1:45 to 2:00 pm</b>	Break – <i>Oahe Lobby</i>	Break – <i>Oahe Lobby</i>	Break – <i>Oahe Lobby</i>
<b>2:00 to 3:00 pm</b>	Secretary of State <i>Shantel Krebs, Secretary</i> <i>Kea Warne, Deputy</i>	SD Dept of Motor Vehicles <i>Lisa Weyer &amp; Staff</i>	ID Theft and Scams <i>Jody Gillespie, Consumer Protection-AG's Office</i>
<b>3:15 to 4:00 pm</b>	Roundtable Discussion	Roundtable Discussion	Roundtable Discussion

# SDACO 2018 Spring Workshop

May 15 - 16

Pierre Ramkota - Schedule

## Tuesday, May 15

Time	Auditors Amphitheatre II	Treasurers Gallery DE	Registers of Deeds Gallery FG
8:00 am	Registration Desk Opens <i>Oahe Lobby</i>	Registration Desk Opens <i>Oahe Lobby</i>	Registration Desk Opens <i>Oahe Lobby</i>
8:30 – 9:30 am	SD Drivers Licensing Program Updates <i>Jane Schrank</i>	SD Drivers Licensing Program Updates <i>Jane Schrank</i>	SD Drivers Licensing Program Updates <i>Jane Schrank</i>
9:00 – 9:30 am	SDACO Committees <i>By-Laws-Restaurant</i> <i>Nominating-Gallery DE</i> <i>Resolutions-Gallery FG</i>	SDACO Committees <i>By-Laws-Restaurant</i> <i>Nominating-Gallery DE</i> <i>Resolutions-Gallery FG</i>	SDACO Committees <i>By-Laws-Restaurant</i> <i>Nominating-Gallery DE</i> <i>Resolutions-Gallery FG</i>
9:30 – 10:00 am	SDACO Committees <i>Cont. Ed.-Gallery DE</i> <i>Pub. Relations-Gallery FG</i> <i>Scholarship-Restaurant</i>	SDACO Committees <i>Cont. Ed.-Gallery DE</i> <i>Pub. Relations-Gallery FG</i> <i>Scholarship-Restaurant</i>	SDACO Committees <i>Cont. Ed.-Gallery DE</i> <i>Pub. Relations-Gallery FG</i> <i>Scholarship-Restaurant</i>
10:15 – 11:00 am	Electronic Mailing <i>Pam Deacon, VP</i>	Electronic Mailings <i>Pam Deacon, VP</i>	Vital Records <i>Kristy Malsam</i>
11:15 to 12:00 noon	Unclaimed Property <i>Lee DeJabet, Administrator</i>	Unclaimed Property <i>Lee DeJabet, Administrator</i>	Legislative Update <i>Roger Tellinghuisen,</i> <i>Lobbyist</i>
12:00 noon – 1:00 pm	Luncheon - <i>Gallery A</i>	Luncheon - <i>Gallery A</i>	Luncheon - <i>Gallery A</i>
1:00 to 1:45 pm	Secretary of State <i>Shantel Krebs, Secretary</i> <i>Kea Warne, Deputy</i>	SD Dept of Motor Vehicles <i>Lisa Weyer, Director</i>	<i>Invited: AG's Office</i>
2:00 to 2:45 pm	County Aid Liens <i>Donna Kelly, Chief Civil</i> <i>Deputy State's Attorney</i>	SD Dept of Motor Vehicles <i>Lisa Weyer, Director</i>	County Aid Liens <i>Donna Kelly, Chief Civil</i> <i>Deputy State's Attorney</i>
2:45 to 3:15 pm	Break – Vendor Time <i>Oahe Lobby</i>	Break – Vendor Time <i>Oahe Lobby</i>	Break – Vendor Time <i>Oahe Lobby</i>
3:15 to 4:00 pm	Pooling Jenga <i>Lynn Bren, SDPAA</i> <i>Brad Wilson, SDML WC</i>	SD Dept of Motor Vehicles <i>Lisa Weyer, Director</i>	Open Records <i>Donna Kelly, Chief Civil</i> <i>Deputy State's Attorney</i>
4:00 to 4:45 pm	Roundtable Discussion	SD Dept of Motor Vehicles <i>Lisa Weyer, Director</i>	Roundtable Discussion

**Wednesday, May 16**

<b>Time</b>	<b>Auditors Amphitheatre II</b>	<b>Treasurers Gallery DE</b>	<b>Registers of Deeds Gallery FG</b>
<b>8:30 - 9:15 am</b>	ID Theft and Scams <i>Jody Gillespie, Consumer Protection-AG's Office</i>	ID Theft and Scams <i>Jody Gillespie, Consumer Protection-AG's Office</i>	ID Theft and Scams <i>Jody Gillespie, Consumer Protection-AG's Office</i>
<b>9:15 to 10:15 am</b>	Break – Vendor Time <i>Oahe Lobby</i>	Break – Vendor Time <i>Oahe Lobby</i>	Break – Vendor Time <i>Oahe Lobby</i>
<b>10:15 to 12:00</b>	Budget Training <i>Rod Fortin</i>	Budget Training <i>Rod Fortin</i>	Budget Training <i>Rod Fortin</i>
<b>12:00 to 1:00 pm</b>	<b>Luncheon</b> - Gallery A <i>-Vendor Appreciation</i>	<b>Luncheon</b> - Gallery A <i>-Vendor Appreciation</i>	<b>Luncheon</b> - Gallery A <i>-Vendor Appreciation</i>
<b>1:00 to 1:45 pm</b>	Legislative Audit Updates <i>Rod Fortin</i>	<b>Roundtable Discussion</b>	<i>Invited: SOS office</i>
<b>2:00 to 3:00 pm</b>	SD Retirement System <i>Alan Freng</i>	SD Retirement System <i>Alan Freng</i>	SD Retirement System <i>Alan Freng</i>

**Safe Travels Home!**

## [EXT] Weed and Pest Hire approval

Fall River Weed and Pest <Weedman@gwtc.net>

Tue 3/27/2018 1:28 PM

To:Ganje, Sue <Sue.Ganje@state.sd.us>;

Good Afternoon Sue,

Can I please be on the commission agenda for hiring approval of a part time/ seasonal mosquito surveillance tech.

\$10.00/hr plus mileage - Applicant's name is Samantha Christensen -  
Wages will be paid out of Mosquito grant fund left from last year.

Need any thing else?

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Thank you,

Nina Steinmetz

Fall River Co. Weed and Pest Supervisor

709 Jensen Hwy, Suite C

Hot Springs, SD 57747

# AUDITOR'S COLLECTED AND UNCOLLECTED TAX REPORT - SDCL 10-1-17

FALL RIVER COUNTY


Statement in typewritten form, showing taxes levied and added, collected and abated, and uncollected for state, county, school, municipalities, townships and other entities covering one year period (taxes levied in 2016, collected in 2017). Show the percentage of tax collected and abated, also the percentage remaining uncollected as of December 31, 2017.

	TOTAL LEVIED & ADDED	%	COLLECTED & ABATED	%	UNPAID TAXES	%
County Taxes (lines Z of PT 76)	2,790,411.02	100%	2,719,334.94	97%	71,076.08	3%
Secondary Road Taxes (line 2-10 of PT76)	261,066.80	100%	254,733.44	98%	6,333.36	2%
Fire Fighting Purposes (34-31-3) (line 2-11 of PT76)	1,059.87	100%	1,059.83	100%	0.04	
Railroad Authority (49-17A-22,23) (line 2-12 of PT76)		100%				
Airport Authority (*50-6A-24,25) (line 2-13 of PT76)		100%				
School Taxes (line 2-14 of PT76)	5,313,165.18	100%	5,165,065.25	97%	148,099.93	3%
Civil Township Taxes (lines 2-15 of PT76)	4,503.30	100%	4,503.30	100%	-	
Cities and Town Taxes (line 2-16 of PT76)	1,386,840.36	100%	1,328,504.91	96%	58,335.45	4%
Sub-District Conservancy District (line 2-17 of PT76)		100%				
Rural Fire Protection Districts-SDCL 34-31A-21) (line 2-18 of PT76)		100%				
Other Entity Tax: (line 2-20 of PT 76) (line 2-20 of PT 76)						
(Please specify Taxing District Name)						
1) Ardmore Rural Fire District	10,856.67	100%	10,793.85	99%	62.82	1%
2) Cascade Rural Fire District	31,755.68	100%	29,207.35	91%	2,548.33	9%
3) Edgemont Rural Fire District	7,544.56	100%	7,419.18	98%	125.38	2%
4) Hot Springs Rural Fire District	53,787.81	100%	52,544.67	97%	1,243.14	3%
5) Minnekahta Rural Fire District	10,746.54	100%	10,452.74	97%	293.80	3%
6) Oelrichs Rural Fire District	11,513.18	100%	11,338.34	98%	174.84	2%
7) Edgemont Ambulance	27,925.89	100%	27,207.57	97%	718.32	3%
8) Hot Springs Ambulance	77,805.71	100%	75,609.04	97%	2,196.67	3%
9) Oelrichs Ambulance	8,733.96	100%	8,664.84	99%	69.12	1%
10) Pineshadow Road District	4,378.20	100%	4,298.73	98%	79.47	2%
11) Cascade Mountain Road District	645.88	100%	619.32	95%	26.56	5%
12) Oral Rural Fire District	15,991.89	100%	15,857.26	99%	134.63	1%
13) Eagle Valley Road District	5,924.92	100%	5,925.09	100%	(0.17)	
14) Country Club Road District	7,200.54	100%	7,200.73	100%	(0.19)	
15) Hot Brook Road District	5,100.23	100%	4,967.16	97%	133.07	3%
16) Waters Edge Road District	4,475.43	100%	4,455.30	99%	20.13	1%
17) Cedar Hill Road District	2,739.90	100%	2,740.08	100%	(0.18)	
18) Valley View Road District	1,139.26	100%	1,126.17	98%	13.09	2%
19) Ridge Road District	1,850.54	100%	1,850.72	100%	(0.18)	
20) Smithwick Fire District	17,586.70	100%	17,253.74	98%	332.96	2%
SUMMARY OF ALL GENERAL TAXES (Total of all above categories must equal "A" of PT76)	10,064,750.02	100%	9,772,733.55	97%	292,016.47	3%

SPECIAL TAXES: Telephone Outside Corporate Limits (line 2-9 of PT 76) (line 2-9 of PT 76)		100%				
Cascade Road District	3,000.00	100%	2,800.00	93%	200.00	7%
Pine Shadow Road District	4,150.00	100%	4,050.00	97%	100.00	3%
Predator	426.00	100%	426.00	100%	-	
Country View Road District	4,400.00	100%	4,200.00	95%	200.00	5%
Edgemont City	1,000.00	100%	200.00	20%	800.00	80%
Hot Springs City	620.86	100%	620.86	100%	-	
Ridge Road District	4,200.00	100%	4,200.00	100%	-	
Valley View Road District	2,200.00	100%	1,900.00	86%	300.00	14%
Total 1 Year Special Taxes	19,996.86	100%	18,396.86	91%	1,600.00	9%
Special Assessments - list separately on back of form (line 2-19 of PT 76)	69,851.25	100%	61,334.90	87%	8,516.35	13%
<b>TOTAL SPECIAL TAXES</b>	<b>89,848.11</b>	<b>100%</b>				
<b>TOTAL REAL PROPERTY TAXES</b>						
General + Spec. Taxes (must equal "B" & "G" of PT 76)	10,154,598.13	100%	9,852,465.31	97%	302,132.82	3%

I, Sue Ganje County Auditor of Fall River County, State of South Dakota, do hereby certify that to the best of my knowledge all the foregoing figures are correct, and that they show the true amount of taxes levied, collected and uncollected for the year 2017 for state, county, cities, townships, school districts and other entities in said county.

Dated this 22nd day of February, 2018

  
County Auditor

Special Assessments Special Assessments (line 2-19 of PT 76) (Please specify Special Assessment)	TOTAL LEVIED & ADDED	%	COLLECTED & ABATED	%	UNPAID TAXES	%
1) 2007 Sew 2007-1 HS Sanitary Sewer District 2007-1	399.00	100%	399.00	100%	0	
2) 2070 2006-1 Str HS Street Improvement #2006-1	321.00	100%			321.00	100%
3) 2071 2006-50A Sewer District #2006-50A	2444.95	100%	2444.95	100%	0	
4) 2072 2006-50B Sewer District #2006-50B	1123.50	100%	1123.50	100%	0	
5) 2130 2011-1 Street 2011-1 Street; Back Nine	65562.80	100%	57367.45	87%	8195.35	13%

Discussion:    Marty Harrington (Certified Assessor) will be leaving our office in August or September of this year. This will open up a Certified Assessor position to be filled. Caitlin Turner is currently Administrative Assistant & Office Deputy. We would like to promote her to the position of Assessor. We would like to begin her Certification process now so she can train under Marty and be able to be Certified by April next year, so she will be ready for Reassessment responsibilities in May, 2019. (Certification process takes one year)

We are currently trying to fill our Part Time position (which has been vacant since mid-January). If we move Caitlin to Assessor, we will then have a Full Time Administrative Assistant position to fill by summer's end.

We have calculated out some staff hiring scenarios (see attached chart). With this information we are asking:

- #1      To promote Caitlin to Certified Assessor (to replace Marty) beginning in April, 2018.
- #2      To Hire for Full Time position now (to replace Caitlin), instead of waiting until Fall.
- #3      To Hire for Part Time position now - OR - in the Fall (see attached chart)

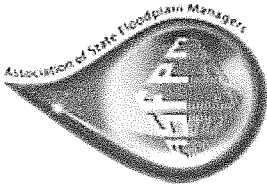
>> The advantage of hiring both positions now would be having only one advertising cost and one interview/hiring process. This would also allow us to train both persons at the same time.

>> There is enough in my payroll surplus budget (due to staff changes) to cover hiring both persons now as far as wages go. (we would estimate an additional \$3000 needed for benefits package overlap)

>> It is hard to estimate the exact amounts needed due to not knowing hiring wage levels and Marty's exact exit date.



DOE - Staffing Scenerios		Surplus	\$10.00/hr	\$11.00/hr
<b>CURRENT BUDGET for 2018</b>				
Payroll surplus for 2018 from Cindy Peacock	Feb - Dec	\$ 17,263		
Payroll surplus for 2018 from Marty Harrington	Oct - Dec	\$ 7,280		
<b>#1 - PROPOSED BUDGET for 2018</b>				
* New Hire - Full Time -	May - Dec		\$ 14,000	\$ 15,400
* New Hire - Full Time Benefit overlap			\$ 3,000	\$ 3,000
New Hire - Part Time -	May - Dec		\$ 9,800	\$ 10,780
Projected Totals =		\$ 24,543	\$ 26,800	\$ 29,180
<b>#2 - PROPOSED BUDGET for 2018</b>				
* New Hire - Full Time -	May - Dec		\$ 14,000	\$ 15,400
* New Hire - Full Time Benefit overlap			\$ 3,000	\$ 3,000
New Hire - Part Time -	Oct - Dec		\$ 3,640	\$ 4,004
Projected Totals =		\$ 24,543	\$ 20,640	\$ 22,404
* = will have an overlap of 5 months for full benefits				
<b>Other Request:</b>				
We would like to have Caitlin begin on the Certification				
process, so she can be the replacement for Marty when				
he leaves. We would enroll her in the Certification process				
in April 2018, so she would be Certified by April 2019.				
>> Cost for Certification workbooks =			\$440	
(this will have no change in payroll for 2018)				



# Certificate of Attendance

Association of State Floodplain Managers, Inc.

This is to certify attendance of

**Franklin Maynard**

at the

**Cooperating Technical Partner Information Exchange:  
USGS Flood Inundation Mapping Program**

3/13/2018

1.0 Continuing Education Credits(CECs) for CFMs

Chad Berginnis, Executive Director

Kait Laufenberg, Training & Chapter Coordinator

**FALL RIVER COUNTY RESOLUTION #2018-05**

**SUPPORTING WILDFIRE AWARENESS MONTH**

WHEREAS, the Commissioners of Fall River County are charged with protecting the health and safety of the citizens of Fall River County, including all property situated therein; and

WHEREAS, wildfires threaten the environmental, economic, and social well-being of Fall River County residents while challenging firefighter's efforts to protect life and property; and

WHEREAS, the Commissioners of Fall River County have determined that in the interest of public health and safety; and

WHEREAS, wildfire suppression costs represent only a small portion of overall economic impacts and do not reflect the total cost of catastrophic fires; and

WHEREAS, residents have the responsibility to recognize the high risk of wildfire and institute safe and early evacuation plans, increase their home's resistance to wildfire, and create fire adapted communities to increase the safety and survivability of the public and emergency personnel; and

WHEREAS, Wildfire Awareness Month is an important opportunity for Fall River County residents and all South Dakota's communities and fire service agencies to reduce the risk of wildfire, increase firefighter safety, and enhance public safety and awareness through education on fire safety, preparation, and prevention; now

Therefore be it Resolved that Fall River County supports the month of May 2018 as South Dakota Wildfire Awareness Month; and

Therefore be it Further Resolved that the theme for this year, "One Less Spark, One Less Wildfire" is a call for the residents of Fall River County to educate themselves and to take actions to reduce the wildfire threat to their homes and help their community move toward becoming a fire adapted community.

Duly passed and adopted at a regular meeting of the Fall River County Commission on the 3<sup>rd</sup> day of April, 2018.

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Joe Falkenburg, Chairman  
Fall River County Commission

ATTEST:

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Sue Ganje, County Auditor  
Fall River County

Hello All,

PN 3/28/18

This is meant to be a summary sheet to explain what we should be doing with county investments to achieve a good return for taxpayers. Doing a good job of investing requires a lot of effort and explaining the details takes a lot of space. The attached documents should provide the information necessary to make good decisions.

1. The Fall River Investment Policy follows that of counties across the state and cites the laws we must follow and investments we are allowed to purchase.

2. Basic Investing Principles provide the reasons behind choosing safer, more liquid, higher return, and lower penalty investments and lists Fall River's current investments and returns. It proposes moving more county funds into 5-yr CDs or Treasuries to increase interest income.

3. The Jan. 15<sup>th</sup>, 2018 Barron's article noting the safety and liquidity of Treasuries.

4. CD vs. Treasuries, Excel file. When we were discussing investments early last year Chairman Falkenberg noted the interest rate risk of Treasuries, in a rising interest rate environment, which was one of the reasons for sticking with CDs and the First National ICS acct.

Basically, CDs have early withdrawal penalties and Treasuries have interest rate risks which apply only to early withdrawals. Either, held to term, earn their full interest income. For a comparison, I bought a five year Treasury to compare with the BW CD purchased by FR. See the footnote of the Basic Investing Principles and the # symbols in the graphs of this file. Withdrawn today the Treasuries would be worth more than the CD.

5. County CD Maturity Graph, Excel file. See the final paragraph of Basic Investing Principles regarding interest rate ladders. The idea of an interest rate ladder is to have equal sums invested over equal periods of time. For the county perhaps we would have \$800,000 of CDs/Treasuries maturing in 2018, 2019, 2020, 2021, 2022, 2023, and 2024. Instead we have the huge 3.65M\$ at FI all maturing in 2020 and the .25M\$ at BHFCU maturing way out in 2024. (As a practical matter the FI CDs had and have a great yield, as does the small BHFCU CD which we locked in at 2.6%, but generally 5-yr terms are a maximum). The proposed .875M\$ in Treasuries maturing in 2021 and 2023 start to balance the ladder and because there is no withdrawal penalty, the 2021s could be cashed in early to meet unexpected funding needs.

When investing for interest higher interest rates are better. In March the county was holding just under 6-3/4 million dollars in various funds. If this were all invested in T-bonds maturing in five-years the annual interest would be \$6,650,000 times 2.61% or \$174,000 per year. Simply, 2.6% is twice as good as 1.3%, all else being equal.

Treasury Bonds are the gold standard for safety. They are backed by the full faith and safety of the federal government. Next in quality from banks and credit unions, are FDIC and NCUA insured funds, respectively. Should your bank or credit union fail the insured funds will be returned to you by the federal government. These insurances, however, are limited to the first \$250,000 per account holder. Black Hills Federal Credit Union chooses not to provide any insurance beyond the NCUA insurance, hence the county can only place \$250,000 with BHFCU.

South Dakota allows banks to provide proof that they can insure funds beyond the \$250,000 with collateralization. In essence, they buy and hold enough T-Bonds to directly cover the government funds held at the bank and report to the state quarterly an accounting of their holding an excess of T-Bonds relative to the value of government accounts held at their bank. County Treasurers go on the state website and confirm the banks with which they do business have excess collateralization.

State law generally prevents counties from placing money in accounts that are not insured or in stocks or commodities.

BHFCU generally has the best interest rates locally and we are earning 2.6% on a \$250,000 8-yr CD with a maximum (single year) 2% penalty for early withdrawals. First Interstate is usually second and we are earning 2.1% on \$3,650,000 5-yr CDs with a 4.2% penalty, these mature in 2020. Last year Bank of the West had the best rate on 5-yr CDs at 1.85% with a 3.7% penalty. We purchased \$500,000 worth of those CDs. Simply, smaller penalties for early withdrawals are better than larger penalties in cases where the money has to be taken out prior to maturity. Note that the CDs account for only 4.4M\$ of our 6.65M\$. The remaining 2.25M\$ is held in savings, checking, and an ICS account (essentially an insured money-market account for government entities).

One reason for the large amount of lower interest earning float is that our property tax revenue arrives largely in April and October which swells the balance by 2-3M\$, but rapidly declines as monies are distributed to other taxing entities and bills are paid.

A good time to assess the county's financial position is now in March. This is a low point prior to the April tax revenues. Hence, if we place funds in longer term investments like Treasuries or CDs now, it is unlikely that we would be forced to cash them out early. This is also why we place the transitory funds, the above 2-3M\$, in checking, savings, and the ICS funds to earn some interest but keep the necessary funds to meet required expenditures.

The above is one of the reasons we earn about \$100,000 per year in interest, instead of the \$174,000 mentioned above. Also, we earn less because our “old” CDs earn less than current ones would, the penalties limit early withdrawal, and we maintain the checking, savings, and ICS funds that can be withdrawn without penalty but earn less interest.

Currently, we have an excess of funds, 2.25M\$ in the checking, savings, and ICS funds that could be earning more interest for the county. The FR Investment Policy directs us to keep a minimum of 20% in immediately available funds, about 1.3M\$. So, we should place about \$950,000 from our short-term funds into Treasuries and/or CDs.

The best 5-yr CD rate/penalty option appears to be a 2.45% APY/ 1-yr penalty CD from Black Hills Community Bank in Rapid City. This would yield another \$14,000 in annual interest compared to the ICS fund.

Better yet would be purchasing Treasury Bonds through Schwab for several reasons; 1. The interest rates are better than CDs currently 2.61% on the 5-yr. 2. There is no penalty for early withdrawal. 3. Treasury Bonds are government guaranteed with no collateralization necessary. 4. Finally, the Treasuries are immediately available funds, so we could leave only perhaps .5M\$ in the low interest earning checking savings and ICS accounts. If we placed \$1,750,000, \$875,000 in 5-year T-Bonds and \$875,000 in 3-year T-Bonds, we would earn another \$14,000 plus \$12,000 (2.41% for 3-yr) or \$26,000 compared to the ICS fund. The choice of 3 and 5-yr Treasuries would provide an interest rate ladder (we currently have CDs maturing in 2 and 4 years).

Notes: We have roughly 4M\$ placed at First Interstate Bank, 2M\$ at First National, .5M\$ at Bank of the West, and .25M\$ at BHFCU.

Susan Henderson has suggested removing the 2M\$ currently earning, 1.0%, \$20,000 per year in interest at First National. In the First Interstate money market the earnings would be, .45%, \$9,000 for a loss of \$11,000 annually. In the Bank of the West money market the earnings would be, .30%, \$6,000 for a loss of \$14,000 annually. Susan in the past has warned of the risks of money market funds and suggested savings accounts. In FI savings, earnings would be, .1%, \$2,000 per year for a loss of \$18,000 annually. In BW savings, earnings would be, .05%, \$1,000 per year for a loss of \$19,000 annually.

Commissioner Falkenberg has expressed concern about “interest rate risk” in Treasuries. This is the amount longer-term Treasuries drop in current value when interest rates rise like they did last year. I purchased 5-yr Treasuries, 3/24/17, to mature 3/31/22 to compare to the BW CD purchased 3/29/17 by FR. Assuming a 1M\$ investment in each, the Treasuries will earn slightly more interest \$101,377 vs. \$97,062 if held to maturity. If withdrawn four years prior to maturity on 3/31/18, the Treasuries would lose \$2000 and the CD would lose \$18,700. See CD vs. Treasuries graphs.

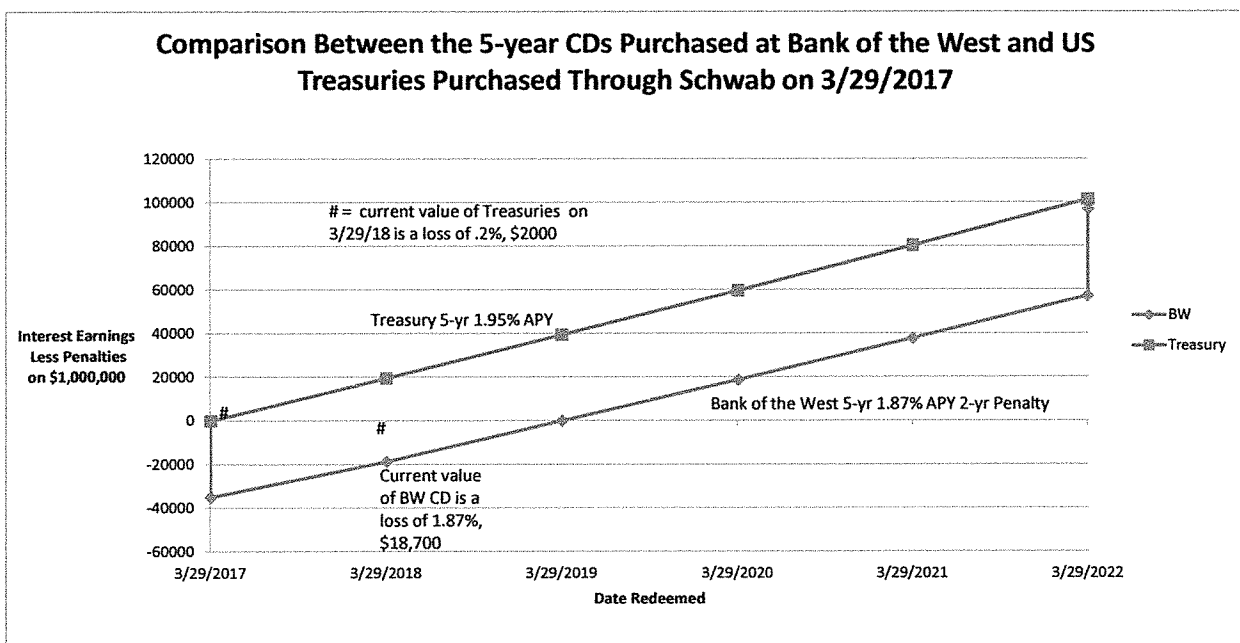
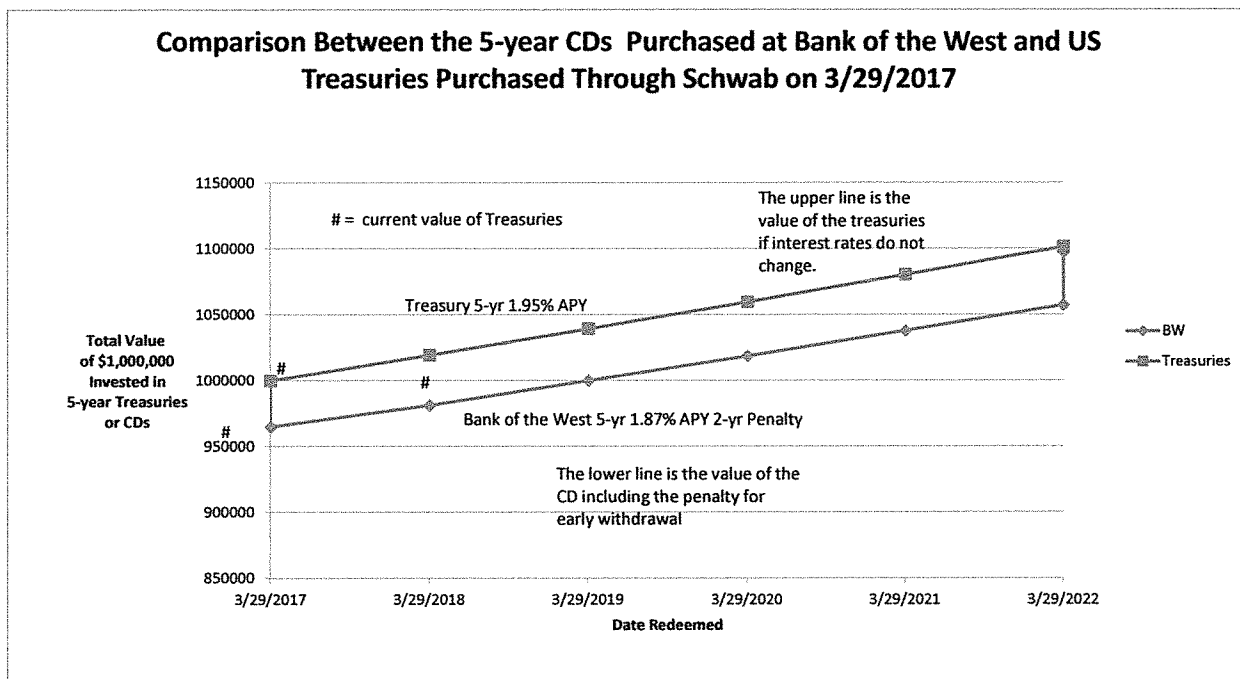
File: CD vs. Treasuries County Funds April 25, 2017 PN Local Bank CD vs. Treasuries. Updated March 27, 2018.

This is a comparison between the Bank of the West 5-yr CD yielding 1.87 APY with a 2-yr interest penalty. Fall River purchased a \$500,000 CD 3/29/2017.

Nominally, 5-yr treasuries earning 1.95 APY, actually a 1.75% treasury note due 3/31/2022 purchased through Schwab. Nabholz purchased some for comparison.

Based on 1,000,000 dollar investments in each.

	3/29/2017	3/30/2017	3/30/2018	3/30/2019	3/30/2020	3/30/2021	3/29/2022	3/30/2022
BW	1000000	965031	981300	1000000	1018700	1037739	1057155	1097062
Treasury	1000000	1000000	1019500	1039380	1059648	1080311	1101377	1101377
interest earned less penalties								
BW	0	-34969	-18700	0	18700	37739	57155	97062
Treasury	0	0	19500	39380	59648	80311	101377	101377



## **FALL RIVER COUNTY, SOUTH DAKOTA INVESTMENT POLICY**

### **1. POLICY**

Pursuant to SDCL 4-5-8 it is the policy of Fall River County to invest idle public funds in a manner to meet the daily cash flow demands of Fall River County with the primary objectives, in priority order, being: a) Safety of Principal b) Liquidity and c) Return.

### **2. DELEGATION OF AUTHORITY**

Authority to manage the investment program is granted to the Fall River County Treasurer, who shall refrain from personal business activity that could impair his/her ability to make impartial decisions. The Treasurer acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual investment's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion to the County Commission and the liquidity and the sale of investments are carried out in accordance with the terms of this policy.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

In case of extended leave of absence, the County Commission shall appoint a replacement Officer.

### **3. AUTHORIZED FINANCIAL DEALER AND INSTITUTION**

The Governing Board authorizes the placement of cash resources in the following financial institutions:

- Any State or National Bank located within the State of South Dakota
- Any Domestic Federal Credit Union in which funds are insured by the NCUA
- South Dakota Public Funds Investment Trust (FIT)
- Any broker-dealer, member of the SIPC, as fiscal agent for the purchase of U.S. Treasuries

### **4. AUTHORIZED AND SUITABLE INVESTMENTS**

The Fall River Treasurer is empowered by statute to invest in the following instruments:

- Interest bearing checking accounts
- United States Treasury bills, bonds, and notes (SDCL 4-5-6)
- United States Government Agencies (SDCL 4-5-6)
- Savings accounts
- Certificates of Deposit (CDs) (SDCL 7-20)\*  
Certificates of Deposit (CDs) purchased through CDARS® (Certificate of Deposit Account Registry Service) (SDCL 4-5-6.1)\*
- Local Government Investment Pool (SD FIT)
- Money Market Mutual Funds- open-end, no-load (SDCL 4-5-6)

\*When investing in Certificates of Deposit (CDs) public funds will be invested at the highest rate of interest possible after attempting to secure two (2) quotes.



## **5. COLLATERALIZATION**

In accordance with the SDCL 4-6A and 51A-10-9 Qualified Public Depositories will furnish collateral in the sum equal to one hundred percent (100%) of the public deposit accounts that exceed deposit insurance. The Treasurer shall check the financial institution's status on the Legislative Audit website.

## **6. REPORTING**

The Treasurer shall prepare an investment report not less than annually, that provides a clear picture of the status of the current investments.

- Dollar amount and percent invested in each security type (CD, US Treasury, checking accounts, etc).
- Dollar amount and listing of investments by maturity date.
- Dollar amount and percent held by each financial institution.

## **7. INTEREST EARNED**

The interest will be credited to the general fund; however, to satisfy accounting standards, interest will be credited to the fund earning the interest and then all interest earned in the other funds, except to the 911 fund which needs to keep its interest based on state rules, will be transferred to the general fund. (SDCL 4-5-9)

## **8. DIVERSIFICATION**

- It is the policy of Fall River County to get the best interest rates for the county, providing that the Treasurer check pledged collateral on any financial institution with more county funds than is insured by the FDIC or NCUA.
- Investment maturities will be staggered in such a manner that all investments will not come due at the same time.
- At least 20% of investable funds shall be available for use by the county on one business day notice.

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Joe Falkenberg, Chairman, Fall River Board of  
County Commissioners

ATTEST:

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Sue Ganje, Fall River County Auditor

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Kelli Rhoe, Fall River County Treasurer

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flation is high, or plunging rates when deflation takes hold, correspond to structural bear markets, Yamada's work shows. Reversals from those extremes support new, structural equity bull markets.

In other words, moderation in all things is a good thing. So, if interest rates rise from a historically low level, it's not necessarily a bad thing.

A modest rise in yields suggests an abatement in downward price pressures. In the event of an extreme jump in rates, Fuss argues, the Federal Reserve will resist a destabilizing surge. All of which would translate to a gradual rise in interest rates, but from historically low levels. That shouldn't be too painful for the stock market or economy.

For those who want to ride out rising rates, the Fund of Information column on page 37 points out money-market mutual funds finally paying something visible to the naked eye, over 1% in many cases, as the Fed has raised its target rate to a range of 1.25% to 1.5%.

In an interview with CNBC last week, Berkshire Hathaway CEO Warren Buffett said his firm stashed its cash in Treasury bills and estimated that Berkshire owns

about \$100 billion in T-bills. Emulating the Oracle of Omaha rarely has been a bad thing, and that goes for savers now.

One-month bills yielded 1.3% Friday, while three-month bills yielded 1.44% and six-month bills returned 1.6%. Hardly anything to send your heart aflutter, but a darned sight better than what most bank accounts, brokerages, or money funds yield.

It goes without saying that T-bills are the gold standard in terms of safety and liquidity for institutional investors such as Berkshire. And for individual investors in high-tax states, the elimination of the deduction for state and local taxes under the new tax law makes Treasuries' exemption from state and local income levies all the more attractive.

Buying government securities at auctions via its website, [treasurydirect.gov](http://treasurydirect.gov), is relatively simple. Many major online brokers, including Fidelity, Charles Schwab, E\*Trade, and Vanguard, charge no fee to purchase or sell Treasury securities.

What could be more contrarian in a market melt-up than cash? ■

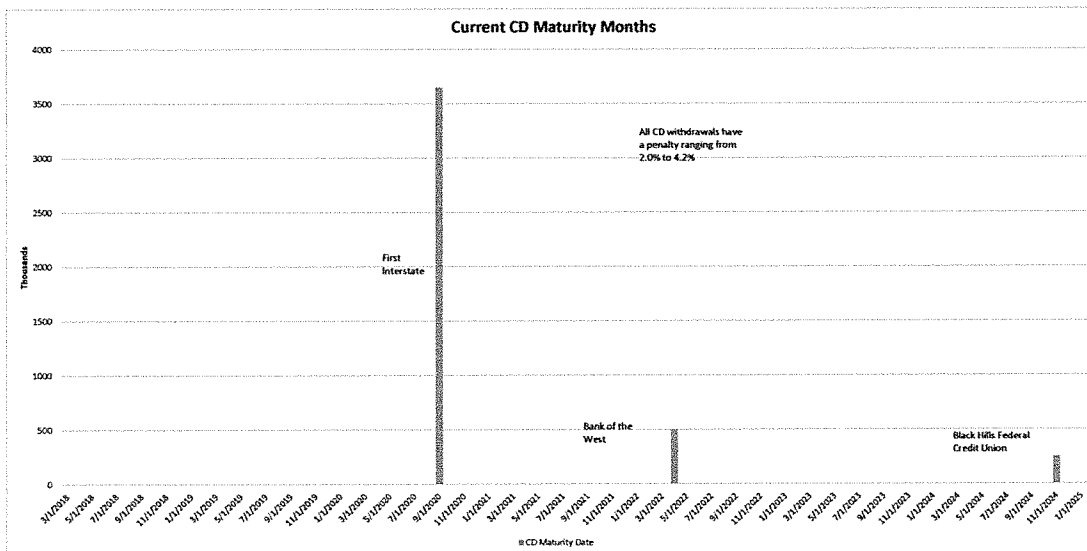
email: [randall.forsyth@barrons.com](mailto:randall.forsyth@barrons.com)

Above please find a Barron's article noting Treasury safety. Treasuries are now yielding enough to consider again, 2.24% - 2 yr, 2.57% - 5 yr. In March we should buy some 5-yr CDs or Treasuries for county funds to complete our ladder.

Reminds. P.D.

County CD Maturity Graph, PN 12/28/2016 Version, Modified 3/28/2018

Date	initial \$ in 1000s	interest rate APY	term years	penalty months	annual interest dollars
3/1/2018	0				0
4/1/2018	0				0
5/1/2018	0				0
6/1/2018	0				0
7/1/2018	0				0
8/1/2018	0				0
9/1/2018	0				0
10/1/2018	0				0
11/1/2018	0				0
12/1/2018	0				0
1/1/2019	0				0
2/1/2019	0				0
3/1/2019	0				0
4/1/2019	0				0
5/1/2019	0				0
6/1/2019	0				0
7/1/2019	0				0
8/1/2019	0				0
9/1/2019	0				0
10/1/2019	0				0
11/1/2019	0				0
12/1/2019	0				0
1/1/2020	0				0
2/1/2020	0				0
3/1/2020	0				0
4/1/2020	0				0
5/1/2020	0				0
6/1/2020	0				0
7/1/2020	0				0
8/1/2020	0				0
9/1/2020	3650	2.1	5	24	76650
10/1/2020	0				0
11/1/2020	0				0
12/1/2020	0				0
1/1/2021	0				0
2/1/2021	0				0
3/1/2021	0				0
4/1/2021	0				0
5/1/2021	0				0
6/1/2021	0				0
7/1/2021	0				0
8/1/2021	0				0
9/1/2021	0				0
10/1/2021	0				0
11/1/2021	0				0
12/1/2021	0				0
1/1/2022	0				0
2/1/2022	0				0
3/1/2022	0				0
4/1/2022	500	1.85	5	24	9250
5/1/2022	0				0
6/1/2022	0				0
7/1/2022	0				0
8/1/2022	0				0
9/1/2022	0				0
10/1/2022	0				0
11/1/2022	0				0
12/1/2022	0				0
1/1/2023	0				0
2/1/2023	0				0
3/1/2023	0				0
4/1/2023	0				0
5/1/2023	0				0
6/1/2023	0				0
7/1/2023	0				0
8/1/2023	0				0
9/1/2023	0				0
10/1/2023	0				0
11/1/2023	0				0
12/1/2023	0				0
1/1/2024	0				0
2/1/2024	0				0
3/1/2024	0				0
4/1/2024	0				0
5/1/2024	0				0
6/1/2024	0				0
7/1/2024	0				0
8/1/2024	0				0
9/1/2024	0				0
10/1/2024	0				0
11/1/2024	250	2.6	8	6	6500
12/1/2024	0				0
1/1/2025	0				0



## [EXT] County investments

Dr. Don Massa <drdon@massadentaloffices.com>

Wed 3/28/2018 9:37 AM

To:Ganje, Sue <Sue.Ganje@state.sd.us>;

Fall River County Commissioners,

I would like to comment on the investment of Fall River County tax dollars in out of area banks. I believe that the amount of dollars we are gaining by investing approximately \$2 million of Fall River taxpayer money into out of area banks is actually costing the taxpayers in the long term. The rate they are receiving from First National in Lead (Lawrence County) is only one half a percent higher than First Interstate Bank (Fall River County) which netted approximately \$5000 more in income for the county in the last 6 months.

Banks (not credit unions) are charged a franchise tax on their profits. The tax money from that franchise tax is distributed to the county where the bank's branch is located. The majority of the franchise tax dollars go to fund local schools. That means that Fall River County tax dollars are being used to help fund Lawrence County schools. Both Hot Springs and Edgemont School Districts are experiencing financial hardships and we are giving our taxpayer dollars to other school districts...seems odd to me.

Fall River County banks provide local jobs. The banks and their employess contribute both financially and with many volunteer hours in the local communities.

It would appear that we aren't supporting the local community very well by choosing to invest in outside sources. I think it's time for a change back to investing locally.

Sincerely,  
Donald L. Massa, DDS  
28148 18 Cutacross Rd  
Edgemont, SD 57735  
(605) 745-3975