

**CLARK COUNTY**  
**FINANCE COMMITTEE**

**SECOND QUARTER, 2004**



**August 24, 2004**

**CLARK COUNTY**  
**FINANCE COMMITTEE**  
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## **SECTION I – July 05, 2004 MINUTES**

**REGULAR MEETING MINUTES  
CLARK COUNTY FINANCE COMMITTEE MEETING  
July 5, 2004  
2 p.m.  
PSC Conference Room 678, Sixth Floor**

**Members in Attendance:** Doug Lasher, Chair  
Greg Kimsey, Secretary  
Betty Sue Morris, Commissioner

**Others in Attendance:** Bill Barron, County Executive; John Payne,  
Cathy Huber Nickerson, Jack Rasmusson, Treasurer's  
Office

**Recording:** Kathleen Smithline

**The meeting was called to order by Doug Lasher, Chair, at 2:05 p.m. with a quorum present.**

### **APPROVAL OF MINUTES**

**MOTION** was made by Betty Sue Morris, seconded by Doug Lasher, and unanimously carried to approve the Minutes of March 22, 2004.

### **APPROVAL OF COUNTY FINANCE REPORT**

Jack Rasmusson presented an overview of the first-quarter, 2004, County Finance Report, which included investment strategies, economic and market conditions, and a review of the portfolio as of March 31, 2004.

- GDP growth for 2004 is expected to be in the 4.0 to 4.5% range.
- The Consumer Confidence Index for first-quarter, 2004, ended at 88.3 compared to 91.3 in December, 2003.
- The national unemployment rate was 5.7% at the end of the first quarter, which was up from 5.6% in January and February.
- Low interest rates continue to account for construction spending supporting the economy with record-breaking sales during first quarter. Consumers continue to be the main force keeping the economy going.
- Clark County Pool balances averaged \$420 million in the first quarter compared to an average of \$467 million in the first quarter of 2003.
- Due to record low interest rates, construction spending continues to support the economy with record-breaking sales.
- Accounting for two-thirds of all economic activity in the U.S., consumers continue to be the main force keeping the economy going.

### **Investment Strategy**

- Transfer a portion of overnight investment balances to short-term securities.
- Take advantage of market volatility by placing new investments at opportune times.
- Target an average maturity of 7.0 to 8.5 months.
- Concentrate new purchases in U.S. Treasuries.

**MOTION** was made by Greg Kimsey, seconded by Betty Sue Morris, and unanimously carried to approve the County Finance Report for first-quarter, 2004.

**PFM REPORT**

Jack Rasmusson presented an overview of the County’s investments for first quarter of 2004.

- The economy continued to strengthen in the first quarter..
- Consumer confidence declined during the quarter from 94.8 in December to 88.3 in March.
- Expansion in the U.S. economy was in its tenth consecutive month in which the Institute for Supply Management Index was above 50.
- Interest rates declined as a result of slow job growth and ongoing international tensions.
- The County continued to use a “barbell” strategy during first quarter, 2004.
- The average maturity was 7.8 months as of March 31.
- The portfolio maintained excellent liquidity with substantial balances in overnight investments.
- As of March 31, \$40 million, or 9.3% of the portfolio, was invested in callable securities.
- The credit quality of the portfolio remains very high.
- Interest rates for two-year Treasury obligations have remained in a trading range of 1.45% to 2.10% over the last several months.

PFM recommendations transferring a portion of overnight investment balances to short-term securities; taking advantage of market volatility by placing new investments at opportune times; concentrating on new purchase in U.S. Treasuries; and minimizing interest rate risk by targeting an average maturity of 7 – 8 ½ months.

**OUTSTANDING DEBT REPORT**

Cathy Huber Nickerson presented the County Debt Status Report as of March 31, 2004. At the end of the first quarter, the total outstanding debt of Clark County and the junior taxing districts totaled approximately \$794 million compared to \$795 million on March 31, 2003. The report reflects new issues for first quarter, 2004; history for line of credit, registered warrants, Clark County Fair, and a listing of outstanding debt.

**OTHER**

- PFM will be doing more work until for the Treasurer’s Office until fall because of staff on medical leave. Public Financial Management, Inc.’s contract will expire December 31 of this year. Doug Lasher stated that the Investment Advisory Committee advised him to continue using an investment advisory service, so we will be going out for an RFP next month. The cost is approximately \$32,000 per year. Discussion followed. Greg Kimsey said it was worth the money to have an oversight committee. The Investment Advisory Committee will help in the selection process.

The meeting was adjourned at 2:35 p.m.

Submitted by: \_\_\_\_\_  
Greg Kimsey, Secretary

Prepared by: \_\_\_\_\_  
Kathleen Smithline, Administrative Assistant

## **SECTION II - EXECUTIVE SUMMARY**

This report provides a retroactive review of the activities occurring during the second quarter, 2004, in compliance with our Investment Policy and Standards adopted November 2002.

During the second quarter of 2004, the average maturity of the portfolio increased to approximately 8 months, compared to 7.8 months in the first quarter of 2004. The asset sector distribution of the portfolio changed slightly during the second quarter, with approximately 38% of the portfolio invested in Federal Agencies, 51% invested in money markets and 11% invested in U.S. Treasuries. This is compared with the first quarter of 2004's asset allocation of 43% of the portfolio invested in Federal Agencies, 48% invested in money markets and 9% invested in U.S. Treasuries. At the end of June 2004, the total book value of the portfolio was approximately \$455 million.

Residual balances for the first two quarters averaged \$55 million monthly compared to a \$50 million monthly average in the first half of 2003. Interest earnings distributed to the County's General Fund during the first half of 2004 were \$400,116 compared to \$561,657 for the first quarter of 2003. The decrease is a result of lower interest rates and lower overall balances in county funds in 2004 compared to 2003. The average interest rate of the Clark County Investment Pool for the second quarter of 2004 was 1.48% compared to 2.26% in the second quarter of 2003. Interest earnings for the first and second quarters of 2004 were lower than our revised projections by approximately \$145,500.

County Pool balances averaged \$455 million in the first and second quarter of 2004, compared to an average of \$525 million in the first half of 2003. Interest earnings distributed to the County Pool participants for the first and second quarter of 2004 were \$3.6 million compared to \$6.4 million in the first half of 2003. Clark County funds made up 33% of the County Pool. Other major Pool participants include the Evergreen School District at 29%, Vancouver School District at 15%, ESD 112, Battle Ground School District, Camas School District and the Leichner Landfill reserves (Leichner) each at 3% and all other districts at 11%.

The annualized quarterly total return for the County Pool came in at -.12% compared to the custom Treasury total return index of -0.40%. On a book value return basis, the County Pool rate yielded 1.38%, compared to the custom Treasury Index's book value return of 1.92%. The net asset value of the County Pool ended the quarter at .99458. An unrealized loss of approximately \$2,463,428 was distributed to the Clark County Pool participants for the fair market value adjustment at the end of June. Along with an unrealized gain of 524,275 distributed the first quarter bring the unrealized lose for the year to 1,939,153. This is in accordance with our investment policy, fair market value adjustments are made four times per year. The next adjustment will occur at the end of August.

Our current strategy is to shift money from the Washington LGIP to the U.S. Bank MIA. The U.S. Bank MIA is tied to the Federal Funds rate and increases its rate faster than the Washington LGIP. We are also investing in Federal Agencies discount notes when spreads are over the U.S. Bank MIA are at least 12 basis points (0.12%); take advantage of market volatility by placing new investments at opportune times; concentrate new purchases in Federal Agencies to allow for greater latitude in responding to changes in market conditions; and minimize interest rate risk by targeting an average maturity of 7.0 – 8.5 months.

## SECTION III - 2004 YEAR-TO-DATE

### INVESTMENT ACTIVITY:

During the second quarter of 2004, County residual principal balances averaged \$5,162,830 more than the same period in 2003 on an average monthly basis. Actual monthly average 2004 County residual balances exceeded projections by approximately \$9,466,504 for the year as denoted in the chart below.

Date	2003 Residual Balance	2004 Residual Balance	2004 Projected Residual Balance
January	22,190,576	54,596,788	20,000,000
February	43,210,854	28,859,054	37,000,000
March	30,010,925	28,261,393	34,000,000
April	44,478,047	40,101,928	40,000,000
May	104,803,897	113,347,633	91,000,000
June	53,127,743	63,632,227	50,000,000
Average	49,637,007	54,799,837	45,333,333

Since 2001, the Fed has taken aggressive action by lowering interest rates 13 times; bringing the Fed funds short-term interest rate to a 45-year low of 1.00% by the end of December 2003. However, in June, the Fed shifted action and started to raise rates in a measured fashion with the goal of returning rates to a more neutral level. Actual interest earnings decreased to \$400,116 in 2004 from \$561,657 in 2003. As shown below, total interest earnings for the year are approximately \$145,500 less than projected.

Date	2003 Interest Earnings	2004 Interest Earnings	2004 Projected Interest Earnings
January	36,650	56,713	36,650
February	79,951	40,971	79,951
March	62,699	41,422	48,587
April	87,242	57,799	87,295
May	194,845	129,912	194,846
June	100,270	73,299	98,278
Total	561,657	400,116	545,607

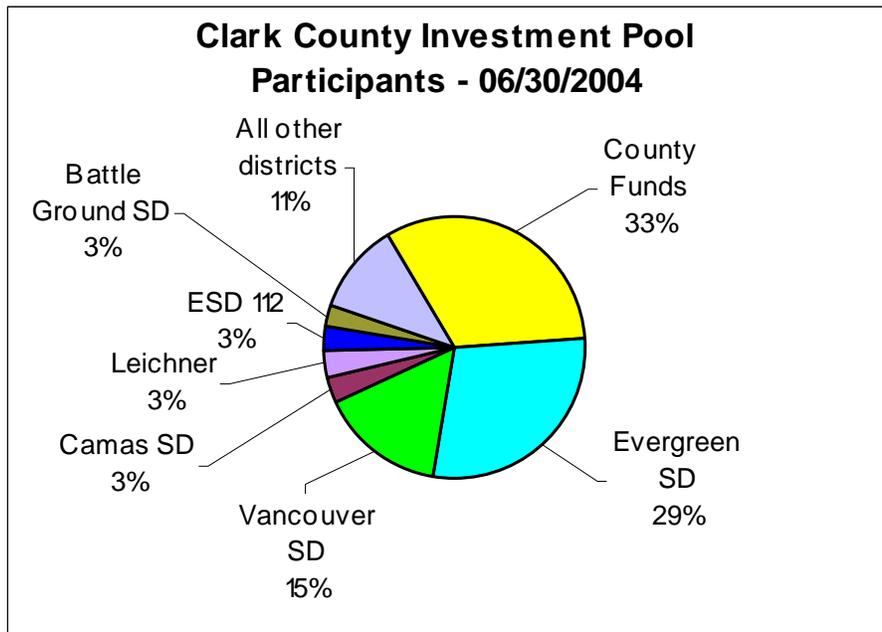
Shown below, County Pool principal balances averaged nearly \$455 million for 2004, compared to \$525 million during 2003, approximately 13% lower.

Date	2003 Pool Average Balance	2004 Pool Average Balance
January	432,859,337	447,499,544
February	459,652,656	408,942,068
March	507,018,514	402,102,023
April	531,678,200	438,647,428
May	631,898,589	544,037,116
June	585,383,441	485,785,543
Average	524,748,456	454,502,287

The table below reflects County Pool earnings of approximately \$3.6 million in the first half of 2004, compared to \$6.3 million during the same period of 2003, resulting in decreased earnings of approximately 43%. This is due to the lower interest rate environment and lower residual cash balances in 2004 compared to 2003. The average Clark County Pool interest rate for the first quarter of 2004 is 1.71% compared to 2.56% in 2003. For the second quarter, the average Clark County Pool interest rate is 1.48% in 2004 compared to 2.26% in 2003. The Clark County Pool interests rate average for the first half of 2004 is 1.60% compared to 2.41% in 2004.

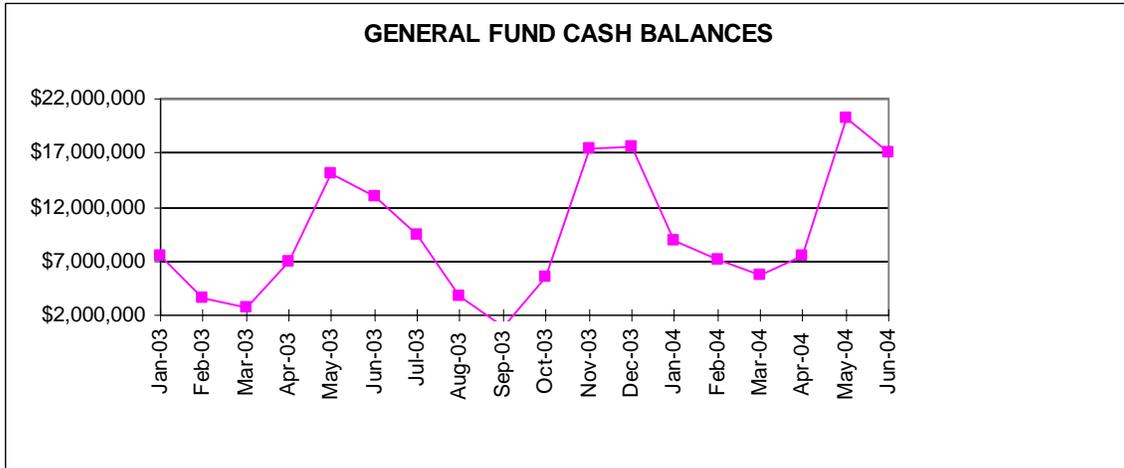
Date	2003 Pool Interest Earnings	2004 Pool Interest Earnings
January	1,009,481	643,900
February	966,887	580,695
March	1,059,428	589,850
April	1,043,437	632,232
May	1,177,429	623,827
June	1,099,644	558,132
Total	6,356,306	3,628,636

**Figure One** shows the major participants in the Clark County Investment Pool for the second quarter of 2004. As of June 30, 2004, County funds made up 33% of the pool, Evergreen School District - 29%, Vancouver School District - 15%, ESD 112, Camas School District, Leichner and Camas School District - 3% each and all other districts - 11%. In the first quarter of 2003, Evergreen School District issued \$58,000,000 in bonds causing their overall percentage in the pool to increase substantially.



**Figure 1**

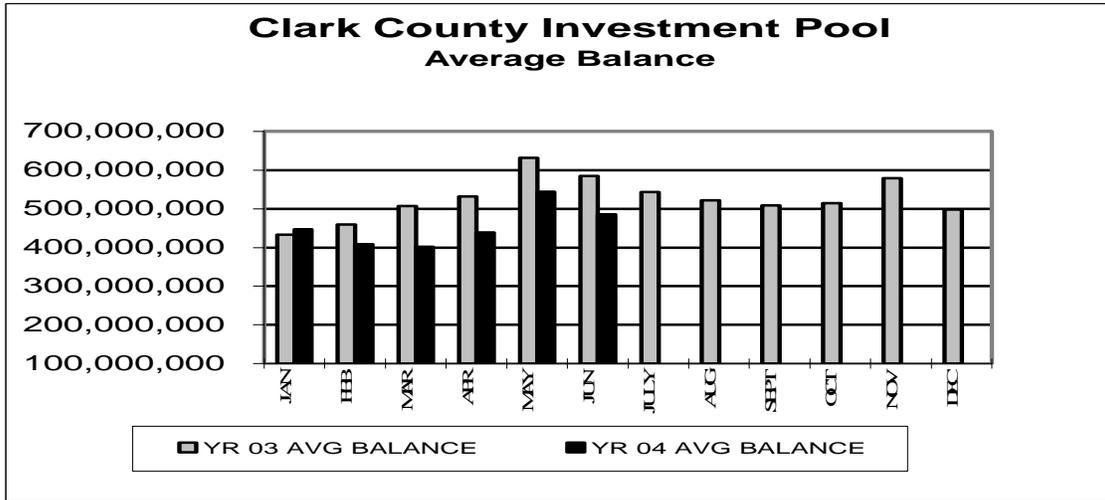
**Figure Two** illustrates month-end General Fund cash balances beginning with January 2003 through June 2004. For the second quarter of 2004, cash balances in the General Fund increased above the same period in 2003 by a monthly average of approximately \$3.2 million.



**Figure 2**

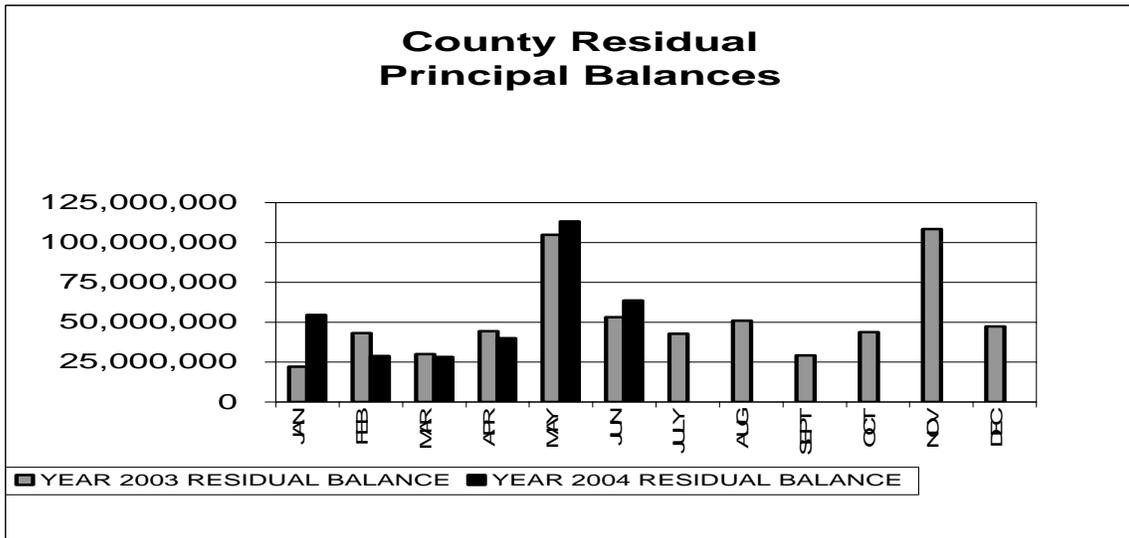
## SECTION IV - QUARTERLY ACTIVITY

**Figure Three** reflects the average principal balances being maintained within the Pool in 2004. For the second quarter of 2004, the average monthly principal balance decreased below the second quarter of 2003 levels by \$93 million. For the year, the average monthly principal balance is \$70 million below what 2003 was.



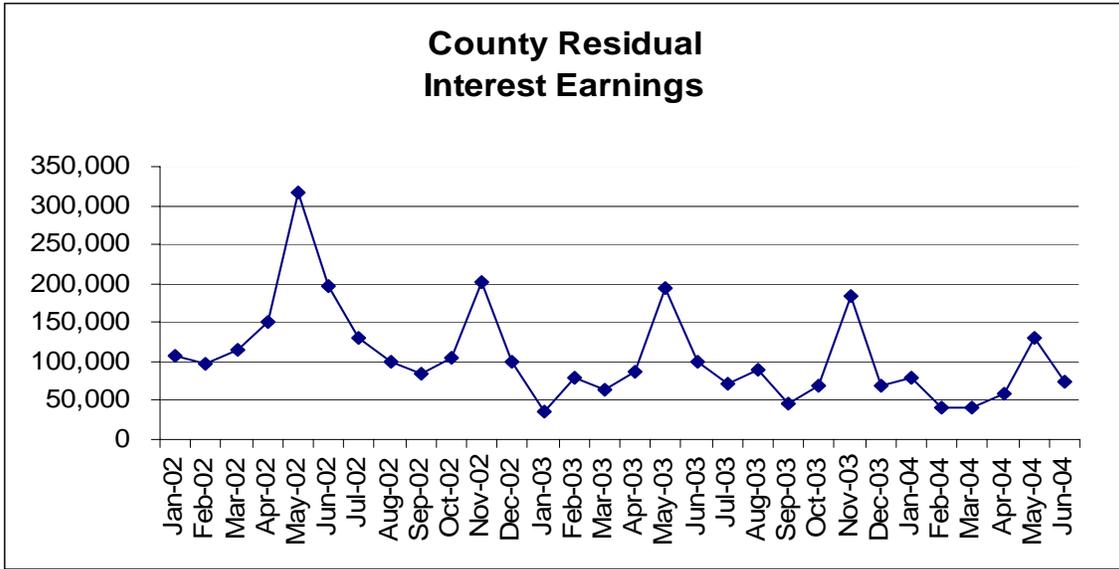
**Figure 3**

**Figure Four** reflects the actual monthly residual principal balances managed by the County for 2003 and 2004. For the year, residual balances average 5,162,830 per month higher than in 2003.



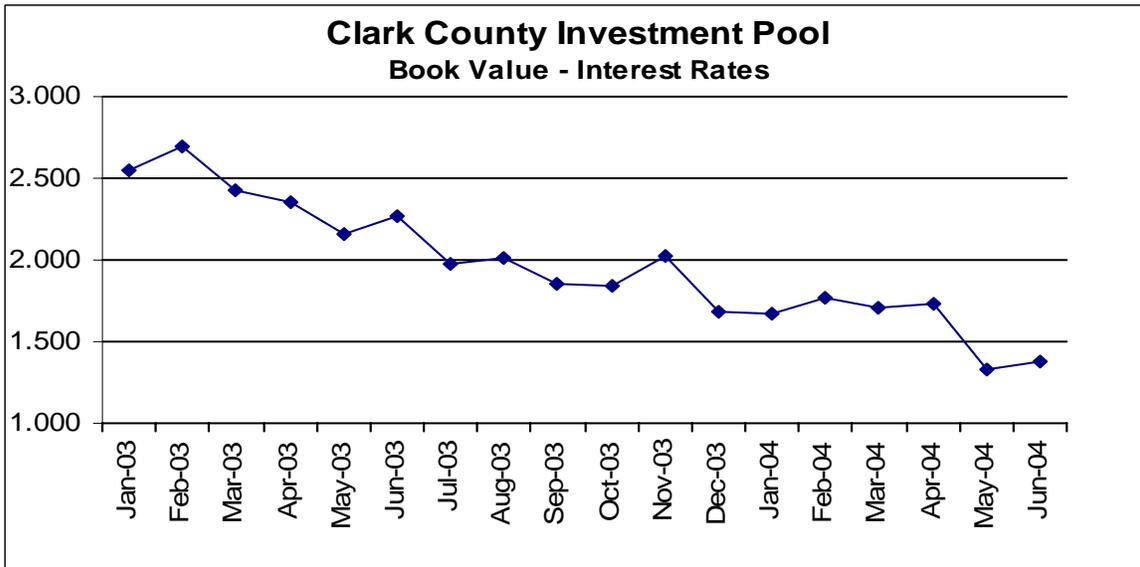
**Figure 4**

**Figure Five** shows interest earnings distributed each month to the County's General fund from 2002 through 2004. During the first half of 2004, interest earnings averaged \$23,000 less per month than during the same period in 2003. This is due to lower interest rates in 2004. On an average monthly basis, \$127,000 was allocated to the General fund during the second quarter of 2003. For the second quarter of 2004, an average of \$87,000 was distributed to the General fund per month.



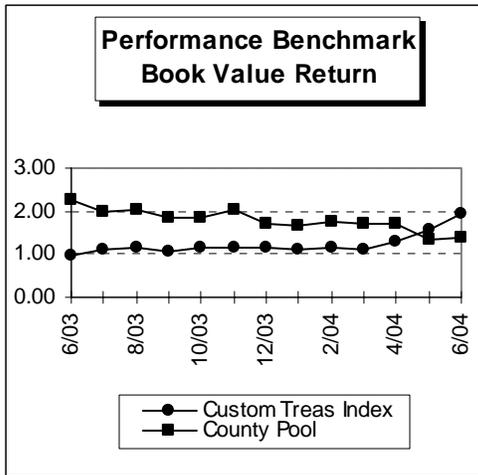
**Figure 5**

**Figure Six** shows the County Pool interest rates for 2003 and 2004. The County Pool's book value, gross interest rate at the end of June 2004 was 1.38%, compared to 2.26% on June 30, 2003.

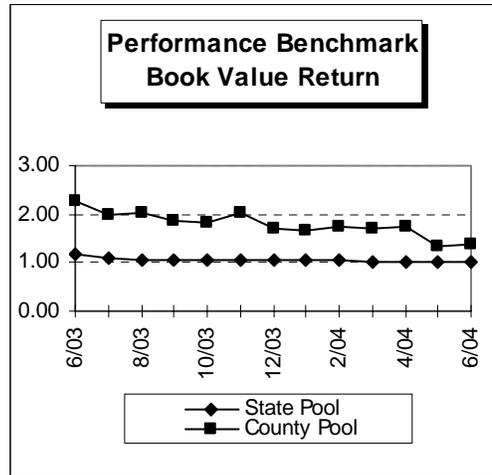


**Figure 6**

**Figures 7 (a) and (b)** compare performance on a book value return basis. The County Pool's interest rate is expressed as the net interest rate (the gross rate less the investment fee). The book value return of a portfolio measures the yield based on the yield of the securities at the time the securities are purchased. These performance benchmarks consist of a composite Treasury Index with an average maturity of nine months and the Washington State Local Government Investment Pool (LGIP) with an average maturity of approximately two months. The Clark County Investment Pool has an average maturity of approximately eight months. The Treasury Index and the LGIP closely track current interest rates. At the end of the second quarter, the County Pool's net rate, on a book value return basis was 1.38%, the Treasury Index was 1.92%, and the State Pool's net rate was 1.03%.

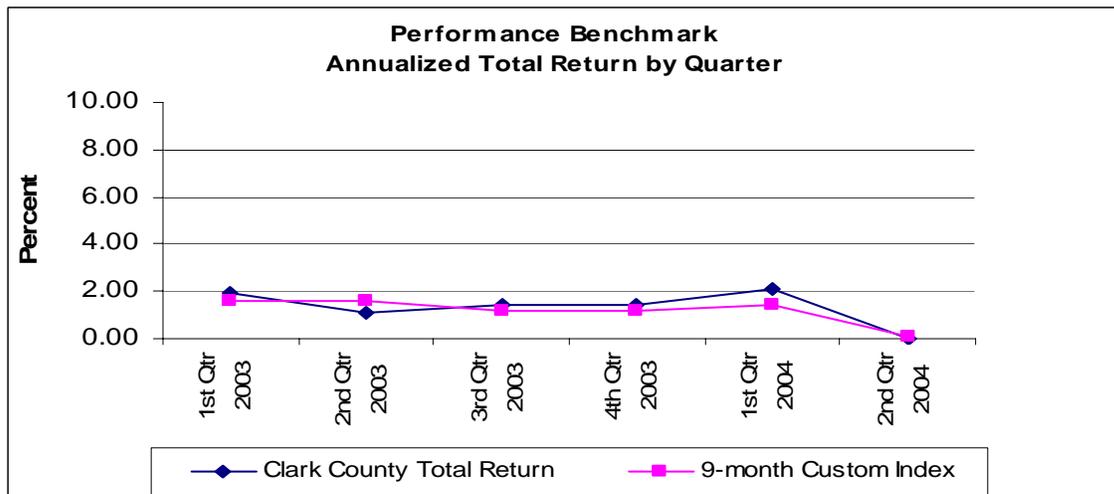


**Figure 7(a)**



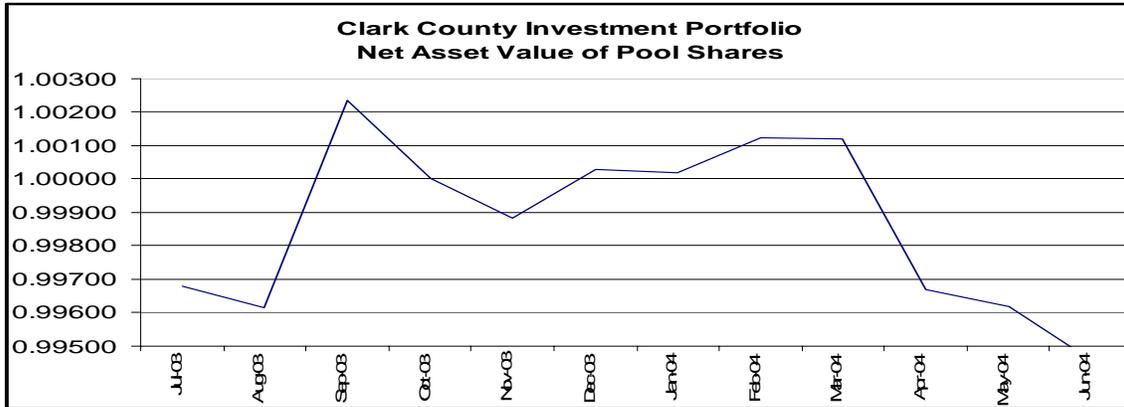
**Figure 7(b)**

**Figure Five** compares performance on a total return basis. Total return measures the market value increase or decrease in the value of the portfolio over a given period of time and the interest earnings associated with the securities. The customized total return index consists of two Merrill Lynch U.S. Treasury Securities maturing from six months to one year. The annualized second quarter return for 2004 for the County Pool was -.12% and the Treasury Index was -.40%. Wide swings in return reflect the volatility in the investment markets. In addition, the custom Treasury total return index typically out performs the County Pool as the average maturity of the Pool falls below nine months.



**Figure 8**

**Figure Nine** shows the market value of the Pool portfolio based on net asset value (NAV). As of June 30, 2004, the NAV was .99458. GASB Statement 31 requires that External Investment Pools report all investments at fair market value, if the average maturity of the Pool exceeds 90 days. On June 30, 2004, the Treasurer's Office posted approximately \$2.4 million in unrealized losses to the County Pool. The next adjustment for fair market value will occur on August 31, 2004.



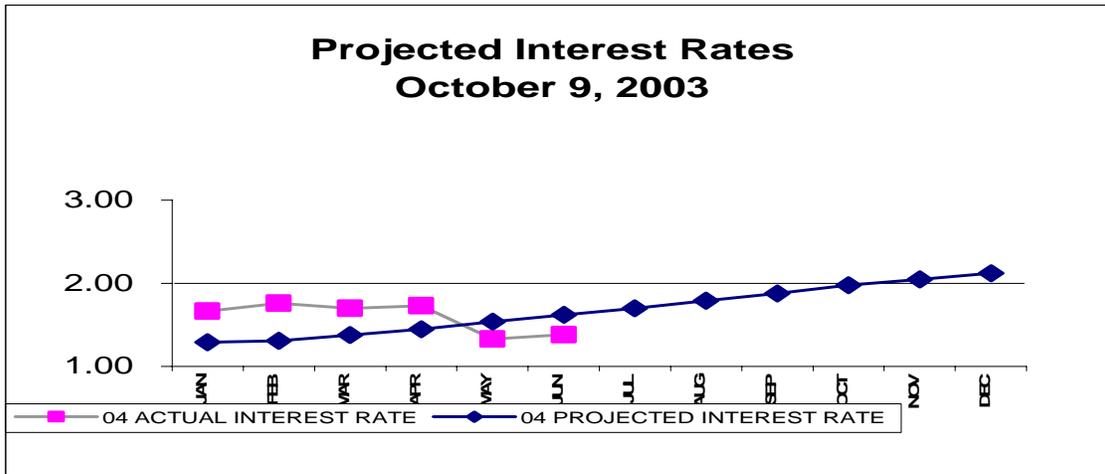
**Figure 9**

**Figure Ten** is a breakdown by year reflecting the total unrealized gains/ (losses) since 1998 along with an increase of County Pool earnings over being invested in the State Pool only. As of June 30, 2004 the County Portfolio has posted approximately \$1.5 million in aggregate unrealized losses on a fair market value basis. While the interest earnings of the County Pool increase over \$17 million verse being invested only in the State Pool. Annual unrealized gains/(losses) are the direct result of fluctuating interest rates. The unrealized loss allocated to pool participants was approximately \$2.4 million in the second quarter of 2004 compared to losses of \$1.1 million in the same period of 2003. However, the total return on the County Pool is \$15.7 million dollars better than the State Pool for the same given time period.

Year	Unrealized gain/(loss)	Earning Difference County Verses State Pool
1998	566,583	624,518
1999	(2,563,593)	157,992
2000	4,038,403	(1,365,529)
2001	2,072,065	4,376,049
2002	295,807	7,060,263
2003	(4,010,663)	5,246,610
2004	(1,939,153)	1,298,485
Cumulative	(1,540,551)	17,338,388

**Figure 10**

**Figure Eleven** shows the revised projected County Pool interest rates for 2004 compared with actual interest rates. Projected interest rates have been restated beginning in October 2003 due to significant reductions made by the Federal Reserve as well as lower than anticipated residual cash balances.



**Figure 11**

## **SECTION V - INVESTMENT STRATEGY**

The following table shows the percentage distribution of the Clark County Pool maturity periods. As the table indicates, during 2002 emphasis was placed on purchasing securities in the 0 -1 year maturity sector to target an average maturity of 8 months. During 2003 and the first quarter of 2004 investments were purchased in the 0 - 1 year sector to target an average maturity of 7-8 months.

<b>Period</b>	<b>0 - 1 year</b>	<b>1 – 2 years</b>	<b>2 - 5 years</b>
1 <sup>st</sup> quarter, 2002	60%	27%	12%
2 <sup>nd</sup> quarter, 2002	56%	42%	2%
3 <sup>rd</sup> quarter, 2002	63%	32%	5%
4 <sup>th</sup> quarter, 2002	66%	29%	5%
1 <sup>st</sup> quarter, 2003	71%	22%	7%
2 <sup>nd</sup> quarter, 2003	79%	7%	14%
3 <sup>rd</sup> quarter, 2003	76%	10%	14%
4 <sup>th</sup> quarter, 2003	68%	21%	11%
1 <sup>st</sup> quarter, 2004	69%	19%	12%
2 <sup>nd</sup> quarter, 2004	67%	27%	6%

During the second quarter of 2004, we planned to maintain a weighted average maturity of 7.0 to 8.5 months using a "barbell" structure. We are going to continually monitor our investment strategy to be proactive as economic conditions fluctuate.

The second quarter, 2004 report issued by Public Financial Management, Inc. (PFM) recommended the following sector distributions to maintain the Clark County Investment Pool at a 7.0 to 8.5 month average maturity.

<b>Investment Sector</b>	<b>Recommended Average Maturity</b>	<b>Current Average Maturity</b>	<b>Recommended % of Portfolio</b>	<b>Current % of Portfolio</b>
US Treasury Notes	6 months – 2.00 years	1.50 Years	10% - 25%	11%
Federal Agency Notes/Disc. Notes	6 months – 2.00 years	1.31 Years	30% - 60%	38%
Municipal Obligations	0 months – 2.00 years	N/A	0% - 5%	0%
Money Markets - State Pool, CP, CD's & BA's	1 – 60 days	1 Day	30% - 60%	51%
Aggregate Avg. Maturity	7.0-8.5 months	8 months		

During the second quarter of 2004, the percentage of US Treasury Notes increased by 1.7%; there was a 5.4% decrease in Federal Agencies and a 3.7% increase in the money market sector.

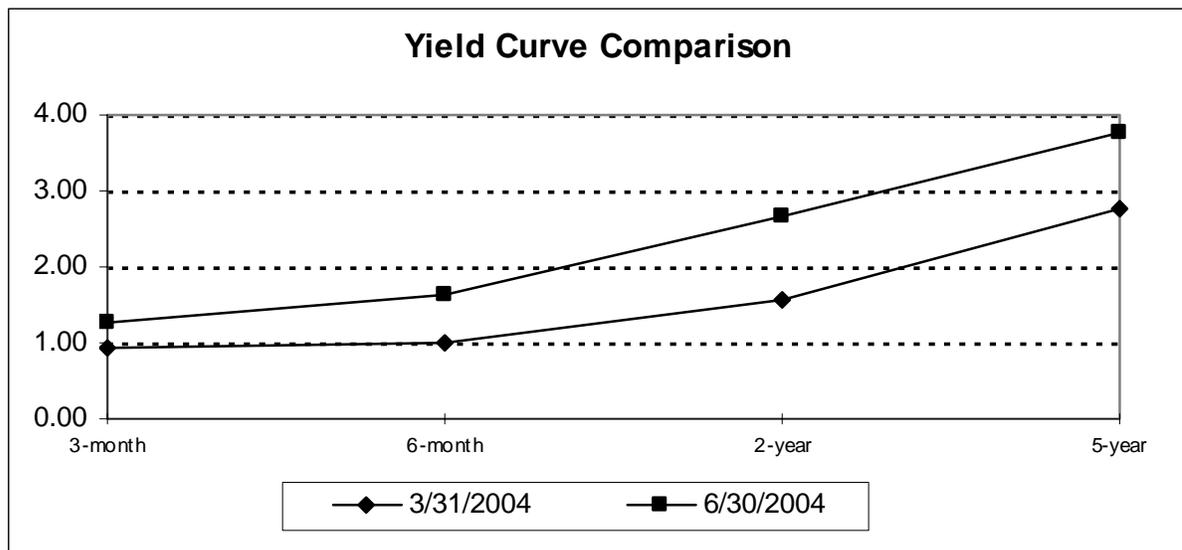
## SECTION VI - ECONOMIC/MARKET CONDITIONS

The US economy added 671,000 jobs during the 2<sup>nd</sup> quarter, creating confidence in the economic recovery. With the increased confidence, speculation on higher interest soon became a reality as the Federal Reserve ended the quarter with a raise in the Federal Funds rate. With increase in rates, negative returns resulted in most fixed income benchmarks. The Federal Reserve also stated that it will increase rates in a measured fashion. Investors are now expecting a Fed funds rate of 1.75% to 2.00% by the end of the year.

GDP grow at 3% for the second quarter, which as less than expected. However the housing, business investment and retail sales all continue to point to an economic recovery. The real concern is the labor numbers and if they will continue to increase for the rest of the year.

*Source: PFM, INC, Clark County, Washington Investment Mgmt Review, First Quarter 2004*

On June 30, 2004 the 3-month T-bill yielded 1.261% compared to 0.9387% on March 31, 2004. The yield curve begins to shift upward after the 6-month sector.



## **SECTION VII - PORTFOLIO**

**Exhibit One** shows the make up of the entire portfolio at the end of the second quarter of 2004. This exhibit is used to monitor compliance with the Investment Policy as far as the diversification of securities held and the percentage each sector makes up of the total portfolio. All percentages are consistent with the current policy.

**Exhibit Two** shows the complete portfolio listings as of the end of the second quarter of 2004. This report shows the book value, the par value, and the market value of the portfolio as of June 30, 2004.

**Exhibit Three** shows the liquidity of the entire portfolio. All percentages are consistent with the current policy.

**Exhibit Four** reflects the percentage of securities purchased from each issuer relative to the entire portfolio. On June 30th, the average maturity was approximately 8.0 months. All the percentages are consistent with the current policy and PFM recommendations.

**Exhibit Five** shows all investment purchases and maturities from April 1, 2004 through June 30, 2004.

**Exhibit Six** shows the make up of the Clark County Investment Pool at the end of the second quarter of 2004. This exhibit is used to monitor compliance with the Investment Policy as far as the diversification of securities held and related percentage of the total portfolio for each type of security. On June 30, 2004 the average term of the Pool was approximately 8.0 months. All percentages are consistent with the current policy.

**Exhibit Seven** shows the portfolio listings of the Clark County Investment Pool at the end of the first quarter. This report contains the book value, the par value, and the market value as of June 30, 2004.

**Exhibit Eight** shows the liquidity of the Clark County Investment Pool. All percentages are consistent with the current policy.

**Exhibit Nine** reflects the percentage of securities purchased from each issuer for the Clark County Investment Pool. All percentages are consistent with the current policy.

**Exhibit Ten** is a comparison of the Clark County Investment Pool to the Washington State Pool.

Exhibit 1

**CLARK COUNTY TOTAL INVESTMENT PORTFOLIO  
DISTRIBUTION OF INVESTMENTS BY TYPE  
JUNE 30, 2004**

Investments	Book Value	Percent of Portfolio	Average Days to Maturity	Yield to Maturity	
				360 Equivalent	365 Equivalent
Federal Agencies - Discount	49,591,177.78	10.89%	157	1.601	1.623
Federal Agencies - Semi-annual	120,734,845.63	26.51%	609	2.071	2.100
Treasury Securities - Coupon	49,618,750.00	10.90%	541	1.945	1.972
Treasury Securities - SLGS	1,399,000.00	0.31%	173	0.986	1.000
Passbook/Money Market Accts	234,070,783.55	51.40%	1	1.028	1.042
<b>Total</b>	455,414,556.96	100.00%	239	1.47	1.49
Accrued Interest at Purchase	17,896.72				
<b>Total Cash and Investments</b>	<u>455,432,453.68</u>				

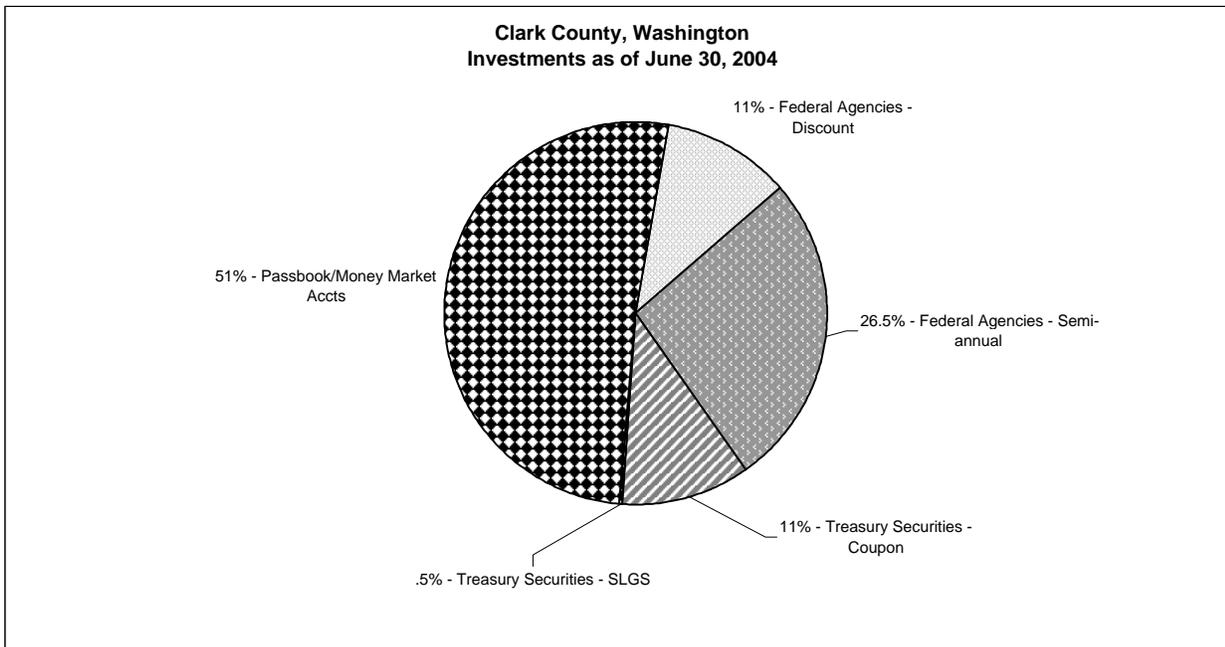


EXHIBIT 2  
**Clark County, Washington**  
**Investment Portfolio**  
**June 30, 2004**

Investment Number		Purchase Date	Cusip Number	Book Value	Par Value	Market Price 06/30/04	Market Value	Cash Gain/(Loss) on Security	Coupon Rate	Yield to Maturity 360	Yield to Maturity 365	Maturity Date	Days to Maturity
<b>Federal Agencies - Discount</b>													
89982986	Federal National Mtg Association	04/22/04	313588L45	9,939,163.89	10,000,000.00	99.533	9,953,333.00	14,169.11	1.210	1.217	1.234	10/20/04	111
89982988	Federal National Mtg Association	06/28/04	313588K79	19,909,166.67	20,000,000.00	99.569	19,913,806.00	4,639.33	1.500	1.507	1.528	10/15/04	106
89982989	Federal National Mtg Association	06/28/04	313589GC1	9,802,975.00	10,000,000.00	98.084	9,808,380.00	5,405.00	2.130	2.194	2.224	05/27/05	330
89982990	Federal National Mtg Association	06/28/04	313588P33	9,939,872.22	10,000,000.00	99.419	9,941,875.00	2,002.78	1.580	1.590	1.612	11/12/04	134
				49,591,177.78	50,000,000.00		49,617,394.00	26,216.22		1.601	1.623		157
<b>Federal Agencies - Semi Annual Coupon</b>													
89982979	Federal Farm Credit Bank	11/25/03	31331TKT7	9,971,490.00	10,000,000.00	99.584	9,958,400.00	(13,090.00)	2.250	2.364	2.397	11/25/05	512
89982972	Federal Home Loan Bank	08/21/03	3133XOE88	9,926,562.50	10,000,000.00	98.510	9,851,000.00	(75,562.50)	3.125	3.279	3.325	08/15/07	1140
89982966	Federal Nat'l Mtg Assoc.	05/21/03	3136f3SH0	10,006,250.00	10,000,000.00	99.327	9,932,700.00	(73,550.00)	2.050	1.996	2.024	11/21/05	508
89982967	Federal Nat'l Mtg Assoc.	05/27/03	31359MQZ	10,096,200.00	10,000,000.00	98.766	9,876,600.00	(219,600.00)	2.125	1.757	1.781	04/15/06	653
89982965	Federal Home Loan Mtg. Corp.	04/24/03	3134A4RA4	10,201,953.13	10,000,000.00	100.516	10,051,600.00	(150,353.13)	2.875	1.978	2.005	09/15/05	441
89982968	Federal Home Loan Mtg. Corp.	06/05/03	3134A4RV8	10,107,700.00	10,000,000.00	100.016	10,001,600.00	(106,100.00)	1.875	1.182	1.198	01/15/05	198
89982969	Federal Home Loan Mtg. Corp.	06/26/03	3128X1LY1	10,000,000.00	10,000,000.00	97.548	9,754,800.00	(245,200.00)	2.300	2.268	2.300	12/26/06	908
89982970	Federal Home Loan Mtg. Corp.	06/18/03	3128X1KH9	10,011,700.00	10,000,000.00	97.475	9,747,500.00	(264,200.00)	2.250	2.185	2.215	12/18/06	900
89982974	Federal Home Loan Mtg. Corp.	09/29/03	3134A4RA	10,221,900.00	10,000,000.00	100.516	10,051,600.00	(170,300.00)	2.875	1.695	1.719	09/15/05	441
89982975	Federal Home Loan Mtg. Corp.	09/29/03	3134A4SX	10,073,900.00	10,000,000.00	99.250	9,925,000.00	(148,900.00)	2.375	2.047	2.075	04/15/06	653
89982987	Federal Home Loan Mtg. Corp.	06/28/04	3128X2FB5	9,977,190.00	10,000,000.00	99.706	9,970,600.00	(6,590.00)	2.375	2.988	3.030	06/16/06	715
89982971	Student Loan Market Assoc.	06/24/03	86387UBJ3	10,140,000.00	10,000,000.00	100.034	10,003,400.00	(136,600.00)	2.000	1.161	1.177	03/15/05	257
	Subtotal & Averages			120,734,845.63	120,000,000.00		119,124,800.00	(1,610,045.63)		2.071	2.100		609
<b>Treasury Securities - Coupon</b>													
89982976	US Treasury Note	10/21/03	912828BL34	9,953,906.25	10,000,000.00	99.266	9,926,600.00	(27,306.25)	1.625	1.842	1.868	09/30/05	456
89982977	US Treasury Note	11/07/03	912828BL34	9,930,468.75	10,000,000.00	99.125	9,912,500.00	(17,968.75)	1.625	1.958	1.985	10/31/05	487
89982978	US Treasury Note	11/10/03	912828BL34	9,914,062.50	10,000,000.00	99.125	9,912,500.00	(1,562.50)	1.625	2.044	2.072	10/31/05	487
89982984	US Treasury Note	04/05/04	912828CD0	9,932,812.50	10,000,000.00	98.219	9,821,900.00	(110,912.50)	1.625	1.821	1.846	03/31/06	638
89982985	US Treasury Note	04/15/04	912828CD0	9,887,500.00	10,000,000.00	98.219	9,821,900.00	(65,600.00)	1.625	2.060	2.089	03/31/06	638
	Subtotal & Averages			49,618,750.00	50,000,000.00		49,395,400.00	(223,350.00)		1.945	1.972		541
<b>Treasury Securities - SLGS</b>													
89982980	State & Local Govt Series	12/30/03		4,000.00	4,000.00	100.00	4,000.00	0.00	0.250	0.986	1.000	12/22/04	174
89982981	State & Local Govt Series	12/30/03		206,000.00	206,000.00	100.00	206,000.00	0.00	0.250	0.986	1.000	12/21/04	173
89982982	State & Local Govt Series	12/30/03		910,000.00	910,000.00	100.00	910,000.00	0.00	0.250	0.986	1.000	12/20/04	172
89982983	State & Local Govt Series	12/30/03		279,000.00	279,000.00	100.00	279,000.00	0.00	0.250	0.986	1.000	12/23/04	175
	Subtotal & Averages			1,399,000.00	1,399,000.00		1,399,000.00	0.00		0.986	1.000		173
<b>Passbook/Money Market Accounts</b>													
0001-3	Registered Warrant Investments			1,970,782.83	1,970,782.83		1,970,782.83	0.00	3.000	2.959	3.000		1
3051	U.S. Bank - Retainage Account			119,945.49	119,945.49		119,945.49	0.00	3.000	0.986	1.000		1
89980002	U.S. Bank - Municipal Investment Account			32,619,118.72	32,619,118.72		32,619,118.72	0.00	1.000	0.986	1.000		1
89980001	WA State Local Government Invest. Pool			199,360,936.51	199,360,936.51		199,360,936.51	0.00	1.033	1.016	1.030		1
	Subtotal & Averages			234,070,783.55	234,070,783.55		234,070,783.55	0.00		1.028	1.042		1
<b>Grand Total</b>				<b>455,414,556.96</b>	<b>455,469,783.55</b>		<b>453,607,377.55</b>	<b>(1,807,179.41)</b>		<b>1.466</b>	<b>1.487</b>		<b>239</b>

**EXHIBIT 3**

**CLARK COUNTY TOTAL INVESTMENT PORTFOLIO  
AGING OF MATURING INVESTMENTS  
JUNE 30, 2004**

<u>Days to Maturity</u>	<u>Book Value</u>	<u>% Maturing</u>	<u>Cumulative % Maturing</u>
1	\$234,070,783.55	51.40%	51.40%
91 - 120	29,848,330.56	6.55%	57.95%
121 - 183	11,338,872.22	2.49%	60.44%
184 - 365	30,050,675.00	6.60%	67.04%
366 - 730	120,167,633.13	26.39%	93.43%
731 - 1290	29,938,262.50	6.57%	100.00%
<b>TOTALS</b>	<b>\$455,414,556.96</b>	<b>100.00%</b>	

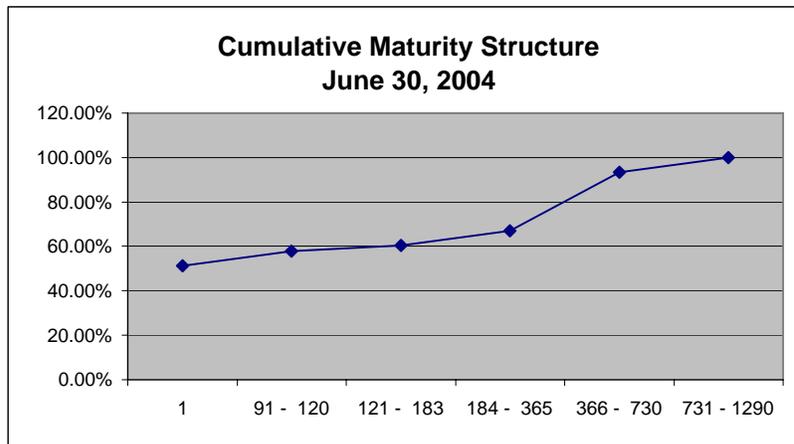
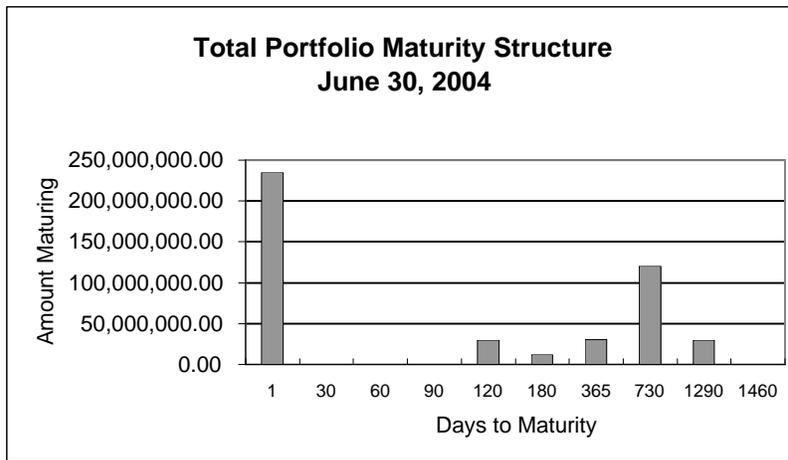


Exhibit 4

CLARK COUNTY TOTAL INVESTMENT PORTFOLIO  
SUMMARY OF INVESTMENTS BY ISSUER  
JUNE 30, 2004

Issuer	Number of Investments	Book Value	% of Portfolio	Avg YTM (365)	Days to Maturity
Federal Farm Credit Bank	1	9,971,490.00	2.19%	2.397	512
Federal Home Loan Bank	1	9,926,562.50	2.18%	3.325	1,140
Federal Home Loan Mtg Corp.	7	70,594,343.13	15.50%	2.077	606
Federal National Mtg Association	6	69,693,627.78	15.30%	1.734	279
Registered Warrants @ 3.00%	1	1,970,782.83	0.43%	3.000	1
State and Local Govt. Series	4	1,399,000.00	0.31%	1.000	173
Student Loan Market Assoc.	1	10,140,000.00	2.23%	1.770	257
US Bank - Municipal Investor Account	1	32,619,118.72	7.16%	1.000	1
US Treasury Note	5	49,618,750.00	10.90%	1.972	541
US Bank - Retainage Account	1	119,945.49	0.03%	1.000	1
Washington State Pool	1	199,360,936.51	43.78%	1.030	1
TOTALS and AVERAGES	29	\$ 455,414,556.96	100.00%	1.487	239

## EXHIBIT 5

**CLARK COUNTY TOTAL INVESTMENT PORTFOLIO**  
**INVESTMENT ACTIVITY BY TYPE**  
**APRIL 1, 2004 - JUNE 30, 2004**

NUMBER	ISSUER	STATED RATE	DATE	PURCHASES	MATURITIES	BALANCE
<b>FEDERAL AGENCIES - DISCOUNT</b>				<b>BEGINNING BALANCE:</b>		<b>0.00</b>
89982986	Federal National Mtg Association	1.210	04/22/04	9,939,163.89		9,939,163.89
89982988	Federal National Mtg Association	1.500	06/28/04	19,909,166.67		29,848,330.56
89982989	Federal National Mtg Association	2.130	06/28/04	9,802,975.00		39,651,305.56
89982990	Federal National Mtg Association	1.580	06/28/04	9,939,872.22		49,591,177.78
SUBTOTALS and ENDING BALANCE - APRIL				9,939,163.89	0.00	9,939,163.89
SUBTOTALS and ENDING BALANCE - MAY				0.00	0.00	9,939,163.89
SUBTOTALS and ENDING BALANCE - JUNE				39,652,013.89	0.00	49,591,177.78
<b>FEDERAL AGENCIES - SEMI ANNUAL COUPON</b>				<b>BEGINNING BALANCE:</b>		<b>187,466,414.98</b>
3134A4PH1	Federal Home Loan Mtg Corp	2.875	04/15/04		10,030,200.00	177,436,214.98
3133MEHL8	Federal Home Loan Bank	4.875	04/16/04		10,214,000.00	167,222,214.98
3133MEHL8	Federal Home Loan Bank	4.875	04/16/04		10,190,200.00	157,032,014.98
86387UAW5	Student Loan Market Assoc	2.000	04/23/04		10,254,958.90	146,777,056.08
3134A4EX8	Federal Home Loan Mtg Corp	2.375	05/15/04		15,729,619.20	131,047,436.88
3133MP4B9	Federal Home Loan Bank	3.375	06/15/04		10,163,281.25	120,884,155.63
31359MNG4	Federal National Mtg Association	3.000	06/15/04		10,126,500.00	110,757,655.63
3128X2FP5	Federal Home Loan Mtg Corp	2.910	06/28/04	9,977,190.00		120,734,845.63
SUBTOTALS and ENDING BALANCE - APRIL				0.00	40,689,358.90	146,777,056.08
SUBTOTALS and ENDING BALANCE - MAY				0.00	15,729,619.20	131,047,436.88
SUBTOTALS and ENDING BALANCE - JUNE				9,977,190.00	20,289,781.25	120,734,845.63
<b>TREASURY SECURITIES - COUPON</b>				<b>BEGINNING BALANCE:</b>		<b>39,806,250.00</b>
912828CD0	US Treasury Note	1.500	04/05/04	9,932,812.50		49,739,062.50
912828BJ8	US Treasury Note	2.000	04/05/04		10,007,812.50	39,731,250.00
912828CD0	US Treasury Note	1.500	04/15/04	9,887,500.00		49,618,750.00
SUBTOTALS and ENDING BALANCE - APRIL				19,820,312.50	10,007,812.50	49,618,750.00
SUBTOTALS and ENDING BALANCE - MAY				0.00	0.00	49,618,750.00
SUBTOTALS and ENDING BALANCE - JUNE				0.00	0.00	49,618,750.00
<b>TREASURY SECURITIES - SLGS</b>				<b>BEGINNING BALANCE:</b>		<b>1,399,000.00</b>
SUBTOTALS and ENDING BALANCE - APRIL				0.00	0.00	1,399,000.00
SUBTOTALS and ENDING BALANCE - MAY				0.00	0.00	1,399,000.00
SUBTOTALS and ENDING BALANCE - JUNE				0.00	0.00	1,399,000.00
<b>CLARK COUNTY</b>				<b>BEGINNING BALANCE:</b>		<b>2,521,148.91</b>
APRIL	Registered Warrant Invest Acct			34,219.08	84,144.38	2,471,223.61
MAY	Registered Warrant Invest Acct			0.00	500,440.78	1,970,782.83
JUNE	Registered Warrant Invest Acct			0.00	0.00	1,970,782.83
<b>US BANK</b>				<b>BEGINNING BALANCE:</b>		<b>0.00</b>
SUBTOTALS and ENDING BALANCE - APRIL				0.00	0.00	83,418,018.61
APRIL	Municipal Investor Account			67,609.83	1,000,000.00	82,485,628.44
MAY	Municipal Investor Account			69,893.50	50,000,000.00	32,555,521.94
JUNE	Municipal Investor Account			63,596.78	0.00	32,619,118.72
<b>US BANK</b>				<b>BEGINNING BALANCE:</b>		<b>0.00</b>
SUBTOTALS and ENDING BALANCE - APRIL				0.00	0.00	0.00
APRIL	Escrow Retainage Account			11,982.93	0.00	11,982.93
MAY	Escrow Retainage Account			0.00	0.00	11,982.93
JUNE	Escrow Retainage Account			107,962.56	0.00	119,945.49
<b>STATE POOL</b>				<b>BEGINNING BALANCE:</b>		<b>120,924,660.55</b>
APRIL	Washington State Pool			114,317,056.33	23,600,000.00	211,641,716.88
MAY	Washington State Pool			98,929,367.84	49,300,000.00	261,271,084.72
JUNE	Washington State Pool			25,989,851.79	87,900,000.00	199,360,936.51
<b>APRIL TOTALS</b>				<b>435,535,493.05</b>	<b>144,190,344.56</b>	<b>504,344,521.83</b>
<b>MAY TOTALS</b>				<b>504,344,521.83</b>	<b>98,999,261.34</b>	<b>487,813,723.19</b>
<b>JUNE TOTALS</b>				<b>487,813,723.19</b>	<b>75,790,615.02</b>	<b>455,414,556.96</b>

**Exhibit 6**

**CLARK COUNTY INVESTMENT POOL  
DISTRIBUTION OF INVESTMENTS BY TYPE  
JUNE 30, 2004**

Investments	Book Value	Percent of Portfolio	Average Days to Maturity	Yield to Maturity	
				360 Equivalent	365 Equivalent
Federal Agencies - Disount	49,591,177.78	10.97%	156	1.601	1.623
Federal Agencies - Semi-annual	120,734,845.63	26.72%	608	2.071	2.100
Treasury Securities - Coupon	49,618,750.00	10.98%	541	1.945	1.972
Passbook/Money Market Accts	231,980,055.23	51.33%	1	1.012	1.026
<b>Total</b>	<b><u>451,924,828.64</u></b>	<b><u>100.00%</u></b>	<b><u>239</u></b>	<b><u>1.462</u></b>	<b><u>1.482</u></b>

**Clark County Investment Pool  
Investments as of June 30, 2004**

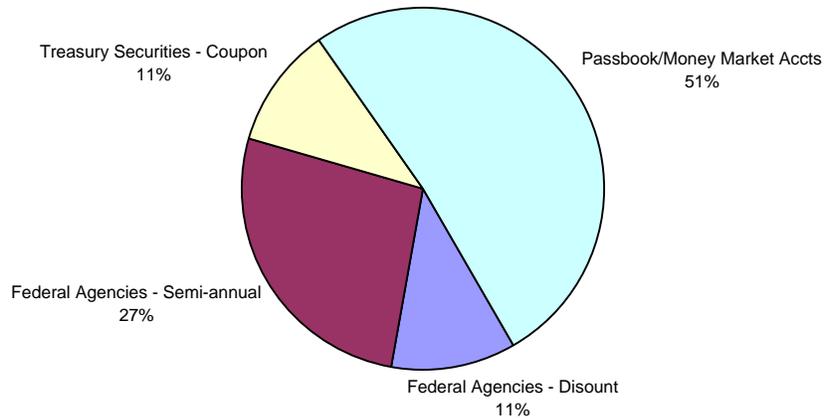


EXHIBIT 7  
**CLARK COUNTY INVESTMENT POOL**  
**Investment Portfolio**  
**June 30, 2004**

Investment Number		Purchase Date	Cusip Number	Book Value	Par Value	Market Price 06/30/04	Market Value	Cash Gain/(Loss) on Security	Coupon Rate	Yield to Maturity 360 365	Maturity Date	Days to Maturity	
<b>Federal Agencies - Discount</b>													
89982986	Federal National Mtg Association	04/22/04	313588L45	9,939,163.89	10,000,000.00	99.533	9,953,333.00	14,169.11	1.210	1.217	1.234	10/20/04	111
89982988	Federal National Mtg Association	06/28/04	313588K79	19,909,166.67	20,000,000.00	99.569	19,913,806.00	4,639.33	1.500	1.507	1.528	10/15/04	106
89982989	Federal National Mtg Association	06/28/04	313589GC1	9,802,975.00	10,000,000.00	98.084	9,808,380.00	5,405.00	2.130	2.194	2.224	05/27/05	330
89982990	Federal National Mtg Association	06/28/04	313588P33	9,939,872.22	10,000,000.00	99.419	9,941,875.00	2,002.78	1.580	1.590	1.612	11/12/04	134
				<u>49,591,177.78</u>	<u>50,000,000.00</u>		<u>49,617,394.00</u>	<u>26,216.22</u>		<u>1.601</u>	<u>1.623</u>		<u>157.00</u>
<b>Federal Agencies - Semi Annual Coupon</b>													
89982979	Federal Farm Credit Bank	11/25/03	31331TKT7	9,971,490.00	10,000,000.00	99.584	9,958,400.00	(13,090.00)	2.250	2.364	2.397	11/25/05	512
89982972	Federal Home Loan Bank	08/21/03	3133XOE88	9,926,562.50	10,000,000.00	98.510	9,851,000.00	(75,562.50)	3.125	3.279	3.325	08/15/07	1140
89982966	Federal Nat'l Mtg Assoc.	05/21/03	3136f3SH0	10,006,250.00	10,000,000.00	99.327	9,932,700.00	(73,550.00)	2.050	1.996	2.024	11/21/05	508
89982967	Federal Nat'l Mtg Assoc.	05/27/03	31359MQZ	10,096,200.00	10,000,000.00	98.766	9,876,600.00	(219,600.00)	2.125	1.757	1.781	04/15/06	653
89982965	Federal Home Loan Mtg. Corp.	04/24/03	3134A4RA4	10,201,953.13	10,000,000.00	100.516	10,051,600.00	(150,353.13)	2.875	1.978	2.005	09/15/05	441
89982968	Federal Home Loan Mtg. Corp.	06/05/03	3134A4RV8	10,107,700.00	10,000,000.00	100.016	10,001,600.00	(106,100.00)	1.875	1.182	1.198	01/15/05	198
89982969	Federal Home Loan Mtg. Corp.	06/26/03	3128X1LY1	10,000,000.00	10,000,000.00	97.548	9,754,800.00	(245,200.00)	2.300	2.268	2.300	12/26/06	908
89982970	Federal Home Loan Mtg. Corp.	06/18/03	3128X1KH9	10,011,700.00	10,000,000.00	97.475	9,747,500.00	(264,200.00)	2.250	2.185	2.215	12/18/06	900
89982974	Federal Home Loan Mtg. Corp.	09/29/03	3134A4RA	10,221,900.00	10,000,000.00	100.516	10,051,600.00	(170,300.00)	2.875	1.695	1.719	09/15/05	441
89982975	Federal Home Loan Mtg. Corp.	09/29/03	3134A4SX	10,073,900.00	10,000,000.00	99.250	9,925,000.00	(148,900.00)	2.375	2.047	2.075	04/15/06	653
89982987	Federal Home Loan Mtg. Corp.	06/28/04	3128X2FB5	9,977,190.00	10,000,000.00	99.706	9,970,000.00	(6,590.00)	2.375	2.988	3.030	06/16/06	715
89982971	Student Loan Market Assoc.	06/24/03	86387UBJ3	10,140,000.00	10,000,000.00	100.034	10,003,400.00	(136,600.00)	2.000	1.161	1.177	03/15/05	257
	Subtotal & Averages			<u>120,734,845.63</u>	<u>120,000,000.00</u>		<u>119,124,800.00</u>	<u>(1,610,045.63)</u>		<u>2.071</u>	<u>2.100</u>		<u>609</u>
<b>Treasury Securities - Coupon</b>													
89982976	US Treasury Note	10/21/03	912828BL34	9,953,906.25	10,000,000.00	99.266	9,926,600.00	(27,306.25)	1.625	1.842	1.868	09/30/05	456
89982977	US Treasury Note	11/07/03	912828BL34	9,930,468.75	10,000,000.00	99.125	9,912,500.00	(17,968.75)	1.625	1.958	1.985	10/31/05	487
89982978	US Treasury Note	11/10/03	912828BL34	9,914,062.50	10,000,000.00	99.125	9,912,500.00	(1,562.50)	1.625	2.044	2.072	10/31/05	487
89982984	US Treasury Note	04/05/04	912828CD0	9,932,812.50	10,000,000.00	98.219	9,821,900.00	(110,912.50)	1.625	1.821	1.846	03/31/06	638
89982985	US Treasury Note	04/15/04	912828CD0	9,887,500.00	10,000,000.00	98.219	9,821,900.00	(65,600.00)	1.625	2.060	2.089	03/31/06	638
	Subtotal & Averages			<u>49,618,750.00</u>	<u>50,000,000.00</u>		<u>49,395,400.00</u>	<u>(223,350.00)</u>		<u>1.945</u>	<u>1.972</u>		<u>541</u>
<b>Passbook/Money Market Accounts</b>													
89980002	U.S. Bank - Municipal Investment Account			<u>32,619,118.72</u>	32,619,118.72		32,619,118.72		<u>1.000</u>	0.986	<u>1.000</u>		1
89980001	WA State Local Government Invest. Pool			<u>199,360,936.51</u>	199,360,936.51		199,360,936.51		<u>1.033</u>	1.016	<u>1.030</u>		1
	Subtotal & Averages			<u>231,980,055.23</u>	<u>231,980,055.23</u>		<u>231,980,055.23</u>			<u>1.028</u>	<u>1.042</u>		<u>1</u>
<b>Grand Total</b>				<u><b>451,924,828.64</b></u>	<u><b>451,980,055.23</b></u>		<u><b>450,117,649.23</b></u>	<u><b>(1,807,179.41)</b></u>		<u><b>1.466</b></u>	<u><b>1.487</b></u>		<u><b>239</b></u>

**EXHIBIT 8**

**CLARK COUNTY INVESTMENT POOL  
AGING OF MATURING INVESTMENTS  
JUNE 30, 2004**

<u>Days to Maturity</u>	<u>Book Value</u>	<u>% Maturing</u>	<u>Cumulative % Maturing</u>
1	\$231,980,055.23	51.33%	51.33%
91 - 120	29,848,330.56	6.60%	57.93%
121 - 183	9,939,872.22	2.21%	60.14%
184 - 365	30,050,675.00	6.65%	66.79%
366 - 730	120,167,633.13	26.59%	93.38%
731 - 1290	29,938,262.50	6.62%	100.00%
<b>TOTALS</b>	<b>\$451,924,828.64</b>	<b>100.00%</b>	

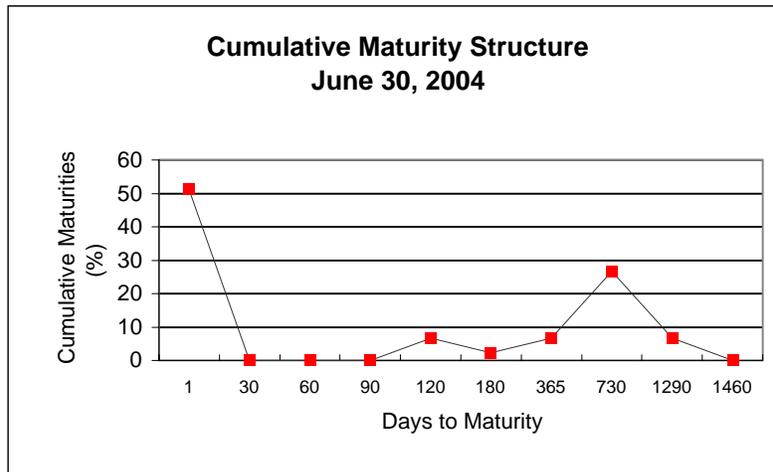
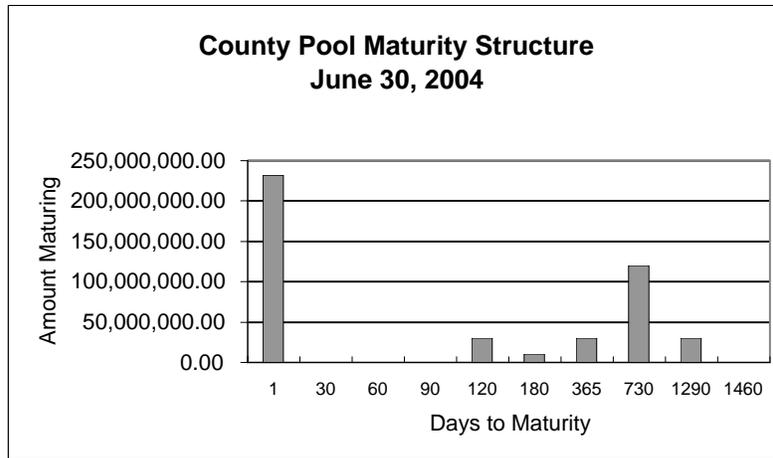


Exhibit 9

CLARK COUNTY INVESTMENT POOL  
SUMMARY OF INVESTMENTS BY ISSUER  
JUNE 30, 2004

Issuer	Number of Investments	Book Value	% of Portfolio	Avg YTM (365)	Days to Maturity
Federal Farm Credit Bank	1	9,971,490.00	2.21%	2.397	512
Federal Home Loan Bank	1	9,926,562.50	2.20%	3.325	1,140
Federal Home Loan Mtg Corp.	7	70,594,343.13	15.62%	2.077	606
Federal National Mtg Association	6	69,693,627.78	15.42%	1.734	279
Student Loan Market Assoc.	1	10,140,000.00	2.24%	1.770	257
US Bank - Municipal Investor Account	1	32,619,118.72	7.22%	1.000	1
US Treasury Note	5	49,618,750.00	10.98%	1.972	541
Washington State Pool	1	199,360,936.51	44.11%	1.030	1
TOTALS and AVERAGES	23	\$ 451,924,828.64	100.00%	1.482	239

**Exhibit 10**  
**County Pool vs. State Pool**  
**1/88 - 06/04**

Overall, \$22.4 million  
 increased interest income  
 realized from Pooling

