

CLARK COUNTY
FINANCE COMMITTEE

THIRD QUARTER, 2004



October 27, 2004

CLARK COUNTY
FINANCE COMMITTEE

INDEX

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SECTION I – September 7, 2004 MINUTES

**REGULAR MEETING MINUTES
CLARK COUNTY FINANCE COMMITTEE MEETING
September 7, 2004
1 p.m.
PSC Conference Room 694, Sixth Floor**

Members in Attendance: Doug Lasher, Chair
Greg Kimsey, Secretary

Others in Attendance: John Payne, Cathy Huber Nickerson, Jack Rasmusson, Treasurer's Office

Recording: Kathleen Smithline

The meeting was called to order by Doug Lasher, Chair, at 1:05 p.m. with a quorum present.

APPROVAL OF MINUTES

MOTION was made by, Greg Kimsey, seconded by Doug Lasher, and unanimously carried to approve the Minutes of July 5, 2004.

APPROVAL OF COUNTY FINANCE REPORT

Jack Rasmusson presented an overview of the second-quarter, 2004, County Finance Report, which included investment strategies, economic and market conditions, and a review of the portfolio as of June 30, 2004.

- GDP growth for 2004 was at 3.0% for the second quarter with expected growth to be at the 3.5 to 4.0% range for the rest of 2004.
- The Consumer Confidence Index for second-quarter, 2004, ended at 102.8 compared to 88.3 in March.
- The national unemployment rate remained unchanged at 5.6% in June as well as April and May.
- Construction spending continues to support the economy with continual high sales in the second quarter of 2004 due to low interest rates.
- Consumers continue to spend, but higher oil prices are reducing the amount of money they have to spend.
- Clark County Pool balances averaged \$455 million in the second quarter compared to an average of \$525 million in the first half of 2003. The Pool had a negative fair market value adjustment, which brought the total fair market adjustment since 1998 to a negative amount. This was predicted by Public Financial Management, who had predicted that that if the portfolio maturity date had been long, the loss could have been worse. Since 1998, the County Pool has out performed the State Pool by 17 million dollars.
- The portfolio as of September 3, 2004, remain very short with the average maturity date at approximately seven months.

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 Federal Agencies..

MOTION was made by Greg Kimsey, seconded by Doug Lasher, and unanimously carried to approve the County Finance Report for second quarter, 2004.

PFM REPORT

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

PFM recommends investing in excess liquidity in higher yielding short-term money market options; taking advantage of market volatility by placing new investments at opportune times; concentrating new purchase in Federal Agencies; 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 June 30, 2004. At the end of the second quarter, the total outstanding debt of Clark County and the junior taxing districts totaled approximately \$789 million compared to \$794 million on March 31, 2004. The report reflects new issues for second quarter, 2004, history for line of credit, registered warrants, Clark County Fair, and a listing of outstanding debt.

MOTION to adjourn the meeting was made by Greg Kimsey, seconded by Doug Lasher, and unanimously approved at 1:20 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 third quarter, 2004, in compliance with our Investment Policy and Standards adopted November 2002.

During the third quarter of 2004, the average maturity of the portfolio decreased to approximately 7.9 months, compared to 8 months in the second quarter of 2004. The asset sector distribution of the portfolio changed during the third quarter, with approximately 61.77% of the portfolio invested in Federal Agencies, 33.46% invested in money markets and 4.77% invested in U.S. Treasuries. This is compared with the second quarter of 2004's asset allocation of 38% of the portfolio invested in Federal Agencies, 51% invested in money markets and 11% invested in U.S. Treasuries. At the end of September 2004, the total book value of the portfolio was approximately \$419 million.

Residual balances for the first three quarters averaged \$48.9 million monthly compared to a \$46.7 million monthly average in the first three quarters of 2003. Interest earnings distributed to the County's General Fund during the first three quarters of 2004 were \$570,243 compared to \$767,597 for the first three quarters of 2003. The decrease is a result of lower interest rates and lower overall balances in the County Pool in 2004 compared to 2003. The average interest rate of the Clark County Investment Pool for the third quarter of 2004 was 1.594% compared to 2.254% in the third quarter of 2003. Interest earnings for the first three quarters of 2004 were lower than our revised projections by approximately \$160,015.

County Pool balances averaged \$443 million in the first three quarters of 2004, compared to an average of \$525 million in the first three quarters of 2003. Interest earnings distributed to the County Pool participants for the first three quarters of 2004 were \$5.3 million compared to \$8.9 million in the first three quarters of 2003. Clark County funds made up 35.78% of the County Pool. Other major Pool participants include the Evergreen School District at 28.07%, Vancouver School District at 13.79%, Leichner Landfill reserves (Leichner) at 3.41%, Camas School District at 3.33%, Battle Ground School District at 3.26%, ESD 112 at 2.77% and all other districts at 9.59%.

The annualized quarterly total return for the County Pool came in at 2.07% compared to the custom Treasury total return index of 1.83%. On a book value return basis, the County Pool rate yielded 1.83%, compared to the custom Treasury Index's book value return of 2.06%. The net asset value of the County Pool ended the quarter at 1.0012. An unrealized gain of approximately \$1,197,332.76 was distributed to the Clark County Pool participants for the fair market value adjustment at the end of August. Along with an unrealized loss of \$1,930,456.32 distributed the first and second quarters bring the unrealized loss for the year to \$733,123.56. 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 December.

Our current strategy is to keep close to the maximum level of 25% of the portfolio allowed in 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 their yield is at least 12 basis points (.12%) higher than U.S. Bank MIA. In order to maintain current market yield for the participants, we are replacing lower performing securities with higher performing securities, while protecting the principle of the participants. We are also looking to take advantage of market volatility by placing new investments at opportune times; concentrating on new purchases in Federal Agencies to allow for greater latitude in responding to changes in market conditions; and minimizing interest rate risk by targeting an average maturity of 7.0 – 8.5 months.

SECTION III - 2004 YEAR-TO-DATE

INVESTMENT ACTIVITY:

During the third quarter of 2004, County residual principal balances averaged \$2,202,038 more than the same period in 2003 on an average monthly basis. Actual monthly 2004 average County residual balances exceeded projections by approximately \$6,169,176 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
July	42,806,477	42,530,372	40,000,000
August	50,867,844	36,458,964	50,000,000
September	29,207,851	32,734,229	30,000,000
Average	46,744,916	48,946,954	42,777,778

Since June, the Fed has raised interest rates three times by a 25 basis points each time. This action brought the Fed funds from 45-year low of 1.00% to 1.75% by the end of September. The Fed goal is to return rates to a more neutral level with a real rate of 1% to 1.5% above inflation. Actual interest earnings decreased to \$570,243 in 2004 from \$767,597 in 2003. As shown below, total interest earnings for the year are approximately \$160,015 less than projected for 2004.

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
July	72,663	43,411	76,281
August	88,297	55,170	63,390
September	44,980	49,916	44,980
Total	767,597	570,243	730,258

Shown below, County Pool principle balances averaged nearly \$443 million for 2004, compared to \$525 million during 2003, approximately 15% 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
July	542,874,101	433,832,687
August	521,881,095	420,073,304
September	508,408,559	409,242,889
Average	524,628,277	443,360,289

The table below reflects County Pool earnings of approximately \$5.3 million in the first three quarters of 2004, compared to \$8.9 million during the same period of 2003, resulting in decreased earnings of approximately 40%. This is due to the lower interest rate environment and lower pool balances in 2004 compared to 2003.

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
July	918,323	441,970
August	905,044	635,693
September	781,553	624,131
Total	8,961,226	5,330,430

SECTION IV - QUARTERLY ACTIVITY

Figure One shows the major participants in the Clark County Investment Pool for the third quarter of 2004. As of September 30, 2004, County funds made up 35.78% of the pool, Evergreen School District – 28.07%, Vancouver School District – 13.79%, Leichner – 3.41%, Camas School District – 3.33%, Battle Ground School District – 3.26%, ESD 112 – 2.77% and all other districts – 9.59%. 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.

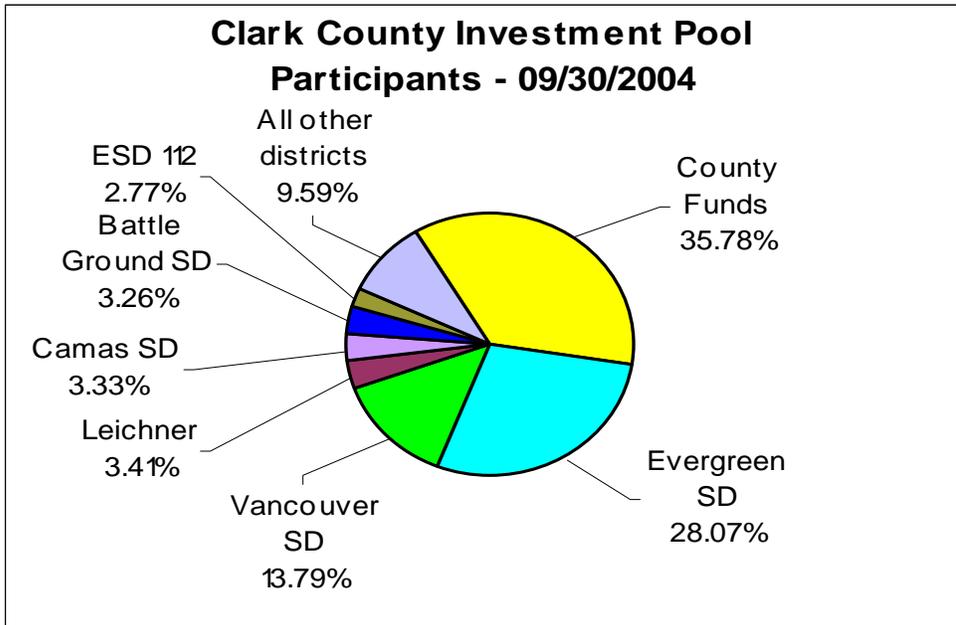


Figure 1

Figure Two illustrates month-end General Fund cash balances beginning with January 2003 through September 2004. For the third quarter of 2004, cash balances in the General Fund increased above the same period in 2003 by a monthly average of approximately \$8.1 million.

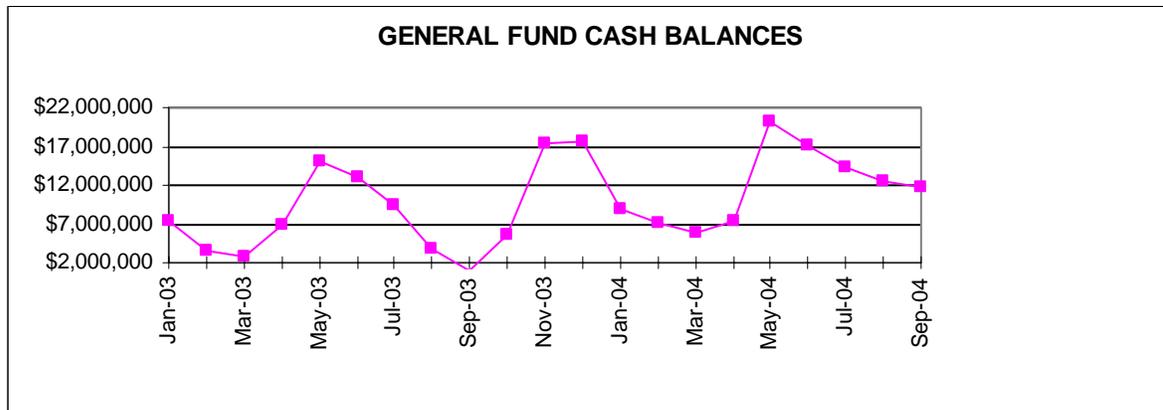


Figure 2

Figure Three reflects the average principal balances being maintained within the Pool in 2004 compared to 2003. For the third quarter of 2004, the average monthly principle balance decreased below the third quarter of 2003 levels by \$103 million.

The General Fund balance will decline in the fourth quarter by \$2,500,000 upon approval of the fourth quarter supplemental. This supplemental will lower or eliminate the Clark County Fair Line of Credit and reduce the Facilities Management's outstanding balance on the County's Line of Credit.

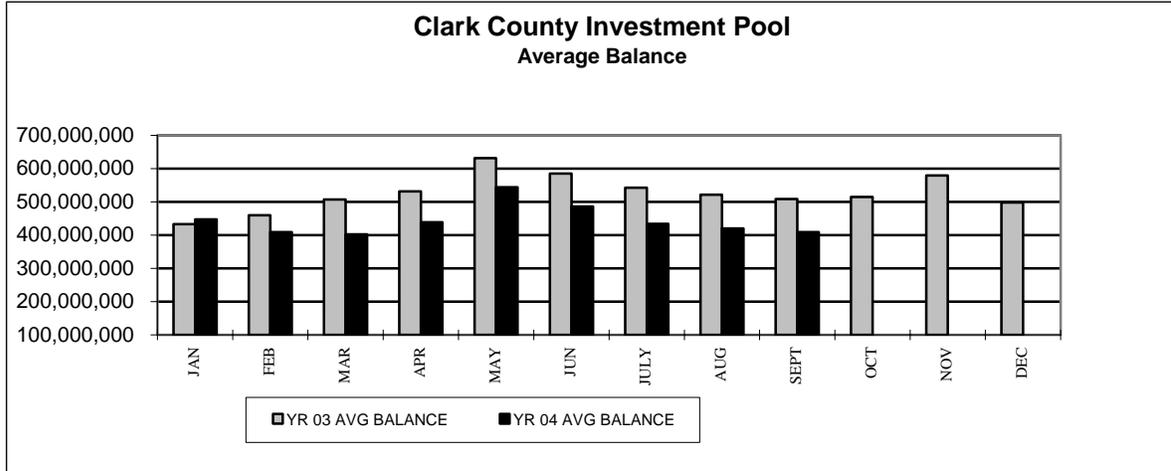


Figure 3

Figure Four reflects the actual monthly residual principle balances managed by the County for 2003 and 2004. For the current year, residual balances average 2.2 million per month higher than in 2003.

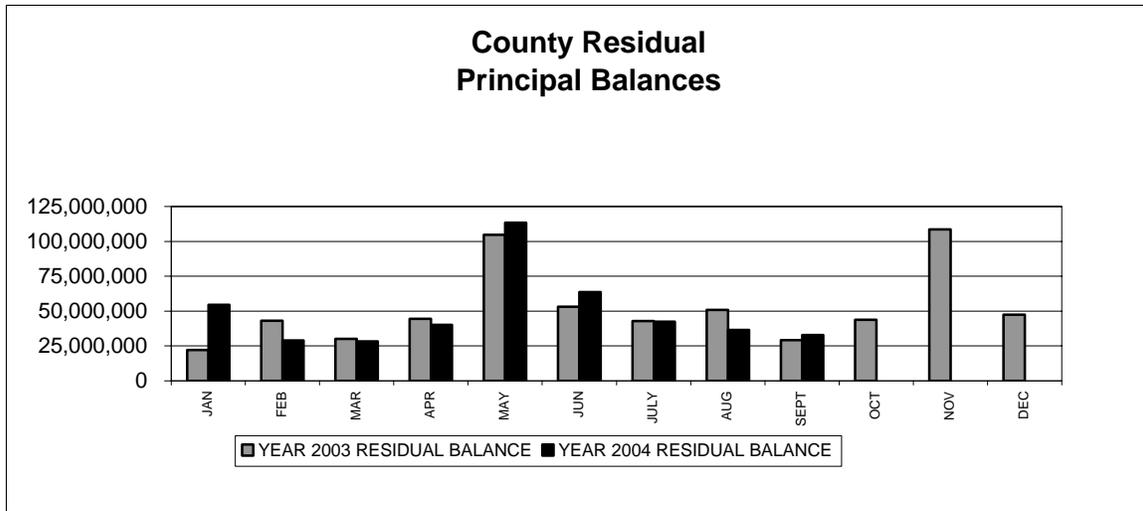


Figure 4

Figure Five shows interest earnings distributed each month to the County's General fund from 2003 through 2004. During the first three quarters of 2004, interest earnings averaged \$21,930 less per month than during the same period in 2003. This is due to lower interest rates in 2004. On an average monthly basis, \$68,647 was allocated to the General fund during the third quarter of 2003. For the third quarter of 2004, an average of \$49,499 was distributed to the General fund per month.

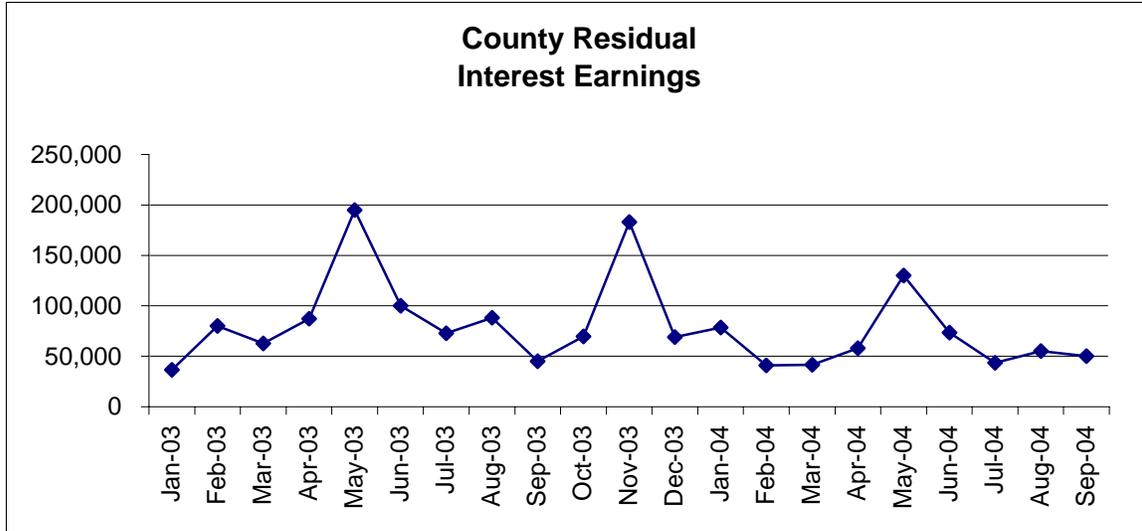


Figure 5

Figure Six shows the County Pool interest rates for 2003 and 2004. The book value of the County Pool's gross interest rate at the end of September 2004 was 1.83%, compared to 1.84% on September 30, 2003.

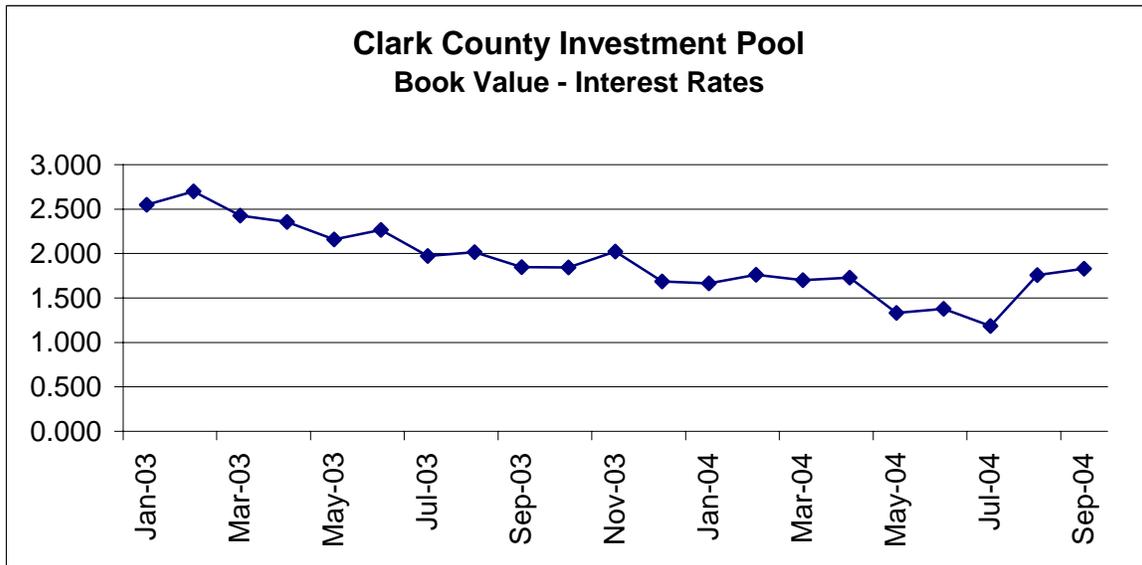


Figure 6

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 35 days. The Clark County Investment Pool has an average maturity of approximately 7.9 months. The Treasury Index and the LGIP closely track current interest rates. At the end of the third quarter, the County Pool's net rate, on a book value return basis was 1.83%, the Treasury Index was 2.06%, and the State Pool's net rate was 1.52%.

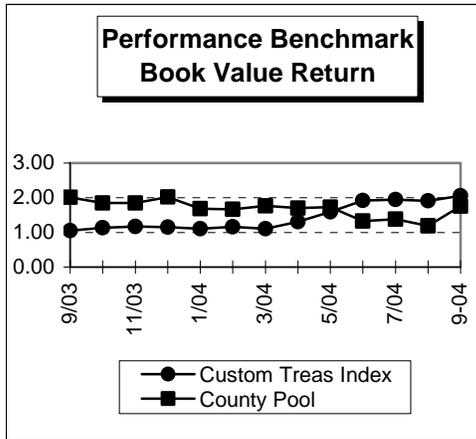


Figure 7(a)

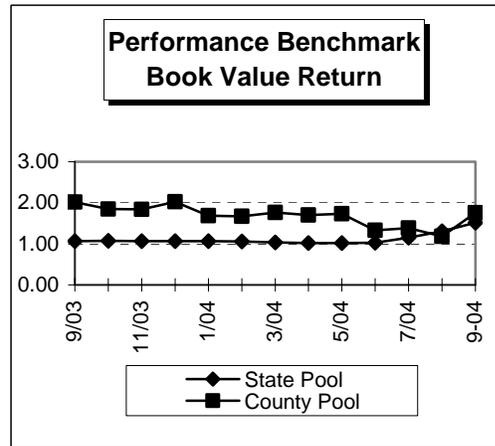


Figure 7(b)

Figure Eight 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 third quarter return of 2004 for the County Pool was 2.07% and the Treasury Index was 1.83%. Wide swings in return reflect the volatility in the investment markets. In addition, the custom Treasury total return index typically outperforms the County Pool as the average maturity of the Pool falls below nine months.

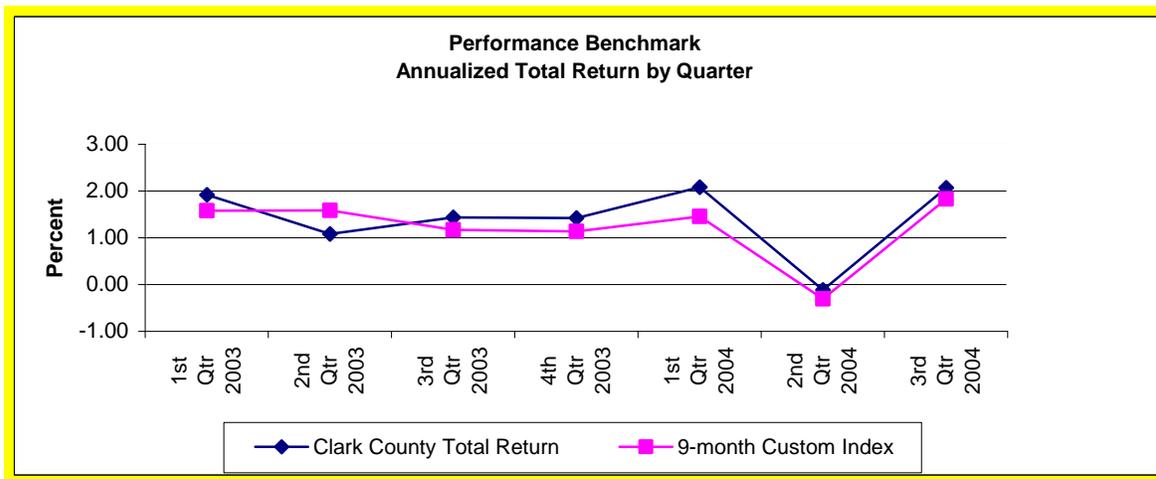


Figure 8

Figure Nine shows the market value of the Pool portfolio based on net asset value (NAV). As of September 30, 2004, the NAV was 1.00119. 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 August 31, 2004, the Treasurer's Office posted approximately \$1.2 million in unrealized gains to the County Pool. The next adjustment for fair market value will occur on December 31, 2004.

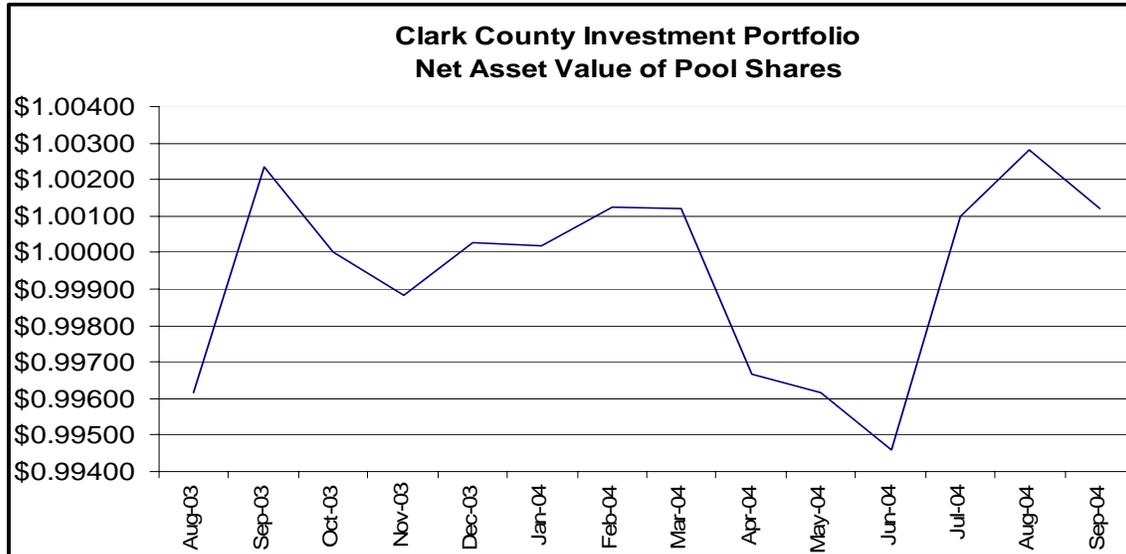


Figure 9

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 August 31, 2004 the County Portfolio has posted approximately \$343 thousand in aggregate unrealized losses on a fair market value basis. The County Pool earned \$17.7 million more than if it had just been invested in the State Pool. Annual unrealized gains/(losses) are the direct result of fluctuating interest rates. The unrealized gain allocated to pool participants was approximately \$1.2 million in the third quarter of 2004 compared to losses of \$2 million in the same period of 2003. However, the total return on the County Pool is \$17.3 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	(741,823.24)	1,579,514
Cumulative	(343,221.24)	17,679,417

Figure 10

Figure Eleven shows 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.

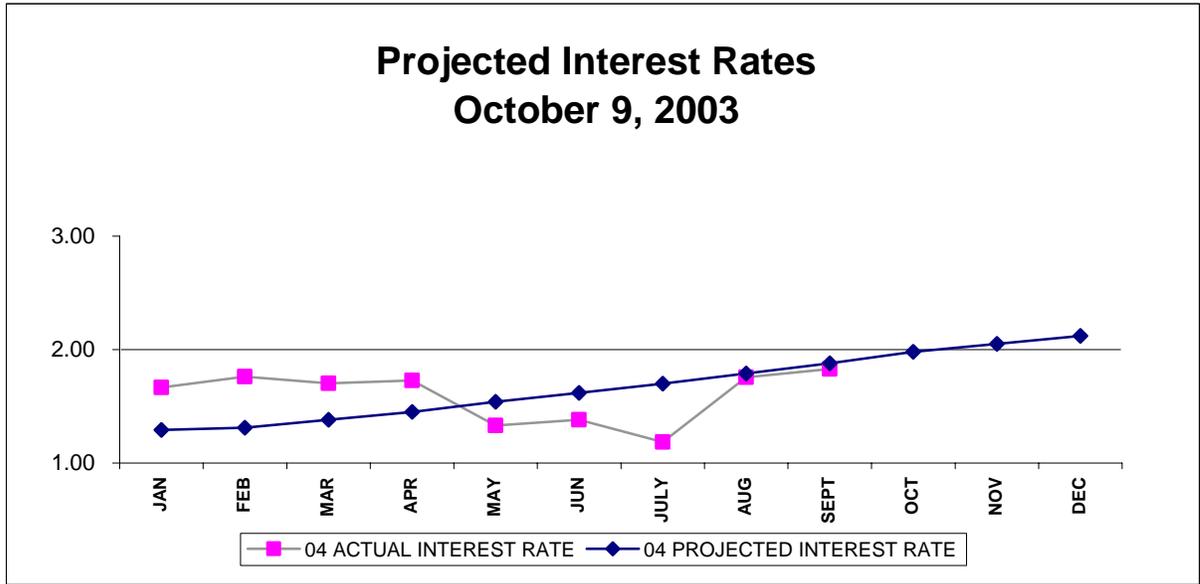


Figure 11

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 third quarter of 2004 investments were purchased in the 0 - 1 year sector to target an average maturity of 7-8.5 months.

Period	0 - 1 year	1 - 2 years	2 - 5 years
1 st quarter, 2003	71%	22%	7%
2 nd quarter, 2003	79%	7%	14%
3 rd quarter, 2003	76%	10%	14%
4th quarter, 2003	68%	21%	11%
1st quarter, 2004	69%	19%	12%
2 nd quarter, 2004	67%	27%	6%
3 rd quarter, 2004	72%	20%	8%

During the fourth quarter of 2004, we plan to maintain a weighted average maturity of 7.0 to 8.5 months. We will continue to monitor our investment strategy and remain proactive as economic conditions fluctuate.

The third 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.

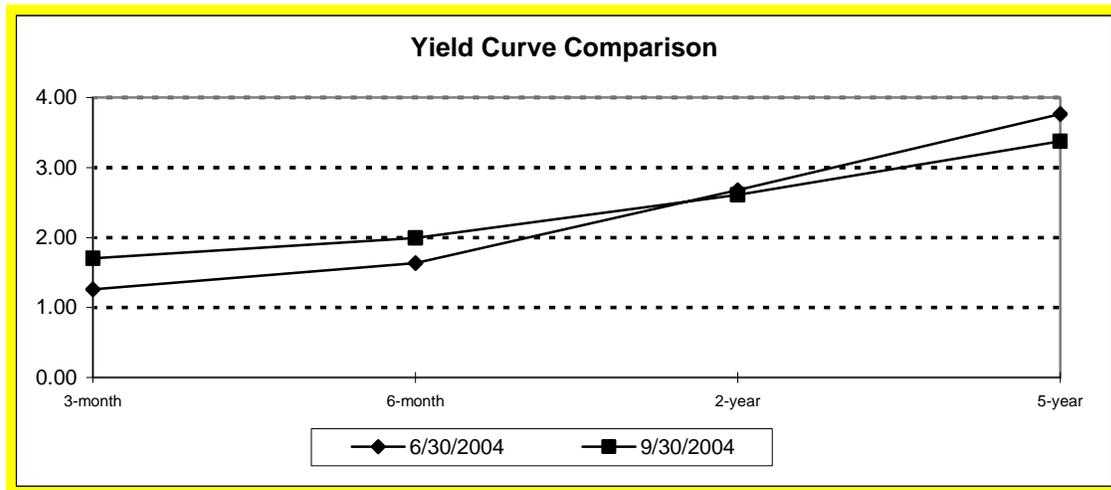
Investment Sector	Recommended Average Maturity	Current Average Maturity	Recommended % of Portfolio	Current % of Portfolio
US Treasury Notes	6 months – 2.00 years	1.75 Years	5% - 25%	5%
Federal Agency Notes/Disc. Notes	6 months – 2.00 years	11 months	30% - 65%	62%
Municipal Obligations	0 months – 2.00 years	N/A	0% - 5%	0%
Money Markets - State Pool, CP, CD's & BA's	1 – 60 days	1 Day	30% - 60%	33%
Aggregate Avg. Maturity	7.0-8.5 months	7.9 months		

During the third quarter of 2004, the percentage of US Treasury Notes decreased by 6%; there was a 24% increase in Federal Agencies and 18% increase in the money market sector.

SECTION VI - ECONOMIC/MARKET CONDITIONS

The US economy added 309,000 jobs during the 3rd quarter of 2004. This was less than what was expected creating concern over stability of the economic recovery. With higher oil prices, trade imbalance, and government borrowing reaching new record highs, the Federal Reserve Board stated that the economy hit “a soft patch” during the third quarter and continued to increase Fed Fund Rates at a quarter percent every meeting throughout the third quarter. This brought the Fed Funds Rate to 1.75% by the end of the third quarter. Consumer confidence has started to drop, along with the manufacturing index, but housing starts remain at record highs. With the presidential elections and terrorism threats on everyone’s mind the markets seems content to move in a sideways range until the presidential elections are over. With increases in rates, negative returns still remain on the horizon for most fixed income benchmarks. The Federal Reserve is likely to continue its rate increases in a measured fashion if inflationary pressures remain unchanged. Investors are expecting a Fed Funds Rate to be at 2.00% by the end of the year

On September 30, 2004 the 3-month T-bill yielded 1.705% compared to 1.261% on June 30, 2004. The yield curve is beginning to pivot around the 2 year area and flatten out. This indicates that the market is expecting the economic recovery to be slower than what it was expecting the recovery would be in June.



SECTION VII - PORTFOLIO

Exhibit One shows the make up of the entire portfolio at the end of the third 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 third quarter of 2004. This report shows the book value, the par value, and the market value of the portfolio as of September 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 September 30th, the average maturity was approximately 7.9 months. All the percentages are consistent with the current policy and PFM recommendations.

Exhibit Five shows all investment purchases and maturities from July 1, 2004 through August 30, 2004.

Exhibit Six shows the make up of the Clark County Investment Pool at the end of the third 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 September 30, 2004 the average term of the Pool was approximately 7.9 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 September 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
September 30, 2004**

Investments	Book Value	Percent of Portfolio	Average Days to Maturity	Yield to Maturity	
				360 Equivalent	365 Equivalent
Federal Agencies - Discount	119,174,966.66	28.44%	77	1.734	1.758
Federal Agencies - Semi-annual	138,790,958.88	33.12%	550	2.308	2.341
Treasury Securities - Coupon	19,903,906.25	4.75%	638	2.217	2.248
Treasury Securities - SLGS	1,399,000.00	0.33%	81	0.986	1.000
Passbook/Money Market Accts	139,743,719.91	33.35%	1	1.548	1.570
Total	419,012,551.70	100.00%	236	1.88	1.91
Accrued Interest at Purchase	114,700.00				
Total Cash and Investments	<u>419,127,251.70</u>				

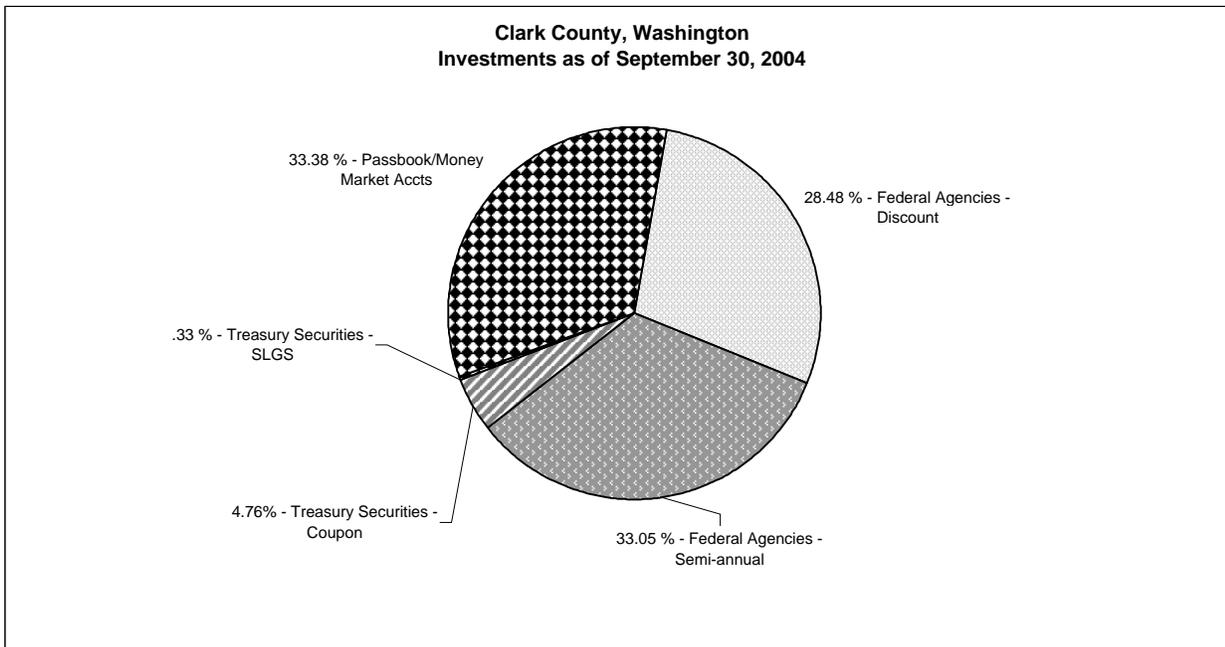


EXHIBIT 2
Clark County, Washington
Investment Portfolio
September 30, 2004

Investment Number	Purchase Date	Cusip Number	Book Value	Par Value	Market Price	Market Value	Cash	Coupon Rate	Yield to Maturity		Maturity Date	Days to Maturity	
					09/30/04		Gain/(Loss) on Security		360	365			
Federal Agencies - Discount													
89982986	Federal National Mtg Association	04/22/04	313588L45	9,939,163.89	10,000,000.00	99.904	9,990,400.00	51,236.11	1.210	1.217	1.234	10/20/04	19
89982988	Federal National Mtg Association	06/28/04	313588K79	19,909,166.67	20,000,000.00	99.928	19,985,600.00	76,433.33	1.500	1.506	1.527	10/15/04	14
89982989	Federal National Mtg Association	06/28/04	313589GC1	9,802,975.00	10,000,000.00	98.606	9,860,600.00	57,625.00	2.130	2.194	2.224	05/27/05	238
89982990	Federal National Mtg Association	06/28/04	313588P33	9,939,872.22	10,000,000.00	99.777	9,977,700.00	37,827.78	1.580	1.589	1.611	11/12/04	42
89982991	Federal National Mtg Association	07/08/04	313396R62	9,934,705.56	10,000,000.00	99.688	9,968,800.00	34,094.44	1.610	1.620	1.643	12/01/04	61
89983006	Federal National Mtg Association	09/28/04	313588R64	9,967,111.11	10,000,000.00	99.689	9,968,900.00	1,788.89	1.850	1.855	1.881	12/01/04	61
89983008	Federal National Mtg Association	09/28/04	313588R64	19,934,222.22	20,000,000.00	99.689	19,937,800.00	3,577.78	1.850	1.855	1.881	12/01/04	61
89983010	Federal National Mtg Association	09/30/04	313589DK6	9,899,708.33	10,000,000.00	99.033	9,903,300.00	3,591.67	2.075	2.096	2.125	03/23/05	173
89983001	Federal Home Loan Mtg Corp.	09/07/04	313364DY4	9,881,875.00	10,000,000.00	98.946	9,894,600.00	12,725.00	2.025	2.063	2.092	04/05/05	186
89982992	Farmer Agricultural Mtg. Corp.	07/12/04	31315KJ43	9,966,166.66	10,000,000.00	99.979	9,997,900.00	31,733.34	1.450	1.455	1.475	10/04/04	3
				<u>119,174,966.66</u>	<u>120,000,000.00</u>		<u>119,485,600.00</u>	<u>310,633.34</u>		<u>1.734</u>	<u>1.758</u>		<u>77</u>
Federal Agencies - Semi Annual Coupon													
89983004	Federal Home Loan Bank	09/28/04	3133X8RV	14,995,312.50	15,000,000.00	99.615	14,942,250.00	(53,062.50)	3.000	2.972	3.013	11/28/06	788
89982966	Federal Nat'l Mtg Assoc.	05/21/03	3136f3SH0	10,006,250.00	10,000,000.00	99.608	9,960,800.00	(45,450.00)	2.050	1.996	2.024	11/21/05	416
89983002	Federal Nat'l Mtg Assoc.	09/10/04	3136F54G37	15,025,781.25	15,000,000.00	99.955	14,993,250.00	(32,531.25)	3.200	3.063	3.106	08/10/06	678
89983003	Federal Nat'l Mtg Assoc.	09/22/04	3136F6CF40	10,000,000.00	10,000,000.00	100.154	10,015,400.00	15,400.00	3.000	2.959	3.000	09/22/06	721
89983007	Federal Nat'l Mtg Assoc.	09/28/04	31359MVS96	8,029,272.00	8,000,000.00	100.704	8,056,320.00	27,048.00	3.250	2.989	3.031	06/28/06	635
89982965	Federal Home Loan Mtg. Corp.	04/24/03	3134A4RA4	10,201,953.13	10,000,000.00	100.453	10,045,300.00	(156,653.13)	2.875	1.978	2.005	09/15/05	349
89982968	Federal Home Loan Mtg. Corp.	06/05/03	3134A4RV8	10,107,700.00	10,000,000.00	99.938	9,993,800.00	(113,900.00)	1.875	1.181	1.197	01/15/05	106
89982969	Federal Home Loan Mtg. Corp.	06/26/03	3128X1LY1	10,000,000.00	10,000,000.00	98.596	9,859,600.00	(140,400.00)	2.300	2.268	2.300	12/26/06	816
89982970	Federal Home Loan Mtg. Corp.	06/18/03	3128X1KH9	10,011,700.00	10,000,000.00	98.518	9,851,800.00	(159,900.00)	2.250	2.185	2.215	12/18/06	808
89982974	Federal Home Loan Mtg. Corp.	09/29/03	3134A4RA	10,221,900.00	10,000,000.00	100.453	10,045,300.00	(176,600.00)	2.875	1.695	1.719	09/15/05	349
89982975	Federal Home Loan Mtg. Corp.	09/29/03	3134A4SX	10,073,900.00	10,000,000.00	99.650	9,965,000.00	(108,900.00)	2.375	2.047	2.075	04/15/06	561
89982987	Federal Home Loan Mtg. Corp.	06/28/04	3128X2FB5	9,977,190.00	10,000,000.00	100.297	10,029,700.00	52,510.00	2.375	2.988	3.029	06/16/06	623
89982971	Student Loan Market Assoc.	06/24/03	86387UBJ3	10,140,000.00	10,000,000.00	99.971	9,997,100.00	(142,900.00)	2.000	1.161	1.177	03/15/05	165
Subtotal & Averages				<u>138,790,958.88</u>	<u>138,000,000.00</u>		<u>137,755,620.00</u>	<u>(1,035,338.88)</u>		<u>2.309</u>	<u>2.341</u>		<u>551</u>
Treasury Securities - Coupon													
89982984	US Treasury Note	04/05/04	912828CD0	9,932,812.50	10,000,000.00	98.672	9,867,200.00	(65,612.50)	1.625	1.821	1.846	03/31/06	546
89983009	US Treasury Note	09/30/04	912828CW8	9,971,093.75	10,000,000.00	99.781	9,978,100.00	7,006.25	2.500	2.613	2.649	09/30/06	729
Subtotal & Averages				<u>19,903,906.25</u>	<u>20,000,000.00</u>		<u>19,845,300.00</u>	<u>(58,606.25)</u>		<u>2.217</u>	<u>2.248</u>		<u>638</u>
Treasury Securities - SLGS													
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	82
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	81
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	80
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	83
Subtotal & Averages				<u>1,399,000.00</u>	<u>1,399,000.00</u>		<u>1,399,000.00</u>	<u>0.00</u>		<u>0.986</u>	<u>1.000</u>		<u>81</u>
Passbook/Money Market Accounts													
0001-3	Registered Warrant Investments			1,690,681.67	1,690,681.67		1,690,681.67	0.00	3.000	2.959	3.000		1
3051	U.S. Bank - Retainage Account			269,577.35	269,577.35		269,577.35	0.00	0.000	0.000	0.000		1
89980002	U.S. Bank - Municipal Investment Account			83,095,174.65	83,095,174.65		83,095,174.65	0.00	1.580	1.558	1.580		1
89980001	WA State Local Government Invest. Pool			54,688,286.24	54,688,286.24		54,688,286.24	0.00	1.520	1.499	1.520		1
Subtotal & Averages				<u>139,743,719.91</u>	<u>139,743,719.91</u>		<u>139,743,719.91</u>	<u>0.00</u>		<u>1.548</u>	<u>1.570</u>		<u>1</u>
Grand Total				<u>419,012,551.70</u>	<u>419,142,719.91</u>		<u>418,229,239.91</u>	<u>(783,311.79)</u>		<u>1.882</u>	<u>1.909</u>		<u>236</u>

EXHIBIT 3

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

Days to Maturity	Book Value	% Maturing	Cumulative % Maturing
1	\$139,743,719.91	33.35%	33.35%
2 - 30	39,814,497.22	9.50%	42.85%
31 - 60	9,939,872.22	2.37%	45.22%
61 - 90	41,235,038.89	9.84%	55.07%
91 - 120	10,107,700.00	2.41%	57.48%
121 - 183	20,039,708.33	4.78%	62.26%
184 - 365	40,108,703.13	9.57%	71.83%
366 - 730	83,016,299.50	19.81%	91.65%
731 - 1290	35,007,012.50	8.35%	100.00%
TOTALS	\$419,012,551.70	100.00%	

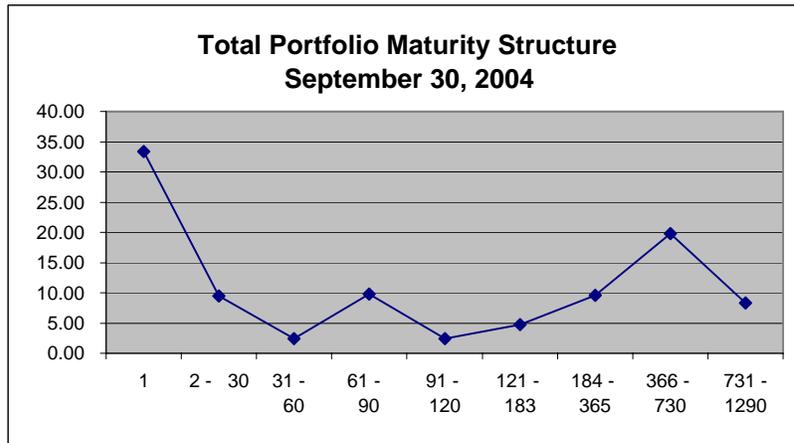
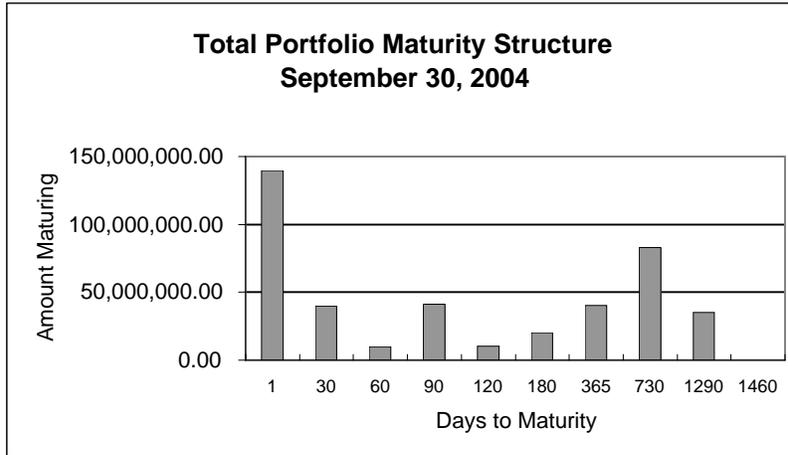


Exhibit 4

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

Issuer	Number of Investments	Book Value	% of Portfolio	Avg YTM (365)	Days to Maturity
Farmer Agricultural Mtg. Corp.	1	9,966,166.66	2.38%	1.475	3
Federal Home Loan Bank	1	14,995,312.50	3.58%	3.013	788
Federal Home Loan Mtg Corp.	8	80,476,218.13	19.21%	2.079	475
Federal National Mtg Association	12	142,388,228.25	33.98%	2.108	260
Registered Warrants @ 3.00%	1	1,690,681.67	0.40%	3.000	1
State and Local Govt. Series	4	1,399,000.00	0.33%	1.000	81
Student Loan Market Assoc.	1	10,140,000.00	2.42%	1.177	165
US Bank - Municipal Investor Account	1	83,095,174.65	19.83%	1.570	1
US Treasury Note	2	19,903,906.25	4.75%	1.972	638
US Bank - Retainage Account	1	269,577.35	0.06%	1.000	1
Washington State Pool	1	54,688,286.24	13.05%	1.520	1
TOTALS and AVERAGES	33	\$ 419,012,551.70	100.00%	1.909	236

EXHIBIT 5

CLARK COUNTY TOTAL INVESTMENT PORTFOLIO
INVESTMENT ACTIVITY BY TYPE
July 1, 2004 - September 30, 2004

NUMBER	ISSUER	STATED RATE	DATE	PURCHASES	MATURITIES	BALANCE
FEDERAL AGENCIES - DISCOUNT				BEGINNING BALANCE:		49,591,177.78
313396R62	Federal National Mtg Association	1.610	07/08/04	9,934,705.56		59,525,883.34
313585G66	Federal National Mtg Association	1.390	07/23/04	9,977,219.44		69,503,102.78
31315KJ43	Farmer Agricultural Mtg. Corp.	1.450	07/12/04	9,966,166.68		79,469,269.46
313588B53	Federal National Mtg Association	1.300	08/09/04	9,999,638.89		89,468,908.35
313588B53	Federal National Mtg Association	1.300	08/10/04		9,999,638.89	79,469,269.46
313396E90	Federal Home Loan Mtg. Corp.	1.480	08/13/04	9,989,722.22		89,458,991.68
313396E90	Federal Home Loan Mtg. Corp.	1.480	08/13/04	9,989,722.22		99,448,713.90
313585G66	Federal National Mtg Association	1.390	09/20/04		9,977,219.44	89,471,494.46
313588R64	Federal National Mtg Association	1.850	09/28/04	9,967,111.11		99,438,605.57
313588R64	Federal National Mtg Association	1.850	09/28/04	19,934,222.22		119,372,827.79
313589DK6	Federal National Mtg Association	2.075	09/30/04	9,899,708.33		129,272,536.12
313396E90	Federal Home Loan Mtg. Corp.	1.480	09/07/04		9,989,722.22	119,282,813.90
313396E90	Federal Home Loan Mtg. Corp.	1.480	09/07/04		9,989,722.22	109,293,091.68
313364DY4	Federal Home Loan Mtg. Corp.	2.025	09/07/04	9,881,875.00		119,174,966.68
SUBTOTALS and ENDING BALANCE - JULY				29,878,091.68	0.00	79,469,269.46
SUBTOTALS and ENDING BALANCE - AUGUST				29,979,083.33	9,999,638.89	99,448,713.90
SUBTOTALS and ENDING BALANCE - SEPTEMBER				49,682,916.66	29,956,663.88	119,174,966.68
FEDERAL AGENCIES - SEMI ANNUAL COUPON				BEGINNING BALANCE:		120,734,845.63
3133X0YJ2	Federal Home Loan Bank	1.466	07/21/04	10,000,980.00		130,735,825.63
3133X7NJ9	Federal Home Loan Bank	3.000	07/29/04	10,004,280.00		140,740,105.63
31359MQZ	Federal National Mtg Association	2.125	07/29/04		10,096,200.00	130,643,905.63
3133X7NJ9	Federal Home Loan Bank	3.000	08/06/04		10,004,280.00	120,639,625.63
3133X0YJ2	Federal Home Loan Bank	1.466	08/13/04	19,997,960.00		140,637,585.63
31331TKT7	Federal Farm Credit Bank	2.250	09/20/04		9,971,490.00	130,666,095.63
3133X0E88	Federal Home Loan Bank	3.125	09/10/04		9,926,562.50	120,739,533.13
3133X0YJ2	Federal Home Loan Bank	1.460	09/24/04		10,000,980.00	110,738,553.13
3133X0YJ2	Federal Home Loan Bank	1.460	09/24/04		19,997,960.00	90,740,593.13
3133X8RV	Federal Home Loan Bank	3.000	09/28/04	14,995,312.50		105,735,905.63
3126F54G37	Federal National Mtg Association	3.200	09/10/04	15,025,781.25		120,761,686.88
3136F6CF40	Federal National Mtg Association	3.000	09/22/04	10,000,000.00		130,761,686.88
31359MVS96	Federal National Mtg Association	3.250	09/28/04	8,029,272.00		138,790,958.88
SUBTOTALS and ENDING BALANCE - JULY				20,005,260.00	10,096,200.00	130,643,905.63
SUBTOTALS and ENDING BALANCE - AUGUST				19,997,960.00	10,004,280.00	140,637,585.63
SUBTOTALS and ENDING BALANCE - SEPTEMBER				48,050,365.75	49,896,992.50	138,790,958.88
TREASURY SECURITIES - COUPON				BEGINNING BALANCE:		49,618,750.00
912828BL34	US Treasury Note	1.625	08/09/04		9,953,906.25	39,664,843.75
912828BN9	US Treasury Note	1.625	08/09/04		9,914,062.50	29,750,781.25
912828BN9	US Treasury Note	1.625	09/13/04		9,930,468.75	19,820,312.50
912828CD0	US Treasury Note	1.500	09/20/04		9,887,500.00	9,932,812.50
912828CW8	US Treasury Note	2.500	09/30/04	9,971,093.75		19,903,906.25
SUBTOTALS and ENDING BALANCE - JULY				0.00	0.00	49,618,750.00
SUBTOTALS and ENDING BALANCE - AUGUST				0.00	19,867,968.75	29,750,781.25
SUBTOTALS and ENDING BALANCE - SEPTEMBER				9,971,093.75	19,817,968.75	19,903,906.25
TREASURY SECURITIES - SLGS				BEGINNING BALANCE:		1,399,000.00
SUBTOTALS and ENDING BALANCE - JULY				0.00	0.00	1,399,000.00
SUBTOTALS and ENDING BALANCE - AUGUST				0.00	0.00	1,399,000.00
SUBTOTALS and ENDING BALANCE - SEPTEMBER				0.00	0.00	1,399,000.00
CLARK COUNTY				BEGINNING BALANCE:		1,970,782.83
JULY	Registered Warrant Invest Acct			21,795.05	34,290.34	1,958,287.54
AUGUST	Registered Warrant Invest Acct			158,326.90	521,795.06	1,594,819.38
SEPTEMBER	Registered Warrant Invest Acct			105,797.80	9,935.51	1,690,681.67
US BANK				BEGINNING BALANCE:		0.00
JULY	Municipal Investor Account			70,096,737.93	0.00	102,715,856.65
AUGUST	Municipal Investor Account			123,555.33	0.00	102,839,411.98
SEPTEMBER	Municipal Investor Account			10,126,564.75	29,870,802.08	83,095,174.65
US BANK				BEGINNING BALANCE:		0.00
JULY	Escrow Retainage Account			40,214.96	0.00	160,160.45
AUGUST	Escrow Retainage Account			49,491.46	0.00	209,651.91
SEPTEMBER	Escrow Retainage Account			59,925.44	0.00	269,577.35
STATE POOL				BEGINNING BALANCE:		199,360,936.51
JULY	Washington State Pool			31,336,731.94	153,000,000.00	77,697,668.45

EXHIBIT 5

CLARK COUNTY TOTAL INVESTMENT PORTFOLIO
 INVESTMENT ACTIVITY BY TYPE
 July 1, 2004 - September 30, 2004

NUMBER	ISSUER	STATED RATE	DATE	PURCHASES	MATURITIES	BALANCE
AUGUST	Washington State Pool			55,063,782.98	77,100,000.00	55,661,451.43
SEPTEMBER	Washington State Pool			82,676,834.81	83,650,000.00	54,688,286.24
		BEGINNING BALANCE:		PURCHASES	MATURITIES	ENDING BALANCE:
JULY	TOTALS		455,414,556.95	151,378,831.56	163,130,490.34	443,662,898.17
AUGUST	TOTALS		443,662,898.17	105,372,200.00	117,493,682.70	431,541,415.47
SEPTEMBER	TOTALS		431,541,415.47	200,673,498.96	213,202,362.72	419,012,551.71

Exhibit 6

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

Investments	Book Value	Percent of Portfolio	Average Days to Maturity	Yield to Maturity	
				360 Equivalent	365 Equivalent
Federal Agencies - Disount	119,174,966.66	28.54%	77	1.734	1.758
Federal Agencies - Semi-annual	138,790,958.88	33.23%	551	2.308	2.341
Treasury Securities - Coupon	19,903,906.25	4.77%	638	2.218	2.248
Passbook/Money Market Accts	139,743,719.91	33.46%	1	1.550	1.571
Total	<u>417,613,551.70</u>	<u>100.00%</u>	<u>235</u>	<u>1.883</u>	<u>1.909</u>

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

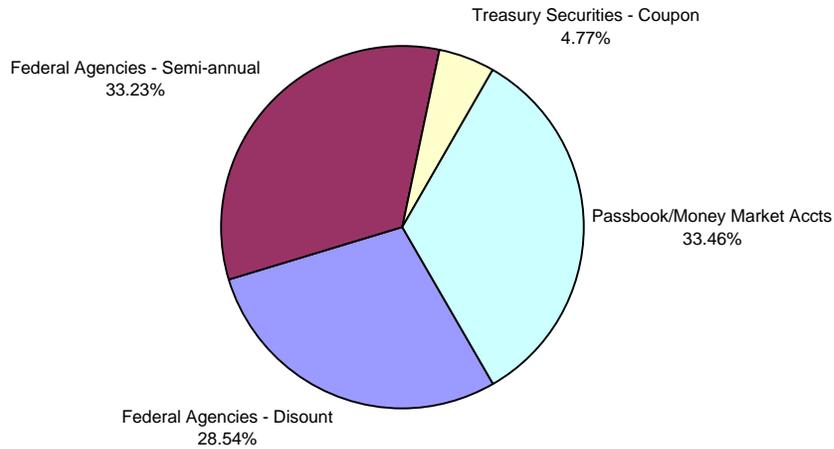


EXHIBIT 7
CLARK COUNTY INVESTMENT POOL
Investment Portfolio
September 30, 2004

Investment Number	Purchase Date	Cusip Number	Book Value	Par Value	Market Price	Market Value	Cash Gain/(Loss) on Security	Coupon Rate	Yield to Maturity		Maturity Date	Days to Maturity	
					09/30/04				360	365			
Federal Agencies - Discount													
89982986	Federal National Mtg Association	04/22/04	313588L45	9,939,163.89	10,000,000.00	99.904	9,990,400.00	51,236.11	1.210	1.217	1.234	10/20/04	19
89982988	Federal National Mtg Association	06/28/04	313588K79	19,909,166.67	20,000,000.00	99.928	19,985,600.00	76,433.33	1.500	1.507	1.528	10/15/04	14
89982989	Federal National Mtg Association	06/28/04	313589GC1	9,802,975.00	10,000,000.00	98.606	9,860,600.00	57,625.00	2.130	2.194	2.224	05/27/05	238
89982990	Federal National Mtg Association	06/28/04	313588P33	9,939,872.22	10,000,000.00	99.777	9,977,700.00	37,827.78	1.580	1.590	1.612	11/12/04	42
89982991	Federal National Mtg Association	07/08/04	313396R62	9,934,705.56	10,000,000.00	99.688	9,968,800.00	34,094.44	1.610	1.620	1.643	12/01/04	61
89983006	Federal National Mtg Association	09/28/04	313588R64	9,967,111.11	10,000,000.00	99.689	9,968,900.00	1,788.89	1.850	1.856	1.882	12/01/04	61
89983008	Federal National Mtg Association	09/28/04	313588R64	19,934,222.22	20,000,000.00	99.689	19,937,800.00	3,577.78	1.850	1.856	1.882	12/01/04	61
89983010	Federal National Mtg Association	09/30/04	313589DK6	9,899,708.33	10,000,000.00	99.033	9,903,300.00	3,591.67	2.075	2.096	2.125	03/23/05	173
89983001	Federal Home Loan Mtg Corp.	09/07/04	313364DY4	9,881,875.00	10,000,000.00	98.946	9,894,600.00	12,725.00	2.025	2.063	2.092	04/05/05	186
89982992	Farmer Agriculture Mtg. Corp.	07/12/04	31315KJ43	9,966,166.66	10,000,000.00	99.979	9,997,900.00	31,733.34	1.450	1.455	1.475	10/04/04	3
				<u>119,174,966.66</u>	<u>120,000,000.00</u>		<u>119,485,600.00</u>	<u>310,633.34</u>		<u>1.601</u>	<u>1.623</u>		<u>77</u>
Federal Agencies - Semi Annual Coupon													
89983004	Federal Home Loan Bank	09/28/04	3133X8RV	14,995,312.50	15,000,000.00	99.615	14,942,250.00	(53,062.50)	3.000	2.972	3.013	11/28/06	788
89982966	Federal Nat'l Mtg Assoc.	05/21/03	3136f3SH0	10,006,250.00	10,000,000.00	99.608	9,960,800.00	(45,450.00)	2.050	1.996	2.024	11/21/05	416
89983002	Federal Nat'l Mtg Assoc.	09/10/04	3136F54G37	15,025,781.25	15,000,000.00	99.955	14,993,250.00	(32,531.25)	3.200	3.063	3.106	08/10/06	678
89983003	Federal Nat'l Mtg Assoc.	09/22/04	3136F6CF40	10,000,000.00	10,000,000.00	100.154	10,015,400.00	15,400.00	3.000	2.959	3.000	09/22/06	721
89983007	Federal Nat'l Mtg Assoc.	09/28/04	31359MVS96	8,029,272.00	8,000,000.00	100.704	8,056,320.00	27,048.00	3.250	2.990	3.032	06/28/06	635
89982965	Federal Home Loan Mtg. Corp.	04/24/03	3134A4RA4	10,201,953.13	10,000,000.00	100.453	10,045,300.00	(156,653.13)	2.875	1.978	2.005	09/15/05	349
89982968	Federal Home Loan Mtg. Corp.	06/05/03	3134A4RV8	10,107,700.00	10,000,000.00	99.938	9,993,800.00	(113,900.00)	1.875	1.182	1.198	01/15/05	106
89982969	Federal Home Loan Mtg. Corp.	06/26/03	3128X1LY1	10,000,000.00	10,000,000.00	98.596	9,859,600.00	(140,400.00)	2.300	2.268	2.300	12/26/06	816
89982970	Federal Home Loan Mtg. Corp.	06/18/03	3128X1KH9	10,011,700.00	10,000,000.00	98.518	9,851,800.00	(159,900.00)	2.250	2.185	2.215	12/18/06	808
89982974	Federal Home Loan Mtg. Corp.	09/29/03	3134A4RA	10,221,900.00	10,000,000.00	100.453	10,045,300.00	(176,600.00)	2.875	1.695	1.719	09/15/05	349
89982975	Federal Home Loan Mtg. Corp.	09/29/03	3134A4SX	10,073,900.00	10,000,000.00	99.650	9,965,000.00	(108,900.00)	2.375	2.047	2.075	04/15/06	561
89982987	Federal Home Loan Mtg. Corp.	06/28/04	3128X2FB5	9,977,190.00	10,000,000.00	100.297	10,029,700.00	52,510.00	2.375	2.988	3.030	06/16/06	623
89982971	Student Loan Market Assoc.	06/24/03	86387UBJ3	10,140,000.00	10,000,000.00	99.971	9,997,100.00	(142,900.00)	2.000	1.161	1.177	03/15/05	165
Subtotal & Averages				<u>138,790,958.88</u>	<u>138,000,000.00</u>		<u>137,755,620.00</u>	<u>(1,035,338.88)</u>		<u>2.309</u>	<u>2.341</u>		<u>551</u>
Treasury Securities - Coupon													
89982984	US Treasury Note	04/05/04	912828CD0	9,932,812.50	10,000,000.00	98.672	9,867,200.00	(65,612.50)	1.625	1.821	1.846	03/31/06	546
89983009	US Treasury Note	09/30/04	912828CW8	9,971,093.75	10,000,000.00	99.781	9,978,100.00	7,006.25	2.500	2.613	2.649	09/30/06	729
Subtotal & Averages				<u>19,903,906.25</u>	<u>20,000,000.00</u>		<u>19,845,300.00</u>	<u>(58,606.25)</u>		<u>2.217</u>	<u>2.248</u>		<u>638</u>
Passbook/Money Market Accounts													
89980002	U.S. Bank - Municipal Investment Account			83,095,174.65	83,095,174.65		83,095,174.65	0.00	1.580	1.558	1.580		1
89980001	WA State Local Government Invest. Pool			54,688,286.24	54,688,286.24		54,688,286.24	0.00	1.520	1.499	1.520		1
Subtotal & Averages				<u>137,783,460.89</u>	<u>137,783,460.89</u>		<u>137,783,460.89</u>	<u>0.00</u>		<u>1.028</u>	<u>1.042</u>		<u>1</u>
Grand Total				<u>415,653,292.68</u>	<u>415,783,460.89</u>		<u>414,869,980.89</u>	<u>(783,311.79)</u>		<u>1.882</u>	<u>1.909</u>		<u>236</u>

EXHIBIT 8

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

<u>Days to Maturity</u>	<u>Book Value</u>	<u>% Maturing</u>	<u>Cumulative % Maturing</u>
1	\$137,783,460.89	33.15%	33.15%
2 - 30	39,814,497.22	9.58%	42.73%
31 - 60	9,939,872.22	2.39%	45.12%
61 - 90	39,836,038.89	9.58%	54.70%
91 - 120	10,107,700.00	2.43%	57.13%
121 - 183	20,039,708.33	4.82%	61.96%
184 - 365	40,108,703.13	9.65%	71.61%
366 - 730	83,016,299.50	19.97%	91.58%
731 - 1290	35,007,012.50	8.42%	100.00%
1290- 1460	0.00	0.00%	100.00%
TOTALS	\$415,653,292.68	100.00%	

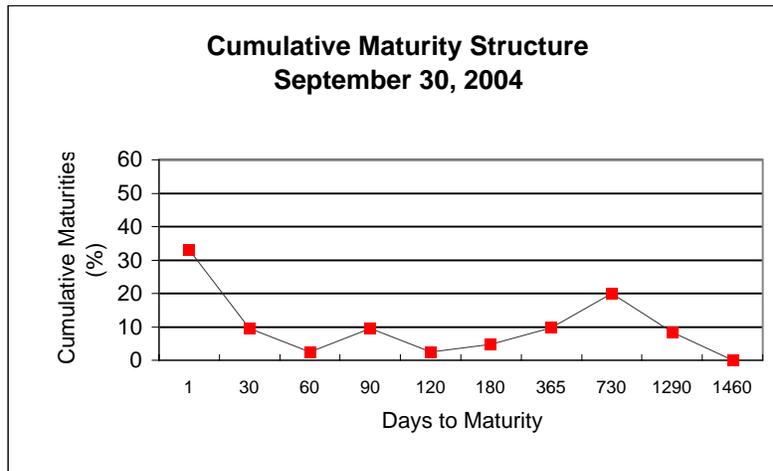
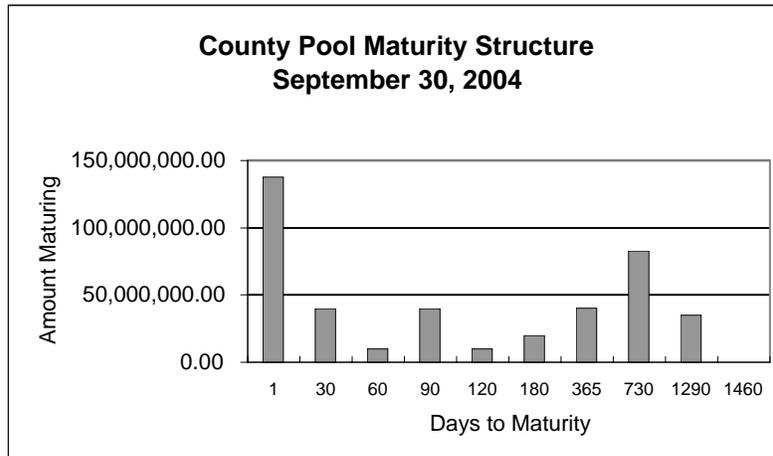


Exhibit 9

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

Issuer	Number of Investments	Book Value	% of Portfolio	Avg YTM (365)	Days to Maturity
Farmer Agricultural Mtg. Corp.	1	9,966,166.66	2.40%	1.475	3
Federal Home Loan Bank	1	14,995,312.50	3.61%	3.013	788
Federal Home Loan Mtg Corp.	8	80,476,218.13	19.36%	2.079	475
Federal National Mtg Association	12	142,388,228.25	34.26%	2.108	260
Student Loan Market Assoc.	1	10,140,000.00	2.44%	1.177	165
US Bank - Municipal Investor Account	1	83,095,174.65	19.99%	1.570	1
US Treasury Note	2	19,903,906.25	4.79%	1.972	638
Washington State Pool	1	54,688,286.24	13.16%	1.520	1
TOTALS and AVERAGES	27	\$ 415,653,292.68	100.00%	1.909	236

Exhibit 10
County Pool vs. State Pool
1/88 - 09/04

Overall, \$22.7 million
 increased interest income
 realized from Pooling

