# August 2004
# MONTHLY
# INVESTMENT INCOME REPORT


**COMMONWEALTH OF KENTUCKY**

**Robert Rudolph**, SECRETARY
FINANCE AND ADMINISTRATION CABINET

**F. Thomas Howard, Acting** EXECUTIVE DIRECTOR
OFFICE OF FINANCIAL MANAGEMENT

Date: 08/31/04

# PORTFOLIO SUMMARY
## POOLS

| | | TYPE | MARKET VALUE | MARKET YIELD (%) | DURATION (Years) | PERCENT of TOTAL | STATUTORY LIMIT |
|---|---|---|---|---|---|---|---|
| Treasuries | | | | | | | |
| | | Bills | 0.00 | 0.00 | 0.00 | 0% | |
| | | Treasury Notes | 345,277,126.49 | 2.66 | 2.01 | 12% | |
| | Sub-total | | 345,277,126.49 | 2.66 | 2.01 | 12% | |
| Agencies | | Notes | 899,872,166.53 | 2.39 | 1.47 | 31% | |
| | | Discounts | 0.00 | 0.00 | 0.00 | 0% | |
| | Sub-total | | 899,872,166.53 | 2.39 | 1.47 | 31% | |
| Municipals | | | 210,545,661.90 | 2.32 | 1.24 | 7% | |
| Corporates | | | 230,483,674.90 | 2.06 | 1.67 | 8% | 25% |
| Mortgages | | Pools | 33,977,851.38 | 3.44 | 1.26 | 1% | |
| | | CMO's | 184,878,014.41 | 2.49 | 0.41 | 7% | |
| | Sub-total | | 218,855,865.79 | 2.64 | 0.54 | 8% | 25% |
| Asset Backs | | | 301,597,839.99 | 1.74 | 0.23 | 10% | 20% |
| Repurchase Agreements | | | | | | | |
| | | Overnight | 394,017,268.87 | 1.60 | 0.00 | 14% | |
| | | < 30 days | 26,986,364.98 | 1.40 | 0.05 | 1% | |
| | | < 60 days | 2,509,250.00 | 3.60 | 0.15 | 0% | |
| | | < 90 days | 0.00 | 0.00 | 0.00 | 0% | |
| | | < 1 year | 36,322.71 | 3.02 | 0.63 | 0% | |
| | | < 2 years | 2,867,701.36 | 1.99 | 1.09 | 0% | |
| | | > 2 years | 8,075,874.93 | 2.52 | 3.78 | 0% | |
| | | Flex Repos | 253,494.27 | 11.28 | 5.00 | 0% | |
| | Sub-total | | 434,746,277.12 | 1.63 | 0.08 | 15% | |
| Money Market Securities | | | | | | | |
| | | Commercial Paper | 199,853,548.50 | 1.70 | 0.04 | 7% | A1-P1 |
| | | Money Mkt Fund | 50,000,000.00 | 1.40 | 0.00 | 2% | |
| | | Certificates of Deposit | 1,031,521.42 | 2.28 | 4.17 | 0% | |
| | Sub-total | | 250,885,069.92 | 1.64 | 0.05 | 9% | 20% |
| Derivatives | | | | | | | |
| | | Interest Rate Swaps | 0.00 | 0.00 | 0.00 | 0% | |
| | | OTC Options | 0.00 | 0.00 | 0.00 | 0% | |
| | Sub-total | | 0.00 | 0.00 | 0.00 | 0% | |
| TOTALS | | | 2,892,263,682.64 | 2.16 | 1.00 | 100% | |

Date: 08/31/04

# PORTFOLIO SUMMARY
# TRAN POOL

| | | TYPE | MARKET VALUE | MARKET YIELD (%) | DURATION | PERCENT of TOTAL | STATUTORY LIMIT |
|---|---|---|---|---|---|---|---|
| Treasuries | | | | | | | |
| | | Bills | 0.00 | 0.00 | 0.00 | 0% | |
| | | Treasury Notes | 0.00 | 0.00 | 0.00 | 0% | |
| | Sub-total | | 0.00 | 0.00 | 0.00 | 0% | |
| Agencies | | Notes | 100,622,045.69 | 1.33 | 0.08 | 20% | |
| | | Discounts | 0.00 | 0.00 | 0.00 | 0% | |
| | Sub-total | | 100,622,045.69 | 1.33 | 0.08 | 20% | |
| Corporates | | | 54,033,425.84 | 1.32 | 0.88 | 10% | 25% |
| Municipals | | | 49,952,621.51 | 1.55 | 0.08 | 10% | |
| Mortgages | | CMOs | 62,105,476.46 | 2.04 | -0.01 | 12% | 25% |
| ABS | | | 236,812,749.71 | 1.72 | 0.06 | 47% | |
| Repurchase Agreements | | | | | | | |
| | | Overnight | 2,616,114.66 | 1.60 | 0.00 | 1% | |
| | | < 30 days | 0.00 | 0.00 | | 0% | |
| | | < 60 days | 0.00 | 0.00 | | 0% | |
| | | < 90 days | 0.00 | 0.00 | | 0% | |
| | | < 1 year | 0.00 | 0.00 | | 0% | |
| | | < 2 years | 0.00 | 0.00 | | 0% | |
| | | > 2 years | 0.00 | 0.00 | | 0% | |
| | | Flex Repos | | | | 0% | |
| | Sub-total | | 2,616,114.66 | 1.60 | 0.00 | 1% | |
| Money Market Securities | | | | | | | |
| | | Commercial Paper | 0.00 | 0.00 | 0.00 | 0% | A1-P1 |
| | | Money Mkt Fund | 0.00 | 0.00 | 0.00 | 0% | |
| | | Certificates of Deposit | 0.00 | 0.00 | 0.00 | 0% | |
| | Sub-total | | 0.00 | 0.00 | 0.00 | 0% | |
| **TOTALS** | | | 506,142,433.87 | 1.62 | 0.14 | 100% | |

Date: 08/31/04

# PORTFOLIO SUMMARY
# SHORT TERM POOL

| | | TYPE | MARKET VALUE | MARKET YIELD (%) | DURATION | PERCENT of TOTAL | STATUTOI LIMIT |
|---|---|---|---|---|---|---|---|
| Treasuries | | | | | | | |
| | | Bills | 0.00 | 0.00 | 0.0000 | 0% | |
| | | Treasury Notes | 15,103,421.30 | 1.51 | 0.2233 | 3% | |
| | Sub-total | | 15,103,421.30 | 1.51 | 0.2233 | 3% | |
| Agencies | | Notes | 0.00 | 0.00 | 0.00 | 0% | |
| | | Discounts | 0.00 | 0.00 | 0.0000 | 0% | |
| | Sub-total | | 0.00 | 0.00 | 0.0000 | 0% | |
| Corporates | | | 18,585,868.77 | 1.59 | 1.07 | 3% | 25% |
| Municipals | | | 30,431,303.78 | 1.14 | 0.08 | 6% | |
| Mortgages | | CMOs | 44,160,149.27 | 1.96 | 0.16 | 8% | 25% |
| ABS | | | 53,272,101.71 | 1.59 | 0.0573 | 10% | |
| Repurchase Agreements | | | | | | | |
| | | Overnight | 170,413,468.83 | 1.60 | 0.00 | 32% | |
| | | < 30 days | 0.00 | 0.00 | | 0% | |
| | | < 60 days | 0.00 | 0.00 | | 0% | |
| | | < 90 days | 0.00 | 0.00 | | 0% | |
| | | < 1 year | 0.00 | 0.00 | | 0% | |
| | | < 2 years | 0.00 | 0.00 | | 0% | |
| | | > 2 years | 0.00 | 0.00 | | 0% | |
| | | Flex Repos | | | | 0% | |
| | Sub-total | | 170,413,468.83 | 1.60 | 0.0000 | 32% | |
| Money Market Securities | | | | | | | |
| | | Commercial Paper | 149,931,326.50 | 1.70 | 0.02 | 28% | A1-P1 |
| | | Money Mkt Fund | 50,000,000.00 | 1.40 | 0.0000 | 10% | |
| | | Certificates of Deposit | 0.00 | 0.00 | 0.0000 | 0% | |
| | Sub-total | | 199,931,326.50 | 1.62 | 0.0167 | 38% | |
| **TOTALS** | | | 531,897,640.16 | 1.61 | 0.0734 | 100% | |

Date: 08/31/04

# PORTFOLIO SUMMARY
# INTERMEDIATE TERM POOL

| | | TYPE | MARKET VALUE | MARKET YIELD (%) | DURATION (Years) | PERCENT of TOTAL | STATUTOI LIMIT |
|---|---|---|---|---|---|---|---|
| Treasuries | | | | | | | |
| | | Bills | 0.00 | 0.00 | 0% | 0% | |
| | | Treasury Notes | 217,726,116.86 | 2.45 | 211% | 17% | |
| | Sub-total | | 217,726,116.86 | 2.45 | 211% | 17% | |
| Agencies | | Notes | 415,274,951.33 | 2.55 | 162% | 32% | |
| | | Discounts | 0.00 | 0.00 | 0% | 0% | |
| | Sub-total | | 415,274,951.33 | 2.55 | 162% | 32% | |
| Municipals | | | 130,161,736.61 | 2.89 | 195% | 10% | |
| Corporates | | | 157,864,380.29 | 2.37 | 201% | 12% | 25% |
| Mortgages | | Pools | 33,977,851.38 | 3.44 | 126% | 2% | |
| | | CMO's | 78,612,388.68 | 3.14 | 90% | 6% | |
| | Sub-total | | 112,590,240.06 | 3.23 | 100% | 8% | 25% |
| Asset Backs | | | 11,512,988.57 | 2.91 | 443% | 1% | 20% |
| Repurchase Agreements | | | | | | | |
| | | Overnight | 166,036,276.99 | 1.60 | 0% | 13% | |
| | | < 30 days | 26,986,364.98 | 1.40 | 5% | 2% | |
| | | < 60 days | 2,509,250.00 | 3.60 | 15% | 0% | |
| | | < 90 days | 0.00 | 0.00 | 0% | 0% | |
| | | < 1 year | 36,322.71 | 3.02 | 63% | 0% | |
| | | < 2 years | 2,867,701.36 | 1.99 | 109% | 0% | |
| | | > 2 years | 8,075,874.93 | 2.52 | 378% | 1% | |
| | | Flex Repos | 253,494.27 | 11.28 | 500% | 0% | |
| | Sub-total | | 206,765,285.24 | 1.65 | 18% | 16% | |
| Money Market Securities | | | | | | | |
| | | Commercial Paper | 49,922,222.00 | 1.70 | 9% | 4% | A1-P1 |
| | | Money Mkt Fund | 0.00 | 0.00 | 0% | 0% | |
| | | Certificates of Deposit | 1,031,521.42 | 2.28 | 417% | 0% | |
| | Sub-total | | 50,953,743.42 | 1.71 | 17% | 4% | 20% |
| Derivatives | | | | | | | |
| | | Interest Rate Swaps | 0.00 | 0.00 | 0.00 | 0% | |
| | | OTC Options | 0.00 | 0.00 | 0.00 | 0% | |
| | Sub-total | | 0.00 | 0.00 | 0.00 | 0% | |
| TOTALS | | | 1,302,849,442.38 | 2.43 | 1.47 | 100% | |

Date: 08/31/04

# PORTFOLIO SUMMARY
# LONG TERM POOL

| | | TYPE | MARKET VALUE | MARKET YIELD (%) | DURATION (Years) | PERCENT of TOTAL | STATUTORY LIMIT |
|---|---|---|---|---|---|---|---|
| Treasuries | | | | | | | |
| | | Bills | 0.00 | 0.00 | 0.00 | 0% | |
| | | Treasury Notes | 0.00 | 0.00 | 0.00 | 0% | |
| | Sub-total | | 0.00 | 0.00 | 0.00 | 0% | |
| Agencies | | Notes | 0.00 | 0.00 | 0.00 | 0% | |
| | | Discounts | 0.00 | 0.00 | 0.00 | 0% | |
| | Sub-total | | 0.00 | 0.00 | 0.00 | 0% | |
| Municipals | | | 0.00 | 0.00 | 0.00 | 0% | |
| Corporates | | | 0.00 | 0.00 | 0.00 | 0% | 25% |
| Mortgages | | Pools | 0.00 | 0.00 | 0.00 | 0% | |
| | | CMO's | 0.00 | 0.00 | 0.00 | 0% | |
| | Sub-total | | 0.00 | 0.00 | 0.00 | 0% | 25% |
| Asset Backs | | | 0.00 | 0.00 | 0.00 | 0% | 20% |
| Repurchase Agreements | | | | | | | |
| | | Overnight | 0.00 | 0.00 | 0.0000 | 0% | |
| | | < 30 days | 0.00 | 0.00 | | 0% | |
| | | < 60 days | 0.00 | 0.00 | | 0% | |
| | | < 90 days | 0.00 | 0.00 | | 0% | |
| | | < 1 year | 0.00 | 0.00 | | 0% | |
| | | < 2 years | 0.00 | 0.00 | | 0% | |
| | | > 2 years | 0.00 | 0.00 | | 0% | |
| | | Flex Repos | | | | 0% | |
| | Sub-total | | 0.00 | 0.00 | 0.00 | 0% | |
| Money Market Securities | | | | | | | |
| | | Commercial Paper | 0.00 | 0.00 | 0.00 | 0% | A1-P1 |
| | | Money Mkt Fund | 0.00 | 0.00 | 0.00 | 0% | |
| | | Certificates of Deposit | 0.00 | 0.00 | 0.00 | 0% | |
| | Sub-total | | 0.00 | 0.00 | 0.00 | 0% | 20% |
| **TOTALS** | | | 0.00 | 0.00 | 0.00 | 0% | |

Date: 08/31/04

# PORTFOLIO SUMMARY
# BOND PROCEEDS POOL

| | | TYPE | MARKET VALUE | MARKET YIELD (%) | DURATION (Years) | PERCENT of TOTAL | STATUTORY LIMIT |
|---|---|---|---|---|---|---|---|
| Treasuries | | | | | | | |
| | | Bills | 0.00 | 0.00 | 0.00 | 0% | |
| | | Treasury Notes | 112,447,588.33 | 3.20 | 2.03 | 20% | |
| | Sub-total | | 112,447,588.33 | 3.20 | 2.03 | 20% | |
| Agencies | | Notes | 383,975,169.51 | 2.48 | 1.67 | 70% | |
| | | Discounts | 0.00 | 0.00 | 0.00 | 0% | |
| | Sub-total | | 383,975,169.51 | 2.48 | 1.67 | 70% | |
| Municipals | | | 0.00 | 0.00 | 0.00 | 0% | |
| Mortgages | | Pools | 0.00 | 0.00 | 0.00 | 0% | |
| | | CMO's | 0.00 | 0.00 | 0.00 | 0% | |
| | Sub-total | | 0.00 | 0.00 | 0.00 | 0% | |
| Asset Backs | | | 0.00 | 0.00 | | 0% | |
| Repurchase Agreements | | | | | | | |
| | | Overnight | 54,951,408.39 | 1.60 | 0.00 | 10% | |
| | | < 30 days | 0.00 | 0.00 | | 0% | |
| | | < 60 days | 0.00 | 0.00 | | 0% | |
| | | < 90 days | 0.00 | 0.00 | | 0% | |
| | | < 1 year | 0.00 | 0.00 | | 0% | |
| | | < 2 years | 0.00 | 0.00 | | 0% | |
| | | > 2 years | 0.00 | 0.00 | | 0% | |
| | | Flex Repos | | | | 0% | |
| | Sub-total | | 54,951,408.39 | 1.60 | 0.00 | 10% | |
| Money Market Securities | | | | | | | |
| | | Commercial Paper | 0.00 | 0.00 | 0.00 | 0% | NONE ALLOWED |
| | | Money Mkt Fund | 0.00 | 0.00 | 0.0000 | 0% | |
| | | Certificates of Deposit | 0.00 | 0.00 | 0.00 | 0% | |
| | Sub-total | | 0.00 | 0.00 | 0.00 | 0% | |
| **TOTALS** | | | 551,374,166.23 | 2.54 | 1.58 | 100% | |

# Investment Income

**As of 08/31/04**

| | Month | | Fiscal Year to Date | |
|---|---|---|---|---|
| **Pool** | **Amount** | **Yield *** | **Amount** | **Yield**** |
| Intermediate | 8,881,611.46 | 8.18% | 13,939,882.47 | 7.10% |
| Short Term | 503,390.06 | 1.26% | 1,489,401.95 | 1.35% |
| Long Term | 0.00 | 0.00% | 0.00 | 0.00% |
| Bond Proceeds | 4,893,035.36 | 10.41% | 7,562,256.69 | 7.87% |
| Tran | -15,435.16 | -0.04% | 14,811.72 | 0.02% |
| **Grand Total** | **14,262,601.72** | | **23,006,352.83** | |

***Yield is calculated on a total return basis. Total return consists of the accrual of interest and the gain or loss incurred from valuing the securities in market value. Total return, divided by average daily balance, divided by actual days, multiplied by actual days in the fiscal year.**

****Yield is calculated on a total return basis. Total return consists of the accrual of interest and the gain or loss incurred from valuing the securities in market value. Total return, (fiscal YTD) divided by the weighted average of the monthly average daily balances, divided by the actual days (fiscal YTD) mulitplied by the actual number of days in the fiscal year.**

# Investable Balances

**As of 08/31/04**

| | Average Daily Balances | |
|---|---|---|
| | **AvgBal** | **Fiscal Year to Date** |
| Intermediate | 1,277,985,372.94 | 1,156,218,404.16 |
| Short Term | 471,795,241.83 | 651,322,258.83 |
| Long Term | 0.00 | 0.00 |
| Bond Proceeds | 553,447,520.49 | 565,871,414.13 |
| Tran | 506,376,631.09 | 504,582,849.44 |
| | **2,809,604,766.35** | **2,877,994,926.56** |

# CASH DISTRIBUTION

August 2004

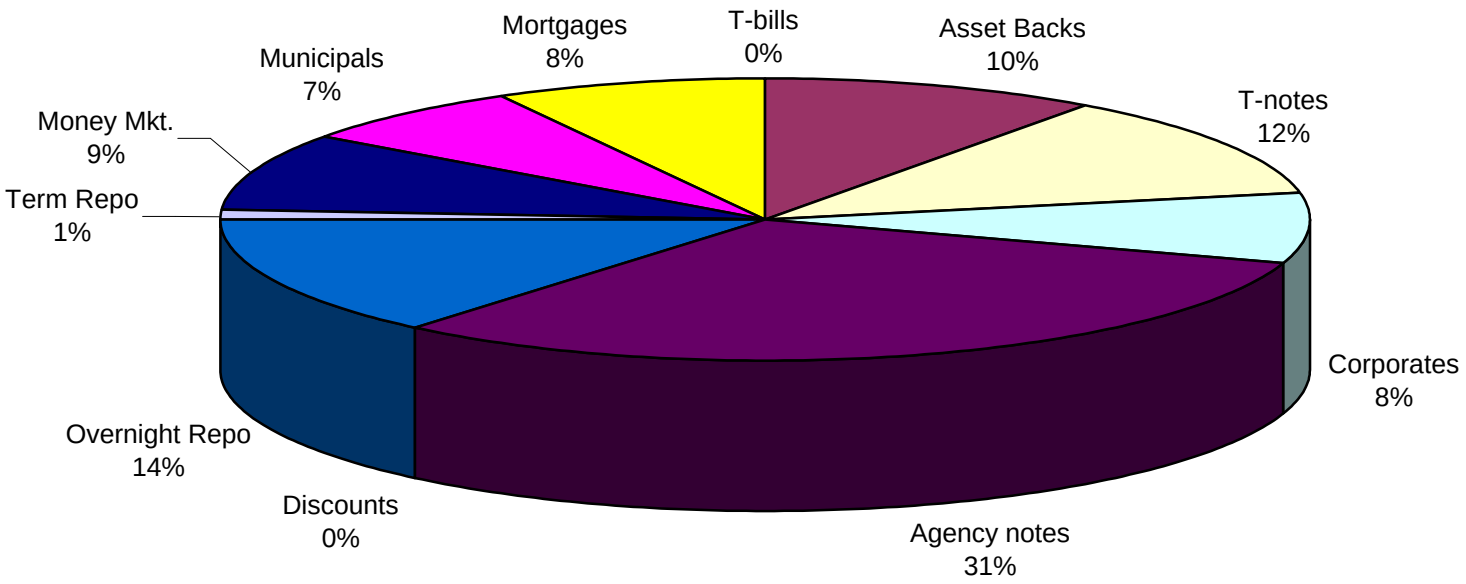
| | Month | | YTD | |
|---|---|---|---|---|
| | Actual | Budget | Actual | Budget |
| General Fund | 0 | 0 | | 0 |
| Capital Con. | 533,713 | 587,500 | 609,813 | 1,137,500 |
| Agency | 52,621 | 850,000 | 766,120 | 1,629,167 |
| T&R | 19,427 | 162,500 | 169,157 | 311,458 |

# ACCRUED EARNINGS

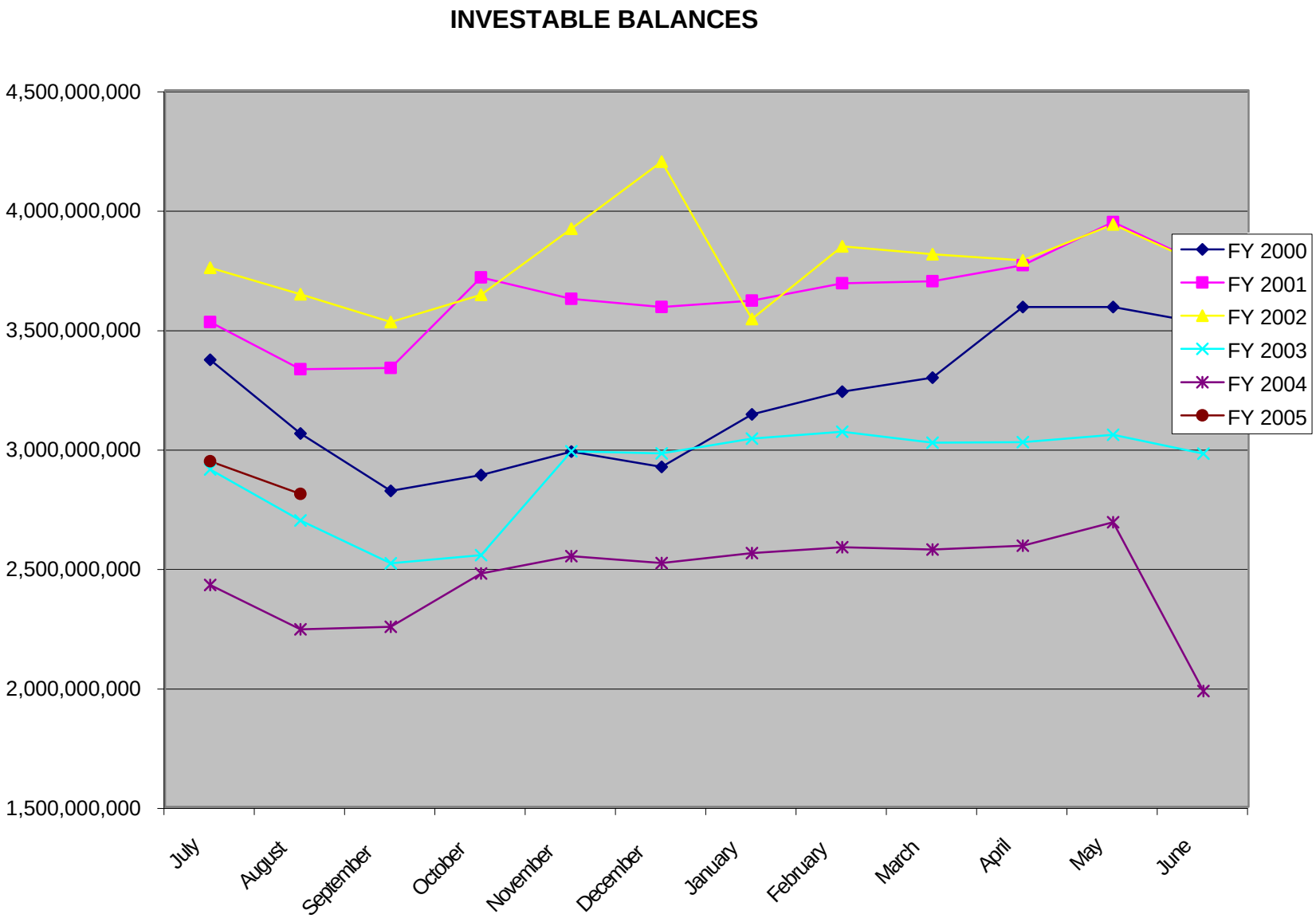
August 2004

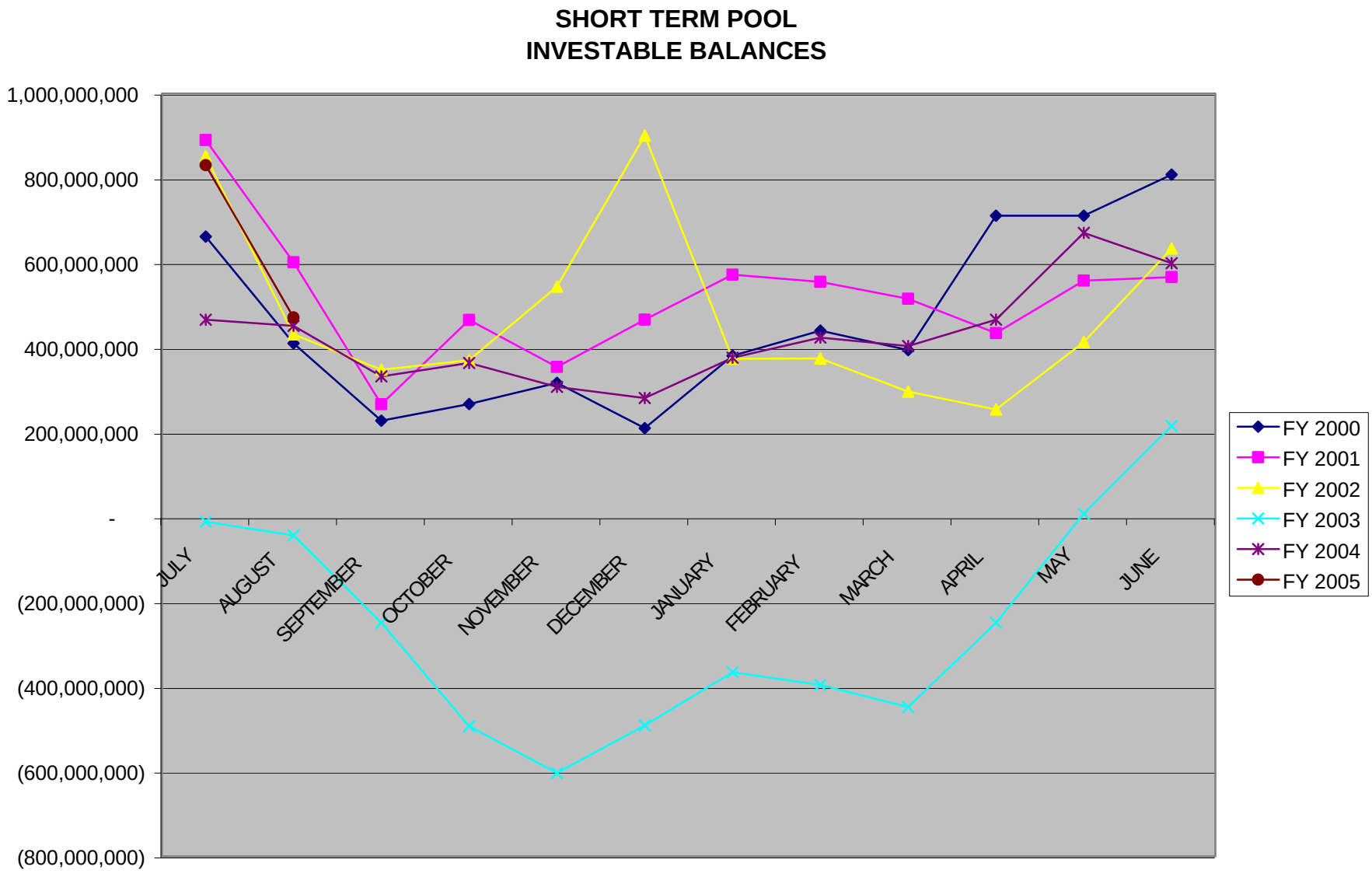
| | Month | | YTD | |
|---|---|---|---|---|
| | Actual | Budget | Actual | Budget |
| General Fund | 236,281 | 0 | 696,111 | 0 |
| Capital Con. | 1,945,448 | 587,500 | 3,090,267 | 1,137,500 |
| Agency | 2,084,159 | 850,000 | 3,068,169 | 1,629,167 |
| T&R | 402,242 | 162,500 | 626,766 | 311,458 |

## Distribution of Investments for August

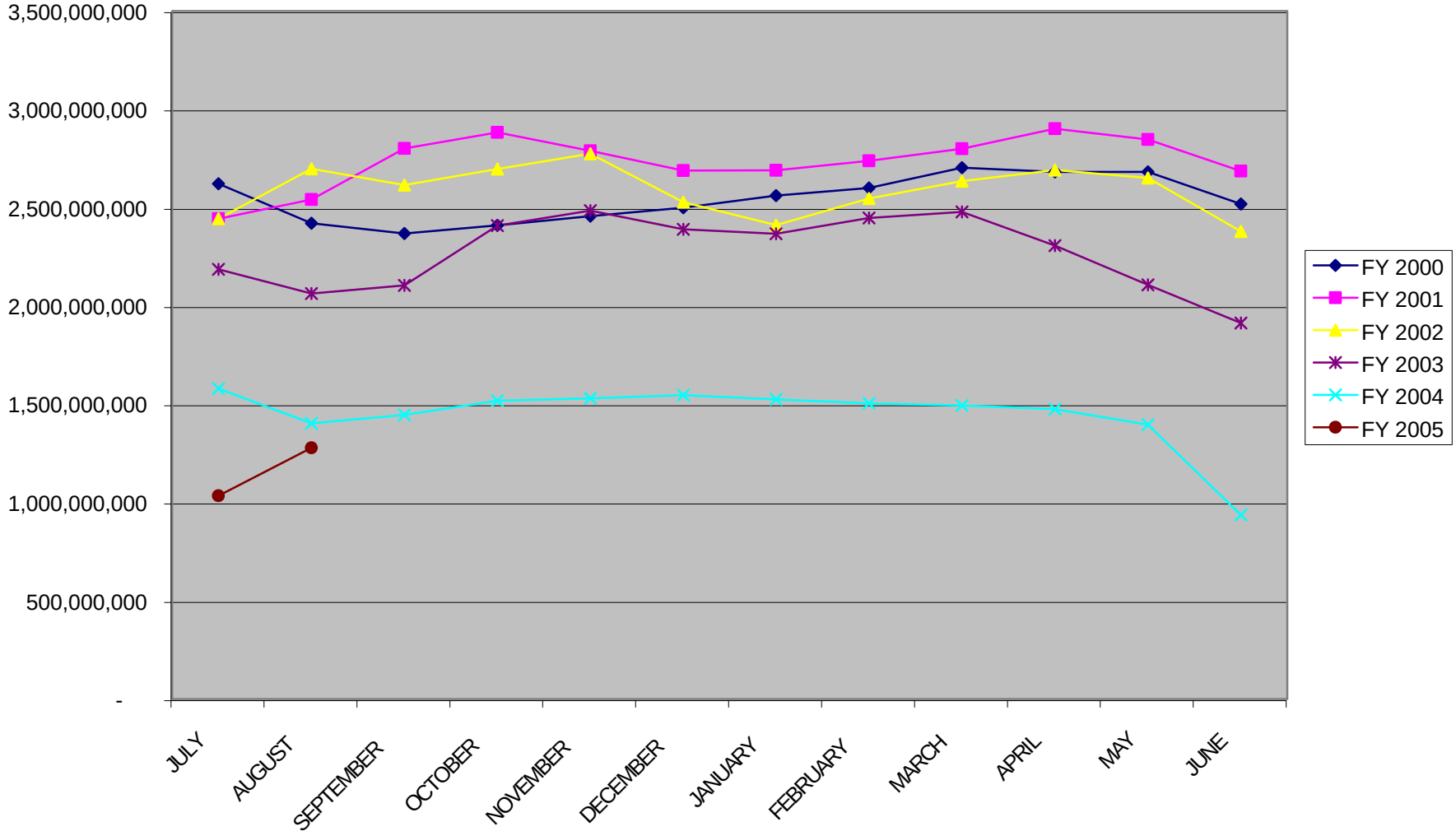



LIMITS
Corporates 25%
Mortgages 25%
Asset Backs 20%
Money Mkt. 20%

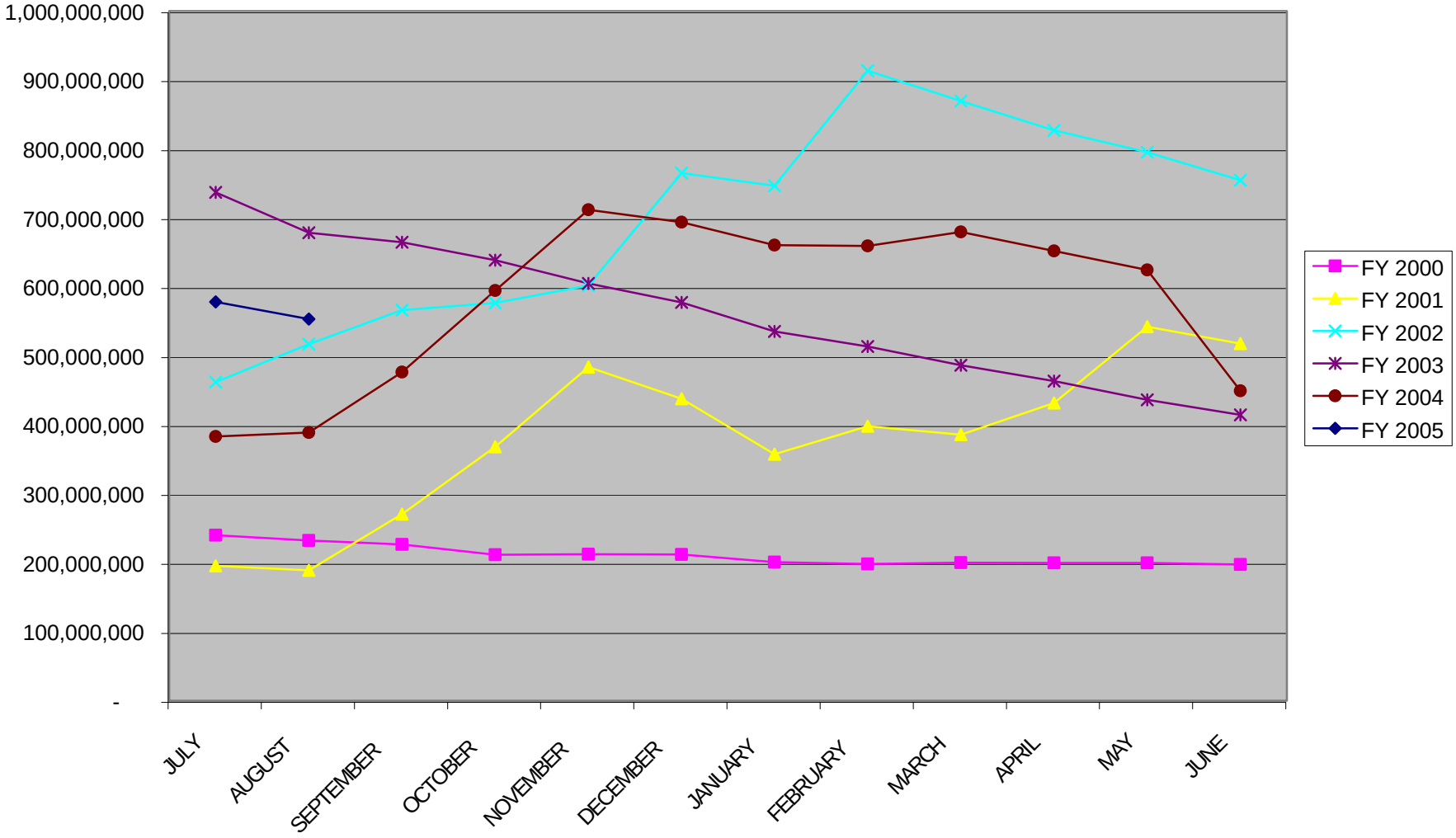

INVESTABLE BALANCES
4,500,000,000
4,000,000,000
3,500,000,000
3,000,000,000
2,500,000,000
2,000,000,000
1,500,000,000
July
August
September
October
November
December
January
February
March
April
May
June
FY 2000
FY 2001
FY 2002
FY 2003
FY 2004
FY 2005

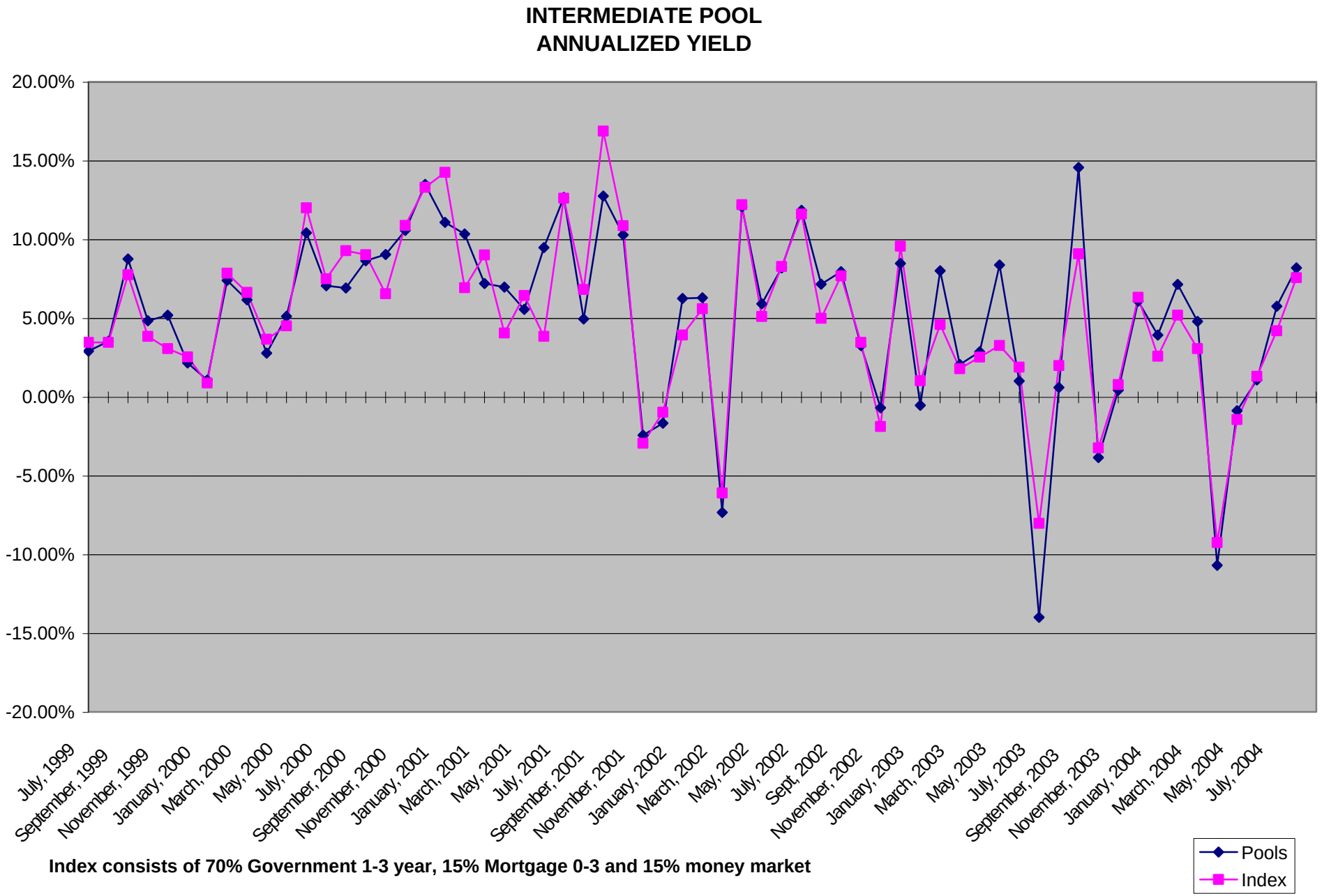

SHORT TERM POOL
INVESTABLE BALANCES
1,000,000,000
800,000,000
600,000,000
400,000,000
200,000,000
-
(200,000,000)
(400,000,000)
(600,000,000)
(800,000,000)
JULY
AUGUST
SEPTEMBER
OCTOBER
NOVEMBER
DECEMBER
JANUARY
FEBRUARY
MARCH
APRIL
MAY
JUNE
FY 2000
FY 2001
FY 2002
FY 2003
FY 2004
FY 2005

## INTERMEDIATE - LONG TERM POOL
## INVESTABLE BALANCES

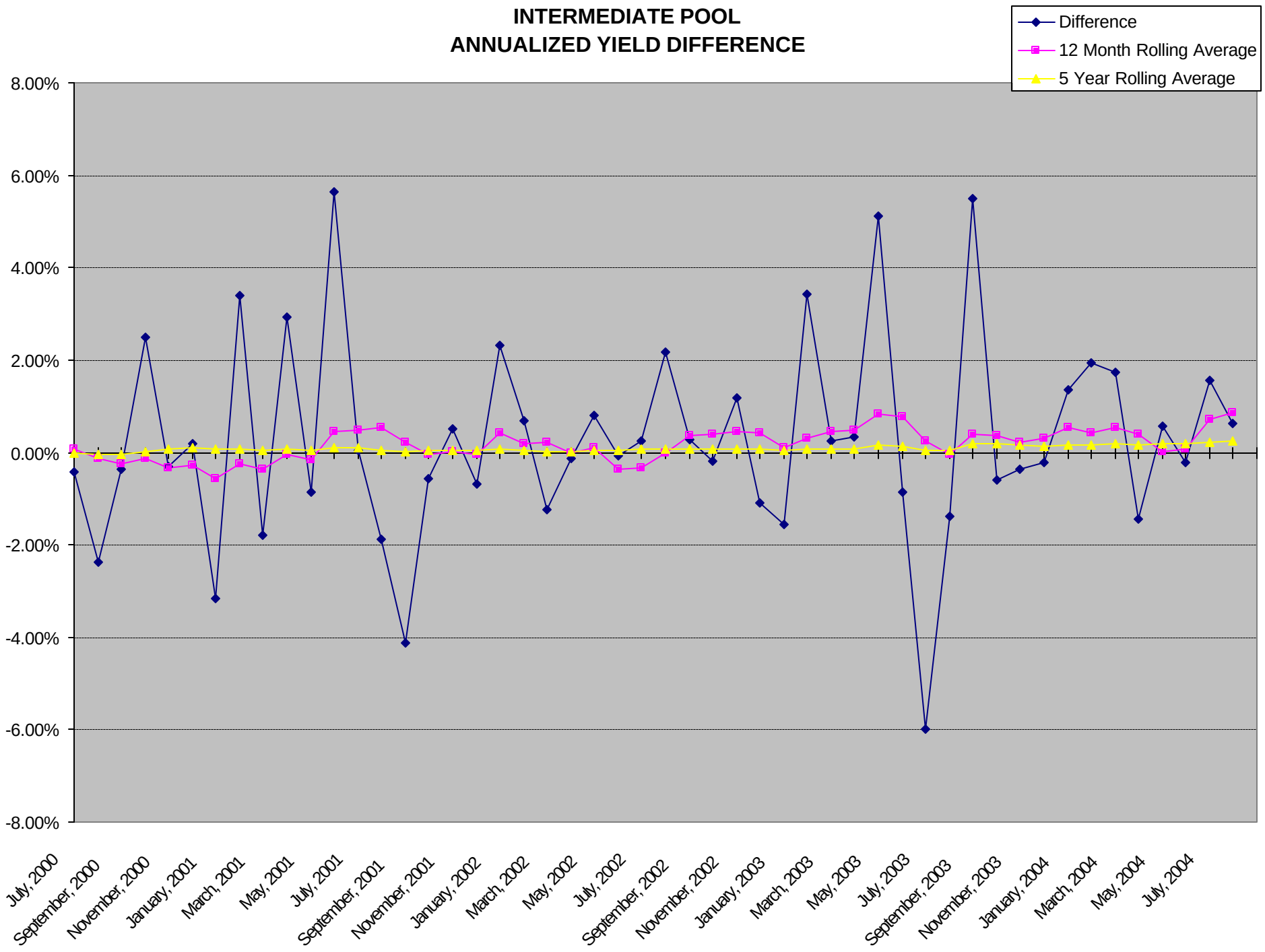


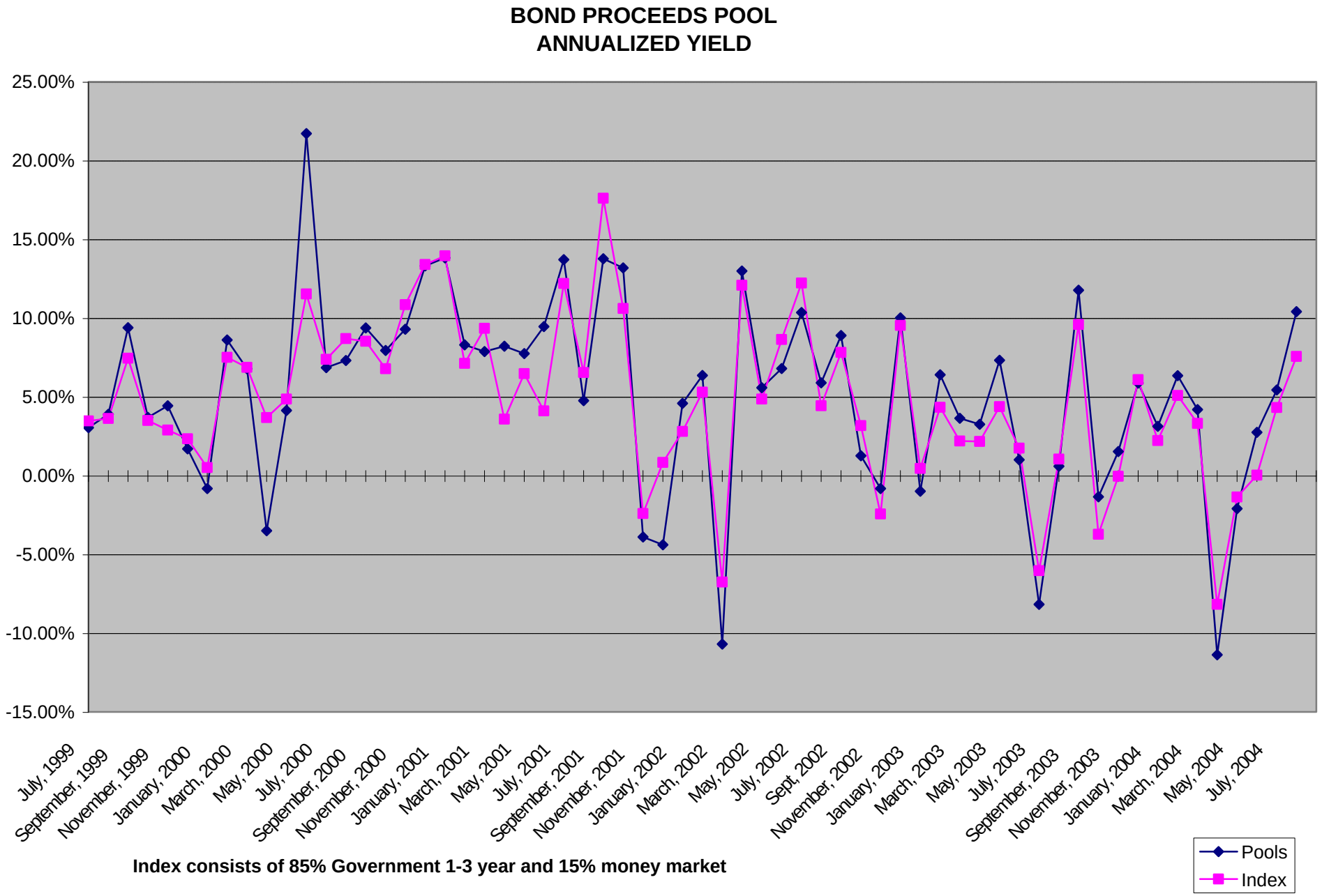
## US TREASURY-AGENCY
## INVESTABLE BALANCES



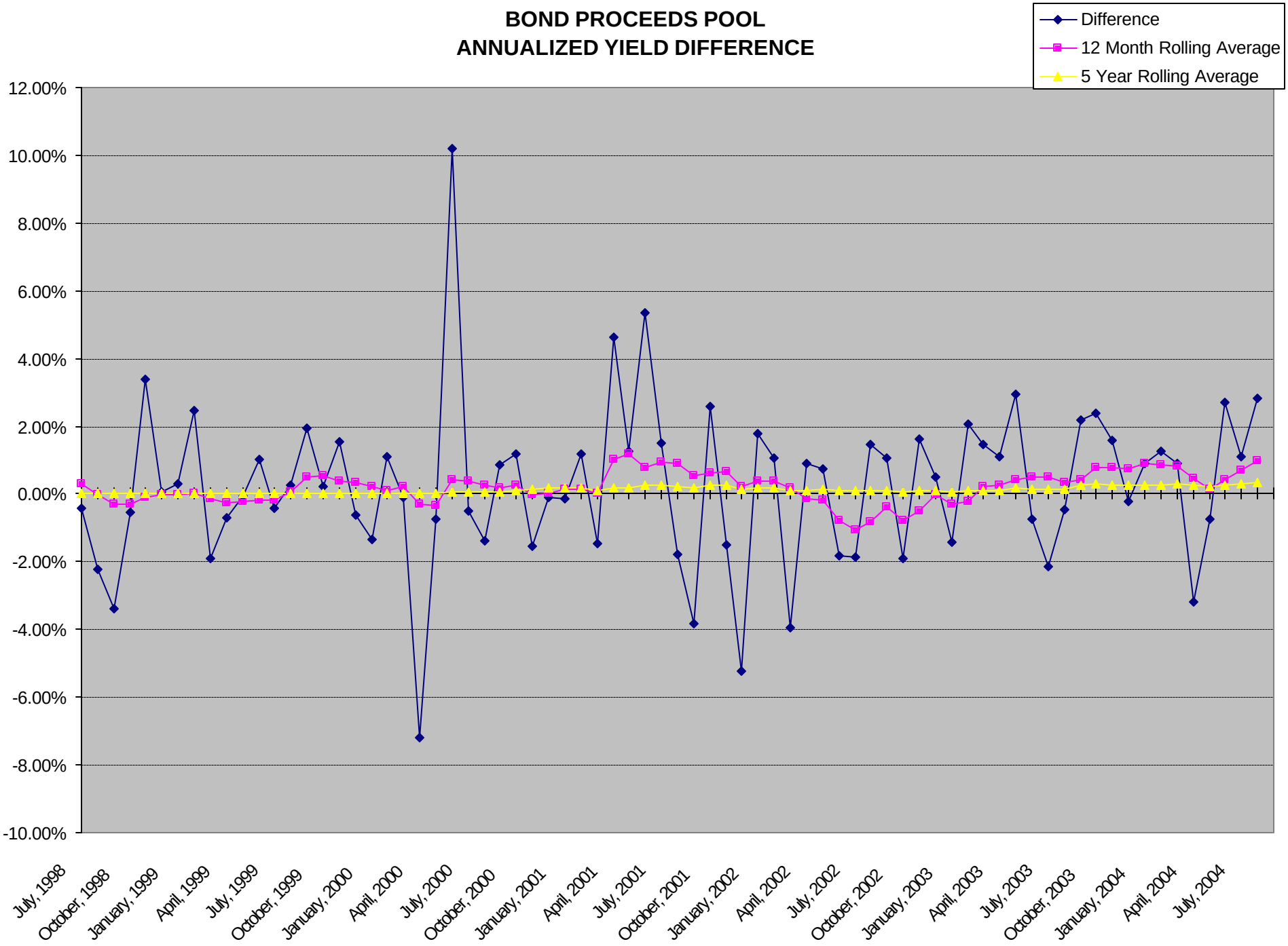



**Index consists of 70% Government 1-3 year, 15% Mortgage 0-3 and 15% money market**


INTERMEDIATE POOL
ANNUALIZED YIELD DIFFERENCE
Difference
12 Month Rolling Average
5 Year Rolling Average
8.00%
6.00%
4.00%
2.00%
0.00%
-2.00%
-4.00%
-6.00%
-8.00%
July, 2000
September, 2000
November, 2000
January, 2001
March, 2001
May, 2001
July, 2001
September, 2001
November, 2001
January, 2002
March, 2002
May, 2002
July, 2002
September, 2002
November, 2002
January, 2003
March, 2003
May, 2003
July, 2003
September, 2003
November, 2003
January, 2004
March, 2004
May, 2004
July, 2004




**Index consists of 85% Government 1-3 year and 15% money market**


BOND PROCEEDS POOL
ANNUALIZED YIELD DIFFERENCE
Difference
12 Month Rolling Average
5 Year Rolling Average
12.00%
10.00%
8.00%
6.00%
4.00%
2.00%
0.00%
-2.00%
-4.00%
-6.00%
-8.00%
-10.00%
July, 1998
October, 1998
January, 1999
April, 1999
July, 1999
October, 1999
January, 2000
April, 2000
July, 2000
October, 2000
January, 2001
April, 2001
July, 2001
October, 2001
January, 2002
April, 2002
July, 2002
October, 2002
January, 2003
April, 2003
July, 2003
October, 2003
January, 2004
April, 2004
July, 2004