September 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: 09/30/04

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	344,972,519.61	2.54	1.86	11%	
	Sub-total		344,972,519.61	2.54	1.86	11%	
Agencies		Notes	899,692,325.20	2.65	1.56	28%	
		Discounts	0.00	0.00	0.00	0%	
	Sub-total		899,692,325.20	2.65	1.56	28%	
Municipals			204,254,153.67	2.35	1.16	6%	
Corporates			242,946,686.57	2.31	1.50	8%	25%
Mortgages		Pools	32,417,101.19	3.50	1.12	1%	
		CMO's	179,043,357.54	2.68	0.44	6%	
	Sub-total		211,460,458.73	2.81	0.55	7%	25%
Asset Backs			301,889,035.26	1.90	0.21	10%	20%
Repurchase Agreements							
		Overnight	756,039,209.46	1.85	0.00	24%	
		< 30 days	19,029,116.24	1.79	0.05	1%	
		< 60 days	10,450,989.22	1.67	0.09	0%	
		< 90 days	0.00	1.00	1.00	0%	
		< 1 year	2,540,503.81	1.87	0.94	0%	
		< 2 years	353,873.95	2.91	1.46	0%	
		> 2 years	7,865,107.84	2.52	3.70	0%	
		Flex Repos	253,494.27	11.27	4.93	0%	
	Sub-total		796,532,294.79	1.86	0.04	25%	
Money Market Securities							
		Commercial Paper	124,971,284.75	1.78	0.02	4%	A1-P1
		Money Mkt Fund	49,000,000.00	0.00	0.00	1%	
		Certificates of Deposit	1,031,172.82	2.28	4.09	0%	
	Sub-total		175,002,457.57	1.29	0.04	5%	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			3,176,749,931.40	2.26	0.90	100%	

Date: 09/30/04

PORTFOLIO SUMMARY
SHORT 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	15,119,101.43	1.66	0.14	2%	
	Sub-total		15,119,101.43	1.66	0.14	2%	
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%	
Corporates			18,532,427.54	1.67	0.06	2%	25%
Municipals			30,408,616.11	1.14	0.02	4%	
Mortgages		CMOs	43,367,457.35	2.11	0.15	5%	25%
ABS			52,476,969.93	1.75	0.04	7%	
Repurchase Agreements							
		Overnight	504,294,153.53	1.85	0.00	64%	
		< 30 days	0.00	0.00	0.00	0%	
		< 60 days	0.00	0.00	0.00	0%	
		< 90 days	0.00	0.00	0.00	0%	
		< 1 year	0.00	0.00	0.00	0%	
		< 2 years	0.00	0.00	0.00	0%	
		> 2 years	0.00	0.00	0.00	0%	
		Flex Repos	0.00	0.00	0.00	0%	
	Sub-total		504,294,153.53	1.85	0.00	64%	
Money Market Securities							
		Commercial Paper	74,982,395.75	1.78	0.02	10%	A1-P1
		Money Mkt Fund	49,000,000.00	0.00	0.00	6%	
		Certificates of Deposit	0.00	0.00	0.00	0%	
	Sub-total		123,982,395.75	1.08	0.01	16%	
TOTALS			788,181,121.64	1.70	0.02	100%	

Date: 09/30/04

PORTFOLIO SUMMARY
INTERMEDIATE 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	217,575,902.57	2.61	2.03	16%	
	Sub-total		217,575,902.57	2.61	2.03	16%	
Agencies		Notes	420,606,217.20	2.82	1.73	31%	
		Discounts	0.00	0.00	0.00	0%	
	Sub-total		420,606,217.20	2.82	1.73	31%	
Municipals			123,913,965.67	2.96	1.87	9%	
Corporates			170,378,333.47	2.70	2.11	12%	25%
Mortgages		Pools	32,417,101.19	3.50	1.12	2%	
		CMO's	75,869,906.54	3.37	0.96	5%	
	Sub-total		108,287,007.73	3.41	1.01	7%	25%
Asset Backs			11,327,032.65	2.95	4.36	1%	20%
Repurchase Agreements							
		Overnight	232,079,036.01	1.85	0.00	17%	
		< 30 days	19,029,116.24	1.79	0.05	1%	
		< 60 days	10,450,989.22	1.67	0.09	1%	
		< 90 days	0.00	1.00	1.00	0%	
		< 1 year	2,540,503.81	1.87	0.94	0%	
		< 2 years	353,873.95	2.91	1.46	0%	
		> 2 years	7,865,107.84	2.52	3.70	1%	
		Flex Repos	253,494.27	11.27	4.93	0%	
	Sub-total		272,572,121.34	1.87	0.13	20%	
Money Market Securities							
		Commercial Paper	49,988,889.00	1.78	0.02	4%	A1-P1
		Money Mkt Fund	0.00	0.00	0.00	0%	
		Certificates of Deposit	1,031,172.82	2.28	4.09	0%	
	Sub-total		51,020,061.82	1.79	0.10	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			1,375,680,642.45	2.61	1.42	100%	

Date: 09/30/04

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	112,277,515.61	2.51	1.76	22%	
	Sub-total		112,277,515.61	2.51	1.76	22%	
Agencies		Notes	378,458,441.34	2.79	1.76	75%	
		Discounts	0.00	0.00	0.00	0%	
	Sub-total		378,458,441.34	2.79	1.76	75%	
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	0.00	0%	
Repurchase Agreements							
		Overnight	15,926,826.00	1.85	0.00	3%	
		< 30 days	0.00	0.00	0.00	0%	
		< 60 days	0.00	0.00	0.00	0%	
		< 90 days	0.00	0.00	0.00	0%	
		< 1 year	0.00	0.00	0.00	0%	
		< 2 years	0.00	0.00	0.00	0%	
		> 2 years	0.00	0.00	0.00	0%	
		Flex Repos	0.00	0.00	0.00	0%	
	Sub-total		15,926,826.00	1.85	0.00	3%	
Money Market Securities							
		Commercial Paper	0.00	0.00	0.00	0%	NONE ALLOWED
		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			506,662,782.95	2.70	1.70	100%	

Investment Income

As of 09/30/04

	Month		Fiscal Year to Date	
Pool	**Amount**	**Yield ***	**Amount**	**Yield****
Intermediate	696,880.36	0.65%	14,636,762.83	4.82%
Short Term	677,544.59	1.67%	2,166,946.54	1.43%
Bond Proceeds	176,242.62	0.40%	7,738,499.31	5.51%
Tran	58,271.53	0.14%	73,083.25	0.06%
Grand Total	**1,608,939.10**		**24,615,291.93**	

***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 09/30/04

	Average Daily Balances	
	AvgBal	**Fiscal Year to Date**
Intermediate	1,302,332,130.18	1,203,864,184.38
Short Term	494,707,394.43	600,252,194.35
Bond Proceeds	540,744,236.57	557,677,769.27
Tran	506,352,381.23	505,159,870.67
	2,844,136,142.41	**2,866,954,018.67**

CASH DISTRIBUTION

September 2004

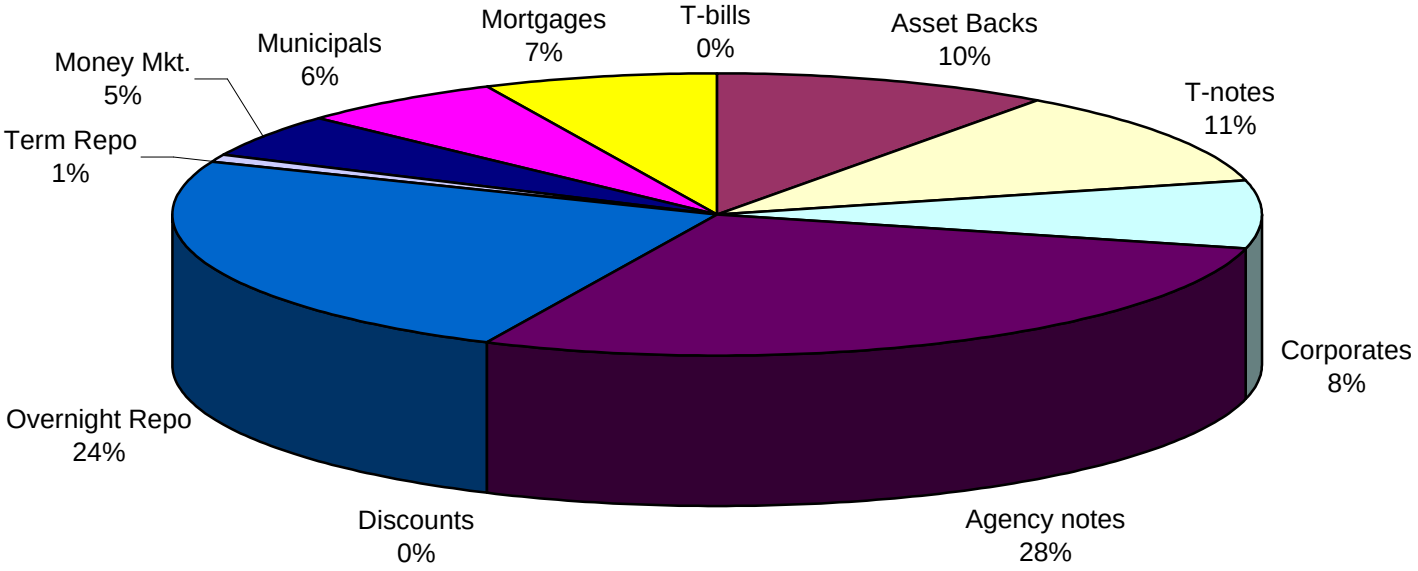
	Month		YTD	
	Actual	Budget	Actual	Budget
General Fund	0	0		0
Capital Con.	351,436	575,000	961,249	1,712,500
Agency	471,579	837,500	1,237,699	2,466,667
T&R	99,806	150,000	268,963	461,458

ACCRUED EARNINGS

September 2004

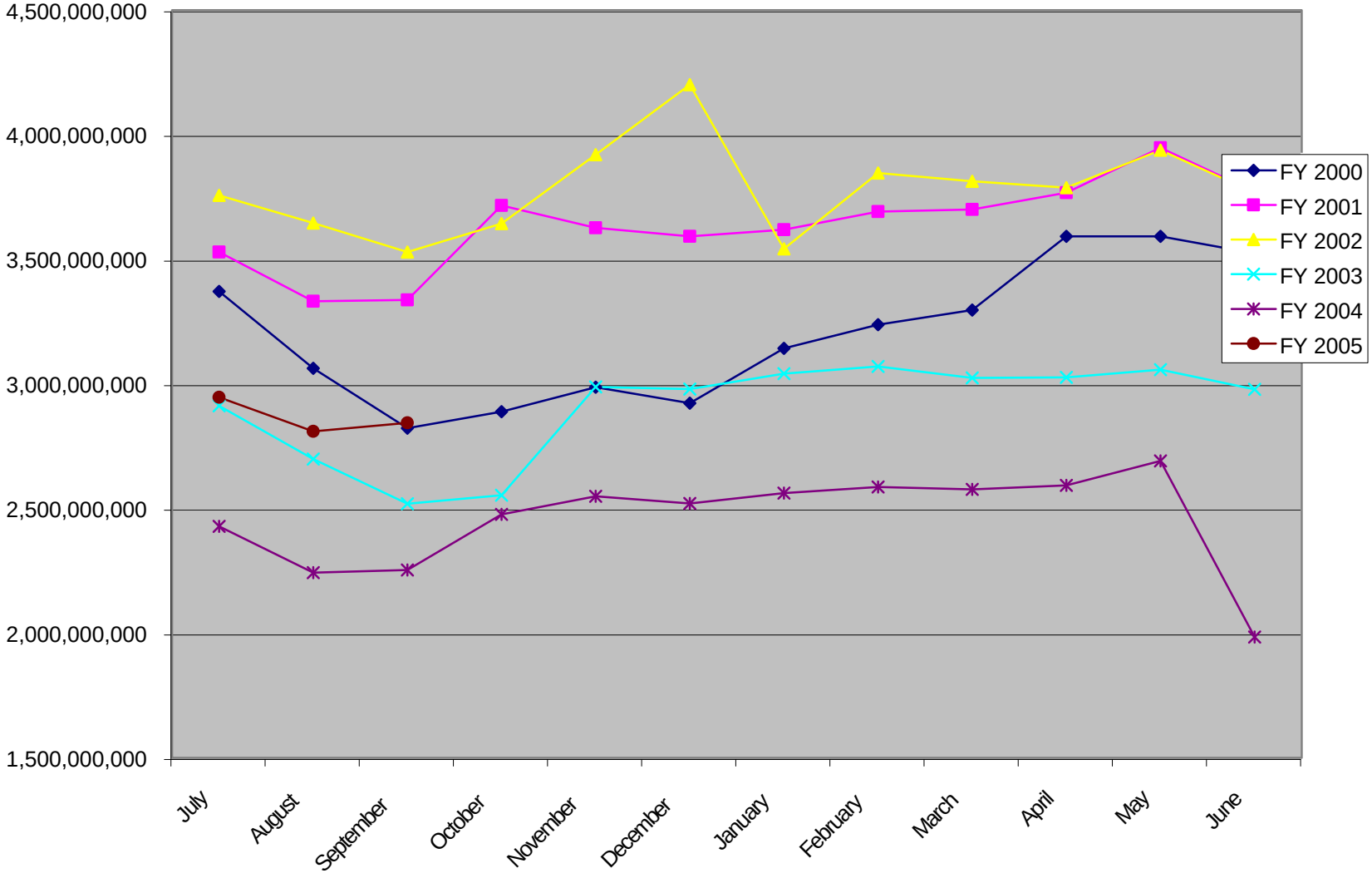
	Month		YTD	
	Actual	Budget	Actual	Budget
General Fund	75,092	0	771,203	0
Capital Con.	107,014	575,000	3,197,281	1,712,500
Agency	216,911	837,500	3,285,080	2,466,667
T&R	35,239	150,000	662,005	461,458

Distribution of Investments for September

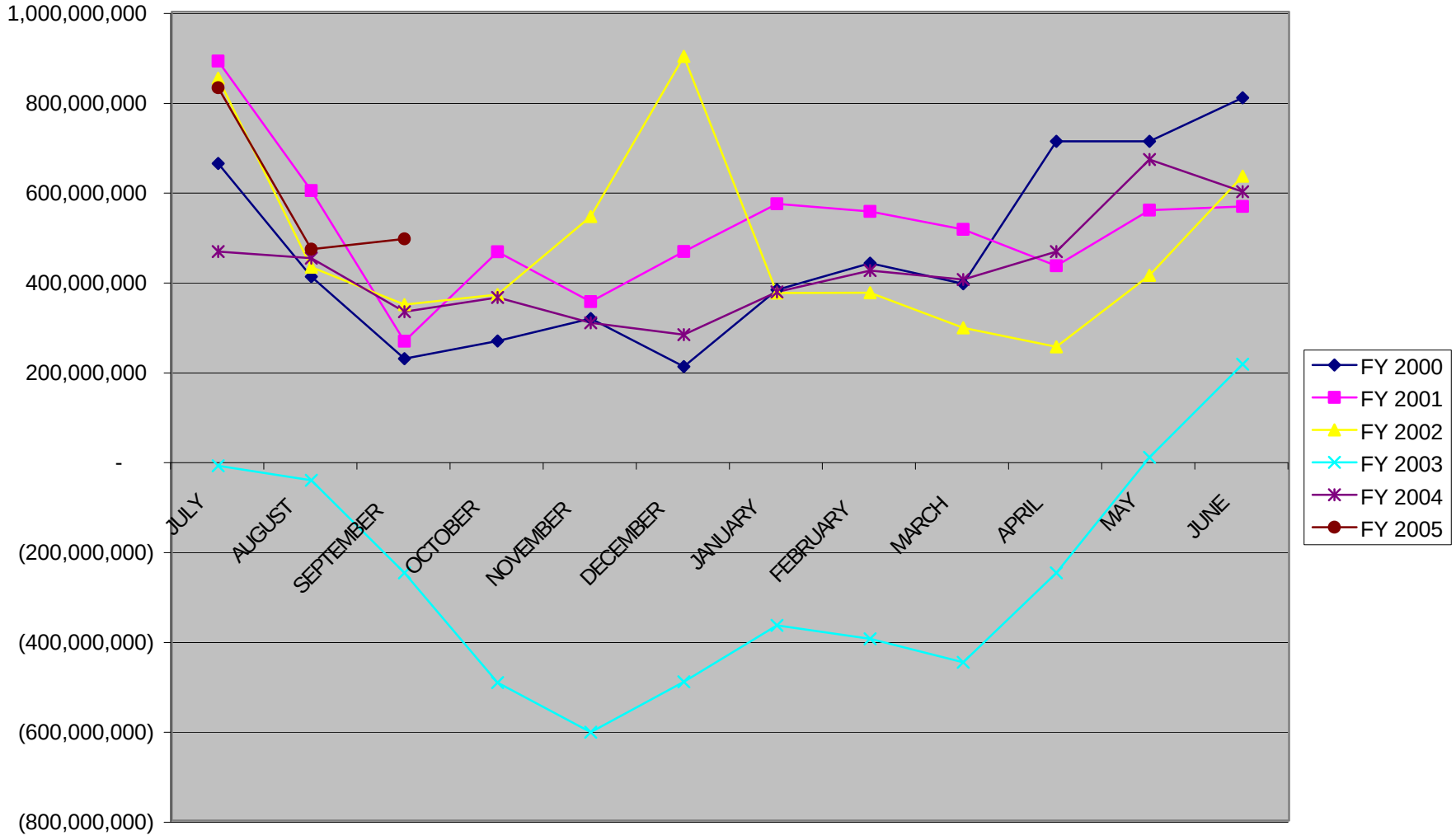


LIMITS
Corporates 25%
Mortgages 25%
Asset Backs 20%
Money Mkt. 20%

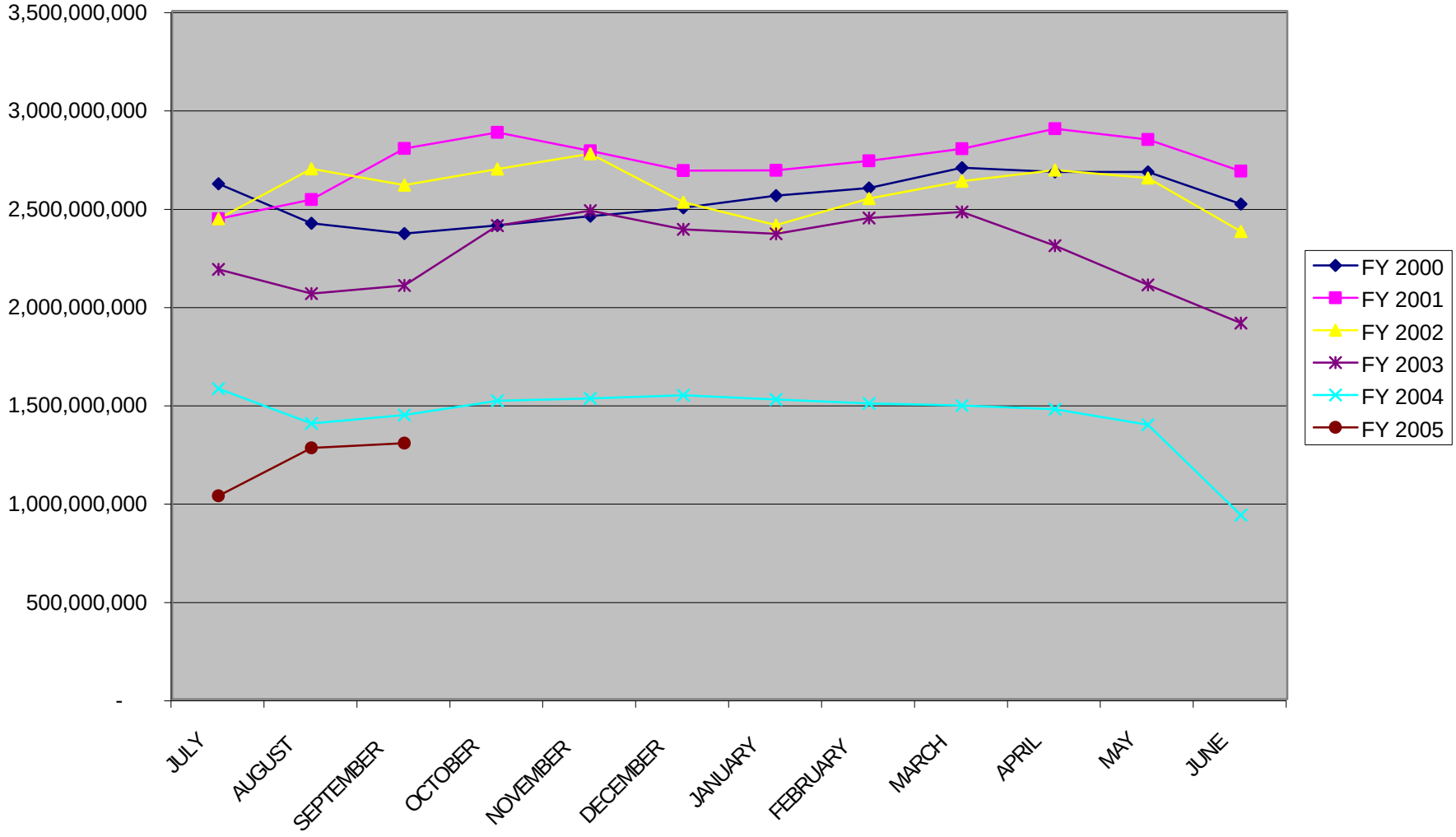
INVESTABLE BALANCES



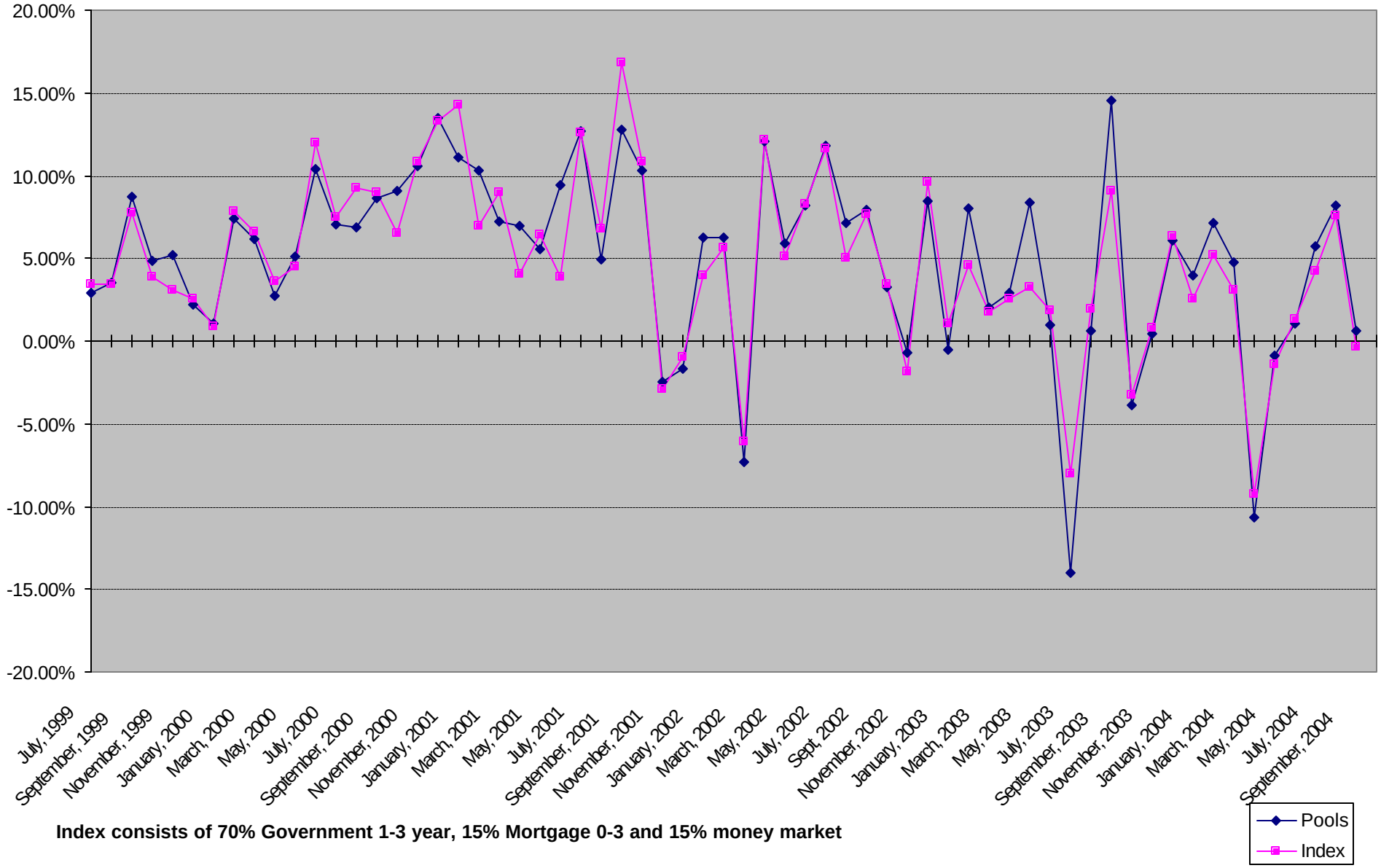
SHORT TERM POOL
INVESTABLE BALANCES



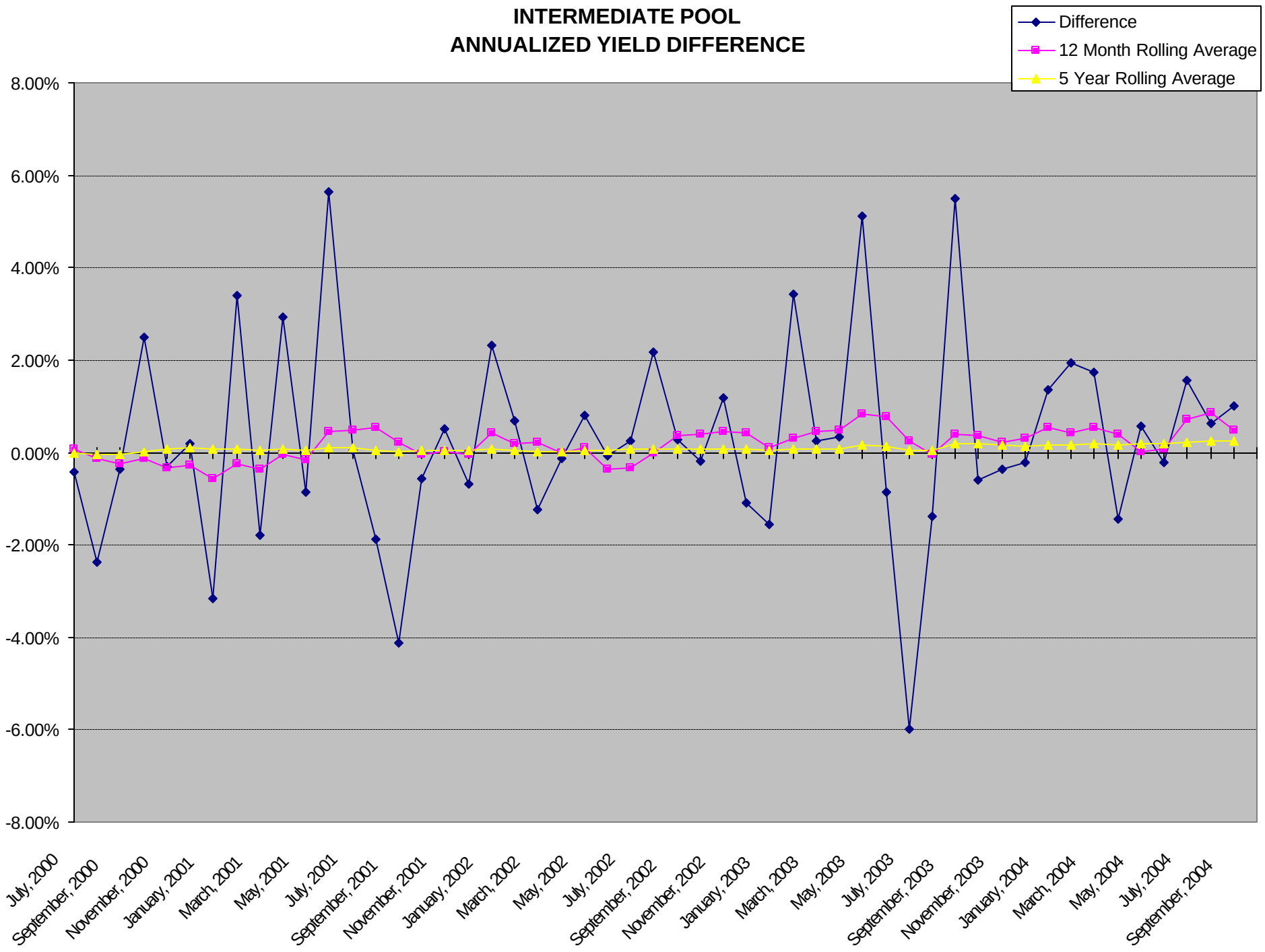
INTERMEDIATE POOL
INVESTABLE BALANCES



INTERMEDIATE POOL
ANNUALIZED YIELD



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
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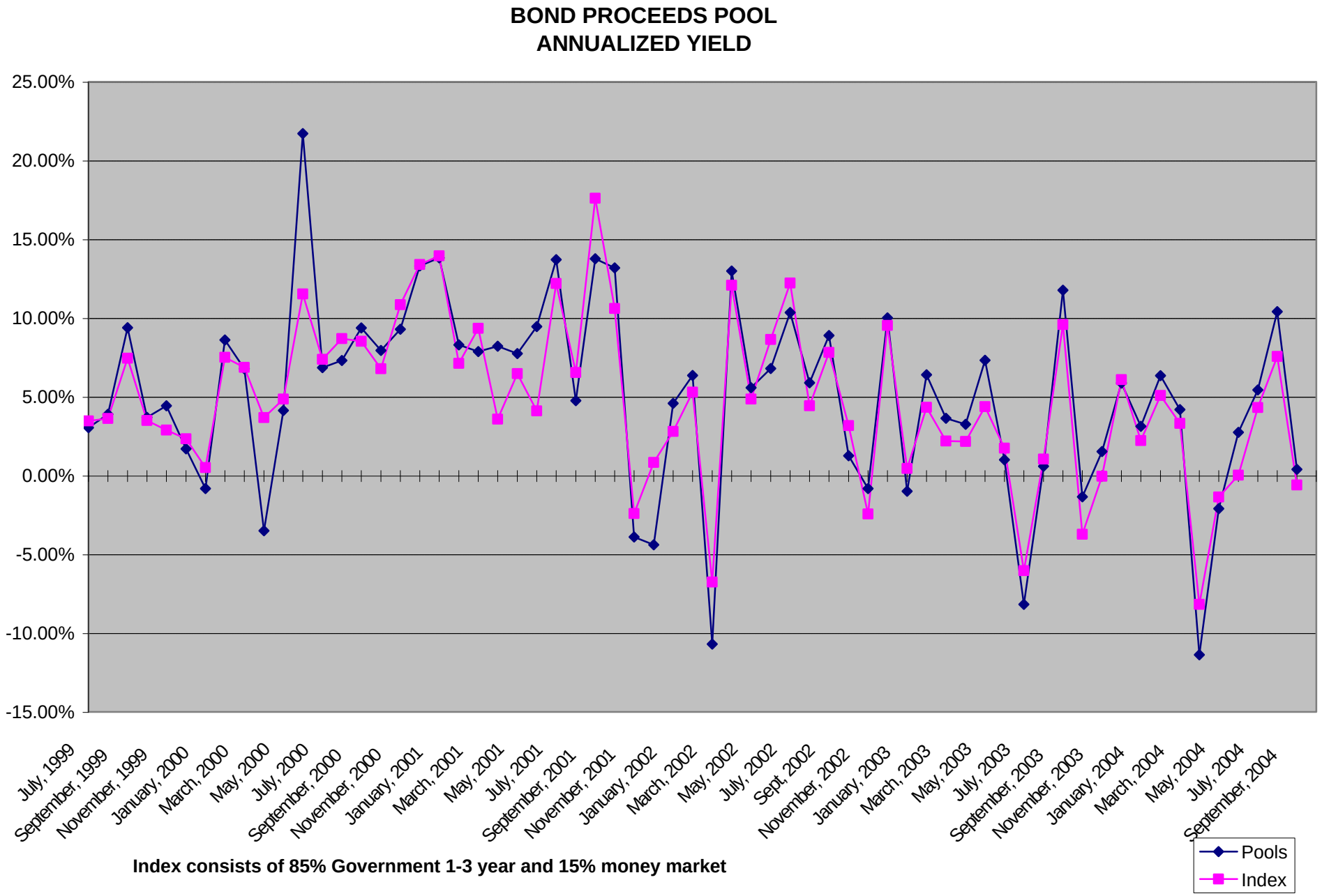
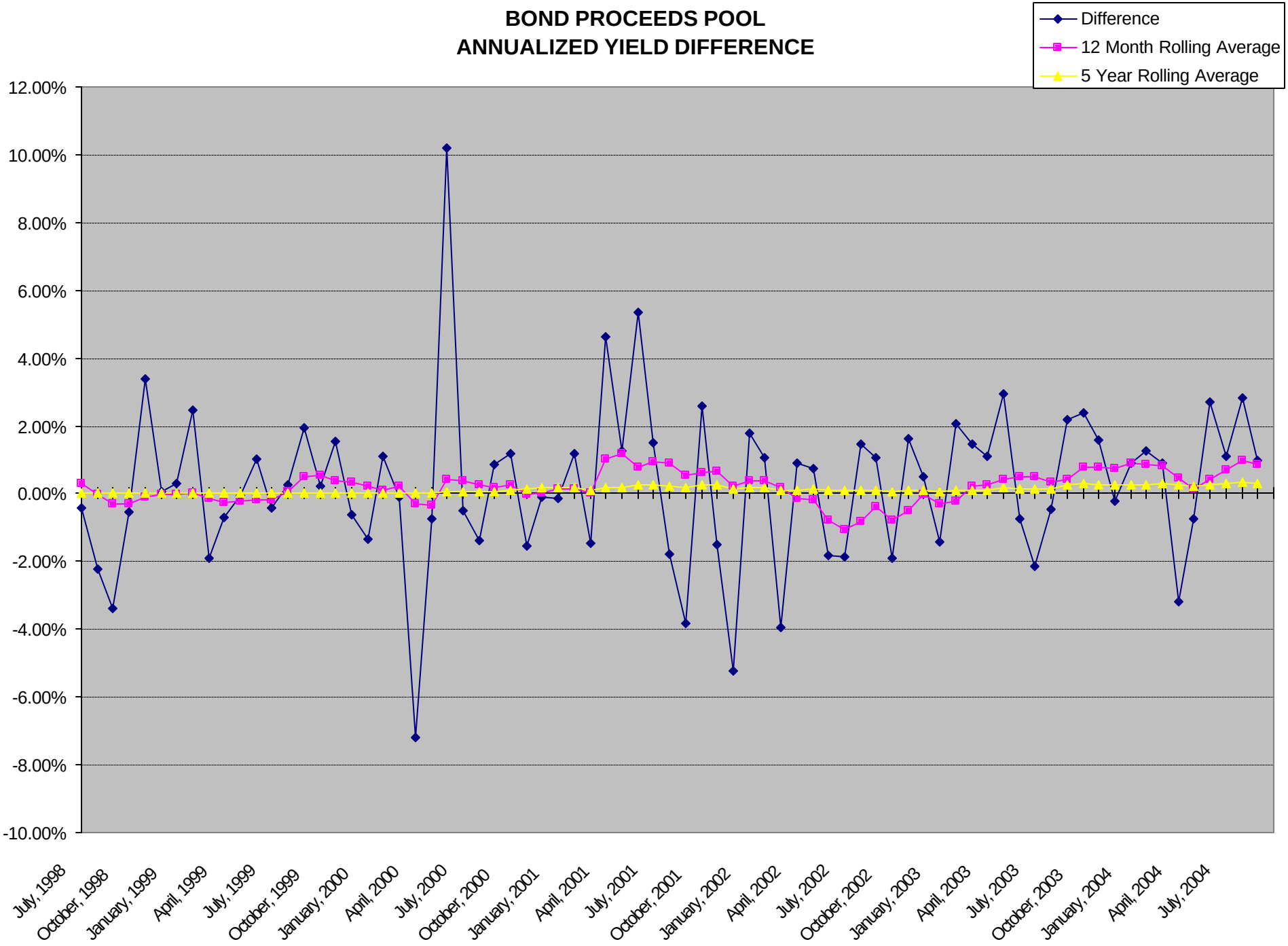
November, 2003
January, 2004
March, 2004
May, 2004
July, 2004
September, 2004



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