



Town of Palm Beach, Florida



Investment Performance Review Quarter Ended September 30, 2013

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September 30, 2013 PFM Month-End Statement

(PFM Month End Statement available online at www.pfm.com)

PFM Funds September 30, 2013 Month-End Statement

(PFM Funds Month end Statement available online at www.pfmfunds.com)

This material is based on information obtained from sources generally believed to be reliable and available to the public, however PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or recommendation. The information contained in this report is not an offer to purchase or sell any securities.

TAB I

Summary

- Markets were whipsawed during the third quarter, as rates marched steadily higher into September, only to reverse on:
 - Weaker-than-expected employment and economic data;
 - Larry Summers' withdrawal from consideration as the next Federal Reserve (Fed) Chairman; and
 - The Fed's surprise announcement that it would await more evidence of sustainable economic progress before adjusting the pace of its bond purchases.
- As a result of the Fed's decision not to taper its bond-purchasing programs, ten-year Treasury yields ended the quarter at 2.6%, only slightly higher than the end of June, when yields were 2.5%.
- The domestic economy continued to grow modestly, although forecasts for growth into next year have been reduced.
- Partisan wrangling over the federal budget, looming debt ceiling, and impact of the government shutdown have created a great deal of uncertainty.

Economic Snapshot

- U.S. gross domestic product (GDP) grew at a modest 2.5% for the second quarter. The release of the Fed's September economic projections confirmed that growth is unlikely to pick up in the next few quarters, as its GDP growth forecast was revised slightly downward for 2013, 2014, and 2015.
- During the quarter, the unemployment rate continued to fall from 7.6% in June to 7.3% in August. The economy created 169,000 jobs in August, but that figure was overshadowed by large downward revisions to the prior two months' figures.
- Consumer confidence fell to 79.7 in September, marking its weakest reading since May.

- The euro zone emerged from recession but generated second-quarter GDP growth of only 0.3%.

Interest Rates

- Intermediate-term interest rates were slightly lower at the end of the quarter, as the market re-priced the yield curve to reflect the Fed's surprise inaction on tapering.
- At its September 17-18 meeting, the Federal Open Market Committee (FOMC) maintained its commitment to low short-term rates until the unemployment picture improves, as long as inflation remains within expectations. Its decision not to taper was based partially on its belief that growth in the near term would be somewhat lower than expected.
- While rates have come down from two-year highs in early September, once tapering starts, they may resume their gradual trend toward normalization, resulting in higher levels over time.

Sector Performance

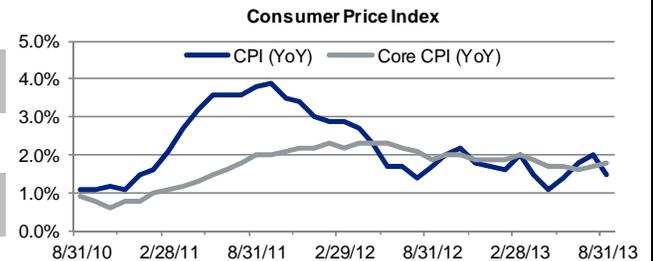
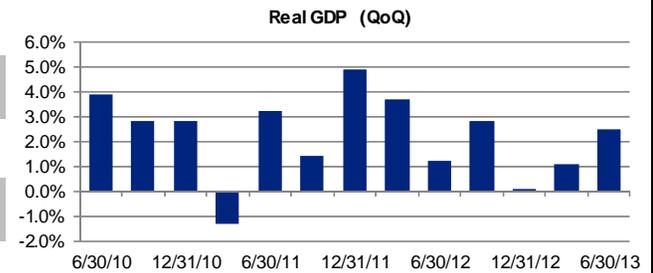
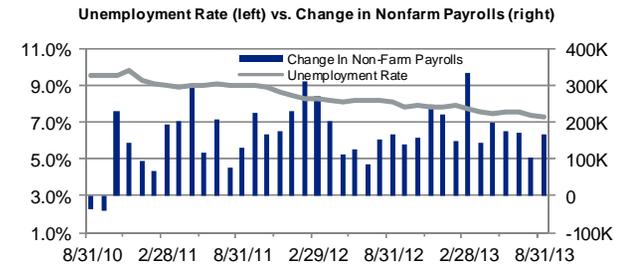
- Fixed-income securities generally performed well across most segments of the U.S. market, with intermediate-term maturities performing best.
- The corporate sector led the way with strong returns, as yield spreads reversed much of the spread widening that occurred in the second quarter.
- Agencies modestly outperformed Treasuries for the quarter, but yield spreads remain near historically narrow levels, especially in shorter maturities.
- Agency mortgage-backed securities had a very good quarter, as option-adjusted spreads narrowed, while the worst of the rate-induced duration extensions appear to be behind us.
- Short- and intermediate-term municipal bonds also had a good quarter, despite the Detroit bankruptcy filing in July.

Economic Snapshot

Labor Market		Latest	Jun 2013	Sep 2012
Unemployment Rate	Aug'13	7.3%	7.6%	7.8%
Change In Non-Farm Payrolls	Aug'13	169,000	172,000	138,000
Average Hourly Earnings (YoY)	Aug'13	2.2%	2.1%	2.0%
Personal Income (YoY)	Aug'13	3.7%	3.2%	3.6%
Initial Jobless Claims (week)	10/4/13	374,000	344,000	368,000

Growth				
Real GDP (QoQ SAAR)	2013Q2	2.5%	1.1% ¹	2.8% ²
GDP Personal Consumption (QoQ SAAR)	2013Q2	1.8%	2.3% ¹	1.7% ²
Retail Sales (YoY)	Aug'13	4.7%	6.0%	5.7%
ISM Manufacturing Survey (month)	Sep'13	56.2	50.9	51.6
Existing Home Sales SAAR (month)	Aug'13	5.48 mil.	5.06 mil.	4.78 mil.

Inflation / Prices				
Personal Consumption Expenditures (YoY)	Aug'13	1.2%	1.3%	1.7%
Consumer Price Index (YoY)	Aug'13	1.5%	1.8%	2.0%
Consumer Price Index Core (YoY)	Aug'13	1.8%	1.6%	2.0%
Crude Oil Futures (WTI, per barrel)	Sep 30	\$102.33	\$96.56	\$92.19
Gold Futures (oz)	Sep 30	\$1,327	\$1,224	\$1,771



1. Data as of First Quarter 2013 2. Data as of Third Quarter 2012

3. Some recent economic data has not been released due to the U.S. Government shutdown

Note: YoY = year over year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil

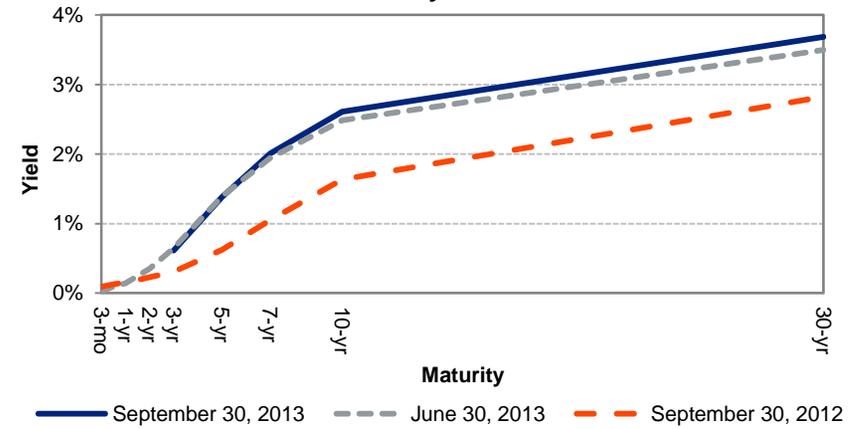
Source: Bloomberg

Investment Rate Overview

U.S. Treasury Note Yields



U.S. Treasury Yield Curve

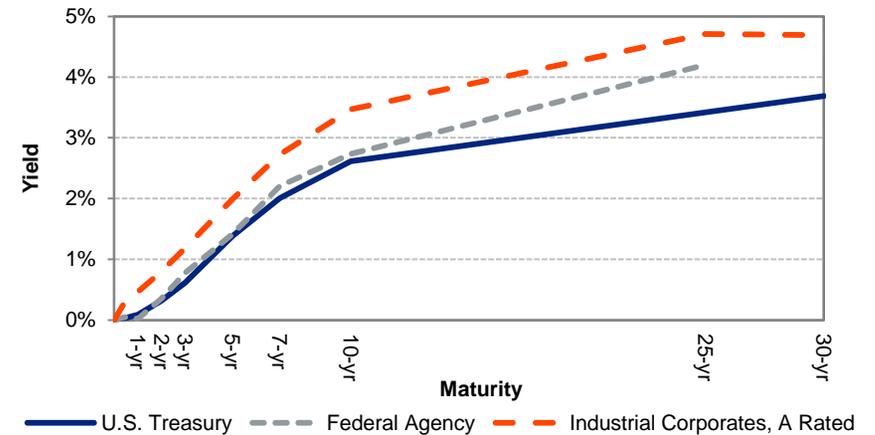


U.S. Treasury Yields

Maturity	9/30/13	6/30/13	Change over Quarter	9/30/12	Change over Year
3-month	0.01%	0.03%	(0.02%)	0.09%	(0.08%)
1-year	0.11%	0.17%	(0.06%)	0.16%	(0.05%)
2-year	0.32%	0.37%	(0.05%)	0.25%	0.07%
5-year	1.39%	1.40%	(0.01%)	0.63%	0.76%
10-year	2.67%	2.52%	0.15%	1.70%	0.97%
30-year	3.68%	3.48%	0.20%	2.82%	0.86%

Source: Bloomberg

Yield Curves as of 9/30/2013



BofA Merrill Lynch Index Returns

	As of 9/30/2013		Returns for Periods ended 9/30/2013		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.90	0.33%	0.29%	0.37%	0.71%
Federal Agency	1.75	0.45%	0.30%	0.39%	0.87%
U.S. Corporates, A-AAA rated	1.93	1.00%	0.74%	1.39%	2.22%
Agency MBS (0 to 3 years)	1.78	1.34%	1.03%	(0.28%)	1.92%
Municipals	1.83	0.64%	0.47%	0.76%	1.25%
1-5 Year Indices					
U.S. Treasury	2.70	0.62%	0.46%	(0.03%)	1.16%
Federal Agency	2.48	0.75%	0.52%	0.07%	1.15%
U.S. Corporates, A-AAA rated	2.83	1.49%	1.16%	1.17%	2.79%
Agency MBS (0 to 5 years)	3.26	2.54%	0.93%	(0.74%)	2.55%
Municipals	2.57	0.98%	0.67%	0.58%	1.72%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	5.70	1.42%	0.03%	(2.54%)	2.12%
Federal Agency	3.93	1.33%	0.35%	(1.38%)	1.63%
U.S. Corporates, A-AAA rated	6.44	2.84%	0.86%	(1.72%)	3.83%
Agency MBS	5.17	2.94%	1.08%	(1.20%)	2.66%
Municipals	8.04	3.40%	(0.41%)	(2.75%)	3.28%

1. Duration and yield are after the indices were rebalanced at month end.

2. Returns are rolling returns. Returns for periods greater than one year are annualized.

Source: Bloomberg

Disclosures

The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC (PFMAM) at the time of distribution and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFMAM cannot guarantee its accuracy, completeness, or suitability. This material is for general information purposes only and is not intended to provide specific advice or recommendation. The information contained in this report is not an offer to purchase or sell any securities.

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TAB II

Executive Summary

PORTFOLIO STRATEGY

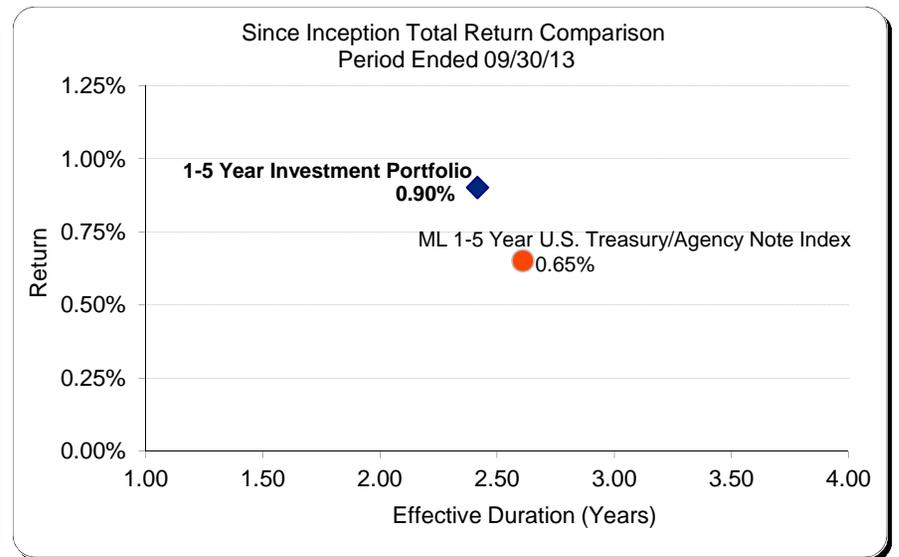
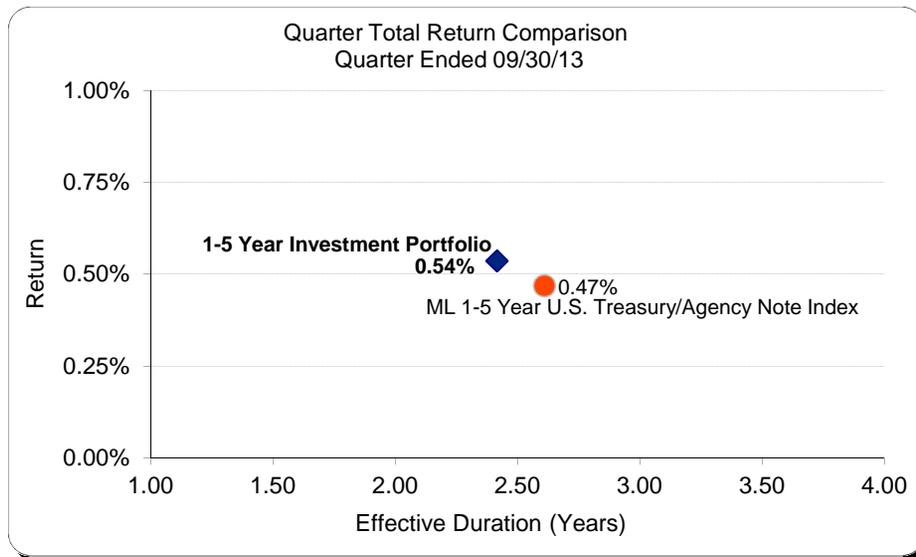
- The Town's 1-5 Year Investment, Short Term, and 2010A CIP Portfolios are of high credit quality and invested in U.S. Treasury, Federal Agency, high quality corporate and commercial paper securities, and money market mutual funds.
- PFM continued to actively manage the 1-5 Year Investment Portfolio during the third quarter and found value in the market, taking advantage of market inefficiencies or changes in economic outlook. As a result the Portfolio realized \$4,659 in gains on sales (based on amortized cost) during the quarter. PFM is continually in the market monitoring for opportunities to add value to the Portfolio.
- The 1-5 Year Investment Portfolio's quarterly total return performance was 0.54%, outperforming the benchmark's performance of 0.47% by 0.07%. Over the past year, the Portfolio earned 0.07%, versus -0.02% for the benchmark.
- The Short Term and Bond Proceed Portfolios continue to provide the Town with favorable yield relative to the benchmark. At quarter end the portfolios had a weighted average Yield to Maturity at Cost of 0.21%, exceeding the Yield to Maturity of its benchmark the S&P GIP Government 30 Day Index by 11 basis points (0.11%).
- Our investment strategy was based on the view that interest rates will trend gradually higher as modest economic expansion in the U.S. continues. The Federal Reserve must eventually curtail its bond purchases and rates will begin to normalize from artificially low levels. The key pillars of our strategy included:
 - Keeping duration a bit shorter and more conservative than benchmarks,
 - Careful timing of purchases when rates were near the top of their recent range,
 - Emphasizing credit instruments (e.g. corporates) that will benefit from favorable credit market conditions and improving fundamentals, and
 - Making greater use of floating-rate instruments that are historically less susceptible to market risk when rates rise.
- Unlike stock market indexes whose composition remains fairly constant (e.g. Dow Jones 30 industrials or S&P 500), bond market indexes change constituents every month. Shorter maturity bonds drop out and newly-issued or longer maturity bonds roll into the designated maturity range (e.g. 1-3 year, 1-5 year). This causes the average maturity of the typical bond index to extend at the beginning of each new month. Portfolio managers normally execute monthly trades to match the extension of their benchmarks. Because rates were rising, however, PFMAM chose not to extend at the beginning of July, preferring to wait as rates marched even higher. We did finally extend at the end of July and August to match the indexes' lengthening. This was fortuitous, as rates fell sharply in September.
- Our expectations are that U.S. economic growth will continue, but Fed projections may prove too optimistic. We believe that the U.S. will not default on its debt, and Janet Yellen will be confirmed as the next Chair of the Federal Reserve and will continue Bernanke's accommodative monetary policies.
- Treasury yields will likely be range bound due to the unevenness of the economic recovery. The tradable range for Treasury yields will gradually rise as monetary policy accommodation is slowly removed.
- The current modestly conservative duration posture for portfolios will likely be maintained for the foreseeable future. Bouts of market weakness may be used to match monthly index extensions at favorable levels, when deemed appropriate.
- We will focus more than ever on safety of principal and appropriate liquidity in this new and challenging environment, while maximizing value through careful, prudent active management. Our strategy will remain appropriately flexible and may change in response to changes in interest rates, economic data, market outlook or specific opportunities that arise.

1-5 Year Investment Portfolio (Actively Managed) Performance - 68904260

Total Portfolio Value¹	September 30, 2013	June 30, 2013
Market Value	\$17,836,218.06	\$17,741,074.35
Amortized Cost	\$17,821,474.02	\$17,783,048.54

	Quarterly Return September 30, 2013	Last 6 Months	Last 12 Months	Last 2 Years	Last 3 Years	Since Inception September 30, 2011
Total Return^{2,3,4}						
1-5 Year Investment Portfolio (Actively Managed)	0.54%	-0.21%	0.07%	0.90%	N/A	0.90%
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	0.47%	-0.23%	-0.02%	0.65%	N/A	0.65%

	September 30, 2013	June 30, 2013	Yields	September 30, 2013	June 30, 2013
Effective Duration (Years)^{4,5}					
1-5 Year Investment Portfolio (Actively Managed)	2.42	2.54	Yield at Market	0.66%	0.74%
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	2.61	2.63	Yield at Cost	0.77%	0.76%
Portfolio Duration % of Benchmark Duration	93%	97%			

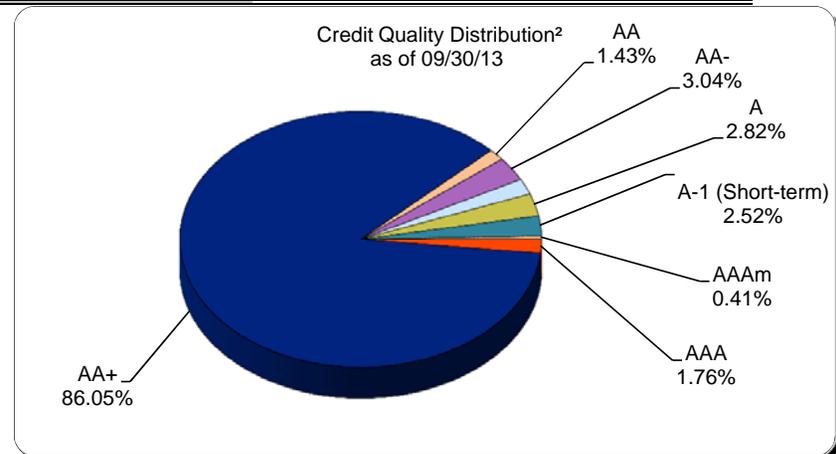
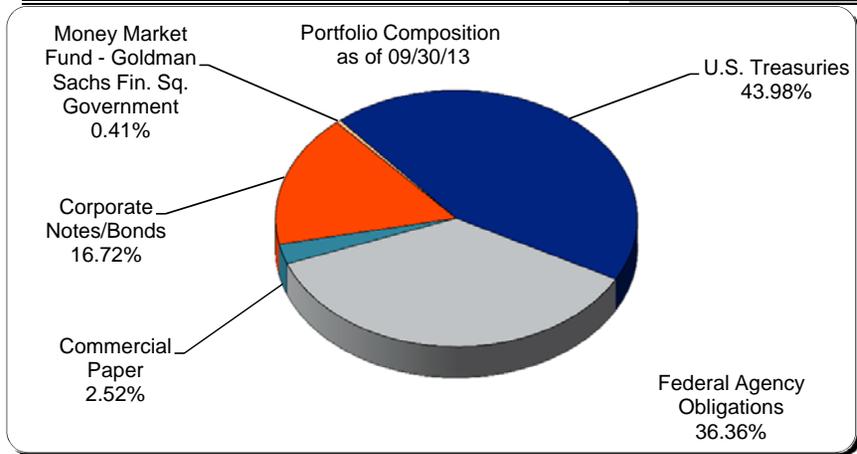


Notes:

1. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Performance on trade date basis, gross (i.e., before fees), is in accordance with The CFA Institute's Global Investment Performance Standards (GIPS). Quarterly returns are presented on an unannualized basis. Returns presented for 12 months or longer are presented on an annual basis. Past performance is not indicative of future results.
3. Since Inception the benchmark has been the Merrill Lynch 1-5 Year U.S. Treasury/Agency Note Index.
4. Merrill Lynch Indices provided by Bloomberg Financial Markets.
5. Includes money market fund/cash in performance and duration computations.

1-5 Year Investment Portfolio (Actively Managed) Composition and Credit Quality Characteristics

<u>Security Type</u> ¹	<u>September 30, 2013</u>	<u>% of Portfolio</u>	<u>June 30, 2013</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$7,844,317.01	44.0%	\$7,474,401.14	42.1%
Federal Agencies	6,486,122.74	36.4%	7,334,634.47	41.3%
Commercial Paper	449,772.30	2.5%	449,993.70	2.5%
Commercial Paper - TLGP	0.00	0.0%	0.00	0.0%
Certificates of Deposit	0.00	0.0%	0.00	0.0%
Bankers Acceptances	0.00	0.0%	0.00	0.0%
Repurchase Agreements	0.00	0.0%	0.00	0.0%
Municipal Obligations	0.00	0.0%	0.00	0.0%
Corporate Notes/Bonds	2,982,207.01	16.7%	2,452,180.04	13.8%
Corporate Notes - FDIC insured	0.00	0.0%	0.00	0.0%
Mortgage Backed	0.00	0.0%	0.00	0.0%
Money Market Fund - Goldman Sachs Fin. Sq. Government	73,799.00	0.4%	29,865.00	0.2%
Totals	\$17,836,218.06	100.0%	\$17,741,074.35	100.0%

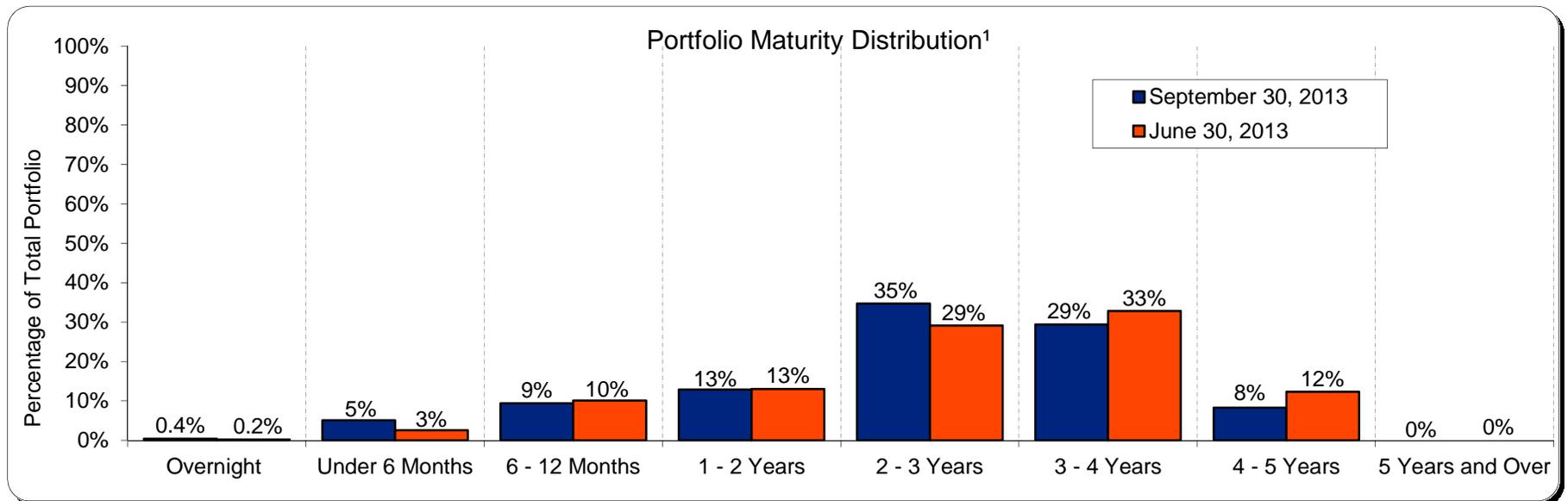


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, inclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

1-5 Year Investment Portfolio (Actively Managed) Maturity Distribution

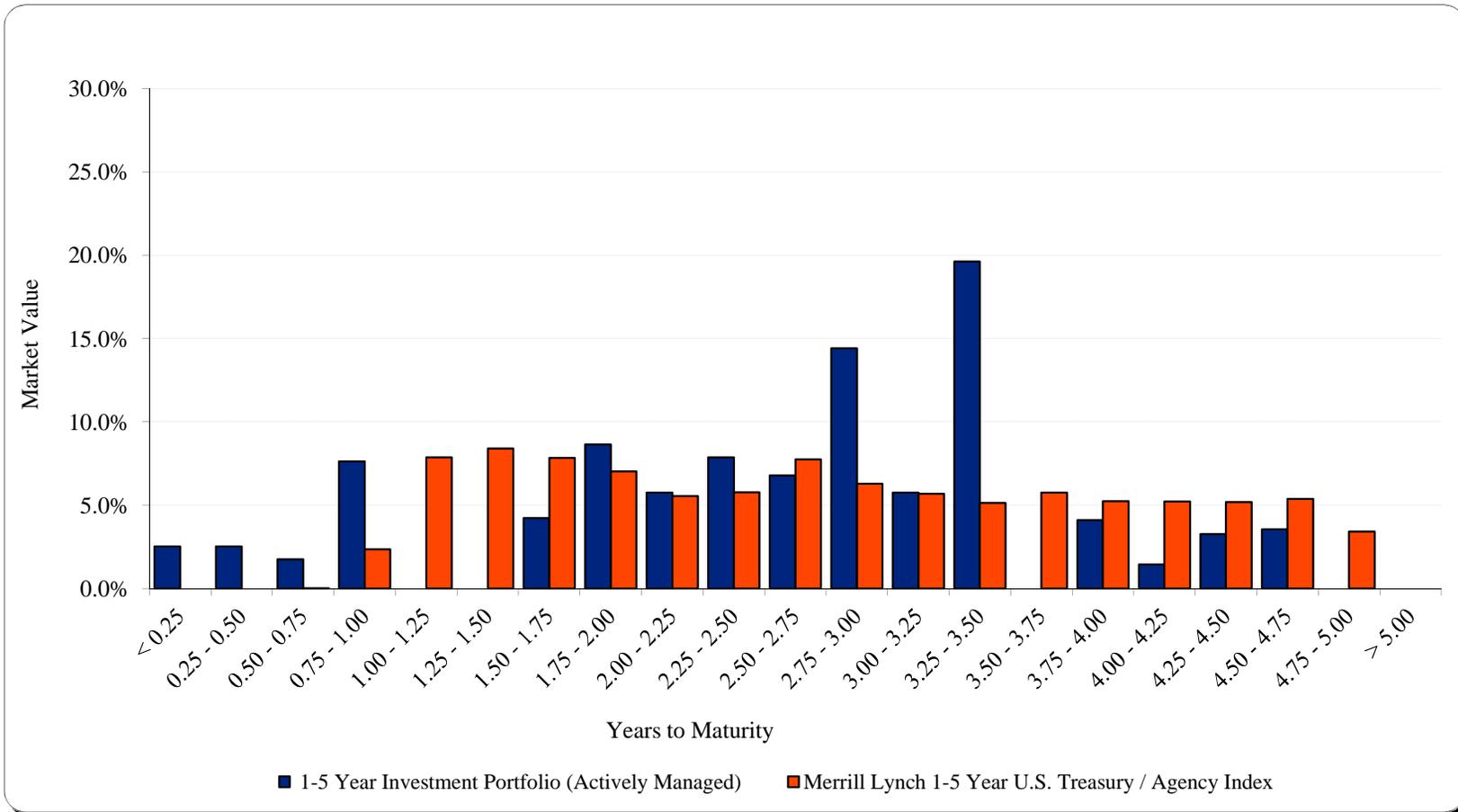
<u>Maturity Distribution¹</u>	<u>September 30, 2013</u>	<u>June 30, 2013</u>
Overnight (Money Market Fund)	\$73,799.00	29,865.00
Under 6 Months	900,310.20	449,993.70
6 - 12 Months	1,669,003.07	1,783,400.03
1 - 2 Years	2,289,173.27	2,309,539.92
2 - 3 Years	6,189,717.61	5,163,825.10
3 - 4 Years	5,241,891.23	5,818,256.35
4 - 5 Years	1,472,323.68	2,186,194.25
5 Years and Over	0.00	0.00
Totals	\$17,836,218.06	\$17,741,074.35



Notes:

1. Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

1-5 Year Investment Portfolio (Actively Managed) Maturity Distribution versus the Benchmark¹



Notes:

1. Due to the nature of the security, Mortgage-Backed Securities are represented based on their average life maturity rather than their final maturity.

Short Term and Bond Proceed Portfolios Statistics

<u>Account Name</u>	<u>Amortized Cost^{1,2,3} September 30, 2013</u>	<u>Amortized Cost^{1,2,3} June 30, 2013</u>	<u>Market Value^{1,2,3} September 30, 2013</u>	<u>Market Value^{1,2,3} June 30, 2013</u>	<u>Duration (Years)⁴ September 30, 2013</u>
Short Term Fund - 68904245	\$13,158,659.34	\$13,159,750.63	\$13,162,867.28	\$13,157,670.32	0.53
2010A CIP Fund - 68904255	10,088,522.32	10,080,043.03	10,092,964.00	10,081,392.40	0.35
Money Market Fund - PFM Funds Prime Series Excess Funds - 995174	12,203,015.19	6,195,798.42	12,203,015.19	6,195,798.42	56 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 995179	69,545.79	69,530.35	69,545.79	69,530.35	56 Days
Money Market Fund - PFM Funds Prime Series 2010A CIP - 995180	4,988,304.38	8,274,822.83	4,988,304.38	8,274,822.83	56 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	3,902,735.73	3,048,576.17	3,902,735.73	3,048,576.17	52 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	108,028.51	108,026.85	108,028.51	108,026.85	52 Days
Total	\$44,518,811.26	\$40,936,548.28	\$44,527,460.88	\$40,935,817.34	

<u>Account Name</u>	<u>Yield to Maturity on Cost⁵ September 30, 2013</u>	<u>Yield to Maturity on Cost⁵ June 30, 2013</u>	<u>Yield to Maturity at Market September 30, 2013</u>	<u>Yield to Maturity at Market June 30, 2013</u>	<u>Duration (Years)⁴ June 30, 2013</u>
Short Term Fund - 68904245	0.35%	0.34%	0.29%	0.31%	0.44
2010A CIP Fund - 68904255	0.33%	0.33%	0.19%	0.30%	0.6
Money Market Fund - PFM Funds Prime Series Excess Funds - 995174 ⁶	0.08%	0.10%	0.08%	0.10%	47 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 995179 ⁶	0.08%	0.10%	0.08%	0.10%	47 Days
Money Market Fund - PFM Funds Prime Series 2010A CIP - 995180 ⁶	0.08%	0.10%	0.08%	0.10%	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	0.00%	0.00%	0.00%	0.00%	54 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	0.00%	0.00%	0.00%	0.00%	54 Days
Weighted Average Yield	0.21%	0.23%	0.16%	0.21%	

Benchmarks

	<u>September 30, 2013</u>	<u>June 30, 2013</u>
S&P GIP Government 30 Day Index ⁷	0.09%	0.11%

Notes:

- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- In order to comply with GASB accrual accounting reporting requirements, forward settling trades are included in the monthly balances.
- Includes any money market fund/cash balances held in custodian account.
- Money Market Fund duration is based on weighted average duration in days.
- Past performance is not indicative of future results.
- Seven day yield as of quarter end. The yields shown above represent past performance. Past performance is no guarantee of future results and yields may vary. The current fund performance may be higher or lower than that cited. The current seven-day yield does not include realized gains and losses on the sale of securities. The yields shown above may reflect fee waivers by service providers that subsidize and reduce the total operating expenses of the Funds. Fund yields would be lower if there were no such waivers.
- Monthly yields, source Bloomberg.

Short Term Portfolio Statistics

<u>Account Name</u>	<u>Amortized Cost^{1,2,3} September 30, 2013</u>	<u>Amortized Cost^{1,2,3} June 30, 2013</u>	<u>Market Value^{1,2,3} September 30, 2013</u>	<u>Market Value^{1,2,3} June 30, 2013</u>	<u>Duration (Years)⁴ September 30, 2013</u>
Short Term Fund - 68904245	\$13,158,659.34	\$13,159,750.63	\$13,162,867.28	\$13,157,670.32	0.53
Money Market Fund - PFM Funds Prime Series Excess Funds - 995174	12,203,015.19	17,200,014.56	12,203,015.19	17,200,014.56	56 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	3,902,735.73	8,054,238.39	3,902,735.73	8,054,238.39	52 Days
Total	\$29,264,410.26	\$38,414,003.58	\$29,268,618.20	\$38,411,923.27	

<u>Account Name</u>	<u>Yield to Maturity on Cost⁵ September 30, 2013</u>	<u>Yield to Maturity on Cost⁵ June 30, 2013</u>	<u>Yield to Maturity at Market September 30, 2013</u>	<u>Yield to Maturity at Market June 30, 2013</u>	<u>Duration (Years) June 30, 2013</u>
Short Term Fund - 68904245	0.35%	0.34%	0.29%	0.31%	0.44
Money Market Fund - PFM Funds Prime Series Excess Funds - 995174 ⁶	0.08%	0.10%	0.08%	0.10%	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.00%	0.00%	0.00%	0.00%	54 Days
Weighted Average Yield	0.19%	0.16%	0.16%	0.15%	

Benchmarks

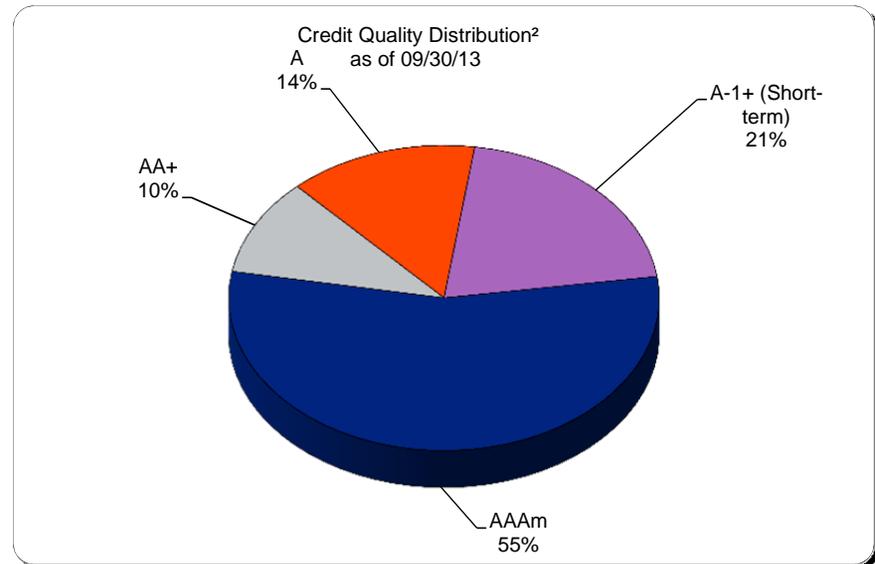
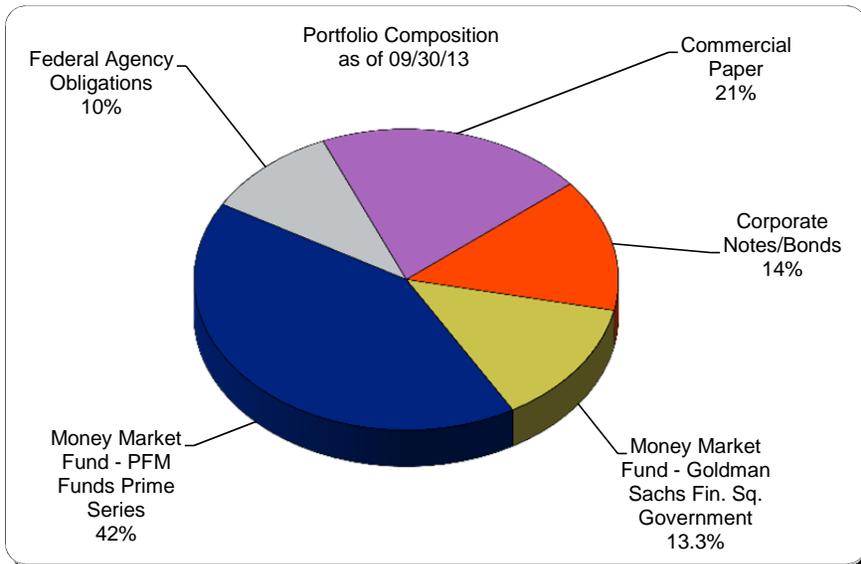
	<u>September 30, 2013</u>	<u>June 30, 2013</u>
S&P GIP Government 30 Day Index ⁷	0.09%	0.11%

Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements, forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.
4. Money Market Fund duration is based on weighted average duration in days.
5. Past performance is not indicative of future results.
6. Seven day yield as of quarter end. The yields shown above represent past performance. Past performance is no guarantee of future results and yields may vary. The current fund performance may be higher or lower than that cited. The current seven-day yield does not include realized gains and losses on the sale of securities. The yields shown above may reflect fee waivers by service providers that subsidize and reduce the total operating expenses of the Funds. Fund yields would be lower if there were no such waivers.
7. Monthly yields, source Bloomberg.

Short Term Fund Portfolio Composition and Credit Quality Characteristics

<u>Security Type¹</u>	<u>September 30, 2013</u>	<u>% of Portfolio</u>	<u>June 30, 2013</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$0.00	0.0%	\$0.00	0.0%
Federal Agencies	3,000,523.28	10.3%	2,999,401.65	7.8%
Commercial Paper	5,990,796.00	20.5%	5,998,692.00	15.6%
Certificates of Deposit	0.00	0.0%	0.00	0.0%
Bankers Acceptances	0.00	0.0%	0.00	0.0%
Repurchase Agreements	0.00	0.0%	0.00	0.0%
Municipal Obligations	0.00	0.0%	0.00	0.0%
Corporate Notes/Bonds	4,171,548.00	14.3%	4,159,576.67	10.8%
Money Market Fund - Goldman Sachs Fin. Sq. Government	3,902,735.73	13.3%	8,054,238.39	21.0%
Money Market Fund - PFM Funds Prime Series	12,203,015.19	41.7%	17,200,014.56	44.78%
Totals	\$29,268,618.20	100.0%	\$38,411,923.27	100.0%

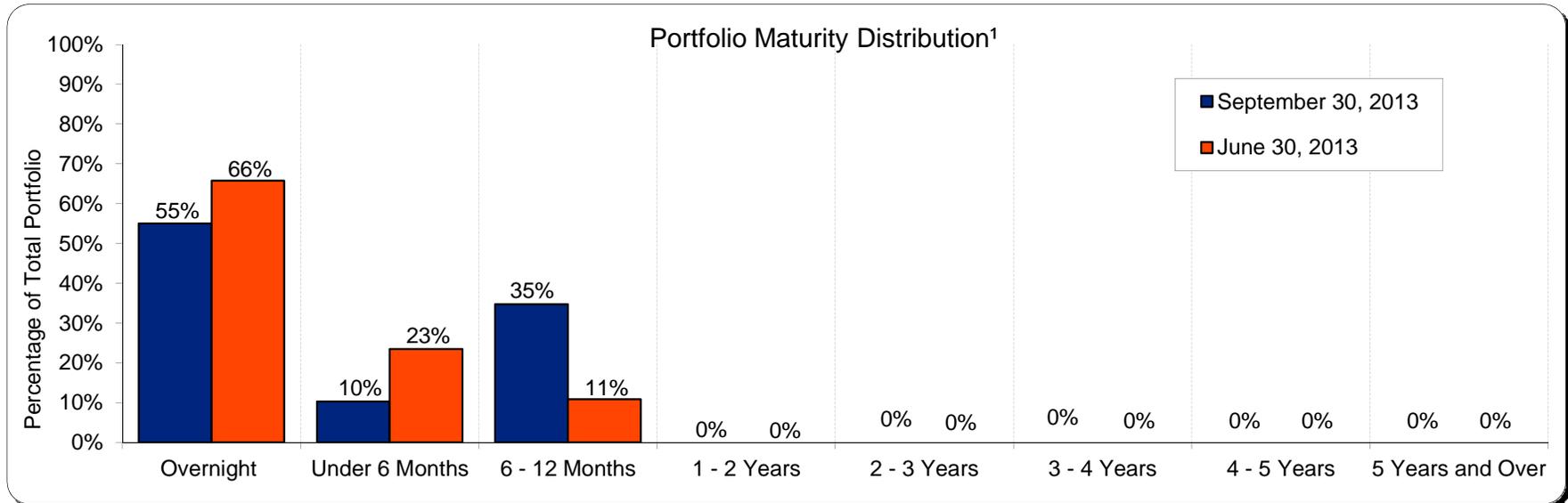


Notes:

- End of quarter trade-date market values of portfolio holdings, including accrued interest.
- Credit rating of securities held in portfolio, inclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

Short Term Fund Portfolio Maturity Distribution

<u>Maturity Distribution¹</u>	<u>September 30, 2013</u>	<u>June 30, 2013</u>
Overnight (Money Market Fund)	\$16,105,750.92	\$25,254,252.95
Under 6 Months	3,000,523.28	8,998,093.65
6 - 12 Months	10,162,344.00	4,159,576.67
1 - 2 Years	0.00	0.00
2 - 3 Years	0.00	0.00
3 - 4 Years	0.00	0.00
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	\$29,268,618.20	\$38,411,923.27



Notes:

1. Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

2010A CIP Portfolio Statistics

<u>Account Name</u>	<u>Amortized Cost^{1,2,3} September 30, 2013</u>	<u>Amortized Cost^{1,2,3} June 30, 2013</u>	<u>Market Value^{1,2,3} September 30, 2013</u>	<u>Market Value^{1,2,3} June 30, 2013</u>	<u>Duration (Years)⁴ September 30, 2013</u>
CIP Fund - 68904255	\$10,088,522.32	\$10,080,043.03	\$10,092,964.00	\$10,081,392.40	0.35
Money Market Fund - PFM Funds Prime Series 2010A CIP - 995180	4,988,304.38	8,274,822.83	4,988,304.38	8,274,822.83	56 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	108,028.51	108,026.85	108,028.51	108,026.85	52 Days
Total	\$15,184,855.21	\$18,462,892.71	\$15,189,296.89	\$18,464,242.08	

<u>Account Name</u>	<u>Yield to Maturity on Cost⁵ September 30, 2013</u>	<u>Yield to Maturity on Cost⁵ June 30, 2013</u>	<u>Yield to Maturity at Market September 30, 2013</u>	<u>Yield to Maturity at Market June 30, 2013</u>	<u>Duration (Years) June 30, 2013</u>
CIP Fund - 68904255	0.33%	0.33%	0.19%	0.30%	0.6
Money Market Fund - PFM Funds Prime Series 2010A CIP - 995180 ⁶	0.08%	0.10%	0.08%	0.10%	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.00%	0.00%	0.00%	0.00%	54 Days
Weighted Average Yield	0.25%	0.22%	0.15%	0.21%	

<u>Benchmarks</u>	<u>September 30, 2013</u>	<u>June 30, 2013</u>
S&P GIP Government 30 Day Index ⁷	0.09%	0.11%

Notes:

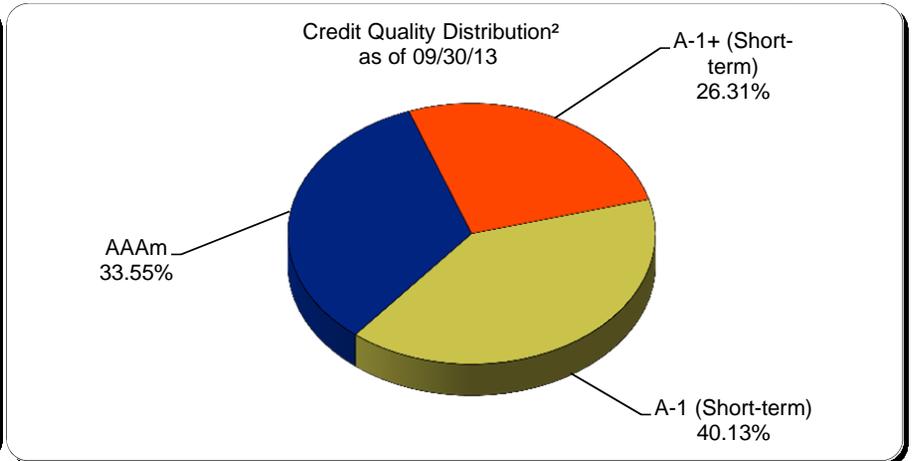
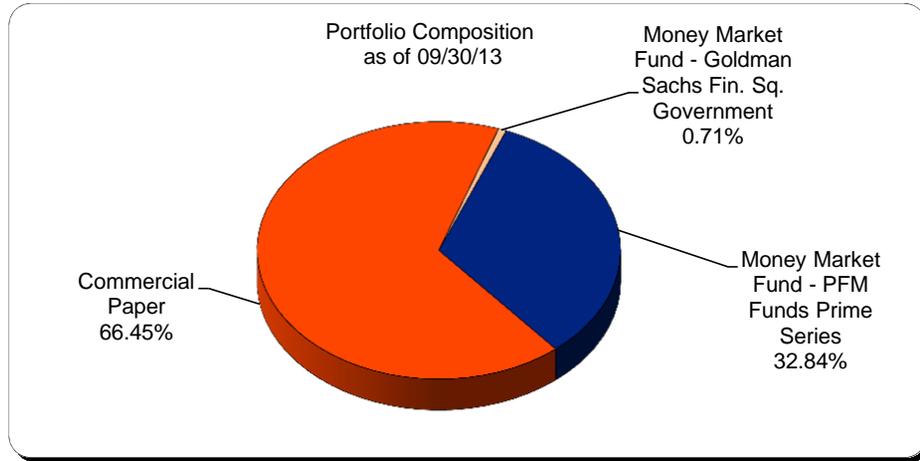
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.
4. Money Market Fund duration is based on weighted average duration in days.
5. Past performance is not indicative of future results.

6. Seven day yield as of quarter end. The yields shown above represent past performance. Past performance is no guarantee of future results and yields may vary. The current fund performance may be higher or lower than that cited. The current seven-day yield does not include realized gains and losses on the sale of securities. The yields shown above may reflect fee waivers by service providers that subsidize and reduce the total operating expenses of the Funds. Fund yields would be lower if there were no such waivers.

7. Monthly returns, source Bloomberg.

2010A CIP Portfolio Composition and Credit Quality Characteristics

<u>Security Type¹</u>	<u>September 30, 2013</u>	<u>% of Portfolio</u>	<u>June 30, 2013</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$0.00	0.0%	\$0.00	0.0%
Federal Agencies	0.00	0.0%	0.00	0.0%
Commercial Paper	10,092,964.00	66.4%	10,081,392.40	54.6%
Certificates of Deposit	0.00	0.0%	0.00	0.0%
Bankers Acceptances	0.00	0.0%	0.00	0.0%
Repurchase Agreements	0.00	0.0%	0.00	0.0%
Municipal Obligations	0.00	0.0%	0.00	0.0%
Corporate Notes/Bonds	0.00	0.0%	0.00	0.0%
Money Market Fund - Goldman Sachs Fin. Sq. Government	108,028.51	0.7%	108,026.85	0.6%
Money Market Fund - PFM Funds Prime Series	4,988,304.38	32.8%	8,274,822.83	44.8%
Totals	\$15,189,296.89	100.0%	\$18,464,242.08	100.0%

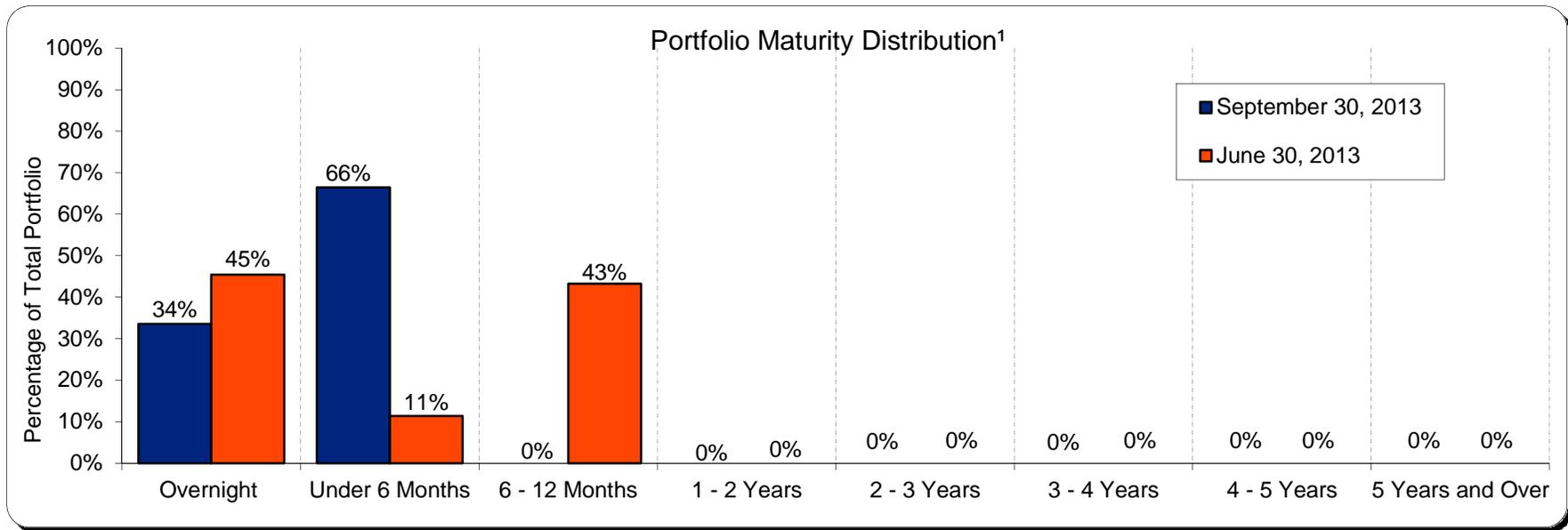


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, inclusive of money market fund/LGIP. Standard & Poor's is the source of the credit ratings.

2010A CIP Portfolio Maturity Distribution

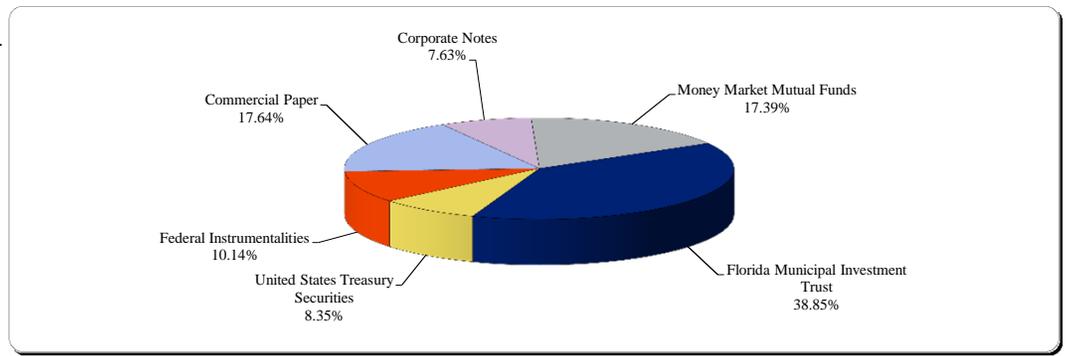
<u>Maturity Distribution¹</u>	<u>September 30, 2013</u>	<u>June 30, 2013</u>
Overnight (Money Market Fund)	\$5,096,332.89	\$8,382,849.68
Under 6 Months	10,092,964.00	2,097,572.40
6 - 12 Months	0.00	7,983,820.00
1 - 2 Years	0.00	0.00
2 - 3 Years	0.00	0.00
3 - 4 Years	0.00	0.00
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	\$15,189,296.89	\$18,464,242.08



Notes:

1. Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.

Security Type ¹	September 30, 2013	September 30, 2013	Notes	Permitted by Policy
United States Treasury Securities	7,821,511.89	8.35%		100%
United States Government Agency Securities	-	0.00%		50%
Federal Instrumentalities	9,500,901.58	10.14%		80%
Certificates of Deposit	-	0.00%		50%
Repurchase Agreements	-	0.00%		50%
Commercial Paper	16,527,189.82	17.64%		25%
Corporate Notes	7,145,253.39	7.63%	5	25%
Corporate Notes TLGP - FDIC insured	-	0.00%		50%
Bankers' Acceptances	-	0.00%		35%
State and/or Local Government Debt	-	0.00%		20%
Money Market Mutual Funds	16,287,578.49	17.39%		50%
Florida Municipal Investment Trust	36,392,736.00	38.85%	2,4	50%



Individual Issuer Breakdown	September 30, 2013	September 30, 2013	Notes	Permitted by Policy
Government National Mortgage Association (GNMA)	-	0.00%		25%
US Export-Import Bank (Ex-Im)	-	0.00%		25%
Farmers Home Administration (FMHA)	-	0.00%		25%
Federal Financing Bank	-	0.00%		25%
Federal Housing Administration (FHA)	-	0.00%		25%
General Services Administration	-	0.00%		25%
New Communities Act Debentures	-	0.00%		25%
US Public Housing Notes & Bonds	-	0.00%		25%
US Dept. of Housing and Urban Development	-	0.00%		25%
Federal Farm Credit Bank (FFCB)	450,015.00	0.48%		30%
Federal Home Loan Bank (FHLB)	-	0.00%		30%
Federal National Mortgage Association (FNMA)	4,012,319.96	4.28%		30%
Federal Home Loan Mortgage Corporation (FHLMC)	5,038,566.62	5.38%		30%

Individual Issuer Breakdown	September 30, 2013	September 30, 2013	Notes	Permitted by Policy
Toyota Commercial Paper	5,988,960.00	6.39%		15%
UBS Financial Commercial Paper	6,093,064.56	6.50%		15%
Bank of Tokyo Mitsubishi Commercial Paper	449,707.50	0.48%		15%
Rabobank Commercial Paper	3,995,457.76	4.27%		15%
Johnson & Johnson Corporate Notes	311,330.20	0.33%		5%
Procter & Gamble Corporate Notes	350,173.47	0.37%		5%
General Electric Corporate Notes	825,606.01	0.88%		5%
JP Morgan Chase Corporate Notes	4,671,683.42	4.99%		5%
Berkshire Hathaway Corporate Notes	130,135.21	0.14%		5%
Wal-Mart Corporate Notes	125,279.28	0.13%		5%
Apple Inc. Corporate Notes	190,054.43	0.20%		5%
Toyota Corporate Notes	190,497.45	0.20%		5%
Wells Fargo & Company Corporate Notes	350,493.92	0.37%		5%
Money Market Fund - PFM Funds Prime Series #174	12,203,015.19	13.03%		25%
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	4,084,563.30	4.36%	3	25%
FMIvT 1-3	24,543,307.00	26.20%	2	50%
FMIvT Intermediate	11,849,429.00	12.65%	2	50%

Notes:
 1. End of month trade-date amortized cost values of portfolio holdings, including accrued interest.
 2. Managed by the Town.
 3. Money Market Fund Sweep Account includes cash from Series 2010A at Town's request.
 4. Combined total for Florida Municipal Investment Trust cannot exceed 50%.
 5. Maximum allocation in A rated securities is 10%. At month end there was 7.3% rated A by S&P and Moody's.
 * Does not include bond proceeds

TAB III

Insert Month End Statement here to complete the report.

In consideration of the safety and security of our client's sensitive information, PFM Asset Management's compliance department does not allow the inclusion of month end statements in any electronic communication including this version of the quarterly performance report.

Statements are available online at **www.pfm.com** login and click on the link to "Monthly Statements" on the left side of the screen.

PFM Funds statements are available online at **www.pfmfunds.com**

The most current statements are always available to the client online, however they can only be accessed with the designated username and password.