



Town of Palm Beach, Florida



Investment Performance Review Quarter Ended June 30, 2014

Investment Advisors

Steven Alexander, CTP, CGFO, CPPT, Managing Director
D. Scott Stitcher, CFA, Senior Managing Consultant
Richard Pengelly, CFA, CTP, Senior Managing Consultant
Gregg Manjerovic, CFA, Portfolio Manager
Rebecca Geyer, CTP, Senior Analyst

PFM Asset Management LLC

One Keystone Plaza, Suite 300
North Front & Market Streets
Harrisburg, PA 17101-2044
717-232-2723 • 717-233-6073 fax

300 S. Orange Avenue, Suite 1170
Orlando, FL 32801
(407) 648-2208
(407) 648-1323 fax

Table of Contents**Tab I.**

Section A Market Review

Tab II.

Section B Executive Summary

Section C 1-5 Year Investment Portfolio (Actively Managed) Performance

Section D Short Term and Bond Proceed Portfolios Performance

Section E Short Term Portfolio Performance

Section F CIP Fund Performance

Section G 2013 Bond Fund Performance

Asset Allocation Chart

Tab III.

June 30, 2014 PFM Month-End Statement

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

PFM Funds June 30, 2014 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

- Treasury prices rose during the second quarter, marking two consecutive quarters of price rallies—a pattern that has not occurred since 2012.
- Global central banks seem to be going their separate ways in terms of monetary policy, as the European Central Bank cut interest rates and added to bank liquidity in an effort to avoid deflation while the Federal Reserve (Fed) continued to scale back its quantitative easing program.
- Geopolitical uncertainty continued to be a primary focus for the markets, as tensions in Ukraine, Iraq, and Syria caused investors to move toward assets that are perceived to have less risk.

Economic Snapshot

- First-quarter gross domestic product (GDP) contracted at an annual rate of 2.9%—the first downward move in three years. The harsh winter weather was a primary contributor. Most economists expect a recovery as 2014 further unfolds.
- The U.S. unemployment rate fell from 6.7% in March to 6.1% at the end of the second quarter. While the U.S. is adding jobs at a steady pace, the reduction in unemployment can also be traced to an increase in the number of Americans who are no longer actively looking for work.
- The housing market continued to show modest strength during the quarter. New-home sales for May rose 18.6% from the prior month, marking a six-year high, while existing-home sales rose 4.9% from the prior month. However, the pace of housing starts remained well below pre-recession levels. Mortgage applications for purchase are down 17.6% year over year, and mortgage applications for refinancing are down 56.5% year over year.

Interest Rates

- The Fed continued to taper its bond buying program throughout the quarter, and at its June meeting, the Federal Open Market Committee (FOMC) cut bond purchases by another \$10 billion, resulting in monthly purchases of \$35 billion. The FOMC has continued to keep the federal funds target rate in a range of zero to 25 basis points.
- Inflation ticked up during the quarter as the Consumer Price Index rose at its fastest pace in more than a year in May—increasing twice as much as economists had anticipated. Core prices (which exclude food and energy prices) gained 2% on an annual basis, marking the fastest price increase since February 2013 and matching the Fed’s current target for inflation.
- The Treasury yield curve flattened over the quarter as intermediate- and long-maturity bond prices led the rally. This flattening expresses the current investor outlook that Fed tightening will be modest by historical standards and inflation will remain well-contained in coming years.

Sector Performance

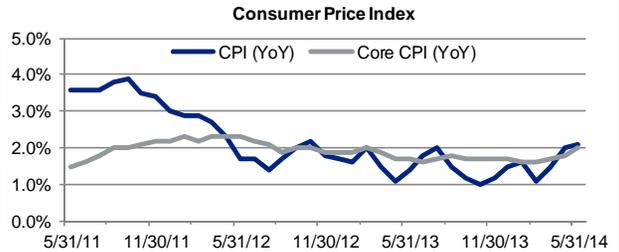
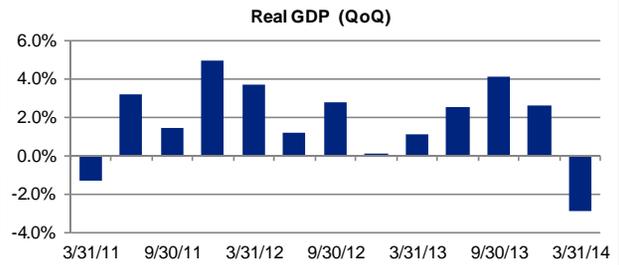
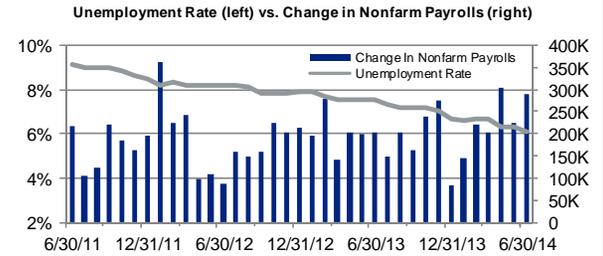
- Portfolios maintained a modestly defensive maturity structure, with durations somewhat short of benchmarks. This structure is in place to reduce the effects of interest rate rises that normally occur when economic growth accelerates and the Fed moves to tighten credit.
- Federal Agency and corporate sector holdings generally contributed returns in excess of those on Treasuries. The excess resulted from the added income generated by these holdings and from spread narrowing, offsetting the drag on performance that resulted from the defensive duration position.
- Risk premiums on lower-rated corporate bonds and on callable and mortgage-backed securities narrowed further during the quarter to the point where there was diminished value relative to comparable Treasury benchmarks.

Economic Snapshot

Labor Market	Latest	Mar 2014	Jun 2013	
Unemployment Rate	Jun'14	6.1%	6.7%	7.5%
Change In Nonfarm Payrolls	Jun'14	288,000	203,000	201,000
Average Hourly Earnings (YoY)	Jun'14	2.0%	2.1%	2.2%
Personal Income (YoY)	May'14	3.5%	3.3%	3.4%
Initial Jobless Claims (week)	Jul 11	302,000	332,000	344,000

Growth	Latest	Mar 2014	Jun 2013	
Real GDP (QoQ SAAR)	2014Q1	-2.9%	2.6% ¹	2.5% ²
GDP Personal Consumption (QoQ SAAR)	2014Q1	1.0%	3.3% ¹	1.8% ²
Retail Sales (YoY)	Jun'14	4.3%	4.1%	5.9%
ISM Manufacturing Survey (month)	Jun'14	55.3	53.7	52.5
Existing Home Sales SAAR (month)	May'14	4.89 mil.	4.59 mil.	5.16 mil.

Inflation / Prices	Latest	Mar 2014	Jun 2013	
Personal Consumption Expenditures (YoY)	May'14	1.8%	1.1%	1.3%
Consumer Price Index (YoY)	May'14	2.1%	1.5%	1.8%
Consumer Price Index Core (YoY)	May'14	2.0%	1.7%	1.6%
Crude Oil Futures (WTI, per barrel)	Jun 30	\$105.37	\$101.58	\$96.56
Gold Futures (oz.)	Jun 30	\$1,322	\$1,283	\$1,224

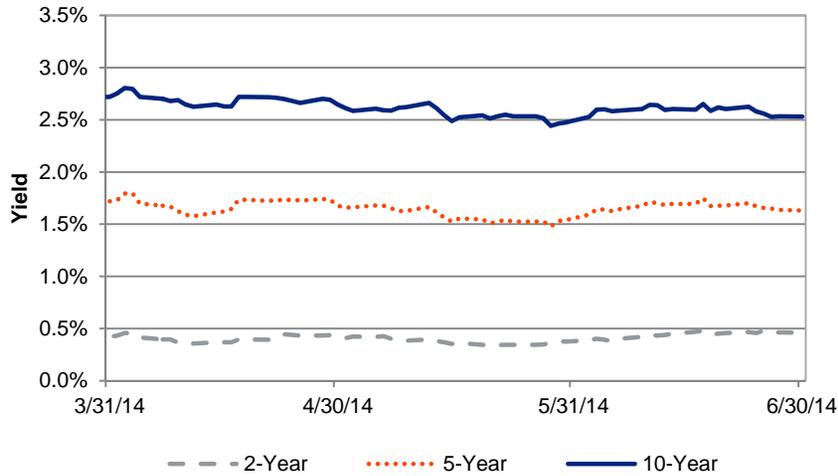


1. Data as of Fourth Quarter 2013 2. Data as of Second Quarter 2013
 3. Note: YoY = year over year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil

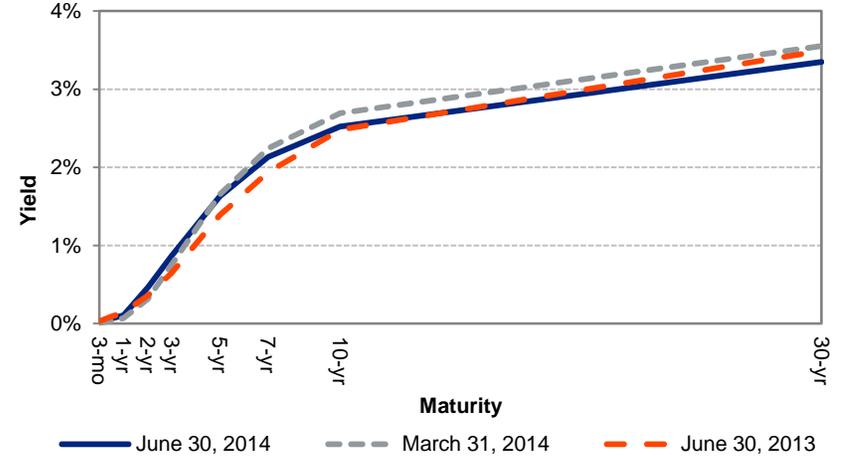
Source: Bloomberg

Investment Rate Overview

U.S. Treasury Note Yields



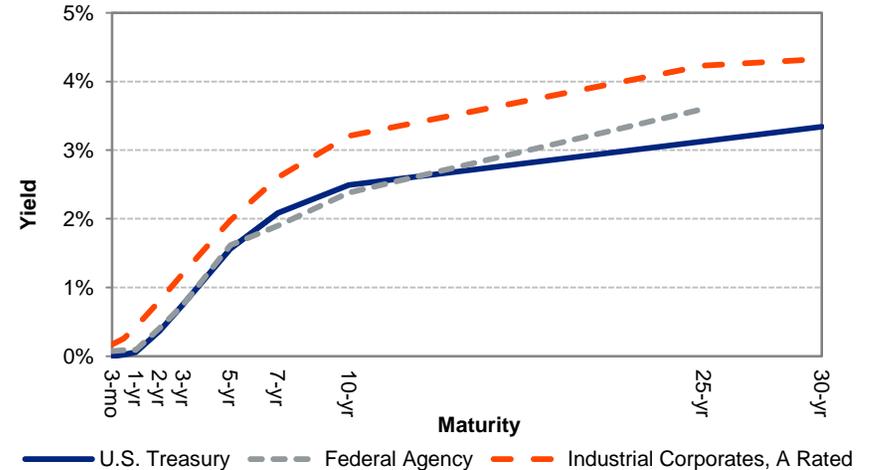
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	6/30/14	3/31/14	Change over Quarter	6/30/13	Change over Year
3-month	0.02%	0.03%	(0.01%)	0.03%	(0.01%)
1-year	0.10%	0.11%	(0.01%)	0.15%	(0.05%)
2-year	0.46%	0.42%	0.04%	0.36%	0.10%
5-year	1.63%	1.72%	(0.09%)	1.40%	0.23%
10-year	2.53%	2.72%	(0.19%)	2.49%	0.04%
30-year	3.36%	3.56%	(0.20%)	3.50%	(0.14%)

Yield Curves as of 6/30/2014



Source: Bloomberg

BofA Merrill Lynch Index Returns

	As of 6/30/2014		Returns for Periods ended 6/30/2014		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.93	0.45%	0.27%	0.76%	0.63%
Federal Agency	1.85	0.55%	0.24%	0.87%	0.75%
U.S. Corporates, A-AAA rated	1.95	0.90%	0.49%	2.12%	2.10%
Agency MBS (0 to 3 years)	1.52	0.93%	0.55%	2.68%	1.46%
Municipals	1.73	0.45%	0.34%	1.40%	1.16%
1-5 Year Indices					
U.S. Treasury	2.72	0.79%	0.55%	1.16%	1.11%
Federal Agency	2.35	0.80%	0.54%	1.52%	1.15%
U.S. Corporates, A-AAA rated	2.88	1.40%	0.96%	3.45%	2.92%
Agency MBS (0 to 5 years)	3.05	2.04%	1.71%	4.12%	2.52%
Municipals	2.50	0.77%	0.60%	2.25%	1.78%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	5.89	1.51%	1.56%	2.29%	3.03%
Federal Agency	3.93	1.34%	1.24%	2.65%	2.18%
U.S. Corporates, A-AAA rated	6.74	2.60%	2.37%	6.58%	5.42%
Agency MBS (0 to 30 years)	4.69	2.61%	2.43%	4.68%	2.79%
Municipals	7.32	2.85%	2.69%	6.54%	5.62%

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: BofA Merrill Lynch Indices

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.

Further distribution is not permitted without prior written consent.

TAB II

Executive Summary

PORTFOLIO STRATEGY

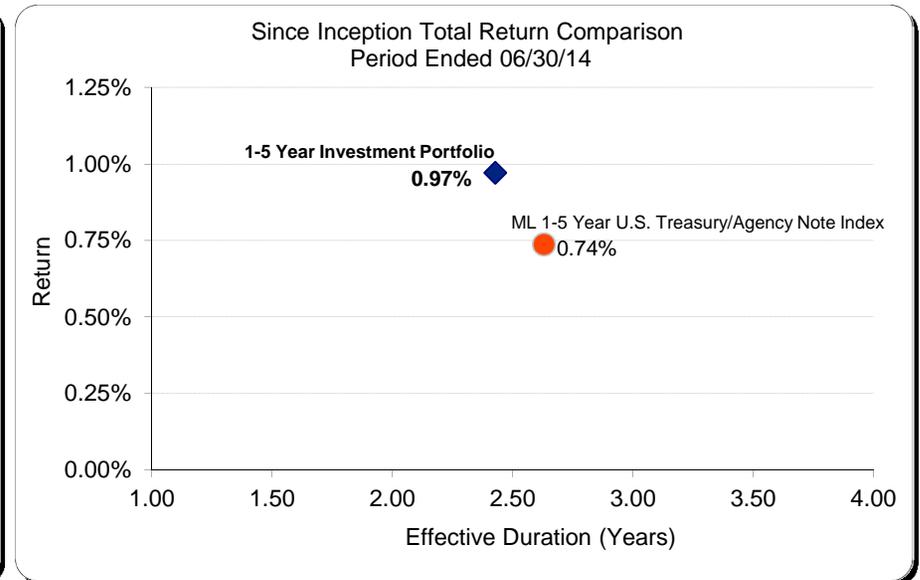
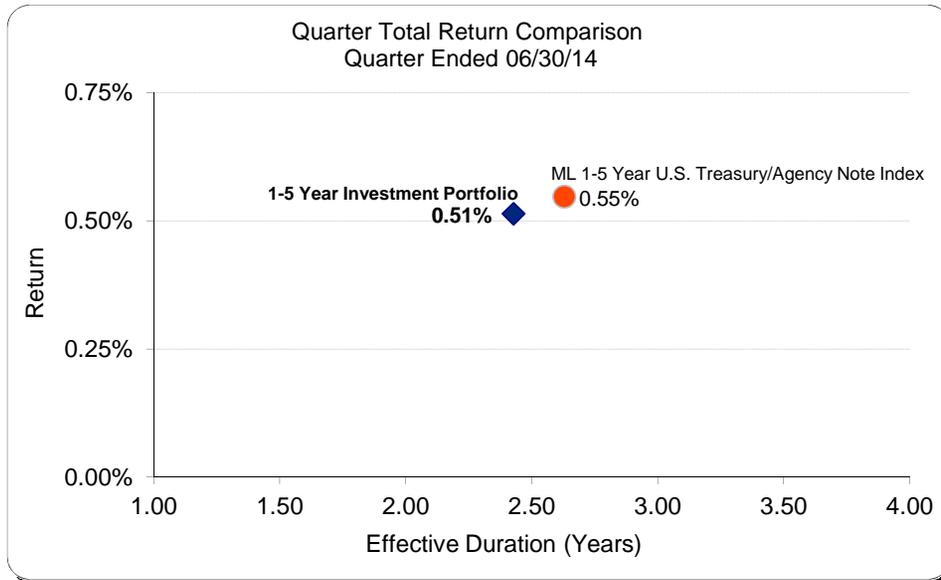
- The Town's 1-5 Year Investment, Short Term, and Bond Proceed Portfolios are of high credit quality and invested in U.S. Treasury, Federal Agency, high quality corporate, municipal, commercial paper securities, and money market mutual funds.
- PFM continued to actively manage the 1-5 Year Investment Portfolio during the second quarter and found value in the market, taking advantage of market inefficiencies or changes in economic outlook. As a result the Portfolio realized \$6,364 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 of 0.51% underperformed the benchmark performance of 0.55% by 0.04%. This slight underperformance is due to the fact the Portfolio's duration has been positioned to be defensively shorter than the benchmark's duration. While this strategy helps to protect the Portfolio in a rising interest rate environment, the strategy sacrifices a small amount of yield by selecting shorter maturing securities. At quarter end, the Portfolio's duration was 92% of the benchmark's duration.
- The Short Term and Bond Proceeds 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 0.28%, exceeding the Yield to Maturity of its benchmark the S&P GIP Government 30 Day Index by 19 basis points (0.19%). The securities managed by PFM in the Short Term and Series 2010A Portfolios matured during the month of June and were not reinvested.
- U.S. Treasury yields moved in somewhat random fashion, despite generally upbeat economic news. The long-awaited increase in rates failed to materialize and continued to confound investment managers. Uncertainty around future Fed action, in terms of the timing and pace of eventual rate increases, posed a significant challenge in assessing the attractiveness of current yields.
- PFM seeks to add value in a variety of ways: duration management, adjusting maturities along the yield curve, emphasizing sectors that offer the best value, and careful issue-level analysis and security selection. This is supported by both quantitative and qualitative assessments of market conditions and credit quality.
- Higher interest rates triggered by anticipated Fed action are widely expected in the future. The timing and pace of how interest rates rise will determine the optimal investment strategy. Since rising rates can result in unrealized market losses, we remain somewhat defensive. But, the steep yield curve offers considerably higher yields for even modest maturity extension. Balancing the benefit of higher yields available on longer maturities today against the negative impact of potentially rising rates in the future will be a difficult and dynamic undertaking, requiring frequent reassessments of strategy.
- Market volatility has been extremely low in the financial markets recently, encouraging risk taking. This extremely low level of volatility is likely not sustainable indefinitely. Any increase in volatility should create more trading opportunities, accentuating the role of active management.

1-5 Year Investment Portfolio (Actively Managed) Performance - 4260

Total Portfolio Value ¹	June 30, 2014	March 31, 2014
Market Value	\$17,990,477.30	\$17,898,509.34
Amortized Cost	\$17,953,722.74	\$17,909,936.39

Total Return ^{2,3,4}	Quarterly Return June 30, 2014	Last 6 Months	Last 12 Months	Last 2 Years	Last 3 Years	Since Inception September 30, 2011
1-5 Year Investment Portfolio (Actively Managed)	0.51%	0.78%	1.41%	0.74%	N/A	0.97%
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	0.55%	0.81%	1.19%	0.58%	N/A	0.74%

Effective Duration (Years) ^{4,5}	June 30, 2014	March 31, 2014	Yields	June 30, 2014	March 31, 2014
1-5 Year Investment Portfolio (Actively Managed)	2.43	2.49	Yield at Market	0.76%	0.81%
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	2.63	2.62	Yield at Cost	0.88%	0.83%
Portfolio Duration % of Benchmark Duration	92%	95%			

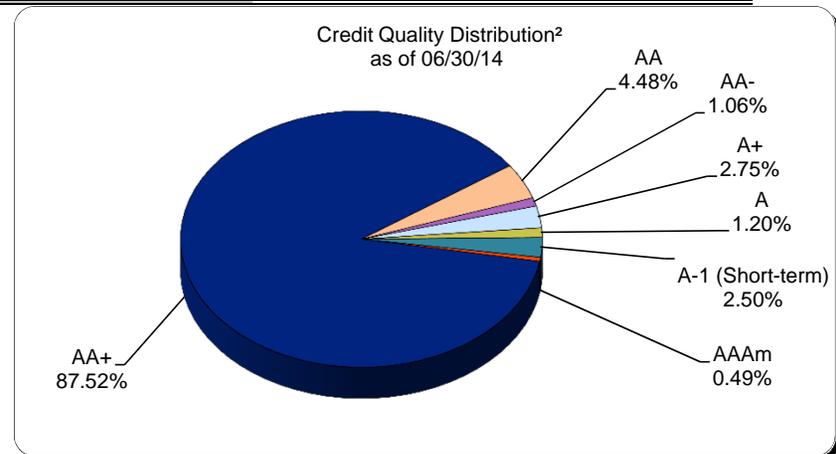
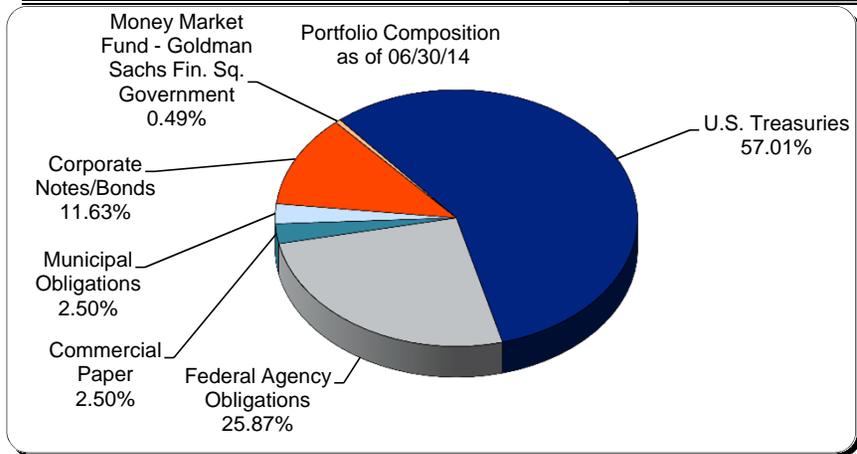


Notes:

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>June 30, 2014</u>	<u>% of Portfolio</u>	<u>March 31, 2014</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$10,256,846.30	57.0%	\$9,437,786.21	52.7%
Federal Agencies	4,654,083.12	25.9%	5,156,019.41	28.8%
Commercial Paper	449,493.30	2.5%	449,770.50	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	449,696.25	2.5%	0.00	0.0%
Corporate Notes/Bonds	2,092,834.34	11.6%	2,785,133.12	15.6%
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	87,523.99	0.5%	69,800.10	0.4%
Totals	\$17,990,477.30	100.0%	\$17,898,509.34	100.0%

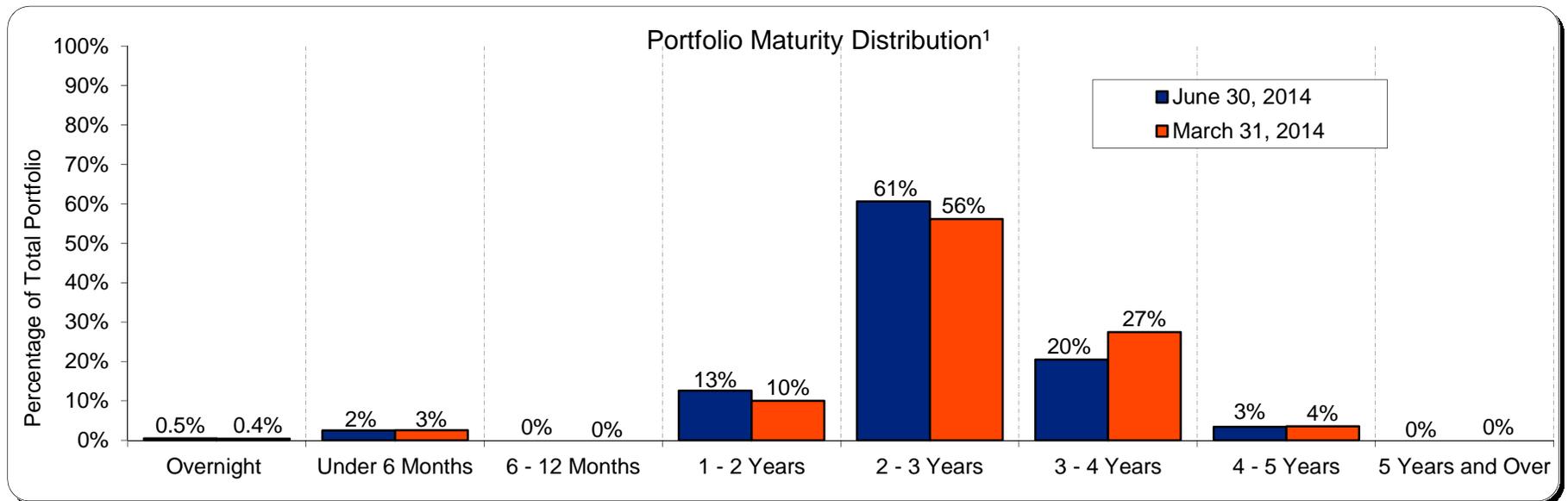


Notes:

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

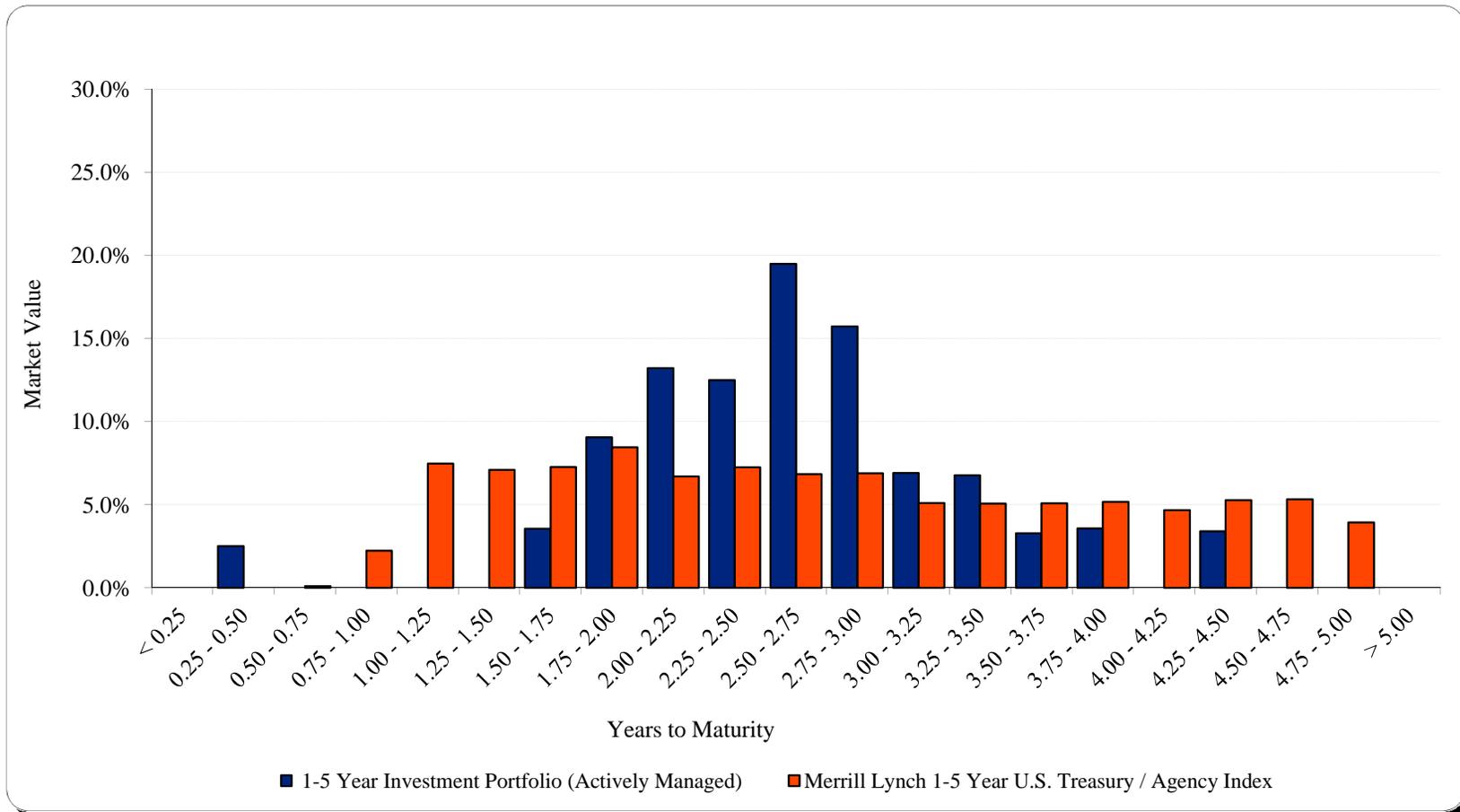
<u>Maturity Distribution¹</u>	<u>June 30, 2014</u>	<u>March 31, 2014</u>
Overnight (Money Market Fund)	\$87,523.99	69,800.10
Under 6 Months	449,493.30	449,770.50
6 - 12 Months	0.00	0.00
1 - 2 Years	2,259,130.90	1,785,017.83
2 - 3 Years	10,908,218.27	10,050,803.18
3 - 4 Years	3,676,032.84	4,909,443.55
4 - 5 Years	610,078.00	633,674.18
5 Years and Over	0.00	0.00
Totals	\$17,990,477.30	\$17,898,509.34



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} June 30, 2014</u>	<u>Amortized Cost^{1,2,3} March 31, 2014</u>	<u>Market Value^{1,2,3} June 30, 2014</u>	<u>Market Value^{1,2,3} March 31, 2014</u>	<u>Duration (Years)⁴ June 30, 2014</u>
Short Term Fund - 4245	N/A	\$16,981,593.26	N/A	\$16,986,585.80	N/A
2010A CIP Fund - 4255	N/A	6,995,770.81	N/A	6,995,919.00	N/A
2013 Bond Fund - 4265	53,714,452.79	53,743,301.68	53,721,505.24	53,668,293.69	1.45
Money Market Fund - PFM Funds Prime Series Excess Funds - 174	17,313,857.77	22,710,383.01	17,313,857.77	22,710,383.01	47 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 179	81,964.40	81,950.14	81,964.40	81,950.14	47 Days
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180	1,384,325.86	1,361,519.42	1,384,325.86	1,361,519.42	47 Days
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	4,264,665.71	3,006,021.10	4,264,665.71	3,006,021.10	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	266.61	107,264.95	266.61	107,264.95	40 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	7,063,842.15	1,013,826.57	7,063,842.15	1,013,826.57	40 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2013 Bond Fund	48,244.83	1,365,413.00	48,244.83	1,365,413.00	40 Days
Total	\$83,871,620.12	\$107,367,043.94	\$83,878,672.57	\$107,297,176.68	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ June 30, 2014</u>	<u>Yield to Maturity at Cost⁶ March 31, 2014</u>	<u>Yield to Maturity at Market June 30, 2014</u>	<u>Yield to Maturity at Market March 31, 2014</u>	<u>Duration (Years)⁴ March 31, 2014</u>
Short Term Fund - 4245	N/A	0.36%	N/A	0.20%	0.19
2010A CIP Fund - 4255	N/A	0.25%	N/A	0.24%	0.24
2013 Bond Fund - 4265	0.40%	0.40%	0.36%	0.45%	1.69
Money Market Fund - PFM Funds Prime Series Excess Funds - 174 ⁶	0.07%	0.07%	0.07%	0.07%	53 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 179 ⁶	0.07%	0.07%	0.07%	0.07%	53 Days
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180 ⁶	0.07%	0.07%	0.07%	0.07%	53 Days
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	0.07%	0.07%	0.07%	0.07%	53 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	0.01%	0.00%	0.01%	0.00%	39 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	0.01%	0.00%	0.01%	0.00%	39 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2013 Bond Fund	0.01%	0.00%	0.01%	0.00%	39 Days
Weighted Average Yield	0.28%	0.29%	0.25%	0.29%	

Benchmarks

	<u>June 30, 2014</u>	<u>March 31, 2014</u>
S&P GIP Government 30 Day Index ⁷	0.09%	0.10%

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} June 30, 2014</u>	<u>Amortized Cost^{1,2,3} March 31, 2014</u>	<u>Market Value^{1,2,3} June 30, 2014</u>	<u>Market Value^{1,2,3} March 31, 2014</u>	<u>Duration (Years)⁴ June 30, 2014</u>
Short Term Fund - 4245	N/A	\$16,981,593.26	N/A	\$16,986,585.80	N/A
Money Market Fund - PFM Funds Prime Series Excess Funds - 174	17,313,857.77	22,710,383.01	17,313,857.77	22,710,383.01	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	266.61	107,264.95	266.61	107,264.95	40 Days
Total	\$17,314,124.38	\$39,799,241.22	\$17,314,124.38	\$39,804,233.76	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ June 30, 2014</u>	<u>Yield to Maturity at Cost⁶ March 31, 2014</u>	<u>Yield to Maturity at Market June 30, 2014</u>	<u>Yield to Maturity at Market March 31, 2014</u>	<u>Duration (Years) March 31, 2014</u>
Short Term Fund - 4245	N/A	0.36%	N/A	0.20%	0.19
Money Market Fund - PFM Funds Prime Series Excess Funds - 174 ⁶	0.07%	0.07%	0.07%	0.07%	53 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.01%	0.00%	0.01%	0.00%	39 Days
Weighted Average Yield	0.07%	0.19%	0.07%	0.13%	

Benchmarks

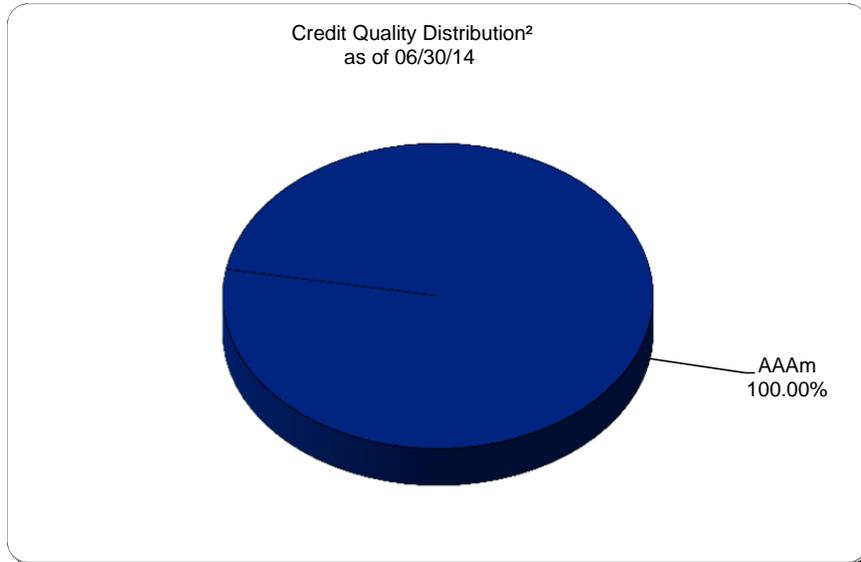
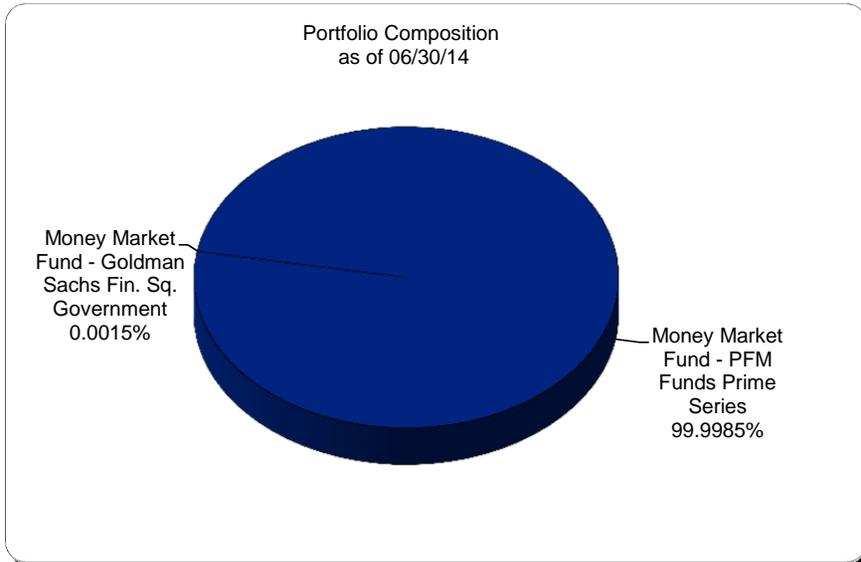
	<u>June 30, 2014</u>	<u>March 31, 2014</u>
S&P GIP Government 30 Day Index ⁷	0.09%	0.10%

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>June 30, 2014</u>	<u>% of Portfolio</u>	<u>March 31, 2014</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	0.00	0.0%	12,896,665.80	32.4%
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%	4,089,920.00	10.3%
Money Market Fund - Goldman Sachs Fin. Sq. Government	266.61	0.0%	107,264.95	0.3%
Money Market Fund - PFM Funds Prime Series	17,313,857.77	100.0%	22,710,383.01	57.06%
Totals	\$17,314,124.38	100.0%	\$39,804,233.76	100.0%

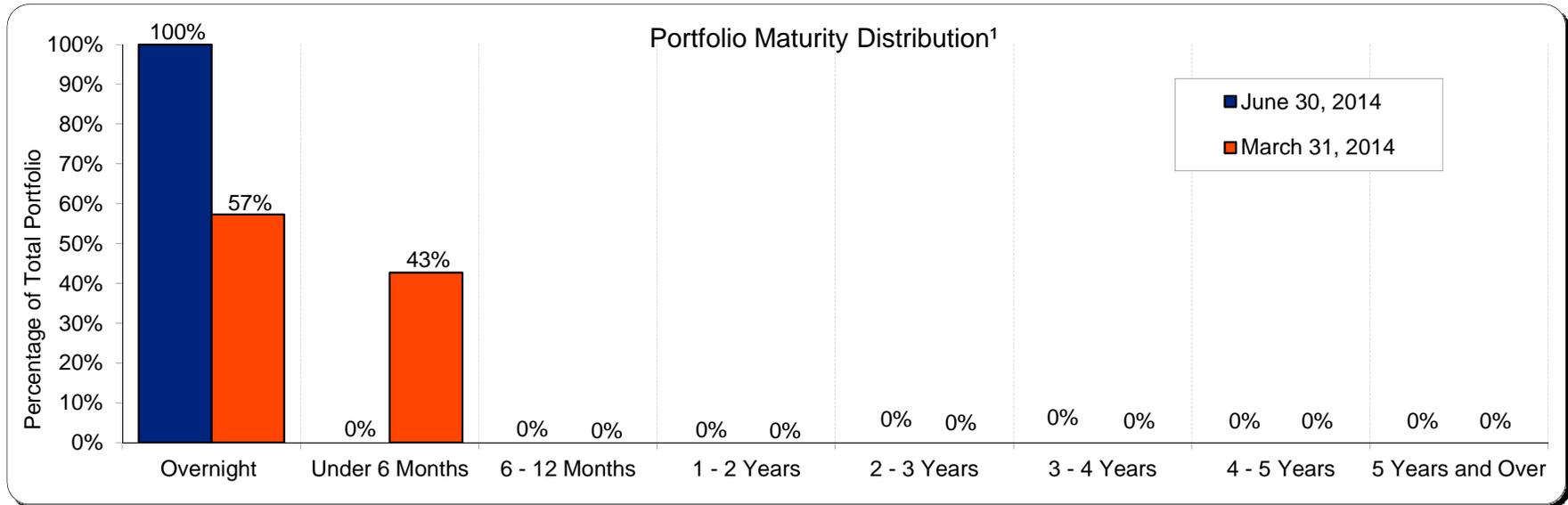


Notes:

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.

Short Term Fund Portfolio Maturity Distribution

<u>Maturity Distribution¹</u>	<u>June 30, 2014</u>	<u>March 31, 2014</u>
Overnight (Money Market Fund)	\$17,314,124.38	\$22,817,647.96
Under 6 Months	0.00	16,986,585.80
6 - 12 Months	0.00	0.00
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	\$17,314,124.38	\$39,804,233.76



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} June 30, 2014</u>	<u>Amortized Cost^{1,2,3} March 31, 2014</u>	<u>Market Value^{1,2,3} June 30, 2014</u>	<u>Market Value^{1,2,3} March 31, 2014</u>	<u>Duration (Years)⁴ June 30, 2014</u>
CIP Fund - 4255	N/A	\$6,995,770.81	N/A	\$6,995,919.00	N/A
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180	1,384,325.86	1,361,519.42	1,384,325.86	1,361,519.42	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	7,063,842.15	1,013,826.57	7,063,842.15	1,013,826.57	40 Days
Total	\$8,448,168.01	\$9,371,116.80	\$8,448,168.01	\$9,371,264.99	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ June 30, 2014</u>	<u>Yield to Maturity at Cost⁵ March 31, 2014</u>	<u>Yield to Maturity at Market June 30, 2014</u>	<u>Yield to Maturity at Market March 31, 2014</u>	<u>Duration (Years) March 31, 2014</u>
CIP Fund - 4255	N/A	0.25%	N/A	0.24%	0.24
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180 ⁶	0.07%	0.07%	0.07%	0.07%	53 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.01%	0.00%	0.01%	0.00%	39 Days
Weighted Average Yield	0.02%	0.20%	0.02%	0.19%	

<u>Benchmarks</u>	<u>June 30, 2014</u>	<u>March 31, 2014</u>
S&P GIP Government 30 Day Index ⁷	0.09%	0.10%

Notes:

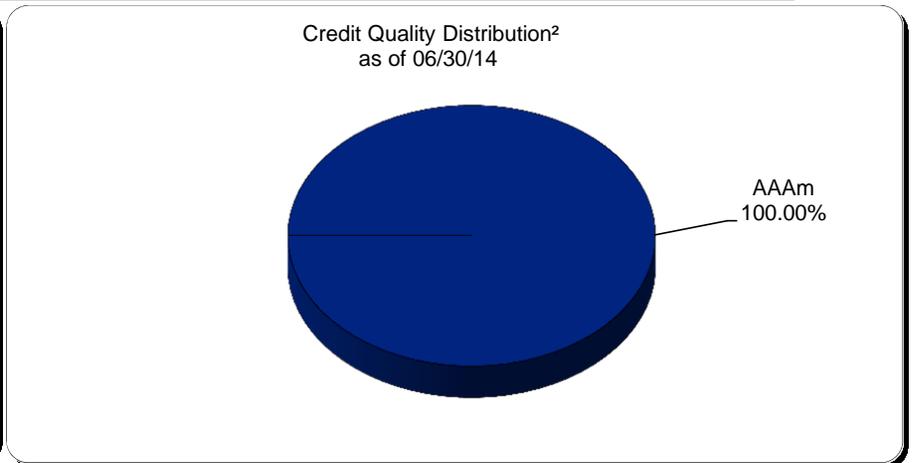
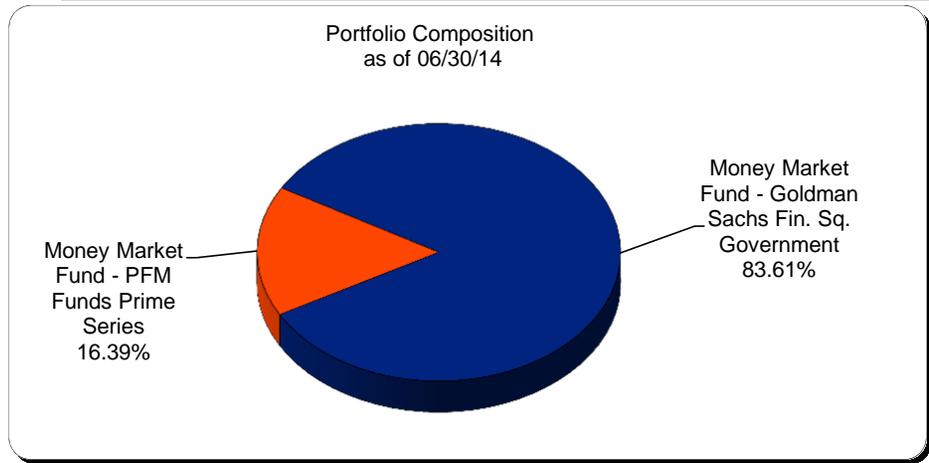
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.
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 Type</u> ¹	<u>June 30, 2014</u>	<u>% of Portfolio</u>	<u>March 31, 2014</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	0.00	0.0%	6,995,919.00	74.7%
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	7,063,842.15	83.6%	1,013,826.57	10.8%
Money Market Fund - PFM Funds Prime Series	1,384,325.86	16.4%	1,361,519.42	14.5%
Totals	\$8,448,168.01	100.0%	\$9,371,264.99	100.0%

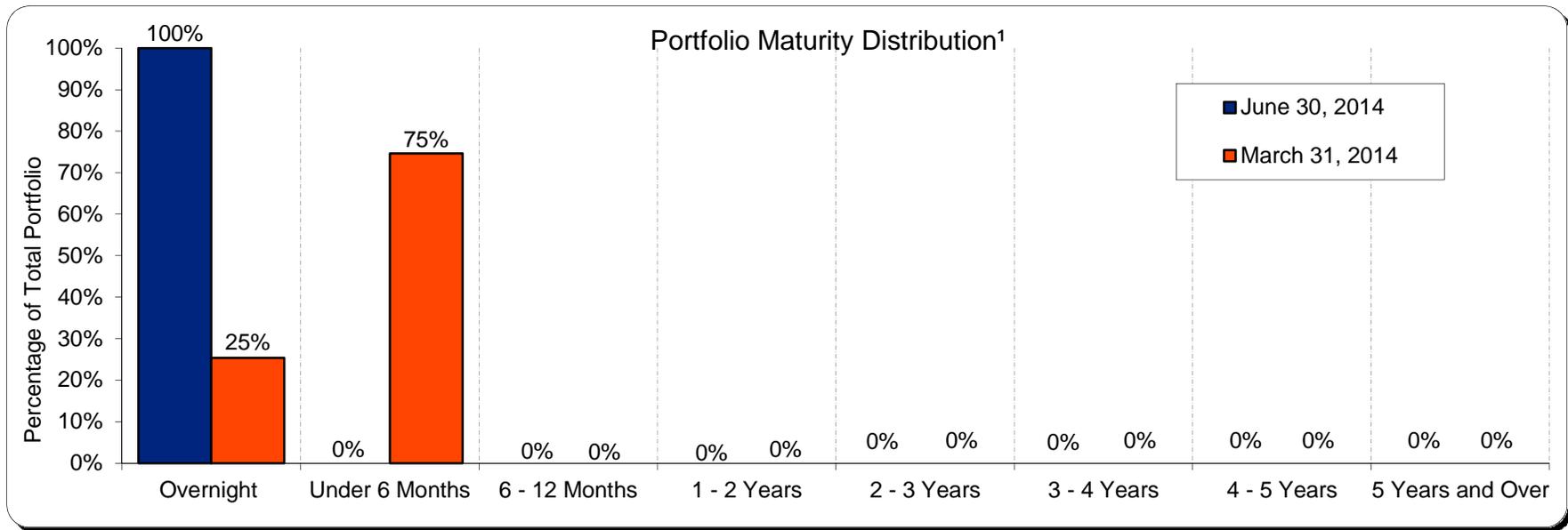


Notes:

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>June 30, 2014</u>	<u>March 31, 2014</u>
Overnight (Money Market Fund)	\$8,448,168.01	\$2,375,345.99
Under 6 Months	0.00	6,995,919.00
6 - 12 Months	0.00	0.00
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	\$8,448,168.01	\$9,371,264.99



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.

2013 Bond Fund Portfolio Statistics

<u>Account Name</u>	<u>Amortized Cost^{1,2,3} June 30, 2014</u>	<u>Amortized Cost^{1,2,3} March 31, 2014</u>	<u>Market Value^{1,2,3} June 30, 2014</u>	<u>Market Value^{1,2,3} March 31, 2014</u>	<u>Duration (Years)⁴ June 30, 2014</u>
2013 Bond Fund - 4265	\$53,714,452.79	\$53,743,301.68	\$53,721,505.24	\$53,668,293.69	1.45
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	4,264,665.71	3,006,021.10	4,264,665.71	3,006,021.10	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	48,244.83	1,365,413.00	48,244.83	1,365,413.00	40 Days
Total	\$58,027,363.33	\$58,114,735.78	\$58,034,415.78	\$58,039,727.79	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ June 30, 2014</u>	<u>Yield to Maturity at Cost⁵ March 31, 2014</u>	<u>Yield to Maturity at Market June 30, 2014</u>	<u>Yield to Maturity at Market March 31, 2014</u>	<u>Duration (Years) March 31, 2014</u>
2013 Bond Fund - 4265	0.40%	0.40%	0.36%	0.45%	1.69
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357 ⁶	0.07%	0.07%	0.07%	0.07%	53 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.01%	0.00%	0.01%	0.00%	39 Days
Weighted Average Yield	0.38%	0.37%	0.34%	0.42%	

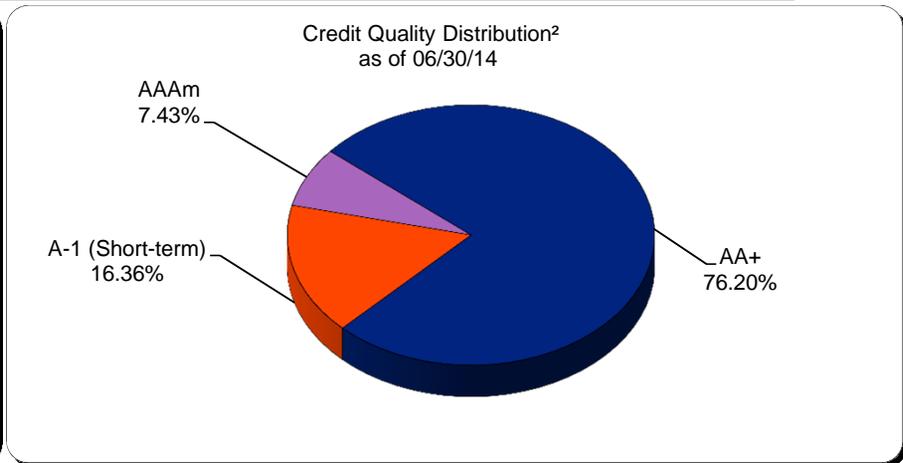
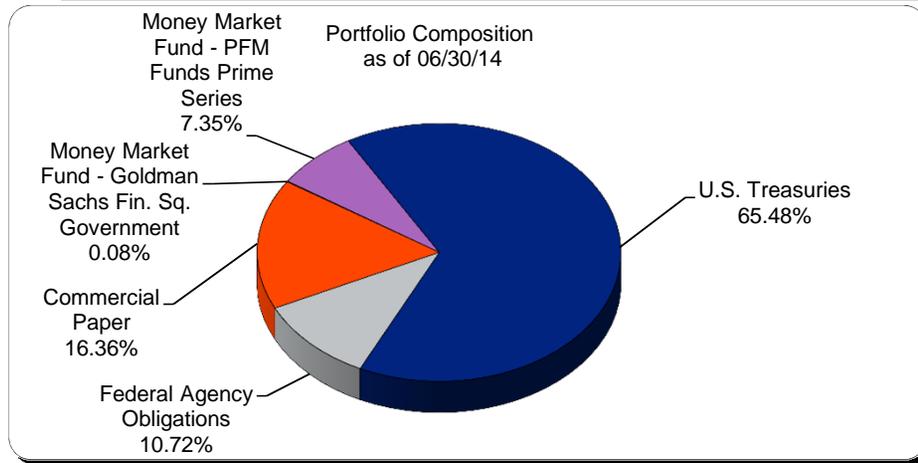
<u>Benchmarks</u>	<u>June 30, 2014</u>	<u>March 31, 2014</u>
S&P GIP Government 30 Day Index ⁷	0.09%	0.10%

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.
- Excludes 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 returns, source Bloomberg.

2013 Bond Fund Portfolio Composition and Credit Quality Characteristics

<u>Security Type¹</u>	<u>June 30, 2014</u>	<u>% of Portfolio</u>	<u>March 31, 2014</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$38,001,120.81	65.5%	\$37,984,014.66	65.4%
Federal Agencies	6,223,924.03	10.7%	6,197,636.53	10.7%
Commercial Paper	9,496,460.40	16.4%	9,486,642.50	16.3%
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	48,244.83	0.1%	1,365,413.00	2.4%
Money Market Fund - PFM Funds Prime Series	4,264,665.71	7.3%	3,006,021.10	5.2%
Totals	\$58,034,415.78	100.0%	\$58,039,727.79	100.0%

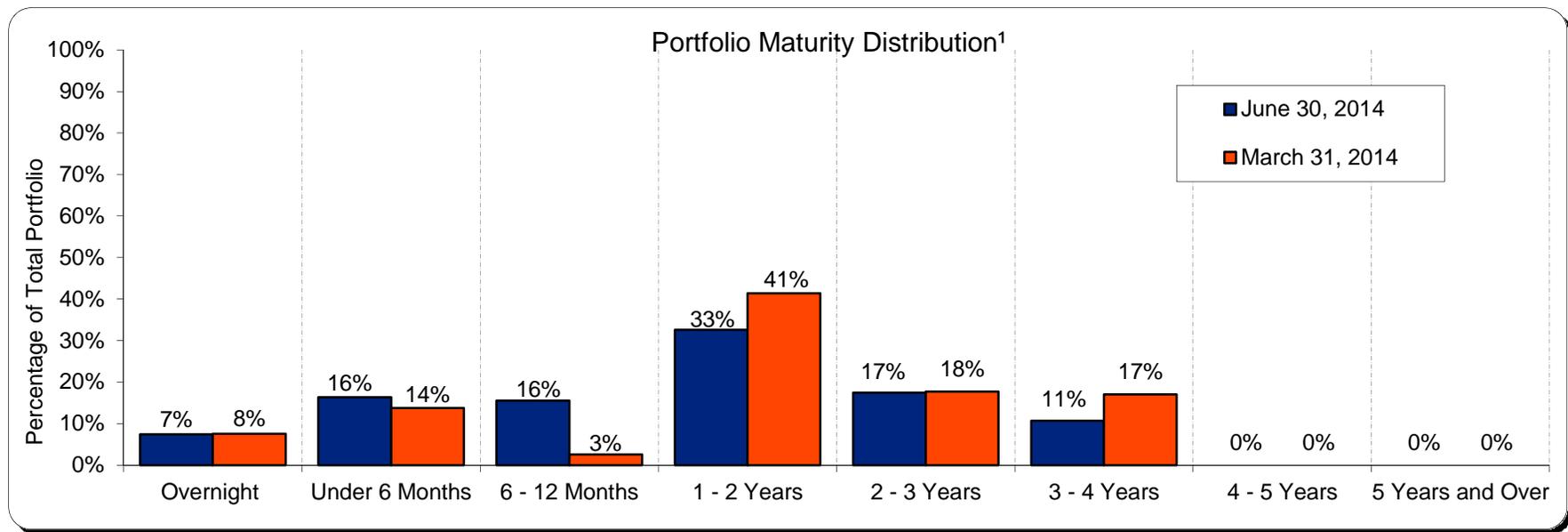


Notes:

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.

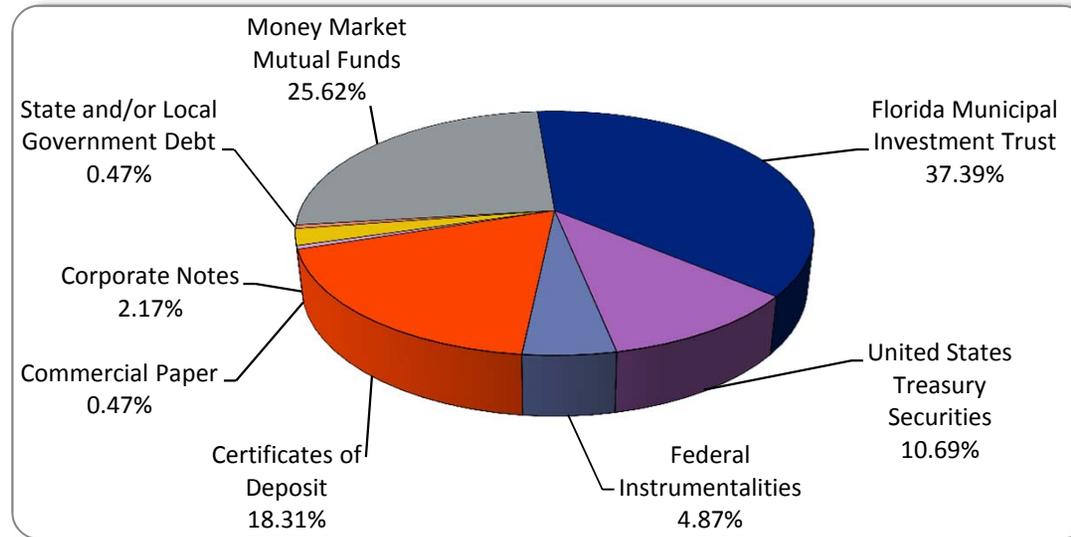
2013 Bond Fund Portfolio Maturity Distribution

<u>Maturity Distribution¹</u>	<u>June 30, 2014</u>	<u>March 31, 2014</u>
Overnight (Money Market Fund)	\$4,312,910.54	\$4,371,434.10
Under 6 Months	9,496,460.40	7,990,760.00
6 - 12 Months	9,014,123.64	1,495,882.50
1 - 2 Years	18,899,646.15	24,035,066.81
2 - 3 Years	10,117,360.99	10,267,618.87
3 - 4 Years	6,193,914.06	9,878,965.51
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	\$58,034,415.78	\$58,039,727.79



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	Amortized Cost (Includes Interest)	Allocation Percentage	Notes	Permitted by Policy	In Compliance
Florida Prime (SBA)	-	0.00%		0%	YES
United States Treasury Securities	10,228,613.65	10.69%		100%	YES
United States Government Agency Securities	-	0.00%		50%	YES
Federal Instrumentalities	4,659,304.54	4.87%		80%	YES
Certificates of Deposit	17,512,973.00	18.31%		50%	YES
Repurchase Agreements	-	0.00%		50%	YES
Commercial Paper	449,494.00	0.47%		25%	YES
Corporate Notes	2,078,698.50	2.17%	2	25%	YES
Bankers' Acceptances	-	0.00%		35%	YES
State and/or Local Government Debt	450,088.06	0.47%		20%	YES
Money Market Mutual Funds	24,513,735.35	25.62%		50%	YES
Florida Municipal Investment Trust	35,771,940.00	37.39%	3,4	50%	YES

Notes:

1. End of month trade-date amortized cost of portfolio holdings, including accrued interest.
 2. Maximum allocation in A rated securities is 10%. At month end there was 1.21% rated A by S&P and Moody's.
 3. Managed by the Town.
 4. Combined total for Florida Municipal Investment Trust cannot exceed 50%.
- * Does not include bond proceeds

Individual Issuer Breakdown	Amortized Cost (Includes Interest)	Allocation Percentage	Notes	Permitted by Policy	In Compliance
Government National Mortgage Association (GNMA)	-	0.00%		25%	YES
Federal Farm Credit Bank (FFCB)	-	0.00%		30%	YES
Federal Home Loan Bank (FHLB)	455,401.68	0.48%		30%	YES
Federal National Mortgage Association (FNMA)	2,383,195.72	2.49%		30%	YES
Federal Home Loan Mortgage Corporation (FHLMC)	1,820,707.14	1.90%		30%	YES
Bank of Tokyo Mitsubishi Commercial Paper	449,494.00	0.47%		15%	YES
General Electric Corporate Notes	827,200.84	0.86%		5%	YES
American Honda Corporate Notes	139,996.75	0.15%		5%	YES
Berkshire Hathaway Corporate Notes	130,398.12	0.14%		5%	YES
Wal-Mart Corporate Notes	125,113.88	0.13%		5%	YES
Toyota Corporate Notes	190,136.80	0.20%		5%	YES
Wells Fargo & Company Corporate Notes	350,523.21	0.37%		5%	YES
John Deere Corporate Notes	215,293.57	0.23%		5%	YES
Coca-Cola Corporate Notes	100,035.33	0.10%		5%	YES
Regional Trans Authority, IL Taxable Revenue Bonds	450,088.06	0.47%		20%	YES
Money Market Fund - PFM Funds Prime Series #174	17,313,857.77	18.10%		25%	YES
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	7,199,877.58	7.53%	5	25%	YES
FMIvT 1-3	24,680,098.00	25.80%	3	50%	YES
FMIvT Intermediate	11,091,842.00	11.59%	3	50%	YES

Notes:

1. End of month trade-date amortized cost of portfolio holdings, including accrued interest.
2. Maximum allocation in A rated securities is 10%. At month end there was 1.21% rated A by S&P and Moody's.
3. Managed by the Town.
4. Combined total for Florida Municipal Investment Trust cannot exceed 50%.
5. Money Market Fund Sweep Account includes cash from Series 2010A at Town's request.

* 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.