



Town of Palm Beach, Florida



Investment Performance Review Quarter Ended September 30, 2014

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September 30, 2014 PFM Month-End Statement

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

PFM Funds September 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

- While the U.S. economy continued its recovery during the quarter, global unrest and uncertainty about future central bank policy—including actions of the Federal Reserve (Fed)—resulted in volatility in the bond and equity markets.
- Ten-year Treasury bond yields were little changed compared to the end of the previous quarter, although yields experienced larger movements throughout the quarter. On the other hand, shorter-term rates generally rose while longer term rates fell modestly.
- Geopolitical uncertainty continued to move the markets. Military conflicts in Ukraine and the Middle East, as well as weaker economic data in the euro zone and various emerging markets such as China and Brazil, factored significantly in investor sentiment.

Economic Snapshot

- Second-quarter gross domestic product (GDP) rose at a revised annual rate of 4.6%, driven by increased consumption, inventories, exports, residential and nonresidential investment, and local government spending.
- The U.S. unemployment rate fell from 6.1% in June to 5.9% in September. While job growth has been impressive, wage growth has been weak and other measures such as the labor force participation rate and the number of part time workers for economic reasons indicate lingering levels of underutilization.
- Housing market data was also a “glass half empty, glass half full” scenario, as housing-related indicators experienced a series of ups and downs throughout the quarter. Most recently, new-home sales reached the highest level since 2008, while existing-home sales had a small, unexpected decline.

Interest Rates

- The Federal Open Market Committee (FOMC) reaffirmed that its quantitative easing bond purchase program will end in October. At the same time, the FOMC released updated assessments of where individual participants judged the appropriate level for the federal funds rate at the end of the next few calendar years. Those assessments showed a surprisingly fast upward trajectory for short-term rates that are inconsistent with both Fed Chair Janet Yellen’s public comments and persistently low current market rates.
- Inflation (as measured by the Consumer Price Index) unexpectedly decreased month over month in August. This marked the first decline in almost a year and a half. Inflation continues to run below the Fed’s 2% target rate.
- Yields on intermediate-maturity (two- to five-year) Treasuries ended the quarter higher. Surprisingly, this was not the case for longer maturities (10-30 years); instead, rates continued to fall modestly, causing a flattening of the Treasury yield curve.

Sector Performance

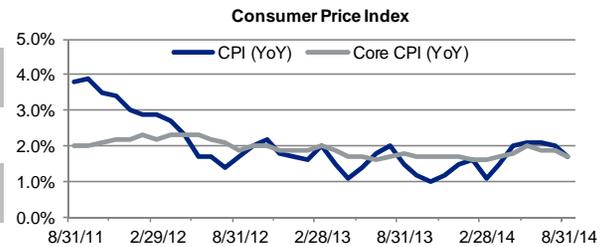
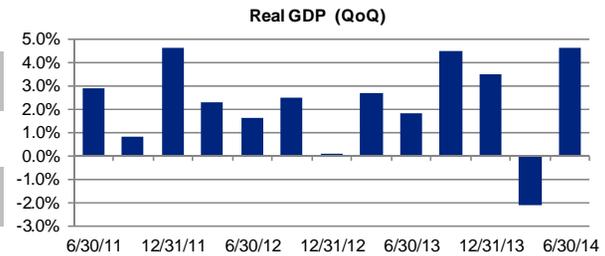
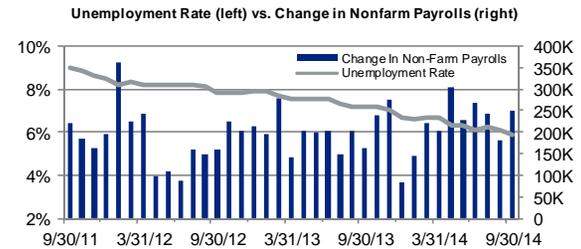
- Fixed-income performance was very modest for the quarter—or in some cases modestly negative—as income was offset by interest rate increases for short- and intermediate-term maturities across most sectors. The exceptions were longer-maturity Treasury, Agency, and municipal bonds, where yields actually fell modestly.
- Spreads generally widened in the quarter. While the impact was modest for the Agency sector, spread widening in corporates negatively affected performance in the sector. Still, corporates have been one of the best performing sectors over the past one-, three-, and five-year periods.
- Short-term markets continued to be driven by the Fed as well as new regulations affecting banks and money market funds.

Economic Snapshot

Labor Market	Latest	Jun 2014	Sep 2013	
Unemployment Rate	Sep'14	5.9%	6.1%	7.2%
Change In Non-Farm Payrolls	Sep'14	248,000	267,000	164,000
Average Hourly Earnings (YoY)	Sep'14	2.0%	1.9%	2.0%
Personal Income (YoY)	Aug'14	4.3%	4.1%	2.8%
Initial Jobless Claims (week)	Sep 26	287,000	316,000	318,000

Growth	Latest	Jun 2014	Sep 2013	
Real GDP (QoQ SAAR)	2014Q2	4.6%	-2.1% ¹	4.5% ²
GDP Personal Consumption (QoQ SAAR)	2014Q2	2.5%	1.2% ¹	2.0% ²
Retail Sales (YoY)	Aug'14	5.0%	4.4%	3.2%
ISM Manufacturing Survey (month)	Sep'14	56.6	55.3	56.0
Existing Home Sales SAAR (month)	Aug'14	5.05 mil.	5.03 mil.	5.26 mil.

Inflation / Prices	Latest	Jun 2014	Sep 2013	
Personal Consumption Expenditures (YoY)	Aug'14	1.5%	1.6%	1.0%
Consumer Price Index (YoY)	Aug'14	1.7%	2.1%	1.2%
Consumer Price Index Core (YoY)	Aug'14	1.7%	1.9%	1.7%
Crude Oil Futures (WTI, per barrel)	Sep 30	\$91.16	\$105.37	\$102.33
Gold Futures (oz.)	Sep 30	\$1,211	\$1,322	\$1,327



1. Data as of First Quarter 2014

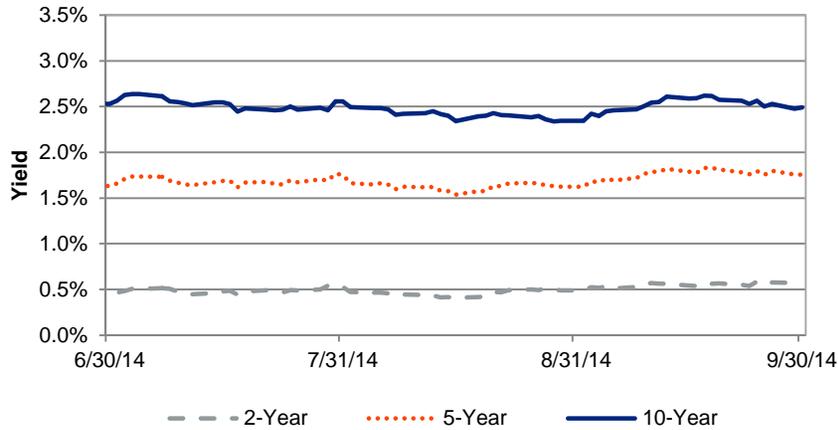
2. Data as of Third Quarter 2013

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

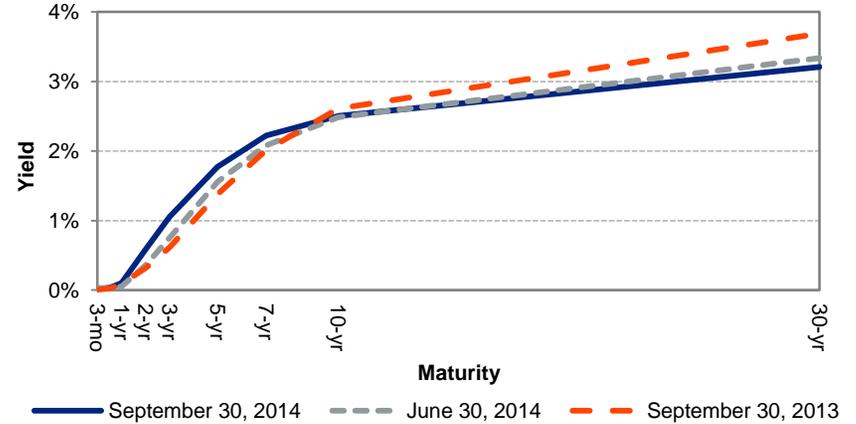
Source: Bloomberg

Investment Rate Overview

U.S. Treasury Note Yields



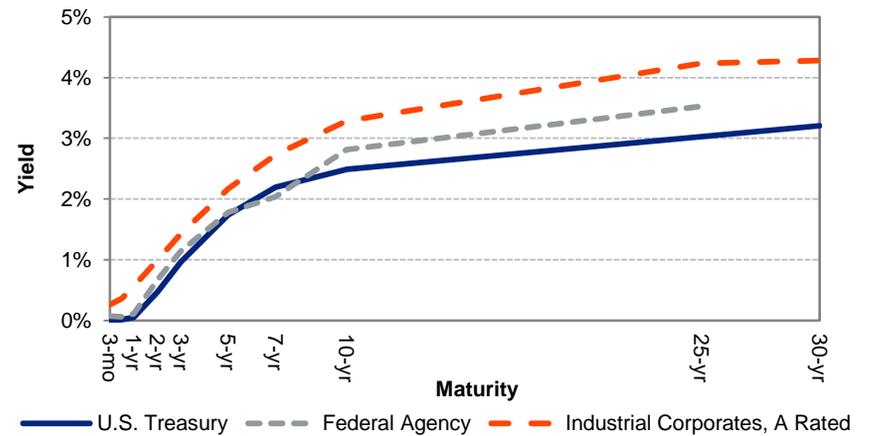
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	9/30/14	6/30/14	Change over Quarter	9/30/13	Change over Year
3-month	0.02%	0.02%	0.00%	0.01%	0.01%
1-year	0.10%	0.10%	0.00%	0.09%	0.01%
2-year	0.57%	0.46%	0.11%	0.32%	0.25%
5-year	1.76%	1.63%	0.13%	1.38%	0.38%
10-year	2.49%	2.53%	(0.04%)	2.61%	(0.12%)
30-year	3.20%	3.36%	(0.16%)	3.69%	(0.49%)

Yield Curves as of 9/30/2014



Source: Bloomberg

BofA Merrill Lynch Index Returns

	As of 9/30/2014		Returns for Periods ended 9/30/2014		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.91	0.59%	0.03%	0.50%	0.48%
Federal Agency	1.86	0.71%	0.07%	0.63%	0.65%
U.S. Corporates, A-AAA rated	1.96	1.14%	0.02%	1.39%	2.28%
Agency MBS (0 to 3 years)	1.56	1.21%	(0.14%)	1.49%	1.16%
Municipals	1.81	0.54%	0.12%	1.05%	1.04%
1-5 Year Indices					
U.S. Treasury	2.71	0.97%	(0.06%)	0.64%	0.63%
Federal Agency	2.36	0.97%	0.00%	0.99%	0.86%
U.S. Corporates, A-AAA rated	2.85	1.65%	(0.10%)	2.16%	3.06%
Agency MBS (0 to 5 years)	3.16	2.20%	0.05%	3.21%	2.01%
Municipals	2.58	0.83%	0.31%	1.88%	1.56%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	5.93	1.63%	0.43%	2.70%	1.08%
Federal Agency	3.95	1.48%	0.25%	2.55%	1.31%
U.S. Corporates, A-AAA rated	6.71	2.76%	0.17%	5.85%	4.58%
Agency MBS (0 to 30 years)	4.68	2.75%	0.15%	3.72%	2.06%
Municipals	6.99	2.65%	1.64%	8.73%	4.83%

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.

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TAB II

Executive Summary

PORTFOLIO STRATEGY

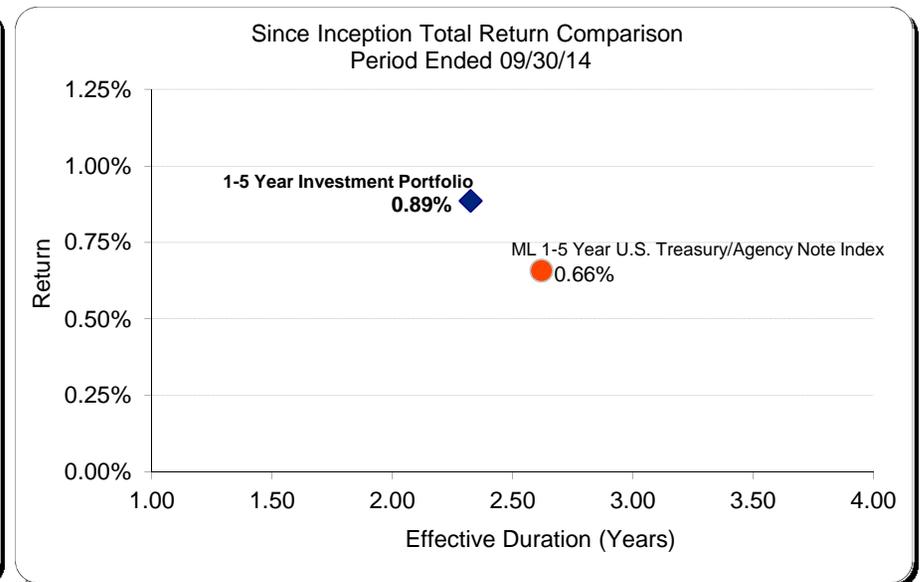
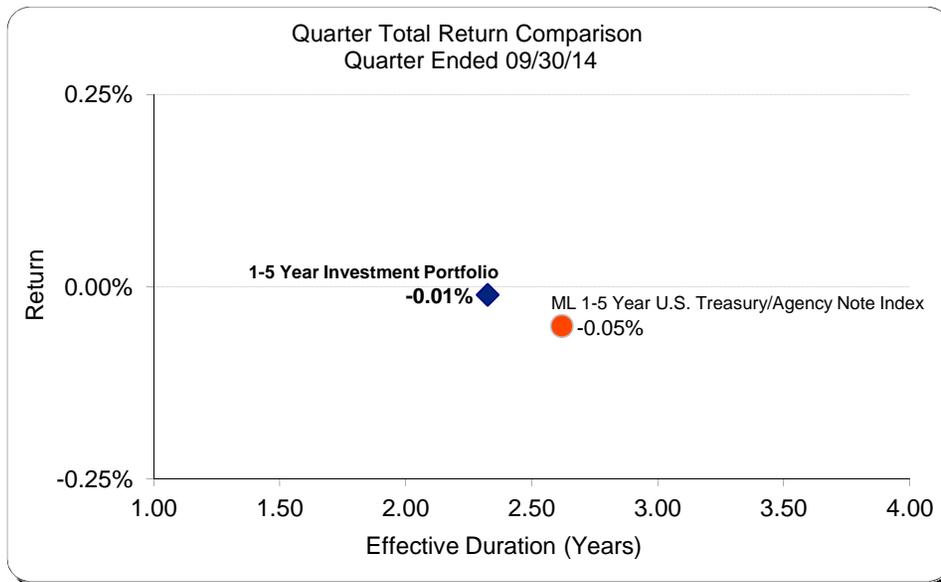
- The Town's 1-5 Year Investment and Bond Proceed Portfolios are of high credit quality and invested in U.S. Treasury, Federal Agency, high quality corporate, municipal, commercial paper securities, and money market mutual funds.
- PFM continued to actively manage the 1-5 Year Investment Portfolio during the third quarter and found value in the market, taking advantage of market inefficiencies or changes in economic outlook. As a result, the Portfolio realized \$10,217 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 -0.01% outperformed the benchmark's performance of -0.05% by 0.04%. Over the past year, the Portfolio earned 0.85%, versus 0.67% for the benchmark.
- 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 0.29%, exceeding the Yield to Maturity of its benchmark the S&P GIP Government 30 Day Index by 20 basis points (0.20%).
- Our duration strategy remained defensive throughout the quarter, driven largely by our positive assessment of U.S. economic conditions and the expected market reaction to an eventual change in Federal Reserve monetary policy. We sought, and capitalized on, opportunities to modestly extend portfolio duration when rates moved toward the higher end of recent trading ranges.
- Yield spreads between U.S. Agencies and similar maturity U.S. Treasuries temporarily deviated from their recent tightening trend, presenting a brief yet attractive opportunity to add exposure to Agencies of various maturities. Where feasible, we swapped out of Treasuries and into Agencies to capture higher yields.
- The yield curve remains steep by historical standards, which means longer maturities continue to benefit from the favorable impact of "roll-down." The steep curve also increases the opportunity cost associated with maintaining liquid balances at near zero short-term rates. Our strategy has been to minimize excess liquidity, maintain a reasonable balance between liquid assets and longer term "core" investments, and carefully manage duration to mitigate exposure to potentially rising rates.
- As economic data continues to signal a prospering U.S. economy, we believe the Federal Reserve will reduce the significant monetary support that has driven capital markets for the past 6 years. The Fed will conclude its large-scale asset purchase program in October, after which all eyes will turn to the FOMC's main policy tool – the Fed Funds Rate – and the potential timing and magnitude of expected rate hikes in 2015.
- PFM will continue to navigate the market environment with a keen focus on relative value sector analysis, prudent duration management, and efficient yield curve placement. While producing strong investment returns remains a priority, it is secondary to maintaining safety and liquidity, particularly in the current environment where we expect yields to trend higher.

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

Total Portfolio Value ¹	September 30, 2014	June 30, 2014
Market Value	\$17,988,633.31	\$17,990,477.30
Amortized Cost	\$18,003,370.00	\$17,953,722.74

Total Return ^{2,3,4}	Quarterly Return September 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)	-0.01%	0.50%	0.85%	0.46%	0.89%	0.89%
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	-0.05%	0.50%	0.67%	0.33%	0.66%	0.66%

Effective Duration (Years) ^{4,5}	September 30, 2014	June 30, 2014	Yields	September 30, 2014	June 30, 2014
1-5 Year Investment Portfolio (Actively Managed)	2.33	2.43	Yield at Market	0.90%	0.76%
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	2.62	2.63	Yield at Cost	0.91%	0.88%
Portfolio Duration % of Benchmark Duration	89%	92%			

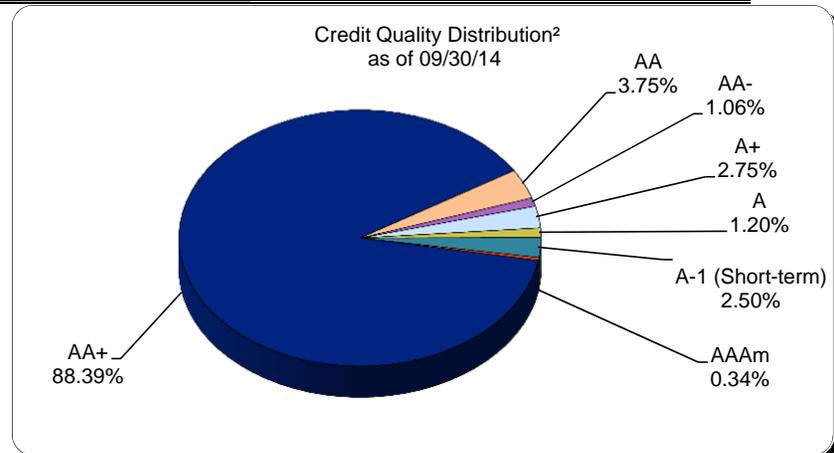
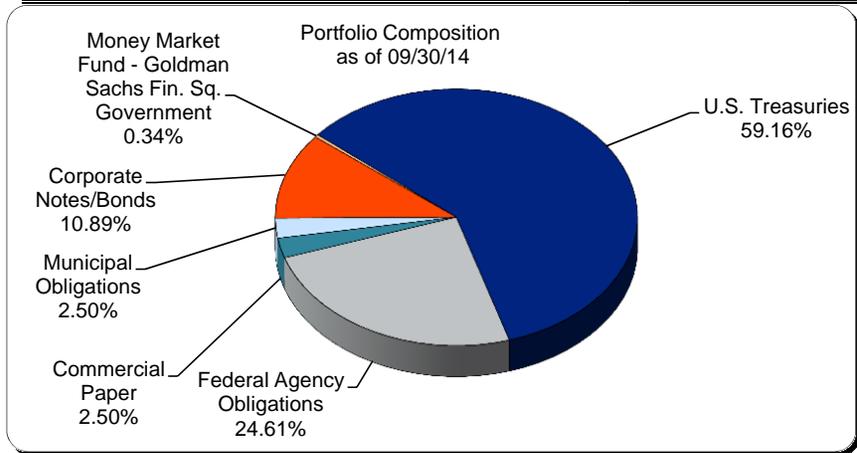


Notes:

- 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.
- 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.
- Since Inception the benchmark has been the Merrill Lynch 1-5 Year U.S. Treasury/Agency Note Index.
- Merrill Lynch Indices provided by Bloomberg Financial Markets.
- 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, 2014</u>	<u>% of Portfolio</u>	<u>June 30, 2014</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$10,642,971.16	59.2%	\$10,256,846.30	57.0%
Federal Agencies	4,426,117.03	24.6%	4,654,083.12	25.9%
Commercial Paper	449,790.75	2.5%	449,493.30	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	449,716.50	2.5%	449,696.25	2.5%
Corporate Notes/Bonds	1,958,356.67	10.9%	2,092,834.34	11.6%
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	61,681.20	0.3%	87,523.99	0.5%
Totals	\$17,988,633.31	100.0%	\$17,990,477.30	100.0%

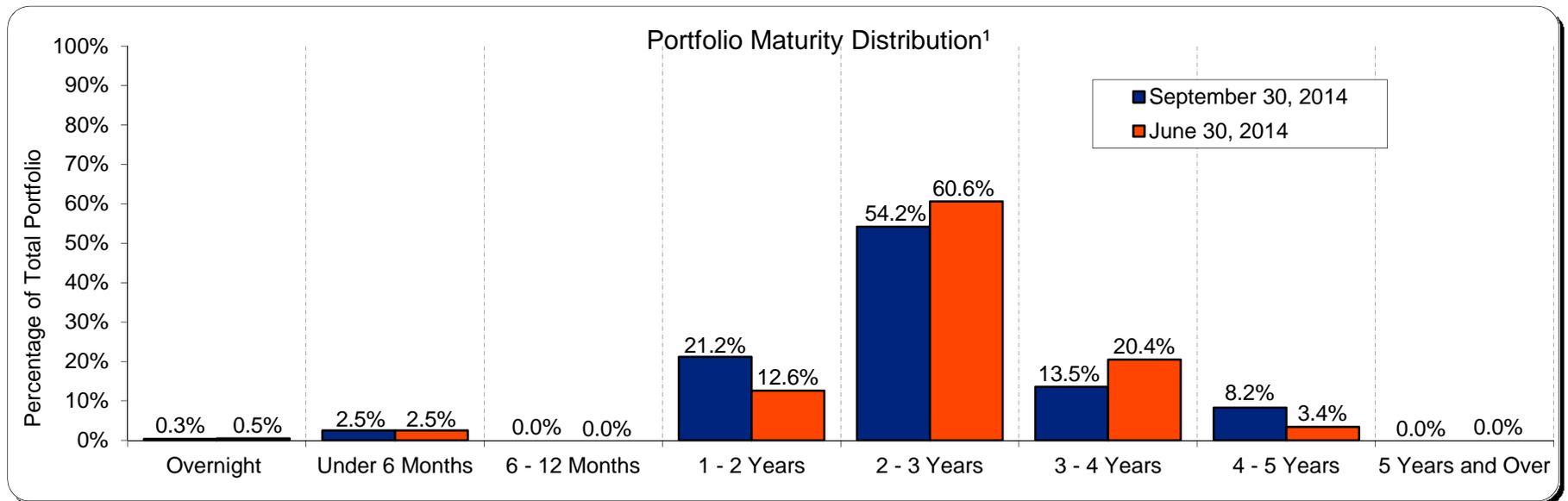


Notes:

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

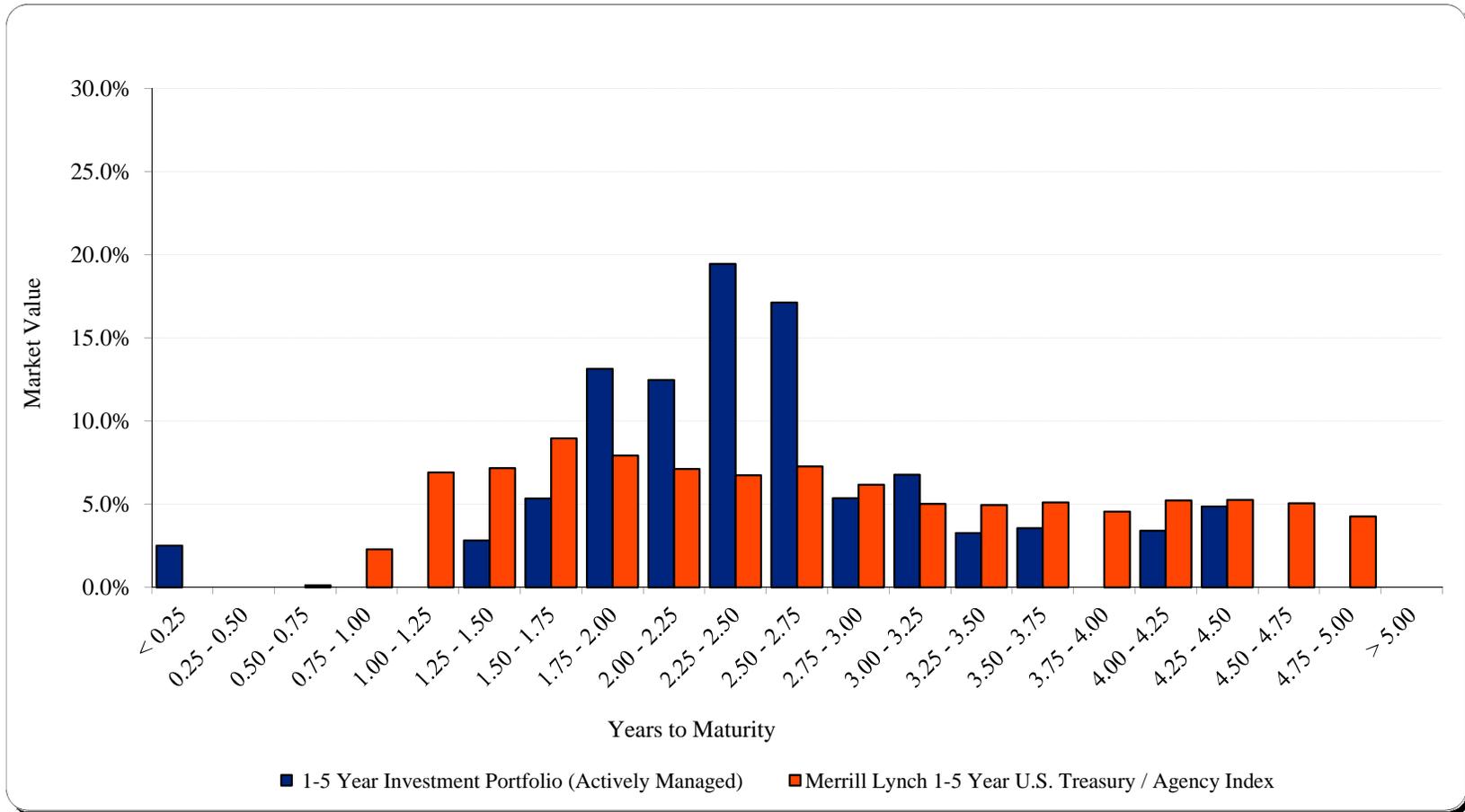
<u>Maturity Distribution</u> ¹	<u>September 30, 2014</u>	<u>June 30, 2014</u>
Overnight (Money Market Fund)	\$61,681.20	87,523.99
Under 6 Months	449,790.75	449,493.30
6 - 12 Months	0.00	0.00
1 - 2 Years	3,811,439.62	2,259,130.90
2 - 3 Years	9,749,776.67	10,908,218.27
3 - 4 Years	2,435,075.29	3,676,032.84
4 - 5 Years	1,480,869.78	610,078.00
5 Years and Over	0.00	0.00
Totals	\$17,988,633.31	\$17,990,477.30



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, 2014</u>	<u>Amortized Cost^{1,2,3} June 30, 2014</u>	<u>Market Value^{1,2,3} September 30, 2014</u>	<u>Market Value^{1,2,3} June 30, 2014</u>	<u>Duration (Years)⁴ September 30, 2014</u>
Short Term Fund - 4245	N/A	N/A	N/A	N/A	N/A
2010A CIP Fund - 4255	N/A	N/A	N/A	N/A	N/A
2013 Bond Fund - 4265	50,510,896.00	53,714,452.79	50,493,945.18	53,721,505.24	1.34
Money Market Fund - PFM Funds Prime Series Excess Funds - 174	13,316,180.21	17,313,857.77	13,316,180.21	17,313,857.77	55 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 179	N/A	81,964.40	N/A	81,964.40	N/A
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180	5,973,218.69	1,384,325.86	5,973,218.69	1,384,325.86	55 Days
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	6,708,500.05	4,264,665.71	6,708,500.05	4,264,665.71	55 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	N/A	\$266.61	N/A	\$266.61	N/A
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	N/A	7,063,842.15	N/A	7,063,842.15	N/A
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2013 Bond Fund	54,213.83	48,244.83	54,213.83	48,244.83	57 Days
Total	\$76,563,008.78	\$83,871,620.12	\$76,546,057.96	\$83,878,672.57	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ September 30, 2014</u>	<u>Yield to Maturity at Cost⁵ June 30, 2014</u>	<u>Yield to Maturity at Market September 30, 2014</u>	<u>Yield to Maturity at Market June 30, 2014</u>	<u>Duration (Years)⁴ June 30, 2014</u>
Short Term Fund - 4245	N/A	N/A	N/A	N/A	N/A
2010A CIP Fund - 4255	N/A	N/A	N/A	N/A	N/A
2013 Bond Fund - 4265	0.41%	0.40%	0.39%	0.36%	1.45
Money Market Fund - PFM Funds Prime Series Excess Funds - 174 ⁶	0.07%	0.07%	0.07%	0.07%	47 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 179 ⁶	N/A	0.07%	N/A	0.07%	47 Days
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180 ⁶	0.07%	0.07%	0.07%	0.07%	47 Days
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	0.07%	0.07%	0.07%	0.07%	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	N/A	0.01%	N/A	0.01%	40 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	N/A	0.01%	N/A	0.01%	40 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2013 Bond Fund	0.01%	0.01%	0.01%	0.01%	40 Days
Weighted Average Yield	0.29%	0.28%	0.28%	0.25%	

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

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, 2014</u>	<u>Amortized Cost^{1,2,3} June 30, 2014</u>	<u>Market Value^{1,2,3} September 30, 2014</u>	<u>Market Value^{1,2,3} June 30, 2014</u>	<u>Duration (Years)⁴ September 30, 2014</u>
Short Term Fund - 4245	N/A	N/A	N/A	N/A	N/A
Money Market Fund - PFM Funds Prime Series Excess Funds - 174	13,316,180.21	17,313,857.77	13,316,180.21	17,313,857.77	55 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	N/A	266.61	N/A	266.61	N/A
Total	\$13,316,180.21	\$17,314,124.38	\$13,316,180.21	\$17,314,124.38	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ September 30, 2014</u>	<u>Yield to Maturity at Cost⁶ June 30, 2014</u>	<u>Yield to Maturity at Market September 30, 2014</u>	<u>Yield to Maturity at Market June 30, 2014</u>	<u>Duration (Years) June 30, 2014</u>
Short Term Fund - 4245	N/A	N/A	N/A	N/A	N/A
Money Market Fund - PFM Funds Prime Series Excess Funds - 174 ⁶	0.07%	0.07%	0.07%	0.07%	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	N/A	0.01%	N/A	0.01%	40 Days
Weighted Average Yield	0.07%	0.07%	0.07%	0.07%	

Benchmarks

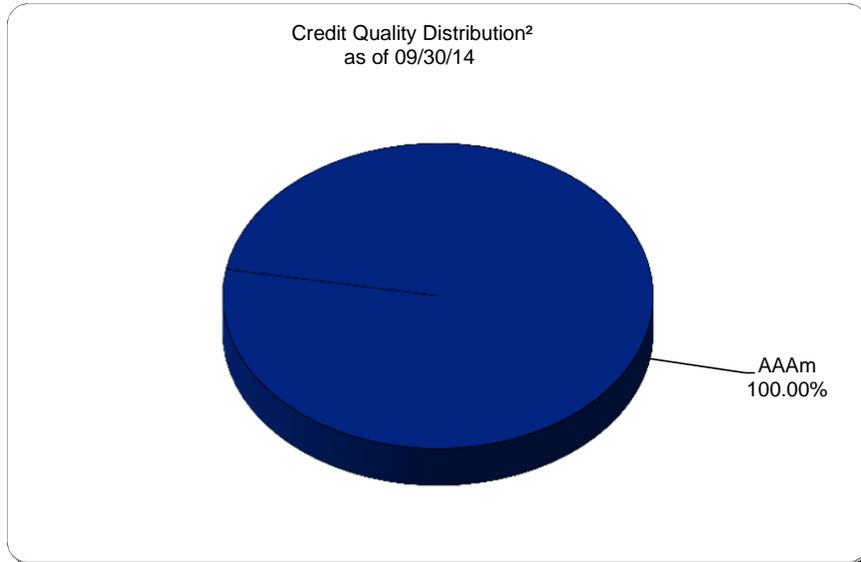
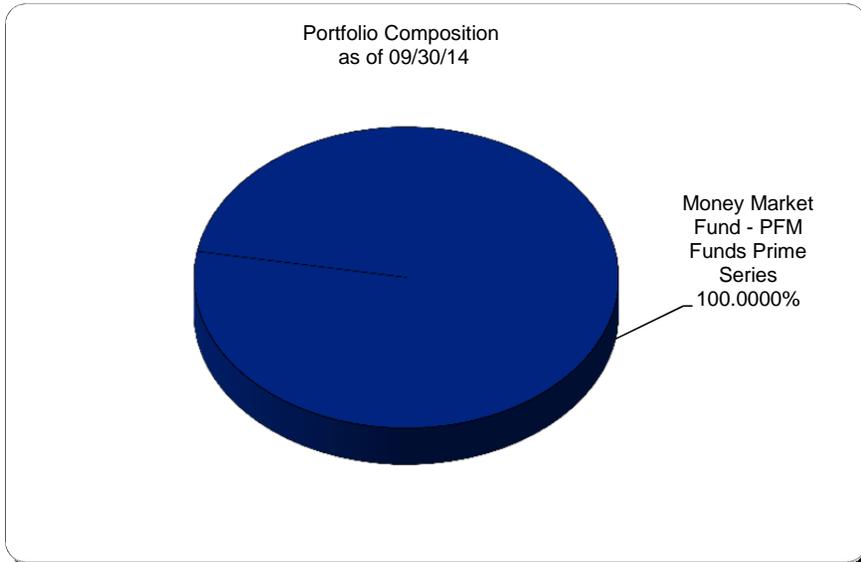
	<u>September 30, 2014</u>	<u>June 30, 2014</u>
S&P GIP Government 30 Day Index ⁷	0.09%	0.09%

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 yields, source Bloomberg.

Short Term Fund Portfolio Composition and Credit Quality Characteristics

<u>Security Type¹</u>	<u>September 30, 2014</u>	<u>% of Portfolio</u>	<u>June 30, 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%	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	0.00	0.0%	0.00	0.0%
Money Market Fund - Goldman Sachs Fin. Sq. Government	0.00	0.0%	266.61	0.0%
Money Market Fund - PFM Funds Prime Series	13,316,180.21	100.0%	17,313,857.77	100.00%
Totals	\$13,316,180.21	100.0%	\$17,314,124.38	100.0%

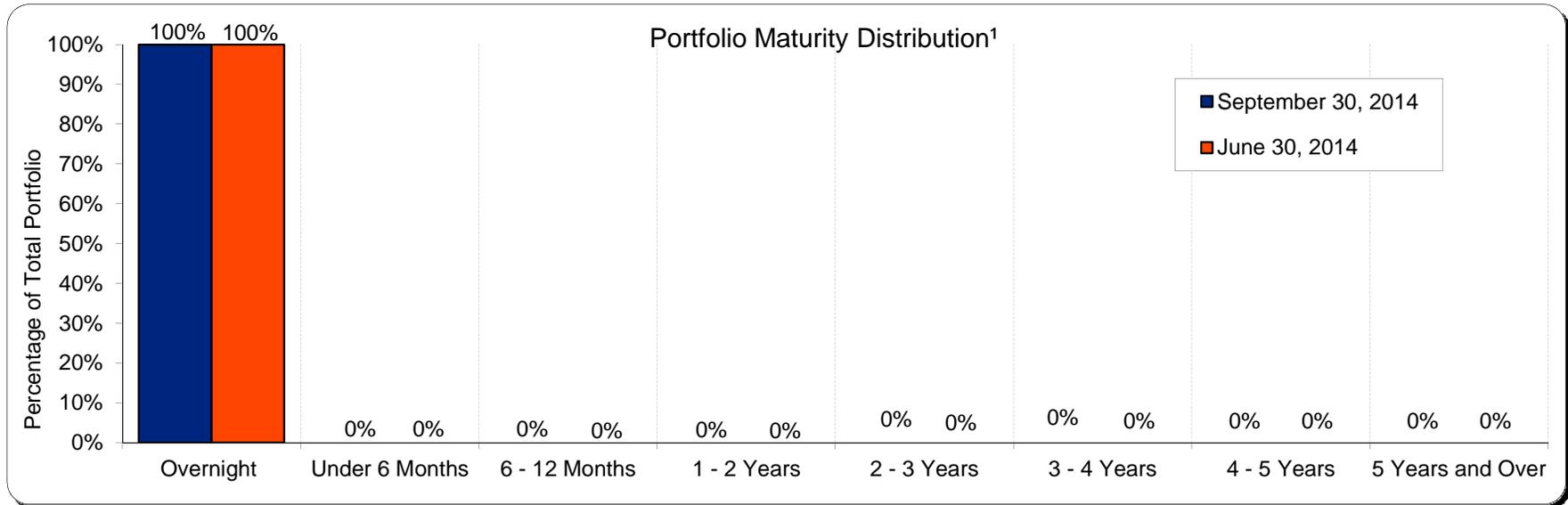


Notes:

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>September 30, 2014</u>	<u>June 30, 2014</u>
Overnight (Money Market Fund)	\$13,316,180.21	\$17,314,124.38
Under 6 Months	0.00	0.00
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	\$13,316,180.21	\$17,314,124.38



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, 2014</u>	<u>Amortized Cost^{1,2,3} June 30, 2014</u>	<u>Market Value^{1,2,3} September 30, 2014</u>	<u>Market Value^{1,2,3} June 30, 2014</u>	<u>Duration (Years)⁴ September 30, 2014</u>
CIP Fund - 4255	N/A	N/A	N/A	N/A	N/A
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180	5,973,218.69	1,384,325.86	5,973,218.69	1,384,325.86	55 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	N/A	7,063,842.15	N/A	7,063,842.15	N/A
Total	\$5,973,218.69	\$8,448,168.01	\$5,973,218.69	\$8,448,168.01	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ September 30, 2014</u>	<u>Yield to Maturity at Cost⁵ June 30, 2014</u>	<u>Yield to Maturity at Market September 30, 2014</u>	<u>Yield to Maturity at Market June 30, 2014</u>	<u>Duration (Years) June 30, 2014</u>
CIP Fund - 4255	N/A	N/A	N/A	N/A	N/A
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180 ⁶	0.07%	0.07%	0.07%	0.07%	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.01%	0.01%	0.01%	0.01%	40 Days
Weighted Average Yield	0.07%	0.02%	0.07%	0.02%	

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

Notes:

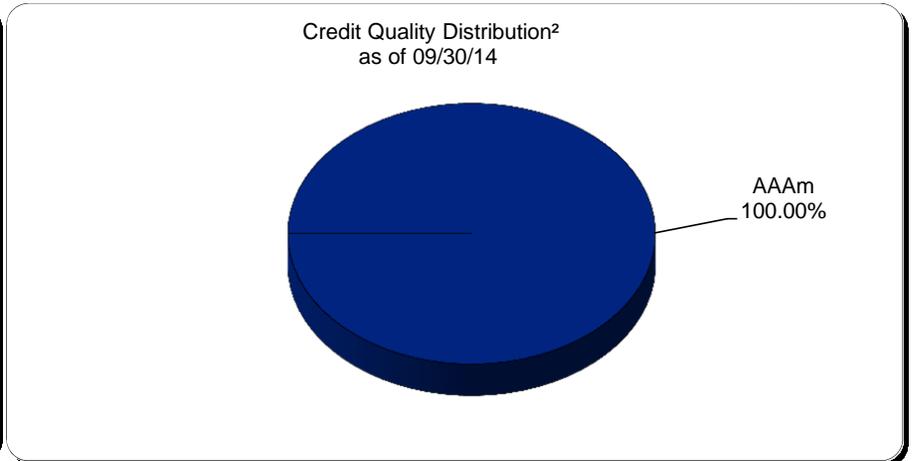
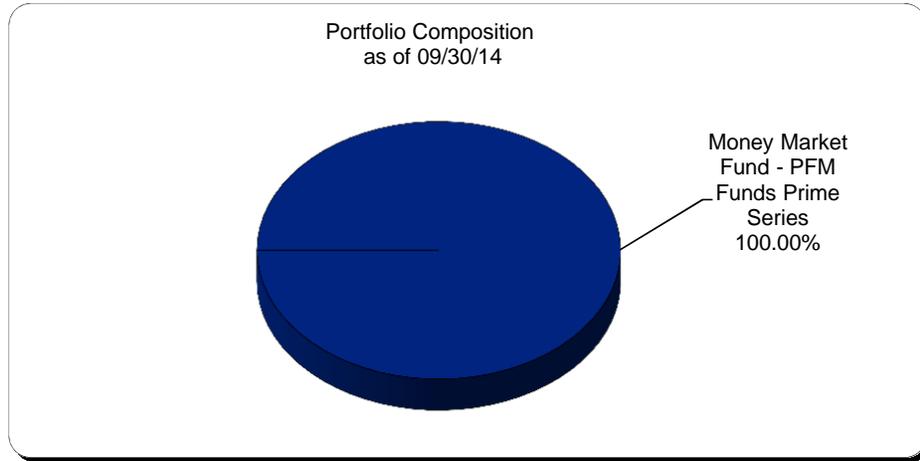
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.
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>September 30, 2014</u>	<u>% of Portfolio</u>	<u>June 30, 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%	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	0.00	0.0%	0.00	0.0%
Money Market Fund - Goldman Sachs Fin. Sq. Government	0.00	0.0%	7,063,842.15	83.6%
Money Market Fund - PFM Funds Prime Series	5,973,218.69	100.0%	1,384,325.86	16.4%
Totals	\$5,973,218.69	100.0%	\$8,448,168.01	100.0%

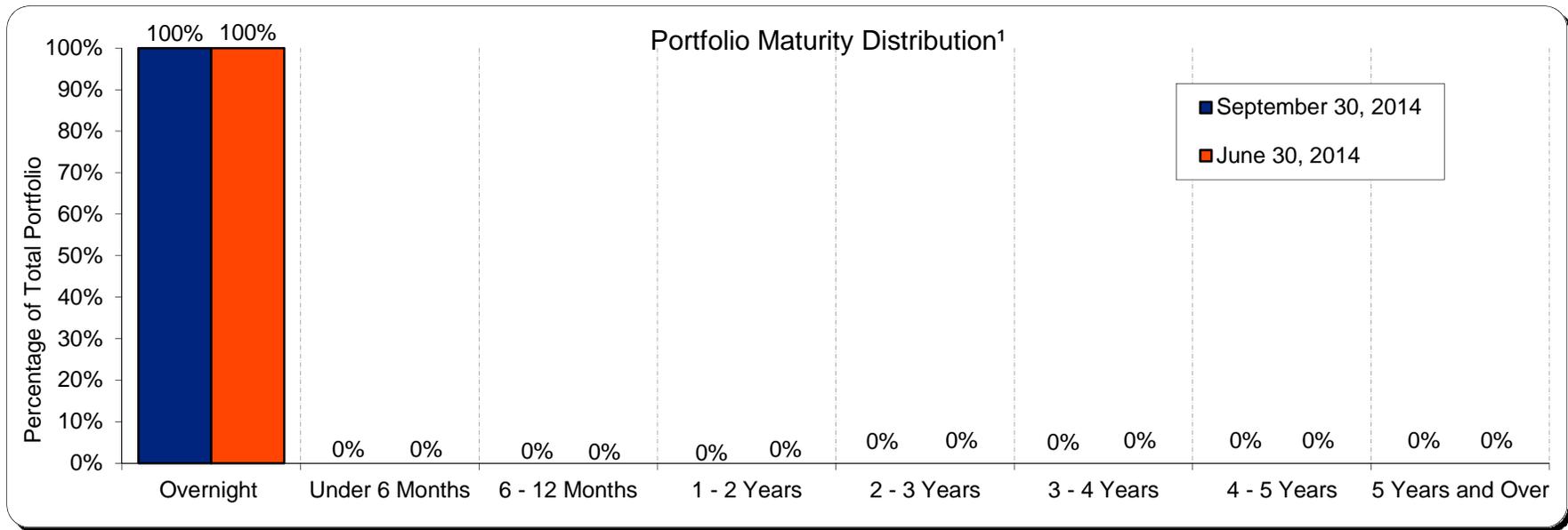


Notes:

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, 2014</u>	<u>June 30, 2014</u>
Overnight (Money Market Fund)	\$5,973,218.69	\$8,448,168.01
Under 6 Months	0.00	0.00
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	\$5,973,218.69	\$8,448,168.01



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} September 30, 2014</u>	<u>Amortized Cost^{1,2,3} June 30, 2014</u>	<u>Market Value^{1,2,3} September 30, 2014</u>	<u>Market Value^{1,2,3} June 30, 2014</u>	<u>Duration (Years)⁴ September 30, 2014</u>
2013 Bond Fund - 4265	\$50,510,896.00	\$53,714,452.79	\$50,493,945.18	\$53,721,505.24	1.34
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	6,708,500.05	4,264,665.71	6,708,500.05	4,264,665.71	55 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	54,213.83	48,244.83	54,213.83	48,244.83	57 Days
Total	\$57,273,609.88	\$58,027,363.33	\$57,256,659.06	\$58,034,415.78	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ September 30, 2014</u>	<u>Yield to Maturity at Cost⁵ June 30, 2014</u>	<u>Yield to Maturity at Market September 30, 2014</u>	<u>Yield to Maturity at Market June 30, 2014</u>	<u>Duration (Years) June 30, 2014</u>
2013 Bond Fund - 4265	0.41%	0.40%	0.39%	0.36%	1.45
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357 ⁶	0.07%	0.07%	0.07%	0.07%	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.01%	0.01%	0.01%	0.01%	40 Days
Weighted Average Yield	0.37%	0.38%	0.35%	0.34%	

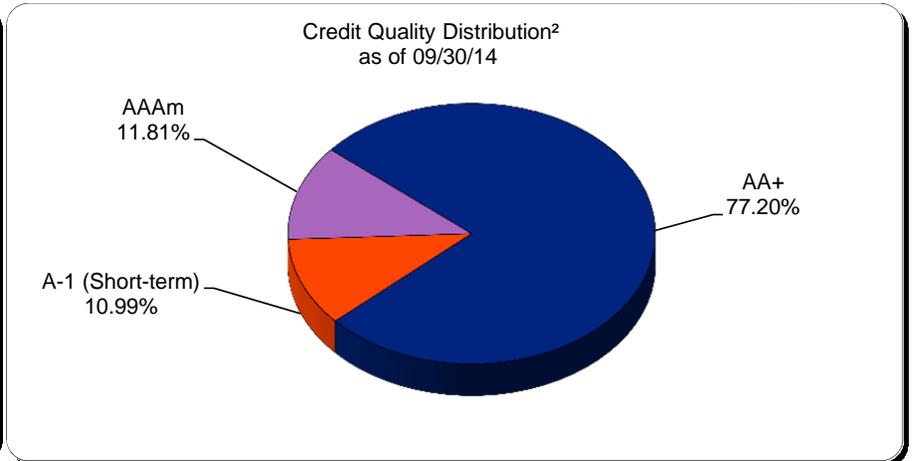
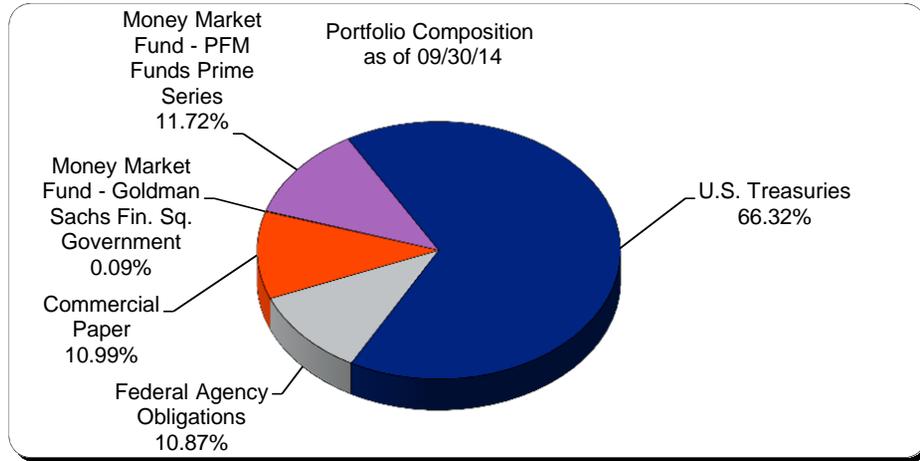
<u>Benchmarks</u>	<u>September 30, 2014</u>	<u>June 30, 2014</u>
S&P GIP Government 30 Day Index ⁷	0.09%	0.09%

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 Type</u> ¹	<u>September 30, 2014</u>	<u>% of Portfolio</u>	<u>June 30, 2014</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$37,974,297.65	66.3%	\$38,001,120.81	65.5%
Federal Agencies	6,226,556.53	10.9%	6,223,924.03	10.7%
Commercial Paper	6,293,091.00	11.0%	9,496,460.40	16.4%
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%	0.00	0.0%
Money Market Fund - Goldman Sachs Fin. Sq. Government	54,213.83	0.1%	48,244.83	0.1%
Money Market Fund - PFM Funds Prime Series	6,708,500.05	11.7%	4,264,665.71	7.3%
Totals	\$57,256,659.06	100.0%	\$58,034,415.78	100.0%

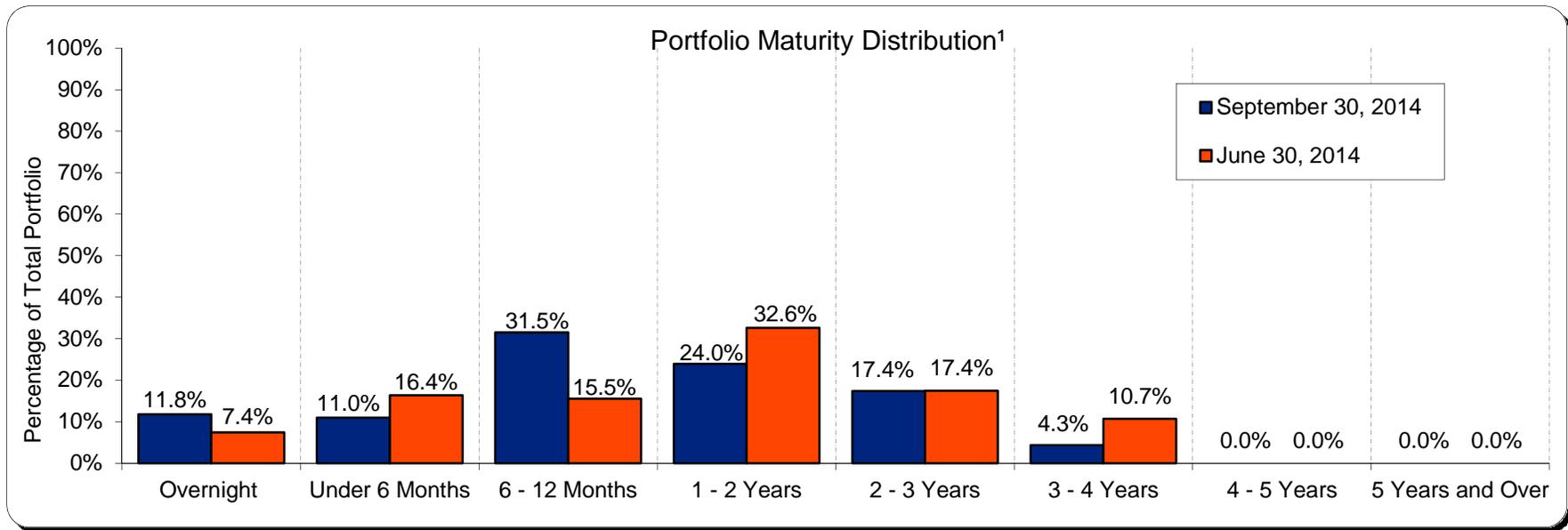


Notes:

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.

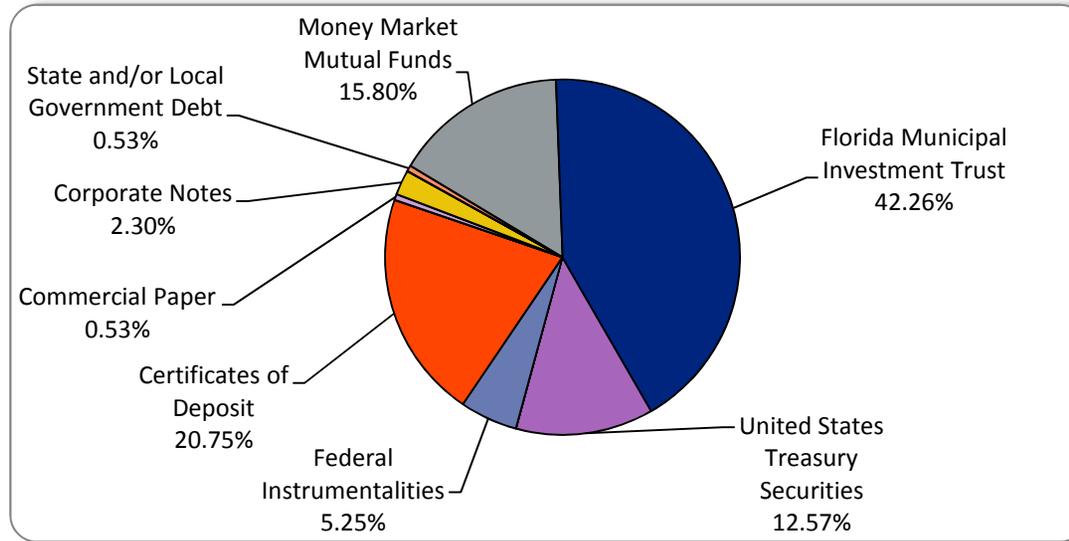
2013 Bond Fund Portfolio Maturity Distribution

<u>Maturity Distribution¹</u>	<u>September 30, 2014</u>	<u>June 30, 2014</u>
Overnight (Money Market Fund)	\$6,762,713.88	\$4,312,910.54
Under 6 Months	6,293,091.00	9,496,460.40
6 - 12 Months	18,035,490.28	9,014,123.64
1 - 2 Years	13,714,248.94	18,899,646.15
2 - 3 Years	9,965,416.56	10,117,360.99
3 - 4 Years	2,485,698.40	6,193,914.06
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	\$57,256,659.06	\$58,034,415.78



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	10,643,729.12	12.57%		100%	YES
United States Government Agency Securities	-	0.00%		50%	YES
Federal Instrumentalities	4,448,441.22	5.25%		80%	YES
Certificates of Deposit	17,565,773.00	20.75%		50%	YES
Repurchase Agreements	-	0.00%		50%	YES
Commercial Paper	449,758.50	0.53%		25%	YES
Corporate Notes	1,949,015.13	2.30%	2	25%	YES
Bankers' Acceptances	-	0.00%		35%	YES
State and/or Local Government Debt	450,744.83	0.53%		20%	YES
Money Market Mutual Funds	13,377,861.41	15.80%		50%	YES
Florida Municipal Investment Trust	35,783,931.00	42.26%	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 0.83% 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)	825,223.26	0.97%		30%	YES
Federal National Mortgage Association (FNMA)	1,807,447.16	2.13%		30%	YES
Federal Home Loan Mortgage Corporation (FHLMC)	1,815,770.80	2.14%		30%	YES
Bank of Tokyo Mitsubishi Commercial Paper	449,758.50	0.53%		15%	YES
General Electric Corporate Notes	826,097.49	0.98%		5%	YES
American Honda Corporate Notes	140,430.83	0.17%		5%	YES
Wal-Mart Corporate Notes	125,308.77	0.15%		5%	YES
Toyota Corporate Notes	190,523.28	0.23%		5%	YES
Wells Fargo & Company Corporate Notes	350,541.89	0.41%		5%	YES
John Deere Corporate Notes	215,880.51	0.25%		5%	YES
Coca-Cola Corporate Notes	100,232.36	0.12%		5%	YES
Regional Trans Authority, IL Taxable Revenue Bonds	450,744.83	0.53%		20%	YES
Money Market Fund - PFM Funds Prime Series #174	13,316,180.21	15.73%		25%	YES
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	61,681.20	0.07%	5	25%	YES
FMIvT 1-3	24,687,571.00	29.16%	3	50%	YES
FMIvT Intermediate	11,096,360.00	13.11%	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 0.83% 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. The 2010A account did not have a cash balance as of September 30th.

* 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.