



Town of Palm Beach, Florida



Investment Performance Review Quarter Ended June 30, 2015

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June 30, 2015 PFM Month-End Statement

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

PFM Funds June 30, 2015 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

- Throughout the quarter, improving U.S. economic conditions contrasted with global economic uncertainty, particularly the deteriorating negotiations between Greece and its international creditors, which came to a vital impasse at the end of the quarter.
- Market participants continued to weigh the impact that adverse global economic conditions would have on the interest rate setting policies of the Federal Open Market Committee (FOMC).

Economic Snapshot

- For the first quarter of 2015, gross domestic product (GDP) declined by 0.2%. While estimates initially reflected a larger decline, increases in consumer spending and inventories contributed to the upward revision.
- The U.S. labor market continued to improve, as the unemployment rate fell from 5.5% in March to 5.3% in June. While robust headline job creation continued, some of the underlying metrics related to employment—particularly wage growth—were weak.
- The housing market strengthened, as reflected by improvements in the pace of pending home sales, building permits, new-home sales, and housing starts.
- Greek-related tensions grew as the troubled nation missed a payment of 1.6 billion euros to the International Monetary Fund (IMF), and Greek voters overwhelmingly rejected austerity measures demanded by creditors as a condition for further financial assistance. These actions leave open the possibility that Greece would abandon the euro and even leave the eurozone.

Interest Rates

- The FOMC kept the federal funds target rate unchanged for the quarter. While the FOMC's statement left open the possibility of an interest rate increase in the latter half of 2015, this policy decision will depend on labor market conditions and inflation expectations.

- The timing for a potential interest rate hike became more uncertain at the end of the quarter due to the potential for the Greek debt crisis to affect the overall global economy.
- Treasury yields reacted differently across the curve. Yields for short maturities rose only modestly (two- and three-year Treasuries ended the quarter up 0.06% and 0.09%, respectively) while yields for intermediate and longer maturities had sizeable increases (five- and 10-year Treasuries ended the quarter higher by 0.24% and 0.40%, respectively).

Sector Performance

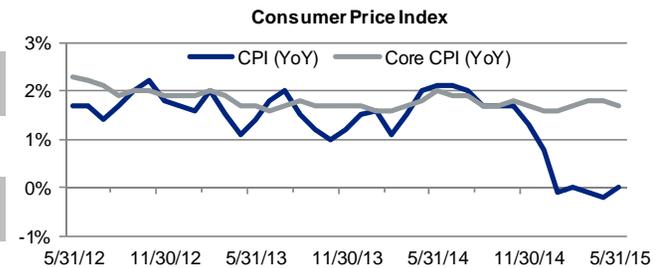
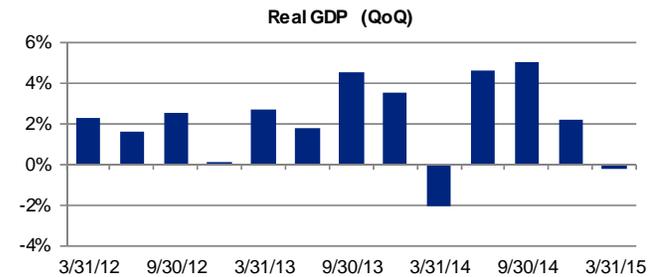
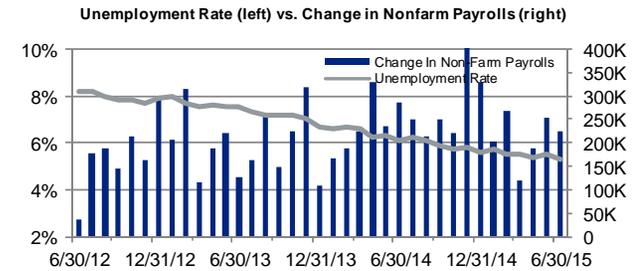
- Benchmark Treasury indices for shorter-maturity securities ended the quarter slightly positive, as more than sufficient income was generated to overcome the limited decrease in market value that resulted from the rise in yields. Longer maturities did not perform as well because they had significantly larger rate increases.
- Yield spreads for Federal Agency securities fluctuated within their historically low ranges for the quarter; as a result, the sector's performance was relatively flat when compared to Treasuries.
- Corporate securities underperformed government issues as yield spreads widened throughout the quarter; bonds with higher credit quality underperformed the most.
- Within the mortgage-backed securities (MBS) sector, structure and coupon were the major determinants of performance for the quarter. Higher-coupon structures were the strongest performers on both an absolute return and relative return basis (compared to similar-duration Treasuries).
- Asset-backed securities (ABS) were among the stronger-performing sectors, as their superior income and limited sensitivity to changes in interest rates fared well in what was a volatile market environment.

Economic Snapshot

Labor Market		Latest	Mar 2015	Jun 2014
Unemployment Rate	Jun'15	5.3%	5.5%	6.1%
Change In Non-Farm Payrolls	Jun'15	223,000	119,000	286,000
Average Hourly Earnings (YoY)	Jun'15	2.0%	2.1%	2.0%
Personal Income (YoY)	May'15	4.4%	4.0%	3.7%
Initial Jobless Claims (week)	7/2/15	281,000	267,000	313,000

Growth				
Real GDP (QoQ SAAR)	2015Q1	-0.2%	2.2% ¹	-2.1% ²
GDP Personal Consumption (QoQ SAAR)	2015Q1	2.1%	4.4% ¹	1.2% ²
Retail Sales (YoY)	May'15	2.7%	2.1%	4.3%
ISM Manufacturing Survey (month)	Jun'15	53.5	51.5	55.7
Existing Home Sales SAAR (month)	May'15	5.35 mil.	5.21 mil.	5.01 mil.

Inflation / Prices				
Personal Consumption Expenditures (YoY)	May'15	0.2%	0.3%	1.6%
Consumer Price Index (YoY)	May'15	0.0%	-0.1%	2.1%
Consumer Price Index Core (YoY)	May'15	1.7%	1.8%	1.9%
Crude Oil Futures (WTI, per barrel)	Jun 30	\$59.47	\$47.60	\$105.37
Gold Futures (oz.)	Jun 30	\$1,172	\$1,183	\$1,322



Source: Bloomberg

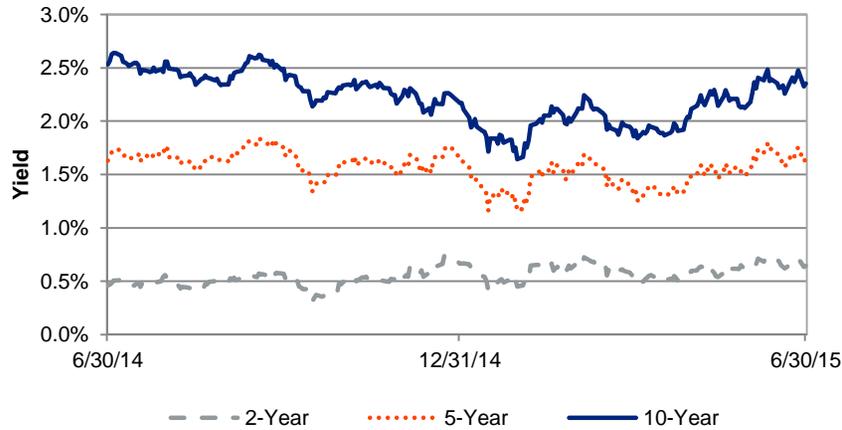
1. Data as of Fourth Quarter 2014

2. Data as of First Quarter 2014

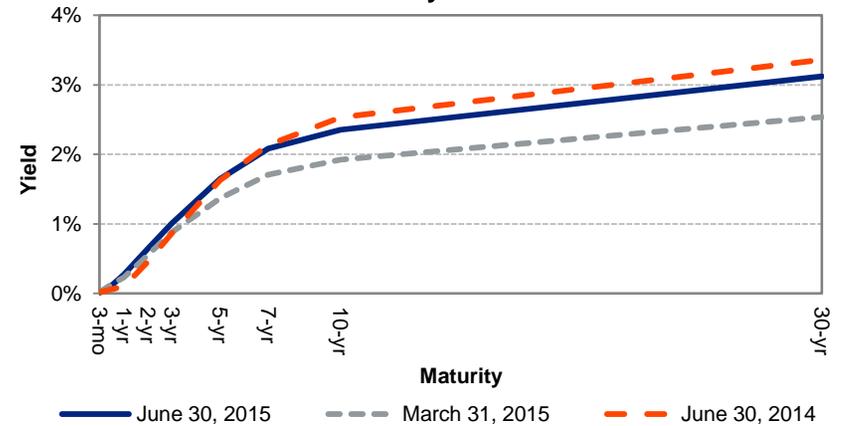
Note: YoY = year over year, QoQ = quarter over quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil

Investment Rate Overview

U.S. Treasury Note Yields



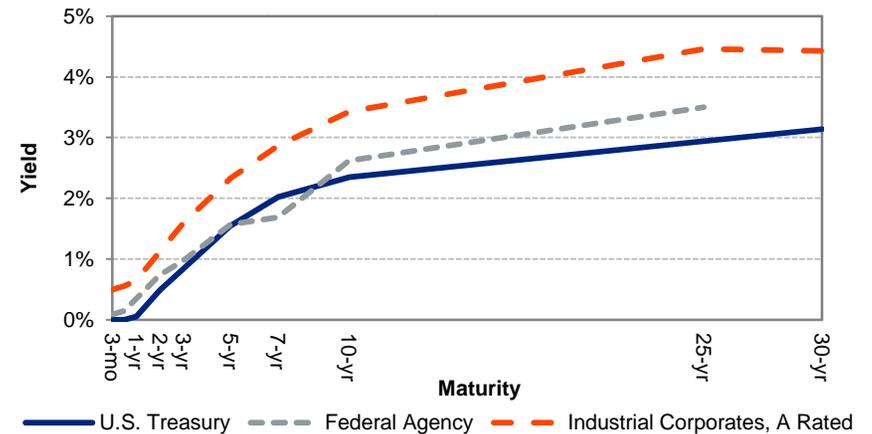
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	6/30/15	3/31/15	Change over Quarter	6/30/14	Change over Year
3-month	0.01%	0.02%	(0.01%)	0.02%	(0.01%)
1-year	0.27%	0.23%	0.04%	0.10%	0.17%
2-year	0.65%	0.56%	0.09%	0.46%	0.19%
5-year	1.65%	1.37%	0.28%	1.63%	0.02%
10-year	2.35%	1.92%	0.43%	2.53%	(0.18%)
30-year	3.12%	2.54%	0.58%	3.36%	(0.24%)

Yield Curves as of 6/30/2015



Source: Bloomberg

BofA Merrill Lynch Index Returns

	As of 6/30/2015		Returns for Periods ended 6/30/2015		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.87	0.63%	0.15%	0.88%	0.66%
Federal Agency	1.74	0.76%	0.16%	0.99%	0.73%
U.S. Corporates, A-AAA rated	2.05	1.45%	0.08%	1.02%	1.76%
Agency MBS (0 to 3 years)	1.93	1.53%	(0.07%)	0.62%	0.96%
Municipals	1.79	0.86%	0.01%	0.40%	0.80%
1-5 Year Indices					
U.S. Treasury	2.70	0.93%	0.02%	1.38%	0.83%
Federal Agency	2.18	0.96%	0.09%	1.31%	0.94%
U.S. Corporates, A-AAA rated	2.81	1.80%	(0.13%)	1.45%	2.36%
Agency MBS (0 to 5 years)	3.34	2.10%	(0.46%)	1.58%	1.68%
Municipals	2.54	1.13%	(0.01%)	0.62%	1.13%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.04	1.56%	(1.84%)	2.59%	0.94%
Federal Agency	3.71	1.41%	(0.66%)	2.11%	1.28%
U.S. Corporates, A-AAA rated	6.68	2.89%	(2.59%)	1.75%	3.04%
Agency MBS (0 to 30 years)	4.65	2.60%	(0.79%)	2.16%	1.87%
Municipals	6.93	2.63%	(0.97%)	3.10%	3.21%

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

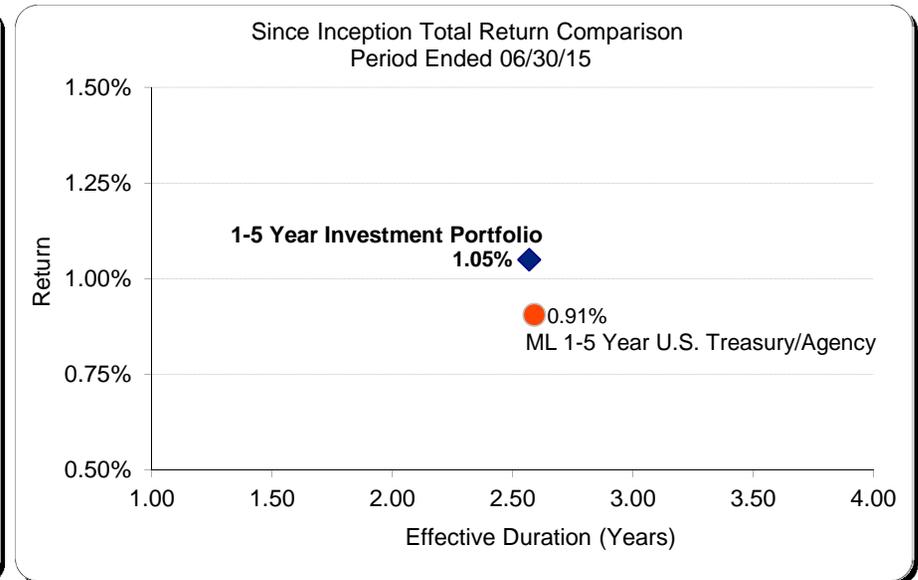
- The Town's 1-5 Year Investment and Bond Proceed Portfolios are of high credit quality and invested in U.S. Treasury, Federal Agency, high quality corporate, and municipal securities, and money market mutual funds.
- PFM continued to actively manage the 1-5 Year Investment Portfolio during the second quarter and found value in the market, taking advantage of market inefficiencies or changes in economic outlook. As a result, the Portfolio realized \$9,430 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 -0.03% underperformed the benchmark performance of 0.03% by 0.06. This slight underperformance is attributed to the portfolio being overweight in the 4.25 year area of the yield curve. As the yield curve steepened over the quarter, performance was negatively impacted in the 4.25 year space. A flight to quality occurred at the end of the quarter as a result of turmoil in Greece. Spreads widened causing other sectors besides agencies and treasuries to perform poorly. Since the macroeconomic issue has stabilized, spread product should provide additional benefit going forward.
- 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 0.42%, exceeding the Yield to Maturity of its benchmark the S&P GIP Government 30 Day Index by 28 basis points (0.28%).
- Improving employment statistics in the U.S. suggest that an increase in the benchmark Federal Funds rate may be appropriate soon. However, stubbornly low inflation remains a concern for the Federal Reserve policy makers. Market participants still expect the FOMC to initiate at least one rate hike in 2015, but the pace of subsequent increases is likely to be gradual.
- Recovering U.S. economic conditions, heightened geopolitical uncertainty, and expectations that the FOMC will tighten monetary policy slowly should keep rates in their current ranges in the coming months, with a modest bias towards slightly higher levels. Based on this expectation, we will maintain the portfolio's duration near the duration of the benchmark's duration.
- Our strategy will be to focus on identifying relative value from among the full range of investment options. We will pay careful attention to sector allocation, yield curve placement, credit market dynamics, and individual security selection. These factors will likely be key drivers of performance in an uncertain rate environment.
- 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	June 30, 2015	March 31, 2015
Market Value	\$18,218,317.99	\$18,223,614.39
Amortized Cost	\$18,180,499.15	\$18,119,242.87

Total Return ^{2,3,4}	Quarterly Return June 30, 2015	Last 6 Months	Last 12 Months	Last 2 Years	Last 3 Years	Since Inception September 30, 2011
1-5 Year Investment Portfolio (Actively Managed)	-0.03%	0.84%	1.27%	1.34%	0.91%	1.05%
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	0.03%	0.94%	1.37%	1.28%	0.85%	0.91%

Effective Duration (Years) ^{4,5}	June 30, 2015	March 31, 2015	Yields	June 30, 2015	March 31, 2015
1-5 Year Investment Portfolio (Actively Managed)	2.57	2.67	Yield at Market	1.04%	0.94%
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	2.59	2.58	Yield at Cost	1.18%	1.16%
Portfolio Duration % of Benchmark Duration	99%	103%			

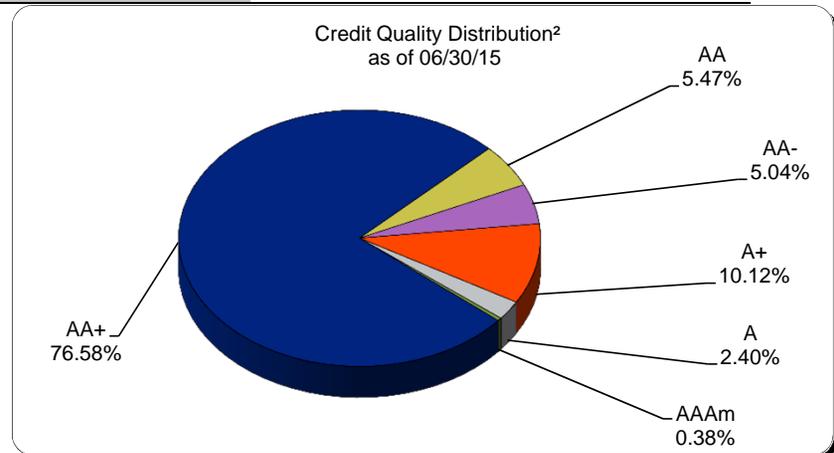
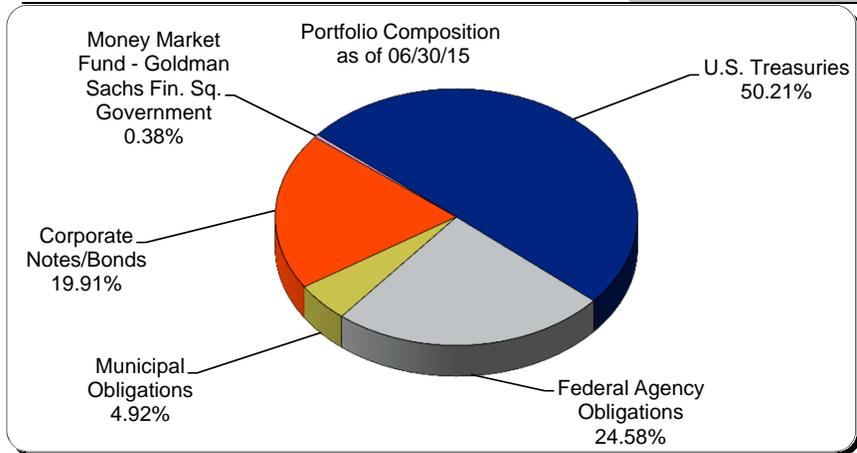


Notes:

- 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>June 30, 2015</u>	<u>% of Portfolio</u>	<u>March 31, 2015</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$9,146,949.31	50.2%	\$10,063,605.21	55.2%
Federal Agencies	4,477,702.59	24.6%	4,488,116.63	24.6%
Commercial Paper	0.00	0.0%	0.00	0.0%
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	896,801.93	4.9%	715,847.00	3.9%
Corporate Notes/Bonds	3,627,411.28	19.9%	2,916,287.02	16.0%
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	69,452.88	0.4%	39,758.53	0.2%
Totals	\$18,218,317.99	100.0%	\$18,223,614.39	100.0%

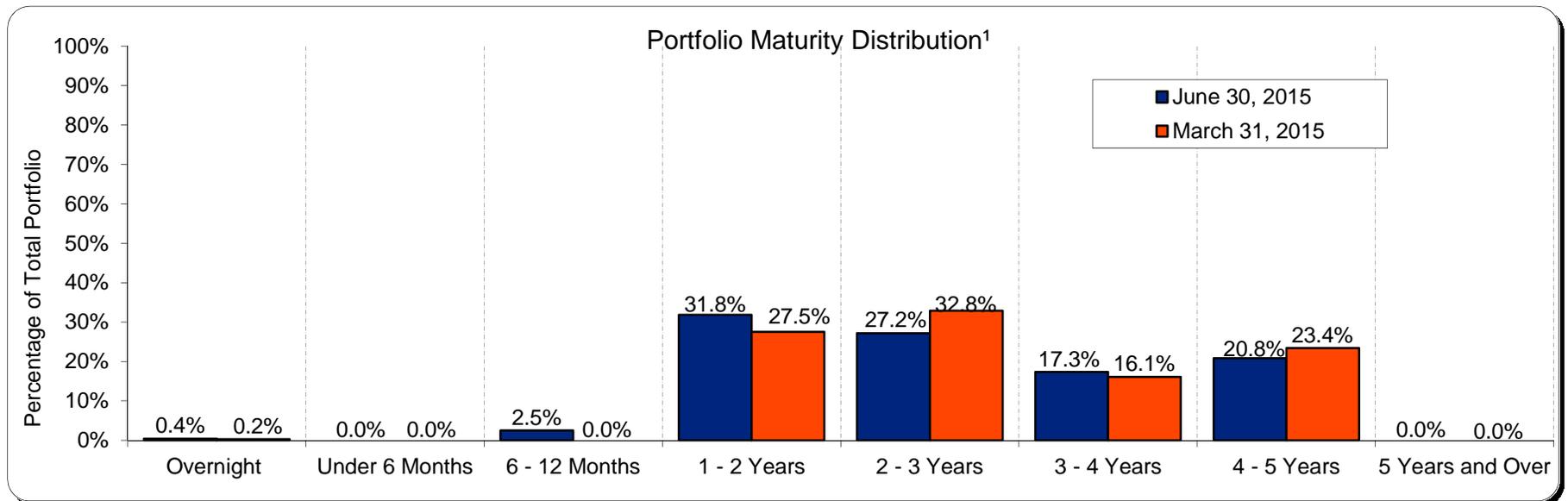


Notes:

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

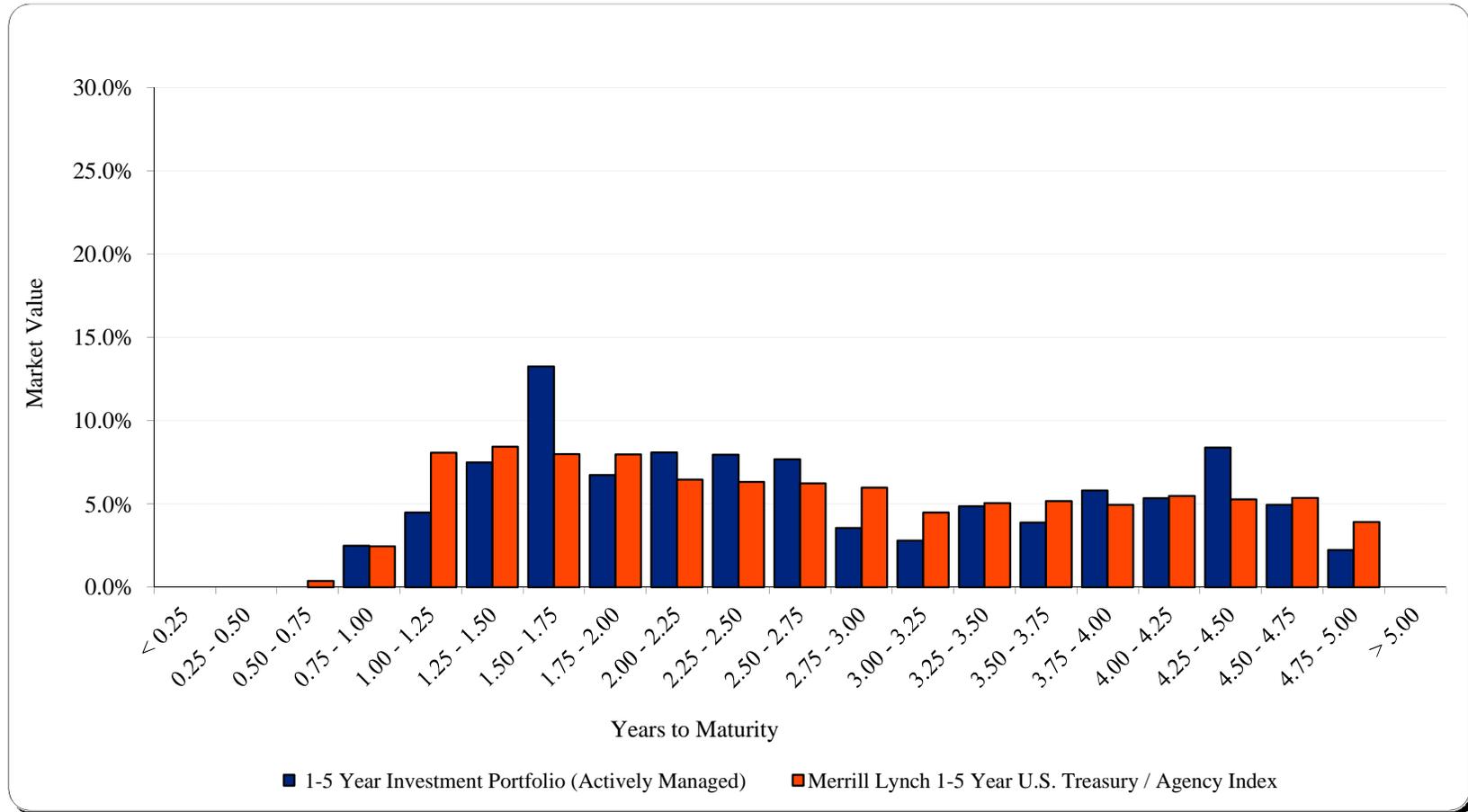
<u>Maturity Distribution¹</u>	<u>June 30, 2015</u>	<u>March 31, 2015</u>
Overnight (Money Market Fund)	\$69,452.88	39,758.53
Under 6 Months	0.00	0.00
6 - 12 Months	450,722.25	0.00
1 - 2 Years	5,800,300.73	5,008,994.52
2 - 3 Years	4,952,909.19	5,984,093.60
3 - 4 Years	3,151,592.49	2,930,768.85
4 - 5 Years	3,793,340.45	4,259,998.89
5 Years and Over	0.00	0.00
Totals	\$18,218,317.99	\$18,223,614.39



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

Account Name	Amortized Cost^{1,2,3} June 30, 2015	Amortized Cost^{1,2,3} March 31, 2015	Market Value^{1,2,3} June 30, 2015	Market Value^{1,2,3} March 31, 2015	Duration (Years)⁴ June 30, 2015
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	42,143,096.22	44,170,141.46	42,207,891.12	44,243,793.97	0.97
Money Market Fund - PFM Funds Prime Series Excess Funds - 174	19,409.56	3,318,909.66	19,409.56	3,318,909.66	37 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 179	N/A	N/A	N/A	N/A	N/A
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180	3,499,088.18	3,739,309.78	3,499,088.18	3,739,309.78	37 Days
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	1,032,042.01	1,603,870.82	1,032,042.01	1,603,870.82	37 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	N/A	N/A	N/A	N/A	N/A
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	N/A	N/A	N/A	N/A	N/A
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2013 Bond Fund	2,570,827.37	6,496,739.42	2,570,827.37	6,496,739.42	39 Days
Total	\$49,264,463.34	\$59,328,971.14	\$49,329,258.24	\$59,402,623.65	

Account Name	Yield to Maturity at Cost⁵ June 30, 2015	Yield to Maturity at Cost⁶ March 31, 2015	Yield to Maturity at Market June 30, 2015	Yield to Maturity at Market March 31, 2015	Duration (Years)⁴ March 31, 2015
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	0.48%	0.43%	0.37%	0.32%	0.98
Money Market Fund - PFM Funds Prime Series Excess Funds - 174 ⁶	0.08%	0.08%	0.08%	0.08%	50 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 179 ⁶	N/A	N/A	N/A	N/A	N/A
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180 ⁶	0.08%	0.08%	0.08%	0.08%	50 Days
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	0.08%	0.08%	0.08%	0.08%	50 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	N/A	N/A	N/A	N/A	N/A
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	N/A	N/A	N/A	N/A	N/A
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2013 Bond Fund	0.01%	0.01%	0.01%	0.01%	49 Days
Weighted Average Yield	0.42%	0.33%	0.32%	0.25%	

Benchmarks

	June 30, 2015	March 31, 2015
S&P GIP Government 30 Day Index ⁷	0.14%	0.13%

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, 2015</u>	<u>Amortized Cost^{1,2,3} March 31, 2015</u>	<u>Market Value^{1,2,3} June 30, 2015</u>	<u>Market Value^{1,2,3} March 31, 2015</u>	<u>Duration (Years)⁴ June 30, 2015</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	19,409.56	3,318,909.66	19,409.56	3,318,909.66	37 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	N/A	N/A	N/A	N/A	N/A
Total	\$19,409.56	\$3,318,909.66	\$19,409.56	\$3,318,909.66	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ June 30, 2015</u>	<u>Yield to Maturity at Cost⁶ March 31, 2015</u>	<u>Yield to Maturity at Market June 30, 2015</u>	<u>Yield to Maturity at Market March 31, 2015</u>	<u>Duration (Years) March 31, 2015</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	0.08%	0.08%	0.08%	0.08%	50 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	N/A	N/A	N/A	N/A	N/A
Weighted Average Yield	0.08%	0.08%	0.08%	0.08%	

Benchmarks

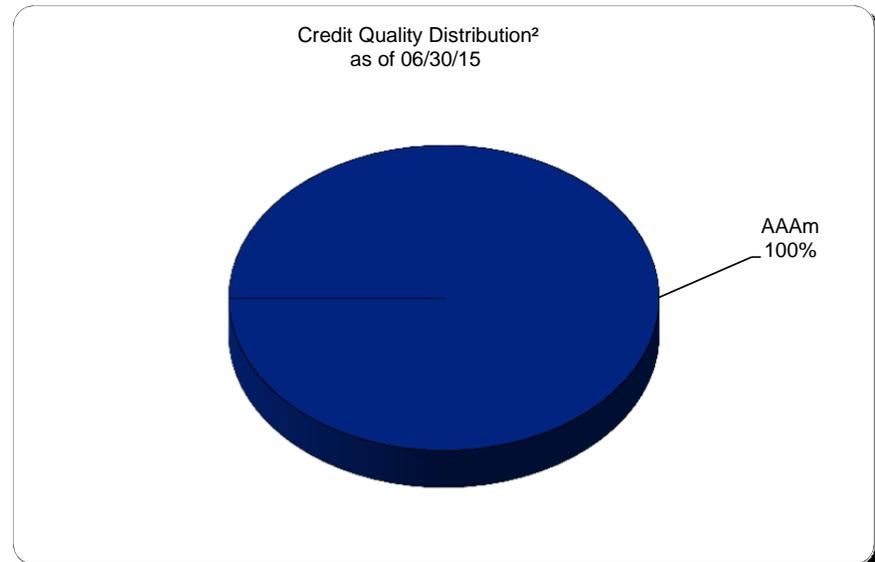
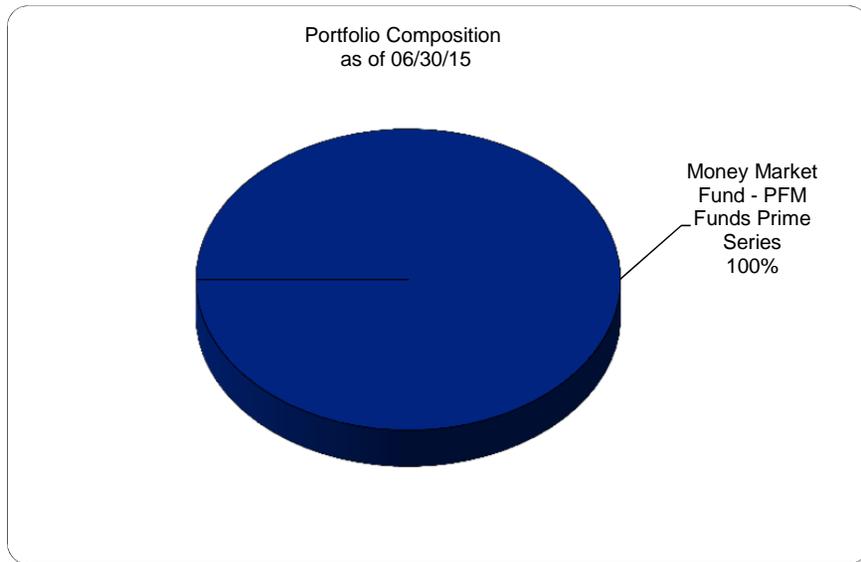
	<u>June 30, 2015</u>	<u>March 31, 2015</u>
S&P GIP Government 30 Day Index ⁷	0.14%	0.13%

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.
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- 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>June 30, 2015</u>	<u>% of Portfolio</u>	<u>March 31, 2015</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%	0.00	0.0%
Money Market Fund - PFM Funds Prime Series	19,409.56	100.0%	3,318,909.66	100.00%
Totals	\$19,409.56	100.0%	\$3,318,909.66	100.0%

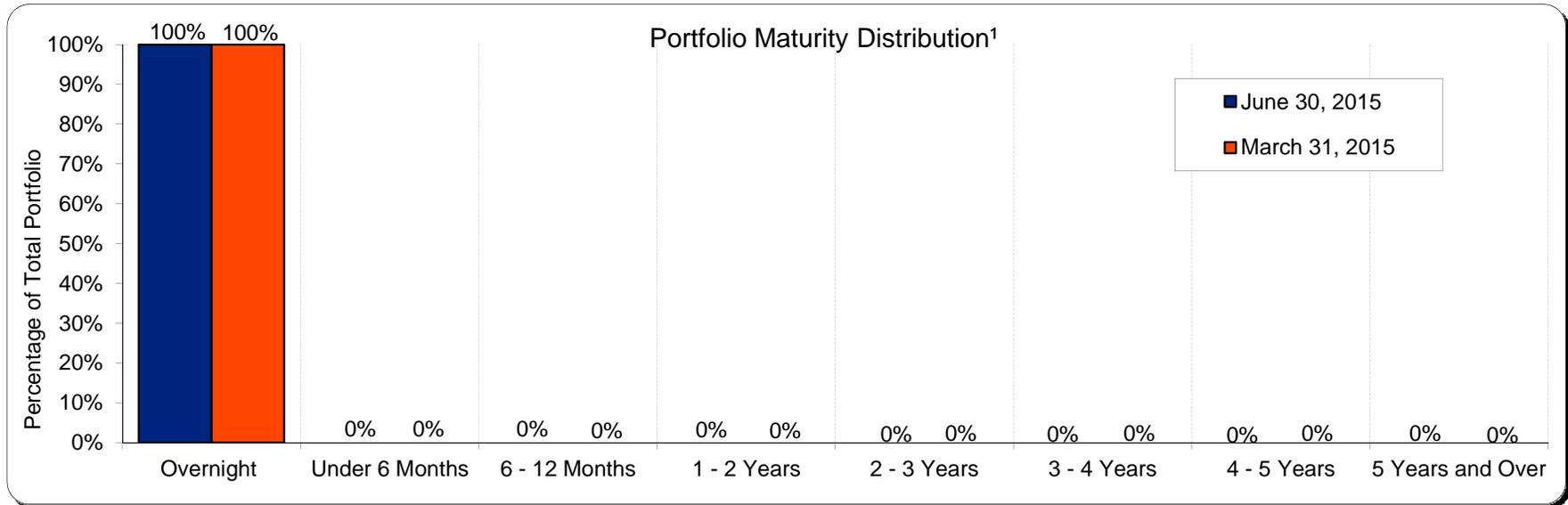


Notes:

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, 2015</u>	<u>March 31, 2015</u>
Overnight (Money Market Fund)	\$19,409.56	\$3,318,909.66
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	\$19,409.56	\$3,318,909.66



2010A CIP Portfolio Statistics

<u>Account Name</u>	<u>Amortized Cost^{1,2,3} June 30, 2015</u>	<u>Amortized Cost^{1,2,3} March 31, 2015</u>	<u>Market Value^{1,2,3} June 30, 2015</u>	<u>Market Value^{1,2,3} March 31, 2015</u>	<u>Duration (Years)⁴ June 30, 2015</u>
CIP Fund - 4255	N/A	N/A	N/A	N/A	N/A
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180	3,499,088.18	3,739,309.78	3,499,088.18	3,739,309.78	37 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	N/A	N/A	N/A	N/A	N/A
Total	\$3,499,088.18	\$3,739,309.78	\$3,499,088.18	\$3,739,309.78	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ June 30, 2015</u>	<u>Yield to Maturity at Cost⁵ March 31, 2015</u>	<u>Yield to Maturity at Market June 30, 2015</u>	<u>Yield to Maturity at Market March 31, 2015</u>	<u>Duration (Years) March 31, 2015</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	0.08%	0.08%	0.08%	0.08%	50 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	N/A	N/A	N/A	N/A	N/A
Weighted Average Yield	0.08%	0.08%	0.08%	0.08%	

<u>Benchmarks</u>	<u>June 30, 2015</u>	<u>March 31, 2015</u>
S&P GIP Government 30 Day Index ⁷	0.14%	0.13%

Notes:

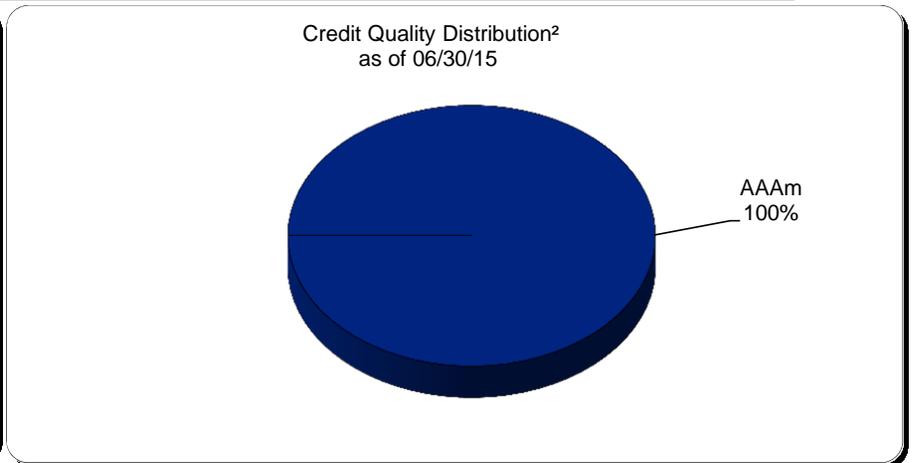
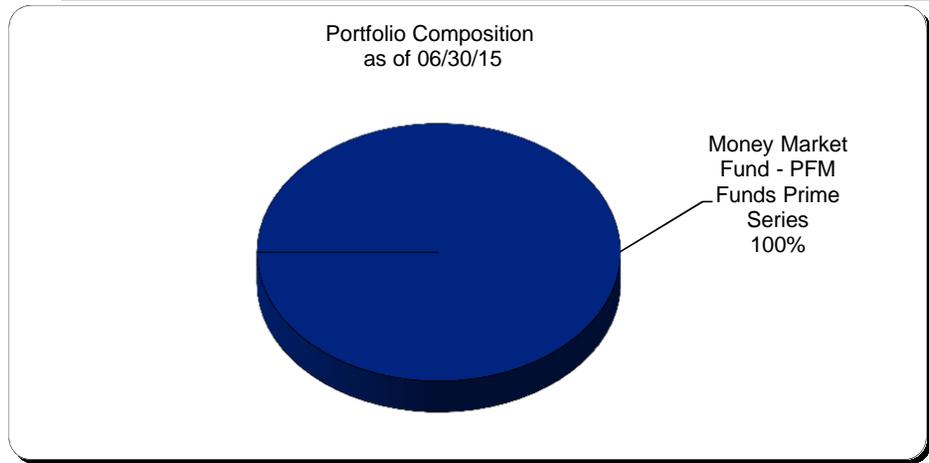
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.
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, 2015</u>	<u>% of Portfolio</u>	<u>March 31, 2015</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%	0.00	0.0%
Money Market Fund - PFM Funds Prime Series	3,499,088.18	100.0%	3,739,309.78	100.0%
Totals	\$3,499,088.18	100.0%	\$3,739,309.78	100.0%

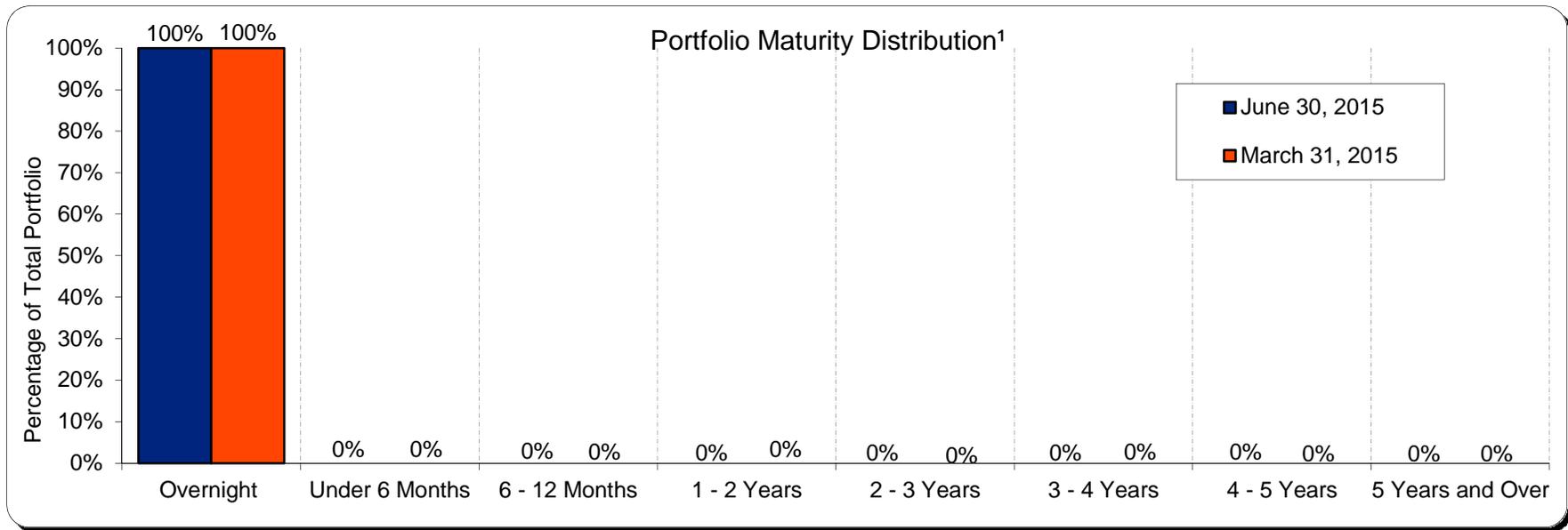


Notes:

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.

2010A CIP Portfolio Maturity Distribution

<u>Maturity Distribution¹</u>	<u>June 30, 2015</u>	<u>March 31, 2015</u>
Overnight (Money Market Fund)	\$3,499,088.18	\$3,739,309.78
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	\$3,499,088.18	\$3,739,309.78



2013 Bond Fund Portfolio Statistics

<u>Account Name</u>	<u>Amortized Cost^{1,2,3} June 30, 2015</u>	<u>Amortized Cost^{1,2,3} March 31, 2015</u>	<u>Market Value^{1,2,3} June 30, 2015</u>	<u>Market Value^{1,2,3} March 31, 2015</u>	<u>Duration (Years)⁴ June 30, 2015</u>
2013 Bond Fund - 4265	\$42,143,096.22	\$44,170,141.46	\$42,207,891.12	\$44,243,793.97	0.97
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	1,032,042.01	1,603,870.82	1,032,042.01	1,603,870.82	37 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	2,570,827.37	6,496,739.42	2,570,827.37	6,496,739.42	39 Days
Total	\$45,745,965.60	\$52,270,751.70	\$45,810,760.50	\$52,344,404.21	

<u>Account Name</u>	<u>Yield to Maturity at Cost⁵ June 30, 2015</u>	<u>Yield to Maturity at Cost⁵ March 31, 2015</u>	<u>Yield to Maturity at Market June 30, 2015</u>	<u>Yield to Maturity at Market March 31, 2015</u>	<u>Duration (Years) March 31, 2015</u>
2013 Bond Fund - 4265	0.48%	0.43%	0.37%	0.32%	0.98
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357 ⁶	0.08%	0.08%	0.08%	0.08%	50 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.01%	0.01%	0.01%	0.01%	49 Days
Weighted Average Yield	0.44%	0.37%	0.34%	0.27%	

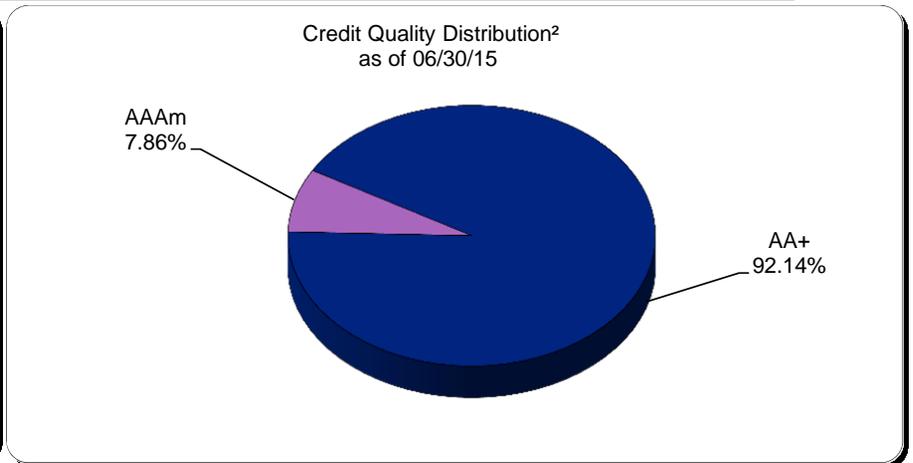
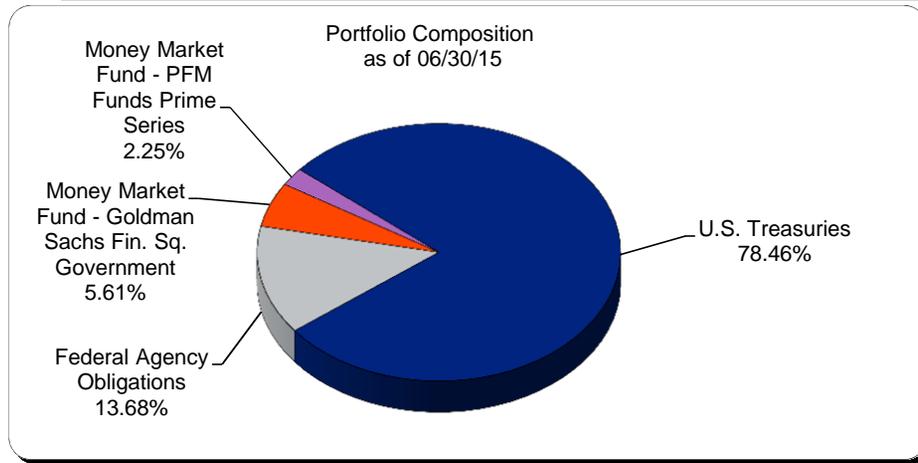
<u>Benchmarks</u>	<u>June 30, 2015</u>	<u>March 31, 2015</u>
S&P GIP Government 30 Day Index ⁷	0.14%	0.13%

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>June 30, 2015</u>	<u>% of Portfolio</u>	<u>March 31, 2015</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$35,942,745.84	78.5%	\$37,960,621.19	72.5%
Federal Agencies	6,265,145.28	13.7%	6,283,172.78	12.0%
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	2,570,827.37	5.6%	6,496,739.42	12.4%
Money Market Fund - PFM Funds Prime Series	1,032,042.01	2.3%	1,603,870.82	3.1%
Totals	\$45,810,760.50	100.0%	\$52,344,404.21	100.0%

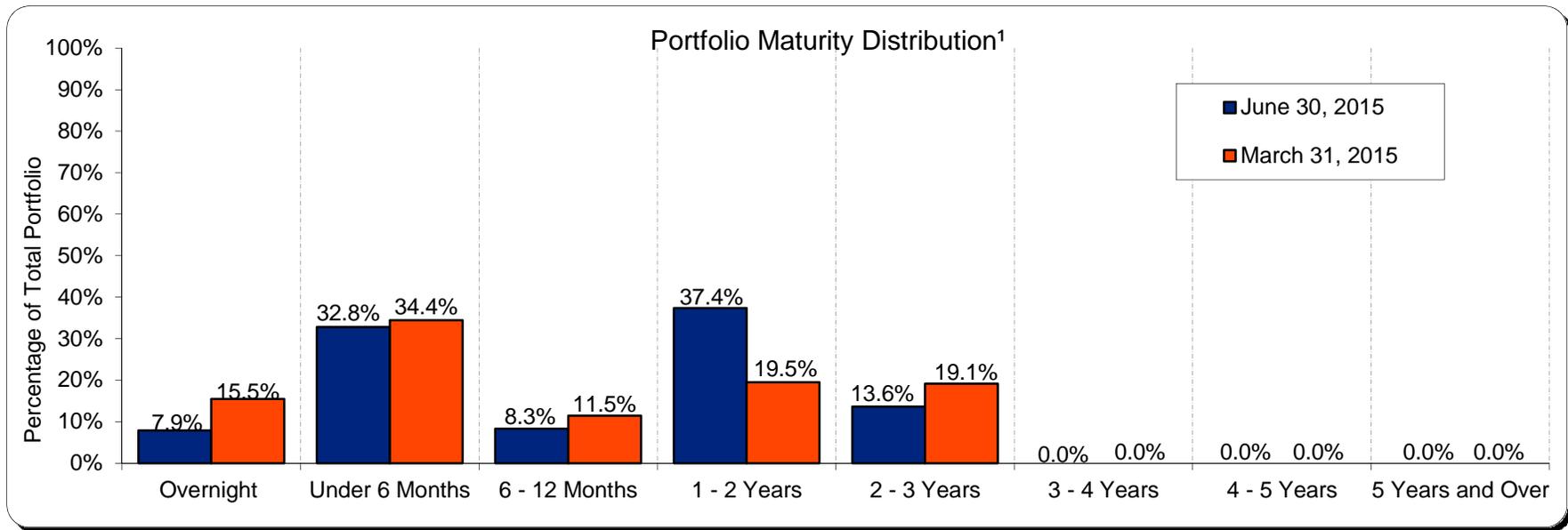


Notes:

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.

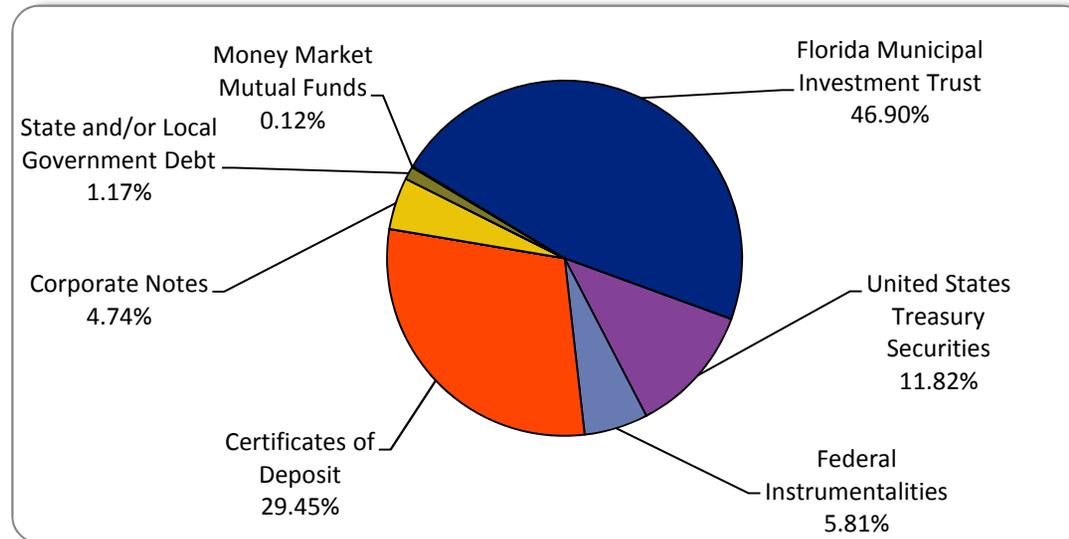
2013 Bond Fund Portfolio Maturity Distribution

<u>Maturity Distribution¹</u>	<u>June 30, 2015</u>	<u>March 31, 2015</u>
Overnight (Money Market Fund)	\$3,602,869.38	\$8,100,610.24
Under 6 Months	15,015,428.53	18,017,869.47
6 - 12 Months	3,815,368.37	6,008,644.34
1 - 2 Years	17,127,363.44	10,195,354.65
2 - 3 Years	6,249,730.78	10,021,925.51
3 - 4 Years	0.00	0.00
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	\$45,810,760.50	\$52,344,404.21



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	9,100,314.68	11.82%		100%	YES
United States Government Agency Securities	-	0.00%		50%	YES
Federal Instrumentalities	4,469,096.54	5.81%		80%	YES
Certificates of Deposit	22,669,916.00	29.45%	3	50%	YES
Repurchase Agreements	-	0.00%		50%	YES
Commercial Paper	-	0.00%		25%	YES
Corporate Notes	3,644,936.34	4.74%	2	25%	YES
Bankers' Acceptances	-	0.00%		35%	YES
State and/or Local Government Debt	896,698.71	1.17%		20%	YES
Money Market Mutual Funds	88,862.44	0.12%		50%	YES
Florida Municipal Investment Trust	36,097,761.00	46.90%	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 2.98% 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)	451,013.03	0.59%		30%	YES
Federal National Mortgage Association (FNMA)	1,808,697.38	2.35%		30%	YES
Federal Home Loan Mortgage Corporation (FHLMC)	2,209,386.13	2.87%		30%	YES
General Electric Corporate Notes	325,660.35	0.42%		5%	YES
American Honda Corporate Notes	140,159.06	0.18%		5%	YES
Boeing Company Corporate Notes	220,152.75	0.29%		5%	YES
Toyota Corporate Notes	461,514.11	0.60%		5%	YES
Wells Fargo & Company Corporate Notes	806,014.26	1.05%		5%	YES
John Deere Corporate Notes	215,384.31	0.28%		5%	YES
Bank of New York Mellon Corporate Notes	458,734.38	0.60%		5%	YES
Abbot Laboratories Corporate Notes	455,600.76	0.59%		5%	YES
Coca-Cola Corporate Notes	100,073.56	0.13%		5%	YES
Cisco Systems Corporate Notes	401,421.92	0.52%		5%	YES
New York University Corporate Notes	60,220.88	0.08%		5%	YES
New York City, New York Taxable G.O Bonds	446,210.13	0.58%		5%	YES
Regional Trans Authority, IL Taxable Revenue Bonds	450,488.58	0.59%		20%	YES
Money Market Fund - PFM Funds Prime Series #174	19,409.56	0.03%		25%	YES
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	69,452.88	0.09%	5	25%	YES
FMIvT 1-3	24,816,222.00	32.24%	3	50%	YES
FMIvT Intermediate	11,281,539.00	14.66%	3	50%	YES
Bank United CD's	10,019,171.93	13.02%	3	25%	YES
TD Bank CD's	12,650,744.17	16.44%	3	25%	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 2.98% 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 30, 2014.

* 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.