



Town of Palm Beach, Florida



Investment Performance Review Quarter Ended June 30, 2013

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June 30, 2013 PFM Month-End Statement

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

PFM Funds June 30, 2013 Month-End Statement

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

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

TAB I

Summary

- After hitting 2013 lows during the quarter, interest rates skyrocketed on stronger economic prospects and the Federal Reserve's (Fed's) impending plan to reduce bond purchases.
- The U.S. housing market continued to strengthen, and the unemployment rate remained unchanged for the quarter at 7.6% as more Americans looked for employment.
- The domestic economy continues to show signs of improvement, but the potential for a cessation of the Fed's quantitative easing programs has increased volatility within the markets.

Economic Snapshot

- U.S. job creation was healthy, with an average of 196,000 jobs added each month in the second quarter, but the federal government continued to shed jobs.
- Consumer confidence was near a six-year high (University of Michigan index at 84.1 in June), boosted by an improving jobs market and the wealth effect of rising housing prices and a strong stock market.
- U.S. gross domestic product (GDP) grew by only 1.8% for the first quarter, the third reading below 2% in the past four quarters. Despite sluggish consumer spending, the Fed upgraded its projections for growth in 2014.
- In general, economic data for major economies outside of the U.S. was disappointing. The euro-zone economy marked a seventh consecutive quarter of contraction, and the Chinese economy exhibited slower growth.

Interest Rates

- Interest rates rose significantly during the latter half of the second quarter, as investors braced for the potential impact of reduced bond-buying by the Fed.
- The Federal Open Market Committee (FOMC) maintained its commitment to low short-term rates at its June 18-19 meeting. However, Fed Chairman Bernanke indicated the Fed would moderate the pace of bond purchases later this year if economic data is consistent with forecasted expectations.
- The spike in interest rates had elements of panic; however, in our opinion, rates needed to begin to normalize from the artificial lows of the past several years.

Sector Performance

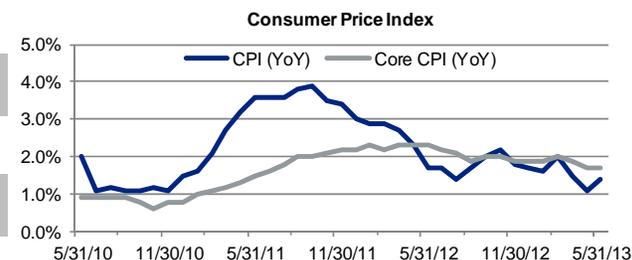
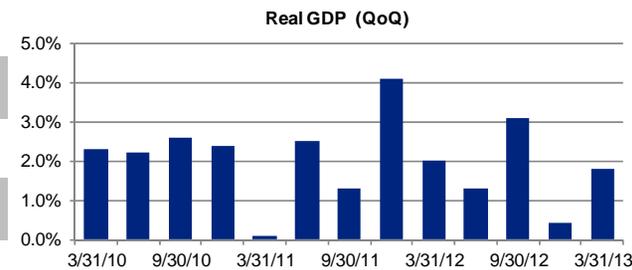
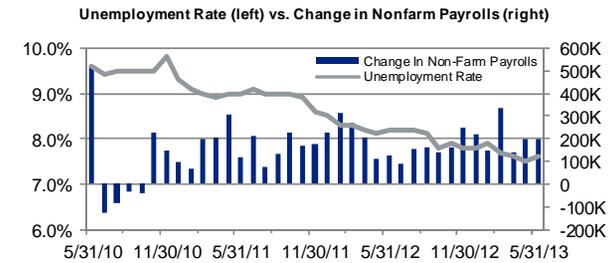
- Prices for fixed-income securities fell across the spectrum amid concerns about rising rates and a possible pull-back in accommodative monetary policy. Market volatility increased significantly since early May. Rising rates are a sign of the inevitable return to longer-term historical averages for interest rates.
- Treasuries looked more attractive relative to Agencies, as yield spreads on some similar-maturity Agencies were minimal. New-issue corporate bonds offered extra yield to entice investors given current spread levels. Despite stable fundamentals, yield spreads on Agencies and corporate bonds widened late in the quarter as liquidity dried up.
- Mortgage-backed securities (MBS) and longer-term municipal bonds experienced sharp sell-offs, resulting in significant negative returns for the quarter.

Economic Snapshot

Labor Market		Latest	Mar 2013	Jun 2012
Unemployment Rate	Jun'13	7.6%	7.6%	8.2%
Change In Non-Farm Payrolls	Jun'13	195,000	142,000	87,000
Average Hourly Earnings (YoY)	Jun'13	2.2%	1.8%	2.0%
Personal Income (YoY)	May'13	3.3%	2.8%	3.1%
Initial Jobless Claims (week)	Jun 28	343,000	388,000	374,000

Growth				
Real GDP (QoQ SAAR)	2013Q1	1.8%	0.4% ¹	1.3% ²
GDP Personal Consumption (QoQ SAAR)	2013Q1	2.6%	1.8% ¹	1.5% ²
Retail Sales (YoY)	May'13	4.3%	3.2%	3.7%
ISM Manufacturing Survey (month)	Jun'13	50.9	51.3	50.2
Existing Home Sales (month)	May'13	5.18 mil.	4.94 mil.	4.41 mil.

Inflation / Prices				
Personal Consumption Expenditures (YoY)	May'13	1.0%	1.0%	1.5%
Consumer Price Index (YoY)	May'13	1.4%	1.5%	1.7%
Consumer Price Index Core (YoY)	May'13	1.7%	1.9%	2.2%
Crude Oil Futures (WTI, per barrel)	Jun 30	\$96.56	\$97.23	\$84.96
Gold Futures (oz)	Jun 30	\$1,224	\$1,595	\$1,604

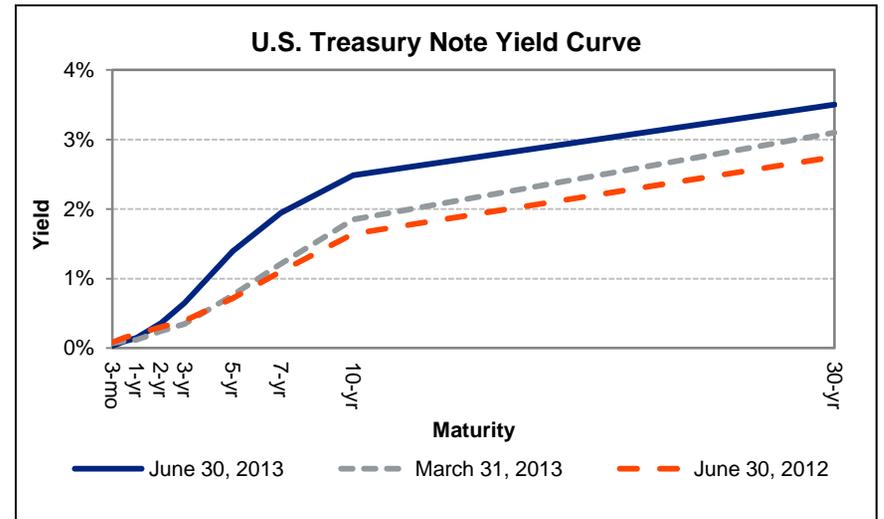
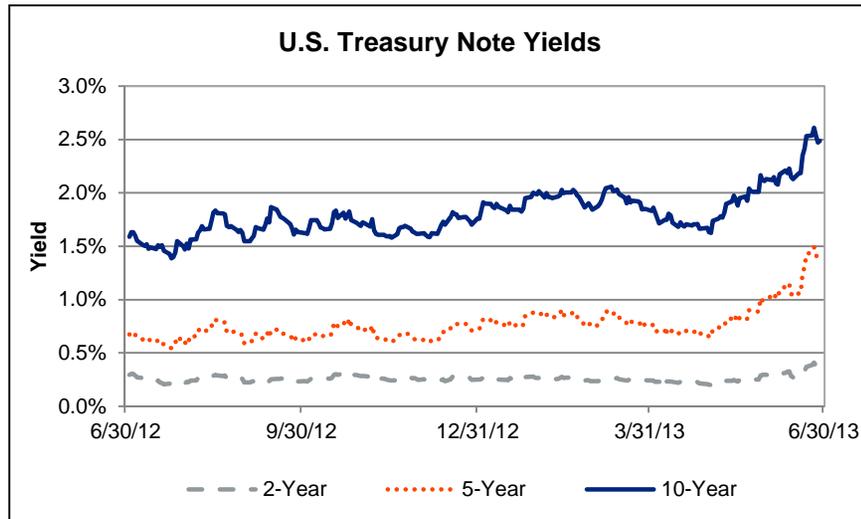


1. Data as of Fourth Quarter 2012 2. Data as of Second Quarter 2012

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

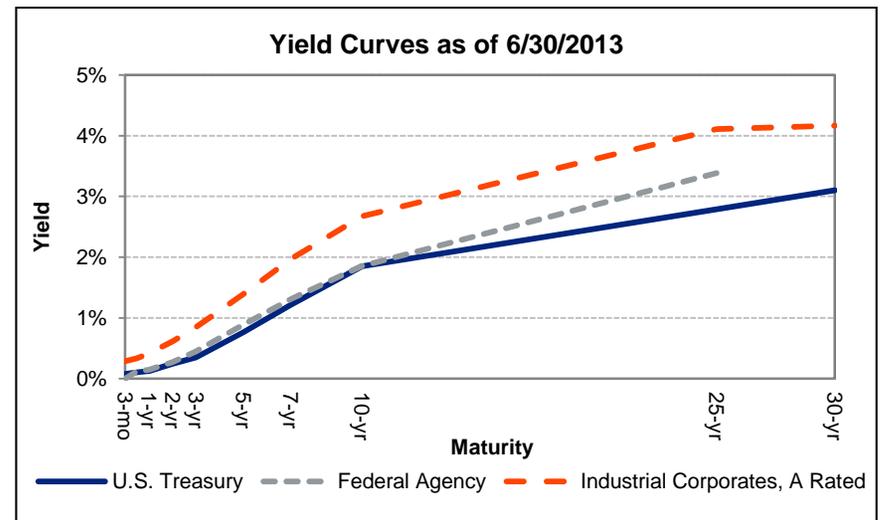
Source: Bloomberg

Investment Rate Overview



U.S. Treasury Note Yields

Maturity	6/30/13	3/31/13	Change over Quarter	6/30/12	Change over Year
3-month	0.07%	0.07%	0.00%	0.11%	(0.04%)
1-year	0.17%	0.13%	0.04%	0.26%	(0.09%)
2-year	0.37%	0.28%	0.09%	0.32%	0.05%
5-year	1.40%	0.79%	0.61%	0.75%	0.65%
10-year	2.52%	1.93%	0.59%	1.73%	0.79%
30-year	3.48%	3.10%	0.38%	2.78%	0.70%



Source: Bloomberg

BofA Merrill Lynch Index Returns

	As of 6/30/2013		Returns for Periods ended 6/30/2013		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.89	0.37%	(0.10%)	0.33%	0.82%
Federal Agency	1.80	0.48%	(0.13%)	0.34%	0.97%
U.S. Corporates, A-AAA rated	1.99	1.20%	(0.22%)	2.16%	2.63%
Agency MBS (0 to 3 years)	1.69	1.67%	(1.00%)	(0.40%)	1.75%
Municipals	1.77	0.70%	(0.16%)	0.62%	1.27%
1-5 Year Indices					
U.S. Treasury	2.72	0.66%	(0.67%)	(0.03%)	1.44%
Federal Agency	2.61	0.81%	(0.74%)	0.01%	1.28%
U.S. Corporates, A-AAA rated	2.91	1.70%	(1.09%)	2.19%	3.40%
Agency MBS (0 to 5 years)	3.06	2.66%	(1.37%)	(0.60%)	2.46%
Municipals	2.51	1.04%	(0.61%)	0.53%	1.86%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	5.78	1.40%	(2.21%)	(2.00%)	3.03%
Federal Agency	4.01	1.34%	(1.97%)	(0.90%)	2.12%
U.S. Corporates, A-AAA rated	6.57	2.96%	(3.12%)	0.89%	5.08%
Agency MBS	4.61	2.96%	(1.92%)	(1.15%)	2.52%
Municipals	7.81	3.21%	(3.33%)	0.10%	4.66%

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

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

Source: Bloomberg

Disclosures

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

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TAB II

Executive Summary

PORTFOLIO STRATEGY

- The Town's 1-5 Year Investment, Short Term, and 2010A CIP Portfolios are of high credit quality and invested in U.S. Treasury, Federal Agency, high quality corporate and commercial paper securities.
- 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 over \$9,010 in gains on sales 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 -0.74% underperformed the benchmark performance of -0.69% by 0.05%. This slight underperformance is due to the volatility in the bond market that rose sharply during the latter half of the second quarter which initiated a wave of investor repositioning that left no safe harbor within the fixed income space. Results across all segments of the bond market were negative, with longer maturities and higher risk sectors (i.e. high yield and MBS) suffering the most. In some sectors, like MBS and longer Treasuries, the negative returns in Q2 wiped out returns for the past year. Our main goal is to preserve the principal of the Portfolio and in this volatile market we will continue to diligently manage the Portfolio.
- The second quarter started with interest rates well entrenched within long-standing ranges, U.S. economic conditions improving at a modest pace, and the Federal Reserve (Fed) purchasing \$85 billion of long-term Treasuries and agency mortgage-backed securities (MBS) per month. As conditions appeared relatively stable, the strategy at the beginning of the quarter was to remain slightly short of duration targets relative to benchmarks.
- Conditions began to reverse in May, in part due to what seemed like a rather innocuous comment by Fed Chairman Bernanke about possible tapering of Fed bond purchases in the Q&A portion of his testimony to the Joint Economic Committee of Congress. Rates moved higher, but in a normal and orderly fashion within the existing trading ranges. At that point, the impact on Treasuries was negative, but contained, and spread movements on agency and corporate debt were minimal. 2-year, 5-year and 10-year Treasuries had risen by 6, 25 and 28 basis points (0.06%, 0.25%, 0.28%), respectively, from March 31 to May 31.
- Conditions deteriorated quickly in June, after Bernanke laid out a more definitive plan to curtail bond purchases later this year. By quarter end, longer-term yields had surged further, with the 5-year Treasury reaching 1.40% and the 10-year reaching 2.49% – the highest levels since August 2011. The scale and pace of the rate spike in late June had elements of panic and surprised most investors. Massive selling and deleveraging in certain market sectors caused liquidity to dry up, which further affected market prices.
- The second quarter adjustment process has bequeathed investors with a much steeper yield curve, which offers the ability to enhance return through "roll-down" – the natural tendency of bonds to appreciate as time passes and their maturity shortens. Although longer maturities have greater market risk, they also offer higher yields and greater roll-down potential.
- Risk management will remain a key aspect of our overall approach under volatile market conditions. In particular, ensuring adequate liquidity will be an important element of the strategy, so as not to have to sell into adverse market conditions. Furthermore, given wider differences between bid prices and offering prices in most sectors (the "bid/ask spread"), we will likely carry more Treasuries than usual to provide additional flexibility to adjust portfolio composition or duration as opportunities arise.
- We will focus more than ever on safety of principal and appropriate liquidity in this new and challenging environment, while maximizing value through careful, prudent active management. Our strategy will remain appropriately flexible and may change in response to changes in interest rates, economic data, market outlook or specific opportunities that arise.

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

Total Portfolio Value ^{1,2}	June 30, 2013		March 31, 2013
	Market Value	\$17,741,074.35	\$17,871,867.67
Amortized Cost	\$17,783,048.54	\$17,741,609.98	

Total Return ^{1,2,3,4,5,6,7,8}	Quarterly Return	Last	Last	Last	Last	Since Inception
	June 30, 2013	6 Months	12 Months	2 Years	3 Years	September 30, 2011
1-5 Year Investment Portfolio (Actively Managed)	-0.74%	-0.55%	0.07%	N/A	N/A	0.72%
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	-0.69%	-0.54%	-0.02%	N/A	N/A	0.48%

Effective Duration (Years) ⁴	June 30, 2013	March 31, 2013	Yields	
	June 30, 2013	March 31, 2013	June 30, 2013	March 31, 2013
1-5 Year Investment Portfolio (Actively Managed)	2.54	2.55	Yield at Market	0.74%
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	2.63	2.61	Yield at Cost	0.76%
Portfolio Duration % of Benchmark Duration	97%	98%		0.45%
				0.75%

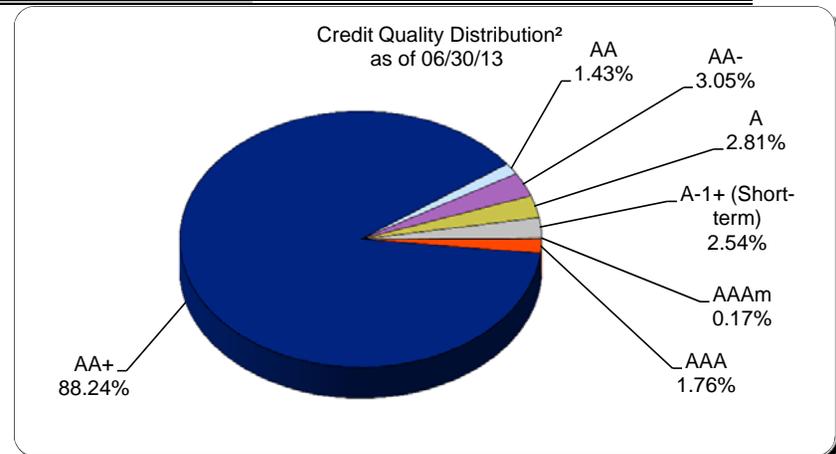
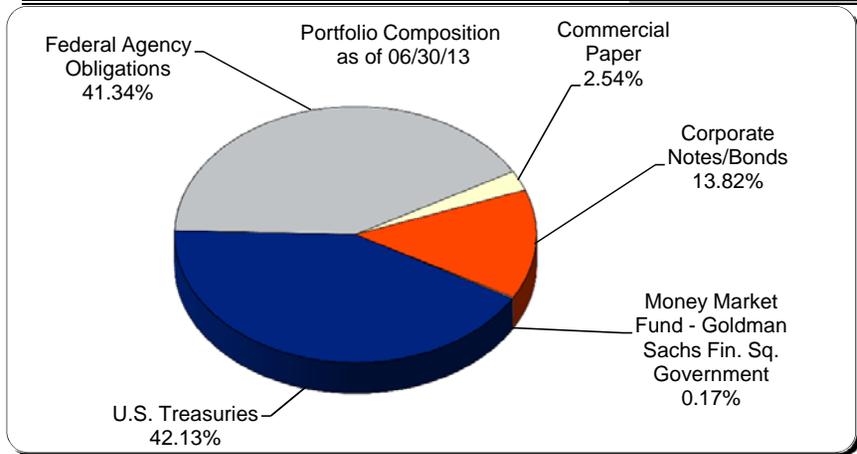


Notes:

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, 2013</u>	<u>% of Portfolio</u>	<u>March 31, 2013</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$7,474,401.14	42.1%	\$7,681,581.06	43.0%
Federal Agencies	7,334,634.47	41.3%	7,524,123.72	42.1%
Commercial Paper	449,993.70	2.5%	449,800.20	2.5%
Commercial Paper - TLGP	0.00	0.0%	0.00	0.0%
Certificates of Deposit	0.00	0.0%	0.00	0.0%
Bankers Acceptances	0.00	0.0%	0.00	0.0%
Repurchase Agreements	0.00	0.0%	0.00	0.0%
Municipal Obligations	0.00	0.0%	0.00	0.0%
Corporate Notes/Bonds	2,452,180.04	13.8%	2,157,303.10	12.1%
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	29,865.00	0.2%	59,059.59	0.3%
Totals	\$17,741,074.35	100.0%	\$17,871,867.67	100.0%

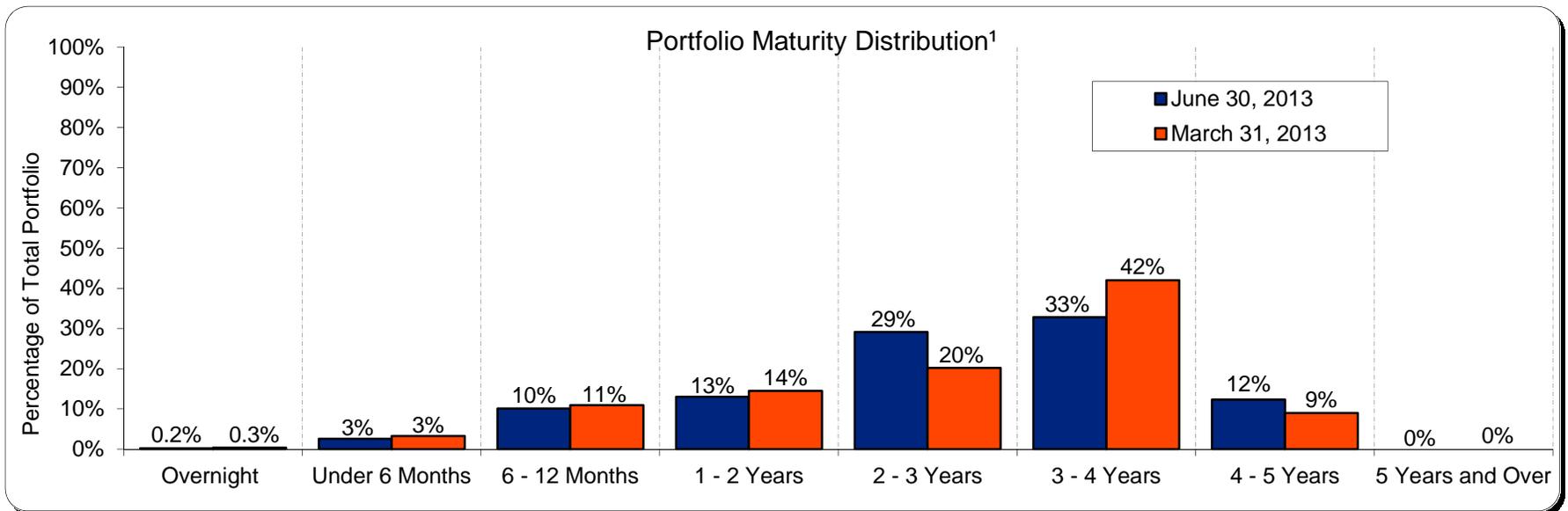


Notes:

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

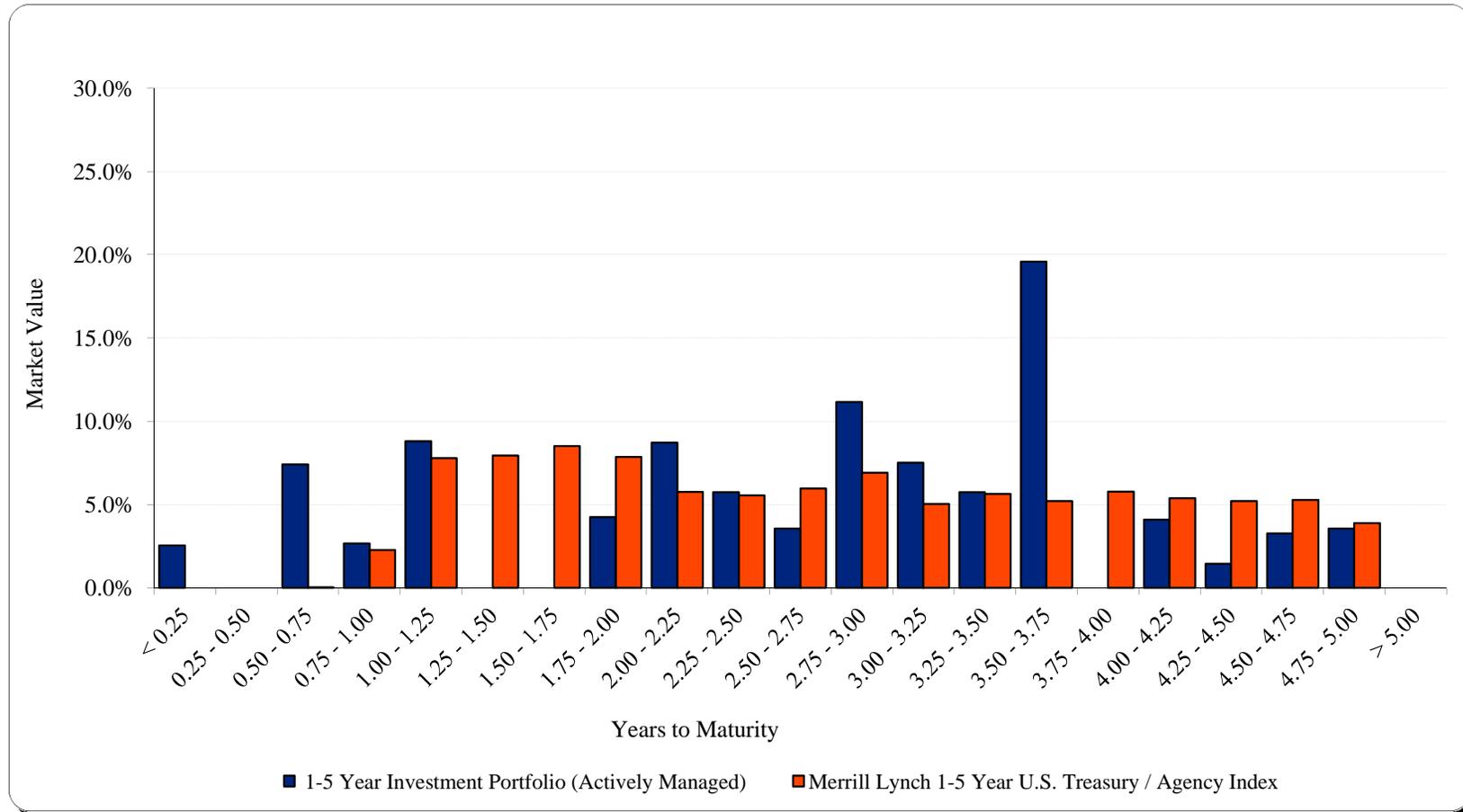
<u>Maturity Distribution¹</u>	<u>June 30, 2013</u>	<u>March 31, 2013</u>
Overnight (Money Market Fund)	\$29,865.00	59,059.59
Under 6 Months	449,993.70	580,054.94
6 - 12 Months	1,783,400.03	1,947,614.99
1 - 2 Years	2,309,539.92	2,579,884.20
2 - 3 Years	5,163,825.10	3,602,615.06
3 - 4 Years	5,818,256.35	7,507,341.08
4 - 5 Years	2,186,194.25	1,595,297.81
5 Years and Over	0.00	0.00
Totals	\$17,741,074.35	\$17,871,867.67



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, 2013</u>	<u>Amortized Cost^{1,2,3} March 31, 2013</u>	<u>Market Value^{1,2,3} June 30, 2013</u>	<u>Market Value^{1,2,3} March 31, 2013</u>	<u>Duration (Years)⁴ June 30, 2013</u>
Short Term Fund - 68904245	\$13,159,750.63	\$24,989,925.46	\$13,157,670.32	\$24,993,832.79	0.44
2010A CIP Fund - 68904255	10,080,043.03	9,725,751.40	10,081,392.40	9,728,067.87	0.60
Money Market Fund - PFM Funds Prime Series Excess Funds - 995174	17,200,014.56	6,195,798.42	17,200,014.56	6,195,798.42	47 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 995179	69,530.35	69,510.63	69,530.35	69,510.63	47 Days
Money Market Fund - PFM Funds Prime Series 2010A CIP - 995180	8,274,822.83	9,535,302.64	8,274,822.83	9,535,302.64	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	8,054,238.39	3,048,576.17	8,054,238.39	3,048,576.17	54 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	108,026.85	54,190.75	108,026.85	54,190.75	54 Days
Total	\$56,946,426.64	\$53,619,055.47	\$56,945,695.70	\$53,625,279.27	

<u>Account Name</u>	<u>Yield to Maturity on Cost⁵ June 30, 2013</u>	<u>Yield to Maturity on Cost⁵ March 31, 2013</u>	<u>Yield to Maturity at Market June 30, 2013</u>	<u>Yield to Maturity at Market March 31, 2013</u>	<u>Duration (Years)⁴ March 31, 2013</u>
Short Term Fund - 68904245	0.34%	0.29%	0.31%	0.18%	0.26
2010A CIP Fund - 68904255	0.33%	0.42%	0.30%	0.20%	0.24
Money Market Fund - PFM Funds Prime Series Excess Funds - 995174 ⁶	0.10%	0.13%	0.10%	0.13%	52 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 995179 ⁶	0.10%	0.13%	0.10%	0.13%	52 Days
Money Market Fund - PFM Funds Prime Series 2010A CIP - 995180 ⁶	0.10%	0.13%	0.10%	0.13%	52 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	0.00%	0.00%	0.00%	0.00%	54 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	0.00%	0.00%	0.00%	0.00%	54 Days
Weighted Average Yield	0.18%	0.25%	0.17%	0.16%	

Benchmarks

	<u>June 30, 2013</u>	<u>March 31, 2013</u>
S&P GIP Government 30 Day Index ⁷	0.11%	0.16%

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, 2013</u>	<u>Amortized Cost^{1,2,3} March 31, 2013</u>	<u>Market Value^{1,2,3} June 30, 2013</u>	<u>Market Value^{1,2,3} March 31, 2013</u>	<u>Duration (Years)⁴ June 30, 2013</u>
Short Term Fund - 68904245	\$13,159,750.63	\$24,989,925.46	\$13,157,670.32	\$24,993,832.79	0.44
Money Market Fund - PFM Funds Prime Series Excess Funds - 995174	17,200,014.56	6,195,798.42	17,200,014.56	6,195,798.42	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	8,054,238.39	3,048,576.17	8,054,238.39	3,048,576.17	54 Days
Total	\$38,414,003.58	\$34,234,300.05	\$38,411,923.27	\$34,238,207.38	

<u>Account Name</u>	<u>Yield to Maturity on Cost⁵ June 30, 2013</u>	<u>Yield to Maturity on Cost⁶ March 31, 2013</u>	<u>Yield to Maturity at Market June 30, 2013</u>	<u>Yield to Maturity at Market March 31, 2013</u>	<u>Duration (Years) March 31, 2013</u>
Short Term Fund - 68904245	0.34%	0.29%	0.31%	0.18%	0.26
Money Market Fund - PFM Funds Prime Series Excess Funds - 995174 ⁶	0.10%	0.13%	0.10%	0.13%	52 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.00%	0.00%	0.00%	0.00%	54 Days
Weighted Average Yield	0.16%	0.24%	0.15%	0.15%	

Benchmarks

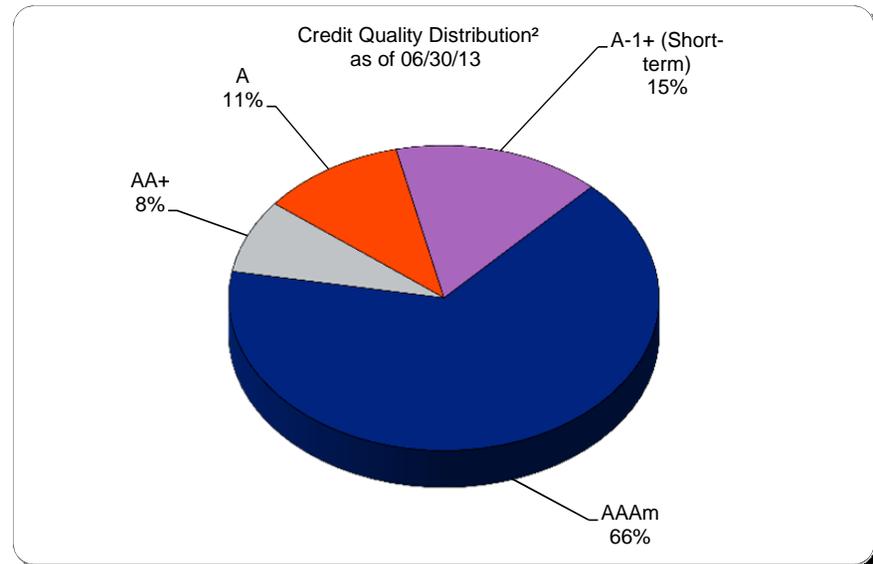
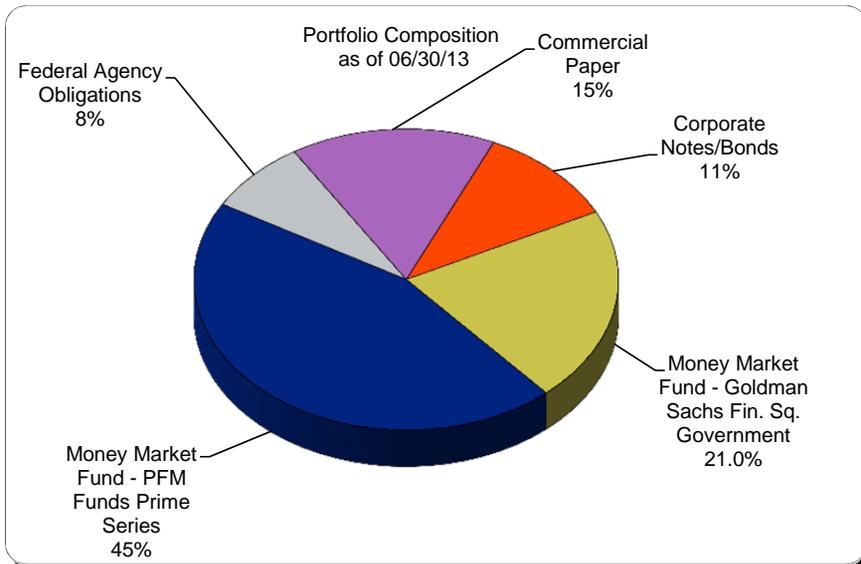
	<u>June 30, 2013</u>	<u>March 31, 2013</u>
S&P GIP Government 30 Day Index ⁷	0.11%	0.16%

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, 2013</u>	<u>% of Portfolio</u>	<u>March 31, 2013</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$0.00	0.0%	\$0.00	0.0%
Federal Agencies	2,999,401.65	7.8%	3,003,811.79	8.8%
Commercial Paper	5,998,692.00	15.6%	21,990,021.00	64.2%
Certificates of Deposit	0.00	0.0%	0.00	0.0%
Bankers Acceptances	0.00	0.0%	0.00	0.0%
Repurchase Agreements	0.00	0.0%	0.00	0.0%
Municipal Obligations	0.00	0.0%	0.00	0.0%
Corporate Notes/Bonds	4,159,576.67	10.8%	0.00	0.0%
Money Market Fund - Goldman Sachs Fin. Sq. Government	8,054,238.39	21.0%	3,048,576.17	8.9%
Money Market Fund - PFM Funds Prime Series	17,200,014.56	44.8%	6,195,798.42	18.10%
Totals	\$38,411,923.27	100.0%	\$34,238,207.38	100.0%

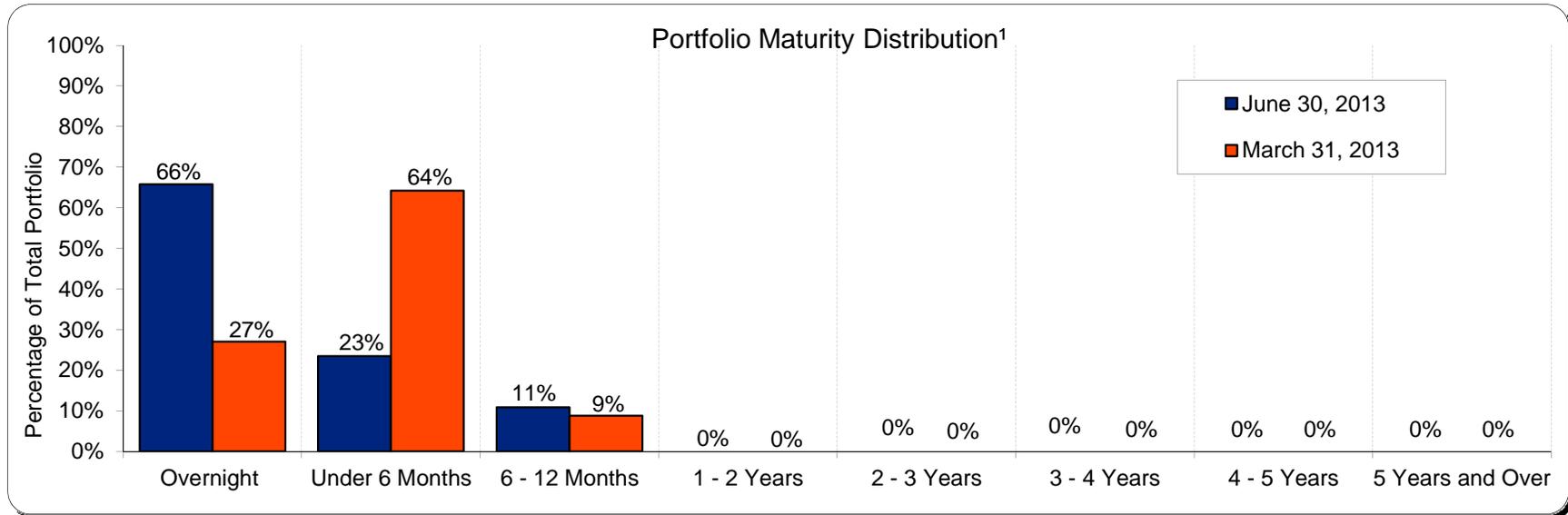


Notes:

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>June 30, 2013</u>	<u>March 31, 2013</u>
Overnight (Money Market Fund)	\$25,254,252.95	\$9,244,374.59
Under 6 Months	8,998,093.65	21,990,021.00
6 - 12 Months	4,159,576.67	3,003,811.79
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	\$38,411,923.27	\$34,238,207.38



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} June 30, 2013</u>	<u>Amortized Cost^{1,2,3} March 31, 2013</u>	<u>Market Value^{1,2,3} June 30, 2013</u>	<u>Market Value^{1,2,3} March 31, 2013</u>	<u>Duration (Years)⁴ June 30, 2013</u>
CIP Fund - 68904255	\$10,080,043.03	\$9,725,751.40	\$10,081,392.40	\$9,728,067.87	0.60
Money Market Fund - PFM Funds Prime Series 2010A CIP - 995180	8,274,822.83	9,535,302.64	8,274,822.83	9,535,302.64	47 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	108,027.00	54,190.75	108,027.00	54,190.75	54 Days
Total	\$18,462,892.86	\$19,315,244.79	\$18,464,242.23	\$19,317,561.26	

<u>Account Name</u>	<u>Yield to Maturity on Cost⁵ June 30, 2013</u>	<u>Yield to Maturity on Cost⁵ March 31, 2013</u>	<u>Yield to Maturity at Market June 30, 2013</u>	<u>Yield to Maturity at Market March 31, 2013</u>	<u>Duration (Years) March 31, 2013</u>
CIP Fund - 68904255	0.33%	0.42%	0.30%	0.20%	0.24
Money Market Fund - PFM Funds Prime Series 2010A CIP - 995180 ⁶	0.10%	0.13%	0.10%	0.13%	52 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.00%	0.00%	0.00%	0.00%	54 Days
Weighted Average Yield	0.22%	0.28%	0.21%	0.16%	

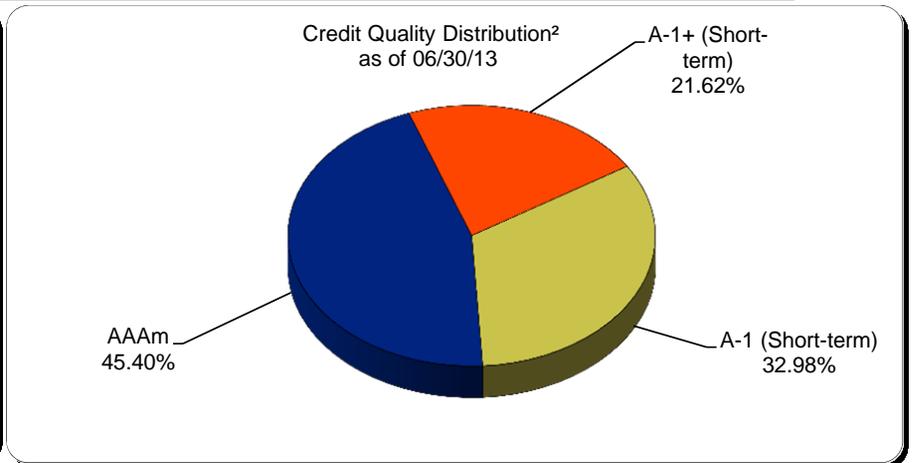
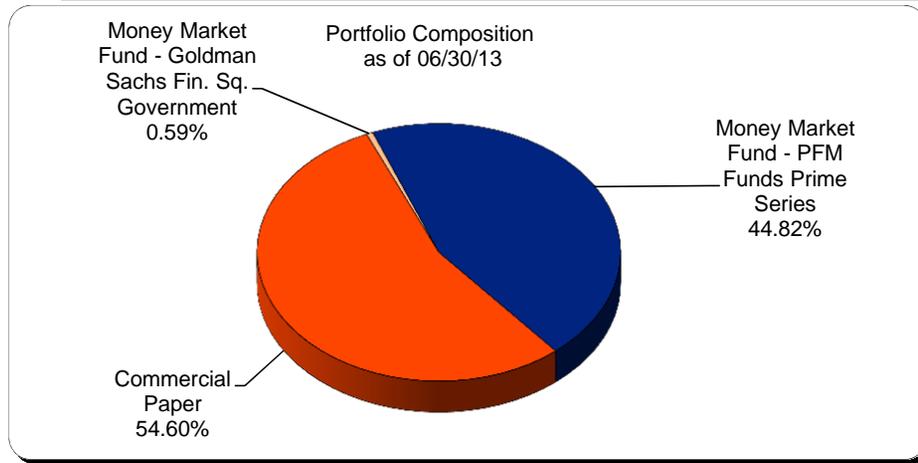
<u>Benchmarks</u>	<u>June 30, 2013</u>	<u>March 31, 2013</u>
S&P GIP Government 30 Day Index ⁷	0.11%	0.16%

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, 2013</u>	<u>% of Portfolio</u>	<u>March 31, 2013</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$0.00	0.0%	\$0.00	0.0%
Federal Agencies	0.00	0.0%	0.00	0.0%
Commercial Paper	10,081,392.40	54.6%	9,728,067.87	50.4%
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	108,027.00	0.6%	54,190.75	0.3%
Money Market Fund - PFM Funds Prime Series	8,274,822.83	44.8%	9,535,302.64	49.4%
Totals	\$18,464,242.23	100.0%	\$19,317,561.26	100.0%

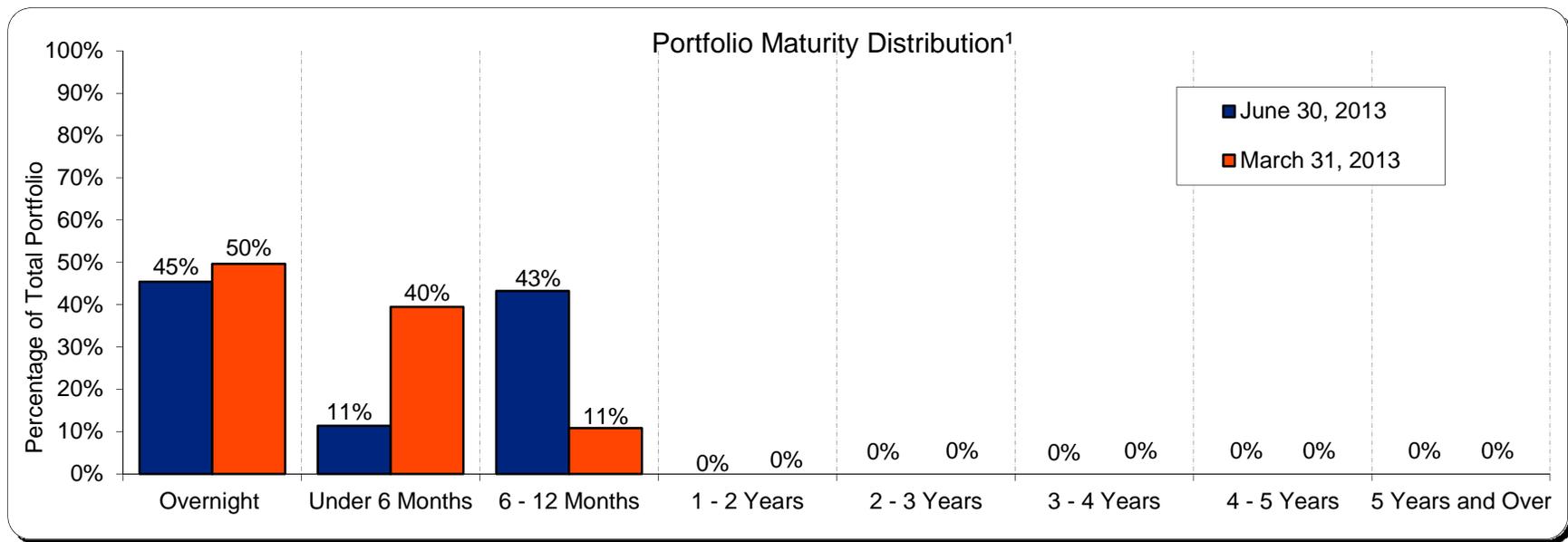


Notes:

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

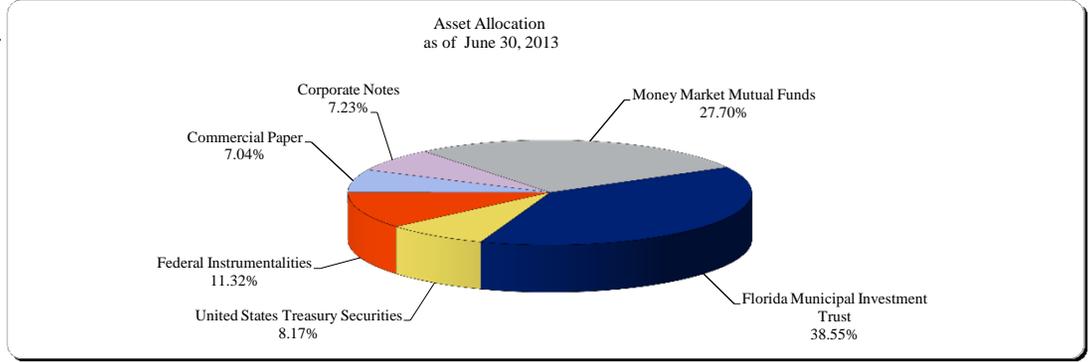
<u>Maturity Distribution¹</u>	<u>June 30, 2013</u>	<u>March 31, 2013</u>
Overnight (Money Market Fund)	\$8,382,849.83	\$9,589,493.39
Under 6 Months	2,097,572.40	7,633,731.57
6 - 12 Months	7,983,820.00	2,094,336.30
1 - 2 Years	0.00	0.00
2 - 3 Years	0.00	0.00
3 - 4 Years	0.00	0.00
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	\$18,464,242.23	\$19,317,561.26



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	June 30, 2013	June 30, 2013	Notes	Permitted by Policy
United States Treasury Securities	7,478,317.62	8.17%		100%
United States Government Agency Securities	-	0.00%		50%
Federal Instrumentalities	10,369,754.89	11.32%		80%
Certificates of Deposit	-	0.00%		50%
Repurchase Agreements	-	0.00%		50%
Commercial Paper	6,447,129.59	7.04%		25%
Corporate Notes	6,617,732.07	7.23%	5	25%
Corporate Notes TLGP - FDIC insured	-	0.00%		50%
Bankers' Acceptances	-	0.00%		35%
State and/or Local Government Debt	-	0.00%		20%
Money Market Mutual Funds	25,362,279.80	27.70%		50%
Florida Municipal Investment Trust	35,300,675.00	38.55%	2,4	50%



Individual Issuer Breakdown	June 30, 2013	June 30, 2013	Notes	Permitted by Policy
Government National Mortgage Association (GNMA)	-	0.00%		25%
US Export-Import Bank (Ex-Im)	-	0.00%		25%
Farmers Home Administration (FMHA)	-	0.00%		25%
Federal Financing Bank	-	0.00%		25%
Federal Housing Administration (FHA)	-	0.00%		25%
General Services Administration	-	0.00%		25%
New Communities Act Debentures	-	0.00%		25%
US Public Housing Notes & Bonds	-	0.00%		25%
US Dept. of Housing and Urban Development	-	0.00%		25%
Federal Farm Credit Bank (FFCB)	1,310,045.12	1.43%		30%
Federal Home Loan Bank (FHLB)	-	0.00%		30%
Federal National Mortgage Association (FNMA)	7,013,415.56	7.66%		30%
Federal Home Loan Mortgage Corporation (FHLMC)	2,046,294.21	2.23%		30%

Individual Issuer Breakdown	June 30, 2013	June 30, 2013	Notes	Permitted by Policy
Toyota Commercial Paper	2,998,492.50	3.27%		15%
General Electric Commercial Paper	2,998,643.34	3.27%		15%
Rabobank USA Commercial Paper	449,993.75	0.49%		15%
Johnson & Johnson Corporate Notes	310,369.61	0.34%		5%
Procter & Gamble Corporate Notes	350,746.12	0.38%		5%
General Electric Corporate Notes	656,728.58	0.72%		5%
JP Morgan Chase Corporate Notes	4,664,485.86	5.09%		5%
Berkshire Hathaway Corporate Notes	130,394.24	0.14%		5%
Wal-Mart Corporate Notes	125,084.44	0.14%		5%
Apple Inc. Corporate Notes	189,812.20	0.21%		5%
Toyota Corporate Notes	190,111.02	0.21%		5%
Money Market Fund - PFM Funds Prime Series #174	17,200,014.56	18.78%		25%
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	8,162,265.24	8.91%	3	25%
FMIvT 1-3	24,510,262.00	26.76%	2	50%
FMIvT Intermediate	10,790,413.00	11.78%	2	50%

Notes:
 1. End of month trade-date amortized cost values of portfolio holdings, including accrued interest.
 2. Managed by the Town.
 3. Money Market Fund Sweep Account includes cash from Series 2010A at Town's request.
 4. Combined total for Florida Municipal Investment Trust cannot exceed 50%.
 5. Maximum allocation in A rated securities is 10%. At month end there was 6.38% rated A by S&P and Moody's.
 * Does not include bond proceeds

TAB III

Insert Month End Statement here to complete the 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**