



Town of Palm Beach, Florida



Investment Performance Review Quarter Ended March 31, 2014

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March 31, 2014 PFM Month-End Statement

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

PFM Funds March 31, 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

- Many economists attribute the relative weakness of economic data released during the first quarter to severe winter weather during the period. As temperatures warm, growth is expected to reaccelerate.
- First-quarter economic data was not weak enough to deter the Federal Reserve (Fed) from a third round of tapering asset purchases. At its meeting on March 19, the Fed reduced its monthly purchases of Treasuries and agency mortgage-backed securities by another \$10 billion to a revised total of \$55 billion per month.
- Geopolitical uncertainty caused by Russia’s annexation of the Crimean peninsula jeopardized growth in Europe and sparked a brief rally in U.S. Treasuries, which temporarily pushed yields lower. The markets quickly refocused on forward growth prospects and Fed action.

Economic Snapshot

- Fourth-quarter U.S. gross domestic product (GDP) expanded at a 2.6% annual pace, as consumer spending reached its highest level in three years. Slower-than-expected economic growth was attributed in part to the large amounts of ice and snow that blanketed the country for much of the winter. This was an improvement from the previous year, when GDP expanded by 2.0%.
- The U.S. employment situation continued to improve, as the economy created a monthly average of 182,000 new jobs in the first quarter, only slightly behind the 2013 average of 197,000. The unemployment rate has averaged 6.7% for the quarter.
- According to CoreLogic, prices for existing homes rose 12.2% year-over-year in February due to tighter supply. Although the housing market is still moving forward, sales and construction were slowed down by the winter weather.

Interest Rates

- During a press conference after the March 18-19 meeting of the Federal Open Market Committee (FOMC), Fed Chair Janet Yellen commented that the federal funds target rate could rise as soon as six months after the Fed completed its bond-buying program. However, Ms. Yellen softened her message at the end of the quarter, stating that the Fed would remain accommodative for “some time” to help those who are currently unemployed.
- The majority of FOMC participants indicated that 2015 is the appropriate time to begin increasing the federal funds target rate.
- Interest rates continued to normalize from record lows. The Treasury yield curve became more humped, as intermediate-term maturity yields rose, while short-term rates remained low and longer-maturity yields fell modestly.

Sector Performance

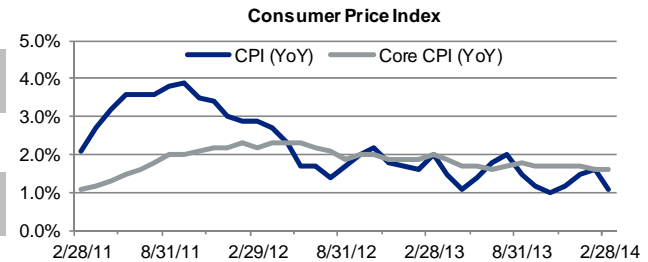
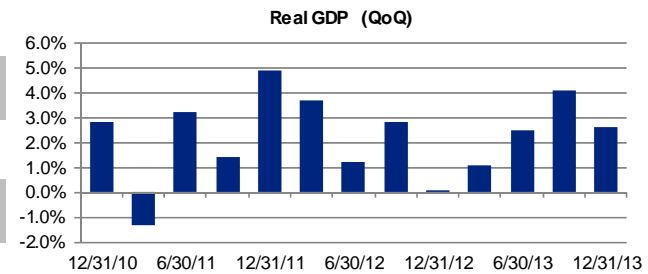
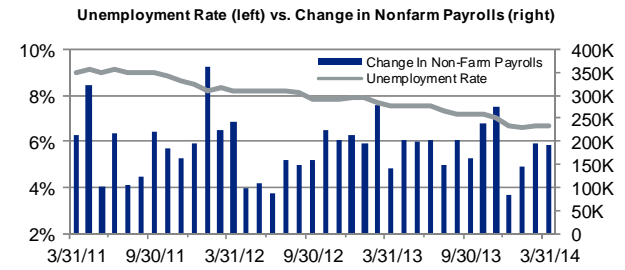
- Portfolios benefited from conservative duration management, as intermediate term yields surged after the March Fed meeting.
- Portfolios also benefited from the extra yield provided by holdings of corporate bonds, especially in the financial sector.
- Strong demand outpaced supply and continued to narrow yield spreads on corporate and municipal debt, which somewhat reduced their future attractiveness.

Economic Snapshot

Labor Market	Latest	Dec 2013	Mar 2013	
Unemployment Rate	Mar'14	6.7%	6.7%	7.5%
Change In Non-Farm Payrolls	Mar'14	192,000	84,000	141,000
Average Hourly Earnings (YoY)	Mar'14	2.1%	1.9%	1.9%
Personal Income (YoY)	Feb'14	3.1%	-0.8%	3.0%
Initial Jobless Claims (week)	Mar 28	326,000	344,000	375,000

Growth	Latest	Dec 2013	Mar 2013	
Real GDP (QoQ SAAR)	2013Q4	2.6%	4.1% ¹	1.1% ²
GDP Personal Consumption (QoQ SAAR)	2013Q4	3.3%	2.0% ¹	2.3% ²
Retail Sales (YoY)	Feb'14	1.5%	3.4%	3.2%
ISM Manufacturing Survey (month)	Mar'14	53.7	56.5	51.5
Existing Home Sales SAAR (month)	Feb'14	4.60 mil.	4.87 mil.	4.96 mil.

Inflation / Prices	Latest	Dec 2013	Mar 2013	
Personal Consumption Expenditures (YoY)	Feb'14	0.9%	1.2%	1.2%
Consumer Price Index (YoY)	Feb'14	1.1%	1.5%	1.5%
Consumer Price Index Core (YoY)	Feb'14	1.6%	1.7%	1.9%
Crude Oil Futures (WTI, per barrel)	Mar 31	\$101.58	\$98.42	\$97.23
Gold Futures (oz.)	Mar 31	\$1,283	\$1,202	\$1,595



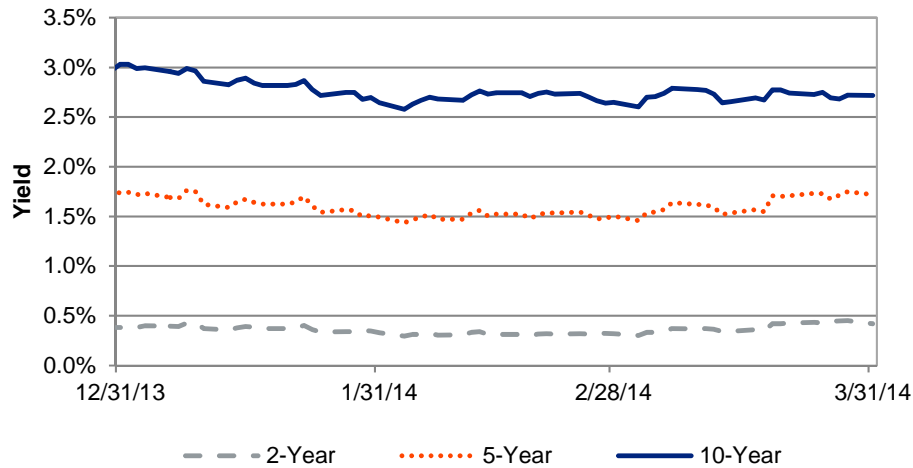
1. Data as of Third Quarter 2013 2. Data as of First Quarter 2013

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

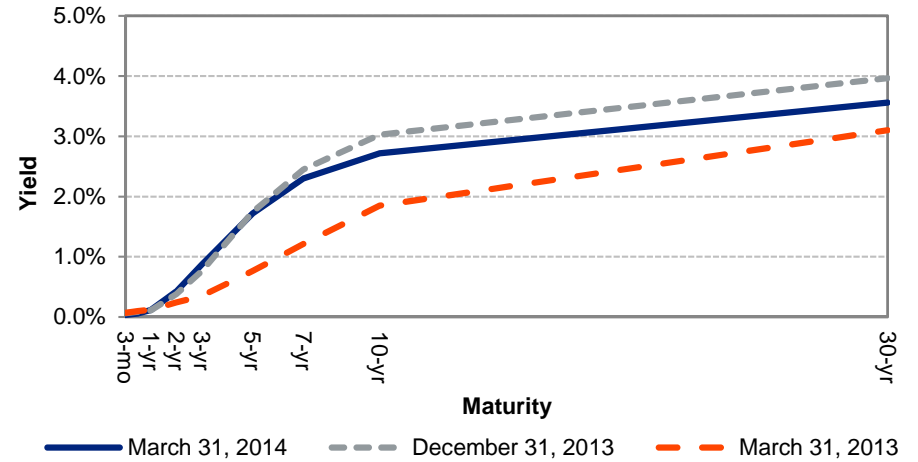
Source: Bloomberg

Investment Rate Overview

U.S. Treasury Note Yields



U.S. Treasury Yield Curve

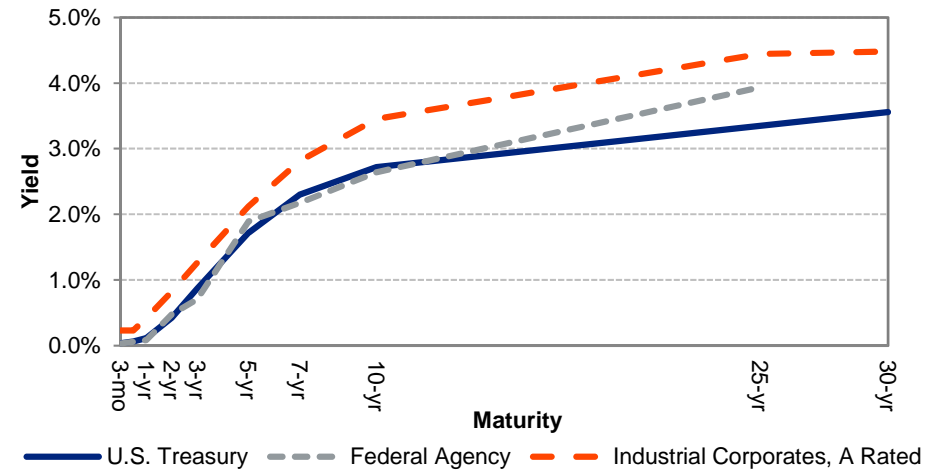


U.S. Treasury Yields

Maturity	3/31/14	12/31/13	Change over Quarter	3/31/13	Change over Year
3-month	0.03%	0.07%	(0.04%)	0.07%	(0.04%)
1-year	0.11%	0.11%	0.00%	0.12%	(0.01%)
2-year	0.42%	0.38%	0.04%	0.24%	0.18%
5-year	1.72%	1.74%	(0.02%)	0.77%	0.95%
10-year	2.72%	3.03%	(0.31%)	1.85%	0.87%
30-year	3.56%	3.97%	(0.41%)	3.10%	0.46%

Source: Bloomberg

Yield Curves as of 3/31/2014



BofA Merrill Lynch Index Returns

	As of 3/31/2014		Returns for Periods ended 3/31/2014		
	Duration	Yield	3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.92	0.44%	0.14%	0.38%	0.81%
Federal Agency	1.84	0.52%	0.17%	0.49%	0.94%
U.S. Corporates, A-AAA rated	1.96	0.94%	0.42%	1.38%	2.28%
Agency MBS (0 to 3 years)	1.70	1.02%	0.25%	1.09%	1.75%
Municipals	1.75	0.52%	0.25%	0.87%	1.35%
1-5 Year Indices					
U.S. Treasury	2.72	0.82%	0.26%	(0.09%)	1.43%
Federal Agency	2.50	0.86%	0.34%	0.22%	1.35%
U.S. Corporates, A-AAA rated	2.88	1.47%	0.76%	1.33%	3.12%
Agency MBS (0 to 5 years)	3.35	2.43%	0.94%	0.96%	2.58%
Municipals	2.48	0.85%	0.41%	0.99%	2.05%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	5.78	1.60%	1.63%	(1.53%)	3.33%
Federal Agency	4.04	1.45%	1.24%	(0.62%)	2.24%
U.S. Corporates, A-AAA rated	6.66	2.75%	2.58%	0.84%	5.35%
Agency MBS (0 to 30 years)	5.26	3.01%	1.58%	0.23%	2.75%
Municipals	7.59	3.10%	3.80%	0.28%	6.22%

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

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

Source: BofA Merrill Lynch Indices

Disclosures

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

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TAB II

Executive Summary

PORTFOLIO STRATEGY

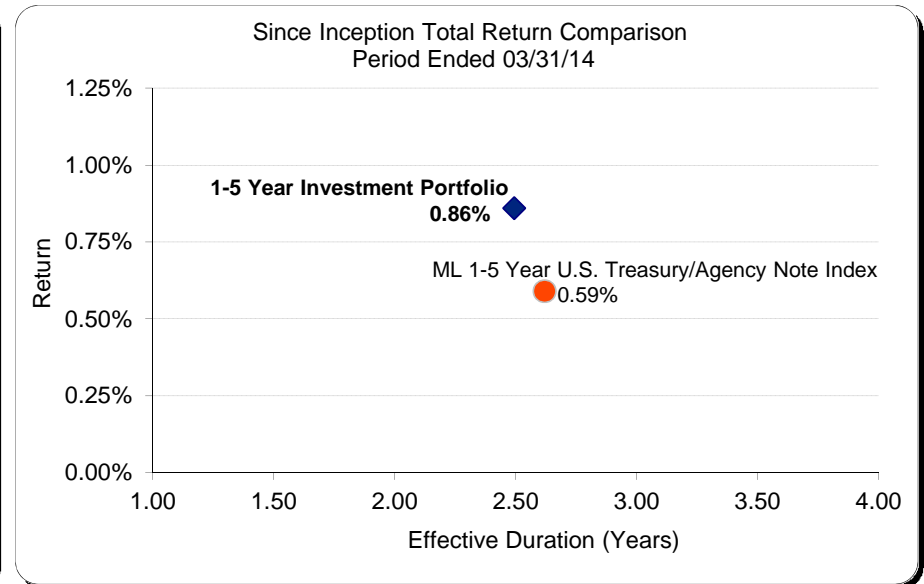
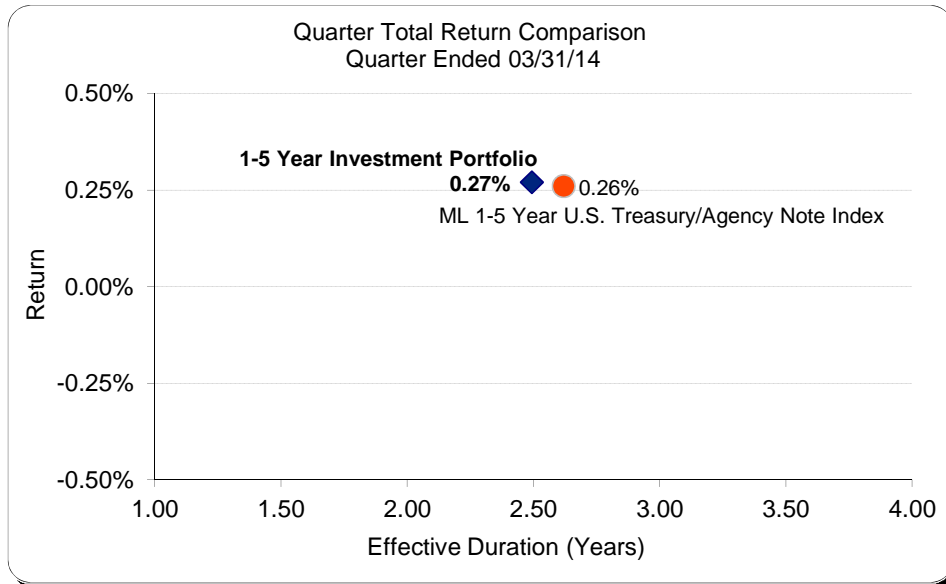
- The Town's 1-5 Year Investment, Short Term, and Bond Proceed Portfolios are of high credit quality and invested in U.S. Treasury, Federal Agency, high quality corporate and commercial paper securities, and money market mutual funds.
- PFM continued to actively manage the 1-5 Year Investment Portfolio during the first quarter and found value in the market, taking advantage of market inefficiencies or changes in economic outlook. As a result the Portfolio realized \$10,840 in gains on sales (based on amortized cost) during the quarter. PFM is continually in the market monitoring for opportunities to add value to the Portfolio.
- The 1-5 Year Investment Portfolio's quarterly total return performance was 0.27%, outperforming the benchmark's performance of 0.26% by 0.01%. Over the past year, the Portfolio earned 0.14%, versus -0.06% for the benchmark.
- The Short Term and Bond Proceed Portfolios continue to provide the Town with favorable yield relative to the benchmark. At quarter end the portfolios had a weighted average Yield to Maturity at Cost of 0.29%, exceeding the Yield to Maturity of its benchmark the S&P GIP Government 30 Day Index by 19 basis points (0.19%).
- The past 5 years is not a good roadmap for the next 5 years. During the past 5 years extraordinarily aggressive Fed policy has been driving bond prices higher. The advantage of holding bonds has been two-fold: interest earnings and positive price returns. As the FOMC exits their stimulus programs, the prices of bonds will almost assuredly move lower. In this transition period, the earnings advantage of holding bonds will need to be balanced against the disadvantage of periodic negative price returns.
- Investment strategies generally consist of two parts: strategic and tactical. These two parts reflect the fact that an investor's long-term evaluation of a market can be completely opposite to their short-term evaluation. Longer term PFM expects interest rates will normalize and move higher leading to capital losses, and thus our strategic plan is to keep the portfolio's duration shorter relative to the benchmark's duration. In the near term, however, we may find periods of market quiescence when the steepness of the yield offers high rolldown return, and we will capitalize on these opportunities as they arise.
- With the end of the bull market in bonds and the beginning of the bear market, or at least the anticipation of a coming bear market, investment strategy has turned defensive. PFM looks to add value through superior timing of monthly extensions intra-month, and to mitigate market downturns via tactical underweighting of interest rate exposure.
- A sea change has arrived and we aim to steer the portfolios safely between the shoals of under-investment on the one side, and the jagged rocks of over-investment on the other. Through prudence derived from experience and being diligent in monitoring research and market conditions we strive to optimize the balance between higher income return and smaller price declines. Safeguarding principal and purchasing power are our highest goals.

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

Total Portfolio Value ¹	March 31, 2014	December 31, 2013
	Market Value	\$17,898,509.34
Amortized Cost	\$17,909,936.39	\$17,863,599.98

Total Return ^{2,3,4}	Quarterly Return March 31, 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)	0.27%	0.35%	0.14%	0.83%	N/A	0.86%
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	0.26%	0.17%	-0.06%	0.59%	N/A	0.59%

Effective Duration (Years) ^{4,5}	March 31, 2014	December 31, 2013	Yields	March 31, 2014	December 31, 2013
	1-5 Year Investment Portfolio (Actively Managed)	2.49		2.44	Yield at Market
Merrill Lynch 1-5 Year U.S. Treasury/Agency Index	2.62	2.61	Yield at Cost	0.83%	0.80%
Portfolio Duration % of Benchmark Duration	95%	94%			

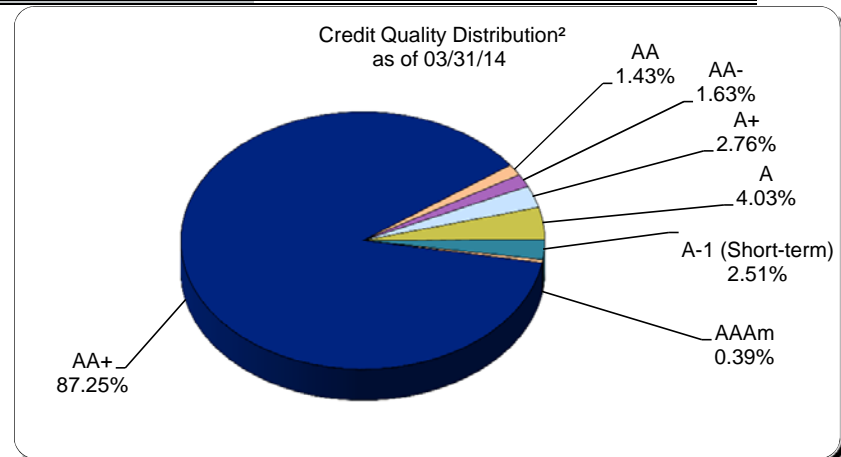
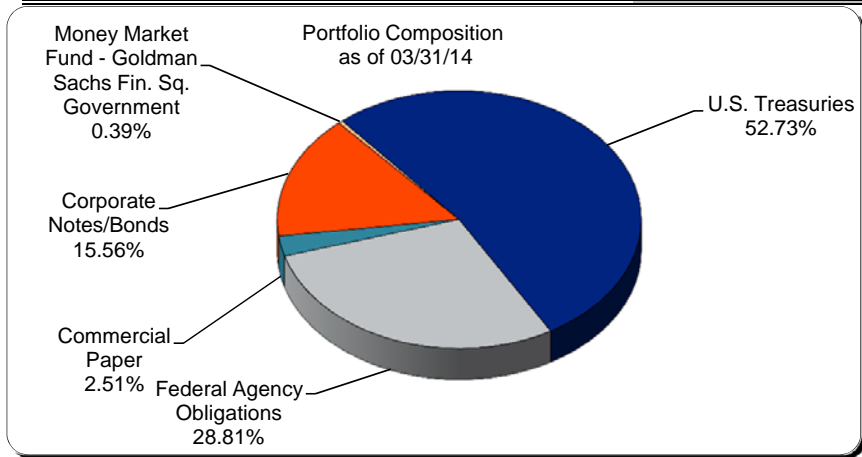


Notes:

- 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>March 31, 2014</u>	<u>% of Portfolio</u>	<u>December 31, 2013</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$9,437,786.21	52.7%	\$6,923,791.25	38.8%
Federal Agencies	5,156,019.41	28.8%	7,324,517.46	41.0%
Commercial Paper	449,770.50	2.5%	449,445.15	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	2,785,133.12	15.6%	3,129,515.44	17.5%
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	69,800.10	0.4%	23,087.64	0.1%
Totals	\$17,898,509.34	100.0%	\$17,850,356.94	100.0%

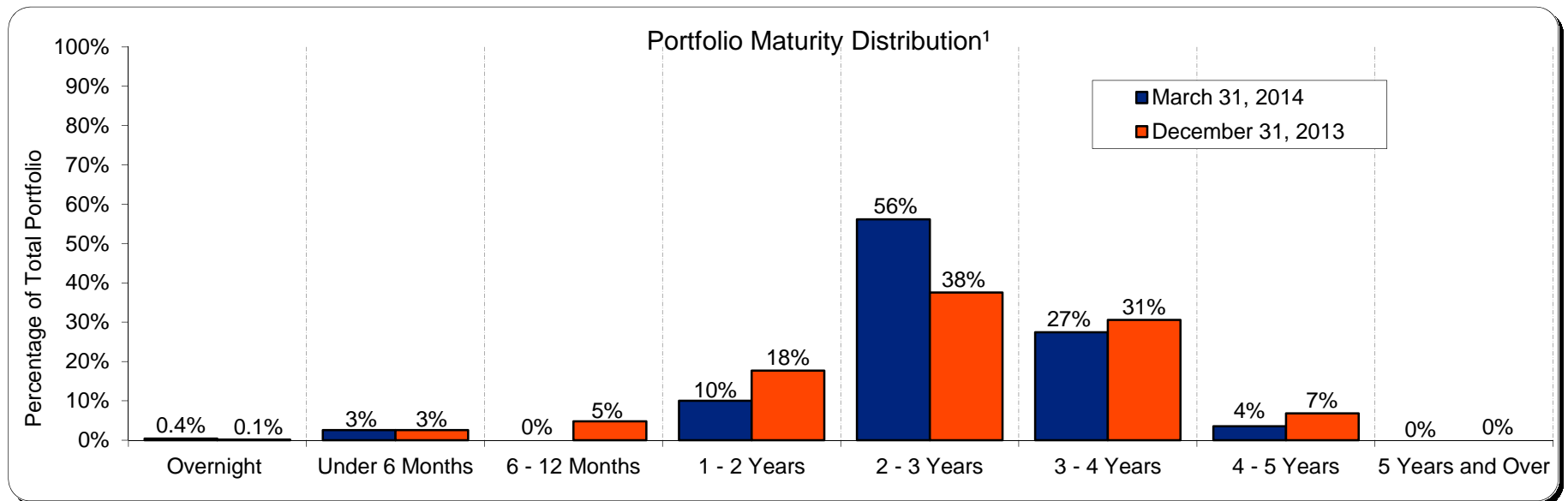


Notes:

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

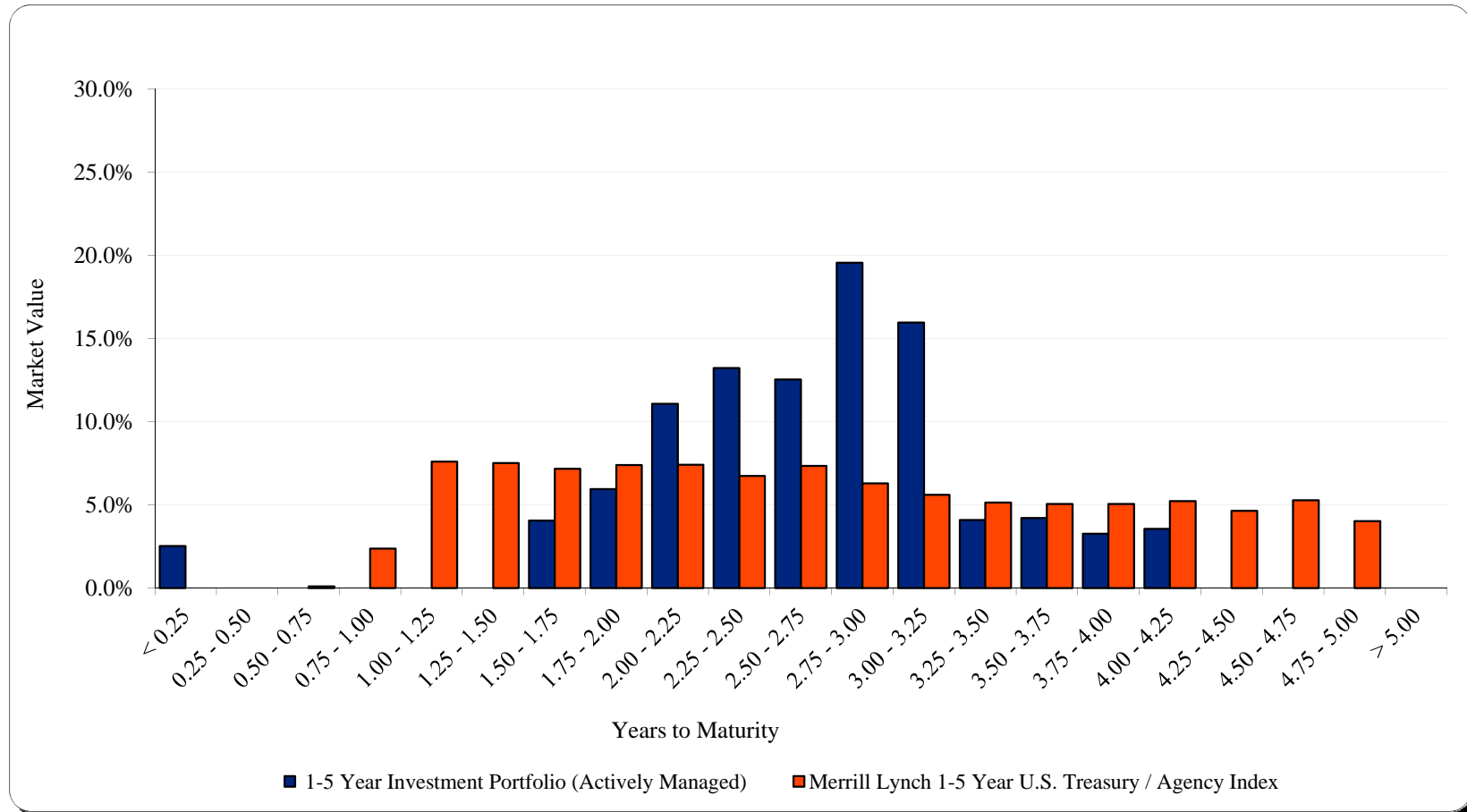
<u>Maturity Distribution¹</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Overnight (Money Market Fund)	\$69,800.10	23,087.64
Under 6 Months	449,770.50	449,445.15
6 - 12 Months	0.00	853,721.09
1 - 2 Years	1,785,017.83	3,160,854.02
2 - 3 Years	10,050,803.18	6,701,224.06
3 - 4 Years	4,909,443.55	5,453,484.13
4 - 5 Years	633,674.18	1,208,540.85
5 Years and Over	0.00	0.00
Totals	\$17,898,509.34	\$17,850,356.94



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}	Amortized Cost ^{1,2,3}	Market Value ^{1,2,3}	Market Value ^{1,2,3}	Duration (Years) ⁴
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013	March 31, 2014
Short Term Fund - 4245	\$16,981,593.26	\$16,965,506.99	\$16,986,585.80	\$16,971,530.90	0.19
2010A CIP Fund - 4255	6,995,770.81	7,996,336.68	6,995,919.00	7,998,540.00	0.24
2013 Bond Fund - 4265	53,743,301.68	N/A	53,668,293.69	N/A	1.69
Money Market Fund - PFM Funds Prime Series Excess Funds - 174	22,710,383.01	22,710,383.01	22,710,383.01	22,710,383.01	53 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 179	81,950.14	81,936.15	81,950.14	81,936.15	53 Days
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180	1,361,519.42	3,582,242.51	1,361,519.42	3,582,242.51	53 Days
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	3,006,021.10	58,366,251.02	3,006,021.10	58,366,251.02	53 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	107,264.95	107,264.95	107,264.95	107,264.95	39 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	1,013,826.57	8,030.15	1,013,826.57	8,030.15	39 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2013 Bond Fund	1,365,413.00	N/A	1,365,413.00	N/A	39 Days
Total	\$107,367,043.94	\$109,817,951.46	\$107,297,176.68	\$109,826,178.69	

Account Name	Yield to Maturity on Cost ⁵	Yield to Maturity on Cost ⁵	Yield to Maturity at Market	Yield to Maturity at Market	Duration (Years) ⁴
	March 31, 2014	December 31, 2013	March 31, 2014	December 31, 2013	December 31, 2013
Short Term Fund - 4245	0.36%	0.36%	0.20%	0.29%	0.44
2010A CIP Fund - 4255	0.25%	0.32%	0.24%	0.12%	0.15
2013 Bond Fund - 4265	0.40%	N/A	0.45%	N/A	N/A
Money Market Fund - PFM Funds Prime Series Excess Funds - 174 ⁶	0.07%	0.07%	0.07%	0.07%	53 Days
Money Market Fund - PFM Funds Prime Series 2010B WORTH AVENUE - 179 ⁶	0.07%	0.07%	0.07%	0.07%	53 Days
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180 ⁶	0.07%	0.07%	0.07%	0.07%	53 Days
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	0.07%	0.07%	0.07%	0.07%	53 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - Short Term Fund	0.00%	0.00%	0.00%	0.00%	57 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2010A CIP	0.00%	0.00%	0.00%	0.00%	57 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank) - 2013 Bond Fund	0.00%	N/A	0.00%	N/A	N/A
Weighted Average Yield	0.29%	0.13%	0.29%	0.11%	

Benchmarks

	March 31, 2014	December 31, 2013
S&P GIP Government 30 Day Index ⁷	0.10%	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} March 31, 2014</u>	<u>Amortized Cost^{1,2,3} December 31, 2013</u>	<u>Market Value^{1,2,3} March 31, 2014</u>	<u>Market Value^{1,2,3} December 31, 2013</u>	<u>Duration (Years)⁴ March 31, 2014</u>
Short Term Fund - 4245	\$16,981,593.26	\$16,965,506.99	\$16,986,585.80	\$16,971,530.90	0.19
Money Market Fund - PFM Funds Prime Series Excess Funds - 174	22,710,383.01	30,705,629.13	22,710,383.01	30,705,629.13	53 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	107,264.95	107,249.54	107,264.95	107,249.54	39 Days
Total	\$39,799,241.22	\$47,778,385.66	\$39,804,233.76	\$47,784,409.57	

<u>Account Name</u>	<u>Yield to Maturity on Cost⁵ March 31, 2014</u>	<u>Yield to Maturity on Cost⁵ December 31, 2013</u>	<u>Yield to Maturity at Market March 31, 2014</u>	<u>Yield to Maturity at Market December 31, 2013</u>	<u>Duration (Years) December 31, 2013</u>
Short Term Fund - 4245	0.36%	0.36%	0.20%	0.29%	0.44
Money Market Fund - PFM Funds Prime Series Excess Funds - 174 ⁶	0.07%	0.07%	0.07%	0.07%	53 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.00%	0.00%	0.00%	0.00%	57 Days
Weighted Average Yield	0.19%	0.17%	0.13%	0.15%	

Benchmarks

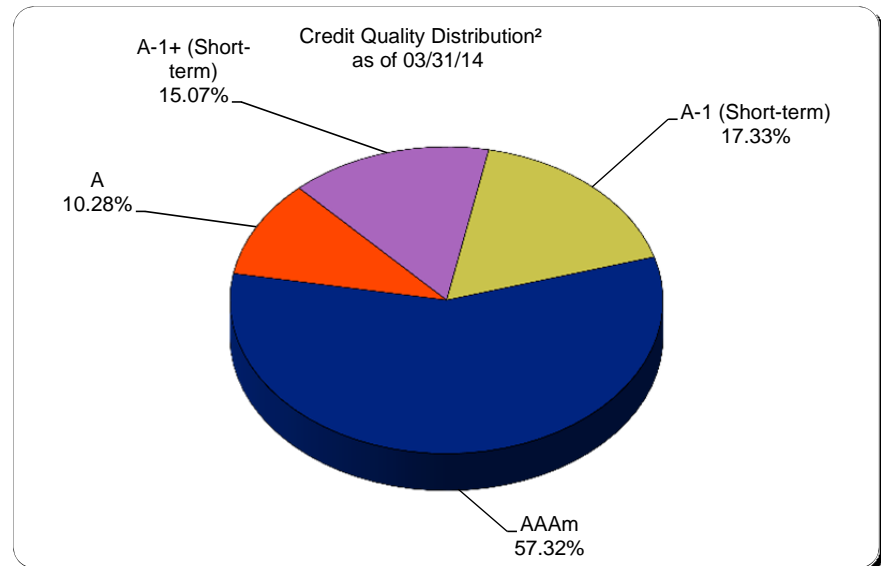
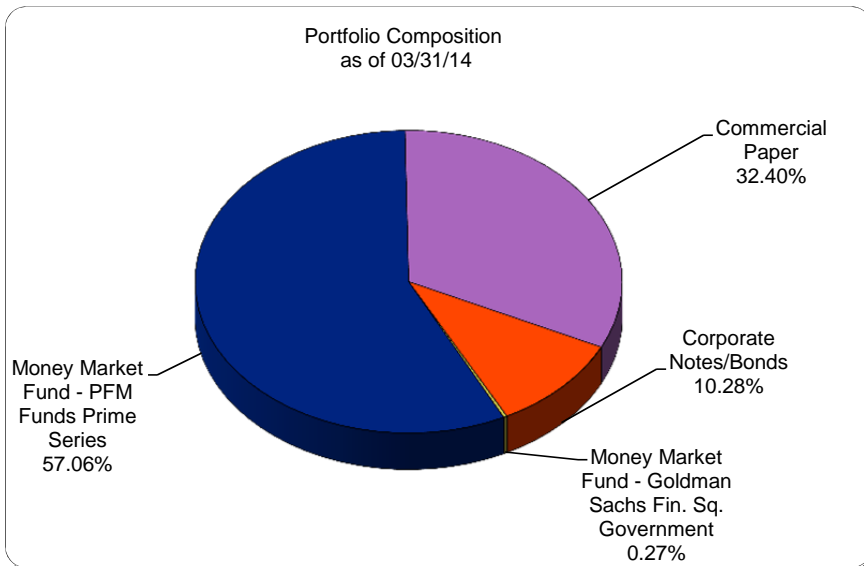
	<u>March 31, 2014</u>	<u>December 31, 2013</u>
S&P GIP Government 30 Day Index ⁷	0.10%	0.10%

Notes:

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

Short Term Fund Portfolio Composition and Credit Quality Characteristics

<u>Security Type¹</u>	<u>March 31, 2014</u>	<u>% of Portfolio</u>	<u>December 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	12,896,665.80	32.4%	12,885,990.90	27.0%
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	4,089,920.00	10.3%	4,085,540.00	8.5%
Money Market Fund - Goldman Sachs Fin. Sq. Government	107,264.95	0.3%	107,249.54	0.2%
Money Market Fund - PFM Funds Prime Series	22,710,383.01	57.1%	30,705,629.13	64.26%
Totals	\$39,804,233.76	100.0%	\$47,784,409.57	100.0%

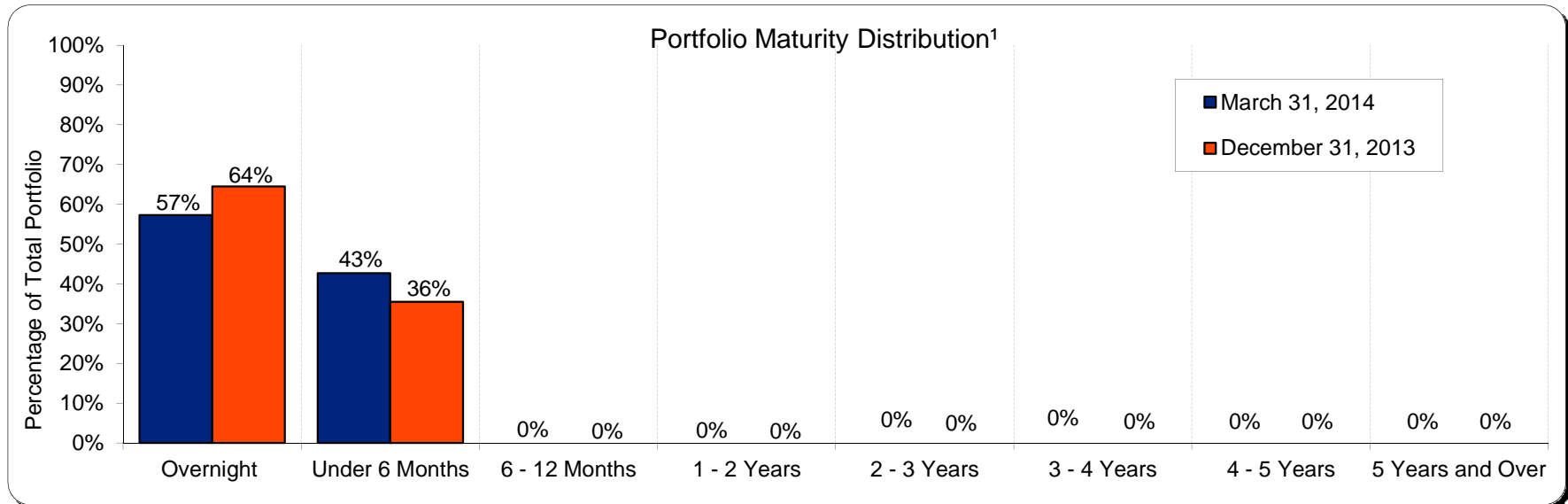


Notes:

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>March 31, 2014</u>	<u>December 31, 2013</u>
Overnight (Money Market Fund)	\$22,817,647.96	\$30,812,878.67
Under 6 Months	16,986,585.80	16,971,530.90
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	\$39,804,233.76	\$47,784,409.57



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} March 31, 2014</u>	<u>Amortized Cost^{1,2,3} December 31, 2013</u>	<u>Market Value^{1,2,3} March 31, 2014</u>	<u>Market Value^{1,2,3} December 31, 2013</u>	<u>Duration (Years)⁴ March 31, 2014</u>
CIP Fund - 4255	\$6,995,770.81	\$7,996,336.68	\$6,995,919.00	\$7,998,540.00	0.24
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180	1,361,519.42	3,582,242.51	1,361,519.42	3,582,242.51	53 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	1,013,826.57	8,030.15	1,013,826.57	8,030.15	39 Days
Total	\$9,371,116.80	\$11,586,609.34	\$9,371,264.99	\$11,588,812.66	

<u>Account Name</u>	<u>Yield to Maturity on Cost⁵ March 31, 2014</u>	<u>Yield to Maturity on Cost⁵ December 31, 2013</u>	<u>Yield to Maturity at Market March 31, 2014</u>	<u>Yield to Maturity at Market December 31, 2013</u>	<u>Duration (Years) December 31, 2013</u>
CIP Fund - 4255	0.25%	0.32%	0.24%	0.12%	0.15
Money Market Fund - PFM Funds Prime Series 2010A CIP - 180 ⁶	0.07%	0.07%	0.07%	0.07%	53 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.00%	0.00%	0.00%	0.00%	57 Days
Weighted Average Yield	0.20%	0.24%	0.19%	0.10%	

<u>Benchmarks</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
S&P GIP Government 30 Day Index ⁷	0.10%	0.10%

Notes:

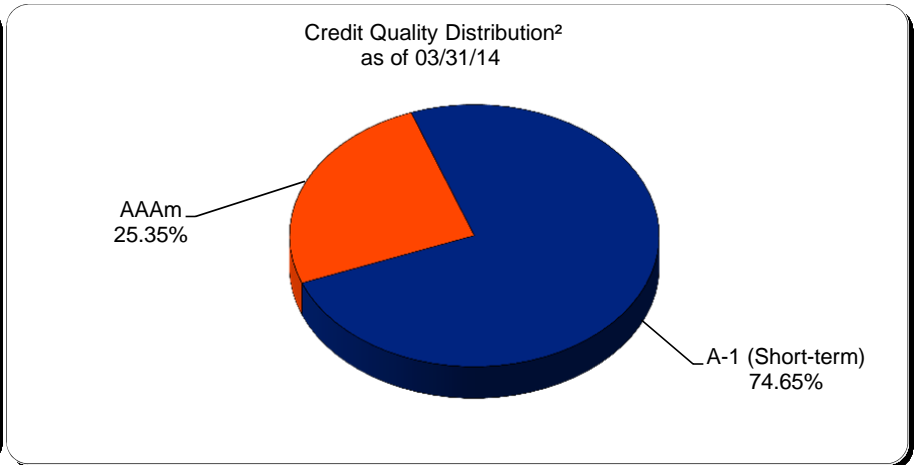
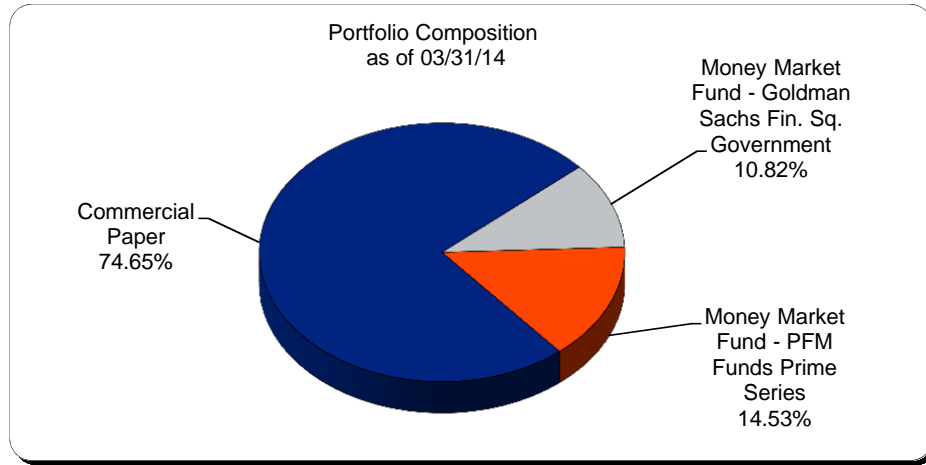
1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.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

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

7. Monthly returns, source Bloomberg.

2010A CIP Portfolio Composition and Credit Quality Characteristics

<u>Security Type</u> ¹	<u>March 31, 2014</u>	<u>% of Portfolio</u>	<u>December 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	6,995,919.00	74.7%	7,998,540.00	69.0%
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	1,013,826.57	10.8%	8,030.15	0.1%
Money Market Fund - PFM Funds Prime Series	1,361,519.42	14.5%	3,582,242.51	30.9%
Totals	\$9,371,264.99	100.0%	\$11,588,812.66	100.0%

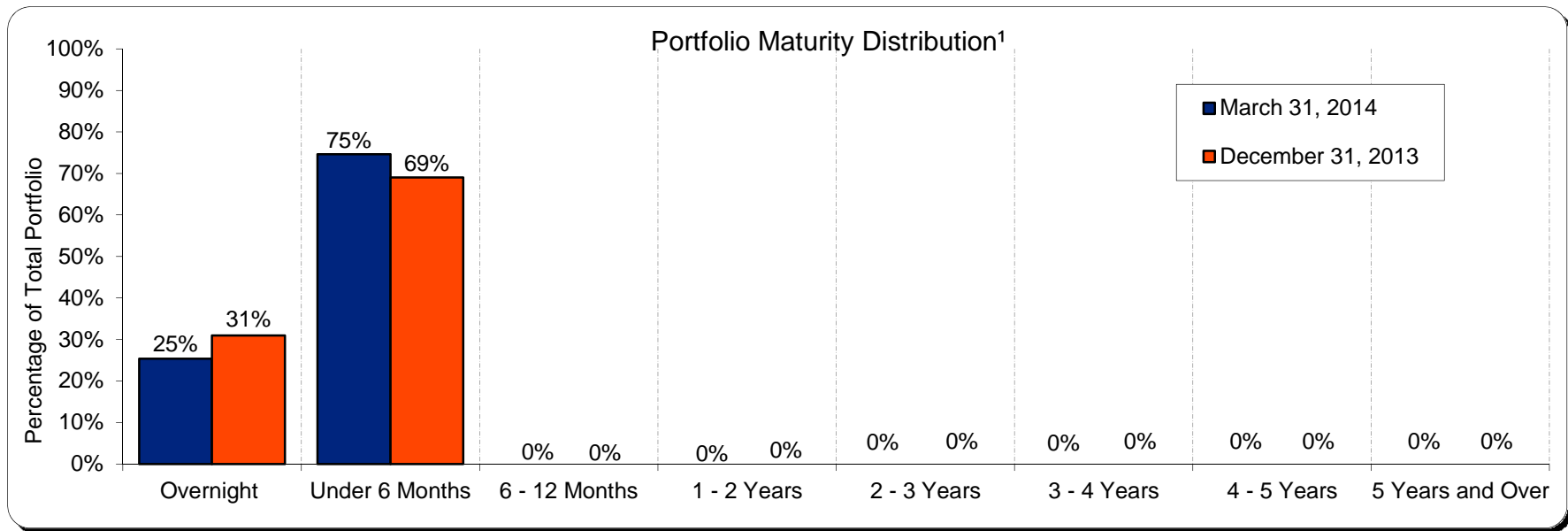


Notes:

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.

2010A CIP Portfolio Maturity Distribution

<u>Maturity Distribution¹</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Overnight (Money Market Fund)	\$2,375,345.99	\$3,590,272.66
Under 6 Months	6,995,919.00	7,998,540.00
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	\$9,371,264.99	\$11,588,812.66



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} March 31, 2014</u>	<u>Amortized Cost^{1,2,3} December 31, 2013</u>	<u>Market Value^{1,2,3} March 31, 2014</u>	<u>Market Value^{1,2,3} December 31, 2013</u>	<u>Duration (Years)⁴ March 31, 2014</u>
2013 Bond Fund - 4265	\$53,743,301.68	N/A	\$53,668,293.69	N/A	1.69
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357	3,006,021.10	N/A	3,006,021.10	N/A	53 Days
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	1,365,413.00	N/A	1,365,413.00	N/A	39 Days
Total	\$58,114,735.78	N/A	\$58,039,727.79	N/A	

<u>Account Name</u>	<u>Yield to Maturity on Cost⁵ March 31, 2014</u>	<u>Yield to Maturity on Cost⁵ December 31, 2013</u>	<u>Yield to Maturity at Market March 31, 2014</u>	<u>Yield to Maturity at Market December 31, 2013</u>	<u>Duration (Years) December 31, 2013</u>
2013 Bond Fund - 4265	0.40%	N/A	0.45%	N/A	N/A
Money Market Fund - PFM Funds Prime Series 2013 Bond Fund - 357 ⁶	0.07%	N/A	0.07%	N/A	N/A
Money Market Fund - Goldman Sachs Financial Squares Government Fund (TD Bank)	0.00%	N/A	0.00%	N/A	N/A
Weighted Average Yield	0.37%	N/A	0.42%	N/A	

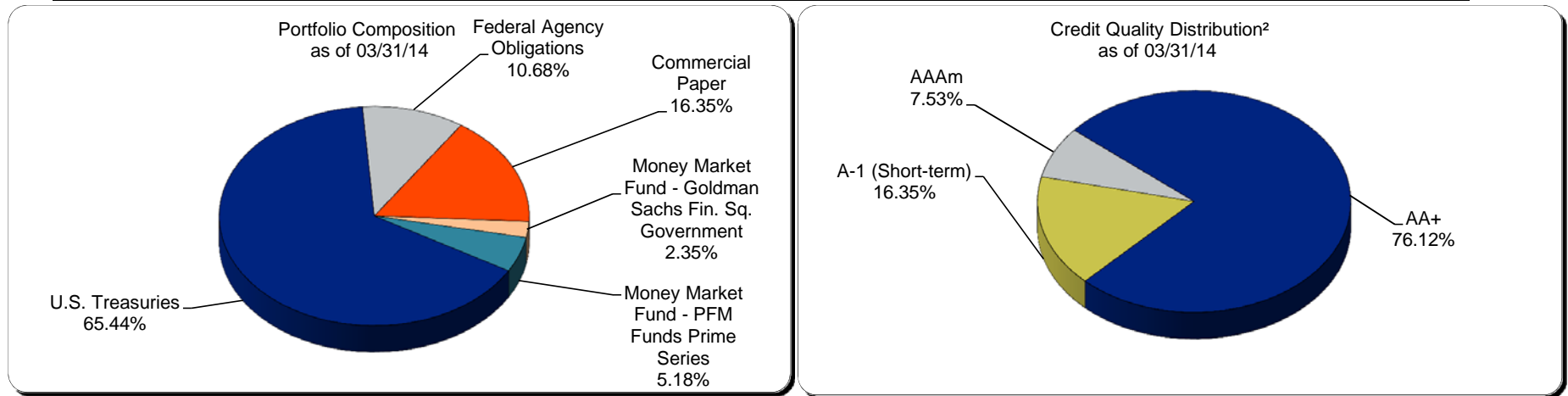
<u>Benchmarks</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
S&P GIP Government 30 Day Index ⁷	0.10%	0.10%

Notes:

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

2013 Bond Fund Portfolio Composition and Credit Quality Characteristics

<u>Security Type</u> ¹	<u>March 31, 2014</u>	<u>% of Portfolio</u>	<u>December 31, 2013</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$37,984,014.66	65.4%	N/A	N/A
Federal Agencies	6,197,636.53	10.7%	N/A	N/A
Commercial Paper	9,486,642.50	16.3%	N/A	N/A
Certificates of Deposit	0.00	0.0%	N/A	N/A
Bankers Acceptances	0.00	0.0%	N/A	N/A
Repurchase Agreements	0.00	0.0%	N/A	N/A
Municipal Obligations	0.00	0.0%	N/A	N/A
Corporate Notes/Bonds	0.00	0.0%	N/A	N/A
Money Market Fund - Goldman Sachs Fin. Sq. Government	1,365,413.00	2.4%	N/A	N/A
Money Market Fund - PFM Funds Prime Series	3,006,021.10	5.2%	N/A	N/A
Totals	\$58,039,727.79	100.0%	N/A	N/A

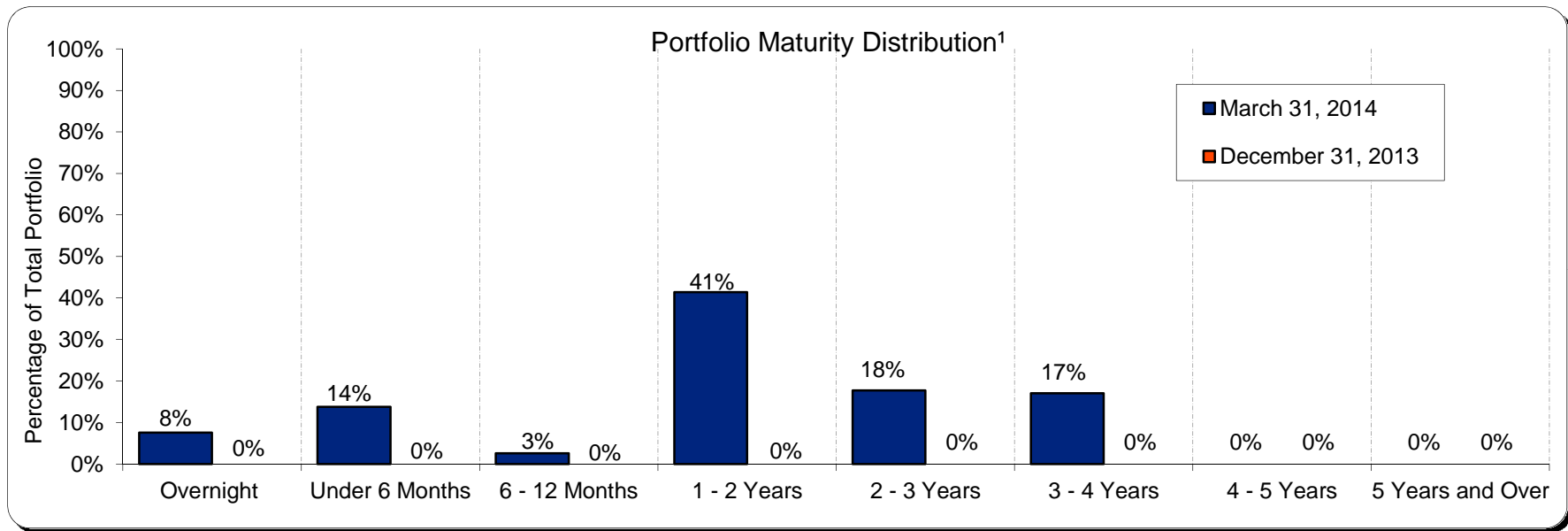


Notes:

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.

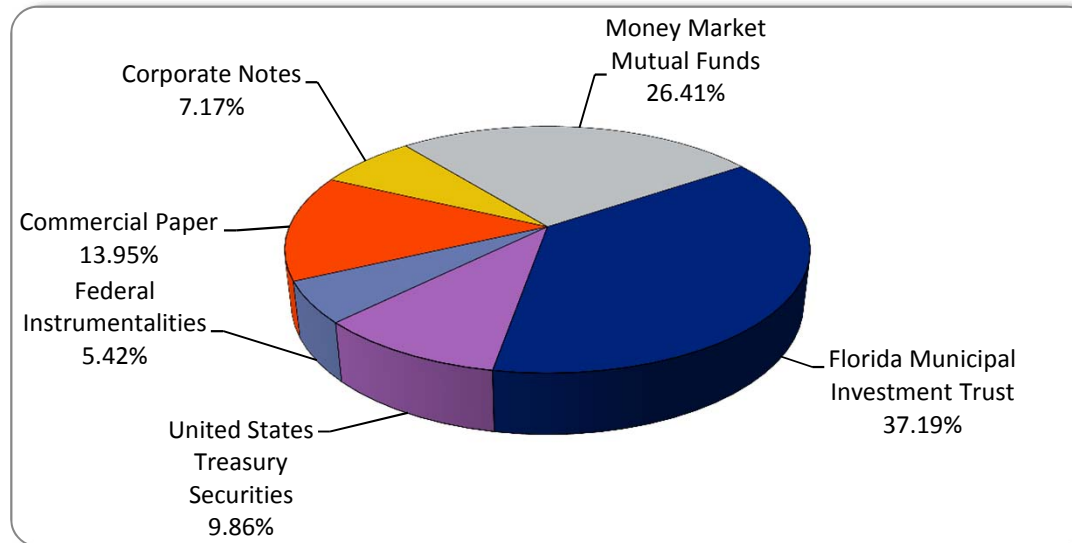
2013 Bond Fund Portfolio Maturity Distribution

<u>Maturity Distribution¹</u>	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Overnight (Money Market Fund)	\$4,371,434.10	N/A
Under 6 Months	7,990,760.00	N/A
6 - 12 Months	1,495,882.50	N/A
1 - 2 Years	24,035,066.81	N/A
2 - 3 Years	10,267,618.87	N/A
3 - 4 Years	9,878,965.51	N/A
4 - 5 Years	0.00	N/A
5 Years and Over	0.00	N/A
Totals	\$58,039,727.79	N/A



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	9,436,295.73	9.86%		100%	YES
United States Government Agency Securities	-	0.00%		50%	YES
Federal Instrumentalities	5,182,909.97	5.42%		80%	YES
Certificates of Deposit	-	0.00%		50%	YES
Repurchase Agreements	-	0.00%		50%	YES
Commercial Paper	13,342,389.03	13.95%		25%	YES
Corporate Notes	6,860,134.82	7.17%	2	25%	YES
Bankers' Acceptances	-	0.00%		35%	YES
State and/or Local Government Debt	-	0.00%		20%	YES
Money Market Mutual Funds	25,266,687.63	26.41%		50%	YES
Florida Municipal Investment Trust	35,577,506.00	37.19%	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 5.54% 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)	425,291.43	0.44%		30%	YES
Federal National Mortgage Association (FNMA)	2,936,447.69	3.07%		30%	YES
Federal Home Loan Mortgage Corporation (FHLMC)	1,821,170.85	1.90%		30%	YES
Toyota Commercial Paper	5,996,998.32	6.27%		15%	YES
Bank of Tokyo Mitsubishi Commercial Paper	449,728.12	0.47%		15%	YES
BNP Paribas Commercial Paper	6,895,662.59	7.21%		15%	YES
General Electric Corporate Notes	825,819.70	0.86%		5%	YES
American Honda Corporate Notes	140,337.06	0.15%		5%	YES
JP Morgan Chase Corporate Notes	4,591,362.10	4.80%		5%	YES
Berkshire Hathaway Corporate Notes	130,137.15	0.14%		5%	YES
Wal-Mart Corporate Notes	125,294.00	0.13%		5%	YES
Apple Inc. Corporate Notes	190,111.50	0.20%		5%	YES
Toyota Corporate Notes	190,510.34	0.20%		5%	YES
Wells Fargo & Company Corporate Notes	350,514.26	0.37%		5%	YES
John Deere Corporate Notes	215,835.39	0.23%		5%	YES
Coca-Cola Corporate Notes	100,213.32	0.10%		5%	YES
Money Market Fund - PFM Funds Prime Series #174	22,710,383.01	23.74%		25%	YES
Money Market Fund - Goldman Sachs Financial	2,556,304.62	2.67%	5	25%	YES
Squares Government Fund (TD Bank)	24,633,048.00	25.75%	3	50%	YES
FMIvT 1-3	10,944,458.00	11.44%	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 5.54% 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 and 2013 Bond Fund at Town's request.

* Does not include bond proceeds

TAB III

Insert Month End Statement here to complete the report.

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

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

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

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