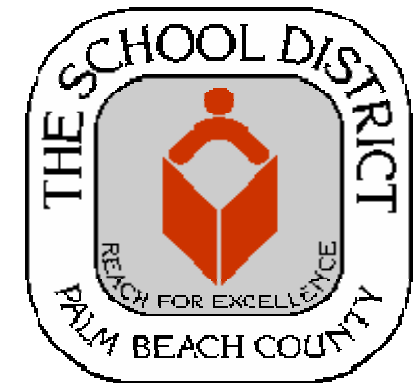


Palm Beach County School District

Investment Performance Review
Quarter Ended June 30, 2007



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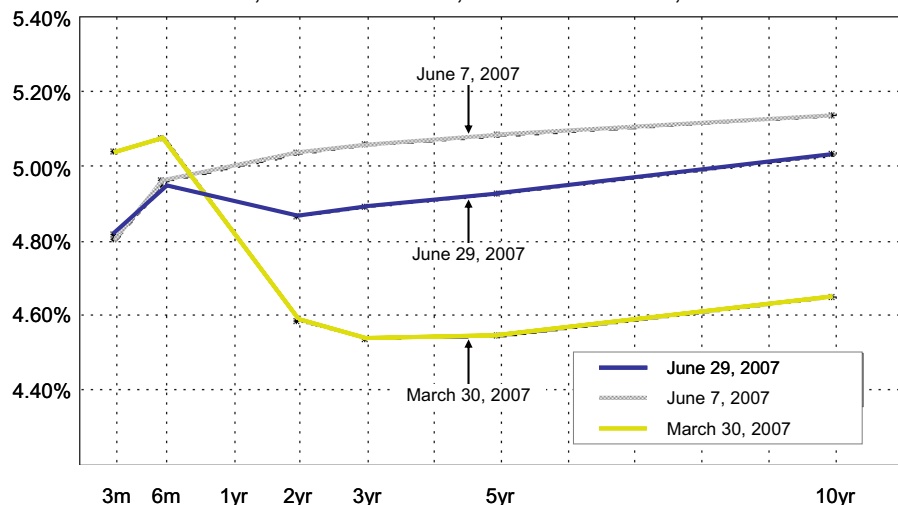
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MARKET REVIEW

Fixed-income investors faced a challenging quarter. The market flirted with the prospect that a weak economy would trigger an easier Federal Open Market Committee (“FOMC”) monetary policy before returning to reality, pushing up interest rates, and re-drawing the yield curve. With the economy firmly in a groove of moderate, if unspectacular, growth and the Fed fretting about inflation, the 10-year Treasury yield peaked in early June at 5.31%, its highest level since the spring of 2002.

released after the March 21st FOMC meeting noted that “the economy seems likely to continue to expand at a moderate pace over coming quarters.” Moreover, the governors warned that the somewhat elevated levels of core inflation could continue for some time. This was far from a hint for easing, and those who paid close attention to the governors avoided placing further bets on lower rates.

U.S. Treasury Yield Curve
March 30, 2007 vs. June 7, 2007 vs. June 29, 2007



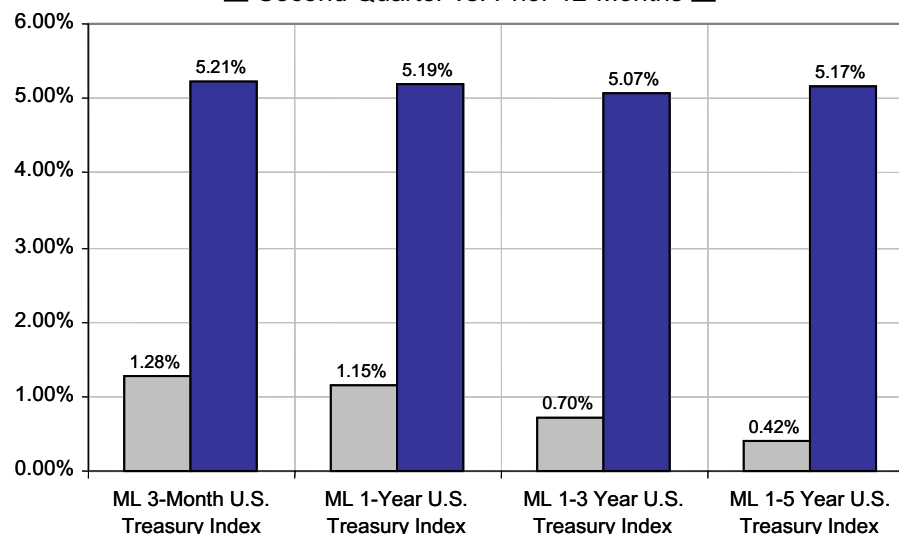
Source: Bloomberg

The yield curve also gave up the inverted shape it had taken in May 2006, on June 7, 2007, as yields rose to a ten-month high. An inverted yield curve is generally, but not always, associated with a sharp downturn in the economy and usually foreshadows FOMC easing.

Through the first few months of the year, institutional investors believed the inverted yield curve was indicating a forthcoming economic recession—as economic growth braked to its slowest level since December 2002. The bond-buying euphoria peaked in mid-March, and intermediate-term Treasury rates briefly hit 4.50%. Many market economists forecasted that the Federal Funds Target rate would dip to 5.00% by summer and 4.75% by year-end. However, in the formal minutes of their deliberations, in speeches and in talks, Fed governors discounted this view. For example, the statement

The second quarter back-up in intermediate- and long-term rates resulted in longer-duration portfolios underperforming, as market value changes eroded income. For example, the Merrill Lynch 1-3 Year U.S. Treasury Index returned 0.70% (2.85% on an annualized basis) while the Merrill Lynch 1-5 Year U.S. Treasury Index, with a duration only eight months longer, returned 0.42% (1.69% annualized). While duration detracted significantly from returns in the quarter, for the 12-month period ending June 30, short- and intermediate-duration portfolios had returns that were not greatly different than those of cash investments. The overnight rate of 5.25% for most of the year anchored money market yields around this level, while the Merrill Lynch 1-5 Year U.S. Treasury index returned a respectable 5.17%.

Merrill Lynch U.S. Treasury Indices Returns
Second Quarter vs. Prior 12-Months

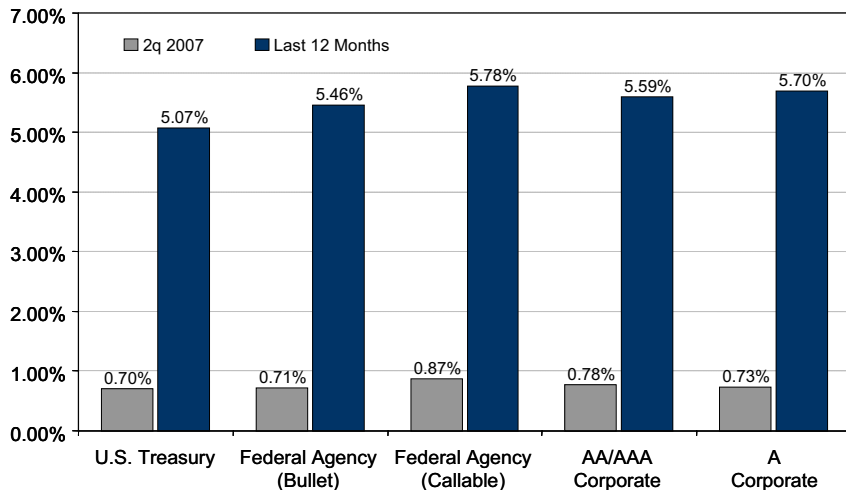


Source: Merrill Lynch Indices provided by Bloomberg Financial Markets.

Sector allocation had unusual effects on returns. The quarter was characterized by spread-widening between Treasury, Federal Agency and corporate yields that eroded the income advantage that non-Treasury investments often provide. On a duration-adjusted basis, the Merrill Lynch 1-3 Year U.S. Agency Index returned only one basis point more than the Merrill Lynch 1-3 Year U.S. Treasuries Index (0.71% for Agencies vs. 0.70% for Treasuries). The Merrill Lynch 1-3 Corporate (A-rated) Index outperformed the Treasury index by only three basis points. In the past quarter, as in the past 12 months, callable agencies have been stellar performers, helped by the narrow trading range of interest rates and low market volatility.

The increase in spreads was due to a broad reassessment of credit risk in the market, as deterioration in the subprime mortgage market led some investors to flee to the quality of Treasuries to avoid broker/dealers, banks, and the Federal agencies whose business is dependent on mortgage origination.

**Duration Adjusted Returns
Merrill Lynch 1-3 Year Indices**

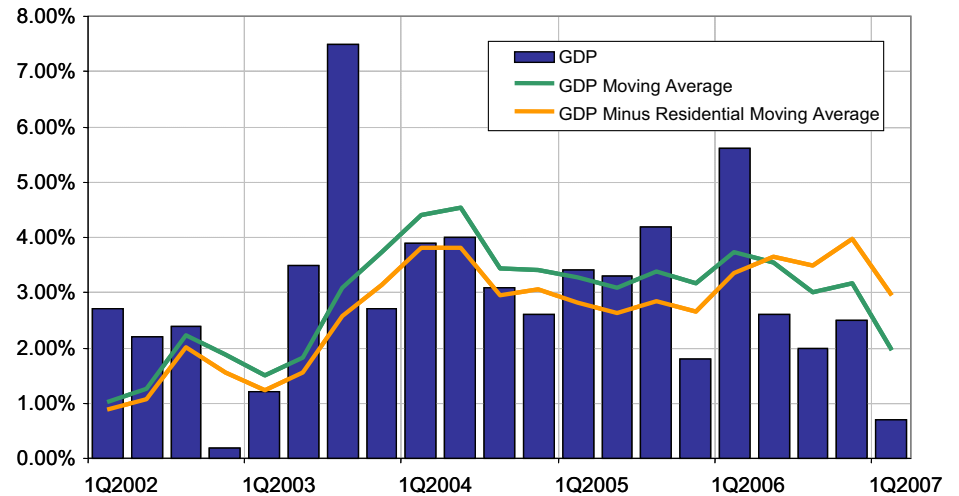


Source: Merrill Lynch Indices provided by Bloomberg Financial Markets.

The **housing** slowdown continued, and its effect on GDP was pronounced. The following chart plots GDP's moving average (green) along with the moving average of GDP minus housing (orange). The housing sector is normally a positive contributor to growth (orange line from 1Q2002 to

1Q2006). Since mid-2006, however, the housing sector's contribution to GDP has been negative.

**Gross Domestic Product
First Quarter 2002 – First Quarter 2007**



Source: Bloomberg

There were no signs of an end to the housing slowdown. New and existing home sales and prices continued to decline. The housing slowdown also affected the financial markets, where hedge funds heavily invested in mortgage-backed securities and lenders, which either originate mortgages or finance leveraged investment strategies, faced declining business, increased credit exposure or both. For instance, Bear Stearns bailed out one of its two hedge funds that had suffered large losses on bonds backed by subprime mortgage loans. Federal Reserve Bank of Philadelphia President Charles I. Plosser shared concerns that these types of losses could spread throughout Wall Street. "There is concern that this could lead to large spillover effects... How severe such effects will turn out to be remains to be seen."

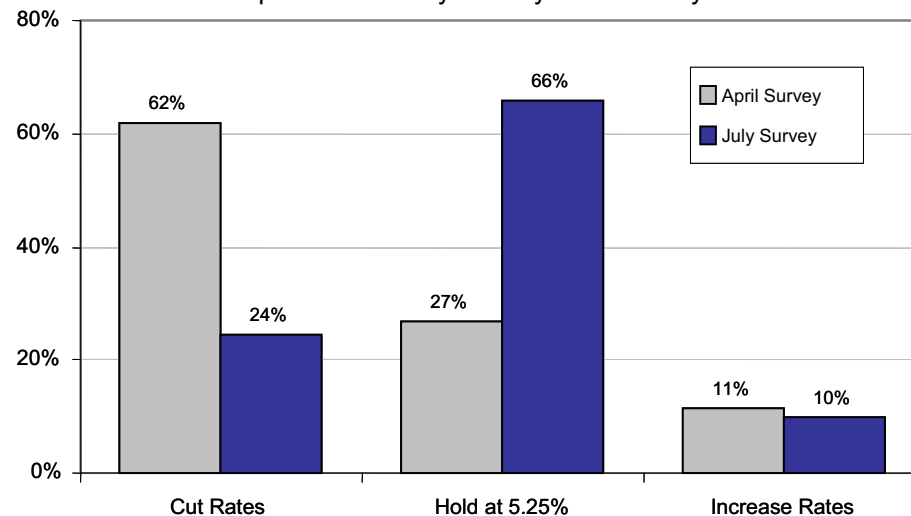
Higher mortgage rates, which closely track long-term U.S. Treasury rates, and the fallout in the subprime mortgage market increased pressure in the already stagnating housing sector. More stringent underwriting standards and higher borrowing costs made it more difficult for prospective home buyers to purchase. Sales of previously-owned homes, which account for 85% of the housing market, fell to their lowest level in almost four years despite the continued slide in median prices. Similarly, while new home

builders increased incentives and lowered prices, the number of new homes sold continued to decline. Foreclosures reached near record levels in both prime and subprime loans, pushing an already bloated inventory of housing to levels not seen since August 1992—the last housing recession.

The final reading of first quarter **GDP**, announced in the second quarter, was 0.7%, the slowest quarterly growth since 2002. As previously mentioned, the housing sector was a major factor to this anemic level of growth, reducing first quarter GDP by almost a full percentage point. In addition, the trade deficit increased during the quarter despite the fact that the weakening dollar makes imported goods relatively more expensive than domestic-made goods. The trade deficit also reduced first quarter GDP by almost one percent. Because GDP is a backward-looking indicator—a historical summation of economic growth—it has traditionally already been priced into the market. Because preliminary indications of second quarter GDP were largely positive, the market disregarded the first quarter’s disappointing level of growth and focused instead on indications of moderate economic growth throughout the rest of 2007. The market’s current expectation is for second quarter GDP growth of 2.9%, and GDP growth of 2.1% for the entire year. This market assessment of moderate economic growth is, in part, responsible for the general rise in rates during the second quarter.

Continued inflationary pressures, represented by both increasing prices and high levels of resource utilization, were finally acknowledged by investors during the quarter. In effect, the market reassessed its position that slowing growth was the biggest threat to the economy and after months of resisting, agreed with the Fed’s position that **inflation** was the greater risk. This reassessment led economists from Goldman Sachs, Merrill Lynch, and UBS Securities, among others, to change their prediction of an FOMC cut in interest rates by the end of the year. The following chart, which compares the outlook of about 70 market economists whose forecasts are compiled by Bloomberg, shows that by the end of the quarter only one in four economists thought the FOMC would lower the overnight rate by year-end, compared with more than 60% in April.

2007 Year-End Federal Funds Forecasts
April 2007 Survey vs. July 2007 Survey



Source: Bloomberg

The second quarter did reveal some moderation in core inflation, but overall inflation (which takes into account both food and energy) remains high. In addition, though moderating, core numbers are still at the top of the Fed’s preferred range of 1% to 2%. High energy prices—the price of **oil** ended the quarter above \$71 per barrel—and **gold**, which has traditionally been a safe-heaven during times of inflation, at \$660 per ounce, continued to add to inflationary pressures.

Inflation Statistics

Information as of June 29, 2007

	Month-over-Month	Year-over-Year
CPI (core)	0.10%	2.20%
CPI	0.70%	2.70%
PPI (core)	0.20%	1.60%
PPI	0.90%	4.10%
PCE (core)	0.10%	1.90%
PCE	--	2.30%
Gold per oz	\$650.90	
Oil (ppb)	\$71.06	

Source: Bloomberg

Unemployment remained low, with the unemployment rate at 4.5%. Through the quarter, average hourly earnings grew at a year-over-year pace of nearly 4.0%, and the market continued to add jobs at about the same moderate pace of the last 12 months. Low unemployment, moderate job growth, and average hourly earnings growth at a rate in excess of the Fed's long-term target for core inflation—1% to 2%—raised the speculation that rising labor costs potentially could push core inflation higher.

The **equity markets** continued to surge on the strength of corporate profits and merger and acquisition activity. Both the S&P 500 and Dow Jones Industrial Average finished the quarter near all-time record highs. The strength of the stock market is yet another indicator that the economy remains poised for growth, despite the problems in the housing sector.



Source: Bloomberg

PORTFOLIO STRATEGY AND OUTLOOK

At the start of the second quarter, with intermediate-term yields near the bottom of their 8-month trading range and with the expectation that yields would trend upward, we positioned portfolios with duration targets that were shorter than their benchmarks. As yields trended upward, we extended durations to capture somewhat higher rates. We also added allocations to non-Treasury sectors, where permitted, to take advantage of historically wide spreads, taking care to avoid exposure to sectors that could be impacted by problems in the mortgage market.

2-Year U.S. Treasury Yields
July 1, 2006 – June 29, 2007



Source: Bloomberg

Our outlook for moderate growth and inflation that is somewhat above long-term Fed targets continues in the current quarter. Unless there is a sudden shock to the market, we expect the Fed to remain on the sidelines and interest rates to continue to move in a narrow range with a bias toward somewhat higher rates.

Portfolios were positioned somewhat shorter than benchmarks at the beginning of the third quarter, allowing us to capture incremental returns without overly exposing the portfolios to out-sized market-value risks.

Investment Portfolio Summary¹

Total Portfolio Value ²	June 30, 2007	March 31, 2007
Market Value	\$83,586,962.23	\$84,032,105.53
Amortized Cost	\$83,989,766.04	\$84,151,528.78

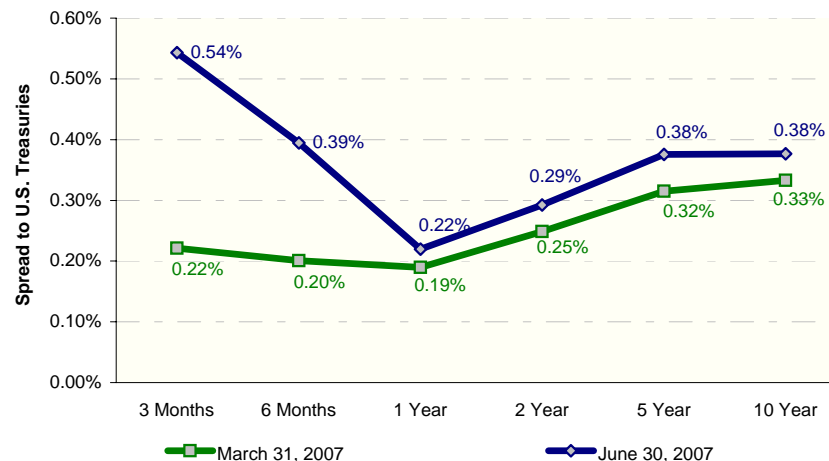
PORTFOLIO STRATEGY

- The housing market continued to dominate economic news during the quarter, with varying opinions of whether this sector of the economy has reached the bottom, if things will get worse, and the length of time for a recovery. Existing home sales were at their lowest since July of 2003 and housing starts have slowed considerably and building permits were the lowest in April since 1997.
- GDP posted a revised growth of 0.7% for the first quarter, the smallest quarterly annualized growth since December 2002. Second quarter GDP is expected at 2.9%, the most recent survey reports a median expected growth rate of 2.1% for 2007.
- The FOMC kept the Federal Funds rate at 5.25% - the same rate for 12 months – and remained more concerned about pricing pressures than the effect of the housing market. Manufacturing and services sector ISM indexes continued to signal growth, and non-farm payrolls added another 444,000 jobs during the quarter.
- Interest rates were volatile during the quarter, and while the agency yield curve remained inverted there was a “flattening” of the curve during the quarter with the two-year to ten-year area of the curve experiencing the largest gains of 35-45 basis points.
- PFM extended the duration of the portfolio during the quarter to 1.61 years, reaching the target of 97% of the benchmark. PFM purchased Federal Agencies and Corporate Notes in the two to four year area of the yield curve, and increased the allocation to federal agencies during the quarter.
- The District’s Investment portfolio return of 0.80% outperformed the Merrill Lynch 1-3 Year U.S. Treasury Note Index benchmark return of 0.70% by ten basis points, primarily as a result of extending the duration of the portfolio and locking in yields near the high end of the trading range in recent months. The portfolio has outperformed the benchmark by 40 basis points for the last 12 months and 37 basis points for the last 24 months. The District’s Investment Portfolio outperformed the SBA for the last 12 months by 8 basis points.

PORTFOLIO STRATEGY

- Market participants have all but abandoned any chance of a Federal Funds rate decrease during 2007, as the FOMC focuses on resource utilization continuing to influence pricing pressures.
- PFM’s duration strategy for the third quarter is a target duration of 95% - 96% of the benchmark. This strategy will be achieved by taking advantage of trading opportunities provided by the daily volatility along the yield curve and between sectors as a result of the market events and economic indicators.
- Sector spreads continued to widen during the quarter with Federal Agency sector securities offering additional yield of 19-33 basis points over U.S. Treasuries, and Corporate Note providing additional yield of 22-54 basis points during the quarter in the 6-month to 5-year area of the yield curve. PFM will look to add exposure in these sectors to enhance the total return of the portfolio, while monitoring the permitted asset allocation within each sector and individual issuer.

Sector Spread - Federal Agency versus U.S. Treasury
March 31, 2007 and June 30, 2007



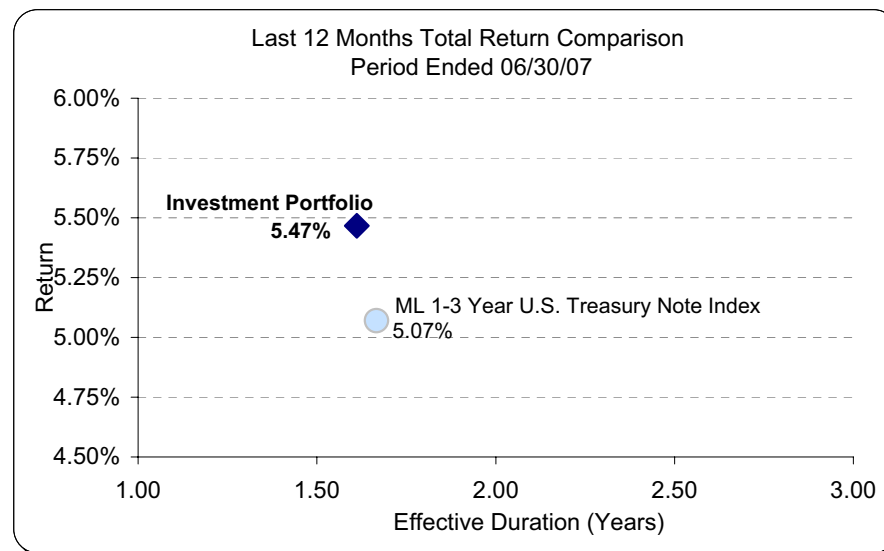
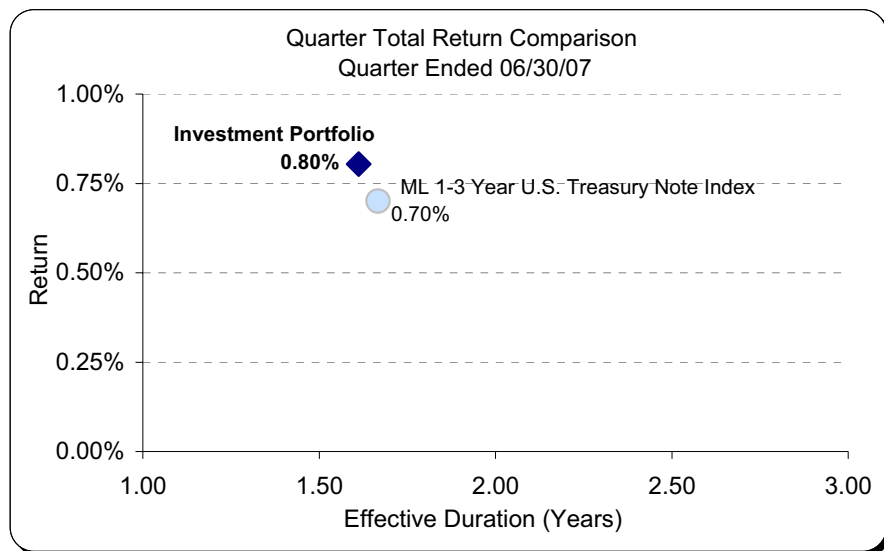
Notes:

- In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balance.
- End of quarter trade-date market values of portfolio holdings, including accrued interest.

Investment Portfolio Performance

Total Return ^{1,2,3,4,5,6}	Quarterly Return June 30, 2007	Annualized Quarter	Last 12 Months	Last 24 Months	Since Inception on 12/31/98
Investment Portfolio	0.80%	3.26%	5.47%	3.81%	4.35%
Merrill Lynch 1-3 Year U.S. Treasury Note Index	0.70%	2.85%	5.07%	3.44%	4.17%

Effective Duration (Years)⁴	<u>June 30, 2007</u>	<u>March 31, 2007</u>	Yields	<u>June 30, 2007</u>	<u>March 31, 2007</u>
Investment Portfolio	1.61	1.46	Yield at Market	5.34%	5.05%
ML 1-3 Year U.S. Treasury Note Index	1.67	1.68	Yield at Cost	4.82%	4.77%
Portfolio Duration % of Benchmark Duration	97%	87%			

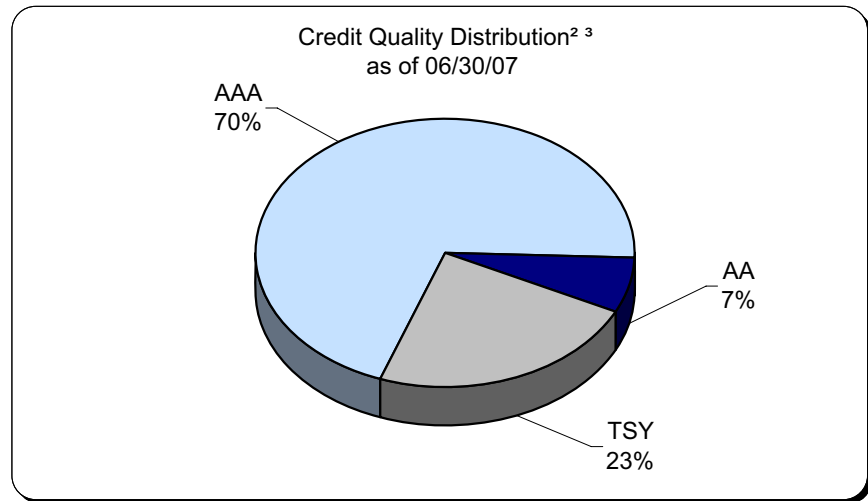
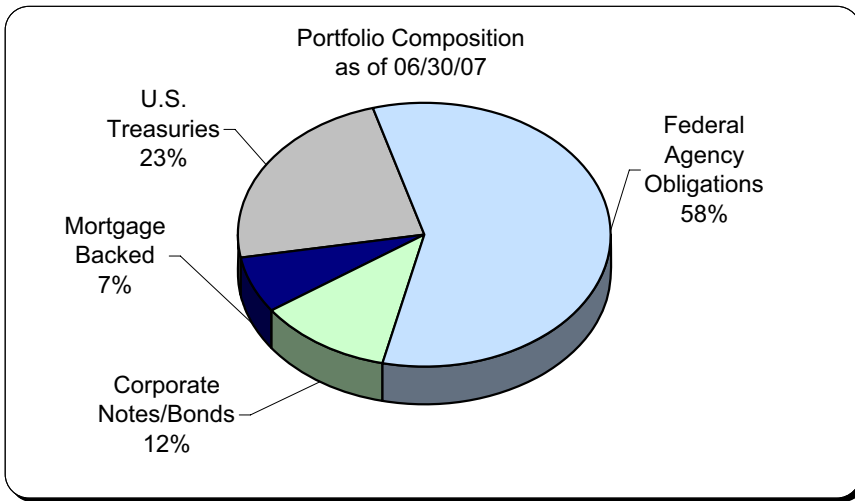


Notes:

1. Performance on trade date basis, gross (i.e., before fees), is in accordance with The CFA Institute's Global Investment Performance Standards (GIPS).
2. Merrill Lynch Indices provided by Bloomberg Financial Markets.
3. Quarterly returns are presented on both an unannualized and annualized basis. The annualized return assumes the quarterly return is compounded at the same rate for four quarters and is presented for reference only. The actual annual return will be the result of chaining the most recent four quarterly returns.
4. Excludes money market fund/cash in performance and duration computations.
5. Returns presented for 12 months or longer are presented on an annual basis.
6. Past performance is not indicative of future results.

Investment Portfolio Composition and Credit Quality Characteristics

<u>Security Type¹</u>	<u>June 30, 2007</u>	<u>% of Portfolio</u>	<u>March 31, 2007</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$19,447,963.08	23.3%	\$25,337,738.26	30.2%
Federal Agencies	48,489,575.41	58.0%	42,801,023.81	50.9%
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	9,916,370.02	11.9%	9,626,944.60	11.5%
Mortgage Backed	5,733,053.72	6.9%	6,266,398.86	7.5%
Money Market Fund/Cash	0.00	0.0%	0.00	0.0%
Totals	\$83,586,962.23	100.0%	\$84,032,105.53	100.0%

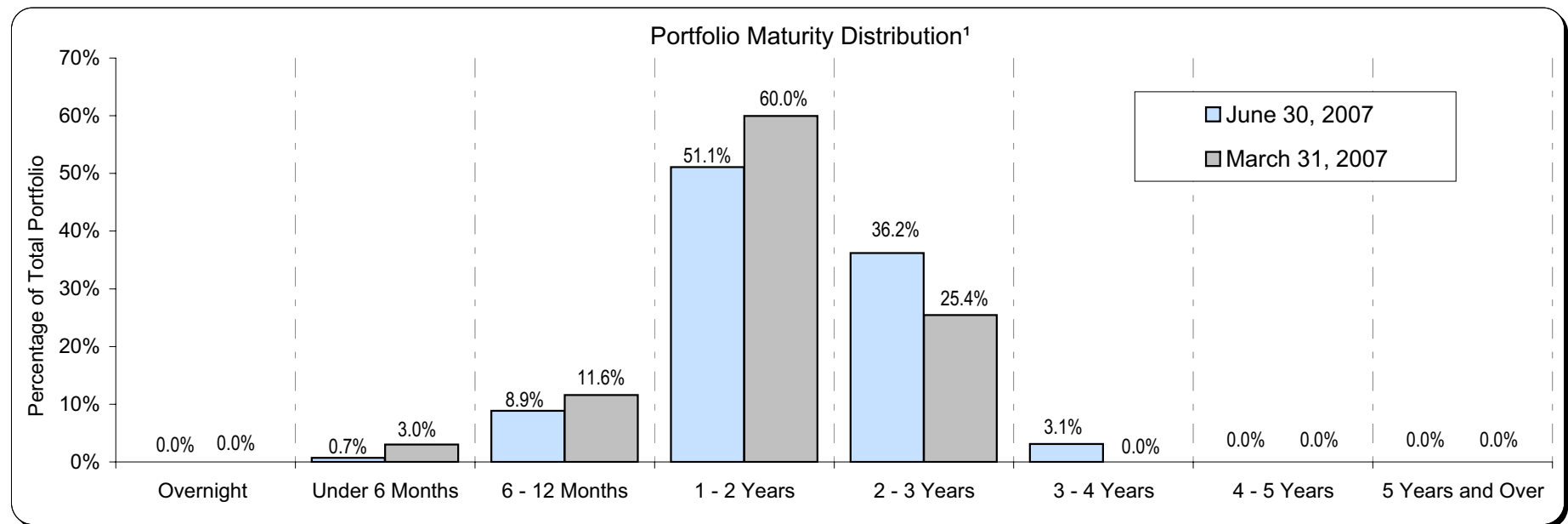


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Credit rating of securities held in portfolio, exclusive of money market fund/LGIP.
3. A rating of "TSY" indicates the security is an obligation of, or explicitly guaranteed by the U. S. Government.

Investment Portfolio Maturity Distribution

<u>Maturity Distribution¹</u>	<u>June 30, 2007</u>	<u>March 31, 2007</u>
Overnight (Money Market Fund)	\$0.00	\$0.00
Under 6 Months	599,405.68	2,528,296.04
6 - 12 Months	7,427,009.83	9,735,350.26
1 - 2 Years	42,696,799.39	50,392,949.14
2 - 3 Years	30,273,786.08	21,375,510.09
3 - 4 Years	2,589,961.25	0.00
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	\$83,586,962.23	\$84,032,105.53



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.

Trade Analysis for April 10, 2007

Transaction Date: April 10, 2007

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	U.S. Treasury Notes (3/31/08)	\$1,510,000.00	\$99.6289	5.019%		(1,341.01)	
Purchased	FHLB TAP ISSUE (3/31/09)	\$1,510,000.00	\$100.4640	4.992%	-0.027%		(816.53)
Total Estimated Benefit from Transaction to Original Maturity							(816.53)

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FHLB Discount Notes (5/2/07)	\$2,540,000.00	\$99.6858	5.228%		15.52	
Purchased	FHLB TAP ISSUE (3/31/09)	\$2,490,000.00	\$100.4640	4.992%	-0.236%		(12,005.45)
Total Estimated Benefit from Transaction to Original Maturity							(12,005.45)

Total Estimated Benefit from Transactions							(\$12,821.98)
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Transaction Commentary:

In accordance with Section III. Investment Objectives, of the District's Investment Policy, from time to time, securities may be traded for other similar securities to improve yield, maturity, or credit risk. For these transactions, a loss may be incurred for accounting purposes, provided any of the following occurs with respect to the replacement security: 1) The yield has been increased, 2) the maturity has been reduced, or lengthened, 3) or the quality of the investment has been improved.

The transactions presented were executed in accordance with Section III Investment Objectives of the District's Investment Policy to 1) Increase Yield as part of PFM's overall active management strategy for the District's investment portfolio, which should also increase the portfolio's total return. The performance of this portfolio should be evaluated based on the total return versus the District's 1-3 Year U.S. Treasury Index benchmark. PFM calculates the total return of the District's investment portfolio in a manner consistent with the CFA Institute's Global Investment Performance Standards.

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Trade Analysis for May 14, 2007

Transaction Date: May 14, 2007

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FHLB TAP ISSUE (2/15/08)	\$835,000.00	\$98.6100	5.275%		(7,801.65)	
Purchased	FHLB TAP ISSUE (3/12/10)	\$835,000.00	\$100.1677	4.930%	-0.345%		(8,266.15)
Total Estimated Benefit from Transaction to Original Maturity							(8,266.15)

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FNMA Notes (2/01/08)	\$2,500,000.00	\$100.3828	4.628%		(424.50)	
Purchased	FHLB TAP ISSUE (3/12/10)	\$2,425,000.00	\$100.1677	4.930%	0.302%		21,664.31
Total Estimated Benefit from Transaction to Original Maturity							\$21,664.31

Total Estimated Benefit from Transactions							\$13,398.15
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Trade Analysis for June 1, 2007

Transaction Date: June 1, 2007

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FHLB Global Notes (4/18/08)	\$2,200,000.00	\$98.9987	5.298%		3,190.88	
Purchased	FNMA Notes (5/15/11)	\$2,200,000.00	\$103.1055	5.122%	-0.176%		(15,531.02)
Total Estimated Benefit from Transaction to Original Maturity							(\$15,531.02)

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FNMA Notes (2/1/08)	\$305,000.00	\$99.0270	5.372%		(204.09)	
Purchased	FNMA Notes (5/15/11)	\$305,000.00	\$103.1055	5.122%	-0.250%		(3,058.47)
Total Estimated Benefit from Transaction to Original Maturity							(\$3,058.47)

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	Wells Fargo & Company (3/10/08)	\$4,000,000.00	\$99.0500	5.384%		(32,152.96)	
Purchased	FFCB Bonds (3/8/10)	\$4,000,000.00	\$99.1830	5.117%	-0.267%		2,521.67
Total Estimated Benefit from Transaction to Original Maturity							\$2,521.67

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FNMA Notes (2/1/08)	\$260,000.00	\$99.0270	5.372%		(173.98)	
Purchased	FFCB Bonds (3/8/10)	\$175,000.00	\$99.1830	5.117%	-0.255%		156.54
Total Estimated Benefit from Transaction to Original Maturity							\$156.54

Total Estimated Benefit from Transactions							(\$15,911.29)
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Trade Analysis for June 8, 2007

Transaction Date: June 8, 2007

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	U.S. Treasury Note (3/31/08)	\$1,530,000.00	\$99.6250	5.094%		(2,125.37)	
Purchased	General Electric (1/19/10)	\$1,530,000.00	\$104.7340	5.405%	0.311%		12,635.93
Total Estimated Benefit from Transaction to Original Maturity							\$12,635.93

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	U.S. Treasury Note (5/31/08)	\$2,665,000.00	\$99.8047	5.081%		(118.12)	
Purchased	General Electric (1/19/10)	\$2,370,000.00	\$104.7340	5.405%	0.324%		22,929.66
Total Estimated Benefit from Transaction to Original Maturity							\$22,929.66

Total Estimated Benefit from Transactions							\$35,565.59
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Transaction Commentary:

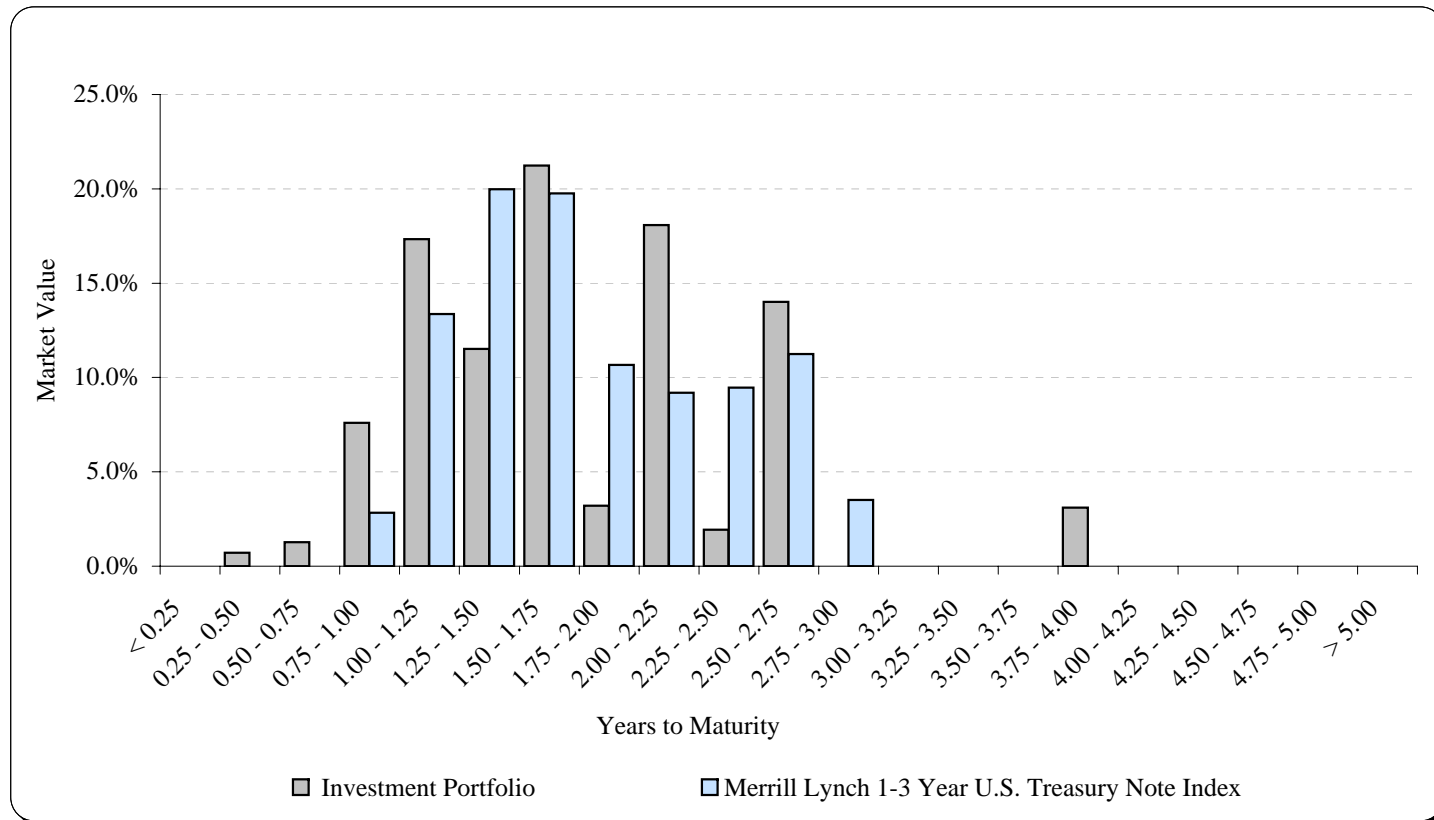
In accordance with Section III. Investment Objectives, of the District's Investment Policy, from time to time, securities may be traded for other similar securities to improve yield, maturity, or credit risk. For these transactions, a loss may be incurred for accounting purposes, provided any of the following occurs with respect to the replacement security: 1) The yield has been increased, 2) the maturity has been reduced, or lengthened, 3) or the quality of the investment has been improved.

The transactions presented were executed in accordance with Section III Investment Objectives of the District's Investment Policy to 1) Increase Yield as part of PFM's overall active management strategy for the District's investment portfolio, which should also increase the portfolio's total return. The performance of this portfolio should be evaluated based on the total return versus the District's 1-3 Year U.S. Treasury Index benchmark. PFM calculates the total return of the District's investment portfolio in a manner consistent with the CFA Institute's Global Investment Performance Standards.

Notes:

1. The total estimated benefit from the transaction is based on the net of the benefit in yield and the gain or loss on the transaction. The benefit is calculated on a 30/360 day basis until the earlier of: 1) original maturity of the sold security, or 2) new maturity of the purchased security. Total purchase may not equal to proceeds from sold securities as a result of additional income included in purchase or from a portion of maturity not reinvested. Calculations based on lesser of amount sold or reinvested.

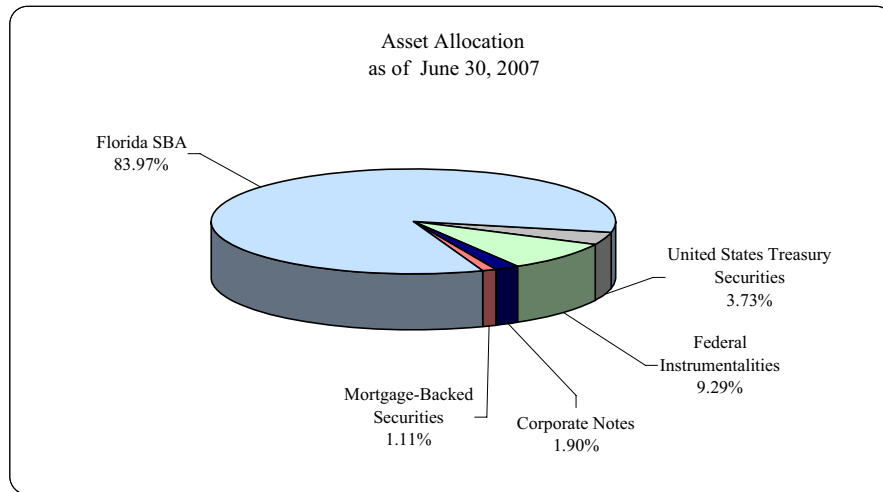
Investment Portfolio Maturity Distribution versus the Benchmark¹



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.

Security Type	June 30, 2007	Notes	Permitted by Policy
Florida SBA	83.97%		100%
United States Treasury Securities	3.73%		100%
United States Government Agency Securities	0.00%		50%
Federal Instrumentalities	9.29%	1	80%
Certificates of Deposit	0.00%		25%
Repurchase Agreements	0.00%		50%
Commercial Paper	0.00%		35%
Corporate Notes	1.90%		15%
Mortgage-Backed Securities	1.11%	1	25%
Bankers' Acceptances	0.00%		35%
State and/or Local Government Debt	0.00%		20%
Fixed Income Money Market Mutual Funds	0.00%		50%
Intergovernmental Investment Pool	0.00%		0%



Individual Issuer Breakdown	June 30, 2007	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)	2.44%		50%
Federal Home Loan Bank (FHLB)	2.38%		50%
Federal National Mortgage Association (FNMA)	3.40%		50%
Federal Home Loan Mortgage Corporation (FHLMC)	2.18%		50%
Student Loan Marketing Association (SLMA)	0.00%		50%

Individual Issuer Breakdown	June 30, 2007	Notes	Permitted by Policy
CD - Bank A	0.00%		15%
CD - Bank B	0.00%		15%
Fully collateralized Repo - A	0.00%		25%
Fully collateralized Repo - B	0.00%		25%
CP A	0.00%		10%
CP B	0.00%		10%
CP C	0.00%		10%
CP D	0.00%		10%
CP E	0.00%		10%
Bank of America	0.28%		10%
Wal-Mart	0.81%		10%
General Electric	0.80%		10%
Corporate Notes D	0.00%		5%
Corporate Notes E	0.00%		10%
BA Bank A	0.00%		20%
BA Bank B	0.00%		25%
Municipal Notes/Bonds	0.00%		20%
Money Market Fund A	0.00%		0%

Notes:

- 1. The combined total of Federal Instrumentalities and Mortgage Backed Securities can not be more than 80%. The combined total as of June 30, 2007 is 10.4%.
- * No Bond Proceeds.

Investment Portfolio Information For
PALM BEACH CNTY FL S/D

Portfolio #
68890100

Section / Report Title

- A. Account Summary
- B. Detail of Securities Held
- C. Fair Market Values & Analytics
- D. Security Transactions & Interest
- E. Cash Transactions Report
- F. Realized Gains & Losses
- G. Cash Balance Report

For The Month Ending
June 30, 2007

PALM BEACH COUNTY, FL
LEANNE EVANS, TREASURY DEPARTMENT
PALM BEACH COUNTY SCHOOL DISTRICT
3300 FOREST HILLS BLVD, A-334
WEST PALM BEACH FL 33406-5813

PFM Asset Management LLC

Account Summary: 68890100 PALM BEACH CNTY FL S/D

(Excluding Cash)

MONTH ENDED: June 30, 2007

SECURITY TYPE	PAR VALUE	AMORTIZED COST	MARKET VALUE	MARKET % OF PORTFOLIO	YTM AT COST	YTM AT MARKET	DURATION TO WORST
CORPORATE NOTE	9,329,000.00	9,677,470.34	9,647,514.58	11.712	5.172	5.340	1.988
FED AGY BOND/NOTE	48,052,000.00	47,952,978.42	47,769,650.95	57.993	4.963	5.239	1.621
FED AGY MBS	5,800,951.84	5,818,566.39	5,712,879.97	6.936	3.523	7.498	0.593
US TSY BOND/NOTE	19,298,000.00	19,325,213.23	19,241,379.07	23.359	4.677	4.944	1.621
TOTAL SECURITIES	82,479,951.84	82,774,228.38	82,371,424.57	100.000	4.821 %	5.339 %	1.593
TOTAL INVESTMENTS	82,479,951.84	82,774,228.38	82,371,424.57	100.000 %			
ACCRUED INTEREST		1,215,537.66	1,215,537.66				
TOTAL PORTFOLIO	\$82,479,951.84	\$83,989,766.04	\$83,586,962.23				

Disclosure Statement: PFM's monthly statement is intended to detail our investment advisory activity. The custodian bank maintains the control of assets and executes (i.e. settles) all investment transactions. The custodian statement is the official record of security and cash holdings and transactions. Only the client has the authority to withdraw funds from or deposit funds to the custodian and to direct the movement of securities. Clients retain responsibility for their internal accounting policies, implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions. PFM recognizes that our clients may use these reports to facilitate record keeping, therefore the custodian bank statement and the PFM statement should be reconciled and differences resolved. PFM's market prices are derived from closing bid prices as of the last business day of the month as supplied by F.T. Interactive Data, Bloomberg or Telerate. Prices that fall between data points are interpolated. Non-negotiable FDIC insured bank certificates of deposit are priced at par. Please promptly report any inaccuracies or discrepancies on your account statement in writing to your client manager or to customer service. To protect your rights, if you report orally you should confirm in writing. A-1

PFM Asset Management LLC

Detail of Securities Held: 68890100 PALM BEACH CNTY FL S/D

(Excluding Cash)

MONTH ENDED: June 30, 2007

SECURITY TYPE				MATURITY	S&P	TRADE	SETTLE	ORIGINAL	YTM	ACCRUED	AMORTIZED	MARKET
CUSIP	DESCRIPTION	PAR	COUPON	DATE	RATING	DATE	DATE	COST	AT COST	INTEREST	COST	VALUE
CORPORATE NOTE												
066050CV5	BANK OF AMERICA CORP GLOBAL S	1,429,000	5.875	02/15/09	AA	02/28/06	03/03/06	1,459,251.93	5.092	31,715.86	1,446,204.53	1,440,406.28
931142BE2	WAL-MART STORES GLOBAL NOTES	4,000,000	6.875	08/10/09	AA	03/23/07	03/28/07	4,167,920.00	4.969	107,708.33	4,150,676.08	4,125,068.00
36962GUL6	GENERAL ELECTRIC CAPITAL COR	3,900,000	7.375	01/19/10	AAA	06/05/07	06/08/07	4,084,626.00	5.405	129,431.25	4,080,589.73	4,082,040.30
		9,329,000						9,711,797.93	5.172	268,855.44	9,677,470.34	9,647,514.58
FED AGY BOND/NOTE												
3133XBSV8	FHLB TAP NOTES	3,070,000	4.000	06/13/08	AAA	05/31/05	06/02/05	3,078,810.90	3.898	6,140.00	3,072,865.05	3,033,543.75
31359MZx4	FNMA GLOBAL NOTES(CALLABLE)	2,535,000	5.000	07/03/08	AAA	10/02/06	10/10/06	2,528,510.40	5.152	62,670.83	2,531,278.59	2,527,870.31
31359ME41	FNMA GLOBAL BENCHMARK NOTES	1,780,000	3.875	07/15/08	AAA	03/02/07	03/05/07	1,755,608.66	4.925	31,805.14	1,761,298.77	1,754,968.75
31331TSW2	FFCB NOTES	2,340,000	3.300	08/11/08	AAA	03/02/07	03/05/07	2,288,119.86	4.919	30,030.00	2,299,529.09	2,291,006.25
31359MSQ7	FNMA GLOBAL BENCHMARK NOTES	2,500,000	3.250	08/15/08	AAA	07/31/06	08/01/06	2,404,652.50	5.246	30,694.44	2,446,353.48	2,445,312.50
3134A4UD4	FHLMC GLOBAL REFERENCE NOTES	3,352,000	3.625	09/15/08	AAA	02/28/07	03/02/07	3,287,537.69	4.939	35,777.94	3,301,104.20	3,288,102.50
31359MTF0	FNMA NOTES (CALLABLE)	2,000,000	3.750	09/15/08	AAA	11/30/05	12/05/05	1,948,156.00	4.755	22,083.33	1,976,741.98	1,965,000.00
3133XDT76	FHLB TAP NOTES	2,000,000	4.750	12/12/08	AAA	01/27/06	01/30/06	1,998,972.00	4.764	5,013.89	1,999,520.84	1,986,250.00
31331SNF6	FFCB GLOBAL DESIGNATED BONDS	4,250,000	3.750	01/15/09	AAA	07/05/06	07/06/06	4,076,549.00	5.503	73,489.58	4,141,539.11	4,157,031.25
31359MEK5	FNMA GLOBAL BENCHMARK NOTES	1,285,000	5.250	01/15/09	AAA	01/03/06	01/06/06	1,304,334.11	4.710	31,107.71	1,295,182.88	1,285,000.00
31359ME74	FNMA GLOBAL NOTES (CALLABLE)	2,770,000	5.000	01/23/09	AAA	10/02/06	10/10/06	2,764,404.60	5.091	60,786.11	2,766,259.53	2,760,478.13
31331ST78	FFCB BONDS	2,000,000	4.250	01/26/09	AAA	01/27/06	01/30/06	1,971,118.00	4.774	36,597.22	1,984,339.90	1,970,625.00
3133XFEQ5	FHLB TAP ISSUE	4,000,000	5.250	03/13/09	AAA	04/06/07	04/10/07	4,018,560.00	4.992	63,000.00	4,016,538.72	4,002,500.00
3134A3M78	FHLMC GLOBAL REFERENCE NOTES	2,115,000	6.625	09/15/09	AAA	08/31/06	09/06/06	2,210,428.80	4.999	41,257.19	2,185,954.13	2,177,128.13
31359MEY5	FNMA GLOBAL BENCHMARK NOTES	2,115,000	6.625	09/15/09	AAA	08/31/06	09/06/06	2,210,246.91	5.002	41,257.19	2,185,819.76	2,177,128.13
31331XRP9	FFCB BONDS	4,175,000	4.800	03/08/10	AAA	05/30/07	06/01/07	4,140,890.25	5.117	62,903.33	4,141,941.39	4,133,250.00
3133XJUS5	FHLB TAP NOTES	3,260,000	5.000	03/12/10	AAA	05/09/07	05/14/07	3,265,467.02	4.930	66,105.56	3,265,403.29	3,243,700.00
31359MJH7	FNMA GLOBAL BENCHMARK NOTES	2,505,000	6.000	05/15/11	AAA	05/30/07	06/01/07	2,582,792.78	5.122	19,205.00	2,581,307.71	2,570,756.25
		48,052,000						47,835,159.48	4.963	719,924.46	47,952,978.42	47,769,650.95
FED AGY MBS												
31282U2B2	FHLMC MBS GOLD 5 YR BALLOON P	600,547	4.500	12/01/07	AAA	12/03/02	12/23/02	613,026.91	3.583	2,252.05	601,080.70	597,153.63
31282U2Y2	FHLMC GOLD MBS POOL #M90791	1,084,786	4.000	01/01/08	AAA	01/14/03	01/27/03	1,102,075.07	3.286	3,615.95	1,085,649.42	1,067,239.36
31282U4E4	FHLMC MBS 5YR POOL #M90821	2,274,130	3.500	05/01/08	AAA	07/28/03	07/30/03	2,287,988.06	3.184	6,632.88	2,274,592.00	2,215,445.38
31282VBE4	FHLMC MBS NOTES 5YR BALLOON P	1,841,489	5.000	08/01/09	AAA	02/01/05	02/22/05	1,876,592.03	4.051	7,672.87	1,857,244.27	1,833,041.60
		5,800,952						5,879,682.07	3.523	20,173.75	5,818,566.39	5,712,879.97
US TSY BOND/NOTE												
912828EZ9	US TREASURY NOTES	1,085,000	4.625	03/31/08	TSY	02/27/07	03/02/07	1,081,566.99	4.926	12,613.87	1,082,633.86	1,081,778.64
912828FV7	US TREASURY NOTES	2,003,000	4.875	10/31/08	TSY	11/01/06	11/03/06	2,011,919.61	4.638	16,451.27	2,009,053.31	2,000,183.78
912828FV7	US TREASURY NOTES	1,610,000	4.875	10/31/08	TSY	01/24/07	01/30/07	1,607,484.38	4.965	13,223.44	1,608,159.35	1,607,736.34
912828EL0	US TREASURY NOTES	4,000,000	4.375	11/15/08	TSY	11/30/05	12/05/05	3,995,468.75	4.416	22,350.54	3,997,862.52	3,967,188.00
912828FE5	US TREASURY NOTES	2,665,000	4.875	05/15/09	TSY	06/01/06	06/05/06	2,653,340.63	5.036	16,592.88	2,657,443.98	2,663,750.12

PFM Asset Management LLC

Detail of Securities Held: 68890100 PALM BEACH CNTY FL S/D

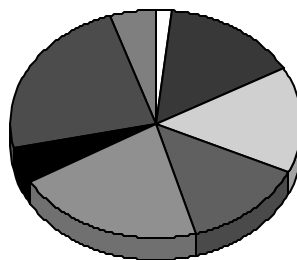
(Excluding Cash)

MONTH ENDED: June 30, 2007

SECURITY TYPE		PAR	MATURITY DATE	S&P RATING	TRADE DATE	SETTLE DATE	ORIGINAL COST	YTM AT COST	ACCRUED INTEREST	AMORTIZED COST	MARKET VALUE
912828FP0	US TREASURY NOTES	75,000	08/15/09	TSY	08/31/06	09/06/06	75,322.27	4.716	1,373.62	75,238.75	74,947.28
912828FP0	US TREASURY NOTES	2,550,000	08/15/09	TSY	11/01/06	11/03/06	2,570,220.70	4.566	46,703.04	2,565,789.78	2,548,207.35
912828FP0	US TREASURY NOTES	3,700,000	08/15/09	TSY	11/10/06	11/13/06	3,720,523.44	4.655	67,765.19	3,716,244.63	3,697,398.90
912828FX3	US TREASURY NOTES	1,610,000	11/15/09	TSY	11/30/06	12/01/06	1,613,396.09	4.547	9,510.16	1,612,787.05	1,600,188.66
TOTAL SECURITIES		19,298,000					19,329,242.86	4.677	206,584.01	19,325,213.23	19,241,379.07
		\$82,479,952					\$82,755,882.34	4.821 %	1,215,537.66	\$82,774,228.38	\$82,371,424.57

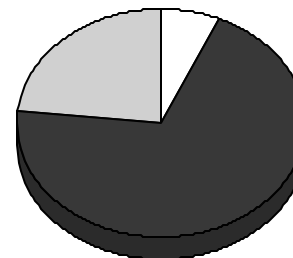
Issuers by Market Value

■ BANK OF AMERICA CORP	\$1,440,406	1.7%
■ FFCB	\$12,551,913	15.2%
■ FHLC	\$12,265,994	14.9%
■ FHLMC	\$11,178,111	13.6%
■ FNMA	\$17,486,514	21.2%
■ GENERAL ELECTRIC CO	\$4,082,040	5.0%
■ UNITED STATES TREASURY	\$19,241,379	23.4%
■ WAL-MART STORES INC	\$4,125,068	5.0%
Total:	\$82,371,425	100.0%



Ratings by Market Value

□ AA	\$5,565,474	6.8%
■ AAA	\$57,564,571	69.9%
□ TSY	\$19,241,379	23.4%
Total:	\$82,371,425	100.0%



PFM Asset Management LLC

Fair Market Values & Analytics:

68890100 PALM BEACH CNTY FL S/D

(Excluding Cash)

MONTH ENDED: June 30, 2007

SECURITY TYPE				MATURITY	FIRST CALL	MARKET	MARKET	UNREAL G/(L)	UNREAL G/(L)	DURATION	YTM
CUSIP	DESCRIPTION	PAR	COUPON	DATE	DATE	PRICE	VALUE	ON AMORT COST	ON COST	TO WORST	AT MKT
CORPORATE NOTE											
066050CV5	BANK OF AMERICA CORP GLOBAL S	1,429,000	5.875	02/15/09		100.798	1,440,406.28	(5,798.25)	(18,845.65)	1.501	5.351
931142BE2	WAL-MART STORES GLOBAL NOTES	4,000,000	6.875	08/10/09		103.127	4,125,068.00	(25,608.08)	(42,852.00)	1.903	5.286
36962GUL6	GENERAL ELECTRIC CAPITAL COR	3,900,000	7.375	01/19/10		104.668	4,082,040.30	1,450.57	(2,585.70)	2.246	5.391
FED AGY BOND/NOTE											
3133XBSV8	FHLB TAP NOTES	3,070,000	4.000	06/13/08		98.813	3,033,543.75	(39,321.30)	(45,267.15)	0.919	5.292
31359MZX4	FNMA GLOBAL NOTES(CALLABLE)	2,535,000	5.000	07/03/08	01/03/07	99.719	2,527,870.31	(3,408.28)	(640.09)	0.947	5.290
31359ME41	FNMA GLOBAL BENCHMARK NOTES	1,780,000	3.875	07/15/08		98.594	1,754,968.75	(6,330.02)	(639.91)	0.987	5.278
31331TSW2	FFCB NOTES	2,340,000	3.300	08/11/08		97.906	2,291,006.25	(8,522.84)	2,886.39	1.061	5.256
31359MSQ7	FNMA GLOBAL BENCHMARK NOTES	2,500,000	3.250	08/15/08		97.813	2,445,312.50	(1,040.98)	40,660.00	1.073	5.275
3134A4UD4	FHLMC GLOBAL REFERENCE NOTES	3,352,000	3.625	09/15/08		98.094	3,288,102.50	(13,001.70)	564.81	1.151	5.269
31359MTF0	FNMA NOTES (CALLABLE)	2,000,000	3.750	09/15/08		98.250	1,965,000.00	(11,741.98)	16,844.00	1.150	5.259
3133XDT76	FHLB TAP NOTES	2,000,000	4.750	12/12/08		99.313	1,986,250.00	(13,270.84)	(12,722.00)	1.379	5.247
31331SNF6	FFCB GLOBAL DESIGNATED BONDS	4,250,000	3.750	01/15/09		97.813	4,157,031.25	15,492.14	80,482.25	1.448	5.244
31359MEK5	FNMA GLOBAL BENCHMARK NOTES	1,285,000	5.250	01/15/09		100.000	1,285,000.00	(10,182.88)	(19,334.11)	1.429	5.248
31359ME74	FNMA GLOBAL NOTES (CALLABLE)	2,770,000	5.000	01/23/09	01/23/07	99.656	2,760,478.13	(5,781.40)	(3,926.47)	1.454	5.229
31331ST78	FFCB BONDS	2,000,000	4.250	01/26/09		98.531	1,970,625.00	(13,714.90)	(493.00)	1.472	5.233
3133XFEQ5	FHLB TAP ISSUE	4,000,000	5.250	03/13/09		100.063	4,002,500.00	(14,038.72)	(16,060.00)	1.586	5.206
3134A3M78	FHLMC GLOBAL REFERENCE NOTES	2,115,000	6.625	09/15/09		102.938	2,177,128.13	(8,826.00)	(33,300.67)	2.004	5.195
31359MEY5	FNMA GLOBAL BENCHMARK NOTES	2,115,000	6.625	09/15/09		102.938	2,177,128.13	(8,691.63)	(33,118.78)	2.004	5.195
31331XRP9	FFCB BONDS	4,175,000	4.800	03/08/10		99.000	4,133,250.00	(8,691.39)	(7,640.25)	2.454	5.200
3133XJUS5	FHLB TAP NOTES	3,260,000	5.000	03/12/10		99.500	3,243,700.00	(21,703.29)	(21,767.02)	2.447	5.196
31359MJH7	FNMA GLOBAL BENCHMARK NOTES	2,505,000	6.000	05/15/11		102.625	2,570,756.25	(10,551.46)	(12,036.53)	3.407	5.241
FED AGY MBS											
31282U2B2	FHLMC MBS GOLD 5 YR BALLOON P	600,547	4.500	12/01/07		99.435	597,153.63	(3,927.07)	(15,873.28)	0.248	6.073
31282U2Y2	FHLMC GOLD MBS POOL #M90791	1,084,786	4.000	01/01/08		98.382	1,067,239.36	(18,410.06)	(34,835.71)	0.287	9.100
31282U4E4	FHLMC MBS 5YR POOL #M90821	2,274,130	3.500	05/01/08		97.419	2,215,445.38	(59,146.62)	(72,542.68)	0.449	8.971
31282VBE4	FHLMC MBS NOTES 5YR BALLOON P	1,841,489	5.000	08/01/09		99.541	1,833,041.60	(24,202.67)	(43,550.43)	1.058	5.249
US TSY BOND/NOTE											
912828EZ9	US TREASURY NOTES	1,085,000	4.625	03/31/08		99.703	1,081,778.64	(855.22)	211.65	0.722	5.023
912828FV7	US TREASURY NOTES	2,003,000	4.875	10/31/08		99.859	2,000,183.78	(8,869.53)	(11,735.83)	1.267	4.980

PFM Asset Management LLC

Fair Market Values & Analytics:

68890100 PALM BEACH CNTY FL S/D

(Excluding Cash)

MONTH ENDED: June 30, 2007

SECURITY TYPE		PAR	COUPON	MATURITY DATE	FIRST CALL DATE	MARKET PRICE	MARKET VALUE	UNREAL G/(L) ON AMORT COST	UNREAL G/(L) ON COST	DURATION TO WORST	YTM AT MKT
CUSIP	DESCRIPTION										
912828FV7	US TREASURY NOTES	1,610,000	4.875	10/31/08		99.859	1,607,736.34	(423.01)	251.96	1.267	4.980
912828EL0	US TREASURY NOTES	4,000,000	4.375	11/15/08		99.180	3,967,188.00	(30,674.52)	(28,280.75)	1.310	4.996
912828FE5	US TREASURY NOTES	2,665,000	4.875	05/15/09		99.953	2,663,750.12	6,306.14	10,409.49	1.762	4.898
912828FP0	US TREASURY NOTES	75,000	4.875	08/15/09		99.930	74,947.28	(291.47)	(374.99)	1.963	4.907
912828FP0	US TREASURY NOTES	2,550,000	4.875	08/15/09		99.930	2,548,207.35	(17,582.43)	(22,013.35)	1.963	4.907
912828FP0	US TREASURY NOTES	3,700,000	4.875	08/15/09		99.930	3,697,398.90	(18,845.73)	(23,124.54)	1.963	4.907
912828FX3	US TREASURY NOTES	1,610,000	4.625	11/15/09		99.391	1,600,188.66	(12,598.39)	(13,207.43)	2.210	4.898
SUBTOTALS							\$82,371,424.57	(\$402,803.81)	(\$384,457.77)	1.593	5.339 %
ACCRUED INTEREST ON INVESTMENT							1,215,537.66				
TOTAL MARKET VALUE OF INVESTMENTS							\$83,586,962.23				

PFM Asset Management LLC

Security Transactions & Interest:

68890100

PALM BEACH CNTY FL S/D

MONTH ENDED:

June 30, 2007

(Excluding Cash)

TRADE	SETTLE	TRAN TYPE	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR	COUPON	MATURITY DATE	PRINCIPAL AMOUNT	ACCRUED INTEREST	TOTAL
06/01/07	06/15/07	INTEREST	FHLMC MBS GOLD 5 YR BALLOON POO	31282U2B2	AAA	649,617	4.500	12/01/07	0.00	2,436.07	2,436.07
06/01/07	06/15/07	INTEREST	FHLMC GOLD MBS POOL #M90791	31282U2Y2	AAA	1,130,302	4.000	01/01/08	0.00	3,767.67	3,767.67
06/01/07	06/15/07	INTEREST	FHLMC MBS 5YR POOL #M90821	31282U4E4	AAA	2,342,290	3.500	05/01/08	0.00	6,831.68	6,831.68
06/01/07	06/15/07	INTEREST	FHLMC MBS NOTES 5YR BALLOON POO	31282VBE4	AAA	1,871,979	5.000	08/01/09	0.00	7,799.91	7,799.91
06/12/07	06/12/07	INTEREST	FHLB TAP NOTES	3133XDT76	AAA	2,000,000	4.750	12/12/08	0.00	47,500.00	47,500.00
06/13/07	06/13/07	INTEREST	FHLB TAP NOTES	3133XBSV8	AAA	3,070,000	4.000	06/13/08	0.00	61,400.00	61,400.00
									11,064,189	129,735.33	129,735.33
05/30/07	06/01/07	BUY	FFCB BONDS	31331XRP9	AAA	4,175,000	4.800	03/08/10	(4,140,890.25)	(46,203.33)	(4,187,093.58)
05/30/07	06/01/07	BUY	FNMA GLOBAL BENCHMARK NOTES	31359MJH7	AAA	2,505,000	6.000	05/15/11	(2,582,792.78)	(6,680.00)	(2,589,472.78)
06/05/07	06/08/07	BUY	GENERAL ELECTRIC CAPITAL CORP NC	36962GUL6	AAA	3,900,000	7.375	01/19/10	(4,084,626.00)	(111,055.21)	(4,195,681.21)
									10,580,000	(163,938.54)	(10,972,247.57)
06/01/07	06/15/07	MBS PMT	FHLMC MBS GOLD 5 YR BALLOON POO	31282U2B2	AAA	49,071	4.500	12/01/07	49,070.55	0.00	49,070.55
06/01/07	06/15/07	MBS PMT	FHLMC GOLD MBS POOL #M90791	31282U2Y2	AAA	45,516	4.000	01/01/08	45,515.60	0.00	45,515.60
06/01/07	06/15/07	MBS PMT	FHLMC MBS 5YR POOL #M90821	31282U4E4	AAA	68,160	3.500	05/01/08	68,160.12	0.00	68,160.12
06/01/07	06/15/07	MBS PMT	FHLMC MBS NOTES 5YR BALLOON POO	31282VBE4	AAA	30,491	5.000	08/01/09	30,490.72	0.00	30,490.72
									193,237	193,236.99	193,236.99
05/29/07	06/01/07	SELL	WELLS FARGO & COMPANY GLOBAL N	949746JQ5	AA+	4,000,000	4.125	03/10/08	3,962,000.00	37,125.00	3,999,125.00
05/31/07	06/01/07	SELL	FHLB GLOBAL NOTES	3133XBJQ9	AAA	2,200,000	4.125	04/18/08	2,177,971.40	10,839.58	2,188,810.98
05/31/07	06/01/07	SELL	FNMA NOTES	31359MXP3	AAA	565,000	3.875	02/01/08	559,502.55	7,297.92	566,800.47
06/05/07	06/08/07	SELL	US TREASURY NOTES	91282EZ9	TSY	1,530,000	4.625	03/31/08	1,524,262.50	13,340.47	1,537,602.97
06/05/07	06/08/07	SELL	US TREASURY NOTES	91282FG0	TSY	2,665,000	4.875	05/31/08	2,659,794.92	2,839.75	2,662,634.67
									10,960,000	71,442.72	10,954,974.09

TOTAL SECURITY TRANSACTIONS

305,698.84

PFM Asset Management LLC

Cash Transactions Report: 68890100 PALM BEACH CNTY FL S/D

MONTH ENDED: June 30, 2007

CASH DATE	TRANSACTION CODE	TRANSACTION DESCRIPTION	TOTAL AMOUNT
06/01/07	CC	CONTRIB	21,829.91
			<hr/>
			21,829.91
06/08/07	CW	WITHDRAW	(4,556.43)
06/12/07	CW	WITHDRAW	(47,500.00)
06/13/07	CW	WITHDRAW	(61,400.00)
06/15/07	CW	WITHDRAW	(214,072.32)
			<hr/>
			(327,528.75)
			<hr/>
NET CASH CONTRIBUTIONS/(WITHDRAWS)			<u><u>(\$305,698.84)</u></u>

PFM Asset Management LLC

Realized Gains and Losses: *68890100* *PALM BEACH CNTY FL S/D*

(Excluding Cash)

MONTH ENDED: June 30, 2007

TRADE DATE	SETTLE DATE	TRAN TYPE	SALE METHOD	SECURITY DESCRIPTION	CUSIP	PAR VALUE	COUPON	PRINCIPAL PROCEEDS	REALIZED G/(L) COST	REALIZED G/(L) AMORT CST
05/29/07	06/01/07	SELL	FIFO	WELLS FARGO & COMPANY GLOBAL NOTES	949746JQ5	4,000,000	4.125	3,962,000.00	(16,480.00)	(32,152.96)
06/01/07	06/15/07	MBS PMT		FHLMC GOLD MBS POOL #M90791	31282U2Y2	45,516	4.000	45,515.60	(725.40)	0.00
06/01/07	06/15/07	MBS PMT		FHLMC MBS GOLD 5 YR BALLOON POOL #M	31282U2B2	49,071	4.500	49,070.55	(1,019.75)	0.00
06/01/07	06/15/07	MBS PMT		FHLMC MBS NOTES 5YR BALLOON POOL# M	31282VBE4	30,491	5.000	30,490.72	(581.23)	0.00
05/31/07	06/01/07	SELL	FIFO	FNMA NOTES	31359MXP3	565,000	3.875	559,502.55	7,455.17	(378.07)
05/31/07	06/01/07	SELL	FIFO	FHLB GLOBAL NOTES	3133XBJQ9	2,200,000	4.125	2,177,971.40	27,013.80	3,190.88
06/01/07	06/15/07	MBS PMT		FHLMC MBS 5YR POOL #M90821	31282U4E4	68,160	3.500	68,160.12	(415.35)	0.00
06/05/07	06/08/07	SELL	FIFO	US TREASURY NOTES	912828FG0	2,665,000	4.875	2,659,794.92	2,914.84	(1,118.12)
06/05/07	06/08/07	SELL	FIFO	US TREASURY NOTES	912828EZ9	1,530,000	4.625	1,524,262.50	(896.49)	(2,125.37)

TOTAL GAINS AND LOSSES

\$17,265.59 **(\$32,583.64)**

PFM Asset Management LLC

Cash Balance Report:

68890100

PALM BEACH CNTY FL S/D

MONTH ENDED:

June 30, 2007

CASH BALANCE: \$0.00

Earnings Calculation Templates

Current Month-End Book Value	+			Add Coupon Interest Received	+	
Current Month-End Accrued Interest	+			Less Purchased Interest Related to Coupons	-	
Less Purchases	-			Add/Subtract Gains or Losses on Cost For The Mth	+/-	
Less Purchased Interest	-			Total Cost Basis Earnings For The Month		
Add Disposals (Sales, Maturities, Paydowns, Sinks, etc.)	+					
Add Coupon Interest Received	+					
Less Previous Month-End Book Value	-					
Less Previous Month-End Accrued Interest	-					
Total Accrual Basis Earnings For The Month						

Economic Calendar

07/06/07 Change in Nonfarm Payrolls	07/19/07 FOMC Minutes	
07/06/07 Unemployment Rate	07/25/07 Existing Home Sales	
07/13/07 Advanced Retail Sales	07/26/07 Durable Goods Orders	
07/17/07 Producer Price Index	07/27/07 2nd Quarter GDP	
07/18/07 Consumer Price Index	07/31/07 Personal Spending	
07/18/07 Housing Starts	07/31/07 Chicago Purchasing Manager	

Market Commentary

The FOMC kept rates steady at their June 28th meeting. The Fed Funds rate has now been at 5.25% for a full year. Even though some measures indicate that inflation may be moderating, the Fed's primary concern is still controlling inflation. The Fed is worried that elevated food and energy prices, along with a tight job market, could exert inflationary pressures in the future. On balance, economic releases in June were better than expected. Renewed activity in the manufacturing and service sectors forced economists to increase their GDP estimates for the 2nd quarter of 2007. Market analysts also revised their view of future Fed activity. Most now think the Fed will leave rates unchanged for the balance of the year. The housing market is the economy's weak link with both new and existing home sales near their lows. Increasing mortgage rates, continued sub-prime concerns and tighter lending standards have kept housing activity under wraps. A dramatic increase in longer-term yields changed the shape of the yield curve during June. The yield curve is now positive--longer yields are higher than shorter yields--for the first time in several months. Positive economic news and changing Fed expectations helped push yields higher.