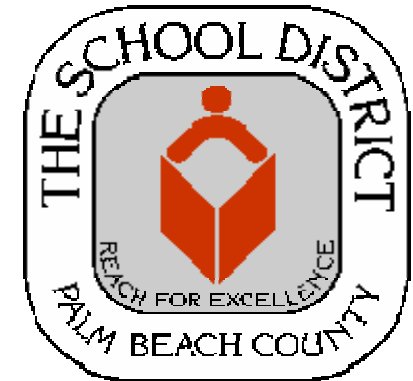


Palm Beach County School District

Investment Performance Review
Quarter Ended September 30, 2007



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Table of Contents

Tab I.

Section A Market Review

Section B Investment Portfolio Summary & Performance

Section C Asset Allocation Chart

Tab II. September 30, 2007 PFM Month-End Statement

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.

MARKET REVIEW

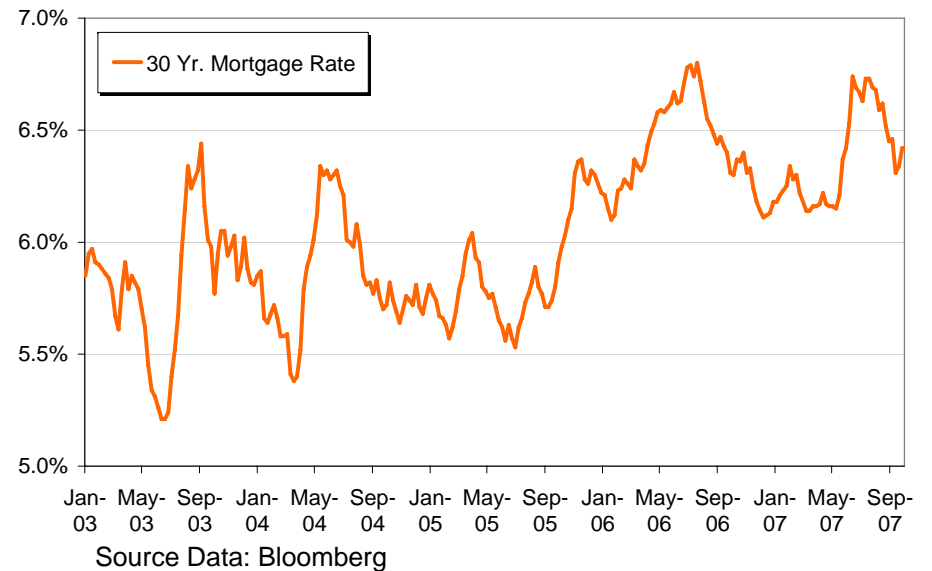
Could the Fed’s decision to cut rates actually hurt the housing market? Conventional wisdom is that lower interest rates will lead to lower mortgage rates, which will make housing more affordable, but it is far from clear that sharp cuts in short-term rates will have this effect.

At the heart of the conundrum is the fact that most mortgages – 75% by recent estimates – are at fixed rates and their pricing follows long term interest rates. Long term rates are highly-sensitive to investor perceptions of future inflation; if Fed actions are perceived to weaken its inflation resolve, long term interest rates will rise.

The Fed may have acted too boldly in cutting rates. Since the Federal Open Market Committee reduced the target Federal Funds rate by 0.50% to 4.75% at its September 18th meeting – a more aggressive action than some economists counseled – long term rates, as measured by the yield on the 10-year U.S. Treasury, have risen by 12 basis points. By the end of September, the spread between the 2-year U.S. Treasury and the benchmark 10-year had widened to 60 basis points, far wider than the average over the past six months. On the other hand, equity markets have rallied, some to new highs – the Dow advanced nearly 400 points after the cut.

The Fed cited the weakening housing market’s affect on economic health as one reason to cut rates. History provides us with a good view of the relationship between the Fed’s decisions and mortgage rates. From January 2001 to June 2003, the FOMC lowered its Fed Funds target rate 13 times. In the week following each of those 13 cuts, 30 year mortgage rates were lower than the day of the cut only six times. In seven out of 13 times, rates were actually higher one week after the Fed lowered the target rate.

This time, in the time between the rate cut on September 18th and September 30th, 30-year average mortgage rates increased 12 basis points. As seen below, mortgage rates are currently near 4-5 year highs.



If the pace of inflation rises and mortgage rates fail to decline, the housing market may experience an extended period of decline. An extended housing slump would not come as a surprise though, as this most recent housing market expansion endured over 15 years of growth, spanning from 1991 to 2006. The previous housing slump lasted 5 years, from 1986 to 1991.

Constricting credit standards continue to limit liquidity in the market. Even those borrowers with clean credit are finding it more difficult to borrow. In September, a leading home price index showed that home values fell a record 3.9% in July. With a seemingly-endless inventory of houses on the market (over 9 months by some accounts), some believe home prices still have room to fall. The Fed’s actions may not be enough to free up

demand; the housing downturn may take some time to work itself out.

The September Fed cut did help to calm credit markets as spreads on asset backed and regular commercial paper narrowed by as much as half. Through September, prices on short- to intermediate-term U.S. Treasury securities continued to rally, with the 3 month U.S. Treasury bill giving up 101 basis points of yield.

U.S. Treasury Yields

	06/29/07	09/28/07	Change (bps)
3 Month	4.802%	3.796%	-1.01
6 Month	4.935%	4.064%	-0.87
2 Year	4.875%	3.951%	-0.92
3 Year	4.893%	3.985%	-0.91
5 Year	4.932%	4.225%	-0.71
10 Year	5.033%	4.577%	-0.46
30 Year	5.125%	4.836%	-0.29

Source: Bloomberg

U.S. equities had a very strong month. The S&P 500 index ended September up 3.7%, as the market rallied on positive earning announcements and the Federal Reserve’s rate cut. Globally-orientated U.S. companies performed the best in September as global demand increased. Domestic large cap stocks continued to outperform small cap stocks. Growth continues to top value – the Russell 1000 Growth Index returned 12.7% for the year, compared to the 6.0% return for the Russell 1000 Value Index. International stocks also performed well in September, reacting positively to the interest rate cuts in the U.S. The MSCI EAFE Index returned 5.4% for the month.

Job growth diminished significantly. The economy lost 4,000 jobs in August. This unfavorable job report, suggesting that subprime mortgage woes have filtered into other parts of the economy, may have been the impetus that led the Fed to finally step from the

sidelines. It is important to note that out of the last 30 years almost 60% of all negative jobs reports occurred during a recession. Even more ominous is this – during the same time period, 76% of jobs reports during recessions were negative. Economists will keep a watchful eye on September’s job reports, with a release date of October 5th.

Inflation decreased to within the Fed’s comfort zone last month. For the first time in nine months, the year-over-year PCE deflator, the Fed’s preferred inflationary gauge, dropped below 2%. Although this report came as a relief for some, inflation may be balancing on a string as a weakening dollar presses on import prices (oil is once again above \$80 per barrel) and the poor August jobs report has many worried for the near term of the economy.

The dollar continued its steep decline. Lately, the dollar has been unforgiving to the U.S. economy, falling to a record low against the Euro and a 15-year low against a trade-weighted index that consists of six major foreign currencies. As the value of the dollar falls versus foreign currencies, imports become more expensive for U.S. consumers. Unless it rights itself quickly, the falling dollar may be the device that fans the flames of inflation.

The near-term economic outlook is for slower growth of around 2% for the remainder of 2007, even though the economy grew at a strong 3.8% in the second quarter. Slower growth, although not favorable, may dampen prices enough to keep the Fed comfortable.

Outlook

We may not see the full effects of the housing market's downturn for months to come. It could be that the worst of the credit market turbulence is behind us. If so, credit spreads should continue to narrow over time to long run average levels. Looking forward, most economists expect the Fed to cut the overnight bank rate by a quarter of a percentage point (25 bps) at their October 31st meeting. As the market grows even more data-dependent, September's job report will carry even more weight than usual, and may force the Fed to take stronger measures.

Investment Portfolio Summary¹

Total Portfolio Value ²	September 30, 2007	June 30, 2007
Market Value	\$83,561,243.47	\$83,586,962.23
Amortized Cost	\$83,108,928.97	\$83,989,766.04

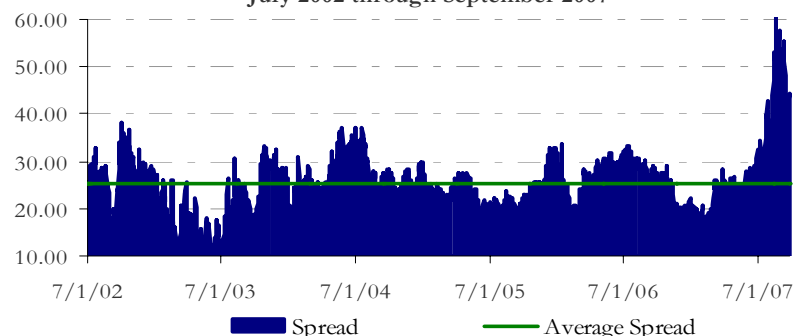
PORTFOLIO STRATEGY

- The overall economy began slowing in the last quarter of 2006 and early 2007 with a slight rebound in mid-2007, recent economic indicators suggesting continued slowing through early 2008. There has been considerable uncertainty in the market place in recent months, as a result of concern for inflation, slower job growth and the intensity and duration of the housing correction. As expected, the housing sector has significantly impacted consumers, the catalyst to the booming economy in recent years. Lending standards have become more restrictive and more expensive, fewer jobs are being created and food and energy prices have increased, putting considerable pressure on spending habits.
- The impact of the adjustable rate mortgage resets were exacerbated by the sub-prime mortgage market which triggered the fears of investors in this market resulting in the credit crisis during August with an overwhelming impact on the fixed income market. Investors, unwilling to lend due to uncertainty, fled to U.S. Treasuries causing rates to plummet as much as 150 basis points in the short end of the yield curve by August 20th.
- The performance of the portfolio was impacted by the Credit Crisis during the third quarter of 2007 which resulted in investors' significant increase in demand for U.S. Treasury securities. As a result, the Treasury sector outperformed Agency and Corporate Note sectors for the third quarter. The difference in the performance can partly be attributed to the U.S. Treasury portfolio allocation of 21% and the benchmark allocation of 100% as of September 30th.
- Historically U.S. Treasuries have underperformed Agency and Corporate Note sectors, and PFM's investment strategy has a longer term investment horizon focus.
- The Investment Portfolio quarterly return of 2.30% was lower than the Merrill Lynch 1-3 Year U.S. Treasury Note Index benchmark return of 2.67% as a direct result of the flight to treasuries during the credit crisis. The portfolio has outperformed the benchmark by 13 basis points since inception.
- PFM's active management resulted in the portfolio outperforming the SBA by 29 basis points for the last 12 months with a AAA rated investment portfolio.

PORTFOLIO STRATEGY

- GDP grew 3.8% annually during the second quarter, but is expected to slowdown in the third and fourth quarter. If the current economic slowdown continues, the Federal Funds target rate may decline to 4.25% within the next 6 months, as indicated by Federal Funds futures contracts which have another 50 basis point cut priced into the spring of 2008.
- The FOMC responded to market turmoil three fold: 1) provided more than \$74 billion of liquidity to the market, and during the September 18th FOMC meeting 2) lowered the discount rate from 6.25% to 5.25%, 3) and after 15 months of maintaining a Federal Funds rate of 5.25%, and more than four years since the last cut in the Fed Funds target rate, the FOMC lowered the target rate by an unexpected 50 basis points to 4.75%.
- Forward yield curves suggest further declines in interest rates through 2008, but are expected to revert to positive sloping as short term rates fall further than longer term rates. PFM will look to extend duration as rates rebound from the significant declines in August to lock in yields in the two to three year area of the curve.
- PFM's diversified asset allocation approach provides an investment portfolio structure that seeks to optimize earnings in various market environments over longer investment horizons.

Spread Between Two Year U.S. Treasury and Two Year Agency Yield
July 2002 through September 2007



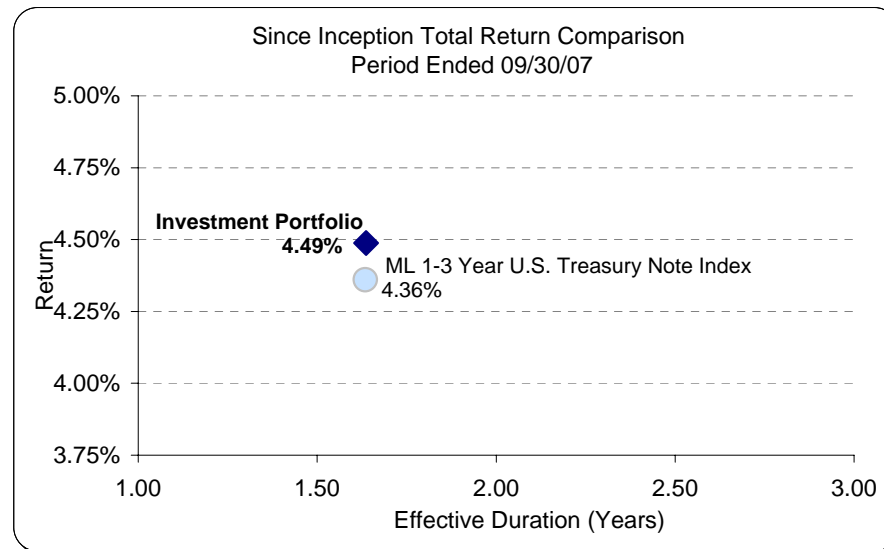
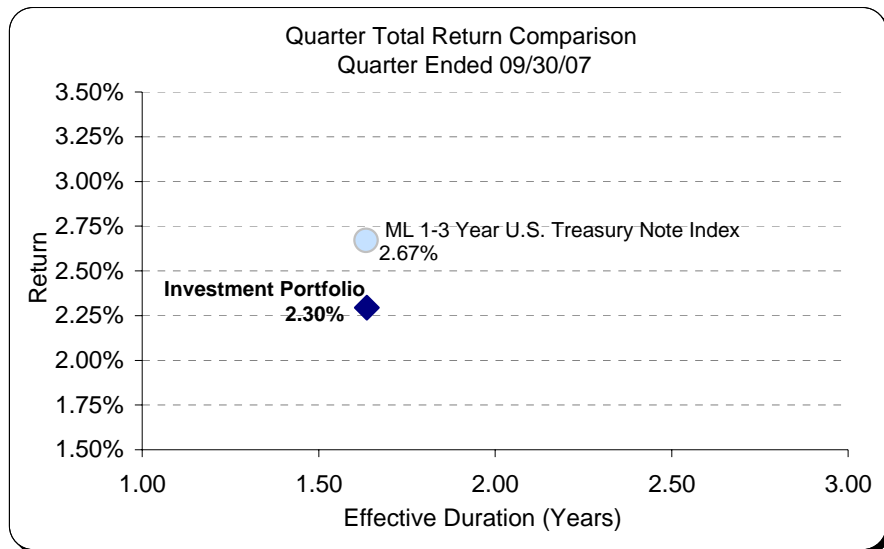
Notes:

1. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balance.
2. 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 September 30, 2007	Annualized Quarter	Last 12 Months	Last 24 Months	Since Inception on 12/31/98
Investment Portfolio	2.30%	9.42%	5.72%	4.87%	4.49%
Merrill Lynch 1-3 Year U.S. Treasury Note Index	2.67%	11.02%	5.80%	4.76%	4.36%

<u>Effective Duration (Years)⁴</u>	<u>September 30, 2007</u>	<u>June 30, 2007</u>	<u>Yields</u>	<u>September 30, 2007</u>	<u>June 30, 2007</u>
Investment Portfolio	1.64	1.61	Yield at Market	4.76%	5.34%
ML 1-3 Year U.S. Treasury Note Index	1.64	1.67	Yield at Cost	4.85%	4.82%
Portfolio Duration % of Benchmark Duration	100%	97%			

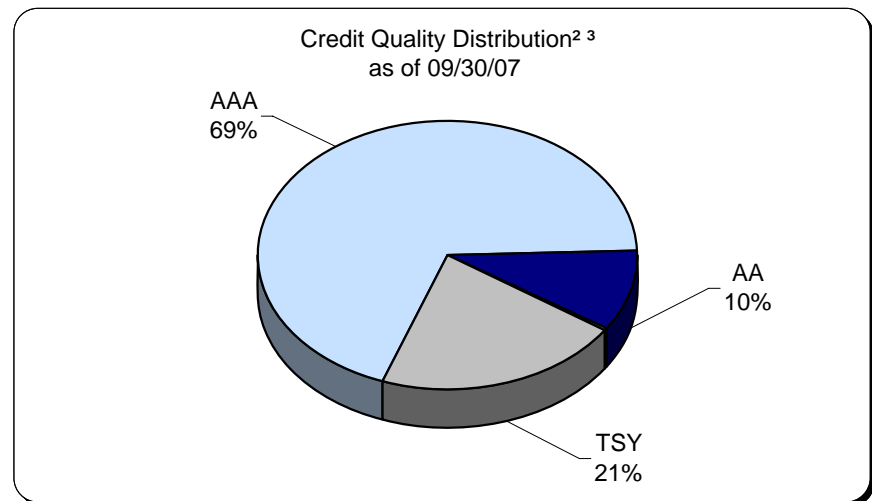
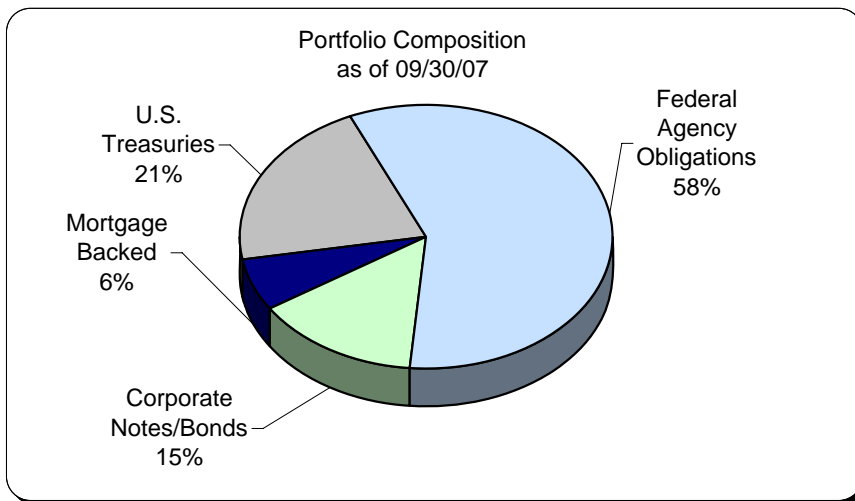


Notes:

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>September 30, 2007</u>	<u>% of Portfolio</u>	<u>June 30, 2007</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$17,602,305.41	21.1%	\$19,447,963.08	23.3%
Federal Agencies	48,435,427.93	58.0%	48,489,575.41	58.0%
Commercial Paper	0.00	0.0%	0.00	0.0%
Certificates of Deposit	0.00	0.0%	0.00	0.0%
Bankers Acceptances	0.00	0.0%	0.00	0.0%
Repurchase Agreements	0.00	0.0%	0.00	0.0%
Municipal Obligations	0.00	0.0%	0.00	0.0%
Corporate Notes/Bonds	12,237,526.05	14.6%	9,916,370.02	11.9%
Mortgage Backed	5,285,984.08	6.3%	5,733,053.72	6.9%
Money Market Fund/Cash	0.00	0.0%	0.00	0.0%
Totals	\$83,561,243.47	100.0%	\$83,586,962.23	100.0%

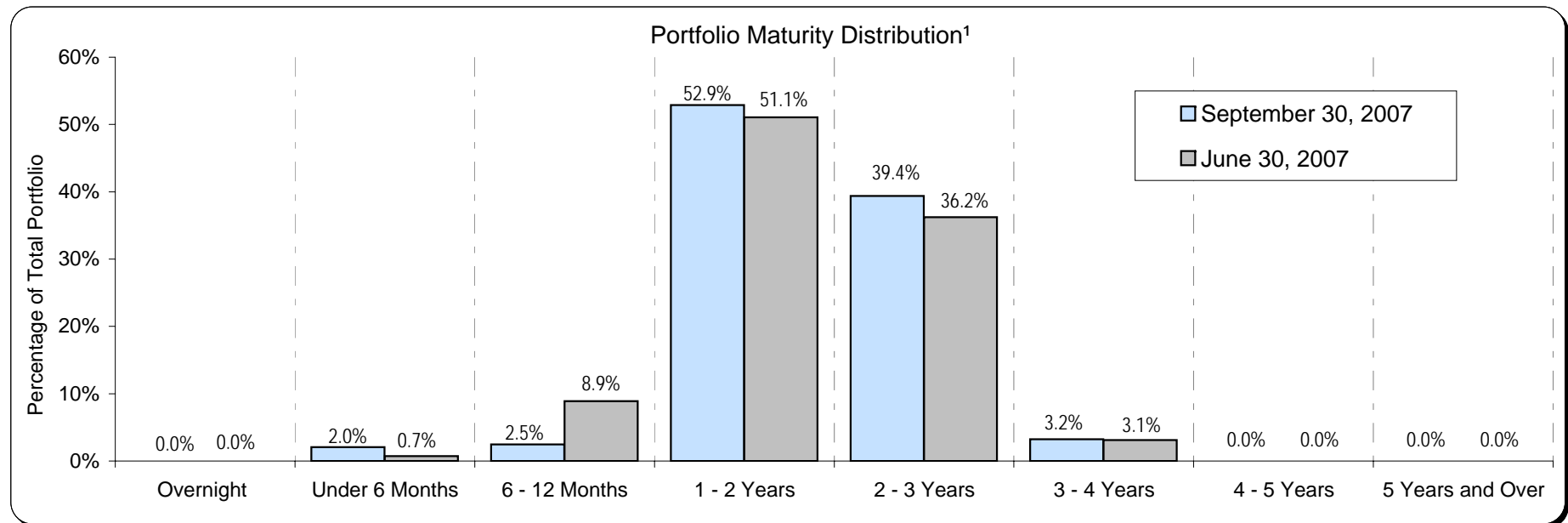


Notes:

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>September 30, 2007</u>	<u>June 30, 2007</u>
Overnight (Money Market Fund)	\$0.00	\$0.00
Under 6 Months	1,706,193.70	599,405.68
6 - 12 Months	2,068,798.91	7,427,009.83
1 - 2 Years	44,182,652.71	42,696,799.39
2 - 3 Years	32,916,568.15	30,273,786.08
3 - 4 Years	2,687,030.00	2,589,961.25
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	\$83,561,243.47	\$83,586,962.23



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 July 24, 2007

Transaction Date: July 24, 2007

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	U.S. Treasury Notes (10/31/08)	\$2,003,000.00	\$99.9453	4.914%		(6,871.86)	
Purchased	FHLB Notes (Callable) (6/11/10)	\$2,003,000.00	\$99.9180	5.629%	0.715%		41,890.24
Total Estimated Benefit from Transaction to Original Maturity							\$41,890.24

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	U.S. Treasury Notes (10/31/08)	\$747,000.00	\$99.9453	4.914%		414.68	
Purchased	FHLB Notes (Callable) (6/11/10)	\$747,000.00	\$99.9180	5.629%	0.715%		15,622.57
Total Estimated Benefit from Transaction to Original Maturity							\$15,622.57

Total Estimated Benefit from Transactions							\$57,512.81
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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, 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.

Trade Analysis for August 20, 2007

Transaction Date: August 20, 2007

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FNMA Global Notes (8/15/08)	\$1,654,000.00	\$98.4542	4.874%		5,756.13	
Purchased	FNMA Discount Note (9/12/07)	\$1,654,000.00	\$99.6997	4.780%	-0.094%		(99.33)
Total Estimated Benefit from Transaction to Original Maturity							(99.33)

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FNMA Global Notes (8/15/08)	\$832,000.00	\$98.4542	4.874%		2,895.47	
Purchased	FNMA Global Notes (8/15/10)	\$832,000.00	\$98.5439	4.779%	-0.095%		(2,395.35)
Total Estimated Benefit from Transaction to Original Maturity							(\$2,395.35)

Total Estimated Benefit from Transactions							(\$2,494.68)
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Trade Analysis for August 21, 2007

Transaction Date: August 21, 2007

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FNMA Global Notes (7/15/08)	\$1,244,000.00	\$99.1932	4.797%		1,309.63	
Purchased	FNMA Discount Notes (9/5/07)	\$1,244,000.00	\$99.8083	4.673%	-0.124%		(64.27)
Total Estimated Benefit from Transaction to Original Maturity							(64.27)

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FNMA Global Notes (7/15/08)	\$537,000.00	\$99.1932	4.797%		474.28	
Purchased	FNMA Global Notes (8/15/10)	\$537,000.00	\$98.5944	4.761%	-0.036%		(585.33)
Total Estimated Benefit from Transaction to Original Maturity							(585.33)

Total Estimated Benefit from Transactions							(\$649.60)
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Trade Analysis for August 24, 2007

Transaction Date: August 24, 2007

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FFCB Notes (8/11/08)	\$784,000.00	\$98.5300	4.878%		279.87	
Purchased	FHLMC Global Notes (8/16/10)	\$784,000.00	\$100.4060	4.727%	-0.151%		(3,577.83)
Total Estimated Benefit from Transaction to Original Maturity							(3,577.83)

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FFCB Notes (8/11/08)	\$1,488,000.00	\$98.5300	4.878%		531.18	
Purchased	FHLMC Notes (Callable) (3/29/10)	\$1,488,000.00	\$99.9500	5.519%	0.641%		25,116.94
Total Estimated Benefit from Transaction to Original Maturity							\$25,116.94

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FHLB TAP Notes (6/13/08)	\$1,025,000.00	\$99.2960	4.898%		(8,025.83)	
Purchased	FHLB TAP Notes (6/11/10)	\$1,025,000.00	\$101.4144	4.702%	-0.196%		-5,703.33
Total Estimated Benefit from Transaction to Original Maturity							-\$5,703.33

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FHLB TAP Notes (6/13/08)	\$2,000,000.00	\$99.2960	4.898%		(15,660.16)	
Purchased	FHLB Notes (Callable) (7/2/10)	\$2,000,000.00	\$100.0580	5.600%	0.702%		40,677.00
Total Estimated Benefit from Transaction to Original Maturity							\$40,677.00

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FNMA Global Notes (7/3/08)	\$845,000.00	\$100.0720	4.906%		1,651.45	
Purchased	FNMA Global Notes (8/15/10)	\$845,000.00	\$98.7673	4.698%	-0.208%		-5,306.98
Total Estimated Benefit from Transaction to Original Maturity							-\$5,306.98

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FNMA Global Notes (7/3/08)	\$1,690,000.00	\$100.0720	4.906%		3,357.63	
Purchased	FNMA Notes (Callable) (8/20/09)	\$1,690,000.00	\$99.9400	5.503%	0.597%		20,374.78
Total Estimated Benefit from Transaction to Original Maturity							\$20,374.78

Total Estimated Benefit from Transactions							\$71,580.59
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Trade Analysis for September 24, 2007

Transaction Date: September 24, 2007

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	U.S. Treasury Notes (5/15/09)	\$1,035,000.00	\$101.3359	4.023%		16,413.70	
Purchased	Citigroup Notes (7/29/09)	\$1,073,000.00	\$98.6880	4.999%	0.976%		18,912.44
Total Estimated Benefit from Transaction to Original Maturity							\$18,912.44

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	U.S. Treasury Notes (11/15/09)	\$1,350,000.00	\$101.1641	4.050%		13,594.77	
Purchased	Citigroup Notes	\$1,410,000.00	\$98.0670	4.984%	0.934%		30,892.05
Total Estimated Benefit from Transaction to Original Maturity							\$30,892.05

Total Estimated Benefit from Transactions							\$49,804.49
--	--	--	--	--	--	--	--------------------

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.

Trade Analysis for September 28, 2007

Transaction Date: September 28, 2007

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FHLMC Notes (9/15/08)	\$260,000.00	\$99.0639	4.628%		743.48	
Purchased	FHLB Discount Note (10/26/07)	\$260,000.00	\$99.6422	4.681%	0.053%		10.72
Total Estimated Benefit from Transaction to Original Maturity							\$10.72

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FHLMC Notes (9/15/08)	\$3,092,000.00	\$99.0639	4.628%		8,841.70	
Sold	FNMA Notes (Callable) (9/15/08)	\$1,168,000.00	\$99.1980	4.609%		1,561.97	
Purchased	FNMA Notes (6/15/10)	\$4,260,000.00	\$106.7516	4.453%	-0.175%		(14,895.28)
Total Estimated Benefit from Transaction to Original Maturity							(\$14,895.28)

Transaction	Security	Par Value	Price	Yield at Market	Benefit	Gain/Loss	Additional Earnings
Sold	FNMA Notes (Callable) (9/15/08)	\$832,000.00	\$99.1980	4.609%		1,112.63	
Sold	U.S. Treasury Notes (3/31/08)	\$1,085,000.00	\$100.2695	4.080%		4,534.42	
Purchased	U.S. Treasury Notes (2/15/10)	\$1,917,000.00	\$98.8516	4.009%	-0.600%		-12,077.87
Total Estimated Benefit from Transaction to Original Maturity							-\$12,077.87

Total Estimated Benefit from Transactions							(\$26,962.43)
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Transaction Commentary:

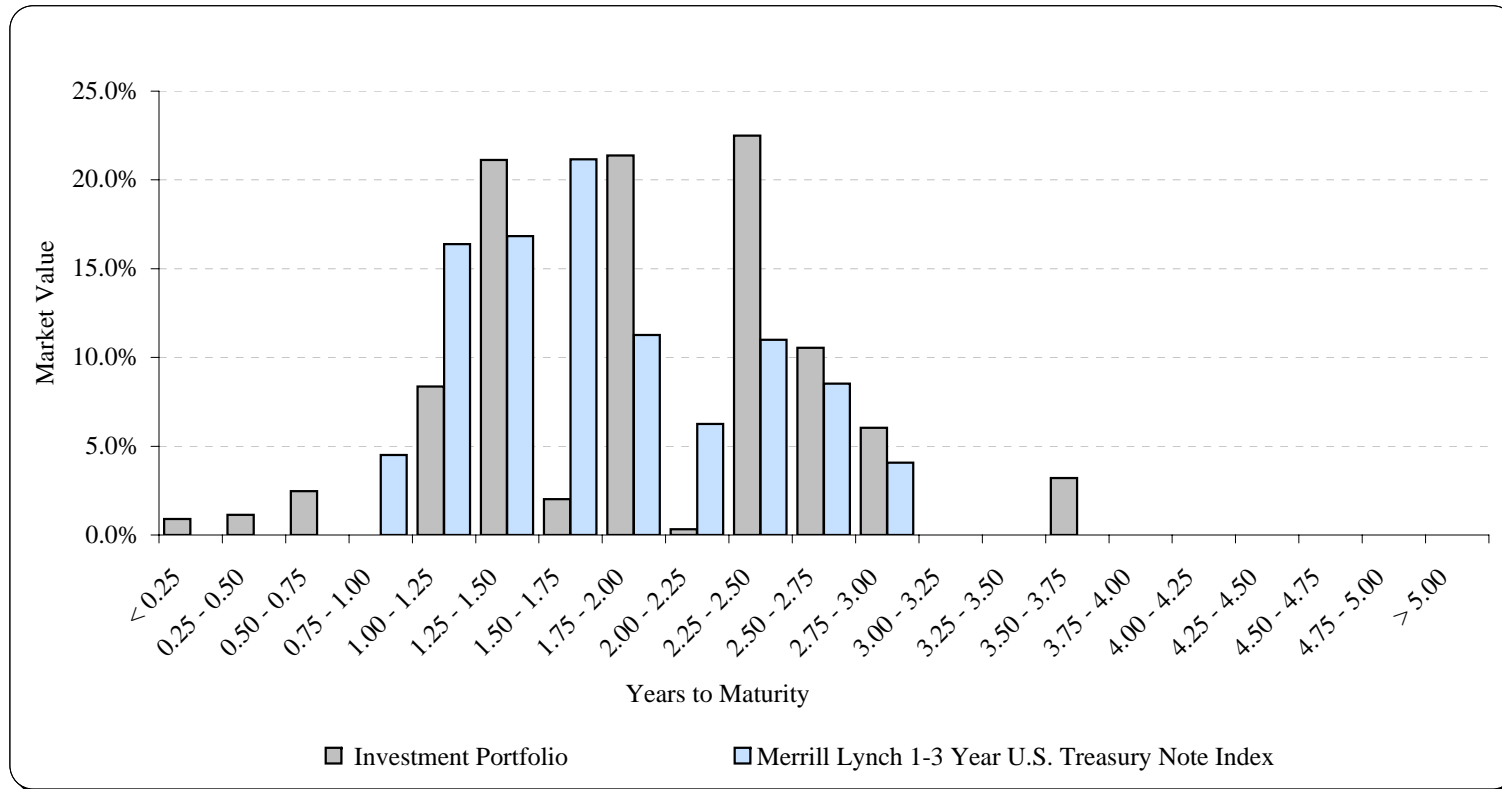
In accordance with Section III. Investment Objectives, of the District's Investment Policy, from time to time, securities may be traded for other similar securities to improve yield, maturity, or credit risk. For these transactions, a loss may be incurred for accounting purposes, provided any of the 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

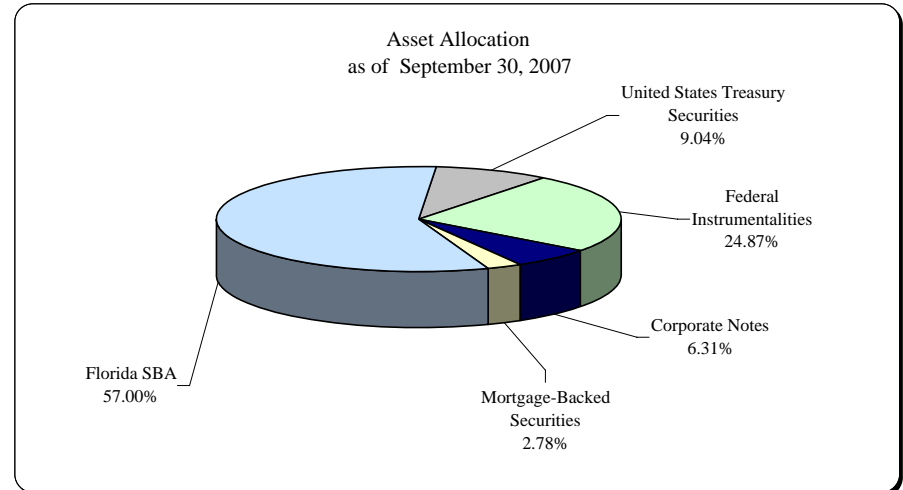
Investment Portfolio Maturity Distribution versus the Benchmark¹



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	September 30, 2007	Notes	Permitted by Policy
Florida SBA	57.00%		100%
United States Treasury Securities	9.04%		100%
United States Government Agency Securities	0.00%		50%
Federal Instrumentalities	24.87%	1	80%
Certificates of Deposit	0.00%		25%
Repurchase Agreements	0.00%		50%
Commercial Paper	0.00%		35%
Corporate Notes	6.31%		15%
Mortgage-Backed Securities	2.78%	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	September 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)	5.36%		50%
Federal Home Loan Bank (FHLB)	8.16%		50%
Federal National Mortgage Association (FNMA)	9.04%		50%
Federal Home Loan Mortgage Corporation (FHLMC)	5.09%		50%
Student Loan Marketing Association (SLMA)	0.00%		50%

Individual Issuer Breakdown	September 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	0.75%		10%
Wal-Mart	2.16%		10%
General Electric	2.13%		10%
Citigroup	1.27%		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 September 30, 2007 is 27.65%.
 * 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
September 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: September 30, 2007

SECURITY TYPE	PAR VALUE	AMORTIZED COST	MARKET VALUE	MARKET % OF PORTFOLIO	YTM AT COST	YTM AT MARKET	DURATION TO WORST
CORPORATE NOTE	11,812,000.00	12,083,303.22	12,116,160.60	14.631	5.135	5.006	1.854
FED AGY BOND/NOTE	47,009,000.00	47,374,354.46	47,743,557.23	57.653	5.053	4.632	1.636
FED AGY DN	260,000.00	259,169.45	259,138.37	0.313	4.617	4.604	0.070
FED AGY MBS	5,333,291.45	5,346,374.81	5,267,404.93	6.361	3.530	7.844	0.483
US TSY BOND/NOTE	17,323,000.00	17,296,669.73	17,425,925.04	21.043	4.481	3.992	1.667
TOTAL SECURITIES	81,737,291.45	82,359,871.67	82,812,186.17	100.000	4.846 %	4.756 %	1.596
TOTAL INVESTMENTS	81,737,291.45	82,359,871.67	82,812,186.17	100.000 %			
ACCRUED INTEREST		749,057.30	749,057.30				
TOTAL PORTFOLIO	\$81,737,291.45	\$83,108,928.97	\$83,561,243.47				

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: September 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	10,727.42	1,443,641.38	1,442,927.03
172967CN9	CITIGROUP INC GLOBAL NOTES	1,073,000	4.250	07/29/09	AA	09/19/07	09/24/07	1,058,922.24	4.999	7,853.76	1,059,067.73	1,059,691.58
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	38,958.33	4,133,655.00	4,134,764.00
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	57,525.00	4,063,983.22	4,093,919.70
172967CU3	CITIGROUP INC GLOBAL NOTES	1,410,000	4.125	02/22/10	AA	09/19/07	09/24/07	1,382,744.70	4.984	6,300.94	1,382,955.89	1,384,858.29
		11,812,000						12,153,464.87	5.135	121,365.45	12,083,303.22	12,116,160.60
FED AGY BOND/NOTE												
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	28,763.89	1,999,601.60	2,005,000.00
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	33,645.83	4,158,634.61	4,210,156.25
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	14,242.08	1,293,570.90	1,296,645.31
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	26,161.11	2,766,841.12	2,787,312.50
31331ST78	FFCB BONDS	2,000,000	4.250	01/26/09	AAA	01/27/06	01/30/06	1,971,118.00	4.774	15,347.22	1,986,765.02	1,993,750.00
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	10,500.00	4,014,262.72	4,043,750.00
31398AGH9	FNMA NOTES (CALLABLE)	1,718,000	5.500	08/20/09	AAA	08/23/07	08/24/07	1,717,896.92	5.503	10,761.36	1,717,904.26	1,720,684.38
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	6,227.50	2,178,319.27	2,202,243.75
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	6,227.50	2,178,199.58	2,202,243.75
31331XRP9	FFCB BONDS	4,175,000	4.800	03/08/10	AAA	05/30/07	06/01/07	4,140,890.25	5.117	12,803.33	4,145,034.61	4,210,226.56
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	8,602.78	3,265,200.35	3,302,787.50
3128X5X60	FHLMC NOTES (CALLABLE)	1,488,000	5.500	03/29/10	AAA	08/22/07	08/24/07	1,487,256.00	5.518	454.67	1,487,367.75	1,490,197.94
3133XFLE4	FHLB TAP ISSUE	1,025,000	5.250	06/11/10	AAA	08/21/07	08/24/07	1,039,497.60	4.702	16,442.71	1,039,018.76	1,045,820.31
3133XFLE4	FHLB TAP ISSUE	295,000	5.250	06/11/10	AAA	08/30/07	09/05/07	299,249.18	4.686	4,732.29	299,150.06	300,992.19
3133XL5W9	FHLB NOTES (CALLABLE)	2,750,000	5.600	06/11/10	AAA	07/23/07	07/24/07	2,747,745.00	5.629	47,055.56	2,747,963.90	2,753,333.32
31359MFS7	FNMA GLOBAL BENCHMARK NOTES	4,260,000	7.125	06/15/10	AAA	09/27/07	09/28/07	4,547,618.16	4.453	89,371.25	4,546,797.56	4,548,881.25
3133XLEX7	FHLB NOTES (CALLABLE)	2,000,000	5.625	07/02/10	AAA	08/21/07	08/24/07	2,001,160.00	5.600	27,812.50	2,000,824.68	2,003,020.27
31359MYN7	FNMA GLOBAL BENCHMARK NOTES	832,000	4.250	08/15/10	AAA	08/17/07	08/20/07	819,885.25	4.779	4,518.22	820,321.57	827,840.00
31359MYN7	FNMA GLOBAL BENCHMARK NOTES	537,000	4.250	08/15/10	AAA	08/20/07	08/21/07	529,451.93	4.761	2,916.21	529,717.62	534,315.00
31359MYN7	FNMA GLOBAL BENCHMARK NOTES	845,000	4.250	08/15/10	AAA	08/21/07	08/24/07	834,583.69	4.698	4,588.82	834,924.79	840,775.00
3128X4GV7	FHLMC GLOBAL NOTES (CALLABLE)	784,000	4.875	08/16/10	AAA	08/21/07	08/24/07	787,183.04	4.727	4,777.50	787,081.21	793,331.95
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	56,780.00	2,576,852.52	2,630,250.00
		47,009,000						47,355,290.24	5.053	432,732.33	47,374,354.46	47,743,557.23
FED AGY DN												
313384NL9	FHLB DISC NOTE	260,000		10/26/07	A-1+	09/28/07	09/28/07	259,069.78	4.617	0.00	259,169.45	259,138.37
		260,000						259,069.78	4.617	0.00	259,169.45	259,138.37
FED AGY MBS												
31282U2B2	FHLMC MBS GOLD 5 YR BALLOON P	500,599	4.500	12/01/07	AAA	12/03/02	12/23/02	511,001.77	3.583	1,877.25	500,598.70	498,376.36
31282U2Y2	FHLMC GOLD MBS POOL #M90791	951,181	4.000	01/01/08	AAA	01/14/03	01/27/03	966,340.13	3.286	3,170.60	951,180.70	943,631.12

PFM Asset Management LLC

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

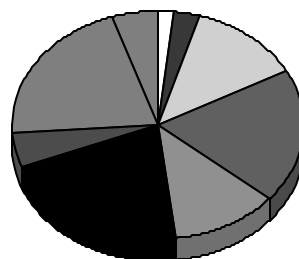
(Excluding Cash)

MONTH ENDED: September 30, 2007

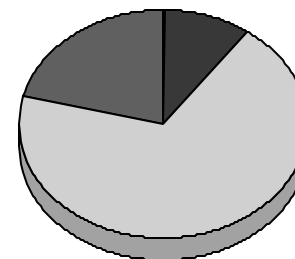
SECURITY TYPE			MATURITY	S&P	TRADE	SETTLE	ORIGINAL	YTM	ACCRUED	AMORTIZED	MARKET	
CUSIP	DESCRIPTION	PAR	COUPON	DATE	RATING	DATE	DATE	COST	AT COST	INTEREST	COST	VALUE
31282U4E4	FHLMC MBS 5YR POOL #M90821	2,113,331	3.500	05/01/08	AAA	07/28/03	07/30/03	2,126,209.03	3.184	6,163.88	2,113,330.92	2,062,635.03
31282VBE4	FHLMC MBS NOTES 5YR BALLOON P	1,768,181	5.000	08/01/09	AAA	02/01/05	02/22/05	1,801,887.07	4.051	7,367.42	1,781,264.49	1,762,762.42
		5,333,291						5,405,438.00	3.530	18,579.15	5,346,374.81	5,267,404.93
US TSY BOND/NOTE												
912828FV7	US TREASURY NOTES	848,000	4.875	10/31/08	TSY	01/24/07	01/30/07	846,675.00	4.965	17,299.89	847,207.54	855,420.00
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	66,100.54	3,998,242.68	4,015,624.00
912828FE5	US TREASURY NOTES	1,630,000	4.875	05/15/09	TSY	06/01/06	06/05/06	1,622,868.75	5.036	30,014.37	1,625,971.28	1,653,304.11
912828FP0	US TREASURY NOTES	75,000	4.875	08/15/09	TSY	08/31/06	09/06/06	75,322.27	4.716	466.97	75,211.63	76,207.05
912828FP0	US TREASURY NOTES	2,550,000	4.875	08/15/09	TSY	11/01/06	11/03/06	2,570,220.70	4.566	15,876.87	2,563,993.56	2,591,039.70
912828FP0	US TREASURY NOTES	3,700,000	4.875	08/15/09	TSY	11/10/06	11/13/06	3,720,523.44	4.655	23,037.02	3,714,398.22	3,759,547.80
912828FX3	US TREASURY NOTES	260,000	4.625	11/15/09	TSY	11/30/06	12/01/06	260,548.44	4.547	4,542.05	260,404.87	263,371.94
912828DL1	US TREASURY NOTES	4,260,000	3.500	02/15/10	TSY	09/27/07	09/28/07	4,211,076.56	4.009	19,042.66	4,211,239.95	4,211,410.44
		17,323,000						17,302,703.91	4.481	176,380.37	17,296,669.73	17,425,925.04
TOTAL SECURITIES		\$81,737,291						\$82,475,966.80	4.846 %	\$749,057.30	\$82,359,871.67	\$82,812,186.17

Issuers by Market Value

■ BANK OF AMERICA CORP	\$1,442,927	1.7%
■ CITIGROUP INC	\$2,444,550	3.0%
■ FFB	\$10,414,133	12.8%
■ FHLC	\$15,713,842	19.0%
■ FHLMC	\$9,753,179	11.8%
■ FNMA	\$17,388,947	21.0%
■ GENERAL ELECTRIC CO	\$4,093,920	4.9%
■ UNITED STATES TREASURY	\$17,425,925	21.0%
■ WAL-MART STORES INC	\$4,134,764	5.0%
Total:	\$82,812,186	100.0%



Ratings by Market Value



□ A-1+	\$259,138	0.3%
■ AA	\$8,022,241	9.7%
■ AAA	\$57,104,882	69.0%
■ TSY	\$17,425,925	21.0%
Total:	\$82,812,186	100.0%

PFM Asset Management LLC

Fair Market Values & Analytics: (Excluding Cash)

68890100 PALM BEACH CNTY FL S/D

MONTH ENDED: September 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		100.975	1,442,927.03	(714.35)	(16,324.90)	1.300	5.127
172967CN9	CITIGROUP INC GLOBAL NOTES	1,073,000	4.250	07/29/09		98.760	1,059,691.58	623.85	769.34	1.726	4.964
931142BE2	WAL-MART STORES GLOBAL NOTES	4,000,000	6.875	08/10/09		103.369	4,134,764.00	1,109.00	(33,156.00)	1.723	4.953
36962GUL6	GENERAL ELECTRIC CAPITAL COR	3,900,000	7.375	01/19/10		104.972	4,093,919.70	29,936.48	9,293.70	2.084	5.055
172967CU3	CITIGROUP INC GLOBAL NOTES	1,410,000	4.125	02/22/10		98.217	1,384,858.29	1,902.40	2,113.59	2.239	4.922
FED AGY BOND/NOTE											
3133XDT76	FHLB TAP NOTES	2,000,000	4.750	12/12/08		100.250	2,005,000.00	5,398.40	6,028.00	1.140	4.528
31331SNF6	FFCB GLOBAL DESIGNATED BONDS	4,250,000	3.750	01/15/09		99.063	4,210,156.25	51,521.64	133,607.25	1.236	4.501
31359MEK5	FNMA GLOBAL BENCHMARK NOTES	1,285,000	5.250	01/15/09		100.906	1,296,645.31	3,074.41	(7,688.80)	1.226	4.514
31359ME74	FNMA GLOBAL NOTES (CALLABLE)	2,770,000	5.000	01/23/09	01/23/07	100.625	2,787,312.50	20,471.38	22,907.90	1.250	4.500
31331ST78	FFCB BONDS	2,000,000	4.250	01/26/09		99.688	1,993,750.00	6,984.98	22,632.00	1.263	4.492
3133XFEQ5	FHLB TAP ISSUE	4,000,000	5.250	03/13/09		101.094	4,043,750.00	29,487.28	25,190.00	1.384	4.462
31398AGH9	FNMA NOTES (CALLABLE)	1,718,000	5.500	08/20/09	11/20/07	100.156	1,720,684.38	2,780.12	2,787.46	0.138	5.408
3134A3M78	FHLMC GLOBAL REFERENCE NOTES	2,115,000	6.625	09/15/09		104.125	2,202,243.75	23,924.48	(8,185.05)	1.826	4.402
31359MEY5	FNMA GLOBAL BENCHMARK NOTES	2,115,000	6.625	09/15/09		104.125	2,202,243.75	24,044.17	(8,003.16)	1.826	4.402
31331XRP9	FFCB BONDS	4,175,000	4.800	03/08/10		100.844	4,210,226.56	65,191.95	69,336.31	2.275	4.430
3133XJUS5	FHLB TAP NOTES	3,260,000	5.000	03/12/10		101.313	3,302,787.50	37,587.15	37,320.48	2.281	4.428
3128X5X60	FHLMC NOTES (CALLABLE)	1,488,000	5.500	03/29/10	06/29/07	100.148	1,490,197.94	2,830.19	2,941.94	0.244	5.436
3133XFLE4	FHLB TAP ISSUE	1,025,000	5.250	06/11/10		102.031	1,045,820.31	6,801.55	6,322.71	2.460	4.440
3133XFLE4	FHLB TAP ISSUE	295,000	5.250	06/11/10		102.031	300,992.19	1,842.13	1,743.01	2.460	4.440
3133XL5W9	FHLB NOTES (CALLABLE)	2,750,000	5.600	06/11/10	09/11/07	100.121	2,753,333.32	5,369.42	5,588.32	0.195	5.547
31359MFS7	FNMA GLOBAL BENCHMARK NOTES	4,260,000	7.125	06/15/10		106.781	4,548,881.25	2,083.69	1,263.09	2.418	4.436
3133XLEX7	FHLB NOTES (CALLABLE)	2,000,000	5.625	07/02/10	01/02/08	100.151	2,003,020.27	2,195.59	1,860.27	0.252	5.561
31359MYN7	FNMA GLOBAL BENCHMARK NOTES	832,000	4.250	08/15/10		99.500	827,840.00	7,518.43	7,954.75	2.664	4.436
31359MYN7	FNMA GLOBAL BENCHMARK NOTES	537,000	4.250	08/15/10		99.500	534,315.00	4,597.38	4,863.07	2.664	4.436
31359MYN7	FNMA GLOBAL BENCHMARK NOTES	845,000	4.250	08/15/10		99.500	840,775.00	5,850.21	6,191.31	2.664	4.436
3128X4GV7	FHLMC GLOBAL NOTES (CALLABLE)	784,000	4.875	08/16/10		101.190	793,331.95	6,250.74	6,148.91	2.648	4.428
31359MJH7	FNMA GLOBAL BENCHMARK NOTES	2,505,000	6.000	05/15/11		105.000	2,630,250.00	53,397.48	47,457.22	3.181	4.488
FED AGY DN											
313384NL9	FHLB DISC NOTE	260,000		10/26/07		99.669	259,138.37	(31.08)	68.59	0.070	4.604

PFM Asset Management LLC

Fair Market Values & Analytics:

68890100 PALM BEACH CNTY FL S/D

(Excluding Cash)

MONTH ENDED: September 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	
FED AGY MBS											
31282U2B2	FHLMC MBS GOLD 5 YR BALLOON P	500,599	4.500	12/01/07		99.556	498,376.36	(2,222.34)	(12,625.41)	0.124	6.663
31282U2Y2	FHLMC GOLD MBS POOL #M90791	951,181	4.000	01/01/08		99.206	943,631.12	(7,549.58)	(22,709.01)	0.165	7.865
31282U4E4	FHLMC MBS 5YR POOL #M90821	2,113,331	3.500	05/01/08		97.601	2,062,635.03	(50,695.89)	(63,574.00)	0.327	10.448
31282VBE4	FHLMC MBS NOTES 5YR BALLOON P	1,768,181	5.000	08/01/09		99.694	1,762,762.42	(18,502.07)	(39,124.65)	0.939	5.119
US TSY BOND/NOTE											
912828FV7	US TREASURY NOTES	848,000	4.875	10/31/08		100.875	855,420.00	8,212.46	8,745.00	1.028	4.039
912828EL0	US TREASURY NOTES	4,000,000	4.375	11/15/08		100.391	4,015,624.00	17,381.32	20,155.25	1.072	4.013
912828FE5	US TREASURY NOTES	1,630,000	4.875	05/15/09		101.430	1,653,304.11	27,332.83	30,435.36	1.525	3.955
912828FP0	US TREASURY NOTES	75,000	4.875	08/15/09		101.609	76,207.05	995.42	884.78	1.770	3.973
912828FP0	US TREASURY NOTES	2,550,000	4.875	08/15/09		101.609	2,591,039.70	27,046.14	20,819.00	1.770	3.973
912828FP0	US TREASURY NOTES	3,700,000	4.875	08/15/09		101.609	3,759,547.80	45,149.58	39,024.36	1.770	3.973
912828FX3	US TREASURY NOTES	260,000	4.625	11/15/09		101.297	263,371.94	2,967.07	2,823.50	1.976	3.980
912828DL1	US TREASURY NOTES	4,260,000	3.500	02/15/10		98.859	4,211,410.44	170.49	333.88	2.245	4.007
SUBTOTALS							\$82,812,186.17	\$452,314.50	\$336,219.37	1.596	4.756 %
ACCRUED INTEREST ON INVESTMENT							749,057.30				
TOTAL MARKET VALUE OF INVESTMENTS							\$83,561,243.47				

PFM Asset Management LLC

Security Transactions & Interest:

68890100

PALM BEACH CNTY FL S/D

MONTH ENDED: September 30, 2007

(Excluding Cash)

TRADE	SETTLE	TRAN TYPE	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR	COUPON	MATURITY DATE	PRINCIPAL AMOUNT	ACCRUED INTEREST	TOTAL	
09/01/07	09/15/07	INTEREST	FHLMC MBS GOLD 5 YR BALLOON POO	31282U2B2	AAA	537,401	4.500	12/01/07	0.00	2,015.25	2,015.25	
09/01/07	09/15/07	INTEREST	FHLMC GOLD MBS POOL #M90791	31282U2Y2	AAA	1,019,816	4.000	01/01/08	0.00	3,399.39	3,399.39	
09/01/07	09/15/07	INTEREST	FHLMC MBS 5YR POOL #M90821	31282U4E4	AAA	2,177,557	3.500	05/01/08	0.00	6,351.21	6,351.21	
09/01/07	09/15/07	INTEREST	FHLMC MBS NOTES 5YR BALLOON POO	31282VBE4	AAA	1,789,852	5.000	08/01/09	0.00	7,457.72	7,457.72	
09/08/07	09/08/07	INTEREST	FFCB BONDS	31331XRP9	AAA	4,175,000	4.800	03/08/10	0.00	100,200.00	100,200.00	
09/12/07	09/12/07	INTEREST	FHLB TAP NOTES	3133XJUS5	AAA	3,260,000	5.000	03/12/10	0.00	98,252.78	98,252.78	
09/13/07	09/13/07	INTEREST	FHLB TAP ISSUE	3133XFEQ5	AAA	4,000,000	5.250	03/13/09	0.00	105,000.00	105,000.00	
09/15/07	09/15/07	INTEREST	FHLMC GLOBAL REFERENCE NOTES	3134A3M78	AAA	2,115,000	6.625	09/15/09	0.00	70,059.38	70,059.38	
09/15/07	09/15/07	INTEREST	FHLMC GLOBAL REFERENCE NOTES	3134A4UD4	AAA	3,352,000	3.625	09/15/08	0.00	60,755.00	60,755.00	
09/15/07	09/15/07	INTEREST	FNMA GLOBAL BENCHMARK NOTES	31359MEY5	AAA	2,115,000	6.625	09/15/09	0.00	70,059.38	70,059.38	
09/15/07	09/15/07	INTEREST	FNMA NOTES (CALLABLE)	31359MTF0	AAA	2,000,000	3.750	09/15/08	0.00	37,500.00	37,500.00	
09/29/07	09/29/07	INTEREST	FHLMC NOTES (CALLABLE)	3128X5X60	AAA	1,488,000	5.500	03/29/10	0.00	40,920.00	40,920.00	
									28,029,625	0.00	601,970.11	601,970.11
08/30/07	09/05/07	BUY	FHLB TAP ISSUE	3133XFLE4	AAA	295,000	5.250	06/11/10	(299,249.18)	(3,613.75)	(302,862.93)	
09/05/07	09/05/07	BUY	FHLB DISC NOTE	313384LQ0	A-1+	941,000	0.000	09/12/07	(940,099.78)	0.00	(940,099.78)	
09/11/07	09/12/07	BUY	FFCB DISC NOTE	313312LY4	A-1+	2,696,000	0.000	09/20/07	(2,693,184.19)	0.00	(2,693,184.19)	
09/19/07	09/20/07	BUY	FFCB DISC NOTE	313312MG2	A-1+	2,699,000	0.000	09/28/07	(2,696,271.01)	0.00	(2,696,271.01)	
09/19/07	09/24/07	BUY	CITIGROUP INC GLOBAL NOTES	172967CN9	AA	1,073,000	4.250	07/29/09	(1,058,922.24)	(6,967.05)	(1,065,889.29)	
09/19/07	09/24/07	BUY	CITIGROUP INC GLOBAL NOTES	172967CU3	AA	1,410,000	4.125	02/22/10	(1,382,744.70)	(5,170.00)	(1,387,914.70)	
09/27/07	09/28/07	BUY	FNMA GLOBAL BENCHMARK NOTES	31359MFS7	AAA	4,260,000	7.125	06/15/10	(4,547,618.16)	(86,841.88)	(4,634,460.04)	
09/27/07	09/28/07	BUY	US TREASURY NOTES	912828DL1	TSY	4,260,000	3.500	02/15/10	(4,211,076.56)	(17,827.17)	(4,228,903.73)	
09/28/07	09/28/07	BUY	FHLB DISC NOTE	313384NL9	A-1+	260,000	0.000	10/26/07	(259,069.78)	0.00	(259,069.78)	
									17,894,000	(18,088,235.60)	(120,419.85)	(18,208,655.45)
09/05/07	09/05/07	MATURITY	FNMA DISC NOTE	313588LH6	A-1+	1,244,000	0.000	09/05/07	1,244,000.00	0.00	1,244,000.00	
09/12/07	09/12/07	MATURITY	FHLB DISC NOTE	313384LQ0	A-1+	941,000	0.000	09/12/07	941,000.00	0.00	941,000.00	
09/12/07	09/12/07	MATURITY	FNMA DISC NOTE	313588LQ6	A-1+	1,654,000	0.000	09/12/07	1,654,000.00	0.00	1,654,000.00	
09/20/07	09/20/07	MATURITY	FFCB DISC NOTE	313312LY4	A-1+	2,696,000	0.000	09/20/07	2,696,000.00	0.00	2,696,000.00	
09/28/07	09/28/07	MATURITY	FFCB DISC NOTE	313312MG2	A-1+	2,699,000	0.000	09/28/07	2,699,000.00	0.00	2,699,000.00	
									9,234,000	9,234,000.00	0.00	9,234,000.00
09/01/07	09/15/07	MBS PMT	FHLMC MBS GOLD 5 YR BALLOON POO	31282U2B2	AAA	36,802	4.500	12/01/07	36,801.95	0.00	36,801.95	
09/01/07	09/15/07	MBS PMT	FHLMC GOLD MBS POOL #M90791	31282U2Y2	AAA	68,635	4.000	01/01/08	68,635.35	0.00	68,635.35	
09/01/07	09/15/07	MBS PMT	FHLMC MBS 5YR POOL #M90821	31282U4E4	AAA	64,226	3.500	05/01/08	64,225.98	0.00	64,225.98	
09/01/07	09/15/07	MBS PMT	FHLMC MBS NOTES 5YR BALLOON POO	31282VBE4	AAA	21,671	5.000	08/01/09	21,670.75	0.00	21,670.75	
									191,334	191,334.03	0.00	191,334.03
09/19/07	09/24/07	SELL	US TREASURY NOTES	912828FE5	TSY	1,035,000	4.875	05/15/09	1,048,826.95	18,098.44	1,066,925.39	

PFM Asset Management LLC

Security Transactions & Interest:

68890100

PALM BEACH CNTY FL S/D

MONTH ENDED: September 30, 2007

(Excluding Cash)

TRADE	SETTLE	TRAN TYPE	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR	COUPON	MATURITY DATE	PRINCIPAL AMOUNT	ACCRUED INTEREST	TOTAL
09/19/07	09/24/07	SELL	US TREASURY NOTES	912828FX3	TSY	1,350,000	4.625	11/15/09	1,365,714.84	22,396.06	1,388,110.90
09/27/07	09/28/07	SELL	FHLMC GLOBAL REFERENCE NOTES	3134A4UD4	AAA	3,352,000	3.625	09/15/08	3,320,621.93	4,387.86	3,325,009.79
09/27/07	09/28/07	SELL	FNMA NOTES (CALLABLE)	31359MTF0	AAA	2,000,000	3.750	09/15/08	1,983,960.00	2,708.33	1,986,668.33
09/27/07	09/28/07	SELL	US TREASURY NOTES	912828EZ9	TSY	1,085,000	4.625	03/31/08	1,087,924.41	24,816.41	1,112,740.82
						8,822,000			8,807,048.13	72,407.10	8,879,455.23

TOTAL SECURITY TRANSACTIONS

698,103.92

PFM Asset Management LLC

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

MONTH ENDED: September 30, 2007

CASH DATE	TRANSACTION CODE	TRANSACTION DESCRIPTION	TOTAL AMOUNT
09/20/07	CC	CONTRIB	271.01
09/28/07	CC	CONTRIB	259,069.78
			<hr/>
			259,340.79
09/05/07	CW	WITHDRAW	(1,037.29)
09/08/07	CW	WITHDRAW	(100,200.00)
09/12/07	CW	WITHDRAW	(68.59)
09/13/07	CW	WITHDRAW	(105,000.00)
09/15/07	CW	WITHDRAW	(448,931.36)
09/24/07	CW	WITHDRAW	(1,232.30)
09/28/07	CW	WITHDRAW	(260,055.17)
09/29/07	CW	WITHDRAW	(40,920.00)
			<hr/>
			(957,444.71)
			<hr/>
NET CASH CONTRIBUTIONS/(WITHDRAWS)			<u><u>(\$698,103.92)</u></u>

PFM Asset Management LLC

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

(Excluding Cash)

MONTH ENDED: September 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
09/01/07	09/15/07	MBS PMT		FHLMC GOLD MBS POOL #M90791	31282U2Y2	68,635	4.000	68,635.35	(1,093.88)	0.00
09/01/07	09/15/07	MBS PMT		FHLMC MBS NOTES 5YR BALLOON POOL# M	31282VBE4	21,671	5.000	21,670.75	(413.10)	0.00
09/01/07	09/15/07	MBS PMT		FHLMC MBS 5YR POOL #M90821	31282U4E4	64,226	3.500	64,225.98	(391.38)	0.00
09/01/07	09/15/07	MBS PMT		FHLMC MBS GOLD 5 YR BALLOON POOL #M	31282U2B2	36,802	4.500	36,801.95	(764.79)	0.00
09/05/07	09/05/07	MATURITY		FNMA DISC NOTE	313588LH6	1,244,000	0.000	1,244,000.00	2,384.33	0.00
09/12/07	09/12/07	MATURITY		FNMA DISC NOTE	313588LQ6	1,654,000	0.000	1,654,000.00	4,966.59	0.00
09/12/07	09/12/07	MATURITY		FHLB DISC NOTE	313384LQ0	941,000	0.000	941,000.00	900.22	0.00
09/20/07	09/20/07	MATURITY		FFCB DISC NOTE	313312LY4	2,696,000	0.000	2,696,000.00	2,815.81	0.00
09/19/07	09/24/07	SELL	FIFO	US TREASURY NOTES	912828FE5	1,035,000	4.875	1,048,826.95	18,355.07	16,413.70
09/19/07	09/24/07	SELL	FIFO	US TREASURY NOTES	912828FX3	1,350,000	4.625	1,365,714.84	12,867.19	13,594.77
09/27/07	09/28/07	SELL	FIFO	US TREASURY NOTES	912828EZ9	1,085,000	4.625	1,087,924.41	6,357.42	4,534.42
09/27/07	09/28/07	SELL	FIFO	FHLMC GLOBAL REFERENCE NOTES	3134A4UD4	3,352,000	3.625	3,320,621.93	33,084.24	9,585.18
09/27/07	09/28/07	SELL	FIFO	FNMA NOTES (CALLABLE)	31359MTF0	2,000,000	3.750	1,983,960.00	35,804.00	2,674.60
09/28/07	09/28/07	MATURITY		FFCB DISC NOTE	313312MG2	2,699,000	0.000	2,699,000.00	2,728.99	0.00

TOTAL GAINS AND LOSSES

\$117,600.71 **\$46,802.67**

PFM Asset Management LLC

Cash Balance Report:

68890100

PALM BEACH CNTY FL S/D

MONTH ENDED: September 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

10/05/2007 - Change in Nonfarm Payrolls	10/17/2007 - Housing Starts
10/05/2007 - Unemployment Rate	10/17/2007 - Building Permits
10/12/2007 - Advance Retail Sales	10/24/2007 - Existing Home Sales
10/12/2007 - Producer Price Index	10/25/2007 - Durable Goods
10/15/2007 - Empire Manufacturing	10/25/2007 - New Home Sales
10/17/2007 - Consumer Price Index	10/31/2007 - FOMC Rate Decision

Market Commentary

During September the FOMC cut the overnight lending rate for the first time since June of 2003. Recognizing difficulties in the credit markets and the potential for slower economic growth in future quarters, the Fed reduced the Fed Funds rate 50 basis points to 4.75%. The Fed and many economists are concerned that tightening credit standards and continued weakness in the housing market will erode future economic growth. Both existing and new home sales plummeted to new lows during September, reinforcing those views. Treasury yields fell throughout the month in volatile trading as investors tried to lock in yields. Stock investors applauded the Fed move pushing equity indexes closer to their highs of the year. Some are now concerned that as the Fed cuts rates, inflation could reappear. This is of particular concern to holders of longer term bonds. Some of these investors have sold their holdings causing the yield curve to normalize, longer maturities yielding more than shorter maturities. The market expects that the Fed will cut rates further but any action will be dependent on future economic releases.