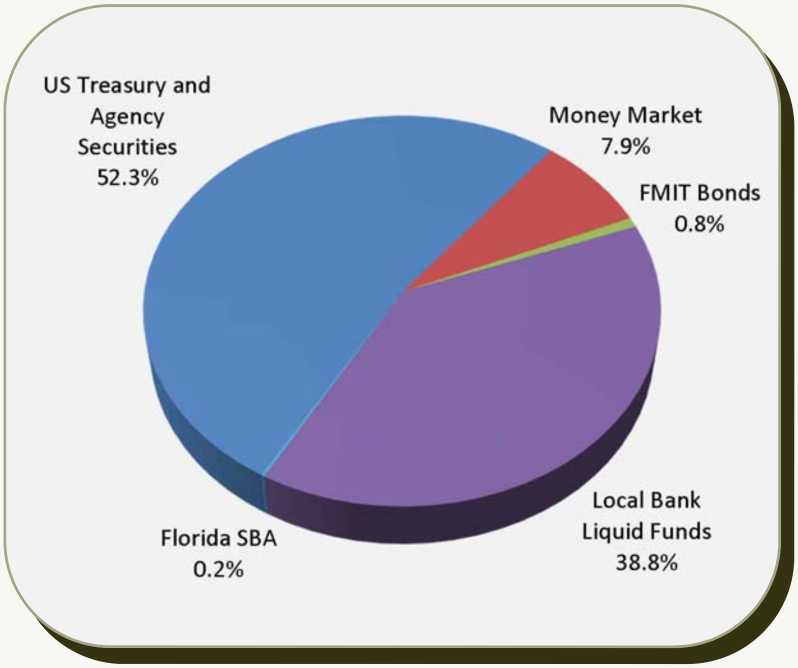
Wellington, Florida

Quarterly Investment Report
For the Quarter Ended June 30, 2013

CASH AND INVESTMENTS

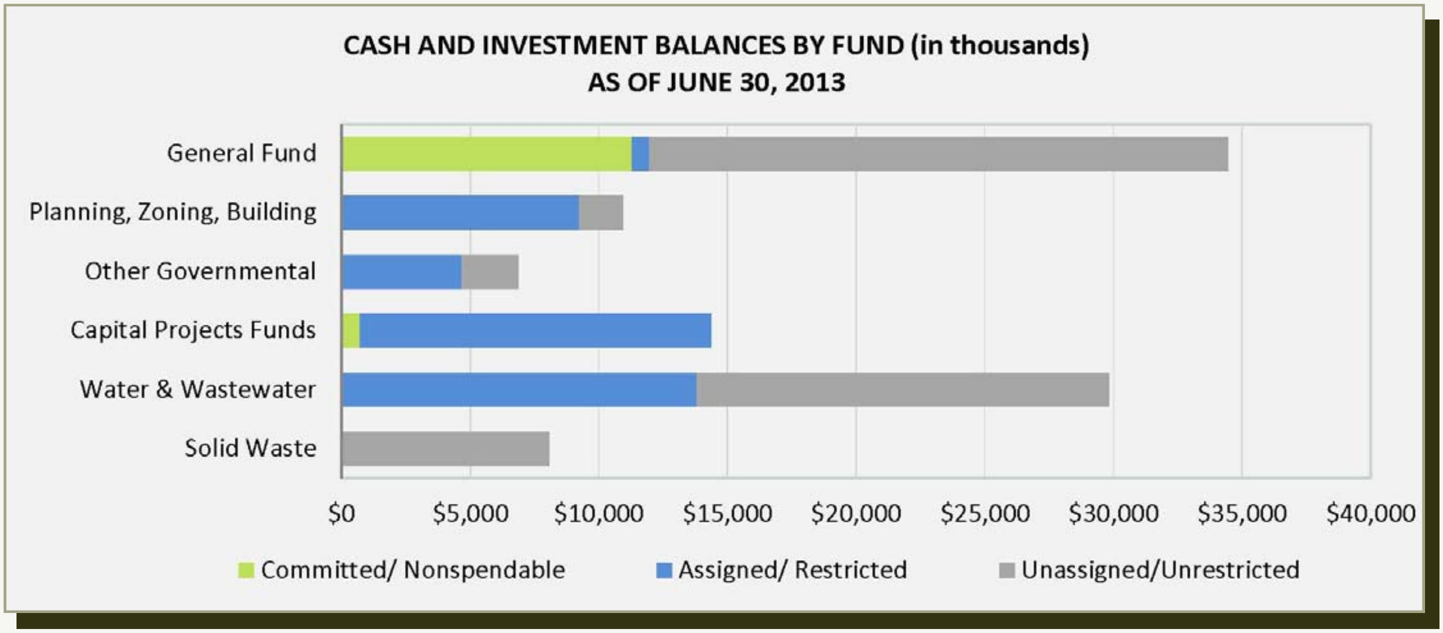
The investment management policy stresses safety, liquidity, and investment yields. To ensure the protection of the public's assets, investments have the highest possible credit rating. The portfolio consists of securities that maximize return on investments while structured to provide sufficient liquidity to pay current obligations and future capital project spending.



Wellington is authorized to invest in obligations of the US Treasury, its agencies and instrumentalities, repurchase agreements, certificates of deposit, Florida PRIME, SEC registered money market funds with the highest credit quality ratings, and mutual funds that restrict its investments to obligations of the US government.

Cash and investments of each fund, except certain investments in the debt service and enterprise funds, are accounted for in pooled cash and investment accounts with each fund maintaining its proportionate equity in the pooled accounts. The use of pooled cash and investment accounts enables Wellington to invest idle cash for short periods of time, thereby maximizing earnings potential.

Investment	Amount
US Treasury & Agency Securities	$ 54,987,527
FMIT	834,044
Money Market	8,334,280
Florida SBA	186,219
Local Bank Liquid Funds	40,188,711
Total	**$ 104,530,781**



Village of Wellington, Florida

Investment Performance Review
Quarter Ended June 30, 2013

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TAB I

Summary

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

Economic Snapshot

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

Interest Rates

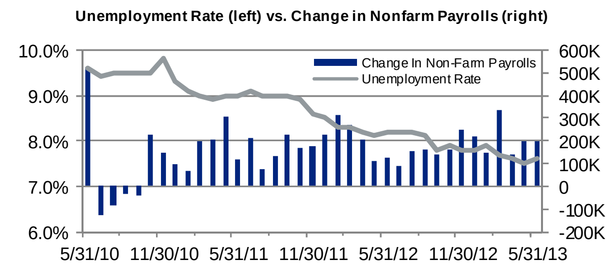
- Interest rates rose significantly during the latter half of the second quarter, as investors braced for the potential impact of reduced bond-buying by the Fed.
- The Federal Open Market Committee (FOMC) maintained its commitment to low short-term rates at its June 18-19 meeting. However, Fed Chairman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

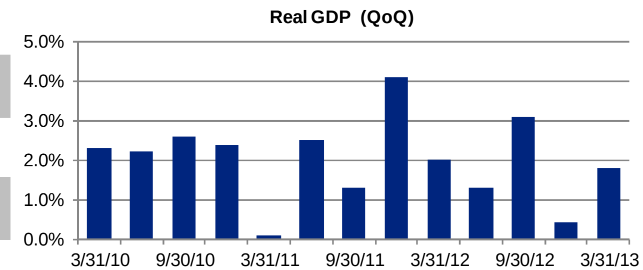
Sector Performance

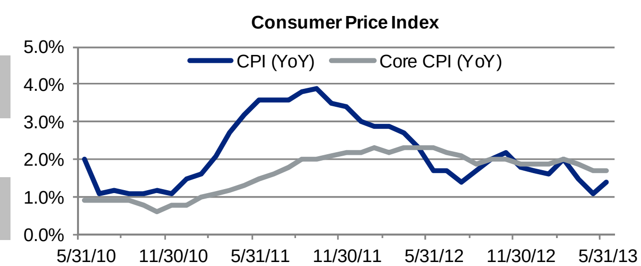
- Prices for fixed-income securities fell across the spectrum amid concerns about rising rates and a possible pull-back in accommodative monetary policy. Market volatility increased significantly since early May. Rising rates are a sign of the inevitable return to longer-term historical averages for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

Economic Snapshot

Labor Market	**Latest**		**Mar 2013**	**Jun 2012**
Unemployment Rate	Jun'13	7.6%	7.6%	8.2%
Change In Non-Farm Payrolls	Jun'13	195,000	142,000	87,000
Average Hourly Earnings (YoY)	Jun'13	2.2%	1.8%	2.0%
Personal Income (YoY)	May'13	3.3%	2.8%	3.1%
Initial Jobless Claims (week)	Jun 28	343,000	388,000	374,000
Growth				
Real GDP (QoQ SAAR)	2013Q1	1.8%	0.4% [1]	1.3% [2]
GDP Personal Consumption (QoQ SAAR)	2013Q1	2.6%	1.8% [1]	1.5% [2]
Retail Sales (YoY)	May'13	4.3%	3.2%	3.7%
ISM Manufacturing Survey (month)	Jun'13	50.9	51.3	50.2
Existing Home Sales (month)	May'13	5.18 mil.	4.94 mil.	4.41 mil.
Inflation / Prices				
Personal Consumption Expenditures (YoY)	May'13	1.0%	1.0%	1.5%
Consumer Price Index (YoY)	May'13	1.4%	1.5%	1.7%
Consumer Price Index Core (YoY)	May'13	1.7%	1.9%	2.2%
Crude Oil Futures (WTI, per barrel)	Jun 30	$96.56	$97.23	$84.96
Gold Futures (oz)	Jun 30	$1,224	$1,595	$1,604





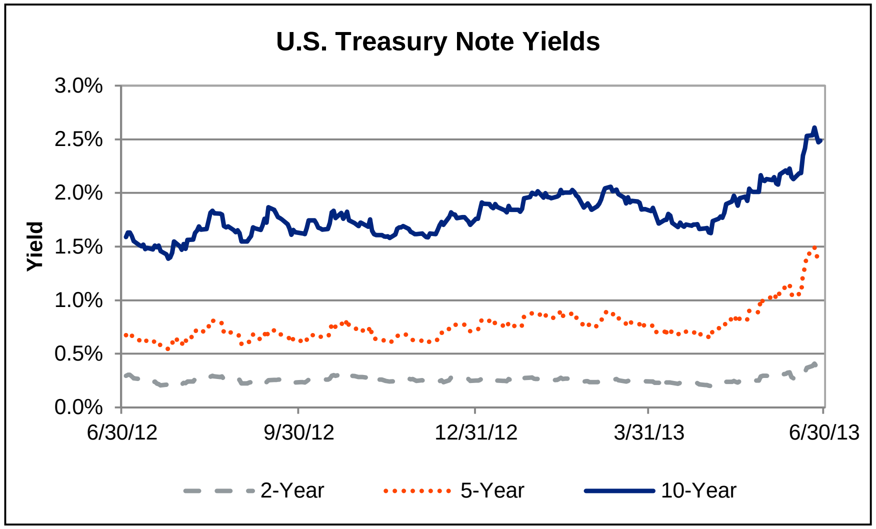


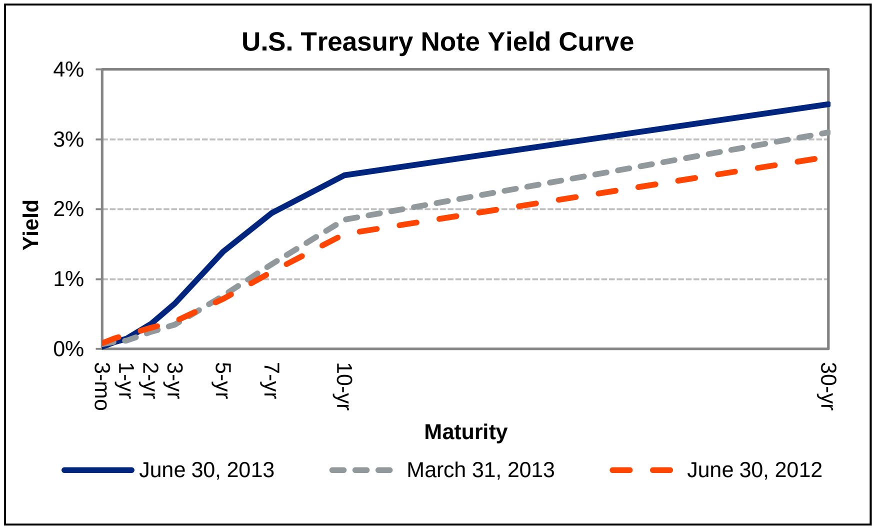
1. *Data as of Fourth Quarter 2012* 2. *Data as of Second Quarter 2012*

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

Source: Bloomberg

Investment Rate Overview

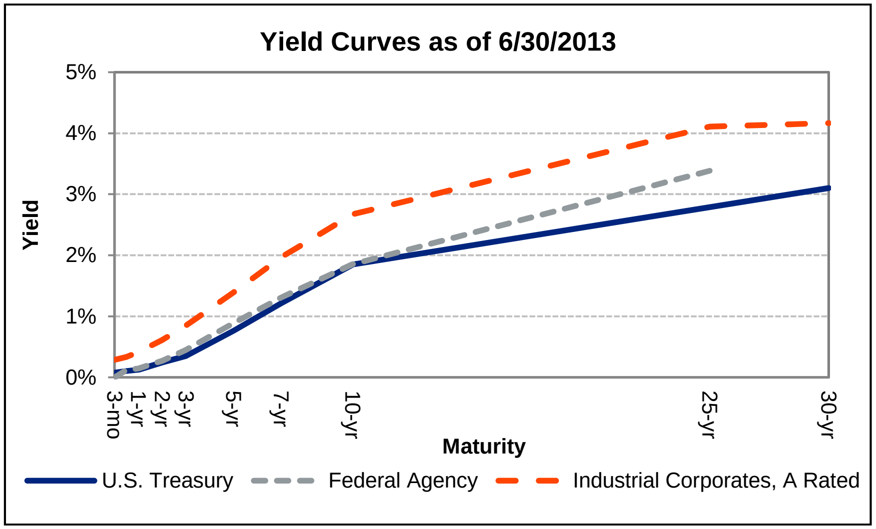




U.S. Treasury Note Yields

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

Source: Bloomberg



BofA Merrill Lynch Index Returns

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

1. Duration and yield are after the indices were rebalanced at month end.
2. Returns are rolling returns. Returns for periods greater than one year are annualized.

Source: Bloomberg

Disclosures

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

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TAB II

Executive Summary

PORTFOLIO STRATEGY

- The Village's Investment Portfolio is of high credit quality and invested in U.S. Treasury and Federal Agency securities.
- The Investment Portfolio's quarterly total return performance was -0.05%, outperforming the benchmark's performance of -0.11% by 0.06%. The negative performance is due to the volatility in the bond market that rose sharply during the latter half of the second quarter which initiated a wave of investor repositioning that left no safe harbor within the fixed income space. Results across all segments of the bond market were negative, with longer maturities and higher risk sectors (i.e. high yield and MBS) suffering the most. In some sectors, like MBS and longer Treasuries, the negative returns in Q2 wiped out returns for the past year. Our main goal is to preserve the principal of the Portfolio and in this volatile market we will continue to diligently manage the Portfolio.
- The second quarter started with interest rates well entrenched within long-standing ranges, U.S. economic conditions improving at a modest pace, and the Federal Reserve (Fed) purchasing $85 billion of long-term Treasuries and agency mortgage-backed securities (MBS) per month. As conditions appeared relatively stable, the strategy at the beginning of the quarter was to remain slightly short of duration targets relative to benchmarks.
- Conditions began to reverse in May, in part due to what seemed like a rather innocuous comment by Fed Chairman Bernanke about possible tapering of Fed bond purchases in the Q&A portion of his testimony to the Joint Economic Committee of Congress. Rates moved higher, but in a normal and orderly fashion within the existing trading ranges. At that point, the impact on Treasuries was negative, but contained, and spread movements on agency and corporate debt were minimal. 2-year, 5-year and 10-year Treasuries had risen by 6, 25 and 28 basis points (0.06%, 0.25%, 0.28%), respectively, from March 31 to May 31.
- Conditions deteriorated quickly in June, after Bernanke laid out a more definitive plan to curtail bond purchases later this year. By quarter end, longer-term yields had surged further, with the 5-year Treasury reaching 1.40% and the 10-year reaching 2.49% – the highest levels since August 2011. The scale and pace of the rate spike in late June had elements of panic and surprised most investors. Massive selling and deleveraging in certain market sectors caused liquidity to dry up, which further affected market prices.
- The second quarter adjustment process has bequeathed investors with a much steeper yield curve, which offers the ability to enhance return through "roll-down" – the natural tendency of bonds to appreciate as time passes and their maturity shortens. Although longer maturities have greater market risk, they also offer higher yields and greater roll-down potential.
- Risk management will remain a key aspect of our overall approach under volatile market conditions. In particular, ensuring adequate liquidity will be an important element of the strategy, so as not to have to sell into adverse market conditions. Furthermore, given wider differences between bid prices and offering prices in most sectors (the "bid/ask spread"), we will likely carry more Treasuries than usual to provide additional flexibility to adjust portfolio composition or duration as opportunities arise.
- The new more volatile environment should also generate relative value opportunities among government securities. Specifically Agency bonds and Callable Agencies will look cheap compared to Treasuries as yield spreads are likely to widen periodically as the market nervously feels its way through the removal of the Fed's bond purchase program.
- We will focus more than ever on safety of principal and appropriate liquidity in this new and challenging environment, while maximizing value through careful, prudent active management. Our strategy will remain appropriately flexible and may change in response to changes in interest rates, economic data, market outlook or specific opportunities that arise.

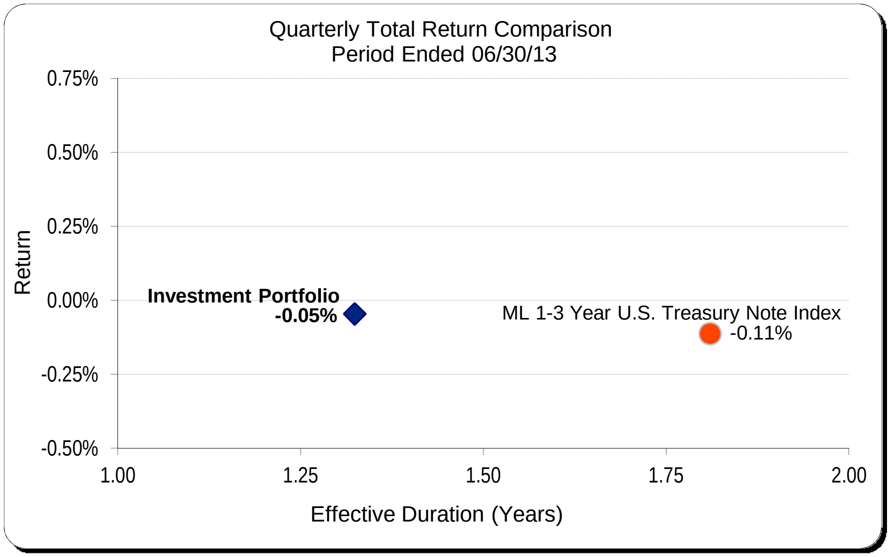
Investment Portfolio Performance

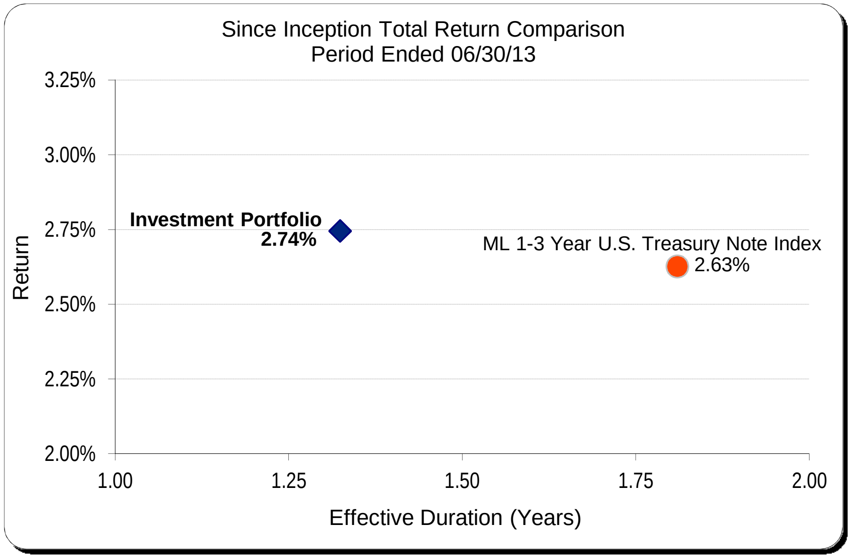
Total Portfolio Value[1]	June 30, 2013	March 31, 2013
Market Value	**$55,296,674.69**	$55,322,169.43
Amortized Cost	**$55,242,895.17**	$55,151,660.81

Total Return[2,3,4,5]	Quarterly Return June 30, 2013	Last 6 Months	Last 12 Months	Last 2 Years	Last 5 Years	Since Inception on March 31, 2004
Investment Portfolio	**-0.05%**	**0.04%**	**0.26%**	**0.48%**	**1.90%**	**2.74%**
Merrill Lynch 1-3 Year U.S. Treasury Note Index	-0.11%	0.00%	0.33%	0.56%	1.90%	2.63%

Effective Duration(Years)[4,5]	June 30, 2013	March 31, 2013
Investment Portfolio	**1.32**	**1.41**
Merrill Lynch 1-3 Year U.S. Treasury Note Index	1.81	1.79
Portfolio Duration % of Benchmark Duration	73%	79%

Yields	June 30, 2013	March 31, 2013
Yield at Market[6]	**0.33%**	0.24%
Yield on Cost[7]	**0.66%**	0.67%
SBA Yield	0.20%	0.23%



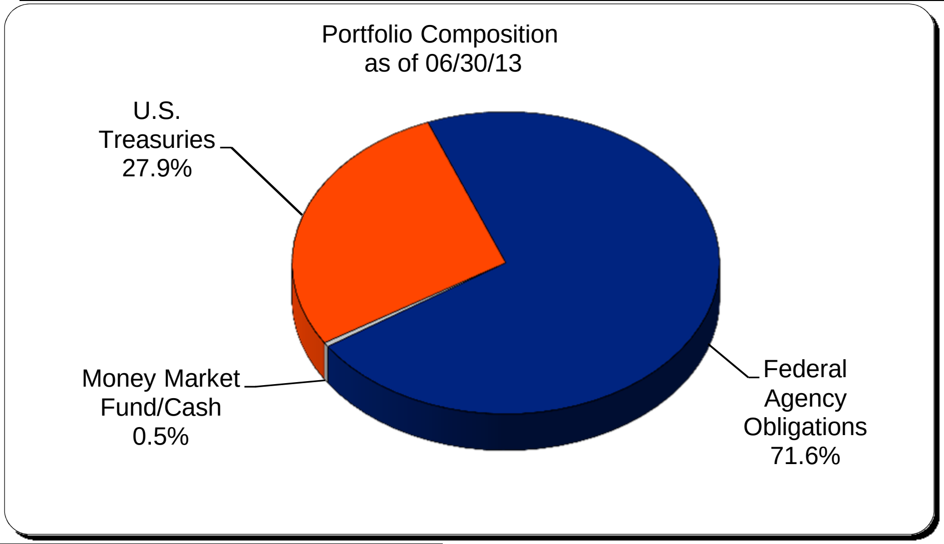


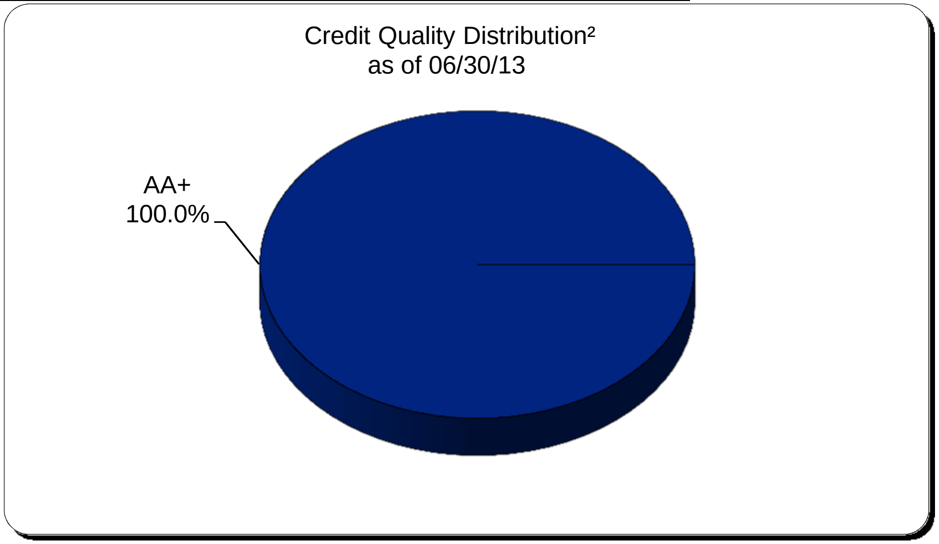
Notes:

1. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Performance on trade date basis, gross (i.e., before fees), is in accordance with The CFA Institute's Global Investment Performance Standards (GIPS). Quarterly returns are presented on an unannualized basis. Returns presented for 12 months or longer are presented on an annual basis. Past performance is not indicative of future results.
3. Since Inception the benchmark has been the Merrill Lynch 1-3 Year U.S. Treasury Note.
4. Merrill Lynch Indices provided by Bloomberg Financial Markets.
5. Includes money market fund/cash in performance and duration computations.
6. YTM at Market: The yield to maturity at market is the rate of return, based on the current market value, the annual interest receipts, maturity value and the time period remaining until maturity, stated on percentage.
7. YTM at Cost: The yield to maturity at cost is the expected rate of return, based on the original cost, the annual interest receipts, maturity value and the time period from purchase date to maturity, stated in percentage.

Investment Portfolio Composition and Credit Quality Characteristics

Security Type[1]	June 30, 2013	% of Portfolio	March 31, 2013	% of Portfolio
U.S. Treasuries	**$15,451,387.74**	**27.9%**	$15,526,962.33	28.1%
Federal Agencies	**39,589,918.95**	**71.6%**	39,725,491.36	71.8%
Commercial Paper	**0.00**	**0.0%**	0.00	0.0%
Certificates of Deposit	**0.00**	**0.0%**	0.00	0.0%
Bankers Acceptances	**0.00**	**0.0%**	0.00	0.0%
Repurchase Agreements	**0.00**	**0.0%**	0.00	0.0%
Municipal Obligations	**0.00**	**0.0%**	0.00	0.0%
Corporate Notes/Bonds	**0.00**	**0.0%**	0.00	0.0%
Mortgage Backed	**0.00**	**0.0%**	0.00	0.0%
Money Market Fund/Cash	**255,368.00**	**0.5%**	69,715.74	0.1%
Totals	**$55,296,674.69**	**100.0%**	$55,322,169.43	100.0%



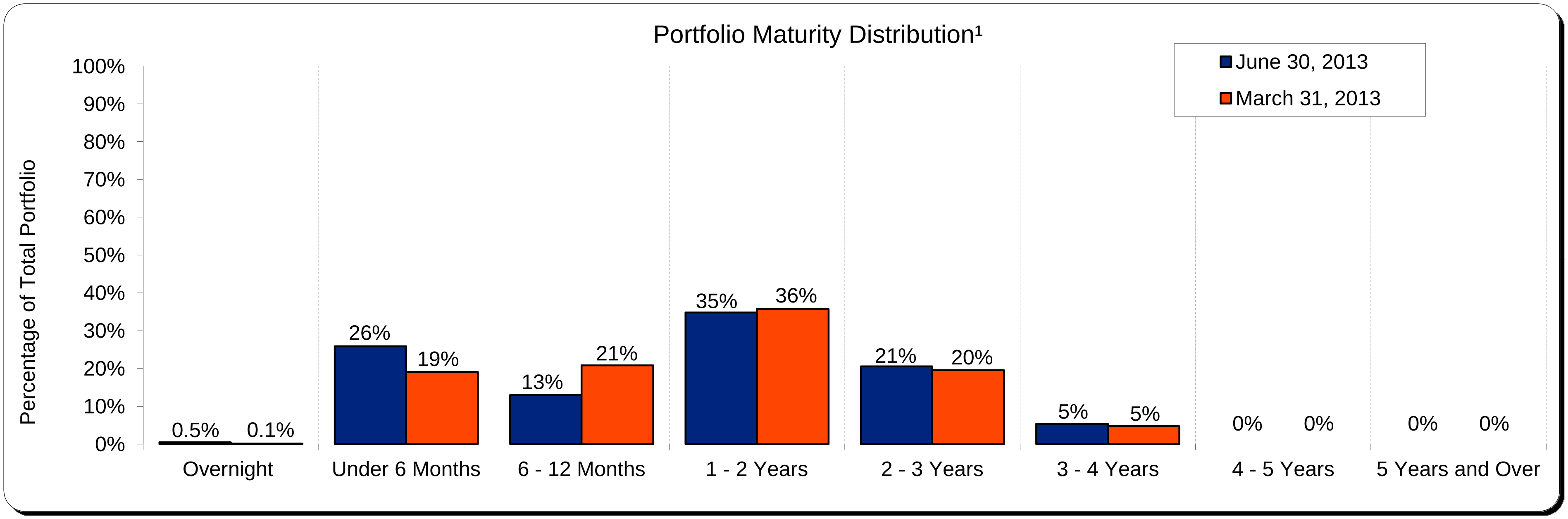


Notes:

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. Standard & Poor's is the source of the credit ratings.

Investment Portfolio Portfolio Maturity Distribution

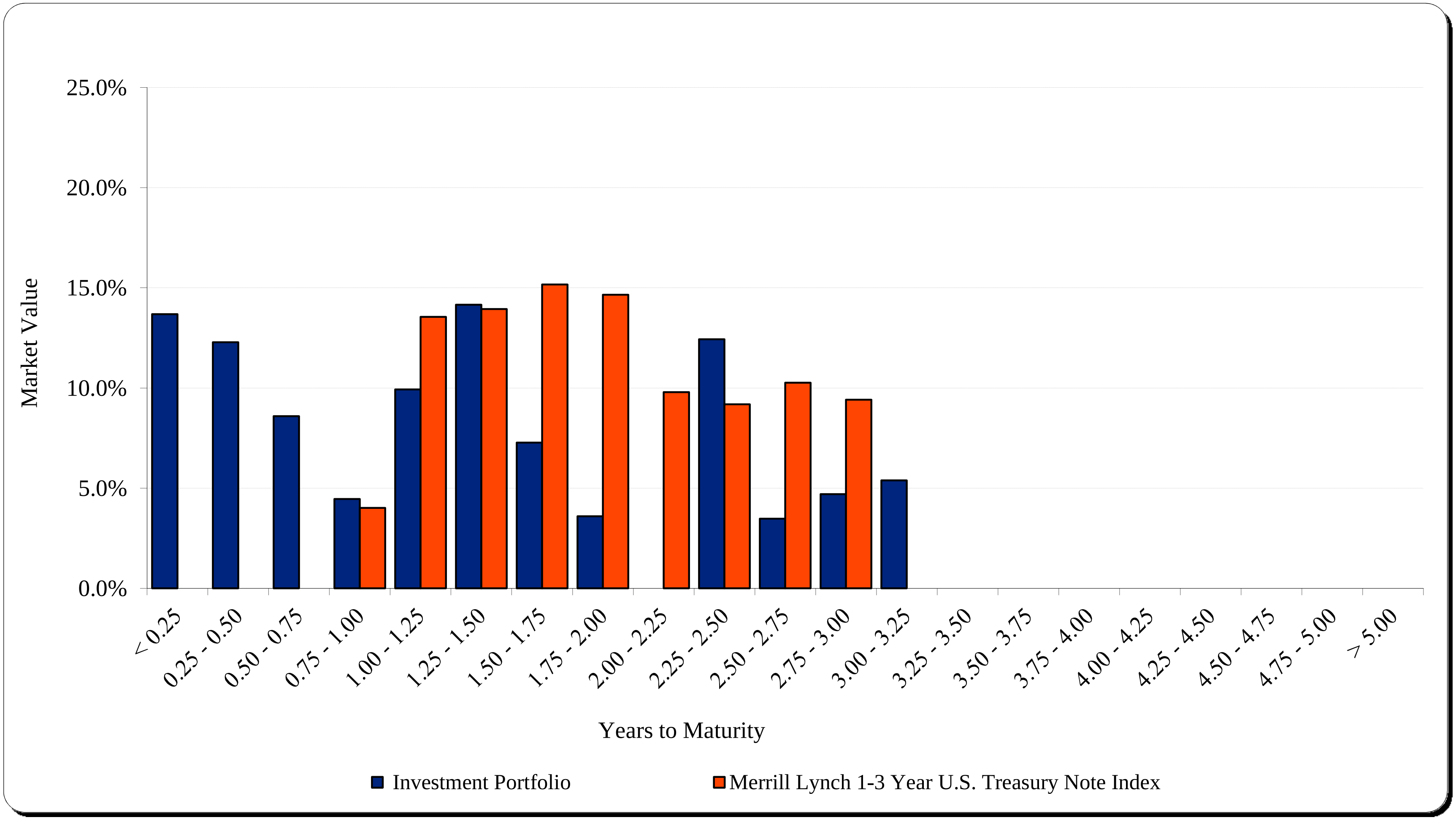
Maturity Distribution[1]	June 30, 2013	March 31, 2013
Overnight (Money Market Fund)	**$255,368.00**	$69,715.74
Under 6 Months	**14,301,046.68**	10,555,378.84
6 - 12 Months	**7,185,103.45**	11,523,351.66
1 - 2 Years	**19,246,504.05**	19,758,534.41
2 - 3 Years	**11,343,394.51**	10,812,160.07
3 - 4 Years	**2,965,258.00**	2,603,028.71
4 - 5 Years	**0.00**	0.00
5 Years and Over	**0.00**	0.00
Totals	**$55,296,674.69**	$55,322,169.43



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.

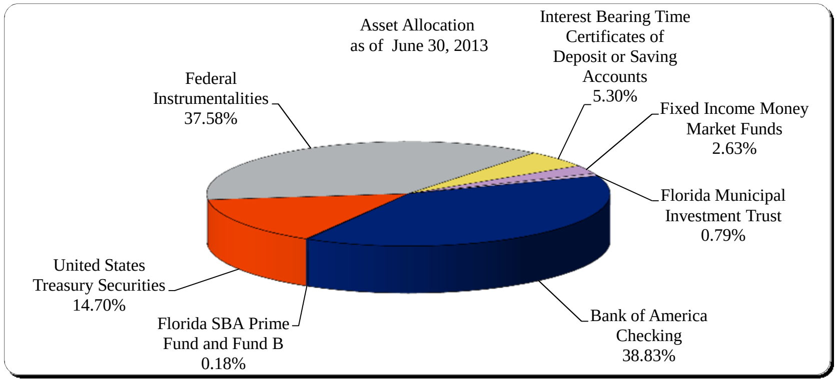
Investment Portfolio Maturity Distribution versus the Benchmark[1]



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[1,2,5]	June 30, 2013	June 30, 2013	Notes	Permitted by Policy
Bank of America Checking	40,851,473.07	38.83%	3, 4	**100%**
Florida SBA Prime Fund and Fund B	186,217.88	0.18%	4	**75%**
United States Treasury Securities	15,459,739.87	14.70%		**100%**
United States Government Agency Securities	-	0.00%		**100%**
Federal Instrumentalities	39,527,787.30	37.58%	1,2	**100%**
Mortgage-Backed Securities	-	0.00%	1	**25%**
Interest Bearing Time Certificates of Deposit or Saving Accounts	5,570,609.69	5.30%	4	**25%**
Repurchase Agreements	-	0.00%		**50%**
Commercial Paper	-	0.00%		**25%**
Corporate Notes	-	0.00%		**15%**
Bankers' Acceptances	-	0.00%		**25%**
State and/or Local Government Debt	-	0.00%		**20%**
Fixed Income Money Market Funds	2,763,669.97	2.63%		**50%**
Florida Municipal Investment Trust	834,043.82	0.79%	4	**15%**



Individual Issuer Breakdown	June 30, 2013	June 30, 2013	Notes	Permitted by Policy
Government National Mortgage Association (GNMA)	-	0.00%		**25%**
US Export-Import Bank (Ex-Im)	-	0.00%		**25%**
Farmers Home Administration (FMHA)	-	0.00%		**25%**
Federal Financing Bank	-	0.00%		**25%**
Federal Housing Administration (FHA)	-	0.00%		**25%**
General Services Administration	-	0.00%		**25%**
United States Maritime Administration Guaranteed	-	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)	-	0.00%		**40%**
Federal Home Loan Bank (FHLB)	8,000,906.83	7.61%		**40%**
Federal National Mortgage Association (FNMA)	19,315,471.30	18.36%		**40%**
Federal Home Loan Mortgage Corporation (FHLMC)	12,211,409.17	11.61%		**40%**

Individual Issuer Breakdown	June 30, 2013	June 30, 2013	Notes	Permitted by Policy
Bank of America Operating	40,851,473.07	38.83%	3, 4	**100%**
Bank of America Money Market Savings	5,554,795.06	5.28%	4	**15%**
PNC Bank Money Market Savings	15,814.63	0.02%	4	**15%**
PFM Funds Government Series Money Market Fund	2,508,301.72	2.38%		**25%**
Fidelity (BONY)	255,368.25	0.24%	4	**25%**
Florida Prime	0.96	0.00%	4	**25%**
SBA Fund B	186,216.92	0.18%	4	**25%**
FMIvT - Intermediate	733,831.80	0.70%	4	**15%**
FMIvT - 1-3 years	100,212.02	0.10%	4	**15%**

Notes:

1. The combined total of Federal Instrumentalities and Mortgage Backed Securities can not be more than 100%. The combined total as of June 30, 2013 is 37.58%.
2. Callable securities limited to 20% of available funds.
3. Assets invested in overnight demand deposit accounts with Qualified Public Depositories are collateralized in accordance with Florida Statutes Chapter 280.
4. Managed by the Village.
5. End of month trade-date amortized cost of portfolio holdings, including accrued interest.

* All Assets

TAB III

Insert Month End Statement here to complete the report.

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

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

TAB IV

Insert Surplus Fund and Short Term Fund Transaction Pages for Quarter here to complete the report.

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