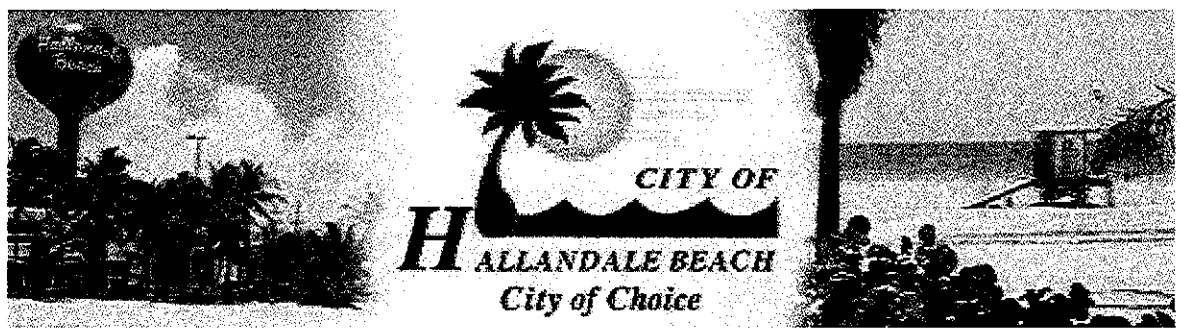
City of Hallandale Beach

Investment Performance Review
Quarter Ended June 30, 2007



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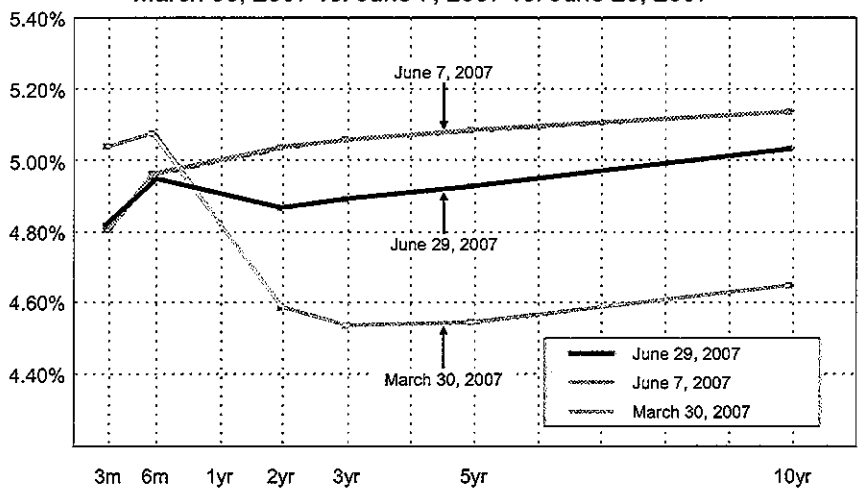
Tab II. June 30, 2007 PFM Month-End Statement

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

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.

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



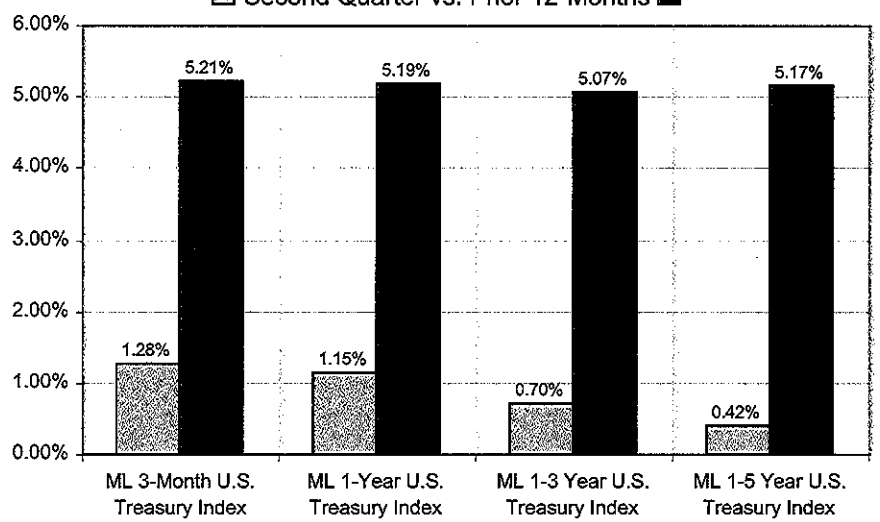
Source: Bloomberg

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 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.

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

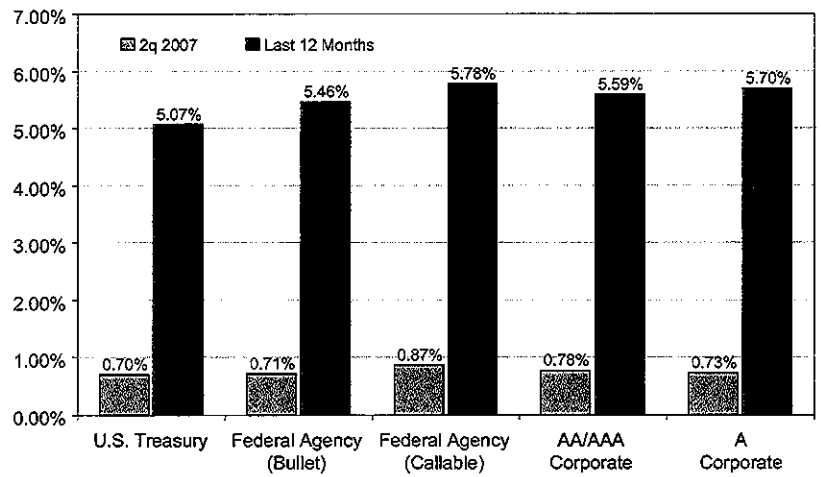


Source: Merrill Lynch Indices provided by Bloomberg Financial Markets.

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 out-performed 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.

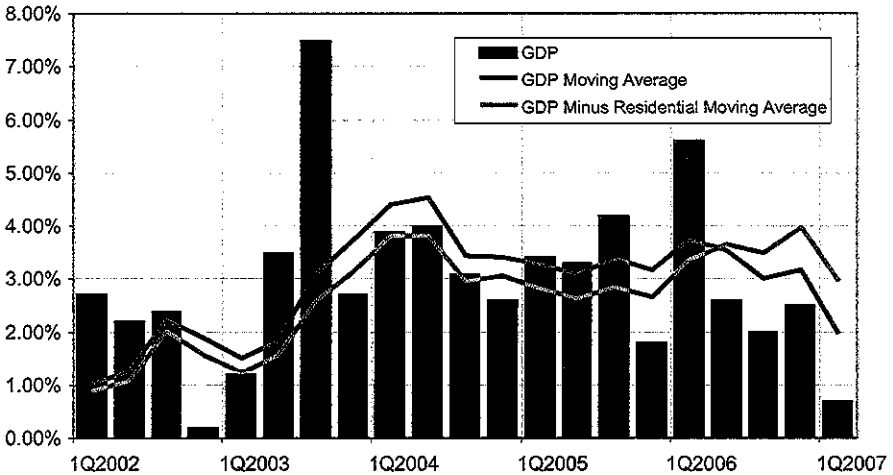
Duration Adjusted Returns
Merrill Lynch 1-3 Year Indices



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."

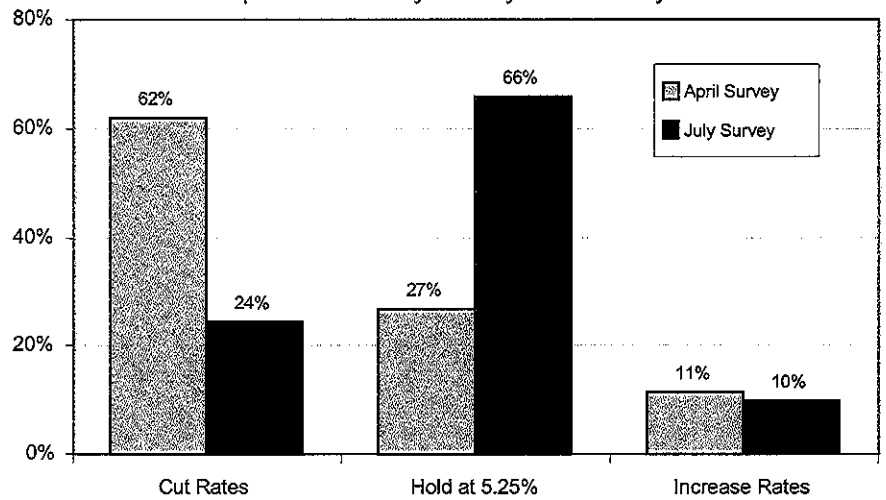
Higher mortgage rates, which closely track long-term U.S. Treasury rates, and the fallout in the subprime mortgage market increased pressure in the already stagnating housing sector. More stringent underwriting standards and higher borrowing costs made it more difficult for prospective home buyers to 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

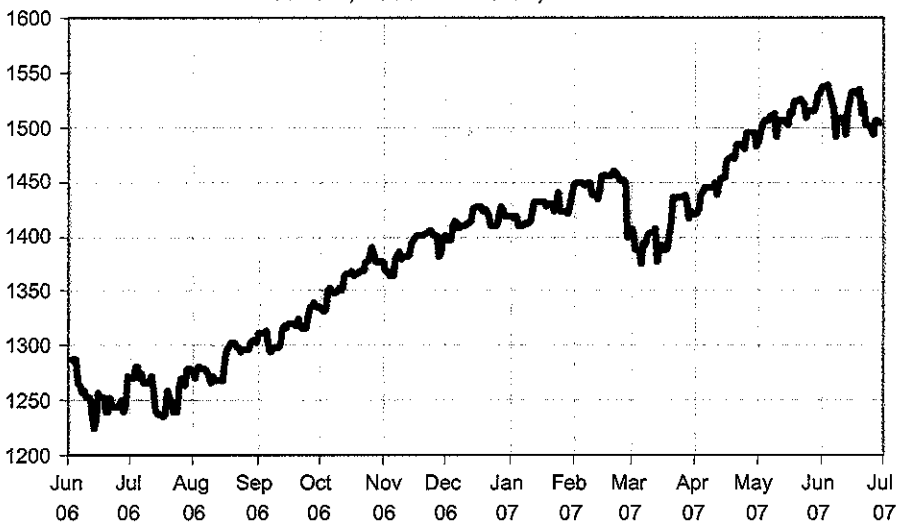
	Month-over-Month	Year-over-Year
CPI (core)	0.10%	2.20%
CPI	0.70%	2.70%
PPI (core)	0.20%	1.60%
PPI	0.90%	4.10%
PCE (core)	0.10%	1.90%
PCE	--	2.30%
Gold per oz	$650.90	
Oil (ppb)	$71.06	

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.

S&P 500 Index
June 1, 2006 – June 30, 2007

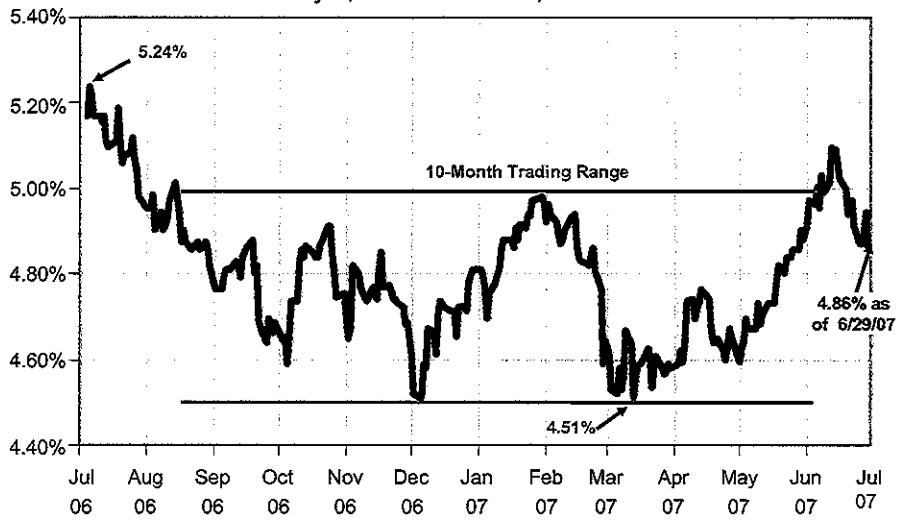


Source: Bloomberg

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 Summary

Total Portfolio Value[2]	June 30, 2007	March 31, 2007
Market Value	**$26,823,125.38**	$26,566,383.82
Amortized Cost	**$26,894,478.61**	$26,522,731.93

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 a growth rate for 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 1.58 years, reaching the target of 95% of the benchmark. PFM purchased U.S. Treasuries and Federal Agencies in the three to four year area of the yield curve, and increased the allocation to Federal Agencies from the second quarter.

- The City's Investment portfolio return of 0.80% significantly 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 29 basis points for the last 12 months, and 43 basis points since inception.

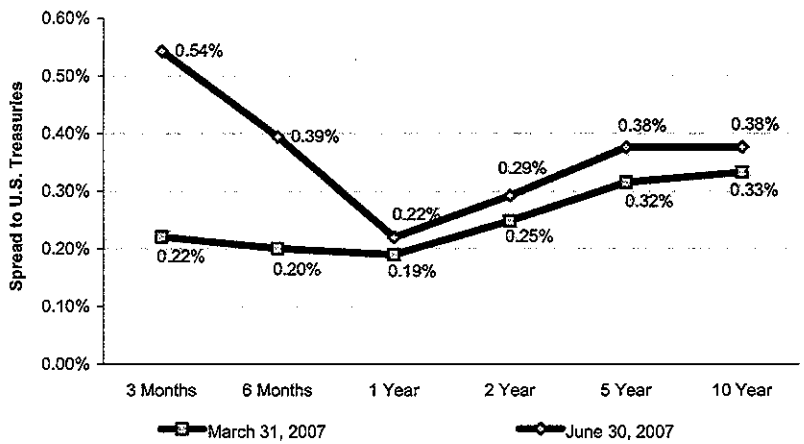
PORTFOLIO STRATEGY

- 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 22-39 basis points over U.S. Treasuries, and Corporate Note providing additional yield of 35-58 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:

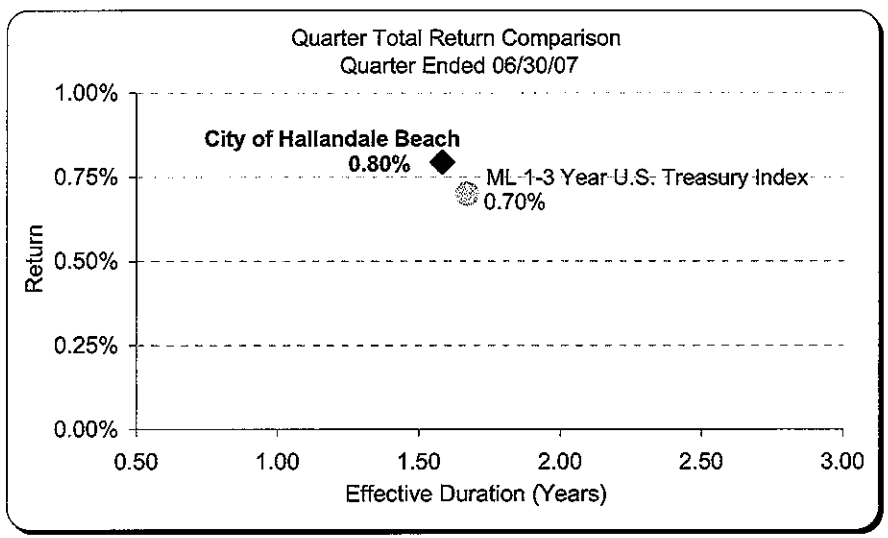
1. On a trade-date basis, includes accrued interest and money market fund/cash.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.

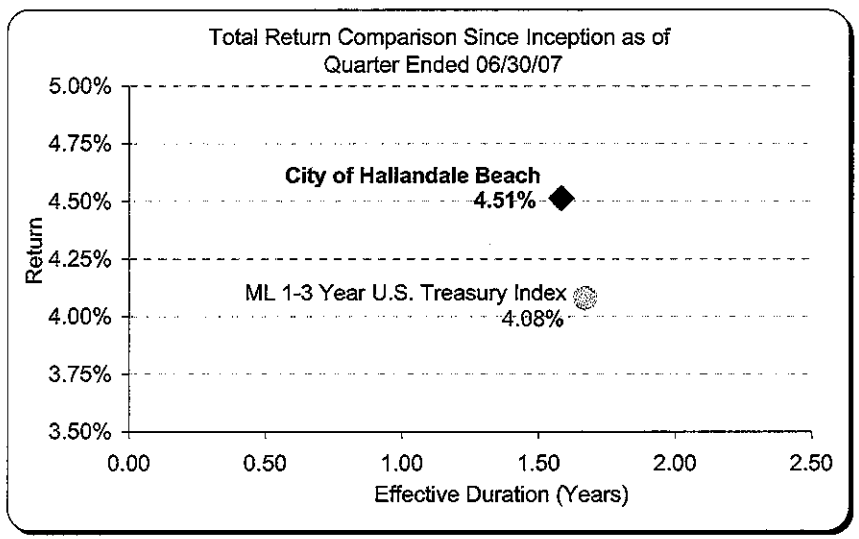
Investment Portfolio Performance

Total Return[1,2,3,4,5,6]	Quarterly Return June 30, 2007	Annualized Quarter	Last 12 Months	Last 24 Months	Since Inception December 31, 2005
Investment Portfolio	**0.80%**	**3.23%**	**5.36%**	**N/A**	**4.51%**
Merril Lynch 1-3 Year U.S. Treasury Index	0.70%	2.85%	5.07%	N/A	4.08%

Effective Duration(Years)[4]	June 30, 2007	March 31, 2007
Investment Portfolio	**1.58**	**1.47**
Merril Lynch 1-3 Year U.S. Treasury Index	1.67	1.68
Portfolio Duration % of Benchmark Duration	95%	87%

Yields*	June 30, 2007	March 31, 2007
Yield at Market	**5.14%**	4.88%
Yield at Cost	**4.97%**	4.98%



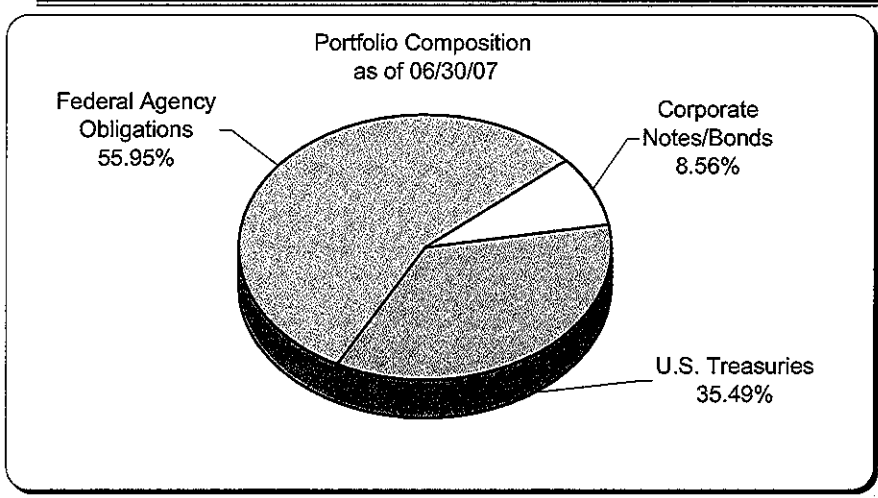


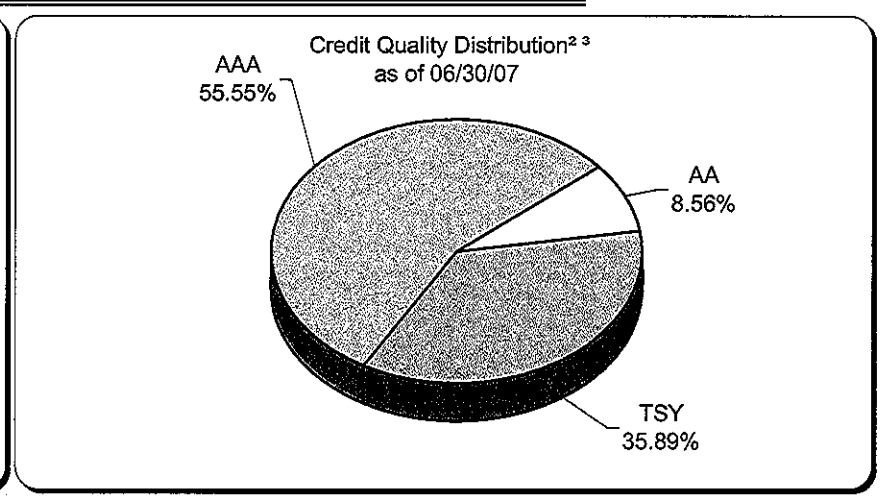
Notes:

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. Includes money market fund/cash in performance and duration computations.
5. Returns presented for periods of 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

Security Type[1]	June 30, 2007	% of Portfolio	March 31, 2007	% of Portfolio
U.S. Treasuries	$9,519,021.93	35.5%	$10,349,707.39	39.0%
Federal Agencies	15,008,193.50	56.0%	12,946,859.85	48.7%
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	2,295,909.95	8.6%	3,269,816.58	12.3%
Mortgage Backed	0.00	0.0%	0.00	0.0%
Money Market Fund/Cash	0.00	0.0%	0.00	0.0%
Totals	$26,823,125.38	100.0%	$26,566,383.82	100.0%



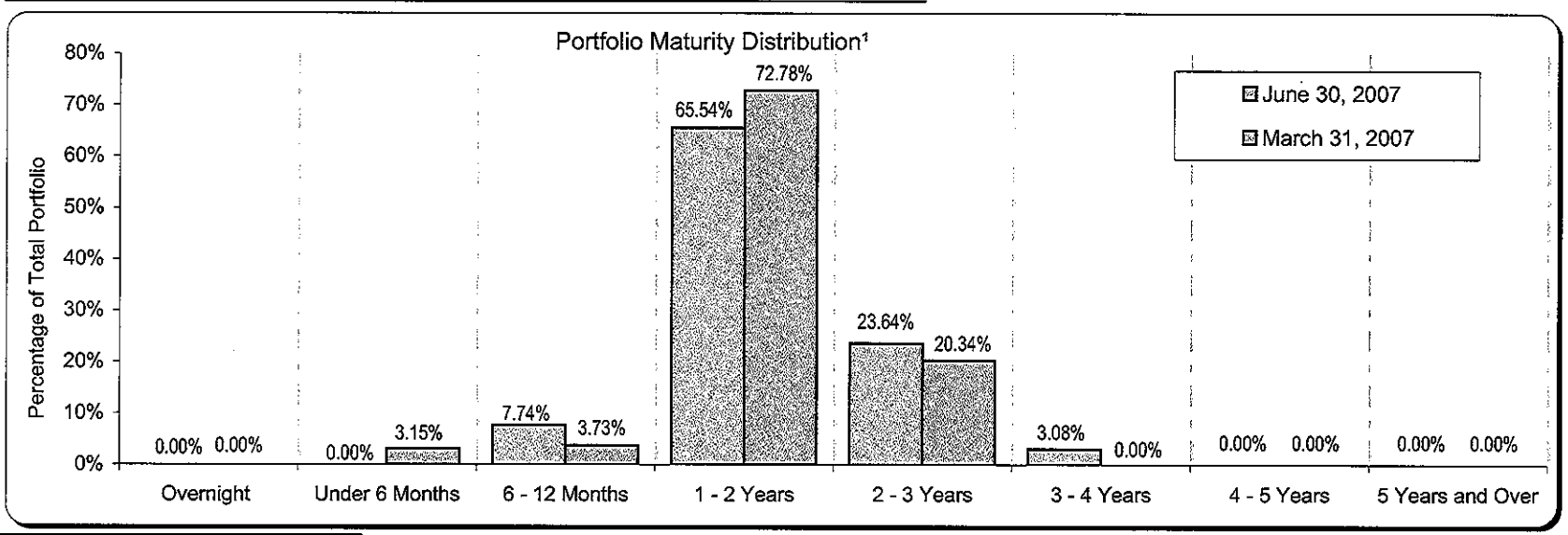


Notes:

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

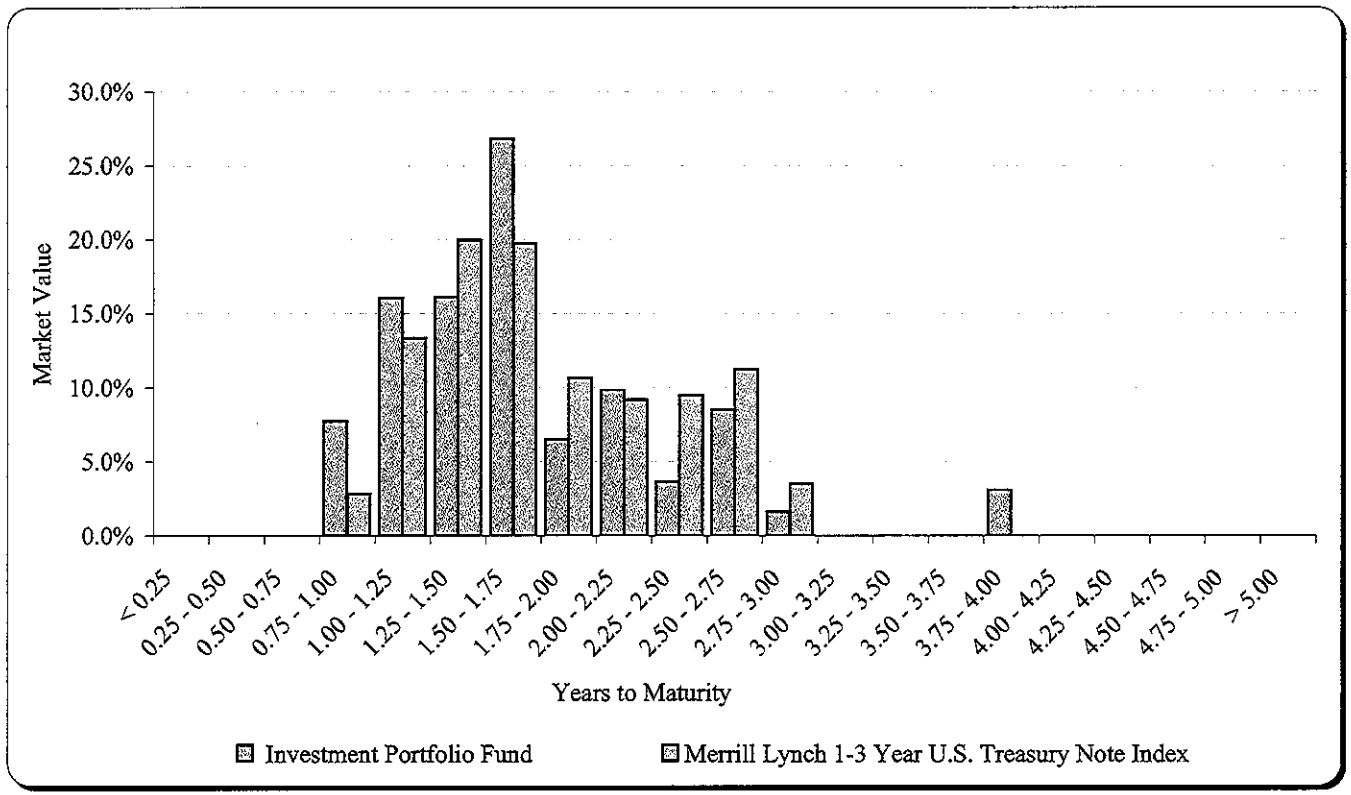
Maturity Distribution[1]	June 30, 2007	March 31, 2007
Overnight (Money Market Fund)	$0.00	$0.00
Under 6 Months	0.00	836,129.40
6 - 12 Months	2,076,449.70	992,156.33
1 - 2 Years	17,578,801.86	19,334,238.05
2 - 3 Years	6,340,740.49	5,403,860.04
3 - 4 Years	827,133.33	0.00
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	$26,823,125.38	$26,566,383.82



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]

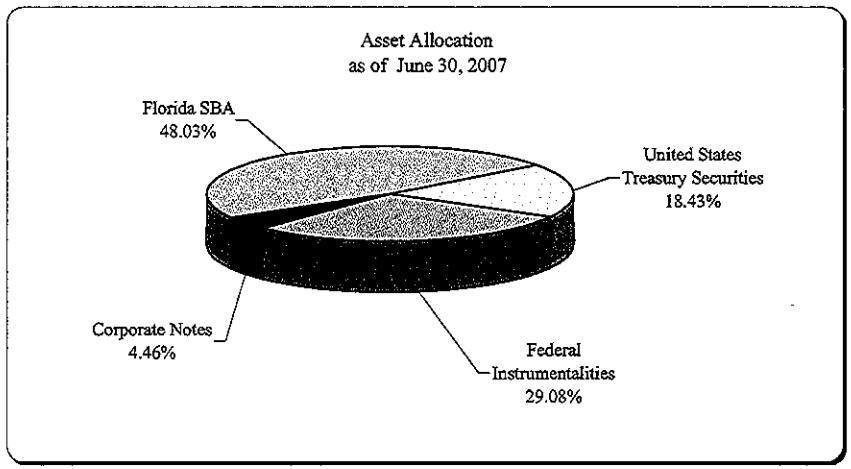


Notes:

1. Due to the nature of the security, Mortgage-Backed Securities are represented based on their average life maturity rather than their final maturity.

Asset Allocation as of June 30, 2007*

Security Type	June 30, 2007	Notes	Permitted by Policy
Florida SBA	48.03%		100%
United States Treasury Securities	18.43%		100%
United States Government Agency Securities	0.00%		100%
Federal Instrumentalities	29.08%	1	100%
Certificates of Deposit	0.00%		10%
Repurchase Agreements	0.00%		20%
Commercial Paper	0.00%		25%
Corporate Notes	4.46%		15%
Mortgage-Backed Securities	0.00%	1	40%
Bankers' Acceptances	0.00%		25%
State and/or Local Government Debt	0.00%		25%
Money Market Mutual Funds	0.00%		20%
Intergovernmental Investment Pool	0.00%		25%



Individual Issuer Breakdown	June 30, 2007	Notes	Permitted by Policy
Government National Mortgage Association (GNMA)	0.00%		40%
US Export-Import Bank (Ex-Im)	0.00%		40%
Farmers Home Administration (FMHA)	0.00%		40%
Federal Financing Bank	0.00%		40%
Federal Housing Administration (FHA)	0.00%		40%
General Services Administration	0.00%		40%
New Communities Act Debentures	0.00%		40%
US Public Housing Notes & Bonds	0.00%		40%
US Dept. of Housing and Urban Development	0.00%		40%
Federal Farm Credit Bank (FFCB)	6.65%		40%
Federal Home Loan Bank (FHLB)	5.28%		40%
Federal National Mortgage Association (FNMA)	13.20%		40%
Federal Home Loan Mortgage Corporation (FHLMC)	3.75%		40%
Student Loan Marketing Association (SLMA)	0.00%		0%

Individual Issuer Breakdown	June 30, 2007	Notes	Permitted by Policy
CD - Bank A	0.00%		10%
CD - Bank B	0.00%		10%
Fully collateralized Repo - A	0.00%		10%
Fully collateralized Repo - B	0.00%		10%
CP A	0.00%		5%
CP B	0.00%		5%
Wal-Mart	2.06%		5%
Fleet National Bank	2.40%		5%
Corporate Notes C	0.00%		5%
Corporate Notes D	0.00%		5%
BA Bank A	0.00%		5%
BA Bank B	0.00%		5%
AID Israel Agency Notes	0.21%		40%
Money Market Fund A	0.00%		10%
Money Market Fund B	0.00%		10%

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, 2007 is 29.08%.

* No Bond Proceeds

Investment Portfolio Information For

CITY OF HALLANDALE BEACH INV PORT

Portfolio #

33880100

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

CITY OF HALLANDALE BEACH
DIRECTOR OF FINANCE
PATRICIA M. LADOLCETTA
400 SOUTH FEDERAL HIGHWAY
HALLANDALE BEACH FL 33009

PFM Asset Management LLC

Account Summary:

33880100 CITY OF HALLANDALE BEACH INV PORT

(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	2,200,000.00	2,247,318.09	2,237,166.20	8.459	5.086	5.354	1.643
FED AGY BOND/NOTE	14,825,000.00	14,811,368.61	14,767,948.18	55.837	5.040	5.231	1.625
US TSY BOND/NOTE	9,509,000.00	9,460,869.94	9,443,089.03	35.704	4.831	4.946	1.504
TOTAL SECURITIES	**26,534,000.00**	**26,519,556.64**	**26,448,203.41**	**100.000**	**4.969 %**	**5.140 %**	**1.583**
TOTAL INVESTMENTS	**26,534,000.00**	**26,519,556.64**	**26,448,203.41**	**100.000 %**			
ACCRUED INTEREST		374,921.97	374,921.97				
TOTAL PORTFOLIO	**$26,534,000.00**	**$26,894,478.61**	**$26,823,125.38**				

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.

PFM Asset Management LLC

Detail of Securities Held: *33880100* *CITY OF HALLANDALE BEACH INV PORT*

(Excluding Cash) MONTH ENDED: June 30, 2007

SECURITY TYPE CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	S&P RATING	TRADE DATE	SETTLE DATE	ORIGINAL COST	YTM AT COST	ACCRUED INTEREST	AMORTIZED COST	MARKET VALUE
CORPORATE NOTE												
33901LAA2	FLEET NATIONAL BANK NOTE	1,200,000	5.750	01/15/09	AA	12/28/06	01/04/07	1,213,920.00	5.140	31,816.67	1,210,696.25	1,205,899.20
931142BE2	WAL-MART STORES GLOBAL NOTES	1,000,000	6.875	08/10/09	AA	09/26/06	09/29/06	1,048,780.00	5.022	26,927.08	1,036,621.84	1,031,267.00
		2,200,000						2,262,700.00	5.086	58,743.75	2,247,318.09	2,237,166.20
FED AGY BOND/NOTE												
3133X7EX8	FHLB TAP NOTES	500,000	4.000	05/15/08	AAA	10/04/05	10/05/05	494,221.50	4.472	2,555.56	498,004.07	494,375.00
31359MZX4	FNMA GLOBAL NOTES(CALLABLE)	775,000	5.000	07/03/08	AAA	10/02/06	10/10/06	773,016.00	5.152	19,159.72	773,862.29	772,820.31
31331TSW2	FFCB NOTES	735,000	3.300	08/11/08	AAA	03/02/07	03/05/07	718,704.32	4.919	9,432.50	722,287.98	719,610.94
31359MSQ7	FNMA GLOBAL BENCHMARK NOTES	770,000	3.250	08/15/08	AAA	07/31/06	08/01/06	740,632.97	5.246	9,453.89	753,476.87	753,156.25
31359MYY3	FNMA GLOBAL NOTES (CALLABLE)	2,000,000	4.750	08/25/08	AAA	11/22/05	11/23/05	1,989,400.00	4.955	33,250.00	1,995,469.70	1,988,125.00
3134A2UJ5	FHLMC GLOBAL REFERENCE NOTES	1,250,000	5.125	10/15/08	AAA	03/29/06	03/30/06	1,251,338.75	5.079	13,524.31	1,250,715.48	1,249,609.38
31331SNF6	FFCB GLOBAL DESIGNATED BONDS	625,000	3.750	01/15/09	AAA	03/29/06	03/30/06	603,880.00	5.061	10,807.29	613,017.81	611,328.13
31331SNF6	FFCB GLOBAL DESIGNATED BONDS	750,000	3.750	01/15/09	AAA	07/05/06	07/06/06	719,391.00	5.503	12,968.75	730,859.84	733,593.75
31359MEK5	FNMA GLOBAL BENCHMARK NOTES	225,000	5.250	01/15/09	AAA	01/03/06	01/06/06	228,385.35	4.710	5,446.88	226,782.99	225,000.00
31359MEK5	FNMA GLOBAL BENCHMARK NOTES	625,000	5.250	01/15/09	AAA	03/29/06	03/30/06	627,786.25	5.074	15,130.21	626,611.90	625,000.00
31359ME74	FNMA GLOBAL NOTES (CALLABLE)	850,000	5.000	01/23/09	AAA	10/02/06	10/10/06	848,283.00	5.091	18,652.78	848,852.20	847,078.13
3133XFEQ5	FHLB TAP ISSUE	1,250,000	5.250	03/13/09	AAA	04/06/07	04/10/07	1,255,800.00	4.992	19,687.50	1,255,168.35	1,250,781.25
3134A3M78	FHLMC GLOBAL REFERENCE NOTES	640,000	6.625	09/15/09	AAA	08/31/06	09/06/06	668,876.80	4.999	12,484.44	661,470.75	658,800.00
31359MEY5	FNMA GLOBAL BENCHMARK NOTES	640,000	6.625	09/15/09	AAA	08/31/06	09/06/06	668,821.76	5.002	12,484.44	661,430.09	658,800.00
465139TX1	AID-ISRAEL NOTES	120,000		11/01/09	TSY	11/22/05	11/23/05	100,462.50	4.563	0.00	108,009.68	106,895.04
31331XRP9	FFCB BONDS	1,335,000	4.800	03/08/10	AAA	05/30/07	06/01/07	1,324,093.05	5.117	20,114.00	1,324,429.16	1,321,650.00
3133XJUS5	FHLB TAP NOTES	935,000	5.000	03/12/10	AAA	05/09/07	05/14/07	936,568.00	4.930	18,959.72	936,549.72	930,325.00
31359MJH7	FNMA GLOBAL BENCHMARK NOTES	800,000	6.000	05/15/11	AAA	05/30/07	06/01/07	824,844.00	5.122	6,133.33	824,369.73	821,000.00
		14,825,000						14,774,505.25	5.040	240,245.32	14,811,368.61	14,767,948.18
US TSY BOND/NOTE												
912828EZ9	US TREASURY NOTES	825,000	4.625	03/31/08	TSY	02/27/07	03/02/07	822,389.65	4.926	9,591.19	823,200.86	822,550.58
912828FG0	US TREASURY NOTES	745,000	4.875	05/31/08	TSY	06/01/06	06/05/06	742,730.08	5.038	3,076.18	743,929.96	744,301.19
912828FV7	US TREASURY NOTES	1,944,000	4.875	10/31/08	TSY	11/10/06	11/13/06	1,948,935.94	4.737	15,966.68	1,947,417.59	1,941,266.74
912828FV7	US TREASURY NOTES	1,100,000	4.875	10/31/08	TSY	01/24/07	01/25/07	1,098,238.28	4.967	9,034.65	1,098,718.93	1,098,453.40
912828GJ3	US TREASURY NOTES	365,000	4.750	02/28/09	TSY	03/28/07	03/30/07	366,226.17	4.563	5,794.87	366,076.41	363,887.85
912828CC2	US TREASURY NOTES	1,250,000	2.625	03/15/09	TSY	03/29/06	03/30/06	1,175,781.25	4.801	9,629.76	1,205,977.30	1,203,417.50
912828FE5	US TREASURY NOTES	990,000	4.875	05/15/09	TSY	06/01/06	06/05/06	985,668.75	5.036	6,163.96	987,193.07	989,535.69
912828FE5	US TREASURY NOTES	750,000	4.875	05/15/09	TSY	09/13/06	09/14/06	752,578.13	4.734	4,669.67	751,875.40	749,648.25
912828FP0	US TREASURY NOTES	240,000	4.875	08/15/09	TSY	08/31/06	09/06/06	241,031.25	4.716	4,395.58	240,763.99	239,831.28
912828FX3	US TREASURY NOTES	495,000	4.625	11/15/09	TSY	11/30/06	12/01/06	496,044.14	4.547	2,923.93	495,856.89	491,983.47
912828FX3	US TREASURY NOTES	375,000	4.625	11/15/09	TSY	12/08/06	12/11/06	375,761.72	4.549	2,215.10	375,634.26	372,714.75
912828GR5	US TREASURY NOTES	430,000	4.500	05/15/10	TSY	06/07/07	06/11/07	424,121.09	5.007	2,471.33	424,225.28	425,498.33

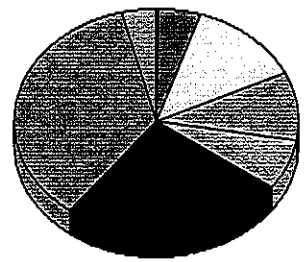
PFM Asset Management LLC

Detail of Securities Held: *33880100* *CITY OF HALLANDALE BEACH INV PORT*

(Excluding Cash) MONTH ENDED: June 30, 2007

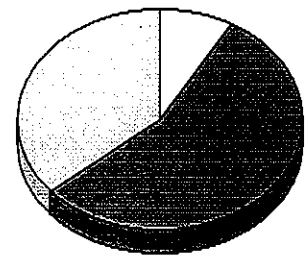
SECURITY TYPE CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	S&P RATING	TRADE DATE	SETTLE DATE	ORIGINAL COST	YTM AT COST	ACCRUED INTEREST	AMORTIZED COST	MARKET VALUE
		9,509,000						9,429,506.45	4.831	75,932.90	9,460,869.94	9,443,089.03
TOTAL SECURITIES		**$26,534,000**						**$26,466,711.70**	**4.969 %**	**$374,921.97**	**$26,519,556.64**	**$26,448,203.41**

Issuers by Market Value



AGENCY FOR INTERNATIONAL DEVELOPMENT	$105,895	0.4%
BANK OF AMERICA	$1,205,899	4.6%
FFCB	$3,386,183	12.8%
FHLB	$2,675,481	10.1%
FHLMC	$1,908,409	7.2%
FNMA	$6,690,980	25.3%
UNITED STATES TREASURY	$9,443,089	35.7%
WAL-MART STORES INC	$1,031,267	3.9%
Total:	$26,448,203	100.0%

Ratings by Market Value



AA	$2,237,166	8.5%
AAA	$14,661,053	55.4%
TSY	$9,549,984	36.1%
Total:	$26,448,203	100.0%

PFM Asset Management LLC

Fair Market Values & Analytics: *33880100 CITY OF HALLANDALE BEACH INV PORT*

(Excluding Cash)

MONTH ENDED: June 30, 2007

SECURITY TYPE CUSIP	DESCRIPTION	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
CORPORATE NOTE											
33901LAA2	FLEET NATIONAL BANK NOTE	1,200,000	5.750	01/15/09		100.492	1,205,899.20	(4,797.05)	(8,020.80)	1.421	5.411
931142BE2	WAL-MART STORES GLOBAL NOTES	1,000,000	6.875	08/10/09		103.127	1,031,267.00	(5,354.84)	(17,513.00)	1.903	5.286
FED AGY BOND/NOTE											
3133X7EX8	FHLB TAP NOTES	500,000	4.000	05/15/08		98.875	494,375.00	(3,629.07)	153.50	0.843	5.327
31359MZX4	FNMA GLOBAL NOTES(CALLABLE)	775,000	5.000	07/03/08	01/03/07	99.719	772,820.31	(1,041.98)	(195.69)	0.947	5.290
31331TSW2	FFCB NOTES	735,000	3.300	08/11/08		97.906	719,610.94	(2,677.04)	906.62	1.061	5.256
31359MSQ7	FNMA GLOBAL BENCHMARK NOTES	770,000	3.250	08/15/08		97.813	753,156.25	(320.62)	12,523.28	1.073	5.275
31359MYY3	FNMA GLOBAL NOTES (CALLABLE)	2,000,000	4.750	08/25/08	08/25/06	99.406	1,988,125.00	(7,344.70)	(1,275.00)	1.089	5.282
3134A2UJ5	FHLMC GLOBAL REFERENCE NOTES	1,250,000	5.125	10/15/08		99.969	1,249,609.38	(1,106.10)	(1,729.37)	1.223	5.144
31331SNF6	FFCB GLOBAL DESIGNATED BONDS	625,000	3.750	01/15/09		97.813	611,328.13	(1,689.68)	7,448.13	1.448	5.244
31331SNF6	FFCB GLOBAL DESIGNATED BONDS	750,000	3.750	01/15/09		97.813	733,593.75	2,733.91	14,202.75	1.448	5.244
31359MEK5	FNMA GLOBAL BENCHMARK NOTES	225,000	5.250	01/15/09		100.000	225,000.00	(1,782.99)	(3,385.35)	1.429	5.248
31359MEK5	FNMA GLOBAL BENCHMARK NOTES	625,000	5.250	01/15/09		100.000	625,000.00	(1,611.90)	(2,786.25)	1.429	5.248
31359ME74	FNMA GLOBAL NOTES (CALLABLE)	850,000	5.000	01/23/09	01/23/07	99.656	847,078.13	(1,774.07)	(1,204.87)	1.454	5.229
3133XFEQ5	FHLB TAP ISSUE	1,250,000	5.250	03/13/09		100.063	1,250,781.25	(4,387.10)	(5,018.75)	1.586	5.206
3134A3M78	FHLMC GLOBAL REFERENCE NOTES	640,000	6.625	09/15/09		102.938	658,800.00	(2,670.75)	(10,076.80)	2.004	5.195
31359MEY5	FNMA GLOBAL BENCHMARK NOTES	640,000	6.625	09/15/09		102.938	658,800.00	(2,630.09)	(10,021.76)	2.004	5.195
465139TX1	AID-ISRAEL NOTES	120,000		11/01/09		89.079	106,895.04	(1,114.64)	6,432.54	2.285	5.012
31331XRP9	FFCB BONDS	1,335,000	4.800	03/08/10		99.000	1,321,650.00	(2,779.16)	(2,443.05)	2.454	5.200
3133XJUS5	FHLB TAP NOTES	935,000	5.000	03/12/10		99.500	930,325.00	(6,224.72)	(6,243.00)	2.447	5.196
31359MJH7	FNMA GLOBAL BENCHMARK NOTES	800,000	6.000	05/15/11		102.625	821,000.00	(3,369.73)	(3,844.00)	3.407	5.241
US TSY BOND/NOTE											
912828EZ9	US TREASURY NOTES	825,000	4.625	03/31/08		99.703	822,550.58	(650.28)	160.93	0.722	5.023
912828FG0	US TREASURY NOTES	745,000	4.875	05/31/08		99.906	744,301.19	371.23	1,571.11	0.884	4.976
912828FV7	US TREASURY NOTES	1,944,000	4.875	10/31/08		99.859	1,941,266.74	(6,150.85)	(7,669.20)	1.267	4.980
912828FV7	US TREASURY NOTES	1,100,000	4.875	10/31/08		99.859	1,098,453.40	(265.53)	215.12	1.267	4.980
912828GJ3	US TREASURY NOTES	365,000	4.750	02/28/09		99.695	363,887.85	(2,188.56)	(2,338.32)	1.561	4.938
912828CC2	US TREASURY NOTES	1,250,000	2.625	03/15/09		96.273	1,203,417.50	(2,559.80)	27,636.25	1.630	4.923
912828FE5	US TREASURY NOTES	990,000	4.875	05/15/09		99.953	989,535.69	2,342.62	3,866.94	1.762	4.898
912828FE5	US TREASURY NOTES	750,000	4.875	05/15/09		99.953	749,648.25	(2,227.15)	(2,929.88)	1.762	4.898
912828FP0	US TREASURY NOTES	240,000	4.875	08/15/09		99.930	239,831.28	(932.71)	(1,199.97)	1.963	4.907

PFM Asset Management LLC

Fair Market Values & Analytics: *33880100* *CITY OF HALLANDALE BEACH INV PORT*

(Excluding Cash)

MONTH ENDED: June 30, 2007

SECURITY TYPE CUSIP	DESCRIPTION	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
912828FX3	US TREASURY NOTES	495,000	4.625	11/15/09		99.391	491,983.47	(3,873.42)	(4,060.67)	2.210	4.898
912828FX3	US TREASURY NOTES	375,000	4.625	11/15/09		99.391	372,714.75	(2,919.51)	(3,046.97)	2.210	4.898
912828GR5	US TREASURY NOTES	430,000	4.500	05/15/10		98.953	425,498.33	1,273.05	1,377.24	2.649	4.893
SUBTOTALS							**$26,448,203.41**	**($71,353.23)**	**($18,508.29)**	**1.583**	**5.140 %**

ACCRUED INTEREST ON INVESTMENT	374,921.97
TOTAL MARKET VALUE OF INVESTMENTS	**$26,823,125.38**

PFM Asset Management LLC

Security Transactions & Interest: *33880100* *CITY OF HALLANDALE BEACH INV PORT*

(Excluding Cash) MONTH ENDED: June 30, 2007

TRADE	SETTLE	TRAN TYPE	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR	COUPON	MATURITY DATE	PRINCIPAL AMOUNT	ACCRUED INTEREST	TOTAL
06/01/07	06/01/07	INTEREST	MONEY MARKET FUND	MONEY0002	NR				0.00	439.23	439.23
									0.00	439.23	439.23
05/30/07	06/01/07	BUY	FFCB BONDS	31331XRP9	AAA	1,335,000	4.800	03/08/10	(1,324,093.05)	(14,774.00)	(1,338,867.05)
05/30/07	06/01/07	BUY	FNMA GLOBAL BENCHMARK NOTES	31359MJH7	AAA	800,000	6.000	05/15/11	(824,844.00)	(2,133.33)	(826,977.33)
05/31/07	06/01/07	BUY	CASH MGMT BILL	912795UA7	TSY	339,000	0.000	06/15/07	(338,333.58)	0.00	(338,333.58)
06/07/07	06/11/07	BUY	US TREASURY NOTES	912828GR5	TSY	430,000	4.500	05/15/10	(424,121.09)	(1,419.70)	(425,540.79)
						2,904,000			(2,911,391.72)	(18,327.03)	(2,929,718.75)
05/29/07	06/01/07	SELL	CITIGROUP, INC. GLOBAL NOTES	172967BS9	AA	1,000,000	3.500	02/01/08	987,540.00	11,666.67	999,206.67
05/29/07	06/01/07	SELL	FNMA GLOBAL NOTES (CALLABLE)	31359MK85	AAA	1,000,000	5.375	04/03/08	1,000,460.00	8,659.72	1,009,119.72
05/31/07	06/01/07	SELL	FHLB GLOBAL NOTES	3133XBJQ9	AAA	500,000	4.125	04/18/08	494,993.50	2,463.54	497,457.04
06/08/07	06/11/07	SELL	CASH MGMT BILL	912795UA7	TSY	339,000	0.000	06/15/07	338,807.52	0.00	338,807.52
						2,839,000			2,821,801.02	22,789.93	2,844,590.95

TOTAL SECURITY TRANSACTIONS **(84,688.57)**

PFM Asset Management LLC

Cash Transactions Report: *33880100* *CITY OF HALLANDALE BEACH INV PORT*

MONTH ENDED: June 30, 2007

CASH DATE	TRANSACTION CODE	TRANSACTION DESCRIPTION	TOTAL AMOUNT
06/29/07	CW	CASH ADJUSTMENT	(.01)
			(.01)
NET CASH CONTRIBUTIONS/(WITHDRAWS)			**($.01)**

PFM Asset Management LLC

Realized Gains and Losses: *33880100* *CITY OF HALLANDALE BEACH INV PORT*

(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	CITIGROUP, INC. GLOBAL NOTES	172967BS9	1,000,000	3.500	987,540.00	14,340.00	(4,032.63)
05/29/07	06/01/07	SELL	FIFO	FNMA GLOBAL NOTES (CALLABLE)	31359MK85	1,000,000	5.375	1,000,460.00	1,080.00	727.68
05/31/07	06/01/07	SELL	FIFO	FHLB GLOBAL NOTES	3133XBJO9	500,000	4.125	494,993.50	6,139.50	725.20
06/08/07	06/11/07	SELL	SPEC LOT	CASH MGMT BILL	912795UA7	339,000	0.000	338,807.52	473.94	(2.07)
TOTAL GAINS AND LOSSES									**$22,033.44**	**($2,581.82)**

PFM Asset Management LLC

Cash Balance Report: *33880100* *CITY OF HALLANDALE BEACH INV PORT*

MONTH ENDED: June 30, 2007

CASH BALANCE: $10,302.10

Earnings Calculation Templates

Current Month-End Book Value	+	
Current Month-End Accrued Interest	+	
Less Purchases	-	
Less Purchased Interest	-	
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		

Add Coupon Interest Received	+	
Less Purchased Interest Related to Coupons	-	
Add/Subtract Gains or Losses on Cost For The Mth	+/-	
Total Cost 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.