

City of Hallandale Beach

Investment Performance Review
Quarter Ended December 31, 2007



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December 31, 2007 PFM Month-End Statement

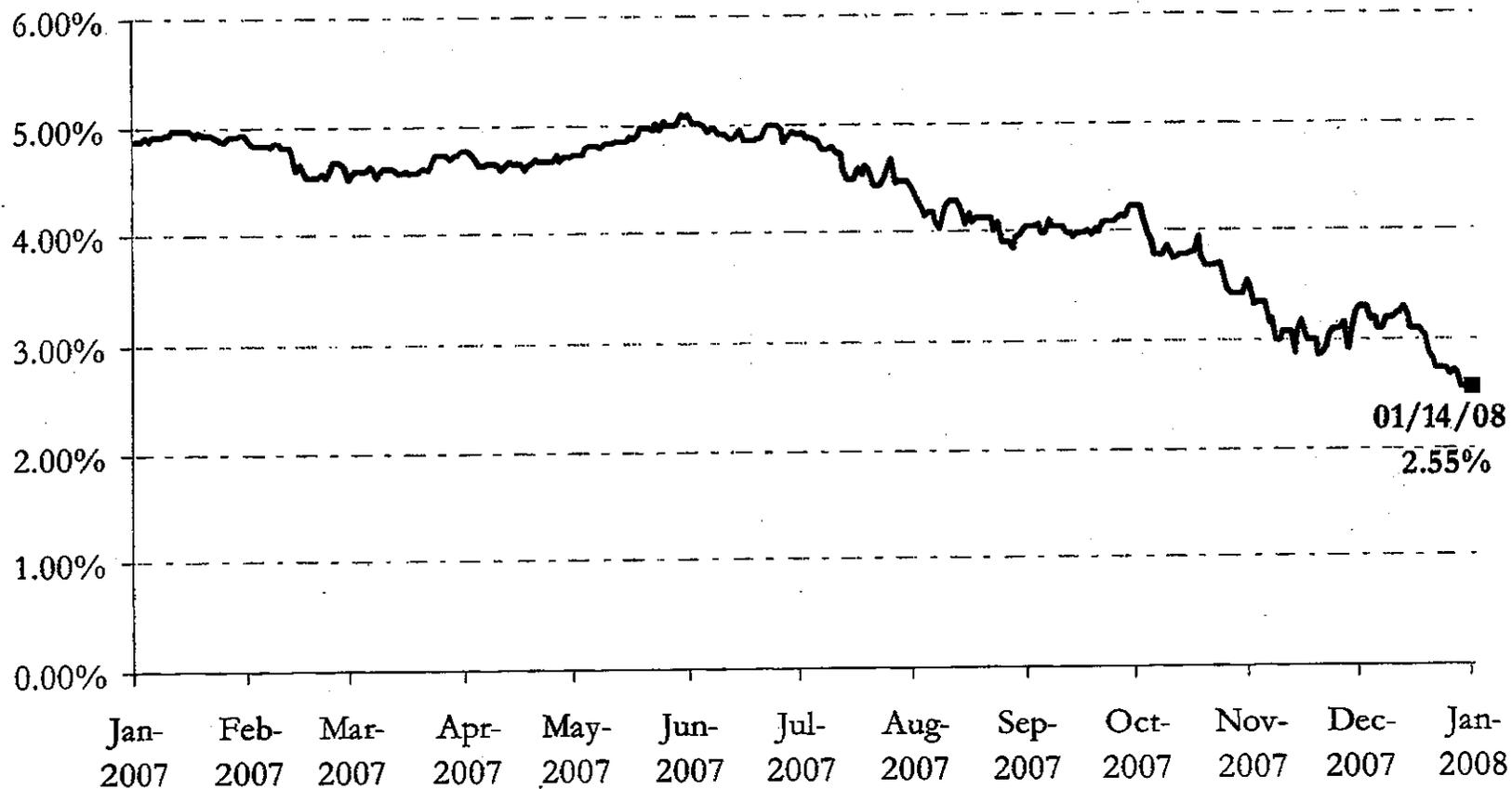
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Market Review

Recent Interest Rates

- The likelihood of further Fed Funds Target Rate cuts continues to increase as recessionary fears plague the market.

Two Year U.S. Treasury Yield
January 2007 through January 2008

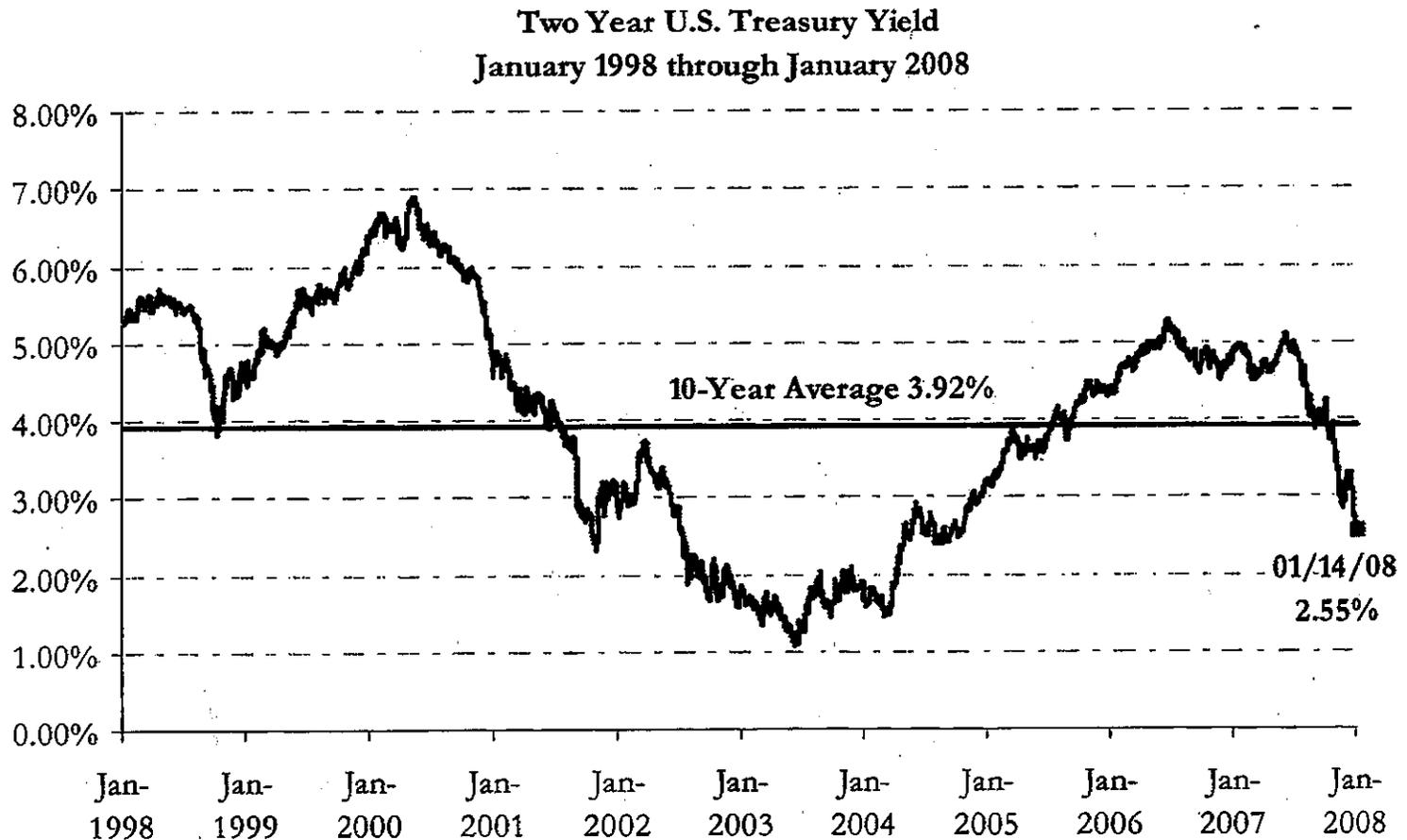


Source: Bloomberg



Historical Interest Rates

- The recent flight to quality has driven the yield on the 2-year U.S. Treasury note to below its 10-year average of 3.92%.

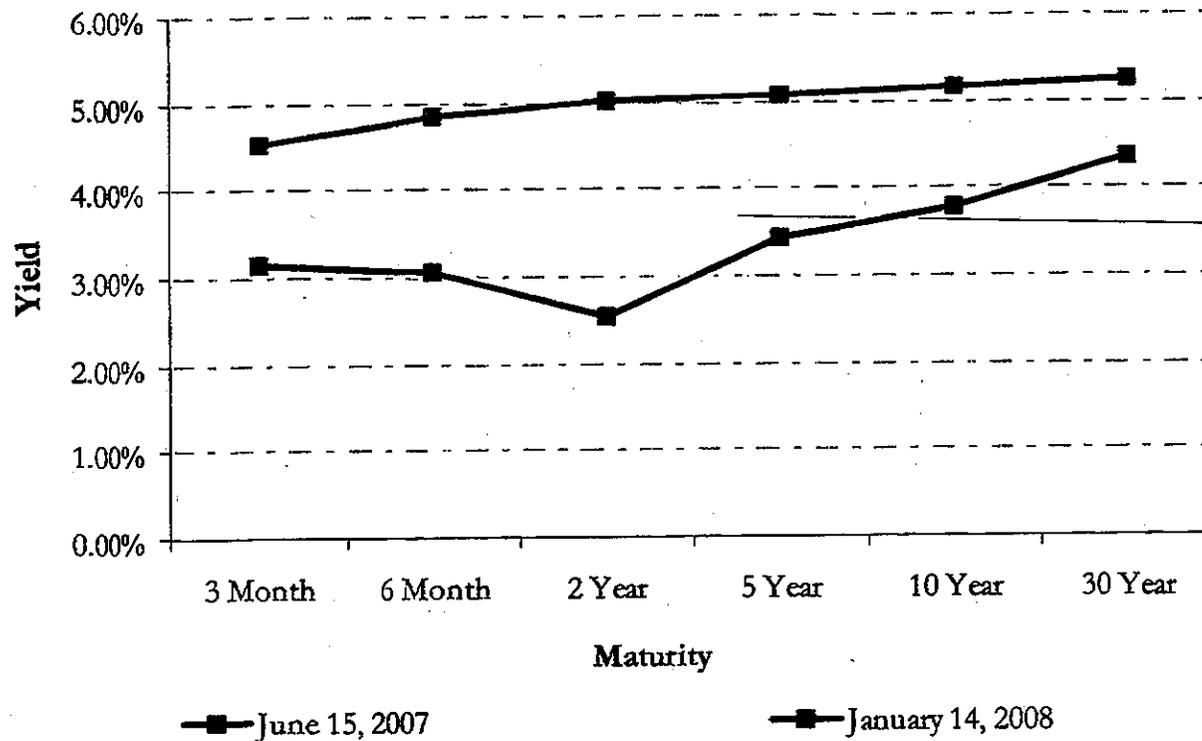


Source: Bloomberg

Flight to Quality Drove Down Short - Intermediate Maturity Treasury Yields

- The 1.00% reduction in the Fed Funds target rate since September, and rising inflationary fears, has driven the yield curve to its steepest levels since 2002.

U.S. Treasury Yield Curve
January 14, 2008 vs. June 15, 2007



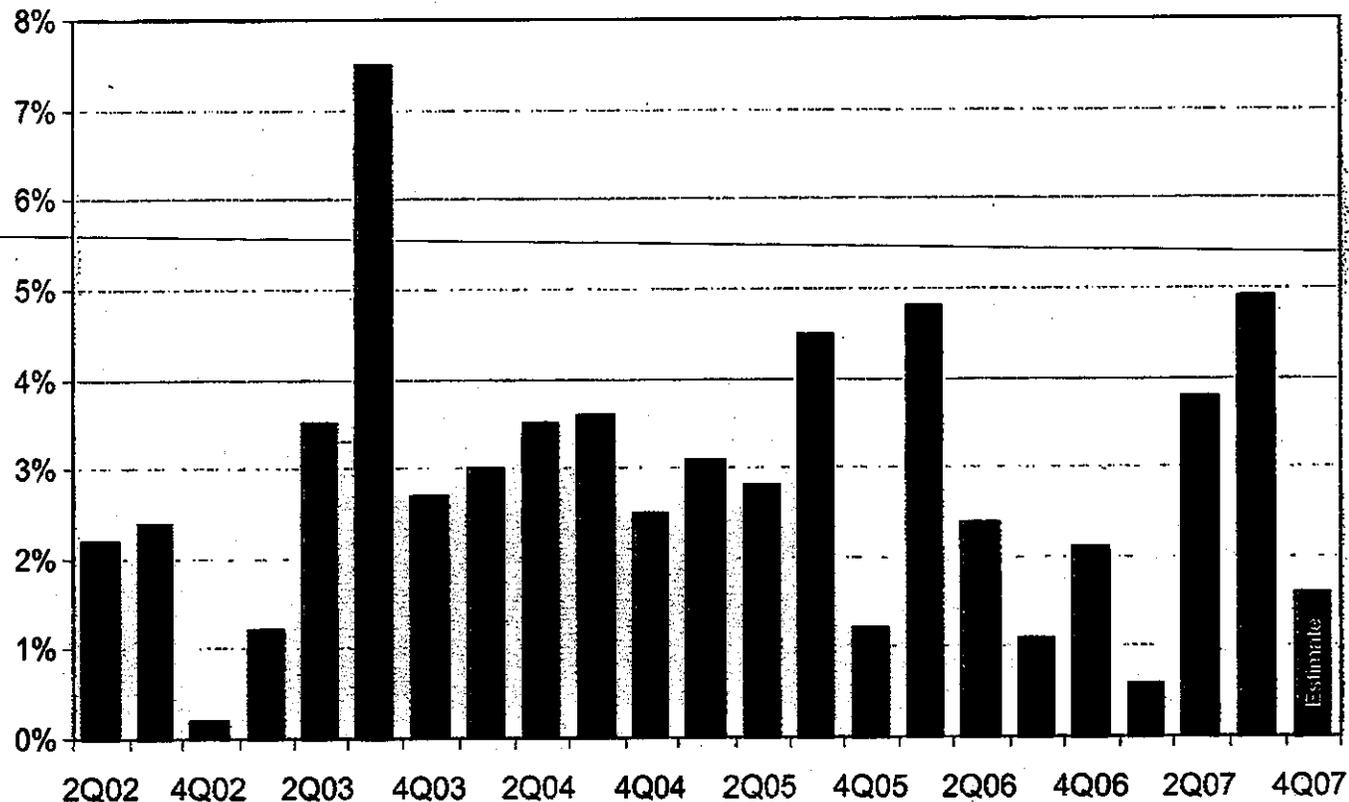
	<u>1/14/08</u>	<u>6/15/07</u>
3 month	3.16%	4.54%
6 month	3.06%	4.85%
2 year	2.55%	5.02%
5 year	3.04%	5.09%
10 year	3.77%	5.16%

Source: Bloomberg

U.S. Economy Shows Strength in 3rd Quarter

- Gross domestic product annualized rate was revised upward to 4.9% (preliminary estimate) in the third quarter, buoyed by pre-credit crisis consumer spending and international trade.
- As of early November, economists expected a much slower rate of growth, approximately 1.6% annualized, for the final quarter of 2007.

Gross Domestic Product
June 2002 – December 2007



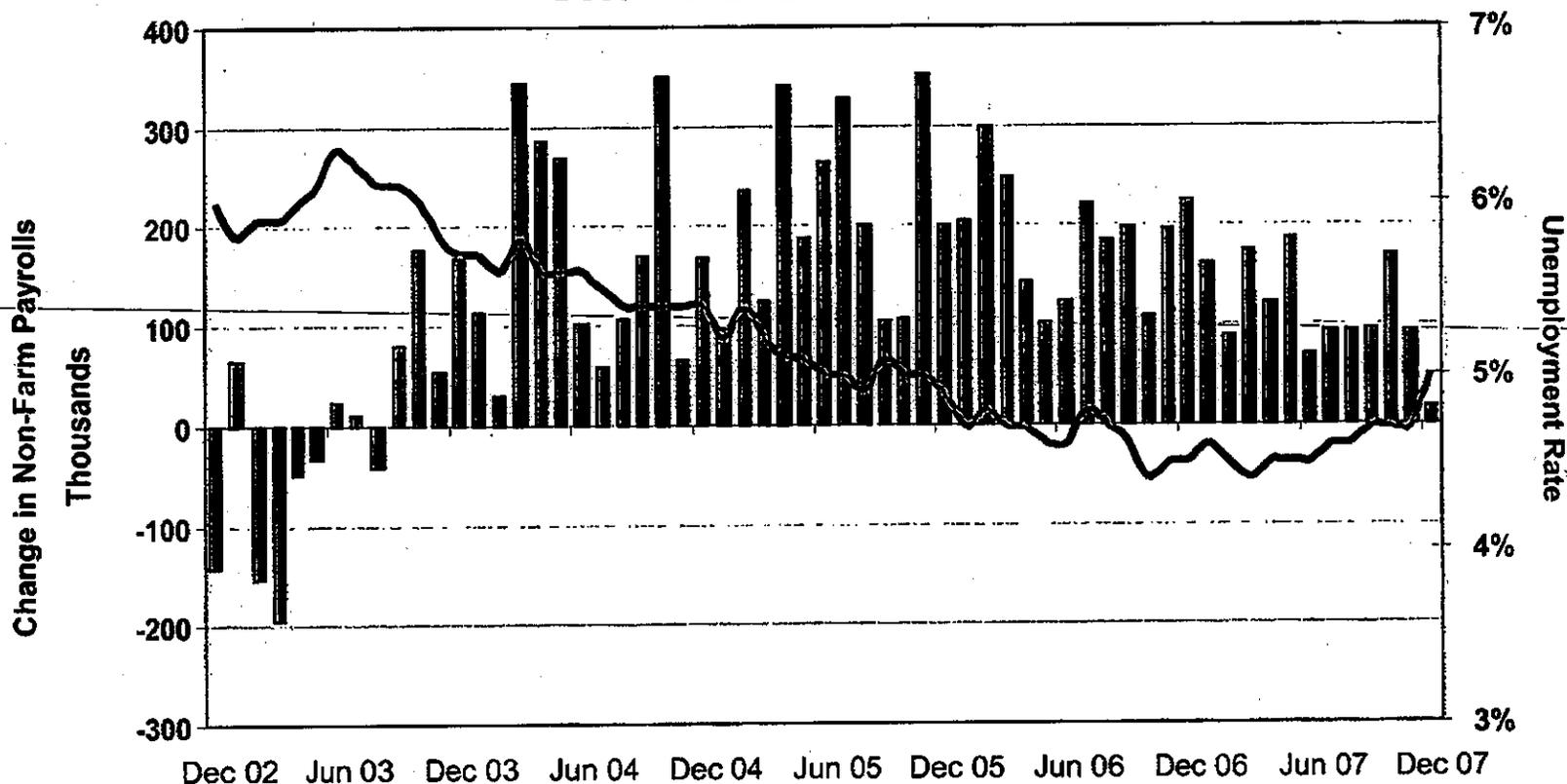
Source: Bloomberg

Labor Market Weakens

- In December, the economy added the fewest jobs since August 2003. Unemployment hit a two year high as problems in the housing sector and weak holiday spending reduced job opportunities.

Change in Non-Farm Payrolls vs. Unemployment Rate

December 2002 – December 2007



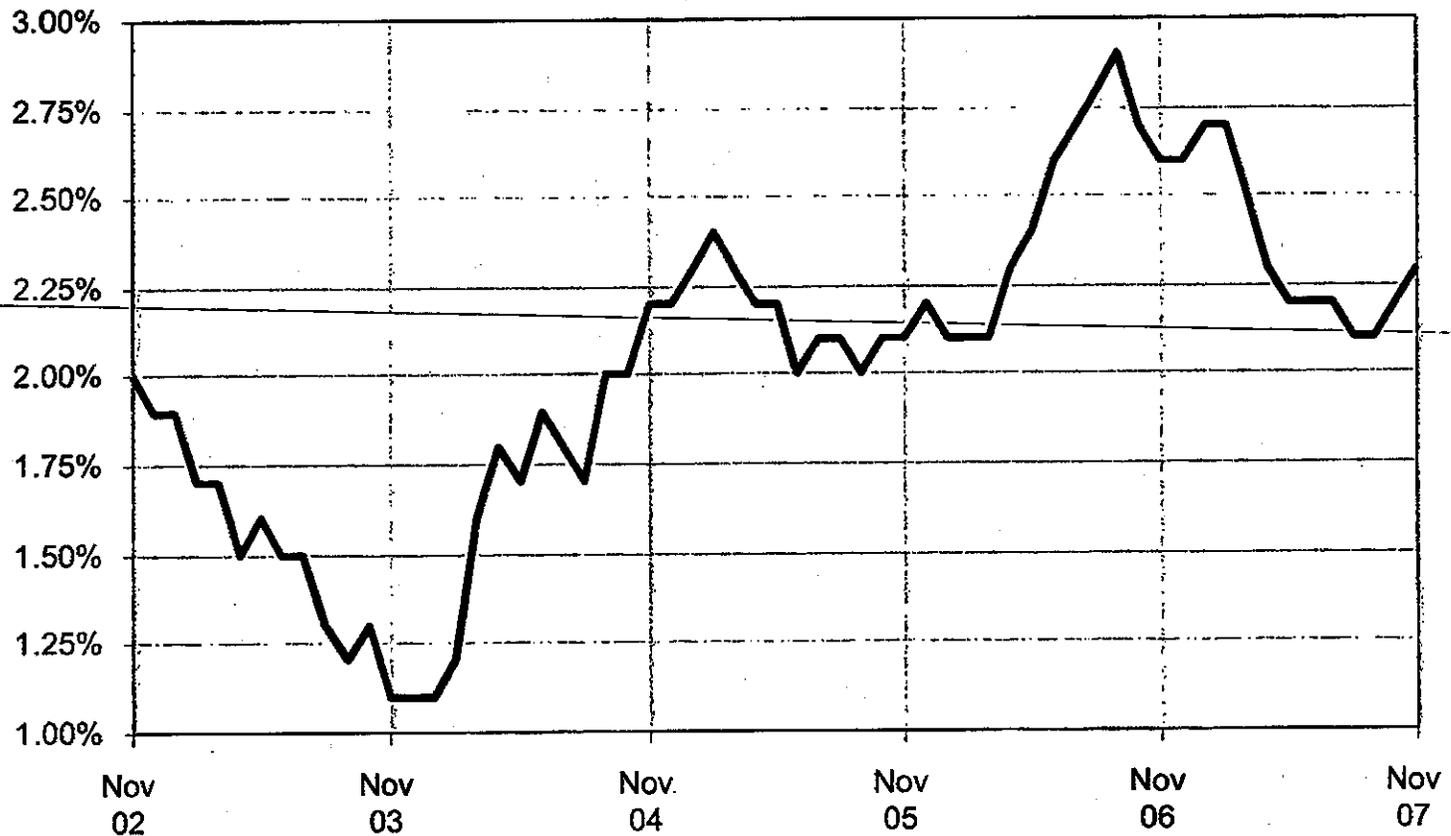
Source: Bloomberg



Inflation Concern Remains

- The 0.1% rise in consumer prices represents the largest CPI increase in two years. Inflation indicators remain well outside of the Fed's 1-2% comfort zone.

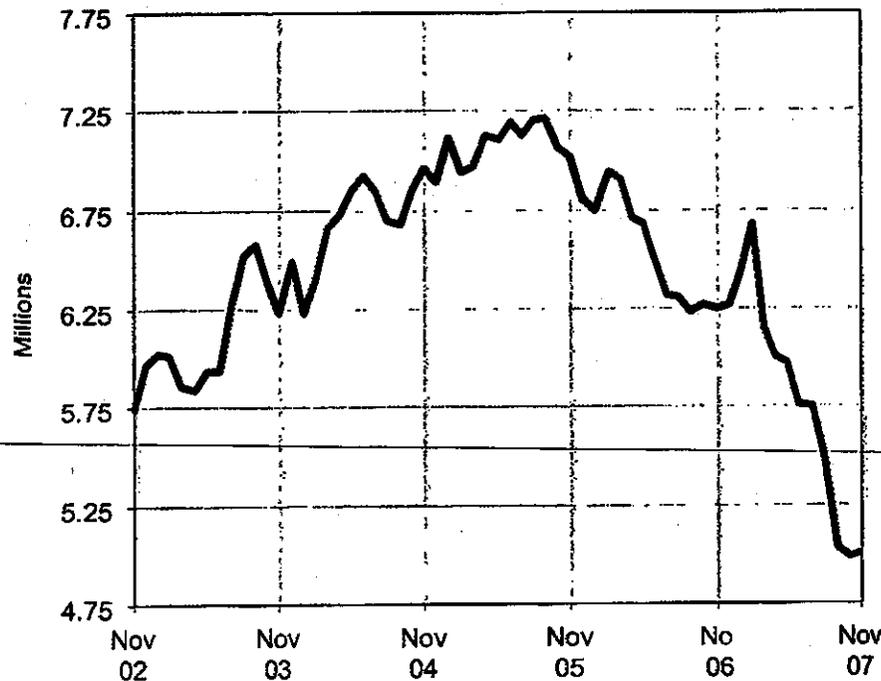
Core Consumer Price Index (CPI)
November 30, 2002 – November 30, 2007



Source: Bloomberg

Housing Continues to Weaken

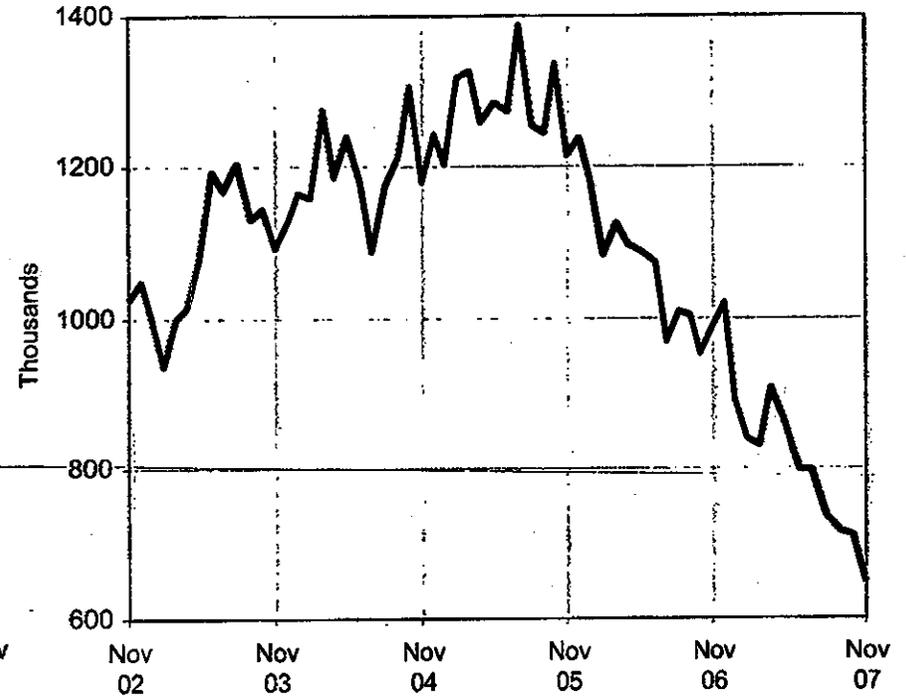
Existing Home Sales
November 2002 – November 2007



Source: Bloomberg

- In November, sales of existing homes unexpectedly rose 0.4%.
- Economists are skeptical that November's sales improvement indicates recovery in the housing sector as stricter lending requirements and slumping home prices continue depress the industry.

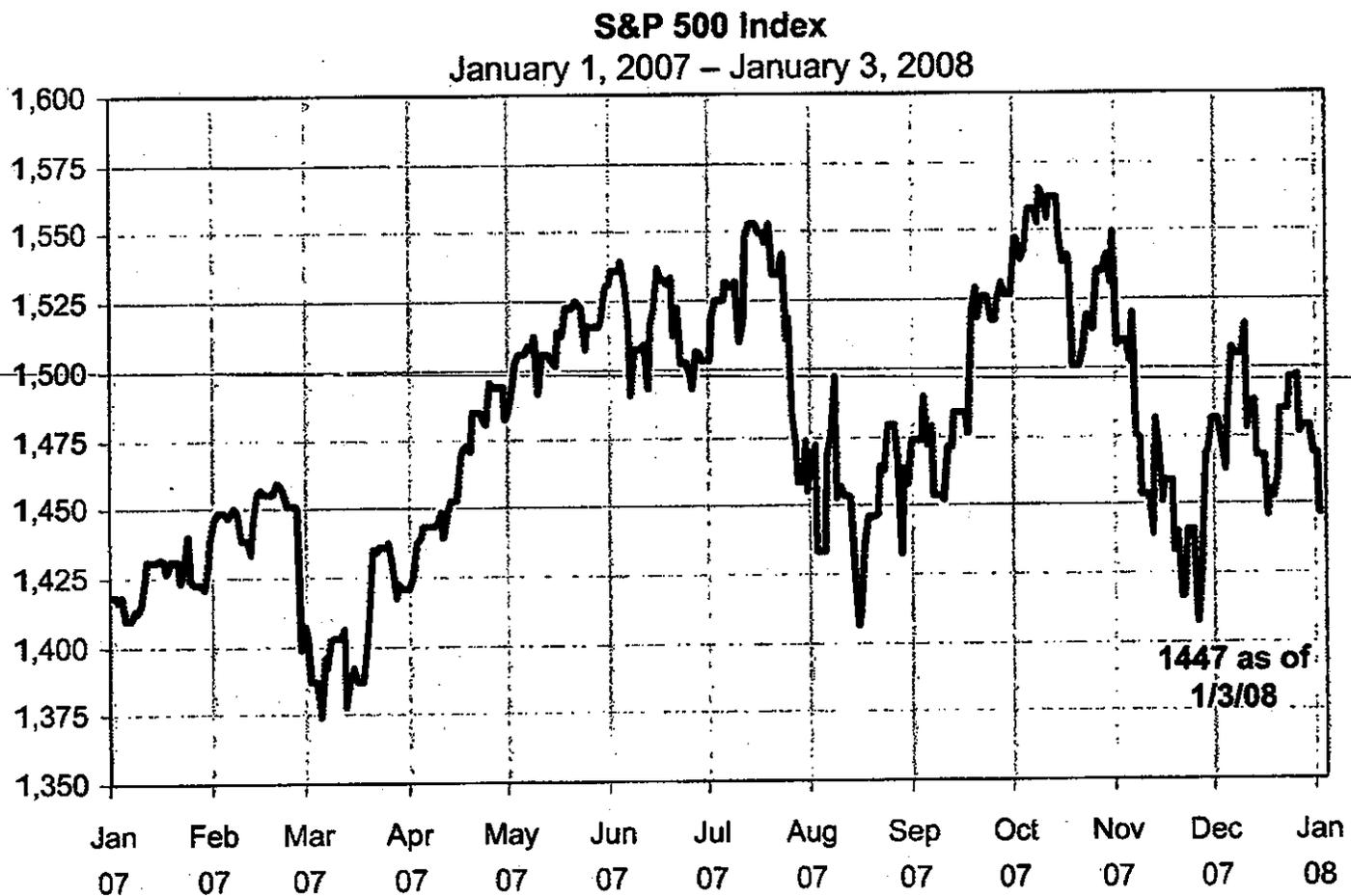
New Home Sales
November 2002 – November 2007



- Sales of new homes in November declined 34% from the same period in 2006.
- The November new home sales decline represents the largest 12-month drop since January 1991.

High Stock Market Volatility

- Investors are expecting aggressive future interest rate cuts from the FOMC to maintain current price levels.



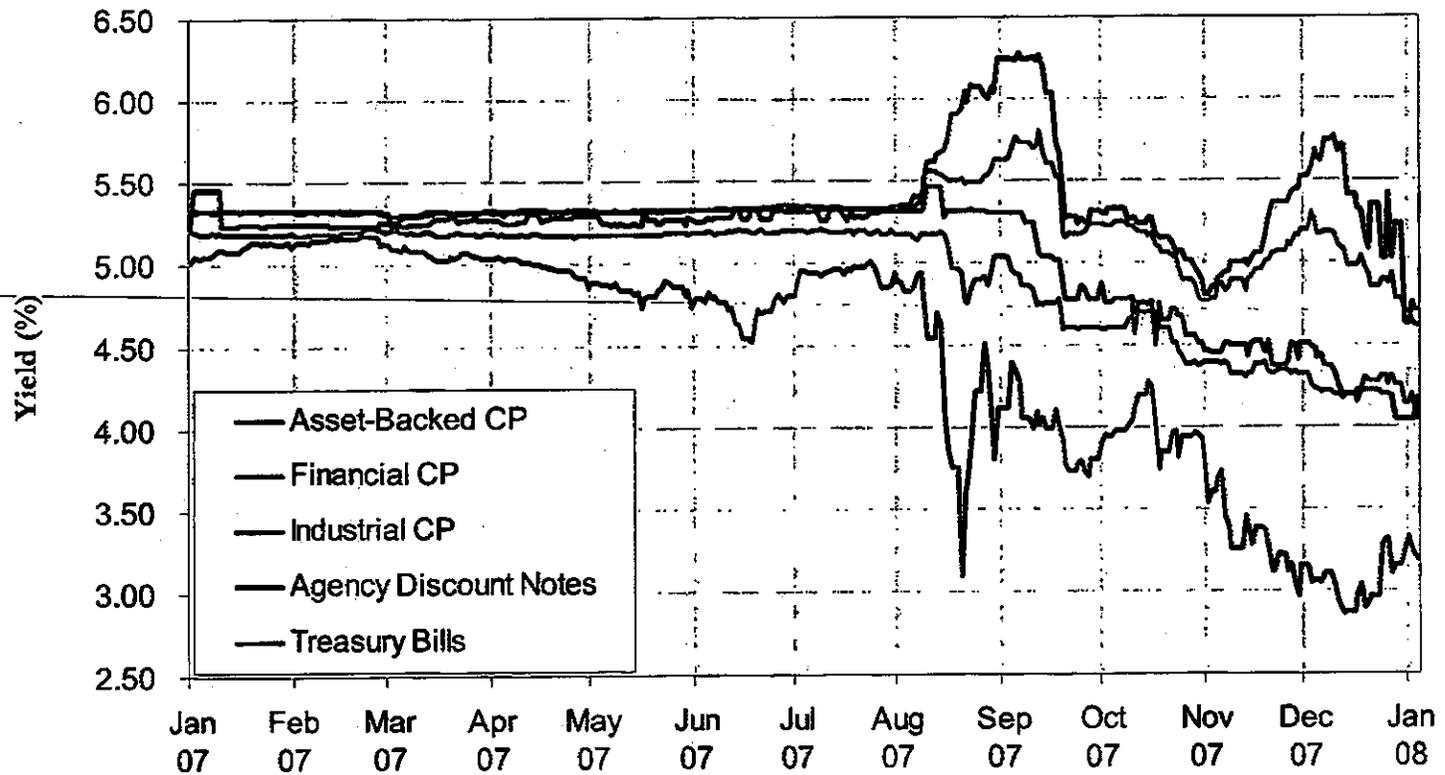
Source: Bloomberg

Credit Crisis Continues to Impact Commercial Paper

- Several months after the credit crisis investors continue to be wary of asset backed commercial paper.

Asset Backed Commercial Paper vs. Non Asset Backed Commercial Paper

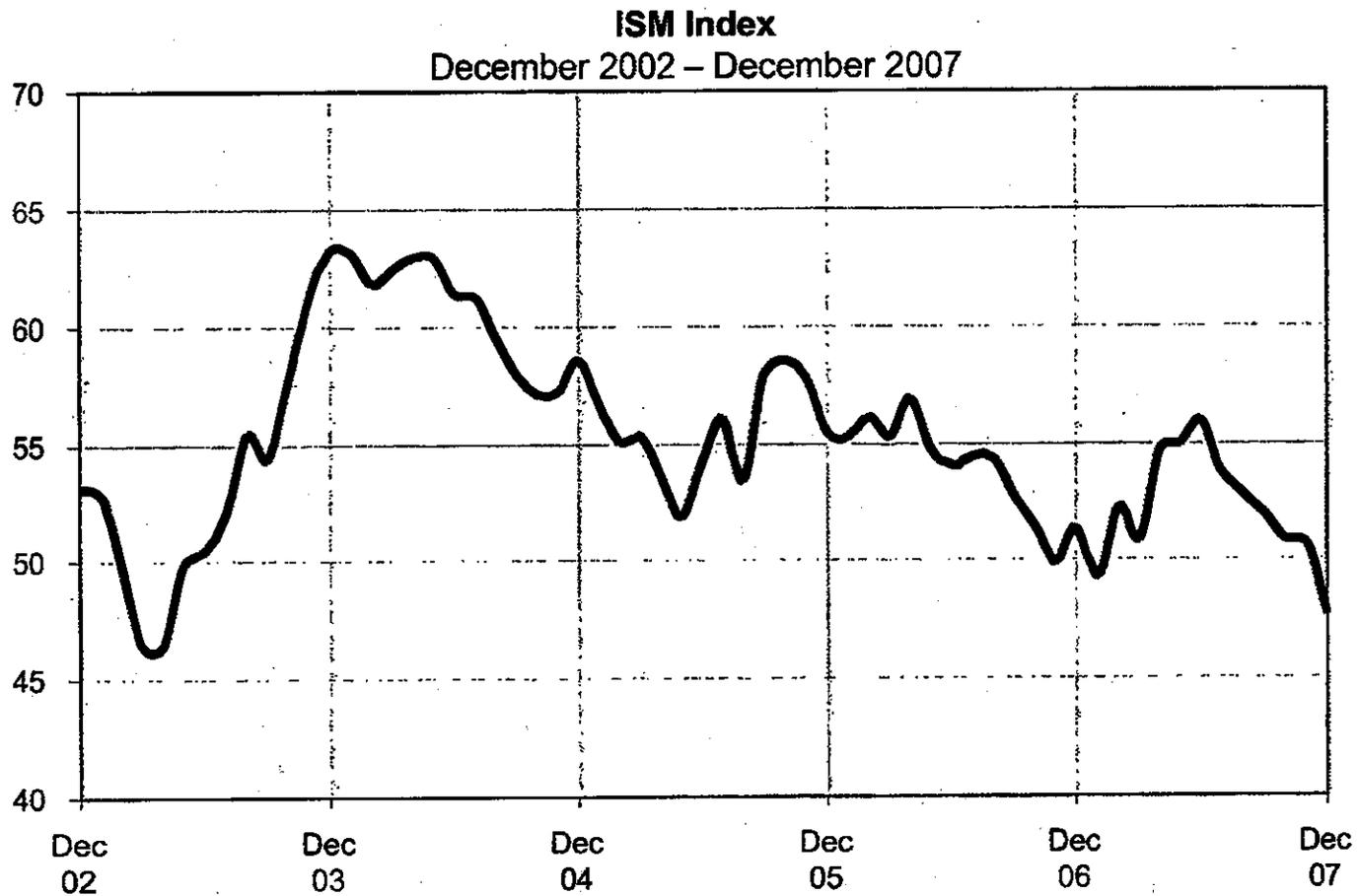
January 1, 2007 – January 3, 2008



Source: Bloomberg

Economic Growth Slowing

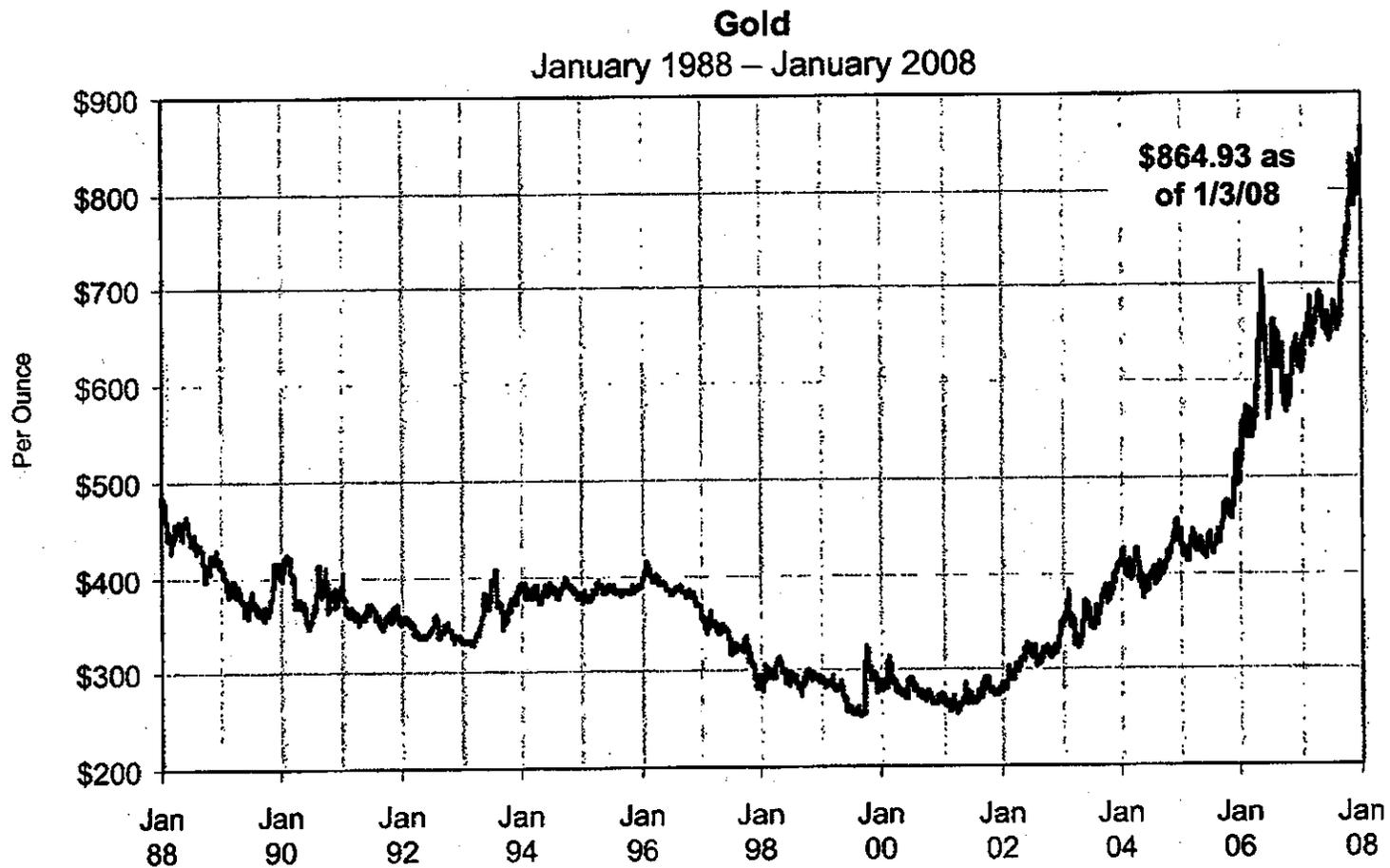
- In December, U.S. service manufacturing expanded at the slowest pace in nine months. The decline marks the deepening housing recession's drag on economic growth.



Source: Bloomberg

Gold Prices at Historic Highs

- The dollar's weakness and higher energy prices have driven gold prices to historic highs as a hedge against inflation.

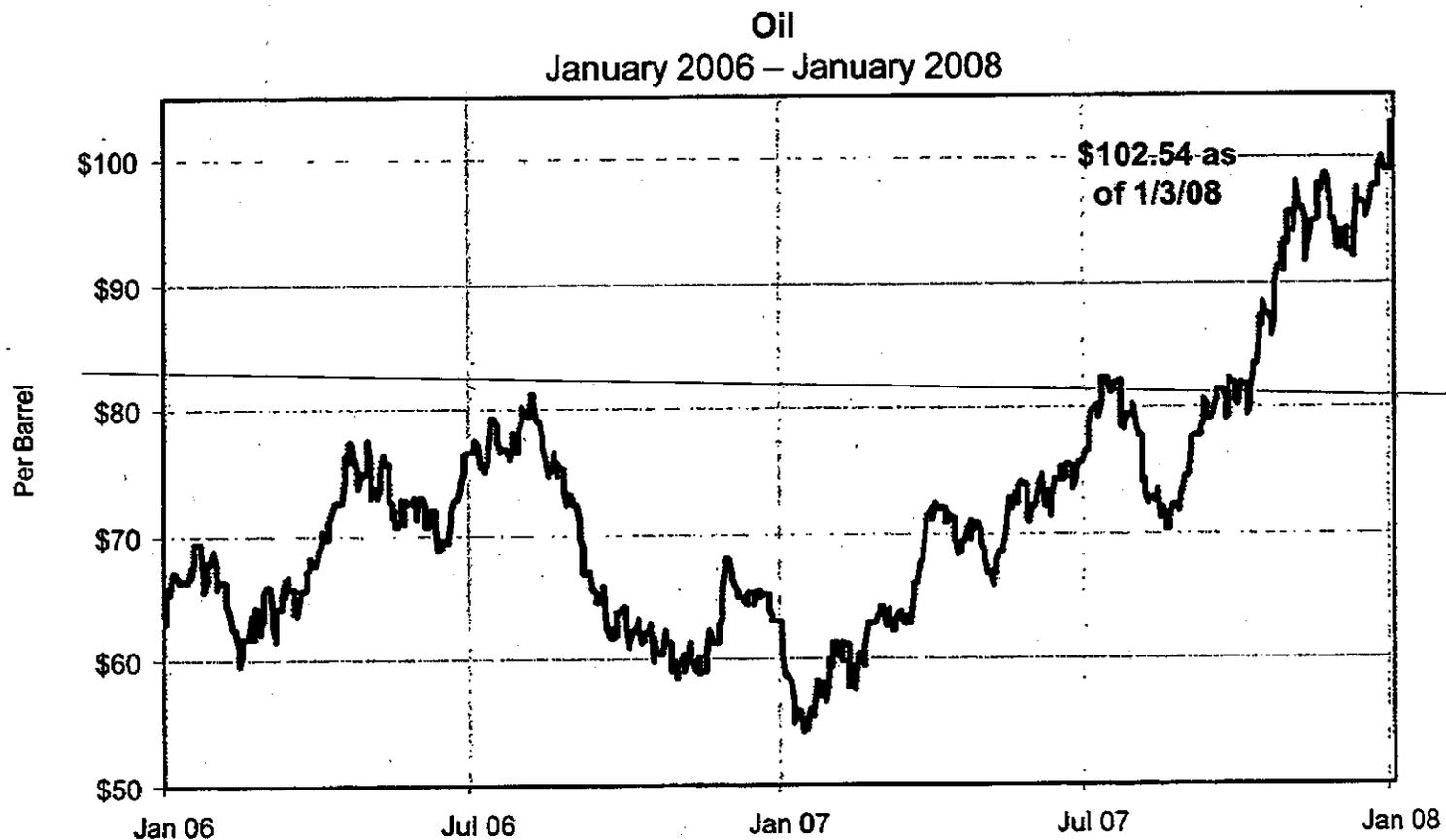


Source: Bloomberg



Oil Prices at Historic Highs

- Rising demand and increased geopolitical tensions have driven oil to its highest prices.

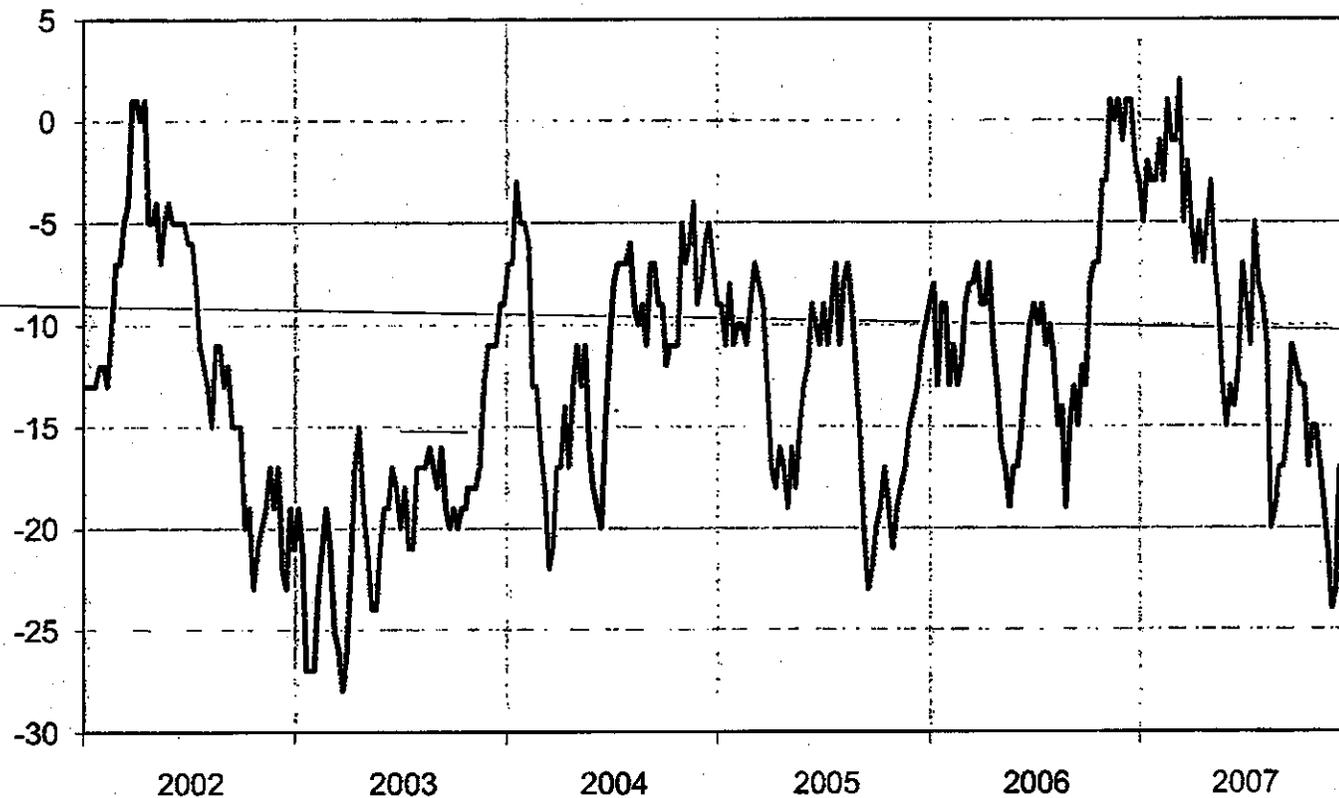


Source: Bloomberg

Consumer Confidence

- Consumer confidence continues to decline to its lowest levels in four years.

University of Michigan Consumer Sentiment Index
January 2002 – December 2007

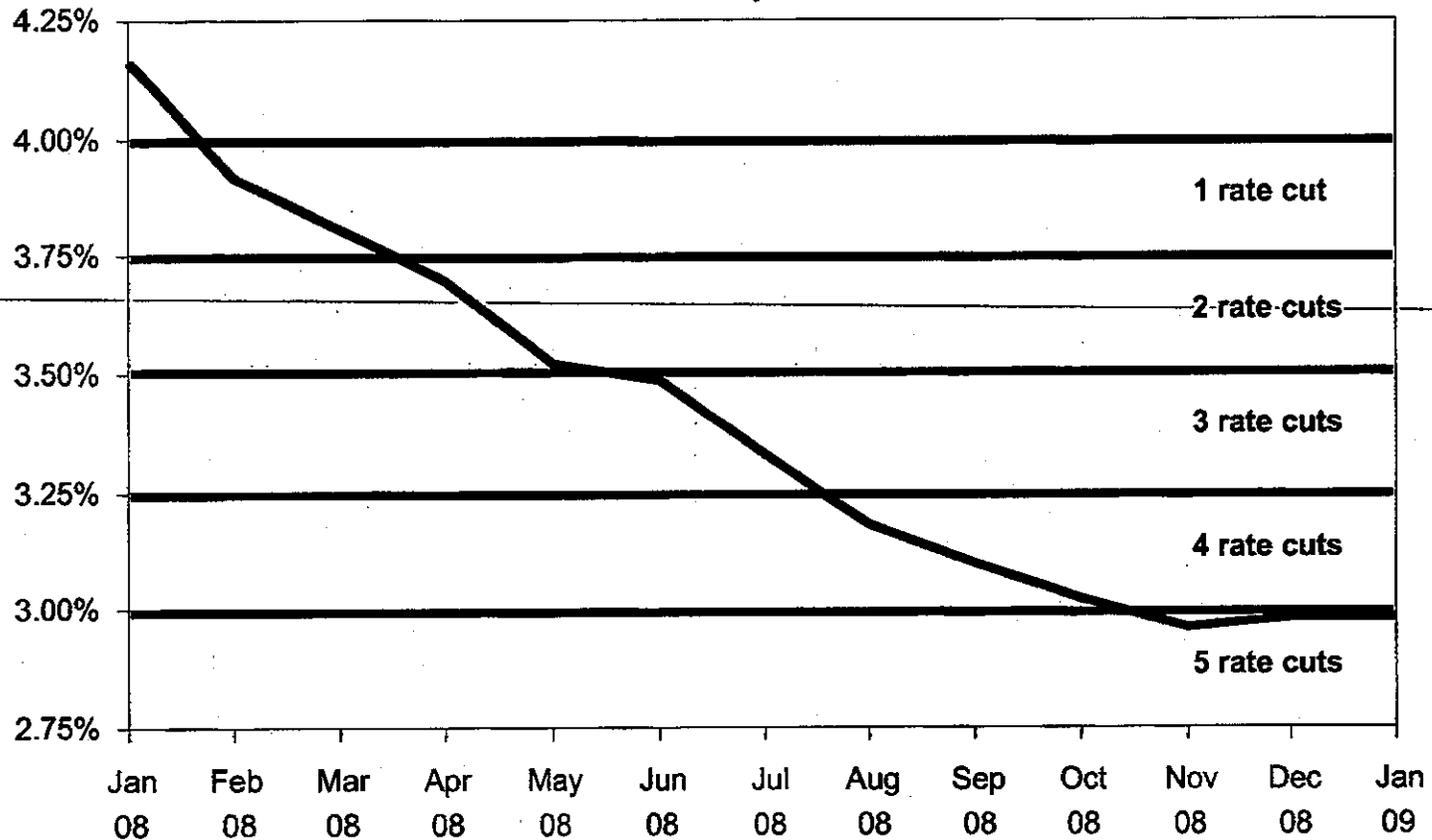


Source: Bloomberg

Fed Funds Futures Outlook

- The market consensus is that the FOMC will continue to cut the Fed Funds target rate well into next year.

Fed Funds Futures Contracts
January 3, 2008

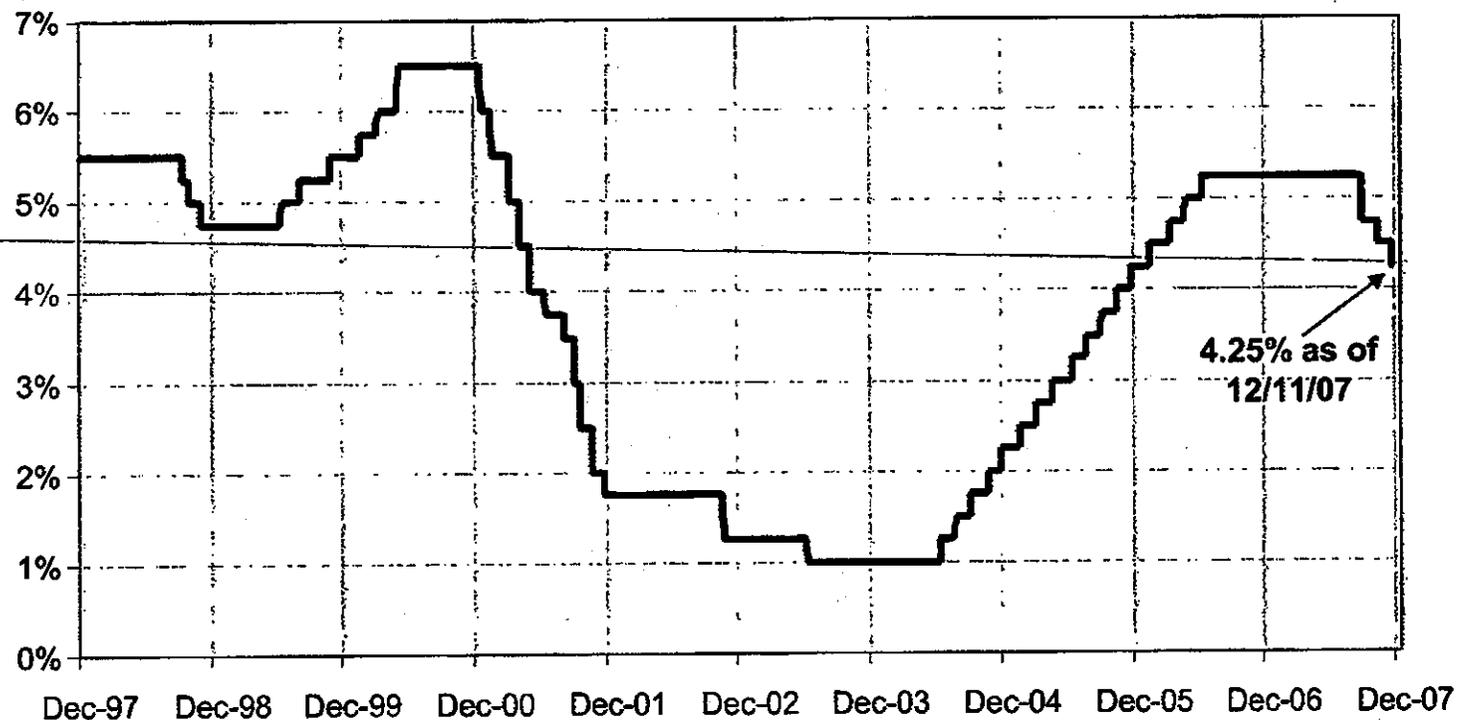


Source: Bloomberg

The FOMC Continues to Lower Overnight Rate

- The Federal Open Market Committee (FOMC) cut the Fed Funds target rate for the third meeting in a row on December 11, decreasing the target rate from 4.50% to 4.25%.

Fed Funds Target Rate
December 1997 – December 2007



Source: Bloomberg

Investment Portfolio Summary

Total Portfolio Value ¹	December 31, 2007	September 30, 2007
Market Value	\$29,576,095.86	\$27,392,292.79
Amortized Cost	\$29,104,590.15	\$27,166,597.58

PORTFOLIO STRATEGY

- PFM communicated with the City our concern regarding the investment strategy of the SBA Local Government Investment Pool (LGIP) following a review of the security holdings in the current market which had been significantly impacted by the Credit Crisis in August. This led to further discussion regarding alternative investment strategies for the City's assets invested with the SBA.
- Following several local and national news stories discussing the asset allocation and credit quality of the investments, many participants in the LGIP withdrew a portion or all of their assets during the quarter as a result of concerns related to the investment holdings within the fund. The total withdrawals decreased the balance within the pool from approximately \$27 billion to an estimated balance of \$12 billion before the SBA's cabinet members implemented a freeze on withdrawals from the fund.
- PFM was proactive in this situation and worked closely with the City to determine appropriate alternative investment strategies based on the sources and uses of funds while considering security type and asset allocation rules as determined by the investment policy. Specifically, PFM recommended further diversifying the City's short term assets into A-1 rated short term open market securities and AAAm rated money market funds invested with Treasury and Federal Agency securities.
- The City's PFM managed investment portfolios have never had exposure to the security types that have experienced significant volatility and liquidity issues including Asset Backed Commercial Paper, Sub Prime Mortgage Securities, and Collateralized Debt Obligations.
- PFM manages our clients' investment portfolios with a focus of Safety First, Liquidity Second, while seeking to obtain a Market Rate of Return. This strategy is in accordance with PFM's firm approach to the investment of public funds, and the City's investment policy.
- The investment portfolio quarterly return of 2.26% was lower than the Merrill Lynch 1-3 Year U.S. Treasury Note Index benchmark return as a direct result of the continued strong demand for U.S. Treasuries during the quarter. This demand has increased the market value on the portfolios existing allocation to U.S. Treasuries, a positive impact, but the lower interest rates offered in this sector are significantly lower than rates offered for AAA rated Federal Agency securities.
- PFM's active management resulted in the portfolio outperforming the SBA by 210 basis points for the last 12 months with a AAA rated investment portfolio.
- Given the current situation with the SBA and the need to re-evaluate investment allocation rules and short term portfolio benchmarks, PFM recommends revising these sections in the City's investment policy with language that is more appropriate for investment strategies and reporting requirements.
- The Federal Open Market Committee (FOMC) has responded by lowering the Federal Funds rate by a total of 100 basis points during the last three meetings and began increasing liquidity through auctions every two weeks "for as long as necessary" to assist cash strapped banks.

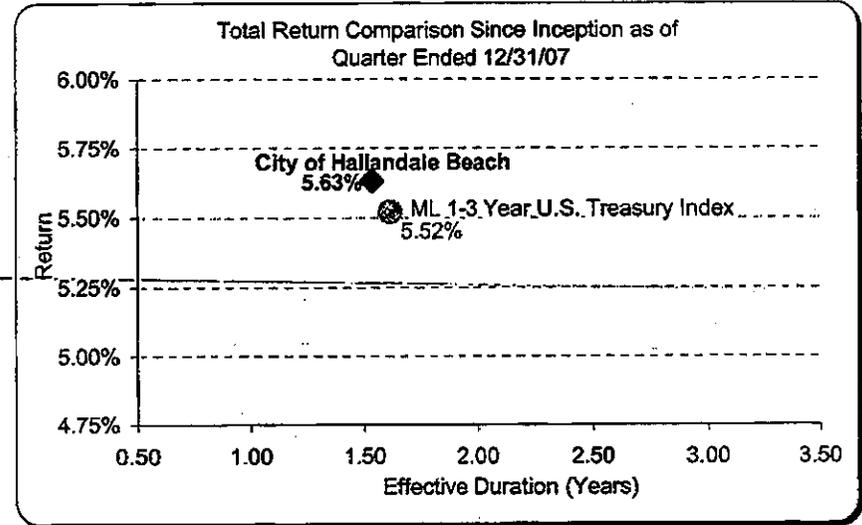
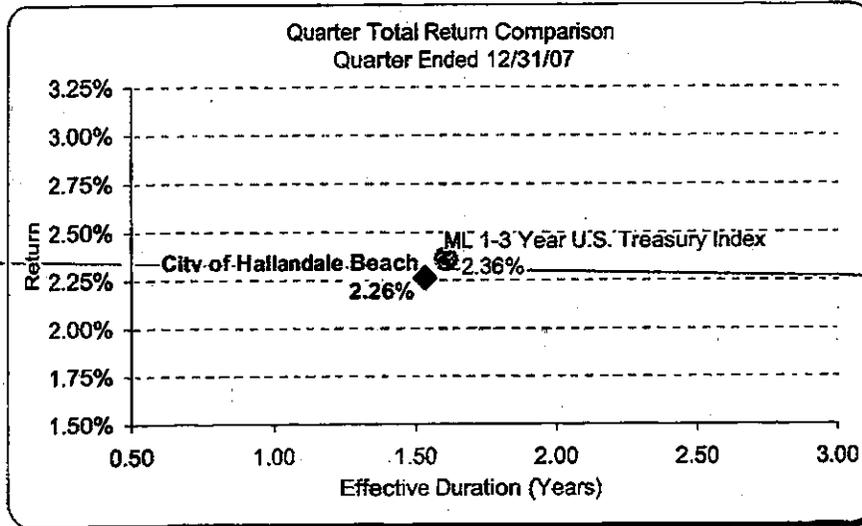
Notes:

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}	Quarterly Return December 31, 2007	Annualized Quarter	Last 12 Months	Last 24 Months	Since Inception October 31, 2005
Investment Portfolio	2.26%	9.29%	7.06%	5.76%	5.63%
Merril Lynch 1-3 Year U.S. Treasury Index	2.36%	9.70%	7.82%	5.63%	5.52%

Effective Duration (Years) ⁴	December 31, 2007	September 30, 2007	Yields ⁶	December 31, 2007	September 30, 2007
Investment Portfolio	1.53	1.56	Yield at Market	3.82%	4.49%
Merril Lynch 1-3 Year U.S. Treasury Index	1.61	1.64	Yield at Cost	4.83%	5.01%
Portfolio Duration % of Benchmark Duration	95%	96%			

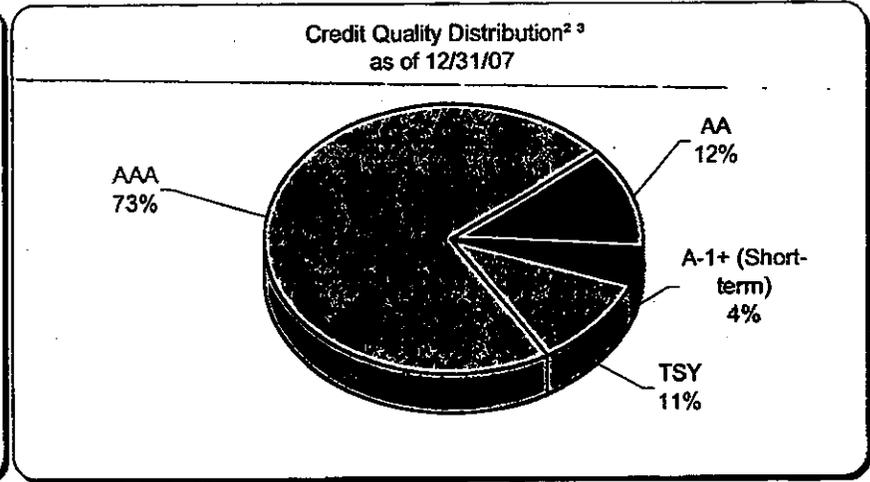
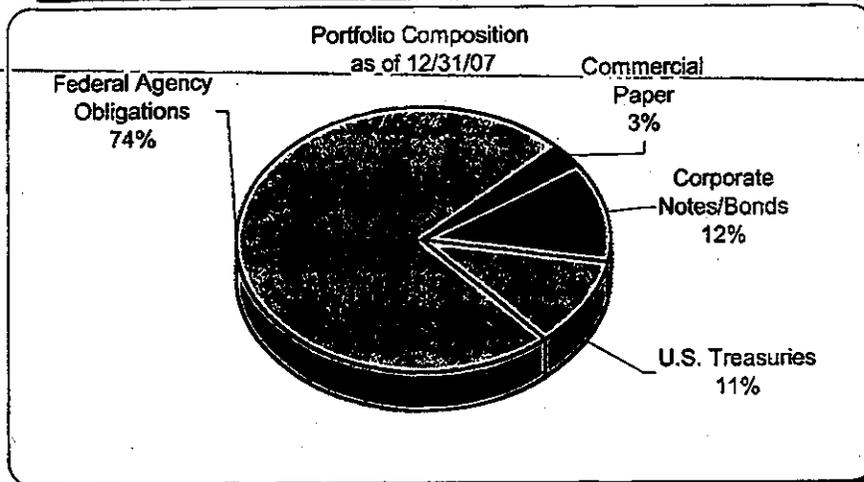


Notes:

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	December 31, 2007	% of Portfolio	September 30, 2007	% of Portfolio
U.S. Treasuries	\$3,169,912.65	10.7%	\$5,082,090.25	18.6%
Federal Agencies	21,941,303.84	74.2%	18,692,330.72	68.2%
Commercial Paper	821,250.34	2.8%	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	3,643,629.03	12.3%	3,617,871.82	13.2%
Mortgage Backed	0.00	0.0%	0.00	0.0%
Money Market Fund/Cash	0.00	0.0%	0.00	0.0%
Totals	\$29,576,095.86	100.0%	\$27,392,292.79	100.0%

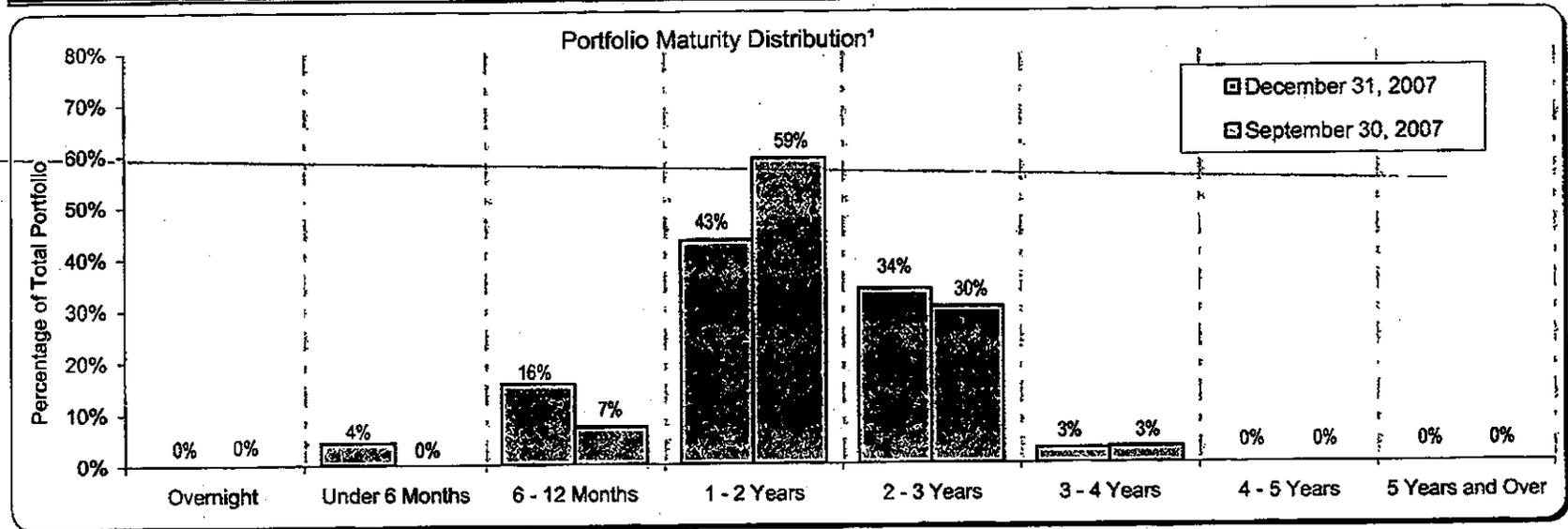


Notes:

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

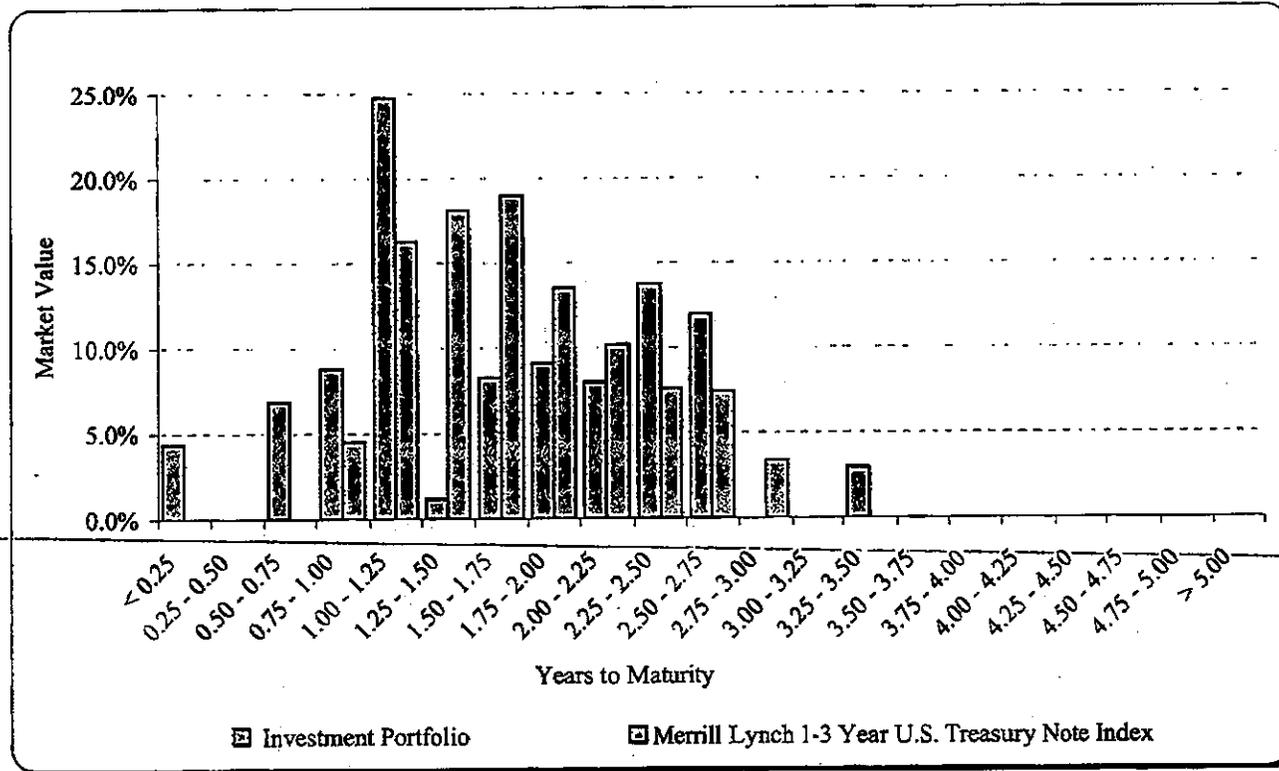
Maturity Distribution ¹	December 31, 2007	September 30, 2007
Overnight (Money Market Fund)	\$0.00	\$0.00
Under 6 Months	1,294,145.01	0.00
6 - 12 Months	4,638,153.43	2,011,375.00
1 - 2 Years	12,807,373.93	16,224,185.64
2 - 3 Years	9,971,790.16	8,298,598.82
3 - 4 Years	864,633.33	858,133.33
4 - 5 Years	0.00	0.00
5 Years and Over	0.00	0.00
Totals	\$29,576,095.86	\$27,392,292.79



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 Benchmark¹



Notes:

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

Short Term Fund Portfolio Statistics

<u>Account Name</u>	<u>Amortized Cost^{1,2,3} December 31, 2007</u>	<u>Amortized Cost^{1,2,3} September 30, 2007</u>	<u>Market Value^{1,2,3} December 31, 2007</u>	<u>Market Value^{1,2,3} September 30, 2007</u>	<u>Duration (Years) December 31, 2007</u>
Short Term Fund	\$2,598,277.01	\$2,561,739.43	\$2,599,719.79	\$2,565,388.39	0.08

<u>Account Name</u>	<u>Yield to Maturity on Cost⁴ December 31, 2007</u>	<u>Yield to Maturity on Cost⁴ September 30, 2007</u>	<u>Yield to Maturity at Market December 31, 2007</u>	<u>Yield to Maturity at Market September 30, 2007</u>	<u>Duration (Years) September 30, 2007</u>
Short Term Fund	5.59%	5.59%	4.59%	5.10%	0.32

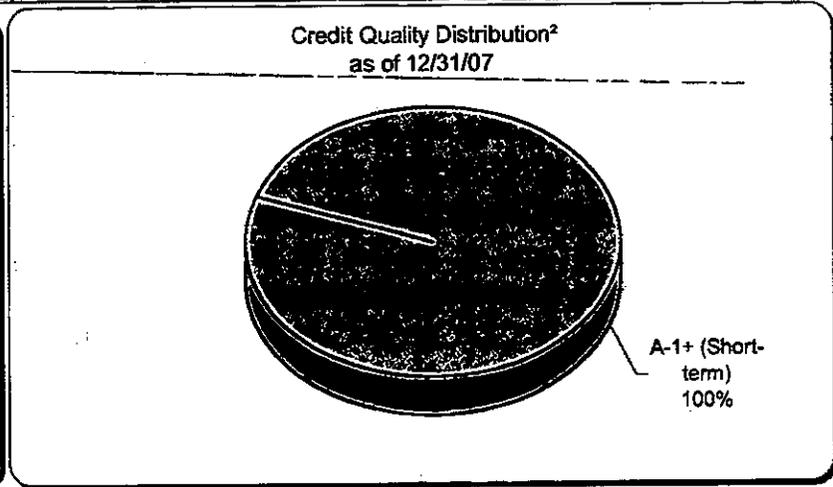
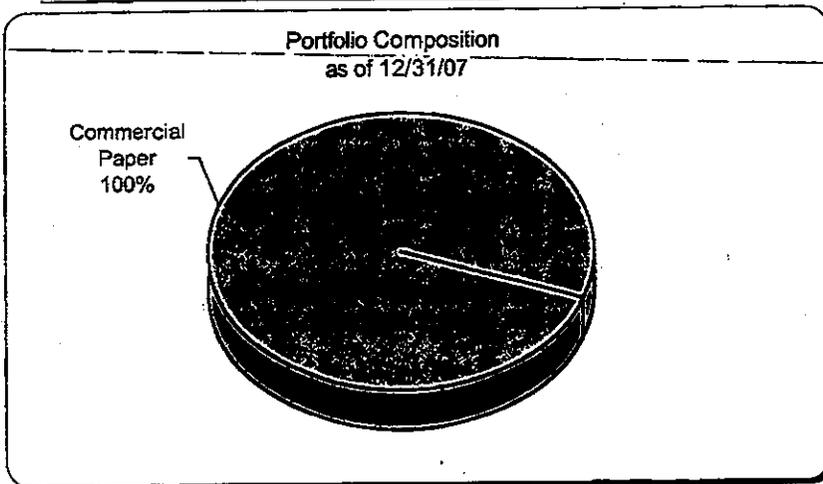
<u>Benchmarks</u>	<u>December 31, 2007</u>	<u>September 30, 2007</u>
Florida SBA Return ⁵	4.81%	5.77%

Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements, forward settling trades are included in the monthly balances.
3. Excludes any money market fund/cash balances held in custodian account.
4. Past performance is not indicative of future results.
5. Quarterly pool returns presented on an annualized basis.

Short Term Fund Portfolio Composition and Credit Quality Characteristics

Security Type ¹	December 31, 2007	% of Portfolio	September 30, 2007	% of Portfolio
U.S. Treasuries	\$0.00	0.0%	\$0.00	0.0%
Federal Agencies	0.00	0.0%	0.00	0.0%
Commercial Paper	2,599,749.79	100.0%	2,565,388.39	100.0%
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	0.00	0.0%	0.00	0.0%
Totals	\$2,599,749.79	100.0%	\$2,565,388.39	100.0%

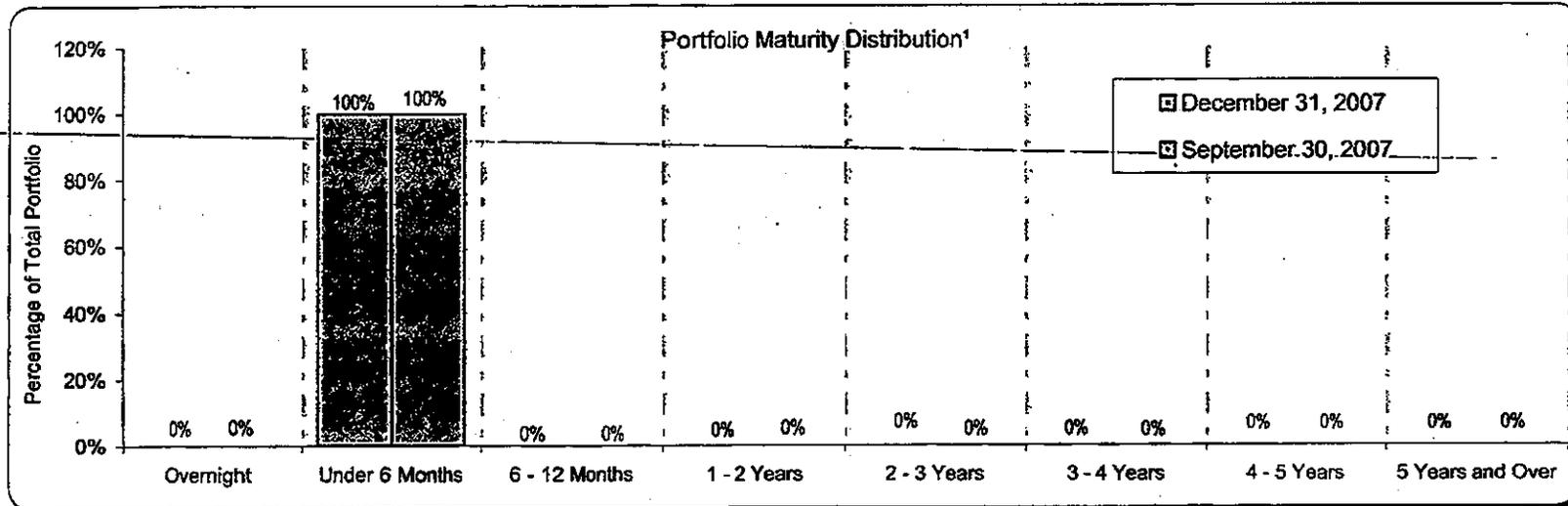


Notes:

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.

Short Term Fund Portfolio Maturity Distribution

Maturity Distribution'	December 31, 2007	September 30, 2007
Overnight (Money Market Fund)	\$0.00	\$0.00
Under 6 Months	2,599,719.79	\$2,565,388.39
6 - 12 Months	0.00	\$0.00
1 - 2 Years	0.00	\$0.00
2 - 3 Years	0.00	\$0.00
3 - 4 Years	0.00	\$0.00
4 - 5 Years	0.00	\$0.00
5 Years and Over	0.00	0.00
Totals	\$2,599,719.79	\$2,565,388.39



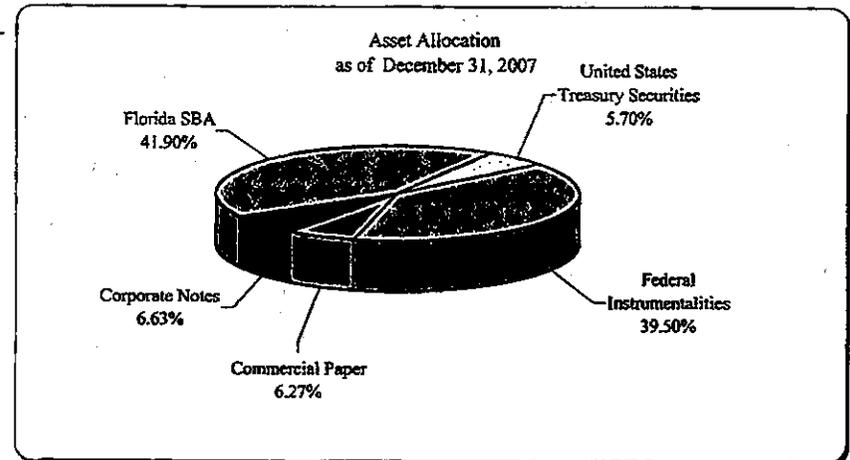
Notes:

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.

City of Hallandale Beach

Asset Allocation as of December 31, 2007*

Security Type	December 31, 2007	Notes	Permitted by Policy
Florida SBA	41.90%		100%
United States Treasury Securities	5.70%		100%
United States Government Agency Securities	0.00%		100%
Federal Instrumentalities	39.50%	1	100%
Certificates of Deposit	0.00%		10%
Repurchase Agreements	0.00%		20%
Commercial Paper	6.27%		25%
Corporate Notes	6.63%		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	December 31, 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)	7.47%		40%
Federal Home Loan Bank (FHLB)	6.72%		40%
Federal National Mortgage Association (FNMA)	17.10%		40%
Federal Home Loan Mortgage Corporation (FHLMC)	7.58%		40%
Student Loan Marketing Association (SLMA)	0.00%		0%

Individual Issuer Breakdown	December 31, 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%
Morgan Stanley CP	4.76%		5%
UBS Paine CP	1.51%		5%
Wal-Mart	1.93%		5%
Fleet National Bank	2.27%		5%
Citigroup	2.42%		5%
Corporate Notes D	0.00%		5%
BA Bank A	0.00%		5%
BA Bank B	0.00%		5%
AID Israel Agency Notes	0.20%		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 December 31, 2007 is 39.50%.

* 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
December 31, 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:
(Excluding Cash)

33880100 CITY OF HALLANDALE BEACH INV PORT

MONTH ENDED: December 31, 2007

SECURITY TYPE	PAR VALUE	AMORTIZED COST	MARKET VALUE	MARKET % OF PORTFOLIO	YTM AT COST	YTM AT MARKET	DURATION TO WORST
COMMERCIAL PAPER	822,000.00	821,306.09	821,250.34	2.812	5.089	4.695	0.019
CORPORATE NOTE	3,500,000.00	3,543,987.78	3,571,343.61	12.228	5.217	4.579	1.059
FED AGY BOND/NOTE	20,721,000.00	20,809,618.28	21,195,623.43	72.571	4.831	3.774	1.701
FED AGY DN	473,000.00	472,948.65	472,894.67	1.619	3.909	4.009	0.005
US TSY BOND/NOTE	3,100,000.00	3,087,270.93	3,145,525.39	10.770	4.399	3.089	1.579
TOTAL SECURITIES	28,616,000.00	28,735,131.73	29,206,637.44	100.000	4.824 %	3.828 %	1.535
TOTAL INVESTMENTS	28,616,000.00	28,735,131.73	29,206,637.44	100.000 %			
ACCRUED INTEREST		369,458.42	369,458.42				
TOTAL PORTFOLIO	\$28,616,000.00	\$29,104,590.15	\$29,576,095.86				

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: 33880100 CITY OF HALLANDALE BEACH INV PORT

MONTH ENDED: December 31, 2007

(Excluding Cash)

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
COMMERCIAL PAPER													
	90262CA72	UBS FINANCE DELAWARE LLC COM	822,000		01/07/08	A-1+	12/05/07	12/05/07	818,183.52	5.089	0.00	821,306.09	821,250.34
			822,000						818,183.52	5.089	0.00	821,306.09	821,250.34
CORPORATE NOTE													
	046003JT7	ASSOCIATES CORP NA (CIT) GL SR N	1,300,000	6.250	11/01/08	AA	08/29/07	09/04/07	1,311,479.00	5.445	13,541.67	1,308,401.07	1,312,056.20
	33901LAA2	FLEET NATIONAL BANK (BAC) SUB 1	1,200,000	5.750	01/15/09	AA	12/28/06	01/04/07	1,213,920.00	5.140	31,816.67	1,207,311.08	1,214,170.41
	931142BE2	WAL-MART STORES GLOBAL SR NO	1,000,000	6.875	08/10/09	AA	09/26/06	09/29/06	1,048,780.00	5.022	26,927.08	1,028,275.63	1,045,117.00
			3,500,000						3,574,179.00	5.217	72,285.42	3,543,987.78	3,571,343.61
FED AGY BOND/NOTE													
	31359MY3	FNMA GLOBAL NOTES (EX-CALLA	2,000,000	4.750	08/25/08	AAA	11/22/05	11/23/05	1,989,400.00	4.955	33,250.00	1,997,410.32	2,005,625.00
	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	1,250,443.06	1,260,156.25
	31331SNF6	FFCB DESIGNATED BONDS	625,000	3.750	01/15/09	AAA	03/29/06	03/30/06	603,880.00	5.061	10,807.29	616,811.48	623,437.50
	31331SNF6	FFCB DESIGNATED BONDS	750,000	3.750	01/15/09	AAA	07/05/06	07/06/06	719,391.00	5.503	12,968.75	736,906.16	748,125.00
	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	226,217.47	227,882.81
	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	626,101.59	633,007.81
	31359ME74	FNMA GLOBAL NOTES (EX-CALLA	850,000	5.000	01/23/09	AAA	10/02/06	10/10/06	848,283.00	5.091	18,652.78	849,210.22	859,031.25
	3133XFEQ5	FHLB TAP BONDS	1,250,000	5.250	03/13/09	AAA	04/06/07	04/10/07	1,255,800.00	4.992	19,687.50	1,253,708.14	1,269,921.88
	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	656,802.86	671,800.00
	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	656,771.16	671,800.00
	465139TX1	AID ZERO COUPON GLOBAL US GOV	120,000		11/01/09	TSY	11/22/05	11/23/05	100,462.50	4.563	0.00	110,473.86	113,144.52
	3137EABB4	FHLMC GLOBAL NOTES	1,395,000	4.125	11/30/09	AAA	12/27/07	01/02/08	1,404,484.61	3.749	8,471.72	1,404,484.61	1,408,950.00
	31398AJX1	FNMA GLOBAL NOTES	135,000	3.875	12/10/09	AAA	12/27/07	01/02/08	135,356.54	3.732	319.69	135,356.54	135,759.38
	3133XGYT5	FHLB TAP BONDS	1,000,000	5.000	12/11/09	AAA	07/11/07	07/12/07	995,270.00	5.209	2,777.78	996,182.91	1,027,187.50
	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	1,326,351.30	1,363,785.94
	3133XJUS5	FHLB TAP BONDS	935,000	5.000	03/12/10	AAA	05/09/07	05/14/07	936,568.00	4.930	14,154.86	936,286.68	962,757.81
	31331XWL2	FFCB DESIGNATED BONDS	1,350,000	4.750	05/07/10	AAA	07/31/07	08/01/07	1,340,381.25	5.026	9,618.75	1,341,835.97	1,384,593.75
	31359MFS7	FNMA GLOBAL BENCHMARK NOTES	1,370,000	7.125	06/15/10	AAA	09/27/07	09/28/07	1,462,496.92	4.453	4,338.33	1,454,265.69	1,482,168.75
	3134A4VB7	FHLMC GLOBAL REFERENCE NOTES	750,000	4.125	07/12/10	AAA	07/05/07	07/09/07	725,739.75	5.302	14,523.44	729,347.91	759,140.63
	31359MYN7	FNMA GLOBAL BENCHMARK NOTES	256,000	4.250	08/15/10	AAA	08/17/07	08/20/07	252,272.38	4.779	4,110.22	252,701.35	260,000.00
	31359MYN7	FNMA GLOBAL BENCHMARK NOTES	258,000	4.250	08/15/10	AAA	08/21/07	08/24/07	254,819.63	4.698	4,142.33	255,177.12	262,031.25
	3128X4GV7	FHLMC GLOBAL NOTES (EX-CALLA	246,000	4.875	08/16/10	AAA	08/21/07	08/24/07	246,998.76	4.727	4,497.19	246,889.09	253,693.90
	31398AGU0	FNMA GLOBAL BENCHMARK NOTES	1,916,000	4.375	09/13/10	AAA	11/13/07	11/14/07	1,928,915.76	4.118	25,147.50	1,928,383.51	1,953,122.50
	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	821,499.28	858,500.00
			20,721,000						20,794,666.06	4.831	272,785.74	20,809,618.28	21,195,623.43
FED AGY DN													
	313384RG6	FHLB DISC NOTE	473,000		01/02/08	A-1+	12/28/07	12/31/07	472,897.31	3.909	0.00	472,948.65	472,894.67
			473,000						472,897.31	3.909	0.00	472,948.65	472,894.67
US TSY BOND/NOTE													

PFM Asset Management LLC

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

(Excluding Cash)

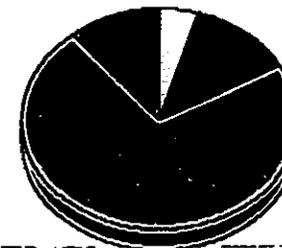
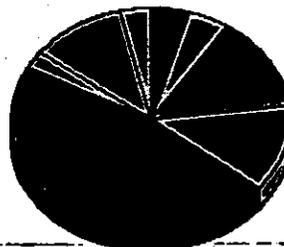
MONTH ENDED: December 31, 2007

SECURITY TYPE		PAR	COUPON	MATURITY DATE	S&P RATING	TRADE DATE	SETTLE DATE	ORIGINAL COST	YTM AT COST	ACCRUED INTEREST	AMORTIZED COST	MARKET VALUE
912828GJ3	US TREASURY NOTES	365,000	4.750	02/28/09	TSY	03/28/07	03/30/07	366,226.17	4.563	5,858.55	365,762.78	371,729.87
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	9,735.58	1,218,601.30	1,242,577.50
912828FE5	US TREASURY NOTES	340,000	4.875	05/15/09	TSY	09/13/06	09/14/06	341,168.75	4.734	2,140.18	340,629.61	348,021.96
912828GR5	US TREASURY NOTES	1,145,000	4.500	05/15/10	TSY	10/31/07	11/01/07	1,163,427.34	3.828	6,652.95	1,162,277.24	1,183,196.06
		3,100,000						3,046,603.51	4.399	24,387.26	3,087,270.93	3,145,525.39
TOTAL SECURITIES		\$28,616,000						\$28,706,529.40	4.824 %	\$369,458.42	\$28,735,131.73	\$29,206,637.44

Issuers by Market Value

Ratings by Market Value

AGENCY FOR INTERNATIONAL DEVELOPMENT	\$113,145	0.4%
BANK OF AMERICA	\$1,234,179	4.3%
CITICORP INC	\$1,212,058	4.3%
FFCB	\$4,118,942	14.1%
FPLB	\$3,732,762	12.9%
FRBC	\$4,353,741	14.9%
FRBA	\$8,348,879	28.9%
USDAO	\$821,258	2.8%
UNITED STATES TREASURY	\$3,145,525	10.9%
WILLAMET STORES INC	\$1,865,117	6.5%
Total	\$29,206,637	100.0%



A-1+	\$1,294,145	4.4%
AA	\$3,571,344	12.2%
AAA	\$21,082,479	72.2%
TSY	\$3,258,870	11.2%
Total:	\$29,206,637	100.0%

PFM Asset Management LLC

Fair Market Values & Analytics:
(Excluding Cash)

33880100

CITY OF HALLANDALE BEACH INV PORT

MONTH ENDED: December 31, 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 AT MKT	YTM
COMMERCIAL PAPER												
	90262CA72	UBS FINANCE DELAWARE LLC COM	822,000		01/07/08		99.909	821,250.34	(55.75)	3,066.82	0.019	4.695
CORPORATE NOTE												
	046003JT7	ASSOCIATES CORP NA (CITI) GL SR N	1,300,000	6.250	11/01/08		100.927	1,312,056.20	3,655.13	577.20	0.798	5.088
	33901LAA2	FLEET NATIONAL BANK (BAC) SUB 1	1,200,000	5.750	01/15/09		101.181	1,214,170.41	6,859.33	250.41	0.975	4.571
	931142BE2	WAL-MART STORES GLOBAL SR NO	1,000,000	6.875	08/10/09		104.512	1,045,117.00	16,841.37	(3,663.00)	1.485	3.948
FED AGY BOND/NOTE												
	31359MY3	FNMA GLOBAL NOTES (EX-CALLA	2,000,000	4.750	08/25/08	08/25/06	100.281	2,005,625.00	8,214.68	16,225.00	0.625	4.298
	3134A2UJ5	FHLMC GLOBAL REFERENCE NOTES	1,250,000	5.125	10/15/08		100.813	1,260,156.25	9,713.19	8,817.50	0.761	4.060
	31331SNF6	FFCB DESIGNATED BONDS	625,000	3.750	01/15/09		99.750	623,437.50	6,626.02	19,557.50	0.992	3.997
	31331SNF6	FFCB DESIGNATED BONDS	750,000	3.750	01/15/09		99.750	748,125.00	11,218.84	28,734.00	0.992	3.997
	31359MEK5	FNMA GLOBAL BENCHMARK NOTES	225,000	5.250	01/15/09		101.281	227,882.81	1,665.34	(502.54)	0.982	3.977
	31359MEK5	FNMA GLOBAL BENCHMARK NOTES	625,000	5.250	01/15/09		101.281	633,007.81	6,906.22	5,221.56	0.982	3.977
	31359ME74	FNMA GLOBAL NOTES (EX-CALLA	850,000	5.000	01/23/09	01/23/07	101.063	859,031.25	9,821.03	10,748.25	1.005	3.965
	3133XFEQ5	FHLB TAP BONDS	1,250,000	5.250	03/13/09		101.594	1,269,921.88	16,213.74	14,121.88	1.140	3.873
	3134A3M78	FHLMC GLOBAL REFERENCE NOTES	640,000	6.625	09/15/09		104.969	671,800.00	14,997.14	2,923.20	1.586	3.591
	31359MEY5	FNMA GLOBAL BENCHMARK NOTES	640,000	6.625	09/15/09		104.969	671,800.00	15,028.84	2,978.24	1.586	3.591
	465139TX1	AID ZERO COUPON GLOBAL US GOV	120,000		11/01/09		94.287	113,144.52	2,670.66	12,682.02	1.809	3.235
	3137EABB4	FHLMC GLOBAL NOTES	1,395,000	4.125	11/30/09		101.000	1,408,950.00	4,465.39	4,465.39	1.821	3.577
	31398AJX1	FNMA GLOBAL NOTES	135,000	3.875	12/10/09		100.563	135,759.38	402.84	402.84	1.853	3.572
	3133XGYT5	FHLB TAP BONDS	1,000,000	5.000	12/11/09		102.719	1,027,187.50	31,004.59	31,917.50	1.841	3.540
	31331XRP9	FFCB BONDS	1,335,000	4.800	03/08/10		102.156	1,363,785.94	37,434.64	39,692.89	2.035	3.761
	3133XJUS5	FHLB TAP BONDS	935,000	5.000	03/12/10		102.969	962,757.81	26,471.13	26,189.81	2.044	3.580
	31331XWL2	FFCB DESIGNATED BONDS	1,350,000	4.750	05/07/10		102.563	1,384,593.75	42,757.78	44,212.50	2.199	3.601
	31359MFS7	FNMA GLOBAL BENCHMARK NOTES	1,370,000	7.125	06/15/10		108.188	1,482,168.75	27,903.06	19,671.83	2.256	3.610
	3134A4VB7	FHLMC GLOBAL REFERENCE NOTES	750,000	4.125	07/12/10		101.219	759,140.63	29,792.72	33,400.88	2.342	3.616
	31359MYN7	FNMA GLOBAL BENCHMARK NOTES	256,000	4.250	08/15/10		101.563	260,000.00	7,298.65	7,727.62	2.428	3.619
	31359MYN7	FNMA GLOBAL BENCHMARK NOTES	258,000	4.250	08/15/10		101.563	262,031.25	6,854.13	7,211.62	2.428	3.619
	3128X4GV7	FHLMC GLOBAL NOTES (EX-CALLA	246,000	4.875	08/16/10	08/16/06	103.128	253,693.90	6,804.81	6,695.14	2.412	3.614
	31398AGU0	FNMA GLOBAL BENCHMARK NOTES	1,916,000	4.375	09/13/10		101.938	1,953,122.50	24,738.99	24,206.74	2.501	3.614
	31359MJH7	FNMA GLOBAL BENCHMARK NOTES	800,000	6.000	05/15/11		107.313	858,500.00	37,000.72	33,656.00	3.037	3.673

PFM Asset Management LLC

Fair Market Values & Analytics:
(Excluding Cash)

33880100

CITY OF HALLANDALE BEACH INV PORT

MONTH ENDED: December 31, 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
FED AGY DN												
	313384RG6	FHLB DISC NOTE	473,000		01/02/08		99.978	472,894.67	(53.98)	(2.64)	0.005	4.009
US TSY BOND/NOTE												
	912828GJ3	US TREASURY NOTES	365,000	4.750	02/28/09		101.844	371,729.87	5,967.09	5,503.70	1.113	3.122
	912828CC2	US TREASURY NOTES	1,250,000	2.625	03/15/09		99.406	1,242,577.50	23,976.20	66,796.25	1.168	3.128
	912828FE5	US TREASURY NOTES	340,000	4.875	05/15/09		102.359	348,021.96	7,392.35	6,853.21	1.318	3.105
	912828GR5	US TREASURY NOTES	1,145,000	4.500	05/15/10		103.336	1,183,196.06	20,918.82	19,768.72	2.234	3.031
SUBTOTALS								\$29,206,637.44	\$471,505.71	\$500,108.04	1.535	3.828 %
ACCRUED INTEREST ON INVESTMENT								<u>369,458.42</u>				
TOTAL MARKET VALUE OF INVESTMENTS								<u>\$29,576,095.86</u>				

PFM Asset Management LLC

Security Transactions & Interest:

33880100

CITY OF HALLANDALE BEACH INV PORT

MONTH ENDED: December 31, 2007

(Excluding Cash)

TRADE	SETTLE	TRAN TYPE	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR	COUPON	MATURITY DATE	PRINCIPAL AMOUNT	ACCRUED INTEREST	TOTAL
12/03/07	12/03/07	INTEREST	MONEY MARKET FUND	MONEY0002	NR				0.00	419.51	419.51
12/11/07	12/11/07	INTEREST	FHLB TAP BONDS	3133XGYT5	AAA	1,000,000	5.000	12/11/09	0.00	25,000.00	25,000.00
12/15/07	12/15/07	INTEREST	FNMA GLOBAL BENCHMARK NOTES	31359MFS7	AAA	1,370,000	7.125	06/15/10	0.00	48,806.25	48,806.25
12/29/07	12/29/07	INTEREST	FHLMC MTN (CALLED, OMD 3/29/2010)	3128X5X60	AAA	467,000	5.500	12/29/07	0.00	6,421.25	6,421.25
						2,837,000			0.00	80,647.01	80,647.01
12/05/07	12/05/07	BUY	UBS FINANCE DELAWARE LLC COMM P	90262CA72	A-1+	822,000	0.000	01/07/08	(818,183.52)	0.00	(818,183.52)
12/28/07	12/31/07	BUY	FHLB DISC NOTE	313384RG6	A-1+	473,000	0.000	01/02/08	(472,897.31)	0.00	(472,897.31)
12/27/07	01/02/08	BUY	FHLMC GLOBAL NOTES	3137EABB4	AAA	1,395,000	4.125	11/30/09	(1,404,484.61)	(8,471.72)	(1,412,956.33)
12/27/07	01/02/08	BUY	FNMA GLOBAL NOTES	31398AJX1	AAA	135,000	3.875	12/10/09	(135,356.54)	(319.69)	(135,676.23)
						2,825,000			(2,830,921.98)	(8,791.41)	(2,839,713.39)
12/29/07	12/29/07	MATURITY	FHLMC MTN (CALLED, OMD 3/29/2010)	3128X5X60	AAA	467,000	5.500	12/29/07	467,000.00	0.00	467,000.00
						467,000			467,000.00	0.00	467,000.00
TOTAL SECURITY TRANSACTIONS											<u><u>(2,292,066.38)</u></u>

PFM Asset Management LLC

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

MONTH ENDED: **December 31, 2007**

CASH DATE	TRANSACTION CODE	TRANSACTION DESCRIPTION	TOTAL AMOUNT
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No transactions during the month.

NET CASH CONTRIBUTIONS(WITHDRAWS)

PFM Asset Management LLC

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

(Excluding Cash)

MONTH ENDED: December 31, 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
12/29/07	12/29/07	MATURITY		FHLMC MTN (CALLED, OMD 3/29/2010)	3128X5X60	467,000	5.500	467,000.00	233.50	0.00
TOTAL GAINS AND LOSSES									<u>\$233.50</u>	<u>\$0.00</u>

PFM Asset Management LLC

Cash Balance Report:

33880100 CITY OF HALLANDALE BEACH INV PORT

MONTH ENDED: December 31, 20

CASH BALANCE: \$75,087.83

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

- | | |
|---|-----------------------------------|
| 01/04/2008 - Change in Nonfarm Payrolls | 01/17/2008 - Housing Starts |
| 01/04/2008 - Unemployment Rate | 01/17/2008 - Building Permits |
| 01/15/2008 - Advance Retail Sales | 01/24/2008 - Existing Home Sales |
| 01/15/2008 - Producer Price Index | 01/28/2008 - New Home Sales |
| 01/15/2008 - Empire Manufacturing | 01/29/2008 - Durable Goods Orders |
| 01/16/2008 - Consumer Price Index | 01/30/2008 - GDP Annualized |

Market Commentary

Credit concerns and fears of an economic slowdown helped U. S. Treasuries post their best returns since 2002. The year came to a close with many unanswered questions. There is little doubt that the economy is slowing, but the extent of the slowdown is still uncertain. Some fear that a protracted housing slowdown and tighter credit standards could push the economy into recession. Others think that a still healthy job market will help the economy avoid recession. It is still unclear if the worst of the credit crunch is behind us. Most banks and financial firms have been forced to recognize losses because of increasing mortgage defaults. There are now concerns that increasing defaults could spread into other sectors including home equity and auto loans. The FOMC seems prepared to act as needed to provide liquidity and soften the negative effect of housing. The market expects the Fed to continue cutting rates at future meetings to support the economy. The Fed has already lowered the overnight lending rate 1% from 5.25% to 4.25% in the last two quarters of 2007. Future Fed movements will be dependent on inflation and economic data.

Investment Portfolio Information For
CITY OF HALLANDALE BEACH SHORT TERM FUND

Portfolio #
33880110

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
December 31, 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:

33880110 CITY OF HALLANDALE BEACH SHORT TERM FUND

(Excluding Cash)

MONTH ENDED: December 31, 2007

SECURITY TYPE	PAR VALUE	AMORTIZED COST	MARKET VALUE	MARKET % OF PORTFOLIO	YTM AT COST	YTM AT MARKET	DURATION TO WORST
COMMERCIAL PAPER	2,609,000.00	2,598,277.01	2,599,719.79	100.000	5.593	4.590	0.075
TOTAL SECURITIES	2,609,000.00	2,598,277.01	2,599,719.79	100.000	5.593 %	4.590 %	0.075
TOTAL INVESTMENTS	2,609,000.00	2,598,277.01	2,599,719.79	100.000 %			
ACCRUED INTEREST		0.00	0.00				
TOTAL PORTFOLIO	\$2,609,000.00	\$2,598,277.01	\$2,599,719.79				

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

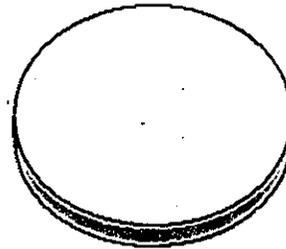
Detail of Securities Held: 33880110 *CITY OF HALLANDALE BEACH SHORT TERM FUND*

(Excluding Cash)

MONTH ENDED: December 31, 2007

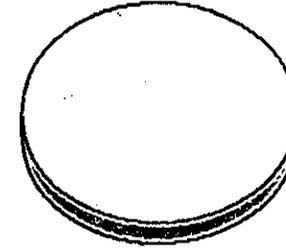
SECURITY TYPE			MATURITY	S&P	TRADE	SETTLE	ORIGINAL	YTM	ACCRUED	AMORTIZED	MARKET	
CUSIP	DESCRIPTION	PAR	COUPON	DATE RATING	DATE	DATE	COST	AT COST	INTEREST	COST	VALUE	
COMMERCIAL PAPER												
61745AAU3	MORGAN STANLEY COMM PAPER	2,609,000		01/28/08	A-1+	09/14/07	09/17/07	2,556,179.34	5.593	0.00	2,598,277.01	2,599,719.75
		2,609,000					2,556,179.34	5.593	0.00	2,598,277.01	2,599,719.75	
TOTAL SECURITIES		\$2,609,000					\$2,556,179.34	5.593%	\$0.00	\$2,598,277.01	\$2,599,719.75	

Issuers by Market Value



<input checked="" type="checkbox"/>	MORGAN STANLEY	\$2,599,720	100.0%
<input type="checkbox"/>	None	\$2,599,720	100.0%

Ratings by Market Value



<input checked="" type="checkbox"/>	A-1+	\$2,599,720	100.0%
<input type="checkbox"/>	Total:	\$2,599,720	100.0%

PFM Asset Management LLC

Fair Market Values & Analytics:
(Excluding Cash)

33880110

CITY OF HALLANDALE BEACH SHORT TERM FUND

MONTH ENDED: December 31, 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 AT MKT	YTM
COMMERCIAL PAPER												
	61745AAU3	MORGAN STANLEY COMM PAPER	2,609,000		01/28/08		99.644	2,599,719.79	1,442.78	43,540.45	0.075	4.590
SUBTOTALS								<u>\$2,599,719.79</u>	<u>\$1,442.78</u>	<u>\$43,540.45</u>	<u>0.075</u>	<u>4.590 %</u>
ACCRUED INTEREST ON INVESTMENT									<u>0.00</u>			
TOTAL MARKET VALUE OF INVESTMENTS								<u>\$2,599,719.79</u>				

PFM Asset Management LLC

Security Transactions & Interest:

33880110

CITY OF HALLANDALE BEACH SHORT TERM FUND

(Excluding Cash)

MONTH ENDED: December 31, 2007

TRADE	SETTLE	TRAN TYPE	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR	COUPON	MATURITY DATE	PRINCIPAL AMOUNT	ACCRUED INTEREST	TOTAL
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TOTAL SECURITY TRANSACTIONS

0.00

PFM Asset Management LLC

Cash Transactions Report: 33880110 CITY OF HALLANDALE BEACH SHORT TERM FUND

MONTH ENDED: December 31, 2007

CASH DATE	TRANSACTION CODE	TRANSACTION DESCRIPTION	TOTAL AMOUNT
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No transactions during the month.

NET CASH CONTRIBUTIONS/(WITHDRAWS)

PFM Asset Management LLC

Realized Gains and Losses: 33880110 CITY OF HALLANDALE BEACH SHORT TERM FUND

(Excluding Cash)

MONTH ENDED: December 31, 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
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No transactions during the month.

TOTAL GAINS AND LOSSES

PFM Asset Management LLC

Cash Balance Report: 33880110 CITY OF HALLANDALE BEACH SHORT TERM FUND

MONTH ENDED: December 31, 200

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

01/04/2008 - Change in Nonfarm Payrolls	01/17/2008 - Housing Starts
01/04/2008 - Unemployment Rate	01/17/2008 - Building Permits
01/15/2008 - Advance Retail Sales	01/24/2008 - Existing Home Sales
01/15/2008 - Producer Price Index	01/28/2008 - New Home Sales
01/15/2008 - Empire Manufacturing	01/29/2008 - Durable Goods Orders
01/16/2008 - Consumer Price Index	01/30/2008 - GDP Annualized

Market Commentary

Credit concerns and fears of an economic slowdown helped U. S. Treasuries post their best returns since 2002. The year came to a close with many unanswered questions. There is little doubt that the economy is slowing, but the extent of the slowdown is still uncertain. Some fear that a protracted housing slowdown and tighter credit standards could push the economy into recession. Others think that a still healthy job market will help the economy avoid recession. It is still unclear if the worst of the credit crunch is behind us. Most banks and financial firms have been forced to recognize losses because of increasing mortgage defaults. There are now concerns that increasing defaults could spread into other sectors including home equity and auto loans. The FOMC seems prepared to act as needed to provide liquidity and soften the negative effect of housing. The market expects the Fed to continue cutting rates at future meetings to support the economy. The Fed has already lowered the overnight lending rate 1% from 5.25% to 4.25% in the last two quarters of 2007. Future Fed movements will be dependent on inflation and economic data.