

# Marion County

## Annual Investment Performance Review Fiscal Year Ended September 30, 2005



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**Table of Contents**

TAB I: A. Market Review

TAB II: B. Summary of Investment Balances and Interest Income

TAB III: C. Pooled Operating Fund

D. Pooled Operating Short Term Fund

E. Portfolio Summary and Statistics of Project Funds

F. Utility Bond 2001 Portfolio

G. 1998 Ad Valorem Tax Portfolio (Pennies for Parks)

H. Sales Tax Revenue Project

I. Asset Allocation Chart

TAB IV: September 30, 2005 Month End Statements

**MARKET REVIEW**

Hurricane Katrina and its effects on the Gulf Coast and U.S. economy dominated the market this quarter, as energy prices and inflation fears soared, consumer confidence fell and growth estimates for the fourth quarter were revised lower.

Interest rates rose across the curve in the third quarter, after overcoming a dramatic fall in the immediate aftermath of both Hurricanes Katrina and Rita. Yields rebounded as investors concluded that much of Katrina’s economic effects would be short-lived and the Fed once again raised overnight rates near the end of September. The rate on the 2-year U.S. Treasury Note rose from its lowest point at the beginning of July, 3.63%, to a quarter-high of 4.17% on September 30<sup>th</sup>. Short- and intermediate-term rates increased more than long-term rates, further flattening the yield curve and decreasing spreads. As an example, the spread between the 2-year and 3-year Treasury Note fell to one-half basis point (0.005%) and spreads between a 10-year Treasury Note and federal funds were only 77 basis points (0.77%) on average for the quarter, the narrowest in four years.

**U.S. Treasury Market**

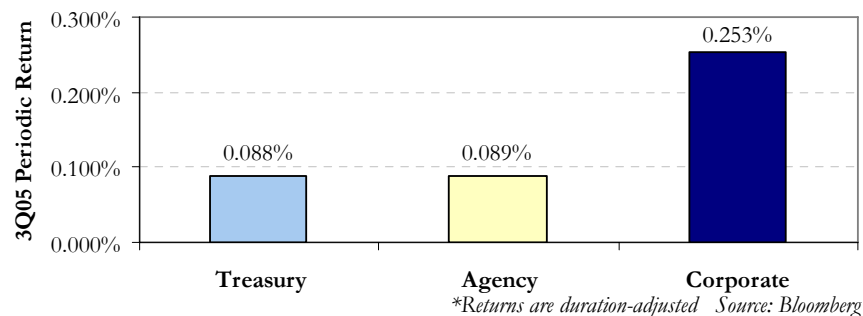
Maturity	9/30/04	6/30/05	9/30/05	Change over Quarter	Change over Year
3 Month	1.70%	3.12%	3.54%	0.42%	1.84%
6 Month	1.99%	3.33%	3.92%	0.59%	1.93%
2 Year	2.61%	3.64%	4.17%	0.53%	1.56%
3 Year	2.85%	3.65%	4.17%	0.53%	1.32%
5 Year	3.37%	3.70%	4.19%	0.49%	0.82%
10 Year	4.12%	3.92%	4.32%	0.41%	0.21%
30 Year	4.89%	4.19%	4.57%	0.38%	-0.33%

Source: Bloomberg

Market sentiment in July and August that Fed rate increases might soon end due to an impending economic slowdown shifted to concerns about rising inflation in the wake of Katrina. Dallas Federal Reserve Bank President Richard Fisher, who said in June that the Fed was “clearly in the 8<sup>th</sup> inning of a tightening cycle,” echoed the comments of other Fed governors later in the quarter by saying that inflation is moving “toward the upper end of the Fed’s tolerance zone,” and that the Fed would continue to “shift rates higher” to curb inflation.

Short- and intermediate-term fixed income benchmarks produced modest returns, trailing gains realized in the second quarter. The Merrill Lynch 1-3 Year Treasury Index returned 0.08% for the quarter compared to 1.14% in the second quarter of 2005. Indices with similar and shorter durations, such as the Merrill Lynch 1-3 Year Agency and 1-3 Year AAA-rated U.S. Corporates benchmarks, generated positive, yet moderate, returns. Benchmarks with longer durations generated negative returns, reflecting the erosion of market values of longer-term securities that resulted from the rise in interest rates in the third quarter.

**1-3 Year Benchmark Returns**



The above chart shows duration-adjusted returns for these sectors with 1-3 year durations. The duration-adjusted return incorporates an adjustment for the varied durations of the benchmarks. Corporates had a higher adjusted periodic return than Treasuries or Agencies, as spreads tightened over the quarter.

**INTEREST RATE TRENDS**

The Federal Open Market Committee increased the target overnight bank lending rate by 25 basis points at each of its two meetings in the third quarter. The most recent increase on September 20<sup>th</sup> to 3.75% marks the eleventh consecutive increase since the Fed began tightening in June 2004.

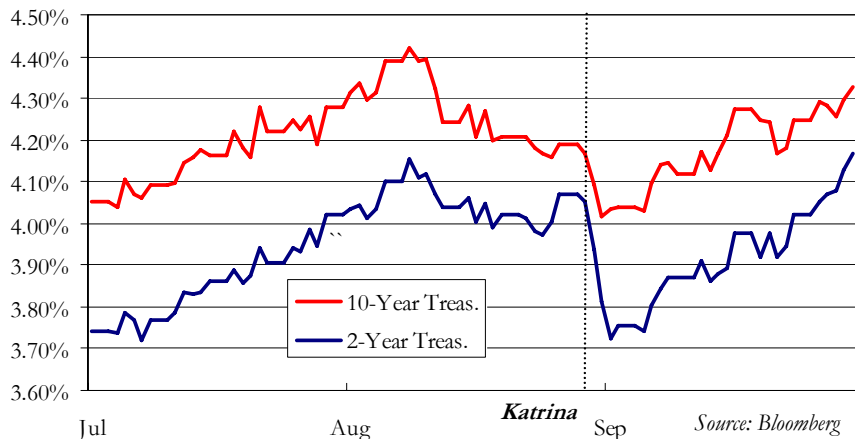
The belief that the Fed will continue to raise rates was substantiated by the statements released at the conclusion of both FOMC meetings which reiterated that “with underlying inflation expected to be contained, the Committee believes that policy accommodation can be removed at a pace that is likely to be measured.” Additionally, several Fed governors have

spoken publicly about the FOMC’s concern over inflation. Trading of federal funds futures evidences investor belief that the target overnight rate will be in the 4.00% to 4.25% range by the end of the year. With the spread between the 2-year and the 10-year Treasury Notes within 15 basis points, two more increases in the overnight rate suggests short-term yields could be higher than those of securities with longer maturities in the near future.

**THE ECONOMY**

Despite the release of a post-hurricane consumer confidence figure in September of 86, the lowest in 15 years, the resilience of most sectors of the economy in the face of the lowered supply of refined crude is seen as a sign that the economy could indeed weather a storm. The continued increase in longer-term yields, such as the 10-year Treasury Note, still reflect uncertainty about the future sustainability of strong growth.

**Yield on the 2-Year U.S. Treasury vs. 10-Year U.S. Treasury Note  
July 2005 – September 2005**



Final estimates of Gross Domestic Product for the second quarter showed growth at a rate of 3.3%, a higher than anticipated figure for the period, and the ninth consecutive quarter above 3%. The report also showed higher than anticipated prices, both wholesale and retail, an indicator of rising inflation. Estimates for the third quarter were revised lower on fears that higher gas prices would curtail consumer spending, which accounts for more than two-thirds of the GDP.

The equity markets reached highs for 2005 in August, driven by energy companies and better than anticipated earnings from companies in non-energy sectors, suggesting higher energy prices will not slow profits. All three major composites had positive returns for the quarter, their best performance since the fourth quarter of 2004. The Dow Jones Industrial Average gained 2.9%, the S&P 500 was up 3.2% (it’s third best quarter since 1997), and the NASDAQ advanced 4.6%.

**EMPLOYMENT**

The economy lost 35,000 jobs in September, mainly as a result of Hurricane Katrina, though separate data on jobs directly lost due to the hurricane were not released. The September report followed a higher than anticipated addition of 211,000 jobs in August. The hurricanes also pushed up the unemployment rate by 0.2% to 5.1%, still the one of the lowest in the past four years. The tax base in Louisiana can no longer support many of the local government jobs. A clear example of this is New Orleans, where Mayor Ray Nagin slashed half of the city’s workforce, almost 3,000 jobs, to alleviate anticipated revenue shortfalls.

**Change in Non-Farm Payrolls (in thousands)  
September 2001 – September 2005**



Source: Bloomberg

After adding 191,000 service-sector jobs in August, September’s figures showed a loss of 36,000. Employment in construction and retail sectors rose, and the manufacturing sector experienced a net loss of 88,000 jobs, though some can be attributed to a strike at Boeing, as well as the refineries affected by the hurricanes.

## HOUSING MARKET

The housing market continued to drive economic expansion in the third quarter. Buyers continued to take advantage of low mortgage rates, as current homeowners used increased equity to fuel spending. While existing home sales increased by 2%, new home sales fell by 9.9% in August. New home sales are seen by investors as a more important indicator of hurricane impact, as over half of all new home sales in the U.S. are in the South. Many believe the new construction in the Gulf region will offset any softness in other markets in the coming quarters.

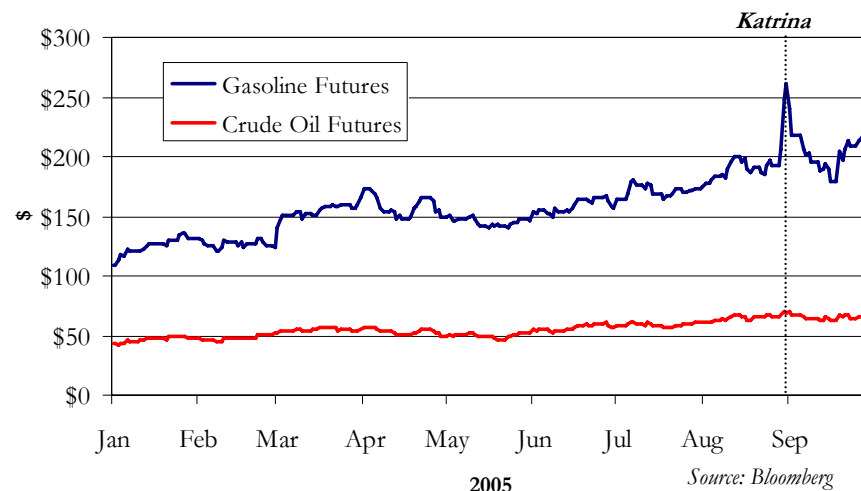
Residential home prices and mortgage rates continue to rise. The average rate on a Freddie Mac 30-year mortgage climbed from 5.7% in August to 5.9% in September, the highest since April 2005. Although rates on fixed-rate mortgages finished the quarter at lower levels than in the spring of 2004, rates continued to rise, following the path of long-term Treasury yields. Higher mortgage rates increase the costs of borrowing and may drive some potential home buyers, especially first-time buyers, out of the market in coming months.

## OIL PRICES

Oil prices reached record highs in September, reaching a high of \$69.81/barrel on the New York Mercantile Exchange in the aftermath of Katrina. Over 30% of domestic gasoline production comes from the Gulf region. Gasoline futures spiked 13% on August 31<sup>st</sup>, reaching their highest price since tracking began in 1984. Gas prices at the pump jumped one Dollar or more in the immediate aftermath of Katrina, reaching a record average nationwide of \$3.117/gallon on September 5. Shortages were reported across the South in the week following Katrina. Gas prices have averaged \$2.39 for the year, the highest since 1981, when adjusted for inflation.

Gas prices affected the heavy Labor Day travel weekend and have encouraged conservation in the weeks following. Demand for diesel and gasoline among both producers and consumers has fallen in recent weeks, but the supply stream did not immediately come back online, with 19% of refinery capacity still offline at quarter-end, and so prices remain high. Refineries that usually switched to heating oil production in September instead continued to refine gasoline products to further capture the higher revenue stream, leaving the question of whether or not there will be adequate heating oil to accommodate demand in the Northeast as winter approaches.

Gasoline vs. Crude Oil Futures  
January –September 2005



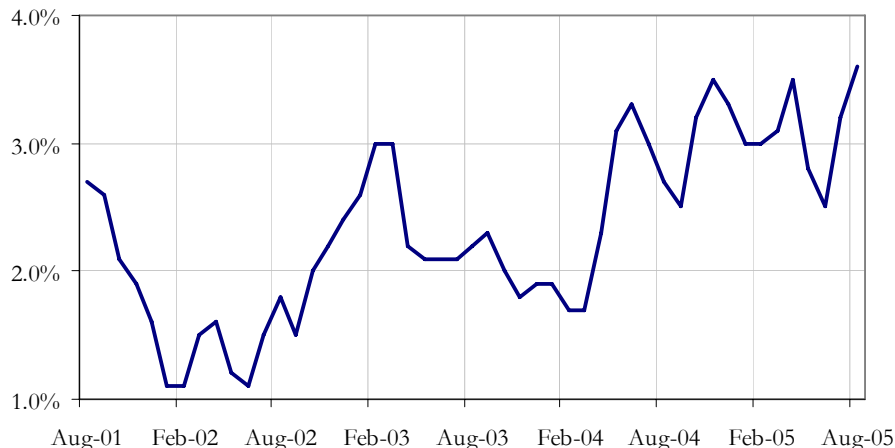
## INFLATION

Inflation, spurred by higher energy prices, has become the primary focus of the FOMC. The core personal consumption expenditure price index (PCE) for August was up 2% from the previous year, the top of the range expected by the Fed. Prices including the cyclical food and energy commodities were up 3% over the past 12 months ending in August.

Producer and consumer price indices (PPI & CPI) reflect pre-hurricane conditions in August. Price increases on a variety of wholesale and retail products from large producers such as duPont indicate that manufacturers are beginning to pass along higher energy prices to consumers. Transportation sectors, including the legacy airlines and FedEx, have started to increase prices in response to higher energy costs. On a year-over-year basis CPI rose 3.6% through August 2005, compared with 2.7% for the same period in 2004, though much of this can be attributed to higher energy costs. The energy component of the CPI increased year-to-date by 25.7% as a seasonally adjusted annual rate, compared to 16.6% in the first eight months of 2004.

The Chicago Purchasing Managers survey released in September showed the steepest rise in costs since October 1963, but also an increase in production levels, showing continued demand for items at higher prices.

**Core CPI (Year-on-Year Change)  
August 2001 – August 2005**



Source: Bloomberg

**CONSUMER CONFIDENCE**

Following a 3-year high in June, consumer confidence dropped to 86.6 in September, the lowest point since the first Gulf War 15 years ago. Consumer sentiment in September dropped 12.2 points from 89.1 in August to 76.9 in September. Higher energy prices, especially the spike in gasoline at the pumps in early September, clearly contributed to the low confidence level.

Consumer spending data released for the second quarter showed an annualized growth rate of 3.4%, but many analysts believe higher gas prices will take a bigger share of consumer spending when third quarter numbers are released at year-end. Personal income in August fell by 0.1%, the first drop in 2005, mostly due to uninsured income losses like income from rental properties in the wake of Katrina.

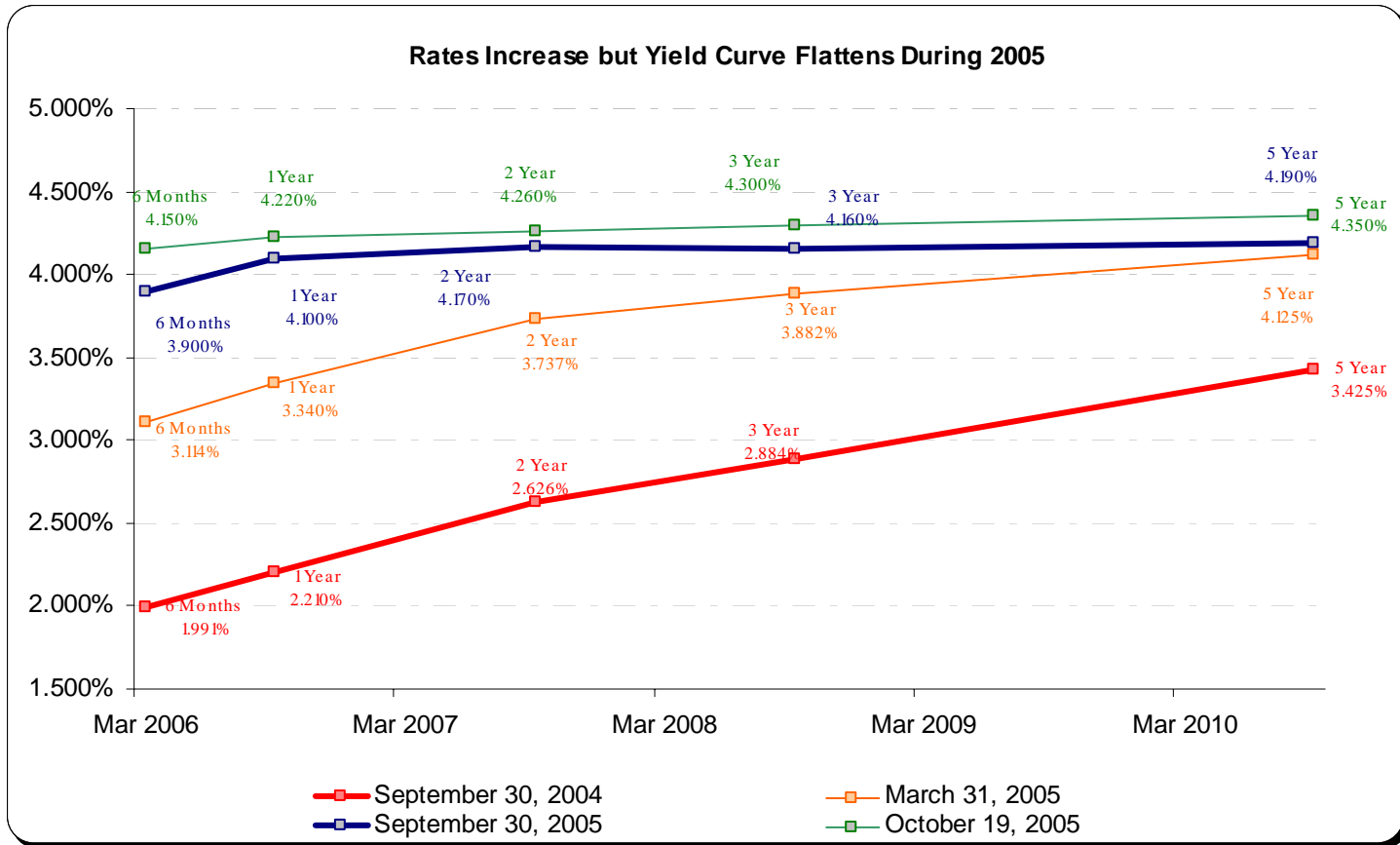
**THE DOLLAR**

The Dollar gained against the Yen and the Euro for the third straight quarter, buoyed by the perception of the Fed's commitment to continued measured rate increases. In the third quarter the Dollar gained 2.3% against the Yen, closing the quarter at 113.50/Yen. Over the same period the Dollar advanced 0.7% against the Euro, closing at 1.203/Euro. Year to date the Dollar has gained 11% versus the Yen and 13% against the Euro, due mainly to interest rate moves at the Fed not being matched by the Bank of Japan and the European Central Bank. Even though the Yen has also lost ground against the Euro for the quarter, the idea that the Bank of Japan's zero-rate policy may be changed in the next few months may support a rally in the Yen. An unsettled election in Germany, the EU's largest member-economy, along with continued uncertainty regarding possible new member-states like Turkey and an EU constitution that is still not ratified have not inspired confidence in the Euro. U.S. Treasury spreads widened against comparable European bonds for the quarter.

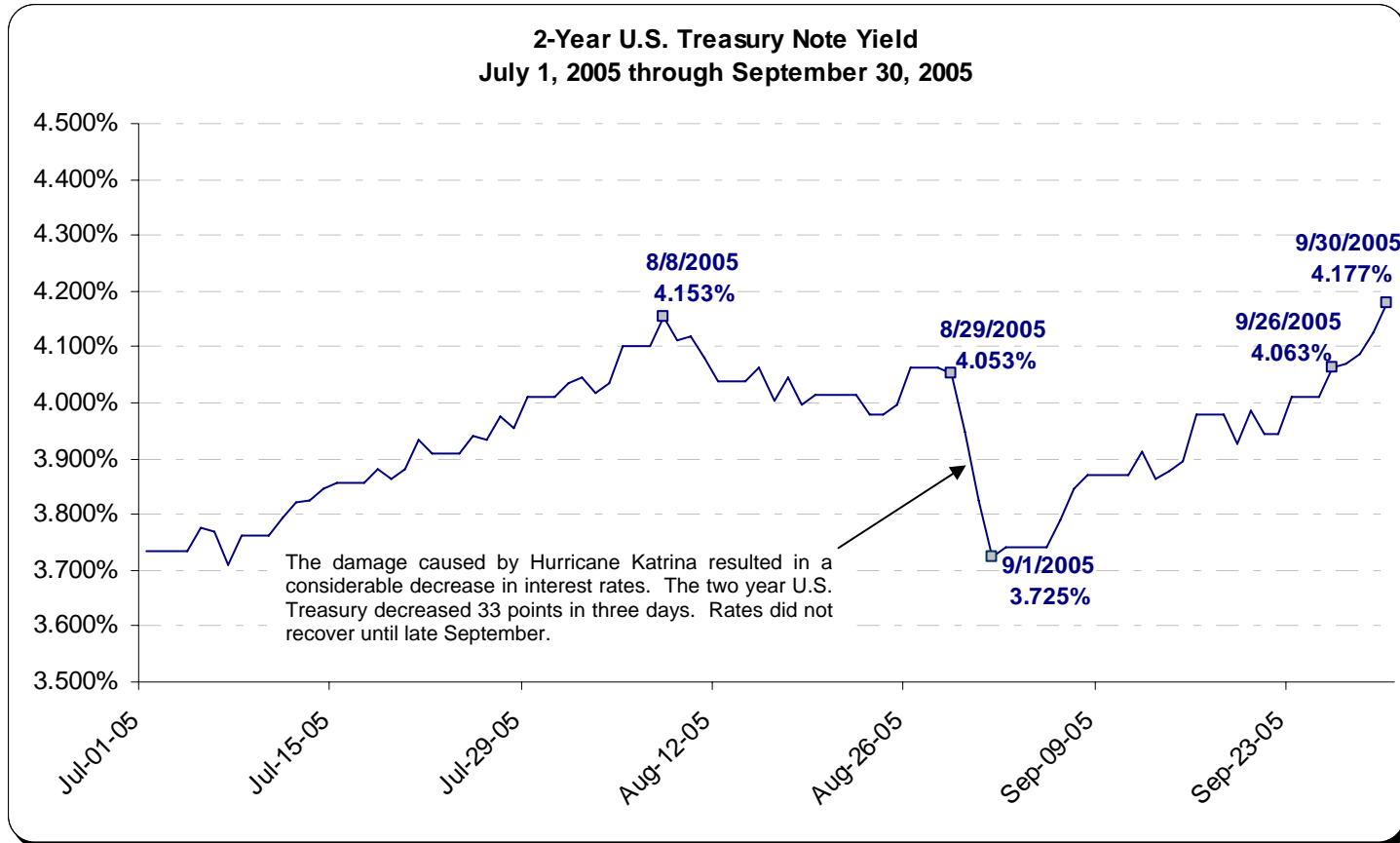
**OUTLOOK AND STRATEGY**

The quarter ended with the economy on relatively firm footing, with GDP growth somewhat reduced in the short run, the labor market bracing for more aftershocks from the hurricane, and concerns that higher energy prices and a spurt of rebuilding in the Gulf region will fuel inflation in coming months.

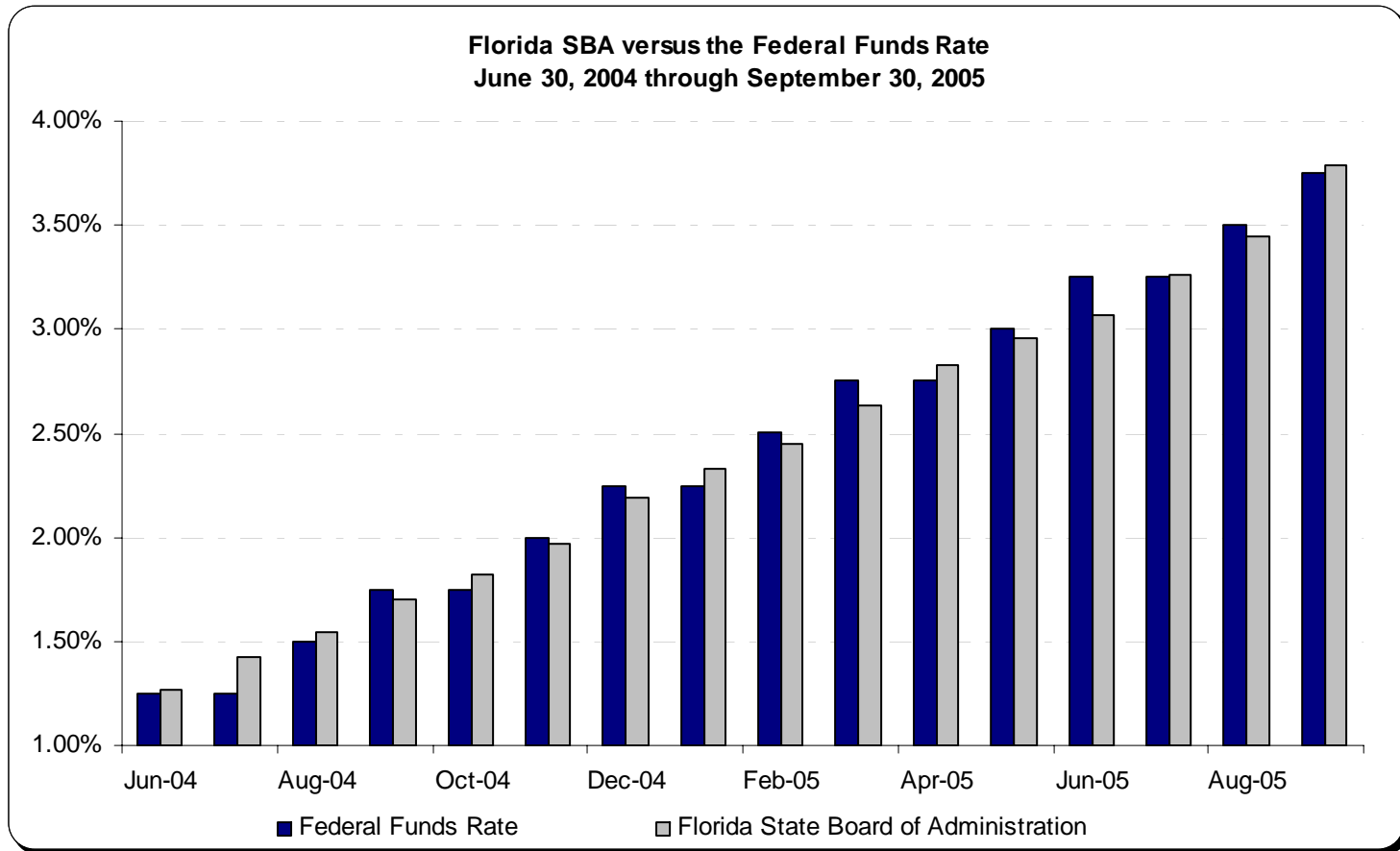
Moving forward, PFM will seek to take advantage of higher yields in the short end of the yield curve, while limiting exposure to longer duration securities, whose value will diminish if rates rise. Also, PFM will seek to control its exposure to credit spreads which, despite a bit of widening in the third quarter, remain at historically low levels.



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Summary of Investment Balances and Interest Income

Marion County Board of County Commissioners Summary of Investment Balances and Interest Income as of September 30, 2005								
Investments <sup>1</sup>					Enterprise Funds			Total
	General Fund	Special Revenue	Debt Service	Capital Projects	Solid Waste	Utility	Internal Service	
Repurchase Agreement	\$ 14,023.71	\$ 17,498.90	\$ -	\$ 5,061,967.72	\$ 5,332.29	\$ 2,657,436.00	\$ -	\$ 7,756,258.62
Federal Home Loan Mtg Corp.	7,543,772.81	9,413,188.76	-	21,454,794.38	2,868,396.58	-	-	41,280,152.53
Federal Home Loan Bank	3,605,139.08	4,498,525.54	-	8,077,336.92	1,370,795.34	-	-	17,551,796.88
Federal National Mtg Assc.	7,485,586.79	9,340,583.71	-	16,771,504.58	2,846,272.29	-	-	36,443,947.37
U.S. Treasury Notes	2,144,975.23	2,676,519.73	-	4,805,830.59	815,591.85	-	-	10,442,917.40
Total Securities	\$20,793,497.62	\$ 25,946,316.64	-	\$ 56,171,434.19	\$ 7,906,388.34	\$ 2,657,436.00	-	\$ 113,475,072.80
SunTrust - Interest Checking	7,013,602.51	71,427,472.46	2,302,352.11	25,949,433.82	14,405,840.33	20,702,713.49	6,056,966.32	147,858,381.04
Total Investments	\$27,807,100.13	\$ 97,373,789.10	\$ 2,302,352.11	\$ 82,120,868.01	\$ 22,312,228.67	\$ 23,360,149.49	\$ 6,056,966.32	\$ 261,333,453.84
Interest Income <sup>2</sup>	\$ 824,284.79	\$ 2,755,650.21	\$ 67,395.87	\$ 2,197,050.76	\$ 551,820.61	\$ 633,677.21	\$ 158,936.02	\$ 7,188,815.47

Notes:

1. Investments balances are reported on market value, not including accrued interest.
2. Interest income is reported with accrued interest.

Pooled Operating Fund Fact Sheet

<b>Ending Balance as of September 30, 2005<sup>1</sup></b>		<b>Average Duration (in Years)</b>		
			Quarter	Last 12 Months
Market Value	\$57,028,954.01	Pooled Operating Portfolio	1.21	1.37
Amortized Cost	\$57,762,849.41	Merrill Lynch 1-3 Year U.S. Treasury Benchmark	1.63	1.65
<b>Total Return</b>		<b>Average Yield on Cost</b>		
	Portfolio	Benchmark	Portfolio	SBA
Quarterly Return	0.38%	0.09%	Quarter Ended September 30, 2005	3.18%
Annual Return	1.87%	0.98%	12-Month Period ended September 30, 2005	2.90%
<b>Return in Dollars over the Benchmark<sup>2</sup></b>		<b>Earnings over the SBA</b>		
	Last 12 Months	Since Inception <sup>3</sup>	Last 12 Months	Since Inception <sup>3</sup>
Pooled Operating Fund	\$165,383.97	\$507,557.69	Pooled Operating Portfolio	\$90,479.36
				\$2,319,057.95
<b>Interest Earnings</b>		<b>Credit Ratings</b>		
	Quarter	Last 12 Months	Quarter	Last 12 Months
Pooled Operating Portfolio	\$311,384.73	\$1,499,815.11	Pooled Operating Portfolio	AAA
				AAA

Notes:

1. Ending Balances include balances in Money Market Fund/Cash accounts as reported by Custody provider.
2. Based on market value as of September 30, 2005.
3. Pooled Operating Portfolio inception date April 2002.

Pooled Operating Fund Portfolio Summary

<b>Total Portfolio Value<sup>1, 2</sup></b>	<b>September 30, 2005</b>	<b>September 30, 2004</b>
Market Value	<b>\$57,028,954.01</b>	\$57,044,052.21
Amortized Cost	<b>\$57,762,849.41</b>	\$57,261,979.18

**PORTFOLIO RECAP**

- The Federal Open Market Committee continued to increase the Federal Reserve rate during the August and September meetings, stating robust underlying growth in productivity and monetary policy accommodation will continue to support the economy while containing inflation.
- While interest rates generally increased along the yield curve during the past 12 months, various factors including oil prices, CPI and PPI as well as natural disasters such as the Hurricanes in 2004 and 2005 affected the market's outlook and inflationary expectations.
- Strong economic data during the third quarter resulted in a steepening of the yield curve in July and August, but the devastation brought by Hurricane Katrina and fears of further increases in oil prices reversed this increasing trend as rates fell more than 20 basis points along the curve during September. The chart on page A-5 illustrates the increasing, yet flattening, of the yield curve since September 30, 2004.
- The County's Pooled Operating Fund portfolio out-performed the benchmark by 29 basis points with a quarterly return of 0.38% versus the Merrill Lynch 1-3 Year U.S. Treasury Index return of 0.09%. PFM's strategy of maintaining a portfolio duration short of the benchmark for the past 12 months has resulted in the portfolio return outperforming the benchmark by 89 basis points.
- PFM executed trades which shortened the portfolio duration from 1.51 years to 1.21 years during the fiscal year as the yield curve flattened considerably. This strategy provides the appropriate portfolio structure to allow for reinvestment in longer term maturities as the yield curve steepens and securities along the yield curve provide additional value.
- PFM maintained a diverse mix of securities in the portfolio by executing sector specific transactions based on spreads between U.S. Treasuries and Federal Agencies.

**PORTFOLIO STRATEGY**

- The market expects further tightening by the FOMC with current Federal Reserve rate targets of 4.25% with additional 25 basis point increases in November and December and possibly in January 2006.
- Many expect the impact of the hurricanes to be short term disruptions in the economy and that the rebuilding of the affected communities will actually result in additional spending and growth in the economy in the longer term.
- PFM will continue the short-of-the-benchmark duration investment strategy to protect the market value of the portfolio in a rising interest rate environment.
- Treasury yields versus Agency yields began to widen just after quarter end and PFM will evaluate sector spreads for portfolio composition strategies.
- Callable securities have provided attractive yields in recent weeks and PFM will look to utilize this sector in the portfolio at appropriate levels to take advantage of the additional yield while limiting the portfolio's interest rate risk.
- PFM will continue to execute swaps for the Pooled Operating Fund portfolio as shifts in the yield curve and increases in security sector spreads provide opportunities for additional earnings for the portfolio.
- PFM will work closely with the finance staff to update the annual cash flow analysis with fund balance information through September 30, 2005.

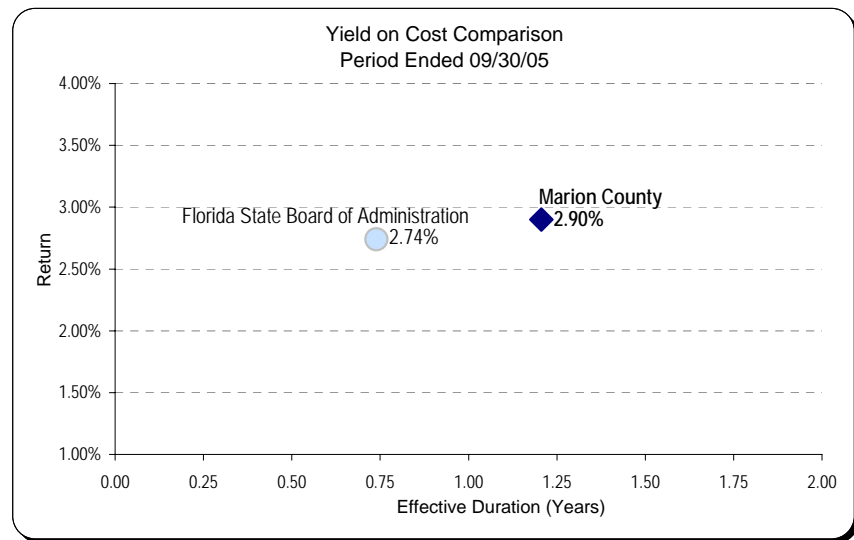
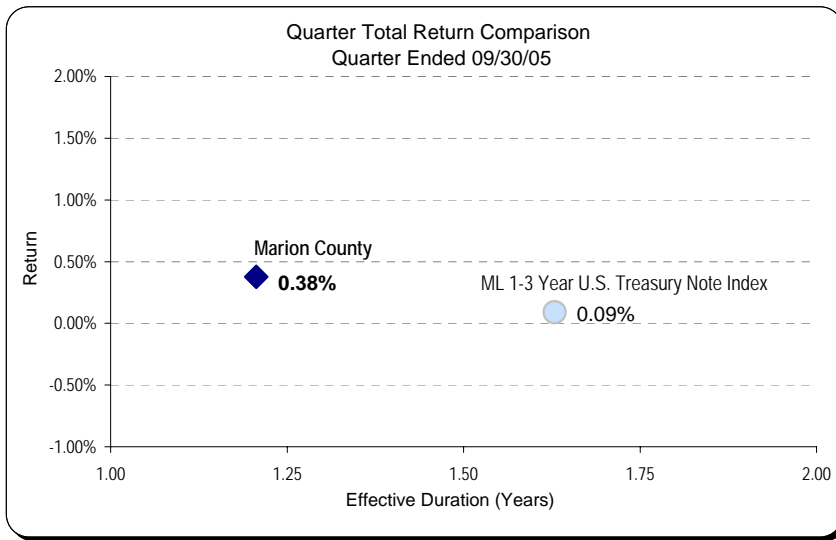
Notes:

1. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balances.
2. End of quarter trade-date market values of portfolio holdings, including Money Market Fund/Cash balances and accrued interest.

Pooled Operating Fund Portfolio Performance

Total Return <sup>1,2,3,4,5</sup>	Quarterly Return September 30, 2005	Annualized Quarter	Last 12 Months	Last 24 Months	Since Inception on March 31, 2004
<b>Pooled Operating Fund</b>	<b>0.38%</b>	<b>1.51%</b>	<b>1.87%</b>	<b>NA</b>	<b>1.62%</b>
ML 1-3 Year U.S. Treasury Note Index	0.09%	0.35%	0.98%	NA	0.58%

Effective Duration (Years) <sup>4</sup>	September 30, 2005	September 30, 2004	Yields	September 30, 2005	September 30, 2004
<b>Pooled Operating Fund</b>	<b>1.21</b>	<b>1.51</b>	Annual Yield at Market	<b>3.75%</b>	2.51%
ML 1-3 Year U.S. Treasury Note Index	1.63	1.67	Annual Yield on Cost	<b>2.90%</b>	2.81%
			Florida SBA Annual Return <sup>6</sup>	2.74%	1.33%

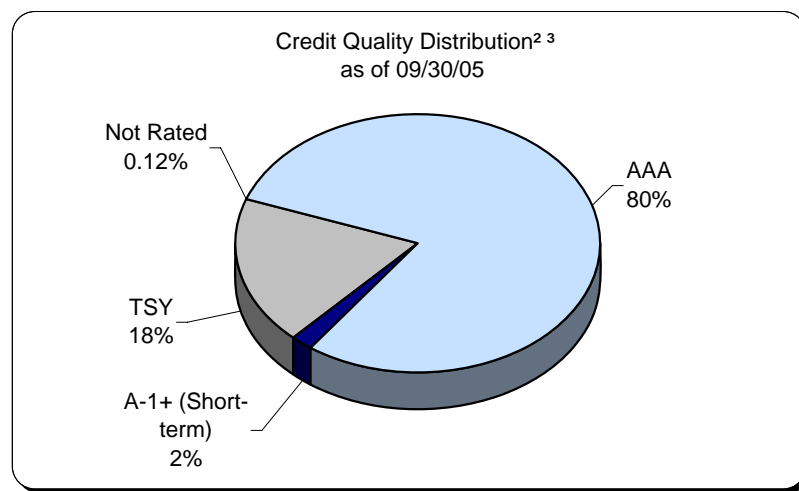
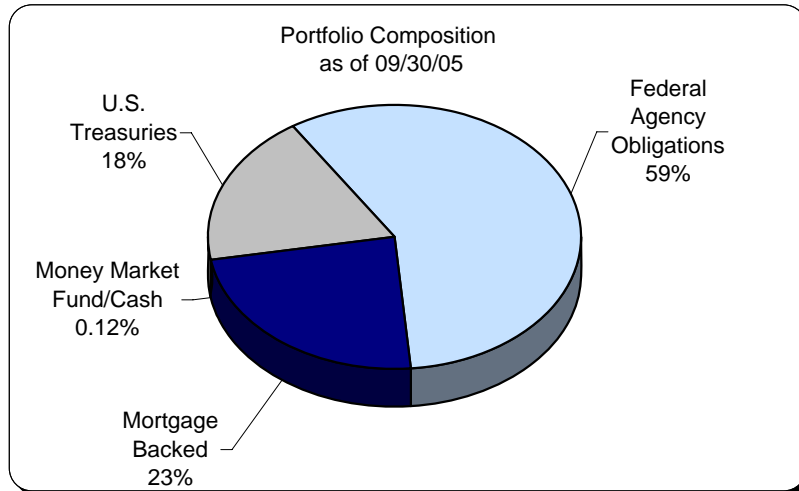


Notes:

1. Performance on a trade-date basis, gross (i.e., before fees) in accordance with standards of the Association for Investment Management and Research.
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 12 months or longer are presented on an annual basis.
6. Florida State Board of Administration is the local government investment pool run by the State of Florida.

Pooled Operating Fund Portfolio Composition and Credit Quality Characteristics

<u>Security Type<sup>1</sup></u>	<u>September 30, 2005</u>	<u>% of Portfolio</u>	<u>September 30, 2004</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$10,545,958.15	18.5%	\$0.00	0.0%
Federal Agencies	33,081,370.02	58.0%	38,689,074.99	67.8%
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	13,333,350.73	23.4%	18,347,060.43	32.2%
Money Market Fund/Cash	68,275.11	0.1%	7,916.79	0.0%
<b>Totals</b>	<b>\$57,028,954.01</b>	<b>100.0%</b>	<b>\$57,044,052.21</b>	<b>100.0%</b>

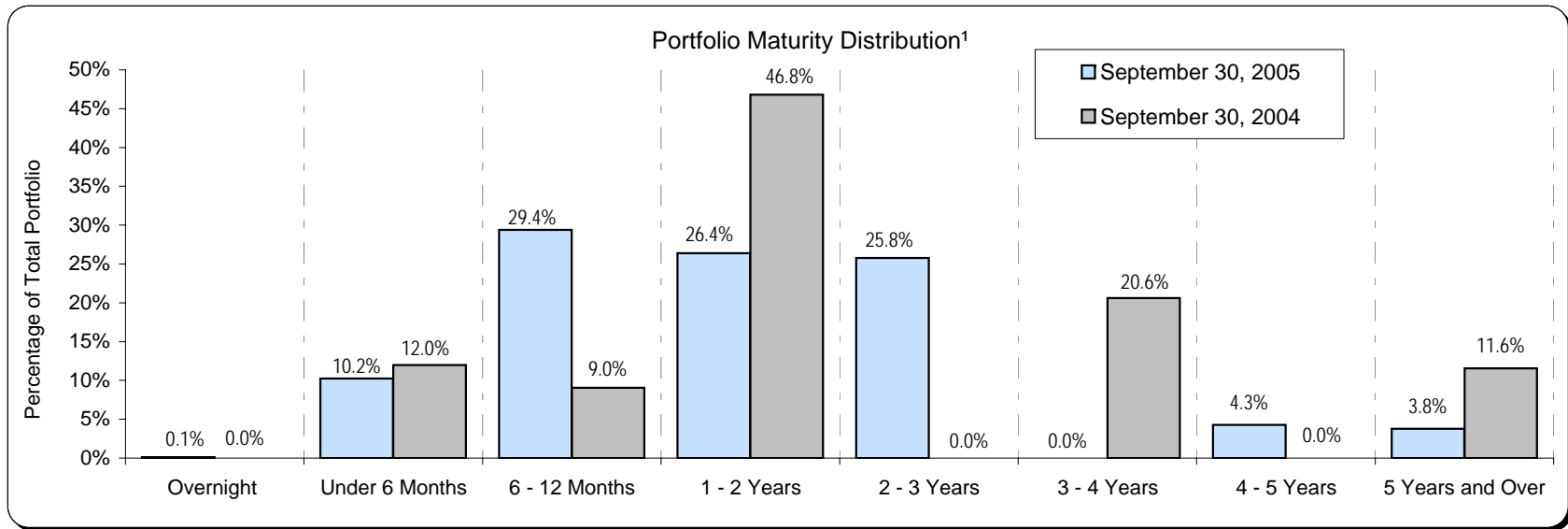


Notes:

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.

Pooled Operating Fund Portfolio Maturity Distribution

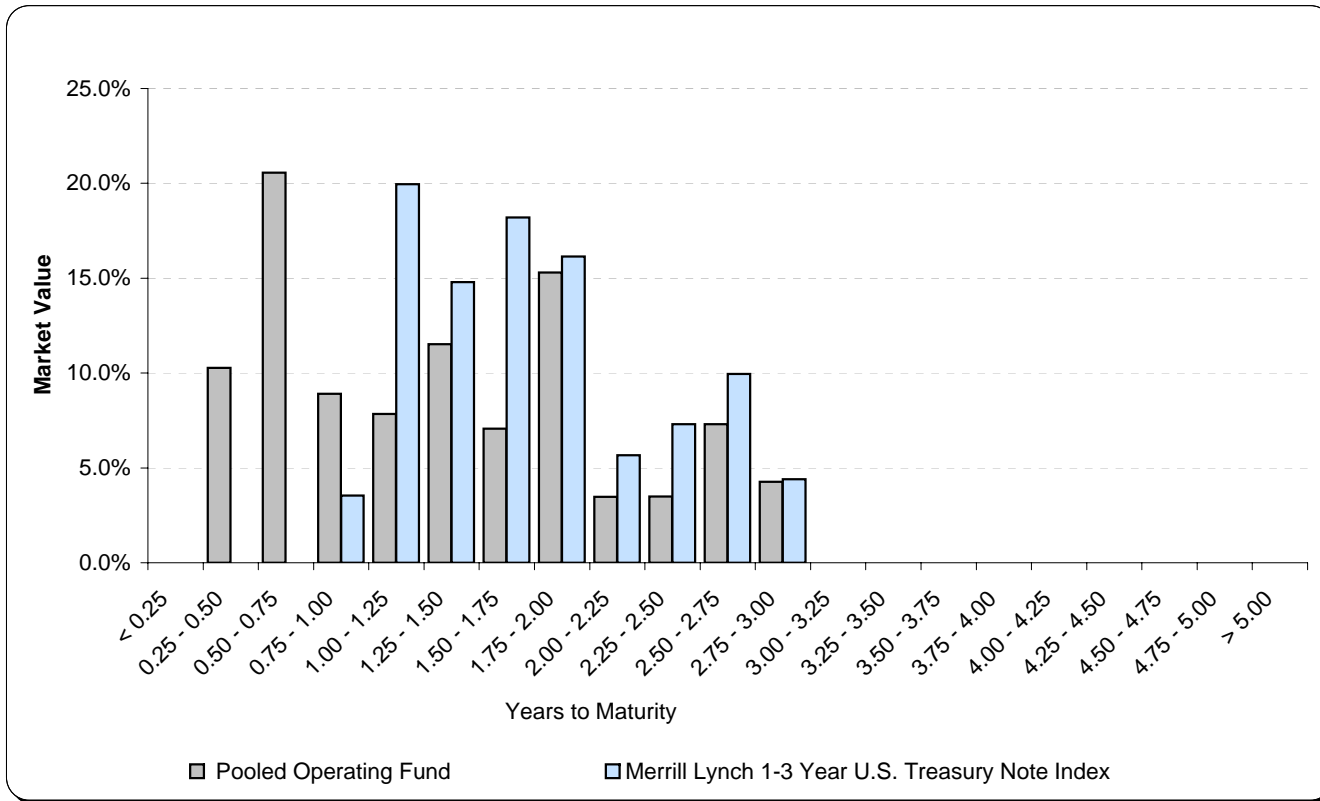
<u>Maturity Distribution</u> <sup>1</sup>	<u>September 30, 2005</u>	<u>September 30, 2004</u>
Overnight (Money Market Fund)	\$68,275.11	\$7,916.79
Under 6 Months	5,844,268.27	6,841,445.31
6 - 12 Months	16,769,264.94	5,156,136.62
1 - 2 Years	15,043,785.69	26,691,493.06
2 - 3 Years	14,701,507.23	0.00
3 - 4 Years	0.00	11,749,256.60
4 - 5 Years	2,438,463.66	0.00
5 Years and Over	2,163,389.11	6,597,803.83
<b>Totals</b>	<b>\$57,028,954.01</b>	<b>\$57,044,052.21</b>



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.

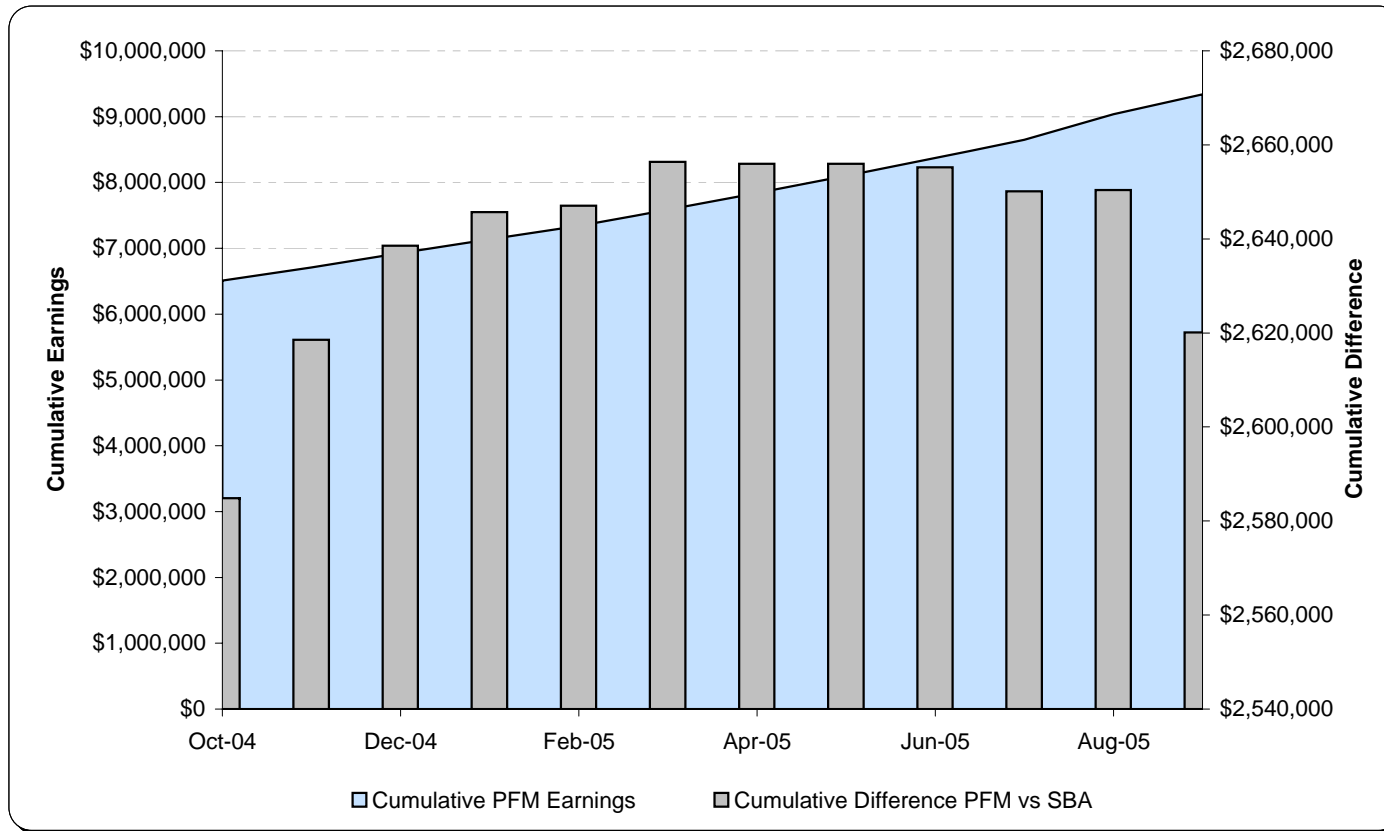
Pooled Operating Fund Maturity Distribution versus the Benchmark<sup>1</sup>



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.

All Funds Cumulative Earnings Versus the SBA<sup>1</sup>



Notes:

1. Cumulative Earnings Since Inception September 1999

## Pooled Operating Short Term Fund Portfolio Summary

**PORTFOLIO RECAP**

- PFM structured the Short Term portfolio in July 2005 based on current market rates and the County's cash flow needs. The portfolio average Yield on Cost for the quarter was 4.05% considerably higher than the SBA quarterly average of 3.50%.
- PFM purchased three federal agency securities in late July as strong economic reports pushed interest rates higher and the yield curve steepened in the one year area. The federal agency notes provided yields that were approximately 89 basis points higher than the SBA.
- The County's Short Term portfolio has earned \$153,981 since inception in July; an additional \$21,024 than if invested in the Florida SBA.

**PORTFOLIO STRATEGY**

- PFM expects the SBA to increase as the FOMC continues with the "measured pace" of Federal Funds rate increases. Current Federal Funds futures estimate the Federal Funds rate to be 4.25% to 4.50% in January 2006.
- PFM's investment strategy for the County's Short Term portfolio in the rising interest rate environment is to reinvest maturities and recommend swap options based on the breakeven analysis of short term maturities versus overnight investment alternatives.
- As ad valorem revenues are received during the next quarter, PFM will work with the County's staff to provide investment recommendations related to the Public Funds NOW account, the Florida SBA or open market securities based on the expected monthly expenditures and yield breakeven analysis.

Pooled Operating Short Term Fund Portfolio Statistics

<u>Account Name</u>	<u>Amortized Cost<sup>1,2,3,4</sup> September 30, 2005</u>	<u>Amortized Cost<sup>1,2,3</sup> September 30, 2004</u>	<u>Market Value<sup>1,2,3,4</sup> September 30, 2005</u>	<u>Market Value<sup>1,2,3</sup> September 30, 2004</u>	<u>Duration (Years) September 30, 2005</u>
Pooled Operating Short Term Fund	\$15,107,913.12	N/A	\$15,075,659.72	N/A	0.79

<u>Account Name</u>	<u>Average Annual Yield to Maturity on Cost<sup>5</sup> September 30, 2005</u>	<u>Average Annual Yield to Maturity on Cost<sup>4</sup> September 30, 2004</u>	<u>Average Annual Yield to Maturity at Market September 30, 2005</u>	<u>Average Annual Yield to Maturity at Market September 30, 2004</u>	<u>Duration (Years) September 30, 2004</u>
Pooled Operating Short Term Fund	4.05%	N/A	4.12%	N/A	N/A

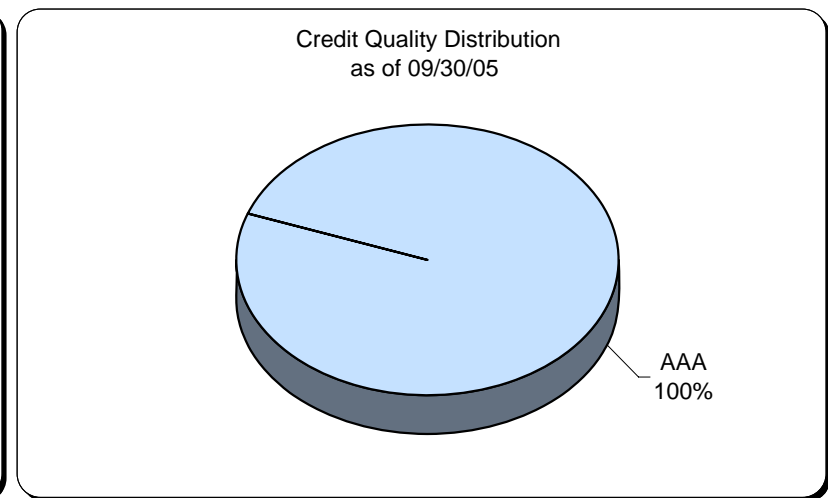
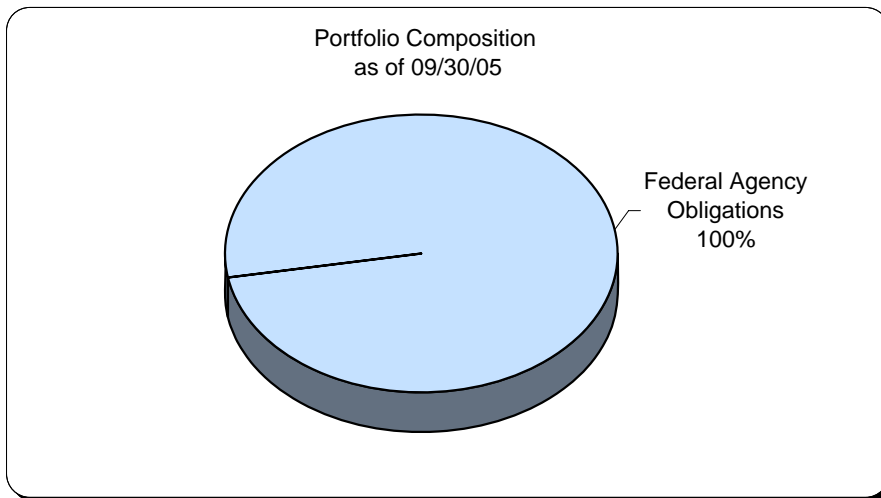
<u>Benchmarks</u>	<u>September 30, 2005</u>	<u>September 30, 2004</u>
Florida SBA Annual Return <sup>6</sup>	2.74%	1.33%

Notes:

1. On a trade-date basis, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balance.
3. Excludes any money market fund/cash balances held in custodian account.
4. Does not include Money Market Fund/Cash balances. Money Market Fund/Cash balances are reported with the Pooled Operating Fund due to shared custody account.
5. Portfolio yields are adjusted to 365 day basis, the same basis used for the calculation of the SBA Distribution Rate.
6. Quarterly pool returns presented on an annualized basis.

Pooled Operating Short Term Fund Portfolio Composition and Credit Quality Characteristics

<u>Security Type<sup>1</sup></u>	<u>September 30, 2005</u>	<u>% of Portfolio</u>	<u>September 30, 2004</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$0.00	0.0%	N/A	N/A
Federal Agencies	15,075,659.72	100.0%	N/A	N/A
Commercial Paper	0.00	0.0%	N/A	N/A
Certificates of Deposit	0.00	0.0%	N/A	N/A
Bankers Acceptances	0.00	0.0%	N/A	N/A
Repurchase Agreements	0.00	0.0%	N/A	N/A
Municipal Obligations	0.00	0.0%	N/A	N/A
Corporate Notes/Bonds	0.00	0.0%	N/A	N/A
Mortgage Backed	0.00	0.0%	N/A	N/A
Money Market Fund/Cash <sup>2</sup>	0.00	0.0%	N/A	N/A
<b>Totals</b>	<b>\$15,075,659.72</b>	<b>100.0%</b>	N/A	N/A

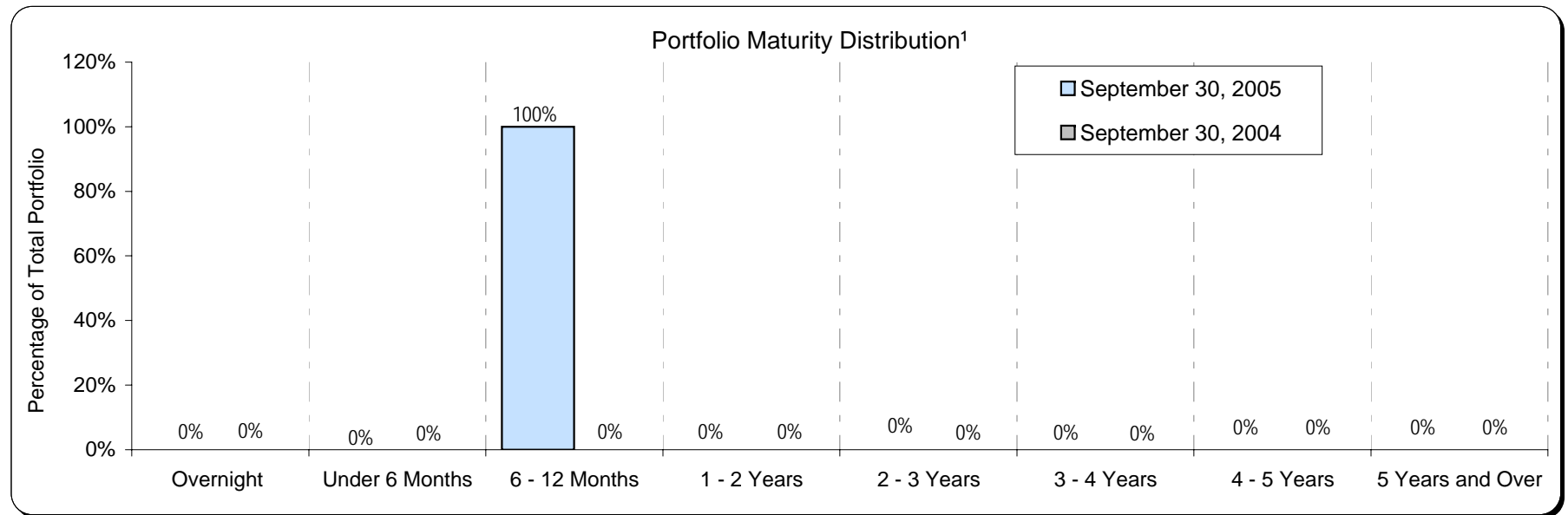


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Does not include Money Market Fund/Cash balances. Money Market Fund/Cash balances are reported with the Pooled Operating Fund due to shared custody account.

Pooled Operating Short Term Fund Portfolio Maturity Distribution

<u>Maturity Distribution<sup>1</sup></u>	<u>September 30, 2005</u>	<u>September 30, 2004</u>
Overnight (Money Market Fund)	\$0.00	N/A
Under 6 Months	0.00	N/A
6 - 12 Months	15,075,659.72	N/A
1 - 2 Years	0.00	N/A
2 - 3 Years	0.00	N/A
3 - 4 Years	0.00	N/A
4 - 5 Years	0.00	N/A
5 Years and Over	0.00	N/A
<b>Totals</b>	<b>\$15,075,659.72</b>	<b>N/A</b>



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.

## Portfolio Summary (Project Fund Portfolios)

**PORTFOLIO RECAP**

- The SBA continues to trend upward in-line with the Federal Funds rate which has risen to 3.75%, a 275 basis point increase as a result of 11 consecutive 25 basis point increases by the FOMC since June 30, 2004. The SBA increased 72 basis points during the quarter ending at 3.79%. This is a 160 basis point increase since January and 260 basis points higher than the low of 1.19% in March 2004.
- The market place has been hesitant in recent weeks to price in the “underlying growth” as described by the FOMC, which resulted in an inverted yield curve in the short end of the yield curve. As of September 30<sup>th</sup> the three month U.S. Treasury bill was approximately 20 basis points lower than the Federal Funds rate of 3.75%.
- The weighted average Yield on Cost of 2.71% for the Utility Bond Fund 2001, the 1998 Ad Valorem Tax (Pennies for Parks) and Sales Tax Revenue portfolios was slightly lower than the SBA rate of 2.74% for the year as a result of reinvesting September maturities in overnight investments in anticipation of a steeper yield curve.
- Given the flattening and inverting of the yield curve and our breakeven analysis, PFM recommended the County re-invest maturities during the recent quarter for the 1998 Ad Valorem and Sales Tax Revenue portfolios in the County’s Public Funds NOW account until market conditions provide higher yielding opportunities in open market securities.
- The County’s project funds investment portfolios are invested in “AAA” rated Federal Agency securities and the securities are well diversified between Federal Home Loan Bank, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation notes.

**PORTFOLIO STRATEGY**

- The market expects further tightening by the FOMC with current Federal Funds rate targets of 4.25% with additional 25 basis point increases in November and December and possibly in January 2006.
- Many expect the impact of the hurricanes to be short term disruptions in the economy and that the rebuilding of the affected communities will actually result in additional spending and growth in the economy in the longer term.
- Treasury yields versus Agency yields began to widen just after quarter end and PFM will evaluate sector spreads for portfolio composition strategies.
- Callable securities have provided attractive yields in recent weeks and PFM will look to utilize this sector in the portfolio at appropriate levels to take advantage of the additional yield while limiting the portfolio’s interest rate risk.
- PFM will continue to recommend swap transactions for the 1998 Ad Valorem and Sales Tax Revenue portfolios as shifts in the yield curve and increases in security sector spreads provide opportunities for additional earnings for the portfolio.

Project Fund Portfolio Assets and Yields Under Management

<u>Account Name</u>	<u>Amortized Cost<sup>1,2</sup> September 30, 2005</u>	<u>Amortized Cost<sup>1,2</sup> September 30, 2004</u>	<u>Market Value<sup>1,2</sup> September 30, 2005</u>	<u>Market Value<sup>1,2</sup> September 30, 2004</u>	<u>Duration (Years) September 30, 2005</u>
Utility Bond Fund 2001	2,657,436.00	\$4,033,382.30	2,657,436.00	\$4,033,344.39	N/A
1998 Ad Valorem Tax (Pennies for Parks)	\$9,600,599.22	10,810,690.09	\$9,583,471.16	10,803,765.89	0.57
Sales Tax Revenue	29,687,618.24	38,770,709.41	29,644,064.72	38,763,328.56	0.31
<b>Total</b>	<b>\$41,945,653.46</b>	<b>\$53,614,781.80</b>	<b>\$41,884,971.88</b>	<b>\$53,600,438.84</b>	

<u>Account Name</u>	<u>Average Annual Yield to Maturity<sup>3</sup> on Cost September 30, 2005</u>	<u>Average Annual Yield to Maturity<sup>1</sup> on Cost September 30, 2004</u>	<u>Average Annual Yield to Maturity at Market September 30, 2005</u>	<u>Average Annual Yield to Maturity at Market September 30, 2004</u>	<u>Duration (Years) September 30, 2004</u>
Utility Bond Fund 2001 <sup>3</sup>	2.84%	1.92%	2.84%	1.98%	0.73
1998 Ad Valorem Tax (Pennies for Parks)	2.61%	2.43%	3.16%	2.04%	0.72
Sales Tax Revenue	2.73%	2.04%	3.05%	2.08%	0.51
<b>Average Yield to Maturity</b>	<b>2.71%</b>	<b>2.11%</b>	<b>3.06%</b>	<b>2.06%</b>	

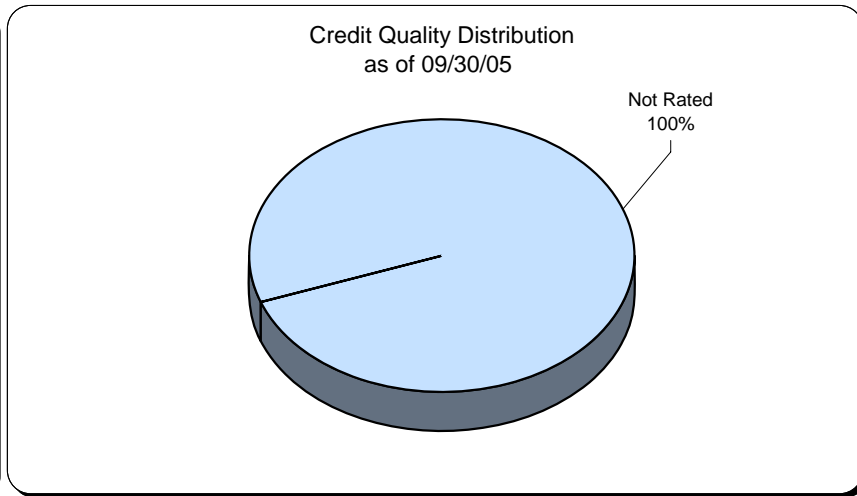
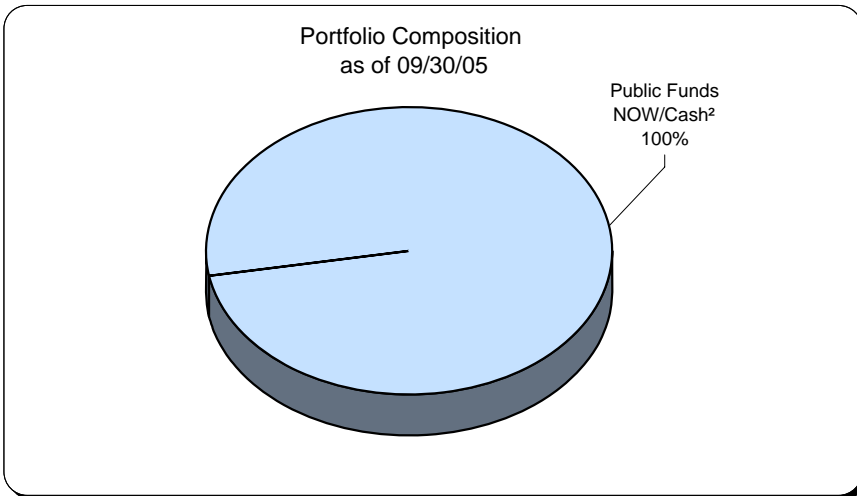
<u>Benchmarks</u>	<u>September 30, 2005</u>	<u>September 30, 2004</u>
Florida SBA Annual Return	2.74%	1.33%

Notes:

1. On a trade-date basis, including accrued interest.
2. In order to comply with GASB accrual accounting reporting requirements; forward settling trades are included in the monthly balance.
3. Yield on Cost calculations include Money Market Fund/Cash balances as provided by County staff at the SBA rate plus 10 basis points.

Utility Bond 2001 Portfolio Composition and Credit Quality Characteristics

<u>Security Type<sup>1</sup></u>	<u>September 30, 2005</u>	<u>% of Portfolio</u>	<u>September 30, 2004</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$0.00	0.0%	\$0.00	0.0%
Federal Agencies	0.00	0.0%	2,596,303.09	64.4%
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%
Public Funds NOW/Cash <sup>2</sup>	2,657,436.00	100.0%	1,437,041.30	35.6%
<b>Totals</b>	<b>\$2,657,436.00</b>	<b>100.0%</b>	<b>\$4,033,344.39</b>	<b>100.0%</b>

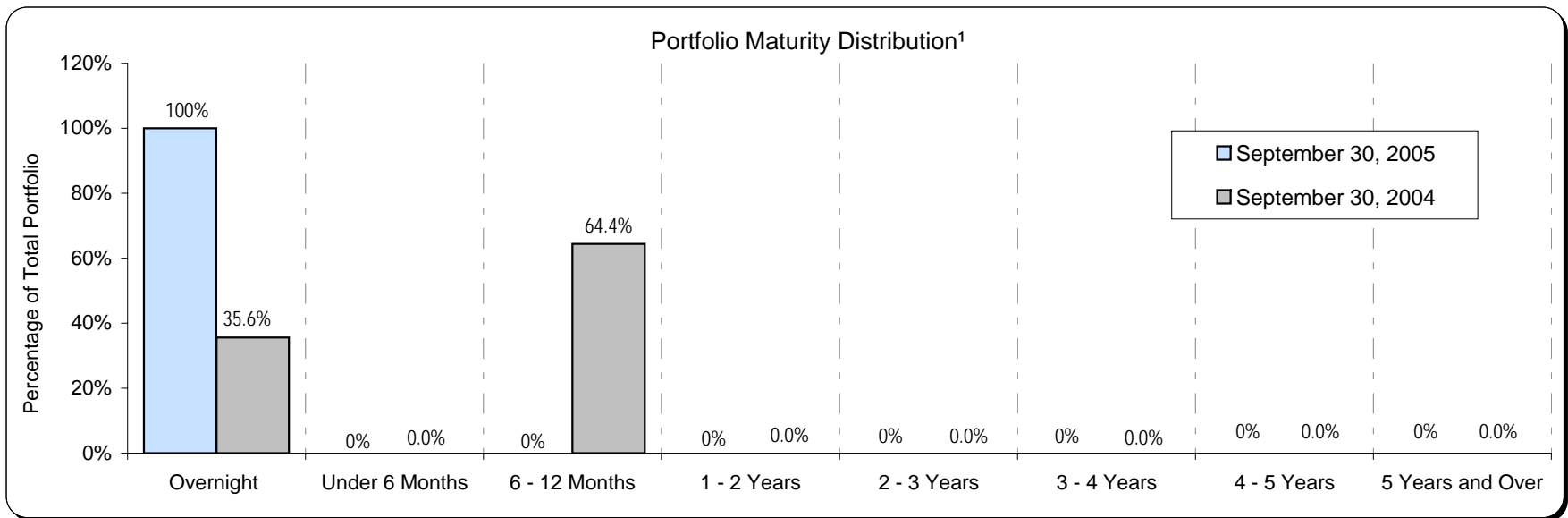


Notes:

- 1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
- 2. Public Funds NOW/Cash balances provided by County staff.

Utility Bond 2001 Portfolio Maturity Distribution

<u>Maturity Distribution<sup>1</sup></u>	<u>September 30, 2005</u>	<u>September 30, 2004</u>
Overnight (Public Funds NOW/Cash) <sup>2</sup>	<b>\$2,657,436.00</b>	\$1,437,041.30
Under 6 Months	<b>0.00</b>	0.00
6 - 12 Months	<b>0.00</b>	2,596,303.09
1 - 2 Years	<b>0.00</b>	0.00
2 - 3 Years	<b>0.00</b>	0.00
3 - 4 Years	<b>0.00</b>	0.00
4 - 5 Years	<b>0.00</b>	0.00
5 Years and Over	<b>0.00</b>	0.00
<b>Totals</b>	<b>\$2,657,436.00</b>	<b>\$4,033,344.39</b>

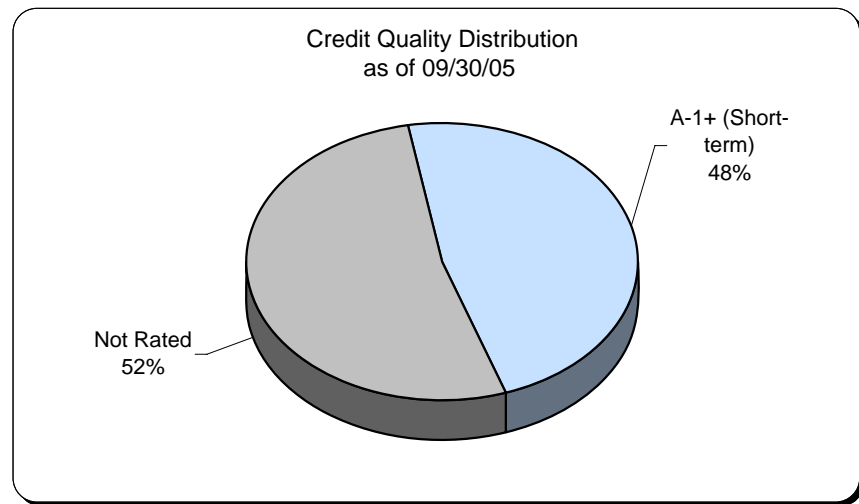
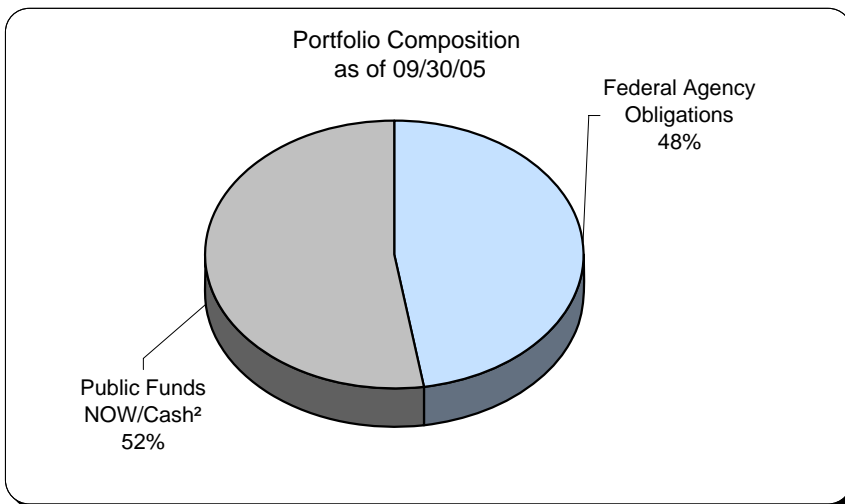


Notes:

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.
2. Public Funds NOW/Cash balances provided by County staff.

1998 Ad Valorem Tax (Pennies for Parks) Portfolio Composition and Credit Quality Characteristics

<u>Security Type<sup>1</sup></u>	<u>September 30, 2005</u>	<u>% of Portfolio</u>	<u>September 30, 2004</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$0.00	0.0%	\$0.00	0.0%
Federal Agencies	4,552,923.65	47.5%	9,357,113.16	86.6%
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%
Public Funds NOW/Cash <sup>2</sup>	5,030,547.51	52.5%	1,446,652.73	13.4%
<b>Totals</b>	<b>\$9,583,471.16</b>	<b>100.0%</b>	<b>\$10,803,765.89</b>	<b>100.0%</b>

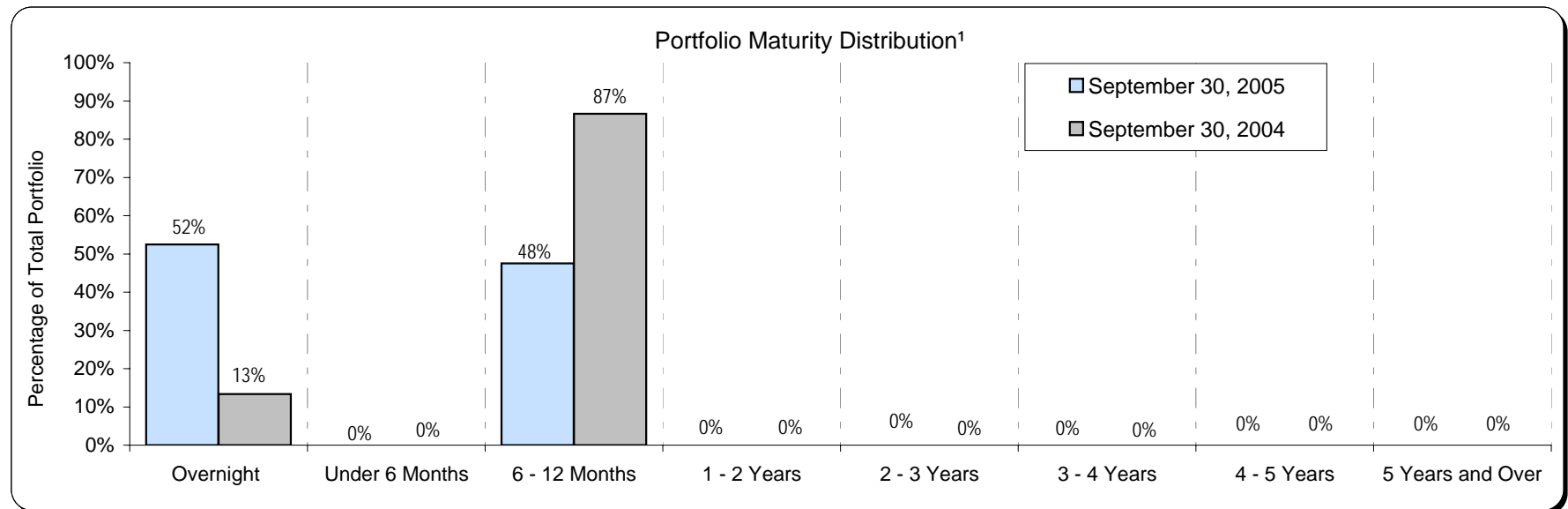


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Public Funds NOW/Cash balances provided by County staff.

1998 Ad Valorem Tax (Pennies for Parks) Portfolio Maturity Distribution

<u>Maturity Distribution</u> <sup>1</sup>	<u>September 30, 2005</u>	<u>September 30, 2004</u>
Overnight (Public Funds NOW/Cash) <sup>2</sup>	\$5,030,547.51	\$1,446,652.73
Under 6 Months	0.00	0.00
6 - 12 Months	4,552,923.65	9,357,113.16
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
<b>Totals</b>	<b>\$9,583,471.16</b>	<b>\$10,803,765.89</b>

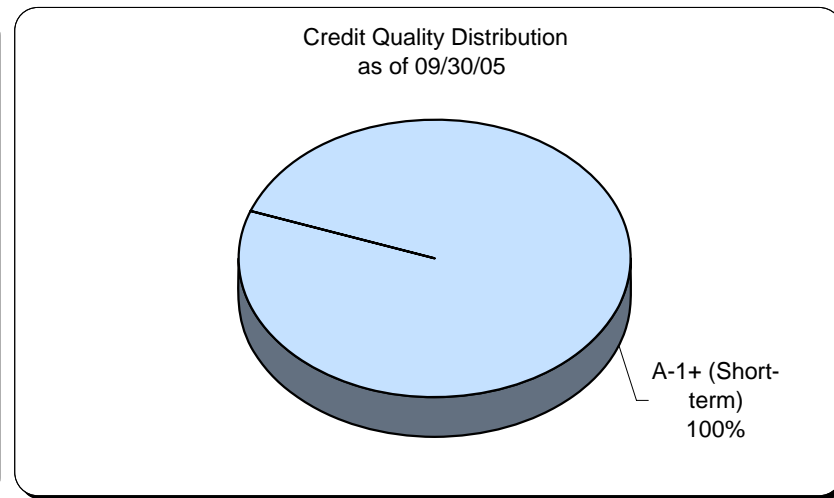
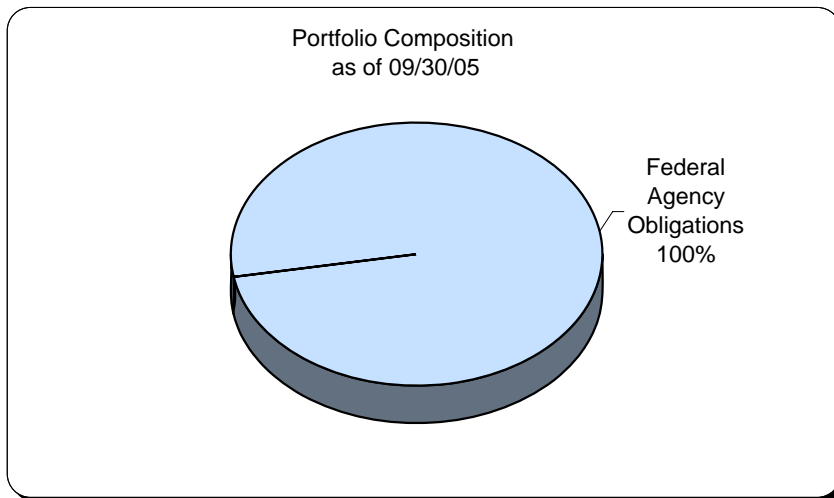


Notes:

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.
2. Public Funds NOW/Cash balances provided by County staff.

Sales Tax Revenue Project Funds Portfolio Composition and Credit Quality Characteristics

<u>Security Type<sup>1</sup></u>	<u>September 30, 2005</u>	<u>% of Portfolio</u>	<u>September 30, 2004</u>	<u>% of Portfolio</u>
U.S. Treasuries	\$0.00	0.0%	\$0.00	0.0%
Federal Agencies	29,644,064.72	100.0%	38,763,328.56	100.0%
Commercial Paper	0.00	0.0%	0.00	0.0%
Certificates of Deposit	0.00	0.0%	0.00	0.0%
Bankers Acceptances	0.00	0.0%	0.00	0.0%
Repurchase Agreements	0.00	0.0%	0.00	0.0%
Municipal Obligations	0.00	0.0%	0.00	0.0%
Corporate Notes/Bonds	0.00	0.0%	0.00	0.0%
Mortgage Backed	0.00	0.0%	0.00	0.0%
Public Funds NOW/Cash <sup>2</sup>	0.00	0.0%	0.00	0.0%
<b>Totals</b>	<b>\$29,644,064.72</b>	<b>100.0%</b>	<b>\$38,763,328.56</b>	<b>100.0%</b>

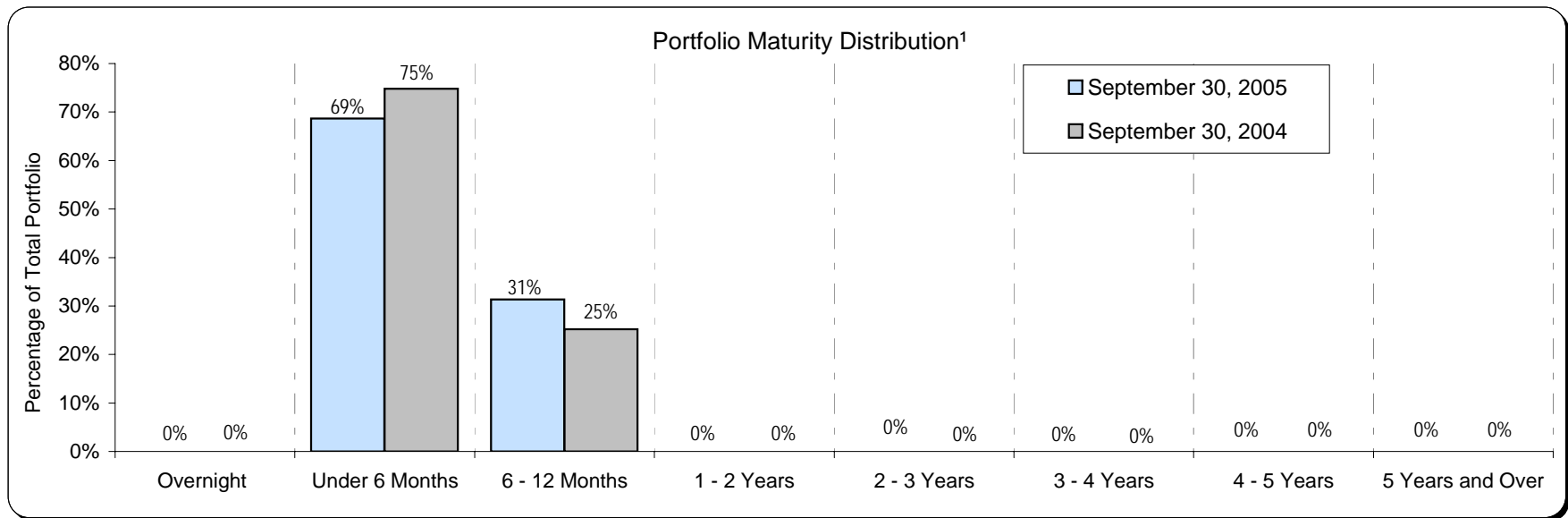


Notes:

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Public Funds NOW/Cash balances provided by County staff.

Sales Tax Revenue Project Funds Portfolio Maturity Distribution

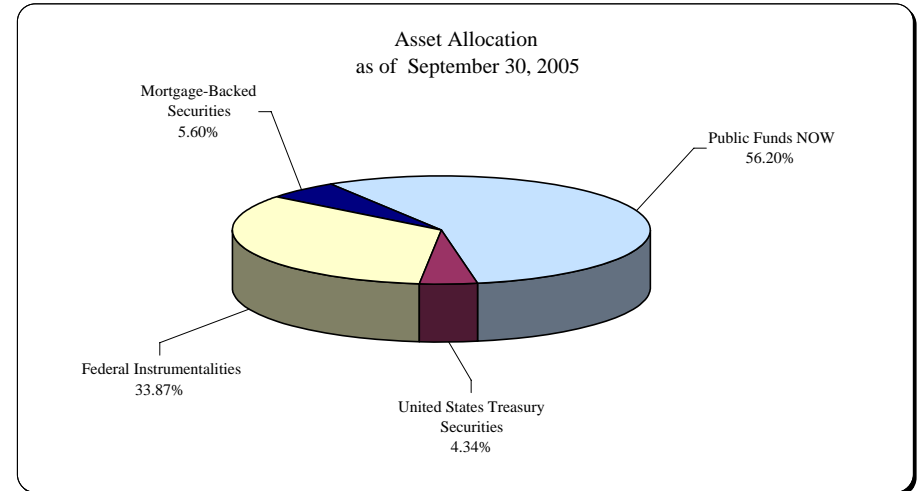
<u>Maturity Distribution</u> <sup>1</sup>	<u>September 30, 2005</u>	<u>September 30, 2004</u>
Overnight (Public Funds NOW/Cash) <sup>2</sup>	<b>\$0.00</b>	\$0.00
Under 6 Months	<b>20,352,782.15</b>	28,988,680.36
6 - 12 Months	<b>9,291,282.57</b>	9,774,648.20
1 - 2 Years	<b>0.00</b>	0.00
2 - 3 Years	<b>0.00</b>	0.00
3 - 4 Years	<b>0.00</b>	0.00
4 - 5 Years	<b>0.00</b>	0.00
5 Years and Over	<b>0.00</b>	0.00
<b>Totals</b>	<b>\$29,644,064.72</b>	<b>\$38,763,328.56</b>



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.
2. Public Funds NOW/Cash balances provided by County staff.

Security Type <sup>1</sup>	September 30, 2005	Notes	Permitted by Policy
Florida SBA	0.00%		100%
United States Treasury Securities	4.34%		100%
United States Government Agency Securities	0.00%		50%
Federal Instrumentalities	33.87%	2	65%
Certificates of Deposit	0.00%		50%
Repurchase Agreements	0.00%		50%
Commercial Paper	0.00%		35%
Corporate Notes	0.00%		0%
Mortgage-Backed Securities	5.60%	2	25%
Bankers' Acceptances	0.00%		35%
State and/or Local Government Debt	0.00%		20%
Fixed Income Money Market Mutual Funds	0.00%		50%
Public Funds NOW	56.20%		100%



Individual Issuer Breakdown	September 30, 2005	Notes	Permitted by Policy
General National Mortgage Association (GNMA)	0.00%		25%
US Export-Import Bank (Ex-Im)	0.00%		25%
Farmer Home Administration (FHDA)	0.00%		25%
Federal Financing Bank	0.00%		25%
Federal Housing Administration (FHA)	0.00%		25%
General Services Administration	0.00%		25%
New Communities Act Debentures	0.00%		25%
US Public Housing Notes & Bonds	0.00%		25%
US Dept. of Housing and Urban Development	0.00%		25%
Federal Farm Credit Bank (FFCB)	0.00%		45%
Federal Home Loan Bank (FHLB)	7.30%		45%
Federal National Mortgage Association (FNMA)	15.08%		45%
Federal Home Loan Mortgage Corporation (FHLMC)	17.09%		45%
Student Loan Marketing Association (SLMA)	0.00%		45%

Individual Issuer Breakdown	September 30, 2005	Notes	Permitted by Policy
CD - Bank A	0.00%		25%
CD - Bank B	0.00%		25%
Fully collateralized Repo - A	0.00%		25%
Fully collateralized Repo - B	0.00%		25%
CP A	0.00%		30%
CP B	0.00%		30%
Corporate Notes A	0.00%		0%
Corporate Notes B	0.00%		0%
Corporate Notes C	0.00%		0%
BA Bank A	0.00%		20%
BA Bank B	0.00%		20%
Municipal Notes/Bonds	0.00%		20%
Money Market Fund A	0.00%		25%
Public Funds NOW	56.20%		100%

Notes:

1. Pursuant to the Investment Policy, the asset allocation chart does not include bond funds.
  2. The combined total of Federal Instrumentalities and Mortgage Backed Securities can not be more than 65%. The combined total as of September 30, 2005 is 39.46%.
- \* All Assets.

Investment Portfolio Information For  
**MARION COUNTY POOLED OPERATING FUND**

Portfolio #  
**54610190**

Section / Report Title

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

For The Month Ending  
**September 30, 2005**

MARION COUNTY, FLORIDA  
DAVID R. ELLSPERMANN, CLERK OF CIRCUIT CT  
P.O. BOX 1030

OCALA

FL 34478-1030

## PFM Asset Management LLC

### Account Summary:

54610190 MARION COUNTY POOLED OPERATING FUND

(Excluding Cash)

MONTH ENDED: September 30, 2005

SECURITY TYPE	PAR VALUE	AMORTIZED COST	MARKET VALUE	MARKET % OF PORTFOLIO	YTM AT COST	YTM AT MARKET	DURATION TO WORST
FED AGY BOND/NOTE	32,170,000.00	32,083,720.60	31,763,865.63	56.157	2.926	4.268	0.954
FED AGY DN	1,080,000.00	1,068,109.20	1,067,368.27	1.887	3.739	3.909	0.293
FED AGY MBS	13,491,268.95	13,631,411.71	13,288,299.51	23.493	3.345	5.051	1.745
US TSY BOND/NOTE	10,600,000.00	10,513,104.70	10,442,917.40	18.463	3.694	4.170	1.410
<b>TOTAL SECURITIES</b>	<b>57,341,268.95</b>	<b>57,296,346.21</b>	<b>56,562,450.81</b>	<b>100.000</b>	<b>3.182 %</b>	<b>4.427 %</b>	<b>1.211</b>
<b>TOTAL INVESTMENTS</b>	<b>57,341,268.95</b>	<b>57,296,346.21</b>	<b>56,562,450.81</b>	<b>100.000 %</b>			
ACCRUED INTEREST		398,228.09	398,228.09				
<b>TOTAL PORTFOLIO</b>	<b>\$57,341,268.95</b>	<b>\$57,694,574.30</b>	<b>\$56,960,678.90</b>				

**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.

# PFM Asset Management LLC

## Detail of Securities Held: 54610190 MARION COUNTY POOLED OPERATING FUND

(Excluding Cash)

MONTH ENDED: September 30, 2005

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
<b>FED AGY BOND/NOTE</b>												
31359MUA9	FNMA NOTES (CALLABLE)	400,000	2.250	02/28/06	AAA	03/12/04	03/17/04	402,084.00	1.975	825.00	400,000.00	397,250.00
31359MUA9	FNMA NOTES (CALLABLE)	4,400,000	2.250	02/28/06	AAA	09/28/04	09/28/04	4,380,200.00	2.575	9,075.00	4,394,238.68	4,369,750.00
3133MYCH8	FHLB GLOBAL NOTES	6,750,000	2.250	05/15/06	AAA	05/28/04	06/01/04	6,684,201.00	2.765	57,375.00	6,728,714.55	6,667,734.38
31359MRV7	FNMA GLOBAL NOTES (CALLABLE)	5,000,000	2.250	05/26/06	AAA	05/27/03	05/28/03	5,008,150.00	2.193	39,062.50	5,000,000.00	4,935,937.50
31359MSV6	FNMA NOTES (CALLABLE)	5,120,000	2.750	08/11/06	AAA	03/12/04	03/15/04	5,147,699.20	2.516	19,555.56	5,120,000.00	5,049,600.00
31359MTN3	FNMA GLOBAL BENCHMARK NOTES	4,500,000	2.625	11/15/06	AAA	02/22/05	02/22/05	4,432,356.00	3.526	44,625.00	4,455,784.71	4,414,218.75
3133XBSU0	FHLB TAP NOTES	2,000,000	3.875	06/08/07	AAA	06/09/05	06/10/05	2,000,120.00	3.846	31,645.83	2,000,120.00	1,983,125.00
3133XA7G6	FHLB GLOBAL NOTES	2,000,000	3.625	01/15/08	AAA	03/10/05	03/10/05	1,977,946.00	4.037	15,305.56	1,982,146.68	1,968,750.00
3133XBSV8	FHLB TAP NOTES	2,000,000	4.000	06/13/08	AAA	06/09/05	06/10/05	2,002,920.00	3.948	32,666.67	2,002,715.98	1,977,500.00
		32,170,000						32,035,676.20	2.926	250,136.12	32,083,720.60	31,763,865.63
<b>FED AGY DN</b>												
313397RX1	FHLMC DISC NOTE	1,080,000		01/17/06	A-1+	07/19/05	07/20/05	1,060,071.90	3.739	0.00	1,068,109.20	1,067,368.27
		1,080,000						1,060,071.90	3.739	0.00	1,068,109.20	1,067,368.27
<b>FED AGY MBS</b>												
31282U4M6	FHLMC MBS 5 YR POOL #M90828	8,929,932	3.500	07/01/08	AAA	07/21/03	07/23/03	9,069,462.34	2.812	26,045.64	9,006,058.48	8,705,452.32
31282R2E3	FHLMC MBS POOL #M80773	2,415,397	5.000	10/01/09	AAA	10/22/02	10/25/02	2,465,592.18	4.322	10,064.16	2,443,791.98	2,428,399.50
31371KXM8	FNMA MBS POOL #254584	2,145,940	5.000	12/01/12	AAA	11/22/02	12/17/02	2,194,893.87	4.393	8,941.42	2,181,561.25	2,154,447.69
		13,491,269						13,729,948.39	3.345	45,051.22	13,631,411.71	13,288,299.51
<b>US TSY BOND/NOTE</b>												
912828DF4	US TREASURY NOTES	1,000,000	3.000	12/31/06	TSY	04/05/05	04/06/05	988,398.44	3.695	7,581.52	991,617.01	985,859.00
912828DF4	US TREASURY NOTES	5,600,000	3.000	12/31/06	TSY	04/06/05	04/07/05	5,536,781.25	3.677	42,456.52	5,554,253.71	5,520,810.40
912828DS6	US TREASURY NOTES	2,000,000	3.625	04/30/07	TSY	06/09/05	06/10/05	1,999,687.50	3.632	30,339.67	1,999,772.58	1,983,124.00
912828AN0	US TREASURY NOTES	2,000,000	3.000	11/15/07	TSY	03/10/05	03/10/05	1,959,218.75	3.806	22,663.04	1,967,461.40	1,953,124.00
		10,600,000						10,484,085.94	3.694	103,040.75	10,513,104.70	10,442,917.40
<b>TOTAL SECURITIES</b>		<b>\$57,341,269</b>						<b>\$57,309,782.43</b>	<b>3.182 %</b>	<b>\$398,228.09</b>	<b>\$57,296,346.21</b>	<b>\$56,562,450.81</b>

# PFM Asset Management LLC

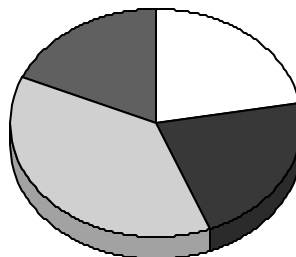
## Detail of Securities Held: 54610190 MARION COUNTY POOLED OPERATING FUND

(Excluding Cash)

MONTH ENDED: September 30, 2005

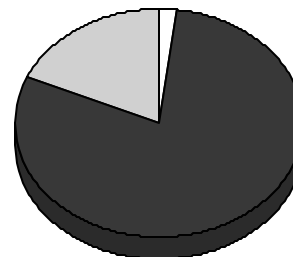
SECURITY TYPE													
CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	S&P RATING	TRADE DATE	SETTLE DATE	ORIGINAL COST	YTM AT COST	ACCRUED INTEREST	AMORTIZED COST	MARKET VALUE	

Issuers by Market Value



□ FHLB	\$12,597,109	22.3%
■ FHLMC	\$12,201,220	21.6%
□ FNMA	\$21,321,204	37.7%
■ UNITED STATES TREASURY	\$10,442,917	18.5%
Total:	\$56,562,451	100.0%

Ratings by Market Value



□ A-1+	\$1,067,368	1.9%
■ AAA	\$45,052,165	79.7%
□ TSY	\$10,442,917	18.5%
Total:	\$56,562,451	100.0%

# PFM Asset Management LLC

## Fair Market Values & Analytics: (Excluding Cash)

54610190

MARION COUNTY POOLED OPERATING FUND

MONTH ENDED: September 30, 2005

SECURITY TYPE				MATURITY	FIRST CALL	MARKET	MARKET	UNREAL G/(L)	UNREAL G/(L)	DURATION	YTM
CUSIP	DESCRIPTION	PAR	COUPON	DATE	DATE	PRICE	VALUE	ON AMORT COST	ON COST	TO WORST	AT MKT
<b>FED AGY BOND/NOTE</b>											
31359MUA9	FNMA NOTES (CALLABLE)	400,000	2.250	02/28/06	02/28/05	99.313	397,250.00	(2,750.00)	(4,834.00)	0.403	3.942
31359MUA9	FNMA NOTES (CALLABLE)	4,400,000	2.250	02/28/06	02/28/05	99.313	4,369,750.00	(24,488.68)	(10,450.00)	0.403	3.942
3133MYCH8	FHLB GLOBAL NOTES	6,750,000	2.250	05/15/06		98.781	6,667,734.38	(60,980.17)	(16,466.62)	0.607	4.243
31359MRV7	FNMA GLOBAL NOTES (CALLABLE)	5,000,000	2.250	05/26/06	11/26/03	98.719	4,935,937.50	(64,062.50)	(72,212.50)	0.636	4.249
31359MSV6	FNMA NOTES (CALLABLE)	5,120,000	2.750	08/11/06	08/11/04	98.625	5,049,600.00	(70,400.00)	(98,099.20)	0.839	4.386
31359MTN3	FNMA GLOBAL BENCHMARK NOTES	4,500,000	2.625	11/15/06		98.094	4,414,218.75	(41,565.96)	(18,137.25)	1.082	4.378
3133XBSU0	FHLB TAP NOTES	2,000,000	3.875	06/08/07		99.156	1,983,125.00	(16,995.00)	(16,995.00)	1.561	4.394
3133XA7G6	FHLB GLOBAL NOTES	2,000,000	3.625	01/15/08		98.438	1,968,750.00	(13,396.68)	(9,196.00)	2.156	4.347
3133XBSV8	FHLB TAP NOTES	2,000,000	4.000	06/13/08		98.875	1,977,500.00	(25,215.98)	(25,420.00)	2.447	4.443
<b>FED AGY DN</b>											
313397RX1	FHLMC DISC NOTE	1,080,000		01/17/06		98.830	1,067,368.27	(740.93)	7,296.37	0.293	3.909
<b>FED AGY MBS</b>											
31282U4M6	FHLMC MBS 5 YR POOL #M90828	8,929,932	3.500	07/01/08		97.486	8,705,452.32	(300,606.16)	(364,010.02)	1.346	5.238
31282R2E3	FHLMC MBS POOL #M80773	2,415,397	5.000	10/01/09		100.538	2,428,399.50	(15,392.48)	(37,192.68)	1.932	4.630
31371KXM8	FNMA MBS POOL #254584	2,145,940	5.000	12/01/12		100.396	2,154,447.69	(27,113.56)	(40,446.18)	3.146	4.773
<b>US TSY BOND/NOTE</b>											
912828DF4	US TREASURY NOTES	1,000,000	3.000	12/31/06		98.586	985,859.00	(5,758.01)	(2,539.44)	1.203	4.170
912828DF4	US TREASURY NOTES	5,600,000	3.000	12/31/06		98.586	5,520,810.40	(33,443.31)	(15,970.85)	1.203	4.170
912828DS6	US TREASURY NOTES	2,000,000	3.625	04/30/07		99.156	1,983,124.00	(16,648.58)	(16,563.50)	1.500	4.179
912828AN0	US TREASURY NOTES	2,000,000	3.000	11/15/07		97.656	1,953,124.00	(14,337.40)	(6,094.75)	2.009	4.162
<b>SUBTOTALS</b>							<b>\$56,562,450.81</b>	<b>(\$733,895.40)</b>	<b>(\$747,331.62)</b>	<b>1.211</b>	<b>4.427 %</b>
<b>ACCRUED INTEREST ON INVESTMENT</b>							398,228.09				
<b>TOTAL MARKET VALUE OF INVESTMENTS</b>							<b>\$56,960,678.90</b>				

***PFM Asset Management LLC***

**Security Transactions & Interest:**

54610190

MARION COUNTY POOLED OPERATING FUND

MONTH ENDED: September 30, 2005

(Excluding Cash)

TRADE	SETTLE	TRAN TYPE	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR	COUPON	MATURITY DATE	PRINCIPAL AMOUNT	ACCRUED INTEREST	TOTAL	
09/01/05	09/01/05	INTEREST	MONEY MARKET FUND	MONEY0002	NR				0.00	1,148.17	1,148.17	
09/01/05	09/15/05	INTEREST	FHLMC MBS POOL #M80773	31282R2E3	AAA	2,523,188	5.000	10/01/09	0.00	10,513.28	10,513.28	
09/01/05	09/15/05	INTEREST	FHLMC MBS 5 YR POOL #M90828	31282U4M6	AAA	9,279,991	3.500	07/01/08	0.00	27,066.64	27,066.64	
09/01/05	09/25/05	INTEREST	FNMA MBS POOL #254584	31371KXM8	AAA	2,205,027	5.000	12/01/12	0.00	9,187.61	9,187.61	
									14,008,206	0.00	47,915.70	47,915.70
09/01/05	09/15/05	MBS PMT	FHLMC MBS POOL #M80773	31282R2E3	AAA	107,790	5.000	10/01/09	107,790.30	0.00	107,790.30	
09/01/05	09/15/05	MBS PMT	FHLMC MBS 5 YR POOL #M90828	31282U4M6	AAA	350,059	3.500	07/01/08	350,058.75	0.00	350,058.75	
09/01/05	09/25/05	MBS PMT	FNMA MBS POOL #254584	31371KXM8	AAA	59,088	5.000	12/01/12	59,087.50	0.00	59,087.50	
									516,937	516,936.55	0.00	516,936.55

**TOTAL SECURITY TRANSACTIONS**

**564,852.25**

***PFM Asset Management LLC***

**Cash Transactions Report:**

54610190

MARION COUNTY POOLED OPERATING FUND

MONTH ENDED: September 30, 2005

<b>CASH DATE</b>	<b>TRANSACTION CODE</b>	<b>TRANSACTION DESCRIPTION</b>	<b>TOTAL AMOUNT</b>
09/20/05	CC	TRANSFER FROM 0200	10,000,000.00
			<u>10,000,000.00</u>
09/22/05	CW	CASH	(11,272,528.89)
			<u>(11,272,528.89)</u>
<b>NET CASH CONTRIBUTIONS/(WITHDRAWS)</b>			<b><u><u>(\$1,272,528.89)</u></u></b>

***PFM Asset Management LLC***

**Realized Gains and Losses:**      *54610190*      *MARION COUNTY POOLED OPERATING FUND*

(Excluding Cash)

MONTH ENDED:    September 30, 2005

<b>TRADE DATE</b>	<b>SETTLE DATE</b>	<b>TRAN TYPE</b>	<b>SALE METHOD</b>	<b>SECURITY DESCRIPTION</b>	<b>CUSIP</b>	<b>PAR VALUE</b>	<b>COUPON</b>	<b>PRINCIPAL PROCEEDS</b>	<b>REALIZED G/(L) COST</b>	<b>REALIZED G/(L) AMORT CST</b>
09/01/05	09/15/05	MBS PMT		FHLMC MBS POOL #M80773	31282R2E3	107,790	5.000	107,790.30	(2,240.02)	0.00
09/01/05	09/15/05	MBS PMT		FHLMC MBS 5 YR POOL #M90828	31282U4M6	350,059	3.500	350,058.75	(5,469.67)	0.00
09/01/05	09/25/05	MBS PMT		FNMA MBS POOL #254584	31371KXM8	59,088	5.000	59,087.50	(1,347.93)	0.00
<b>TOTAL GAINS AND LOSSES</b>									<b><u>(\$9,057.62)</u></b>	<b><u>\$0.00</u></b>

# PFM Asset Management LLC

## Cash Balance Report:

54610190

MARION COUNTY POOLED OPERATING FUND

MONTH ENDED: September 30, 2005

CASH BALANCE: \$68,275.30

### Earnings Calculation Templates

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

### Economic Calendar

10/06/05 Initial Jobless Claims	10/25/05 Consumer Confidence
10/07/05 Change in Nonfarm Payrolls	10/27/05 Durable Goods Orders
10/13/05 Initial Jobless Claims	10/27/05 Initial Jobless Claims
10/14/05 Consumer Price Index	10/28/05 GDP Annualized
10/18/05 Producer Price Index	10/31/05 Personal Income
10/20/05 Initial Jobless Claims	10/31/05 Chicago Purchasing Manager

### Market Commentary

The market's expectations of future Fed activity varied greatly during the month of September. Concerns about the effect of Hurricane Katrina and Hurricane Rita on the economy led some to believe that the Fed could slow down their pace of future rate hikes. But as time passed and the damage was assessed the market began to realize the enormous amount of rebuilding that would be necessary. Many participants now believe that the rebuilding will help add to economic growth and contribute to a higher level of inflation in the future. This assessment supports the opinion that the Fed will continue to increase rates to control inflation. It is likely that economic data will be distorted in the next several months as the dislocation of millions will skew some economic releases. The Fed did increase the target Fed Funds level another 25 basis points to 3.75% at the September FOMC meeting. There are two more FOMC meetings in calendar 2005.

Investment Portfolio Information For  
**MARION COUNTY POOLED OPER SHORT TERM FD**

Portfolio #  
**54610210**

Section / Report Title

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

For The Month Ending  
**September 30, 2005**

MARION COUNTY, FLORIDA  
DAVID R. ELLSPERMANN, CLERK OF CIRCUIT CT  
P.O. BOX 1030

OCALA

FL 34478-1030

***PFM Asset Management LLC***

**Account Summary:**                      *54610210    MARION COUNTY POOLED OPER SHORT TERM FD*

(Excluding Cash)

MONTH ENDED:    September 30, 2005

<b>SECURITY TYPE</b>	<b>PAR VALUE</b>	<b>AMORTIZED COST</b>	<b>MARKET VALUE</b>	<b>MARKET % OF PORTFOLIO</b>	<b>YTM AT COST</b>	<b>YTM AT MARKET</b>	<b>DURATION TO WORST</b>
FED AGY BOND/NOTE	15,000,000.00	14,991,628.40	14,959,375.00	100.000	4.050	4.317	0.786
<b>TOTAL SECURITIES</b>	<b>15,000,000.00</b>	<b>14,991,628.40</b>	<b>14,959,375.00</b>	<b>100.000</b>	<b>4.050 %</b>	<b>4.317 %</b>	<b>0.786</b>
<b>TOTAL INVESTMENTS</b>	<b>15,000,000.00</b>	<b>14,991,628.40</b>	<b>14,959,375.00</b>	<b>100.000 %</b>			
ACCRUED INTEREST		116,284.72	116,284.72				
<b>TOTAL PORTFOLIO</b>	<b>\$15,000,000.00</b>	<b>\$15,107,913.12</b>	<b>\$15,075,659.72</b>				

**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.

# PFM Asset Management LLC

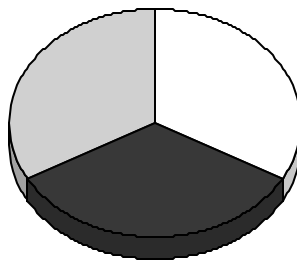
## Detail of Securities Held: 54610210 MARION COUNTY POOLED OPER SHORT TERM FD

(Excluding Cash)

MONTH ENDED: September 30, 2005

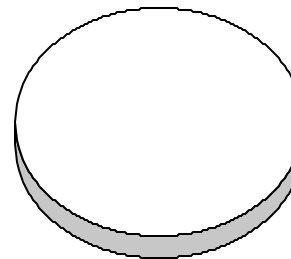
SECURITY TYPE		PAR	MATURITY DATE	S&P RATING	TRADE DATE	SETTLE DATE	ORIGINAL COST	YTM AT COST	ACCRUED INTEREST	AMORTIZED COST	MARKET VALUE
<b>FED AGY BOND/NOTE</b>											
CUSIP	DESCRIPTION										
31359MXE8	FNMA NOTES	5,000,000	07/12/06	AAA	07/28/05	07/29/05	4,963,175.00	4.044	35,659.72	4,969,778.80	4,959,375.00
3134A4GK4	FHLMC GLOBAL REFERENCE NOTES	5,000,000	07/15/06	AAA	07/28/05	07/29/05	5,067,405.00	4.054	58,055.56	5,055,467.15	5,045,312.50
3133XALE5	FHLB NOTES	5,000,000	08/11/06	AAA	07/28/05	07/29/05	4,959,700.00	4.053	22,569.44	4,966,382.45	4,954,687.50
		15,000,000					14,990,280.00	4.050 %	\$116,284.72	\$14,991,628.40	\$14,959,375.00
<b>TOTAL SECURITIES</b>		<b>\$15,000,000</b>					<b>\$14,990,280.00</b>	<b>4.050 %</b>	<b>\$116,284.72</b>	<b>\$14,991,628.40</b>	<b>\$14,959,375.00</b>

**Issuers by Market Value**



□ FHLB	\$4,954,688	33.1%
■ FHLMC	\$5,045,313	33.7%
□ FNMA	\$4,959,375	33.2%
<b>Total:</b>		<b>\$14,959,375 100.0%</b>

**Ratings by Market Value**



□ AAA	\$14,959,375	100.0%
<b>Total:</b>		<b>\$14,959,375 100.0%</b>

# PFM Asset Management LLC

## Fair Market Values & Analytics:

54610210

MARION COUNTY POOLED OPER SHORT TERM FD

(Excluding Cash)

MONTH ENDED: September 30, 2005

SECURITY TYPE				MATURITY	FIRST CALL	MARKET	MARKET	UNREAL G/(L)	UNREAL G/(L)	DURATION	YTM
CUSIP	DESCRIPTION	PAR	COUPON	DATE	DATE	PRICE	VALUE	ON AMORT COST	ON COST	TO WORST AT MKT	
<b>FED AGY BOND/NOTE</b>											
31359MXE8	FNMA NOTES	5,000,000	3.250	07/12/06		99.188	4,959,375.00	(10,403.80)	(3,800.00)	0.759	4.310
3134A4GK4	FHLMC GLOBAL REFERENCE NOTES	5,000,000	5.500	07/15/06		100.906	5,045,312.50	(10,154.65)	(22,092.50)	0.762	4.314
3133XALE5	FHLB NOTES	5,000,000	3.250	08/11/06		99.094	4,954,687.50	(11,694.95)	(5,012.50)	0.838	4.326
<b>SUBTOTALS</b>							<b>\$14,959,375.00</b>	<b>(\$32,253.40)</b>	<b>(\$30,905.00)</b>	<b>0.786</b>	<b>4.317 %</b>
ACCRUED INTEREST ON INVESTMENT							116,284.72				
TOTAL MARKET VALUE OF INVESTMENTS							<b>\$15,075,659.72</b>				

***PFM Asset Management LLC***

**Security Transactions & Interest:**  
(Excluding Cash)

54610210

MARION COUNTY POOLED OPER SHORT TERM FD

MONTH ENDED: September 30, 2005

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:**

54610210

MARION COUNTY POOLED OPER SHORT TERM FD

MONTH ENDED: September 30, 2005

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

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NET CASH CONTRIBUTIONS/(WITHDRAWS)

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***PFM Asset Management LLC***

**Realized Gains and Losses:**      *54610210*      *MARION COUNTY POOLED OPER SHORT TERM FD*

(Excluding Cash)

MONTH ENDED:    September 30, 2005

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

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***PFM Asset Management LLC***

**Cash Balance Report:**

54610210

MARION COUNTY POOLED OPER SHORT TERM FD

MONTH ENDED: September 30, 2005

CASH BALANCE: \$0.00

**Earnings Calculation Templates**

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

**Economic Calendar**

10/06/05 Initial Jobless Claims	10/25/05 Consumer Confidence
10/07/05 Change in Nonfarm Payrolls	10/27/05 Durable Goods Orders
10/13/05 Initial Jobless Claims	10/27/05 Initial Jobless Claims
10/14/05 Consumer Price Index	10/28/05 GDP Annualized
10/18/05 Producer Price Index	10/31/05 Personal Income
10/20/05 Initial Jobless Claims	10/31/05 Chicago Purchasing Manager

**Market Commentary**

The market's expectations of future Fed activity varied greatly during the month of September. Concerns about the effect of Hurricane Katrina and Hurricane Rita on the economy led some to believe that the Fed could slow down their pace of future rate hikes. But as time passed and the damage was assessed the market began to realize the enormous amount of rebuilding that would be necessary. Many participants now believe that the rebuilding will help add to economic growth and contribute to a higher level of inflation in the future. This assessment supports the opinion that the Fed will continue to increase rates to control inflation. It is likely that economic data will be distorted in the next several months as the dislocation of millions will skew some economic releases. The Fed did increase the target Fed Funds level another 25 basis points to 3.75% at the September FOMC meeting. There are two more FOMC meetings in calendar 2005.

Investment Portfolio Information For  
**MARION COUNTY 98 AD VALOREM CONST TAX**

Portfolio #  
**54610177**

Section / Report Title

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

For The Month Ending  
**September 30, 2005**

MARION COUNTY, FLORIDA  
DAVID R. ELLSPERMANN, CLERK OF CIRCUIT CT  
P.O. BOX 1030

OCALA

FL 34478-1030

***PFM Asset Management LLC***

**Account Summary:**

54610177 MARION COUNTY 98 AD VALOREM CONST TAX

(Excluding Cash)

MONTH ENDED: September 30, 2005

<b>SECURITY TYPE</b>	<b>PAR VALUE</b>	<b>AMORTIZED COST</b>	<b>MARKET VALUE</b>	<b>MARKET % OF PORTFOLIO</b>	<b>YTM AT COST</b>	<b>YTM AT MARKET</b>	<b>DURATION TO WORST</b>
FED AGY DN	4,665,000.00	4,570,051.71	4,552,923.65	100.000	3.559	4.141	0.574
<b>TOTAL SECURITIES</b>	<b>4,665,000.00</b>	<b>4,570,051.71</b>	<b>4,552,923.65</b>	<b>100.000</b>	<b>3.559 %</b>	<b>4.141 %</b>	<b>0.574</b>
<b>TOTAL INVESTMENTS</b>	<b>4,665,000.00</b>	<b>4,570,051.71</b>	<b>4,552,923.65</b>	<b>100.000 %</b>			
ACCRUED INTEREST		0.00	0.00				
<b>TOTAL PORTFOLIO</b>	<b>\$4,665,000.00</b>	<b>\$4,570,051.71</b>	<b>\$4,552,923.65</b>				

**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.

# PFM Asset Management LLC

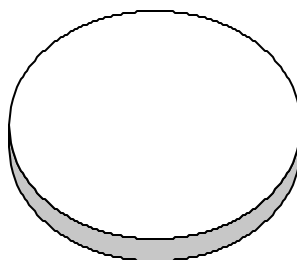
**Detail of Securities Held:**     54610177     MARION COUNTY 98 AD VALOREM CONST TAX

(Excluding Cash)

MONTH ENDED:     September 30, 2005

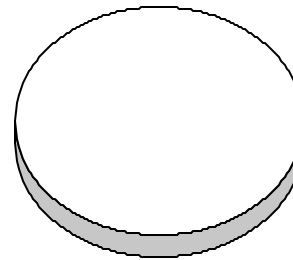
SECURITY TYPE												
CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	S&P RATING	TRADE DATE	SETTLE DATE	ORIGINAL COST	YTM AT COST	ACCRUED INTEREST	AMORTIZED COST	MARKET VALUE
<b>FED AGY DN</b>												
313397WG2	FHLMC DISC NOTE	4,665,000		05/02/06	A-1+	05/18/05	05/18/05	4,509,427.43	3.559	0.00	4,570,051.71	4,552,923.65
		4,665,000						4,509,427.43	3.559	0.00	4,570,051.71	4,552,923.65
<b>TOTAL SECURITIES</b>		<b>\$4,665,000</b>						<b>\$4,509,427.43</b>	<b>3.559 %</b>	<b>\$0.00</b>	<b>\$4,570,051.71</b>	<b>\$4,552,923.65</b>

**Issuers by Market Value**



□	FHLMC	\$4,552,924	100.0%
Total:		\$4,552,924	100.0%

**Ratings by Market Value**



□	A-1+	\$4,552,924	100.0%
Total:		\$4,552,924	100.0%

# PFM Asset Management LLC

## Fair Market Values & Analytics: (Excluding Cash)

54610177 MARION COUNTY 98 AD VALOREM CONST TAX

MONTH ENDED: September 30, 2005

SECURITY TYPE				MATURITY	FIRST CALL	MARKET	MARKET	UNREAL G/(L)	UNREAL G/(L)	DURATION	YTM
CUSIP	DESCRIPTION	PAR	COUPON	DATE	DATE	PRICE	VALUE	ON AMORT COST	ON COST	TO WORST	AT MKT
<b>FED AGY DN</b>											
313397WG2	FHLMC DISC NOTE	4,665,000		05/02/06		97.598	4,552,923.65	(17,128.06)	43,496.22	0.574	4.141
<b>SUBTOTALS</b>							<b>\$4,552,923.65</b>	<b>(\$17,128.06)</b>	<b>\$43,496.22</b>	<b>0.574</b>	<b>4.141 %</b>
ACCRUED INTEREST ON INVESTMENT							0.00				
TOTAL MARKET VALUE OF INVESTMENTS							<b>\$4,552,923.65</b>				

***PFM Asset Management LLC***

**Security Transactions & Interest:**

54610177

MARION COUNTY 98 AD VALOREM CONST TAX

(Excluding Cash)

MONTH ENDED: September 30, 2005

TRADE	SETTLE	TRAN TYPE	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR	COUPON	MATURITY DATE	PRINCIPAL AMOUNT	ACCRUED INTEREST	TOTAL
09/01/05	09/01/05	INTEREST	MONEY MARKET FUND	MONEY0002	NR				0.00	13,105.25	13,105.25
									0.00	13,105.25	13,105.25

TOTAL SECURITY TRANSACTIONS

13,105.25

***PFM Asset Management LLC***

**Cash Transactions Report:**

54610177

MARION COUNTY 98 AD VALOREM CONST TAX

MONTH ENDED: September 30, 2005

CASH DATE

TRANSACTION CODE

TRANSACTION DESCRIPTION

TOTAL AMOUNT

**No transactions during the month.**

NET CASH CONTRIBUTIONS/(WITHDRAWS)

=====

***PFM Asset Management LLC***

**Realized Gains and Losses:**      *54610177*      *MARION COUNTY 98 AD VALOREM CONST TAX*

(Excluding Cash)

MONTH ENDED:    September 30, 2005

<u>TRADE</u>	<u>SETTLE</u>								<u>PRINCIPAL</u>	<u>REALIZED</u>	<u>REALIZED</u>
<u>DATE</u>	<u>DATE</u>	<u>TRAN TYPE</u>	<u>SALE METHOD</u>	<u>SECURITY DESCRIPTION</u>	<u>CUSIP</u>	<u>PAR VALUE</u>	<u>COUPON</u>		<u>PROCEEDS</u>	<u>G/(L) COST</u>	<u>G/(L) AMORT CST</u>

No transactions during the month.

TOTAL GAINS AND LOSSES

=====

***PFM Asset Management LLC***

**Cash Balance Report:**

54610177

MARION COUNTY 98 AD VALOREM CONST TAX

MONTH ENDED: September 30, 2005

CASH BALANCE: \$5,030,547.51

**Earnings Calculation Templates**

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

**Economic Calendar**

10/06/05 Initial Jobless Claims	10/25/05 Consumer Confidence
10/07/05 Change in Nonfarm Payrolls	10/27/05 Durable Goods Orders
10/13/05 Initial Jobless Claims	10/27/05 Initial Jobless Claims
10/14/05 Consumer Price Index	10/28/05 GDP Annualized
10/18/05 Producer Price Index	10/31/05 Personal Income
10/20/05 Initial Jobless Claims	10/31/05 Chicago Purchasing Manager

**Market Commentary**

The market's expectations of future Fed activity varied greatly during the month of September. Concerns about the effect of Hurricane Katrina and Hurricane Rita on the economy led some to believe that the Fed could slow down their pace of future rate hikes. But as time passed and the damage was assessed the market began to realize the enormous amount of rebuilding that would be necessary. Many participants now believe that the rebuilding will help add to economic growth and contribute to a higher level of inflation in the future. This assessment supports the opinion that the Fed will continue to increase rates to control inflation. It is likely that economic data will be distorted in the next several months as the dislocation of millions will skew some economic releases. The Fed did increase the target Fed Funds level another 25 basis points to 3.75% at the September FOMC meeting. There are two more FOMC meetings in calendar 2005.

Investment Portfolio Information For  
**MARION CNTY SALES TAX REV PROJ FUNDS**

Portfolio #  
**54610200**

Section / Report Title

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

For The Month Ending  
**September 30, 2005**

MARION COUNTY, FLORIDA  
DAVID R. ELLSPERMANN, CLERK OF CIRCUIT CT  
P.O. BOX 1030

OCALA

FL 34478-1030

***PFM Asset Management LLC***

**Account Summary:**                      *54610200    MARION CNTY SALES TAX REV PROJ FUNDS*

(Excluding Cash)

MONTH ENDED:    September 30, 2005

<b>SECURITY TYPE</b>	<b>PAR VALUE</b>	<b>AMORTIZED COST</b>	<b>MARKET VALUE</b>	<b>MARKET % OF PORTFOLIO</b>	<b>YTM AT COST</b>	<b>YTM AT MARKET</b>	<b>DURATION TO WORST</b>
FED AGY DN	30,030,000.00	29,687,618.24	29,644,064.72	100.000	3.634	3.912	0.313
<b>TOTAL SECURITIES</b>	<b>30,030,000.00</b>	<b>29,687,618.24</b>	<b>29,644,064.72</b>	<b>100.000</b>	<b>3.634 %</b>	<b>3.912 %</b>	<b>0.313</b>
<b>TOTAL INVESTMENTS</b>	<b>30,030,000.00</b>	<b>29,687,618.24</b>	<b>29,644,064.72</b>	<b>100.000 %</b>			
ACCRUED INTEREST		0.00	0.00				
<b>TOTAL PORTFOLIO</b>	<b>\$30,030,000.00</b>	<b>\$29,687,618.24</b>	<b>\$29,644,064.72</b>				

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# PFM Asset Management LLC

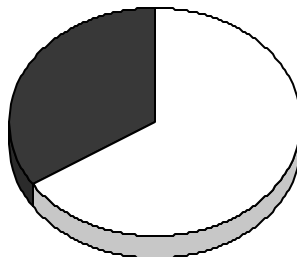
## Detail of Securities Held: 54610200 MARION CNTY SALES TAX REV PROJ FUNDS

(Excluding Cash)

MONTH ENDED: September 30, 2005

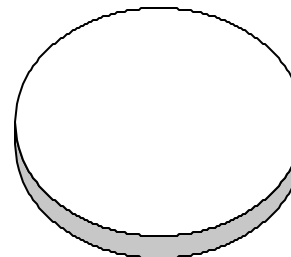
SECURITY TYPE		PAR	MATURITY DATE	S&P RATING	TRADE DATE	SETTLE DATE	ORIGINAL COST	YTM AT COST	ACCRUED INTEREST	AMORTIZED COST	MARKET VALUE
CUSIP	DESCRIPTION										
<b>FED AGY DN</b>											
313589NV1	FNMA DISC NOTE	10,200,000	11/04/05	A-1+	08/24/05	08/24/05	10,127,376.00	3.586	0.00	10,165,705.35	10,163,368.43
313397RX1	FHLMC DISC NOTE	10,310,000	01/17/06	A-1+	07/19/05	07/20/05	10,119,760.45	3.739	0.00	10,196,486.90	10,189,413.72
313397WG2	FHLMC DISC NOTE	8,275,000	05/02/06	A-1+	05/18/05	05/18/05	7,999,037.94	3.559	0.00	8,106,576.19	8,076,193.62
313397WG2	FHLMC DISC NOTE	1,245,000	05/02/06	A-1+	06/30/05	06/30/05	1,207,432.13	3.660	0.00	1,218,849.80	1,215,088.95
		<b>30,030,000</b>					<b>29,453,606.52</b>	<b>3.634</b>	<b>0.00</b>	<b>29,687,618.24</b>	<b>29,644,064.72</b>
<b>TOTAL SECURITIES</b>		<b>\$30,030,000</b>					<b>\$29,453,606.52</b>	<b>3.634 %</b>	<b>\$0.00</b>	<b>\$29,687,618.24</b>	<b>\$29,644,064.72</b>

Issuers by Market Value



□ FHLMC	\$19,480,696	65.7%
■ FNMA	\$10,163,368	34.3%
<b>Total:</b>		<b>\$29,644,065 100.0%</b>

Ratings by Market Value



□ A-1+	\$29,644,065	100.0%
<b>Total:</b>		<b>\$29,644,065 100.0%</b>

# PFM Asset Management LLC

## Fair Market Values & Analytics:

54610200

MARION CNTY SALES TAX REV PROJ FUNDS

(Excluding Cash)

MONTH ENDED: September 30, 2005

SECURITY TYPE				MATURITY	FIRST CALL	MARKET	MARKET	UNREAL G/(L)	UNREAL G/(L)	DURATION	YTM
CUSIP	DESCRIPTION	PAR	COUPON	DATE	DATE	PRICE	VALUE	ON AMORT COST	ON COST	TO WORST	AT MKT
<b>FED AGY DN</b>											
313589NV1	FNMA DISC NOTE	10,200,000		11/04/05		99.641	10,163,368.43	(2,336.92)	35,992.43	0.094	3.707
313397RX1	FHLMC DISC NOTE	10,310,000		01/17/06		98.830	10,189,413.72	(7,073.18)	69,653.27	0.293	3.909
313397WG2	FHLMC DISC NOTE	8,275,000		05/02/06		97.598	8,076,193.62	(30,382.57)	77,155.68	0.574	4.141
313397WG2	FHLMC DISC NOTE	1,245,000		05/02/06		97.598	1,215,088.95	(3,760.85)	7,656.82	0.574	4.141
<b>SUBTOTALS</b>							<b>\$29,644,064.72</b>	<b>(\$43,553.52)</b>	<b>\$190,458.20</b>	<b>0.313</b>	<b>3.912 %</b>
ACCRUED INTEREST ON INVESTMENT							0.00				
TOTAL MARKET VALUE OF INVESTMENTS							<b>\$29,644,064.72</b>				

***PFM Asset Management LLC***

**Security Transactions & Interest:**

54610200

MARION CNTY SALES TAX REV PROJ FUNDS

(Excluding Cash)

MONTH ENDED: September 30, 2005

TRADE	SETTLE	TRAN TYPE	SECURITY DESCRIPTION	CUSIP	S&P RATING	PAR	COUPON	MATURITY DATE	PRINCIPAL AMOUNT	ACCRUED INTEREST	TOTAL
09/20/05	09/20/05	MATURITY	FHLMC DISC NOTE	313397LY5	A-1+	10,000,000	0.000	09/20/05	10,000,000.00	0.00	10,000,000.00
						10,000,000			10,000,000.00	0.00	10,000,000.00
<b>TOTAL SECURITY TRANSACTIONS</b>											<b><u>10,000,000.00</u></b>

***PFM Asset Management LLC***

**Cash Transactions Report:**

54610200

MARION CNTY SALES TAX REV PROJ FUNDS

MONTH ENDED: September 30, 2005

CASH DATE	TRANSACTION CODE	TRANSACTION DESCRIPTION	TOTAL AMOUNT
09/20/05	CW	TRANSFER TO 0190	(10,000,000.00)
			(10,000,000.00)
NET CASH CONTRIBUTIONS/(WITHDRAWS)			<u><u>(\$10,000,000.00)</u></u>

***PFM Asset Management LLC***

**Realized Gains and Losses:**      *54610200*      *MARION CNTY SALES TAX REV PROJ FUNDS*

(Excluding Cash)

MONTH ENDED:    September 30, 2005

<u>TRADE</u>	<u>SETTLE</u>							<u>PRINCIPAL</u>	<u>REALIZED</u>	<u>REALIZED</u>
<u>DATE</u>	<u>DATE</u>	<u>TRAN TYPE</u>	<u>SALE METHOD</u>	<u>SECURITY DESCRIPTION</u>	<u>CUSIP</u>	<u>PAR VALUE</u>	<u>COUPON</u>	<u>PROCEEDS</u>	<u>G/(L) COST</u>	<u>G/(L) AMORT CST</u>
09/20/05	09/20/05	MATURITY		FHLMC DISC NOTE	313397LY5	10,000,000	0.000	10,000,000.00	225,030.56	0.00
<b>TOTAL GAINS AND LOSSES</b>									<b><u>\$225,030.56</u></b>	<b><u>\$0.00</u></b>

# PFM Asset Management LLC

## Cash Balance Report:

54610200

MARION CNTY SALES TAX REV PROJ FUNDS

MONTH ENDED: September 30, 2005

CASH BALANCE: \$0.00

### Earnings Calculation Templates

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

### Economic Calendar

10/06/05 Initial Jobless Claims	10/25/05 Consumer Confidence
10/07/05 Change in Nonfarm Payrolls	10/27/05 Durable Goods Orders
10/13/05 Initial Jobless Claims	10/27/05 Initial Jobless Claims
10/14/05 Consumer Price Index	10/28/05 GDP Annualized
10/18/05 Producer Price Index	10/31/05 Personal Income
10/20/05 Initial Jobless Claims	10/31/05 Chicago Purchasing Manager

### Market Commentary

The market's expectations of future Fed activity varied greatly during the month of September. Concerns about the effect of Hurricane Katrina and Hurricane Rita on the economy led some to believe that the Fed could slow down their pace of future rate hikes. But as time passed and the damage was assessed the market began to realize the enormous amount of rebuilding that would be necessary. Many participants now believe that the rebuilding will help add to economic growth and contribute to a higher level of inflation in the future. This assessment supports the opinion that the Fed will continue to increase rates to control inflation. It is likely that economic data will be distorted in the next several months as the dislocation of millions will skew some economic releases. The Fed did increase the target Fed Funds level another 25 basis points to 3.75% at the September FOMC meeting. There are two more FOMC meetings in calendar 2005.