Butte County

LAND OF NATURAL WEALTH AND BEAUTY

C. LINDA BARNES
TREASURER - TAX COLLECTOR
COUNTY ADMINISTRATIVE BUILDING
25 COUNTY CENTER DRIVE, SUITE 125
OROVILLE, CALIFORNIA 95965-3384
TELEPHONE: (530) 538-7701
FAX: (530) 538-7648

October 9, 2012

Butte County Board of Supervisors
Butte County Chief Administrative Officer
Treasury Oversight Committee

The Treasurer's Investment Report for September 30, 2012 is submitted in accordance with the Butte County Statement of Investment Policy dated July 1, 2012. All investments are in compliance with this policy.

The attached Investment Report demonstrates that sufficient liquidity is available to meet anticipated expenditures during the next six months.

The Local Agency Investment Fund (LAIF) is used as a benchmark for portfolio performance. A look at the 5 year moving average for the Butte County Treasury yields vs. LAIF yields demonstrates that, over time, a medium term, laddered portfolio will generally outperform a shorter term investment strategy, which LAIF usually mirrors. The 5 year moving average for Butte County's FY 10/11 and FY 11/12 performance compared to LAIF shows margins of .917% and 1.341%, respectively. Using $300,000,000 as a baseline portfolio (actively invested balance), this translates to enhanced earnings averaging $4,023,000 per year for the past five years.

Investments are marked to market monthly based on a current market price determined by US Bancorp Investments. Copies of statements reflecting investment and cash management transactions are provided to the Board of Supervisors monthly and are available upon request.

Quarterly Investment Reports are made available on the Treasurer-Tax Collector website at http://www.buttecounty.net/ttc.

Respectfully,

C. Linda Barnes
Butte County Treasurer-Tax Collector

cc: Butte County Auditor-Controller
Butte County Board of Supervisors
Butte County District Attorney
Butte County Schools-JPA
Butte County Sheriff
Butte County Superintendent of Schools
Butte County Special Districts (Quarterly)
Butte-Glenn Community College
Iturria, Greg – Chief Financial Officer
Jessee, Meegan – Deputy Chief Financial Officer
Limper, Tom – Deputy Chief Financial Officer
Liu, Annie – Internal Auditor
Ricci, David – Manager, Gov't. Accounting

BUTTE COUNTY TREASURER'S INVESTMENT REPORT

September 30, 2012

ACTIVELY MANAGED PORTFOLIO:	YIELD TO MATURITY	WEIGHTED AVERAGE MATURITY (DAYS)*	PAR VALUE	FAIR VALUE	COST CARRIED
LOCAL AGENCY INVESTMENT FUND (LAIF)	0.348%	1	94,681,593.26	94,681,593.26	94,681,593.26
CALTRUST	0.362%	1	5,003,976.82	5,003,976.82	5,003,976.82
BANK MONEY MARKET (COLLATERALIZED)	0.470%	1	20,159,509.93	20,159,509.93	20,159,509.93
COMMERCIAL PAPER**	-	-	0.00	0.00	0.00
MUNICIPAL BONDS	0.410%	730	1,000,000.00	1,005,260.00	1,007,321.33
CORPORATE NOTES**	0.921%	212	5,000,000.00	5,127,610.00	5,192,490.30
NEGOTIABLE CDS**	1.363%	829	3,000,000.00	3,001,516.24	3,000,000.00
CERTIFICATES OF DEPOSIT (COLLATERALIZED)	0.810%	900	10,500,000.00	10,500,000.00	10,500,000.00
FEDERAL AGENCY NOTES**	1.899%	1,080	198,030,000.00	202,382,518.89	199,596,495.65
TOTAL ACTIVELY MANAGED PORTFOLIO:	**1.300%**	**677**	**337,375,080.01**	**341,861,985.14**	**339,141,387.29**

INVESTMENT OF NOTE/BOND PROCEEDS AND OPERATING CASH			
SCHOOL BOND PROCEEDS (see page 2 for details)	15,000,107.55	15,008,418.15	15,003,075.04
OPERATING ACCOUNTS			
US BANK CHECKING ACCOUNT DEPOSITS	10,491,563.31	10,491,563.31	10,491,563.31
OPERATING CASH	29,006.76	29,006.76	29,006.76
OTHER	50.00	50.00	50.00
TOTAL TREASURER'S FUND LEDGER BALANCE:	**362,895,807.63**	**367,391,023.36**	**364,665,082.40**
INVESTMENTS UNDER MANAGEMENT OF TRUSTEES (see page 3 for details)	4,104,688.99	4,119,221.39	4,118,651.03

	PAR VALUE	FAIR VALUE	COST CARRIED
TOTAL CASH AND INVESTMENTS:	**367,000,496.62**	**371,510,244.75**	**368,783,733.43**

SIX MONTH LIQUIDITY PROJECTIONS

Estimated Cash Receipts for Next Six Months	521,319,084	
Estimated Disbursements for Next Six Months	-470,272,778	
Estimated Net Cash Flow for Next Six Months***	51,046,306	(A1)
Contingency Cashflow Needs (based on potential State budget shortfall)	-30,000,000	(A2)
Securities Maturing	18,000,000	(B)
Local Agency Investment Fund / Cal Trust / MMF	119,845,080	(C)
Total Liquidity for Next Six Months	158,891,386	(A1+A2+B+C)
Estimated Cash Available for Long Term Investment	-30,000,000	
Remaining Available Liquidity	128,891,386	

Total Par Value of actively managed investments maturing in less than 12 months:	**167,095,080**
Total Par Value of actively managed investments maturing in more than 12 months:	**170,280,000**

* Actual Weighted Average Maturity will be shorter, and actual dollar amount of investments maturing in less than 12 months will be higher than stated, due to call features on investments.
** See page 5 for detailed list of investments.
*** Includes TRAN (Tax and Revenue Anticipation Notes) receipts and disbursements, if applicable.

9/30/2012

BUTTE COUNTY TREASURER'S INVESTMENT REPORT

INVESTMENT OF SCHOOL BOND PROCEEDS

September 30, 2012

BOND/NOTE DESCRIPTION	INVESTMENT TYPE	MATURITY DATE	DESCRIPTION	ANNUAL YIELD*	PAR VALUE	FAIR VALUE	COST CARRIED
BONDS - LOCAL AGENCY INVESTMENT FUND (LAIF)							
Chico Unified School District "B"	LAIF			0.348%	6,721,079.10	6,721,079.10	6,721,079.10
Chico Unified School District "B"	LAIF BOND FUND			0.348%	5,483,615.50	5,483,615.50	5,483,615.50
SUBTOTAL					**12,204,694.60**	**12,204,694.60**	**12,204,694.60**
BONDS - WELLS FARGO BANK							
WELLS FARGO BANK, TRUSTEE							
Chico Unified School District "B"							
Account #XXX1791	Money Market		Gov MM Mutual Fund	0.011%	95,412.95	95,412.95	95,412.95
	US Treas/Agency	12/14/12	FHLB #3133XVNT4	1.530%	2,700,000.00	2,708,310.60	2,702,967.49
SUBTOTAL					**2,795,412.95**	**2,803,723.55**	**2,798,380.44**

	PAR VALUE	FAIR VALUE	COST CARRIED
GRAND TOTAL	**15,000,107.55**	**15,008,418.15**	**15,003,075.04**

* Yields quoted above are a snapshot per investment type. Actual yields earned on school bonds are calculated by the Treasurer's office and are a composite of investment earnings less Treasury costs.

BUTTE COUNTY TREASURER'S INVESTMENT REPORT

INVESTMENTS UNDER MANAGEMENT OF TRUSTEES

September 30, 2012

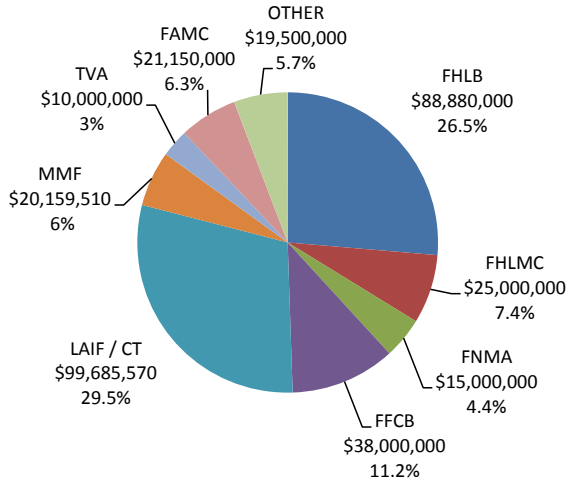
LOAN PROGRAM	INVESTMENT TYPE	MATURITY DATE	DESCRIPTION	ANNUAL YIELD	PAR VALUE	FAIR VALUE	COST CARRIED
2003 REFUNDING COP							
U.S. BANK, TRUSTEE							
Expense Fund #XXXX6106	Money Market		US Bank MMF 4	0.041%	9,738.59	9,738.59	9,738.59
Reserve Fund #XXXX6101	Money Market		US Bank MMF 4	0.041%	44,113.11	44,113.11	44,113.11
	US Treas/Agency	10/18/13	FHLB #3133XSAE8	2.820%	385,000.00	398,644.40	398,962.04
Lease Payment #XXXX6100	Money Market		US Bank MMF 4	0.041%	6,998.44	6,998.44	6,998.44
SUBTOTAL					**445,850.14**	**459,494.54**	**459,812.18**
2004 PENSION OBLIGATION BONDS							
WELLS FARGO BANK, TRUSTEE							
Series A Bond Fund #XXXX1106	Money Market		Gov MMF Service Fund #1752	0.080%	1,691,078.19	1,691,078.19	1,691,078.19
Int. Rate Stabilization Fund #XXXX1109	Money Market		Advantage Prime MM #1752	0.080%	1,004.25	1,004.25	1,004.25
	Pooled Agency Funds		Local Agency Investment Fund	0.348%	1,619.69	1,619.69	1,619.69
Series B Interest Fund #XXXX1301	Money Market		Advantage Prime MM #1752	0.080%	703,528.72	703,528.72	703,528.72
SUBTOTAL					**2,397,230.85**	**2,397,230.85**	**2,397,230.85**
2004 WORKERS' COMPENSATION							
York Risk Services Group							
- Claim Administrators							
Umpqua Bank #XXXXX2601	Commercial Bank		Business Checking	NA	44,465.72	44,465.72	44,465.72
SUBTOTAL					**44,465.72**	**44,465.72**	**44,465.72**
2006 COP - NEAL ROAD RECYCLING & WASTE FACILITY							
WELLS FARGO BANK, TRUSTEE							
Certificate Reserve Fund #XXXX0800	Money Market		Gov MMF Service Fund #743	0.010%	8,406.03	8,406.03	8,406.03
	US Treas/Agency	8/07/2017	FHLMC # 3134G3ZR4	1.000%	1,200,000.00	1,200,888.00	1,200,000.00
Base Rental Payment Fund #XXXX0801	Money Market		Gov MMF Service Fund #743	0.010%	4.93	4.93	4.93
Expense Fund #XXXX0802	Money Market		Gov MMF Service Fund #743	0.010%	8,731.32	8,731.32	8,731.32
SUBTOTAL					**1,217,142.28**	**1,218,030.28**	**1,217,142.28**

	PAR VALUE	FAIR VALUE	COST CARRIED
GRAND TOTAL	**4,104,688.99**	**4,119,221.39**	**4,118,651.03**

BUTTE COUNTY TREASURER'S INVESTMENT REPORT
ACTIVELY MANAGED PORTFOLIO "AT-A-GLANCE"
September 30, 2012

INVESTMENTS BY TYPE*

Federal Home Loan Bank	FHLB	$ 88,880,000
Fed Home Loan Mortgage Corp	FHLMC	$ 25,000,000
Fed National Mortgage Assn	FNMA	$ 15,000,000
Federal Farm Credit Bank	FFCB	$ 38,000,000
Local Agency Investment Fund / CalTrust	LAIF / CT	$ 99,685,570
Rabobank MMF	MMF	$ 20,159,510
Tennessee Valley Authority	TVA	$ 10,000,000
Fed Ag Mortgage Corp	FAMC	$ 21,150,000
CDs, Corp Notes, Muni Bonds	OTHER	$ 19,500,000
TOTAL PAR VALUE		$ 337,375,080

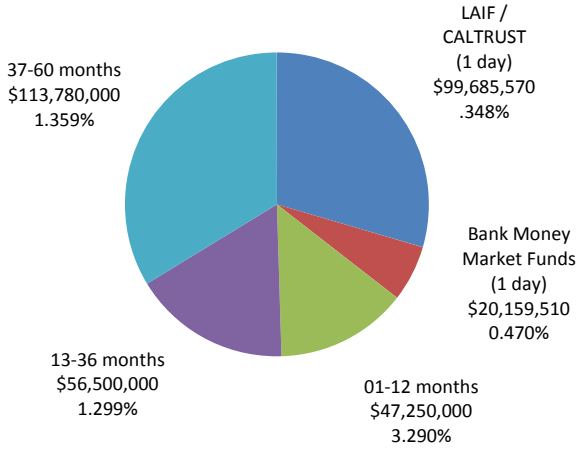


INVESTMENTS BY MATURITY & YIELD*

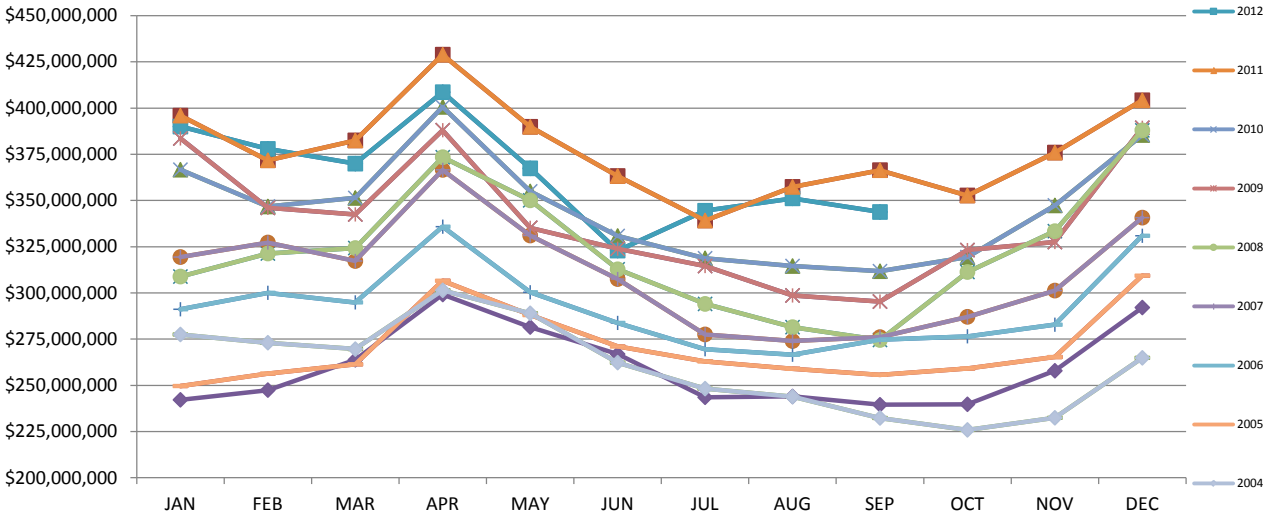
LAIF / CALTRUST / (1 day)	0.348%	$ 99,685,570
Bank Money Market Funds (1 day)	0.470%	$ 20,159,510
01-12 months	3.290%	$ 47,250,000
13-36 months	1.299%	$ 56,500,000
37-60 months	1.359%	$ 113,780,000
TOTAL PAR VALUE		$ 337,375,080

* Investments managed by Trustees & School Bond Proceeds not included.

Final maturity dates are used; probable call dates are not considered.



Butte County Pooled Treasury Portfolio Balance**
Net of Tax and Revenue Notes (TRAN) and Bond Proceeds



**** This chart does not include deposits from TRAN, Bond Proceeds, or Investments under Management of Trustees.**
It is intended to demonstrate cash flow trends and establish a baseline for the portfolio, enabling medium term investments.

BUTTE COUNTY TREASURER'S INVESTMENT REPORT

MANAGED PORTFOLIO - DETAILS OF SECURITIES HELD

September 30, 2012

Security	Description	Credit Rating S&P	Credit Rating Moody's	Credit Rating Fitch	Purchase Date	Maturity Date	Yield to Maturity (%)	Par Value	Fair Value	Cost Carried*
3133XML66	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	12/28/07	10/10/12	4.130	3,000,000.00	3,004,899.00	3,000,332.72
31331VPS9	FEDERAL FARM CREDIT BANK	AA+	Aaa	AAA	12/04/08	11/06/12	2.965	5,000,000.00	5,024,955.00	5,008,131.98
36962G3T9	GENERAL ELEC CAP CORP NOTES	AA+	A1	NR	01/23/12	05/01/13	0.921	5,000,000.00	5,127,610.00	5,112,198.69
3133XXKY2	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	03/19/10	05/30/13	1.730	3,000,000.00	3,031,149.00	3,000,386.22
3133XFLF1	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	11/21/08	06/14/13	3.750	3,000,000.00	3,110,466.00	3,031,210.01
3133XRFL9	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	06/16/08	06/14/13	4.236	5,000,000.00	5,144,010.00	5,000,448.17
3133XRFL9	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	07/17/08	06/14/13	4.111	5,000,000.00	5,144,010.00	5,004,374.37
31331Y2Q2	FEDERAL FARM CREDIT BANK	AA+	Aaa	AAA	07/17/08	07/08/13	4.062	3,000,000.00	3,094,227.00	3,003,897.49
880591DW9	TENNESSEE VALLEY AUTHORITY	AA+	Aaa	AAA	10/23/08	08/01/13	4.030	5,000,000.00	5,188,160.00	5,026,993.98
3133XPFV1	FHLB 4.02 08/13	AA+	Aaa	NR	11/21/08	08/14/13	3.880	2,000,000.00	2,066,998.00	2,002,187.14
59012YL47	MERRICK BANK	NR	NR	NR	09/09/11	09/09/13	0.700	250,000.00	251,516.24	250,000.00
3133XD6A4	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	09/26/08	09/13/13	4.124	5,000,000.00	5,199,560.00	5,010,667.64
3133XD6A4	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	10/23/08	09/13/13	4.125	3,000,000.00	3,119,736.00	3,006,365.86
36159CUT1	GE MONEY BANK	NR	NR	NR	10/08/10	10/08/13	1.300	250,000.00	250,000.00	250,000.00
795450MZ5	SALLIE MAE BANK/MURRAY	NR	NR	NR	11/23/11	11/25/13	1.000	250,000.00	250,000.00	250,000.00
3133XSP93	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	01/23/09	12/13/13	2.840	5,000,000.00	5,174,255.00	5,015,827.44
313378P54	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	03/23/12	08/25/14	0.500	5,000,000.00	5,019,550.00	5,000,000.00
02587DCK2	AMERICAN EXPR CENTURION	NR	NR	NR	08/25/11	08/25/14	1.150	250,000.00	250,000.00	250,000.00
3814264D4	GOLDMAN SACHS BANK USA	NR	NR	NR	08/24/11	08/25/14	1.150	250,000.00	250,000.00	250,000.00
31315PND7	FARMER MAC	NR	NR	NR	09/03/09	09/03/14	3.200	4,750,000.00	5,012,988.50	4,750,000.00
13034ABK5	CALIF INFRASTRUCTURE&ECON DEV	AAA	Aaa	NR	08/13/12	10/01/14	0.410	1,000,000.00	1,005,260.00	1,004,650.00
02004MW82	ALLY BANK UT CD	NR	NR	NR	10/15/10	10/15/14	1.750	250,000.00	250,000.00	250,000.00
05568PYZ4	BMW BK OF NA	NR	NR	NR	10/22/10	10/22/14	1.550	250,000.00	250,000.00	250,000.00
31315PES4	FARMER MAC	NR	NR	NR	12/31/09	12/30/14	3.100	5,000,000.00	5,251,930.00	4,971,055.78
373128DH7	GEORGIA BANK & TRUST	NR	NR	NR	01/25/12	01/26/15	1.000	250,000.00	250,000.00	250,000.00
3134G3NL0	FEDERAL HOME LOAN MTG CORP	AA+	Aaa	NR	05/09/12	02/24/15	0.500	5,000,000.00	5,005,080.00	5,000,000.00
313376ZQ1	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	03/16/12	03/13/15	0.659	5,000,000.00	5,001,320.00	4,965,600.36
313379P78	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	06/05/12	06/05/15	0.550	6,750,000.00	6,777,702.00	6,750,000.00
31315PDZ9	FARMER MAC	NR	NR	NR	06/13/12	07/22/15	0.616	2,000,000.00	2,102,446.00	2,097,684.83
313370NE4	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	08/20/10	08/20/15	1.609	5,000,000.00	5,182,035.00	5,002,857.25
254670R87	DISCOVER BANK	NR	NR	NR	08/24/11	08/24/15	1.500	250,000.00	250,000.00	250,000.00
313378L74	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	04/02/12	10/02/15	0.931	5,000,000.00	5,000,300.00	4,968,899.80
3136FPQW0	FEDERAL NATL MORTGAGE ASSN	AA+	Aaa	AAA	10/19/10	10/19/15	1.625	5,000,000.00	5,002,435.00	5,000,000.00
06740KFG7	BARCLAYS BANK DELAWARE	NR	NR	NR	12/21/11	12/21/15	1.600	250,000.00	250,000.00	250,000.00
31315PWQ8	FARMER MAC	NR	NR	NR	05/09/12	01/19/16	0.675	1,400,000.00	1,407,340.20	1,400,000.00
3133735L2	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	03/30/11	03/28/16	1.700	5,000,000.00	5,217,255.00	5,112,281.82
313374S92	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	08/05/11	08/05/16	2.070	5,000,000.00	5,071,505.00	5,000,000.00
36160XUB1	GE CAPITAL FINANCIAL INC CD	NR	NR	NR	08/19/11	08/19/16	1.850	250,000.00	250,000.00	250,000.00
17284AXX1	CIT BANK	NR	NR	NR	09/08/11	09/08/16	1.800	250,000.00	250,000.00	250,000.00
313370TW8	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	09/14/11	09/09/16	1.210	10,000,000.00	10,497,680.00	10,301,058.38
3135G0DX8	FEDERAL NATL MORTGAGE ASSN	AA+	Aaa	AAA	10/19/11	10/19/16	1.375	5,000,000.00	5,003,665.00	5,000,000.00
3134G2Z39	FEDERAL HOME LOAN MTG CORP	AA+	Aaa	AAA	10/26/11	10/26/16	1.500	5,000,000.00	5,005,455.00	5,000,000.00
3134G22R2	FEDERAL HOME LOAN MTG CORP	AA+	Aaa	AAA	11/02/11	11/02/16	1.700	5,000,000.00	5,006,570.00	5,000,000.00
31331KV56	FEDERAL FARM CREDIT BANK	AA+	Aaa	AAA	11/23/11	11/23/16	1.500	10,000,000.00	10,012,730.00	10,000,000.00
313371PV2	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	12/09/11	12/09/16	1.260	3,130,000.00	3,231,922.19	3,176,256.39
31331K2R0	FEDERAL FARM CREDIT BANK	AA+	Aaa	AAA	12/12/11	12/12/16	1.500	5,000,000.00	5,014,835.00	5,000,000.00
880591DS8	TENNESSEE VALLEY AUTHORITY	AA+	Aaa	AAA	01/27/12	12/15/16	0.970	5,000,000.00	5,883,600.00	5,800,017.24
313376NC5	FEDERAL HOME LOAN BANK	AA+	Aaa	NR	12/28/11	12/28/16	1.190	5,000,000.00	5,104,390.00	5,006,150.42
31315PYB9	FARMER MAC	NR	NR	NR	01/30/12	01/06/17	1.150	3,000,000.00	3,063,315.00	3,028,498.62
31315PYV5	FARMER MAC	NR	NR	NR	01/09/12	01/09/17	1.500	5,000,000.00	5,016,945.00	5,000,000.00
31331K6Y1	FEDERAL FARM CREDIT BANK	AA+	Aaa	AAA	01/18/12	01/18/17	1.270	5,000,000.00	5,018,905.00	5,000,000.00
3133EAGH5	FEDERAL FARM CREDIT BANK	AA+	Aaa	NR	03/08/12	03/08/17	1.250	5,000,000.00	5,026,600.00	5,000,000.00
3133EAHZ4	FEDERAL FARM CREDIT BANK	AA+	Aaa	NR	03/20/12	03/20/17	1.300	5,000,000.00	5,030,890.00	5,000,000.00
3134G3SH4	FHLMC STEP-UP	AA+	Aaa	NR	03/28/12	03/28/17	1.050	5,000,000.00	5,024,260.00	5,000,000.00
3134G3WH9	FEDERAL HOME LOAN MTG CORP	AA+	Aaa	AAA	06/12/12	06/12/17	1.150	5,000,000.00	5,040,040.00	5,000,000.00
3136G0QM6	FEDERAL NATL MORTGAGE ASSN	AA+	Aaa	AAA	07/11/12	07/11/17	1.100	5,000,000.00	5,046,405.00	5,000,000.00
							1.860	**207,030,000.00**	**211,516,905.13**	**208,558,032.60**

Source: US Bank Safekeeping

* Values may differ from Treasurer's Cost Carried due to accretion method variation.

Notes: Federal Agricultural Mortgage Corporation securities are issued by a U.S. Government agency and are not rated.
Negotiable CDs are not rated, but are FDIC insured.