

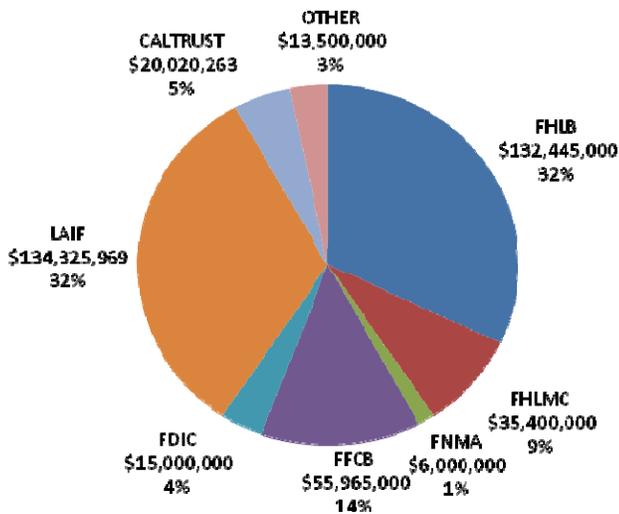


Butte County
 LAND OF NATURAL WEALTH AND BEAUTY

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BUTTE COUNTY POOLED INVESTMENT PORTFOLIO STATEMENT OF CONDITION
APRIL 30, 2009

As a follow up to the report issued in December of 2008, the Treasurer would like to assure pool participants that your monies on deposit in the Butte County Pooled Portfolio continue to perform well. We do not anticipate any erosion of principal. At this time, pooled funds are solely invested in Federal Agencies, FDIC insured corporate notes, LAIF and CalTrust. Investments in FHLMC and particularly in FNMA have been limited for quite some time due to negative reports, and are currently being purchased only on a minimal basis even in light of the Federal Conservatorship implemented to stabilize those Agencies. All Agency investments carry the highest possible rating of AAA. The chart below shows the current investment distribution of the Butte County Pooled Investment Portfolio. The Portfolio has a Fair Value of almost \$10M above the Cost Carried, or 102%, as of April 30, 2009.



LEGEND:

- FHLB: Federal Home Loan Bank
- FHLMC: Federal Home Loan Mortgage Corp.
- FNMA: Federal National Mortgage Association
- FFCB: Federal Farm Credit Bank
- FDIC: Federal Deposit Insurance Corporation
- LAIF: Local Agency Investment Fund
- CalTrust: Investment Trust of California
- Other: Tennessee Valley Authority, Tri-Counties Bank CD, Federal Agricultural Mortgage Corp.

The Treasury continues to maintain a higher liquidity position than the historical norm, due to the uncertainty of the State budget situation. As of April 30, 2009, about \$134M of the Pool's actively invested portfolio and \$46M in GO Bond proceeds are invested in LAIF. We have confidence in LAIF's money management philosophy; however, we also have been closely monitoring LAIF's investments as part of our due diligence process. A review of LAIF holdings as of March 31, 2009, reveals they have reduced the amount of investment in commercial paper and CDs to only 7% of the portfolio, generally with maturities of 2 weeks or less (the number was closer to 33% in September 2008, with maturities of up to 120 days). The Fair Value of the LAIF portfolio was 100.18% of the Cost Carried balance as of March 31, 2009.

With increased U. S. Treasury intervention in the financial markets, yields in the short term and money market portfolios have declined. Currently, the LAIF portfolio yields 1.55%. Although this yield seems low, when compared to those recently experienced by the County's pooled portfolio (in excess of 3%), it actually represents a far better yield than similarly structured money market funds, which are carrying yields of approximately .5% or even less. Nonetheless, the fact that we are maintaining a liquidity position higher than the historical norm results in lower overall yields for the County's pooled portfolio. For the upcoming fiscal year, we are predicting an average yield of approximately 2.5%.

For more detailed information, contact Peggy Moak at 538-7443 or pmoak@buttecounty.net.