

Report of the Schedule of Assets  
Held in the County Treasury  
June 30, 2025  
**Orange County Treasury**

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## Independent Auditor's Report

To the Board of Supervisors  
County of Orange California

### Report on Schedule of Assets Held in the County Treasury

#### *Opinion*

We have audited the Schedule of Assets Held in the County Treasury (Schedule) of the County of Orange, California (County) as of and for the year ended June 30, 2025, and the related notes.

In our opinion, the accompanying Schedule presents fairly, in all material respects, the assets held in the County Treasury of the County, as of June 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Emphasis of Matter – Reporting Entity*

As discussed in Note 1, the Schedule presents only the assets of the County Treasury, and does not purport to, and does not, present fairly the financial position of the County as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Schedule***

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibilities for the Audit of the Schedule***

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Other Matter***

We have audited, in accordance with GAAS, the financial statements of the County as of and for the year ended June 30, 2025, and our report thereon, dated December 18, 2025, expressed unmodified opinions on those financial statements.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30 2026, on our consideration of the County Treasury's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County Treasury's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County Treasury's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and address.

Laguna Hills, California  
January 30, 2026

**Orange County Treasurer**  
 Schedule of Assets Held in the County Treasury  
 (Dollar Amounts in Thousands)  
 June 30, 2025

|                           | <b>Orange County<br/>Treasury Pool</b> | <b>Bond Proceeds<br/>Account</b> | <b>Total</b>  |
|---------------------------|--|----------------------------------|---------------|
| Cash and Cash Equivalents | \$ 1,906,100                           | \$ 1,302                         | \$ 1,907,402  |
| Investments               | 13,628,751                             | 22,462                           | 13,651,213    |
| Interest Receivable       | 94,479                                 | 286                              | 94,765        |
| Total Assets              | \$ 15,629,330                          | \$ 24,050                        | \$ 15,653,380 |

## Note 1 – Summary of Significant Accounting Policies

### The Financial Reporting Entity

Under various State laws, the Orange County Treasurer-Tax Collector (TTC) is responsible for tax collection, banking, safekeeping, depositing, disbursing, reporting and accountability of public funds in the County Treasury that includes cash and investments. The surplus cash (investments) invested in the County Treasury is called the Orange County Investment Fund (OCIF). The OCIF consists of an external investment pool called the Orange County Treasury Pool (OCTP) and a Bond Proceeds Account that are included in the Schedule of Assets. State law defines three public fund objectives. First, provide maximum security of principal invested with the secondary objective to provide adequate liquidity to pool participants. The last objective is to achieve a market rate of return within the parameters of prudent risk management while conforming to all applicable statutes and resolutions governing the investment of public funds.

The OCTP is managed on behalf of the pool participants that consist of the County, local school and community college districts (Educational Districts) and other district funds, who are required by State statute to deposit funds in the County Treasury with the TTC, and other non-mandatory local agencies and districts (Voluntary Pool Participants). Monies of the County, Educational Districts and other legally separate external local agencies required to deposit funds with the Treasurer, which are not part of the County reporting entity, are commingled (pooled) for banking and investment purposes only and invested on the participants' behalf for the purpose of benefiting from economies of scale through pooled banking and investment activities. The OCTP is not registered with the Securities and Exchange Commission (SEC) as an investment company and therefore is exempt from SEC rules. The County will act on a "best efforts" basis to stabilize the OCTP Net Asset Value (NAV) at or above \$0.9975 (in absolute dollar amounts). OCTP does not have any legally binding guarantees of share values. On August 1, 2024, Fitch affirmed their highest credit rating for the OCTP of AA+ for credit risk and a rating of S1. There is no assurance that such ratings will continue for any given period of time or that any such rating may not be lowered, suspended or withdrawn entirely by the respective rating agency if, in the judgment of such rating agency, circumstances so warrant.

Under State of California Government Code (CGC) Section 53600.3, the Board of Supervisors (Board) is the governing body authorized to make investment decisions on behalf of the county and therefore fiduciaries subject to the prudent investor standard to safeguard the principal and maintain the liquidity needs of the County. CGC Section 63646(a)(1) states that, in the case of County government, the Treasurer may render a Statement of Investment Policy (IPS) to the Board to be reviewed and approved at a public meeting. The Treasurer did render a proposed 2025 Treasurer's IPS on December 17, 2024, that the Board deleted from the public agenda. The 2024 Treasurer's IPS expired on December 31, 2024. On February 11, 2025, the Board approved a County of Orange California Investment Policy submitted by County Counsel with the Board responsible for making investment decisions per CGC Section 53600.3. The Investment Policy (IP) renamed the pooled funds from the Orange County Treasurer's Pool to the Orange County Treasury Pool.

On February 25, 2025, the Board terminated the Voluntary Participant Program effective June 30, 2025, which pursuant to CGC Section 27000.3 (b) defined the Treasurer as the fiduciary of these local agency discretionary funds. As of February 28, 2025, the majority of the VPP funds on deposit had been disbursed back to the local agencies. On March 11, 2025, the Board adopted a resolution dissolving the Treasury Oversight Committee originally created pursuant to CGC Section 27131 and established an Investment Oversight Committee (IOC) not defined in State law. The Board directed voting members of the Audit Oversight Committee (Board Chair and Vice Chair, five Board appointed members) to sit as voting members of the newly created Investment Oversight Committee (IOC) and added the Superintendent of Schools as a member of the IOC.

The OCTP is governed by the IP approved on February 11, 2025. The Bond Proceeds Account is governed by a governing board bond resolution that is set up for a specific purpose and to identify if the investment maturities may extend beyond five years.

#### Financial Statement Presentation

This schedule is prepared using the economic resources measurement focus and the accrual basis of accounting.

The accompanying schedule of assets presents only the assets of the County Treasury that includes the Orange County Treasury Pool (OCTP) and Bond Proceed Account and is not intended to present fairly the financial position of the county as a whole in conformity with accounting principles generally accepted in the United States of America (GAAP).

Earnings on investments are recognized as revenue in the period in which they are earned, and investment costs are recognized as an expense when incurred, regardless of the timing of related cash flows. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB 31) as amended by GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), the statement reflects the fair value of certain investments. Pool participants' shares are valued using a cost basis and income is distributed to individual eligible participants based on their average daily balances during the period based on County Treasury records and consist of (1) interest income based on stated rates (2) amortization of discounts and premiums on a straight-line basis and reduced by (3) actual investment administrative costs of such investing, depositing or handling of funds. This method used to determine participants shares sold and redeemed differs from the method used to report investments because the cost method is not designed to distribute to participants all unrealized gains and losses in the value of the pool's investments. The deposit and investment disclosures are in accordance with GASB Statement No. 40 *Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3*.

#### Use of Estimates

The preparation of the schedule of assets in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the schedule of assets and accompanying notes. Actual results could differ from those estimates. Where significant estimates have been made in preparing these financial statements, they are described in the applicable footnotes.

### **Note 2 – Cash, Cash Equivalents and Investments**

#### Cash and Cash Equivalents

Cash and cash equivalents are demand deposits, cash on hand, Money Market Mutual Funds (MMMF) which are readily converted to cash without any penalty and traded in an established market, LAIF and securities purchased within 90 days to maturity. These amounts are offset by reconciling items such as outstanding checks and deposits in transit. At June 30, 2025, the carrying amount of the County's cash was negative \$161,019, the total bank balance amounted to \$38,389, the MMMF balance was \$1,828,306, the LAIF balance was \$1,448 and securities purchased within 90 days to maturity was \$198,976. The Bond Proceeds Account MMMF balance was \$1,302.

Securities purchased within 90 days to maturity are classified as cash equivalents for presentation purposes; however, they are included in the fair value hierarchy table because they are measured at fair value.

#### Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2025, the OCTP maintained bank accounts at Wells Fargo Bank. Federal Depository Insurance Corporation (FDIC) insurance is available for demand deposits and interest saving deposit funds deposited at any one financial institution up to a maximum of \$250. Demand deposits of public funds at financial institutions that are not covered by the FDIC are required to be collateralized under CGC Section 53652 et. seq., which also prescribes the amount of collateral at market value that is required to secure these deposits. All such collateral is considered to be held by an agent of depository pursuant to CGC Section 53658. The pledge to secure deposits is administered by the California Department of Financial Protection and Innovation. Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them. Written agreements are required to provide, among other things, that the collateral securities are held separately from the assets of the custodial institution.

Collateral is required for demand deposits at 110% of all deposits not covered by FDIC Obligations of the United States and its agencies, or obligations of the State or its municipalities, school districts, and district corporations are pledged. Collateral of 150% is required if a deposit is secured by first mortgages or first trust deeds upon improved residential real property located in California.

#### Investments

The CGC Sections 53601 and 53635, ordinances and resolutions, the County's IP and bond indenture documents govern the investments that may be purchased and may include certain restrictions on investment maturity, maximum portfolio percentages, term, value, credit quality and timing to minimize the risk of loss. The IP contains allowable investment instruments in compliance with CGC Sections 53601 (Bond Proceeds Account) and 53635 (OCTP) including obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, banker's acceptances, repurchase agreements, corporate notes, negotiable certificate of deposit, supranational instruments, MMMF, share of beneficial interest of a Joint Powers Authority that invest in authorized securities and the state pool (LAIF). The IP also adds additional restrictions on allowable instruments for the OCTP including expressly prohibits the use of leverage, reverse repurchase agreements (as defined in CGC Section 53601), structured notes, structured investment vehicles, derivatives, and MMMF that do not maintain a constant net asset value. Investments are reported at fair value in compliance with GASB 72 by the Treasurer. Investments are marked-to-market on a daily basis, and the fair value of investments is provided by the custodial bank.

Unless otherwise required in a trust agreement, educational districts (school and community college districts), including certain bond-related funds are required by legal provisions to deposit all monies received from any source in the County Treasury. At June 30, 2025, the OCTP includes approximately 65.7% of these involuntary participant deposits. Involuntary (Education Code Sections 41001 and 41002) and other external pool participant funds (CGC Section 27001.1) are deemed to be held in trust and such funds shall not be deemed funds or assets of the County and the relationship of the depositing entity and the County shall not be one of creditor-debtor.

#### Investment in State Investment Pool

The County is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the CGC Section 16429.1 under the oversight of the Treasurer of the State of California. The fair value of the investments in this pool is reported in the accompanying Schedule at amounts based on the pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on a cost basis.

#### Fair Value Measures

The Treasurer categorizes its fair value measurements within the fair value hierarchy established by GASB 72. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices based on quoted identical assets in an active market.
- Level 2: Investments reflect prices that are based on identical or similar assets in inactive markets or similar assets in active markets. Inputs other than quotes are observable.
- Level 3: Investments reflect prices based on significant unobservable inputs.

Fair value measurement is based on pricing received from the custodial bank. Investments in MMMF of \$1,828,306 for the OCTP and \$1,302 for the Bond Proceeds Account are priced using cost which approximates fair value, and with a net asset value of \$1.00 (in absolute dollar amounts) per share, and per GASB Statement No. 72, are not subject to the fair value hierarchy. Additionally, cash equivalents such as securities purchased with less than 30 days to maturity and LAIF are not subject to the fair value hierarchy.

When quoted prices in active markets are available, investments are classified within level 1 of the fair value hierarchy. For investments classified within level 2, the Treasurer's custodian generally uses external pricing, vendor or matrix pricing models. The Treasurer uses the market approach method as a valuation technique in the application of GASB 72. This method uses prices and other relevant information generated by market transactions

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involving identical or similar assets or groups of assets. The following table presents a summary of the County Treasury's investments according to the assigned fair value hierarchy level at June 30, 2025.

|   | Fair Value           | Fair Value Measurement   |   |  |
|---|----------------------|--|---|--|
|   |                      | Quoted Prices<br>in Active<br>Markets for<br>Identical Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>OCTP</b>   |                      |  |   |  |
| U.S. Treasuries   | \$ 3,986,889         | \$ --  | \$ 3,986,889  | \$ --  |
| U.S. Government Agencies:   |                      |  |   |  |
| Federal Home Loan Bank (FHLB) Bonds                                   | 5,558,979            | --   | 5,558,979   | --   |
| Federal Farm Credit Bank (FFCB)                                       | 3,226,283            | --   | 3,226,283   | --   |
| Federal Home Loan Mortgage Corporation (FREDDIE MAC)                  | 732,584              | --   | 732,584   | --   |
| Federal National Mortgage Association (FNMA)                          | 124,016              | --   | 124,016   | --   |
| Sub-Total   | <u>13,628,751</u>    | <u>\$ -</u>  | <u>\$ 13,628,751</u>                                      | <u>\$ -</u>  |
| Securities Purchased Within 90 Days to Maturity                       |                      |  |   |  |
| U.S. Treasury Bills   | 198,976              | --   | 198,976   | --   |
| <b>Total Investments</b>  | <u>13,827,727</u>    | <u>--</u>  | <u>13,827,727</u>   | <u>--</u>  |
| Cash Equivalents Not Subject to Fair Value Hierarchy                  |                      |  |   |  |
| Money Market Mutual Funds   | 1,828,306            |  |   |  |
| Local Agency Investment Fund (LAIF)                                   | 1,448                |  |   |  |
| <b>Total Investments and Cash Equivalents - OCTP</b>                  | <u>\$ 15,657,481</u> |  |   |  |
| <b>Bond Proceeds Account</b>  |                      |  |   |  |
| U.S. Treasuries   | \$ 7,025             | \$ --  | \$ 7,025  | \$ --  |
| U.S. Government Agencies:   |                      |  |   |  |
| Federal Farm Credit Bank (FFCB)                                       | 9,180                | --   | 9,180   | --   |
| Federal Home Loan Mortgage Corporation (FREDDIE MAC)                  | 3,984                | --   | 3,984   | --   |
| Federal National Mortgage Association (FNMA)                          | 1,634                | --   | 1,634   | --   |
| Federal Home Loan Bank (FHLB) Bonds                                   | 639                  | --   | 639   | --   |
| <b>Sub-Total</b>  | <u>22,462</u>        | <u>\$ -</u>  | <u>\$ 22,462</u>  | <u>\$ -</u>  |
| Cash Equivalents Not Subject to Fair Value Hierarchy                  |                      |  |   |  |
| Money Market Mutual Funds   | 1,302                |  |   |  |
| <b>Total Investments and Cash Equivalents - Bond Proceeds Account</b> | <u>\$ 23,764</u>     |  |   |  |
| <b>Total</b>  | <u>\$ 15,681,245</u> |  |   |  |

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, fixed income securities of longer maturities are more sensitive to changes in market interest rates. Declines in the fair value of investments are managed by limiting the length of the maturity of the securities and providing daily and ongoing liquidity in the portfolio. The County manages its exposure to interest rate risk by carefully matching incoming cash flows and maturing investments to meet expenditures and by limiting duration. The duration of OCTP as of June 30, 2025, is 0.65 year. The table below shows the maturities distribution of the OCTP as of June 30, 2025. The Bond Proceeds Account does not have duration limits and is currently invested out to 2036.

| <u>Maturities</u>    | <u>Par Value</u>     | <u>% of Portfolio</u> |
|----------------------|----------------------|-----------------------|
| 1 day to 30 days     | \$ 2,629,747         | 16.67%                |
| 31 days to 180 days  | 4,995,000            | 31.67%                |
| 181 days to 365 days | 3,500,000            | 22.19%                |
| 1 year to 2 years    | 3,623,000            | 22.97%                |
| 2 years to 3 years   | 825,000              | 5.23%                 |
| 3 years to 5 years   | 200,000              | 1.27%                 |
| Total                | <u>\$ 15,772,747</u> | <u>100.00%</u>        |

In general, the maximum maturity allowed is five years unless the Board or governing body has granted express authority either specifically or as part of an investment policy. Actual weighted average days to maturity by investment type for the OCTP and the Bond Proceeds Account are presented in the table after the Concentration of Credit Risk section below. The OCTP at June 30, 2025, has 48.34% of investments maturing in six months or less and 51.66% maturing between six months and five years. As of June 30, 2025, the OCTP had no variable-rate notes.

Credit Risk

This is the risk that an issuer or other counterparty to an investment or cash and cash equivalent may not fulfill its obligations or that negative perceptions of the issuer's ability to make these payments will cause the price to decline. The IP, which is more restrictive than the government code, sets forth the minimum acceptable credit ratings for investments from at least two of the following NRSROs: S&P, Moody's, or Fitch. All short-term and long-term investments, except those noted below, 1) must have the minimum ratings required below by at least two NRSROs, and 2) the lowest rating of any NRSRO must meet or exceed the minimum rating required below:

|         |                         |
|---------|-------------------------|
| S&P     | A-1, "AA"               |
| Moody's | P-1, MIG 1/VMIG 1, "Aa" |
| Fitch   | F-1, "AA"               |

If an issuer of Long-term debt has a Short-term debt rating, then it may not be less than the minimum required Short-term debt ratings above.

Exceptions to the Rating Policy above:

- a) Municipal debt issued by the County of Orange, California, U.S. Government obligations and LAIF are exempt from the credit rating requirements listed above.
- b) MMMF that have retained an investment advisor registered or exempt from registration with the SEC with not less than five years' experience managing MMMF with assets under management in excess of \$500 million require the highest rating or highest letter and numerical ranking provided by at least one NRSRO.

No investment may be purchased from an issuer and all related entities, including parent and subsidiaries, that have been placed on "credit watch-negative" by any of the NRSROs or whose credit rating by any of the NRSROs is less than the minimum rating required by the IP for that class of security unless the issuer has a short-term rating of A-1+ or F1+ or a long-term rating of at least AA or Aa2; and the County Investment Manager has approved the purchase in writing prior to purchase.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The investment policy of the County is more restrictive for certain investment types on the percentage or amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

The following table presents a summary of the investments in the County Treasury by interest rate risk, credit risk and concentration of credit risk (single issuers that represent 5 percent or more of total investments) as of June 30, 2025.

Orange County Treasurer  
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| <u>OCTP</u>  | Fair Value           | Principal            | Maximum Maturity | Weighted Average Maturity (Years) | Rating (1) | % of Portfolio |
|--|----------------------|----------------------|------------------|-----------------------------------|------------|----------------|
| U.S. Treasuries                                      | \$ 4,185,865         | \$ 4,250,000         | 5 Years          | 0.821                             |            | 26.73%         |
| U.S. Government Agencies:                            |                      |                      |                  |                                   |            |                |
| Federal Home Loan Bank (FHLB) Bonds                  | 5,558,979            | 5,613,000            | 5 Years          | 0.521                             | AA         | 35.51%         |
| Federal Farm Credit Bank (FFCB)                      | 3,226,283            | 3,220,000            | 5 Years          | 1.093                             | AA         | 20.60%         |
| Federal Home Loan Mortgage Corporation (FREDDIE MAC) | 732,584              | 735,000              | 5 Years          | 2.323                             | AA         | 4.68%          |
| Federal National Mortgage Association (FNMA)         | 124,016              | 125,000              | 5 Years          | 1.040                             | AA         | 0.79%          |
| Money Market Mutual Funds                            | 1,828,306            | 1,828,306            | N/A              | 0.003                             | AAA        | 11.68%         |
| Local Agency Investment Fund (LAIF)                  | 1,448                | 1,441                | N/A              | 0.003                             | NR         | 0.01%          |
|  | <b>\$ 15,657,481</b> | <b>\$ 15,772,747</b> |                  | <b>0.747</b>                      | (2)        | <b>100.00%</b> |

  

| <u>Bond Proceeds Account</u>                         | Fair Value       | Principal        | Maximum Maturity | Weighted Average Maturity (Years) | Rating (1) | % of Portfolio |
|--|------------------|------------------|------------------|-----------------------------------|------------|----------------|
| U.S. Treasuries                                      | \$ 7,025         | \$ 7,300         | 2/15/2036        | 5.840                             |            | 29.56%         |
| U.S. Government Agencies:                            |                  |                  |                  |                                   |            |                |
| Federal Farm Credit Bank (FFCB)                      | 9,180            | 9,666            | 11/2/2035        | 6.378                             | AA         | 38.63%         |
| Federal Home Loan Mortgage Corporation (FREDDIE MAC) | 3,984            | 3,500            | 7/15/2032        | 6.471                             | AA         | 16.76%         |
| Federal National Mortgage Association (FNMA)         | 1,634            | 1,500            | 5/15/2029        | 3.877                             | AA         | 6.88%          |
| Federal Home Loan Bank (FHLB) Bonds                  | 639              | 650              | 11/16/2028       | 2.273                             | AA         | 2.69%          |
| Money Market Mutual Funds                            | 1,302            | 1,302            | 7/1/2025         | 0.003                             | AAA        | 5.48%          |
|  | <b>\$ 23,764</b> | <b>\$ 23,918</b> |                  | <b>5.603</b>                      | (2)        | <b>100.00%</b> |

  

|              |                      |                      |  |  |  |  |
|--------------|----------------------|----------------------|--|--|--|--|
| <b>Total</b> | <b>\$ 15,681,245</b> | <b>\$ 15,796,665</b> |  |  |  |  |
|--------------|----------------------|----------------------|--|--|--|--|

(1) The County obtains credit ratings from S&P, Moody's, and Fitch. The ratings indicative of the greatest degree of risk have been disclosed. NR means not rated. The County is not required to disclose the credit ratings of obligations of the U.S. government or obligations explicitly guaranteed.

(2) The total Weighted Average Maturity (WAM) is the portfolio's weighted-average maturity.

Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investments in the County Treasury are as follows: OCTP: FHLB \$5,558,979, and FFCB \$3,226,283 and Bond Proceeds Account: FFBC \$9,190 and FREDDIE MAC \$3,984.

As of June 30, 2025, all investments in the County Treasury were in compliance with credit ratings and single issuer limits, as applicable.

#### Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the Treasurer will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The IP does not permit investments in uninsured and unregistered securities not held by the County. The Treasurer utilizes third party Delivery Versus Payment (DVP) which mitigates any custodial credit risk. Securities purchased by the County are held by third party custodians selected by the Treasurer in their trust department to mitigate custodial credit risk. On June 30, 2025, the Treasurer held all investments in the County Treasury in the custodial bank. In addition, the County did not have any securities lending during the year (or at year-end).

#### Foreign Currency Risk

The IP requires all securities to be U.S. dollar denominated. The investments in the County Treasury are not exposed to foreign currency risk.

#### **Note 3 – Interest Receivable**

Interest receivable consists of interest accrued on investments including interest purchased with certain securities. At June 30, 2025, interest receivable totaled \$94,479 for OCTP and \$286 for the Bond Proceeds account.

**Note 4 – Subsequent Events**

As allowed by CGC Section 63646(a)(1) in the case of County government, the Treasurer may and did render a proposed 2026 Treasurer's Investment Policy Statement (IPS) for a public meeting on December 16, 2025. On December 12, 2025, a Board member deleted this agenda item from the published public agenda. The CEO submitted a revised Investment Policy (IP), effective January 1, 2026, that the Board approved as part of the Strategic Financial Plan agenda item on December 16, 2025. The main changes to the IP, effective January 1, 2026, were to increase the maximum duration of the OCTP from 1.5 to 3.0 years, extend the maximum maturity limit on Medium-Term Notes from 2 years to 5 years, and to reflect changes in government code language increasing the maximum maturity local agencies may invest in Commercial Paper from 270 to 397 days.



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Supervisors  
County of Orange, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the Schedule of Assets Held in the County Treasury (Schedule) of the County of Orange, California (County), as of and for the year ended June 30, 2025, and the related notes to the Schedule and have issued our report thereon dated January 30, 2026. Our report contained an emphasis of matter regarding the Schedule presenting only the assets of the County Treasury, and does not purport to, and does not, present fairly the financial position of the County as of June 30, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the Schedule, we considered the County Treasury's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the County Treasury's internal control. Accordingly, we do not express an opinion on the effectiveness of the County Treasury's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County Treasury's Schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Laguna Hills, California  
January 30, 2026