Report of the Schedule of Assets
Held by the County Treasury
June 30, 2023

Orange County Treasury

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Supervisors
County of Orange California

Report on Schedule of Assets Held by the County Treasury

Opinion

We have audited the Schedule of Assets Held by the County Treasury (Schedule) of the County of Orange, California (County) as of and for the year ended June 30, 2023, and the related notes.

In our opinion, the accompanying Schedule presents fairly, in all material respects, the assets held by the County Treasury of the County, as of June 30, 2023, 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, 2023, 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.

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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, 2023, and our report thereon, dated December 20, 2023, 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 February 5, 2025, 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.

Eide Bailly LLP

Laguna Hills, California
February 5, 2025

(Dollar Amounts in Thousands)

	Orange County Treasurer's Pool	Specific Investment Accounts	Bond Proceeds Account	Total
Cash	$ 2,288,412	$ -	$ 3,014	$ 2,291,426
Investments	12,102,124	536,295	18,856	12,657,275
Interest Receivable	36,153	211	247	36,611
Total Assets	$ 14,426,688	$ 536,507	$ 22,116	$ 14,985,312

Note 1 - Summary of Significant Accounting Policies

The Financial Reporting Entity

The Orange County Treasurer-Tax Collector (TTC) is responsible for tax collection, banking, investment, disbursement and accountability of public funds. The TTC is also responsible for authorizing all County bank accounts and, pursuant to California Government Code (CGC) Sections 27000.1 – 27000.5, 27130 – 27137, and 53600 – 53686, conducting County investment activities for all public funds in the Orange County Investment Fund (OCIF), which in State law is called the County Treasury. The OCIF consists of three types of Funds, an external investment pool called the Orange County Treasurer's Pool (OCTP), Specific Investment Accounts and a Bond Proceeds Account that are included in the Schedule of Assets. The primary goal is to invest public funds in a manner which will provide maximum security of principal invested with secondary emphasis on providing adequate liquidity to pool participants. The last goal 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 include the County, local school and community college districts, who are required by State statute to deposit funds with the TTC, and other non-mandatory local agencies and districts. Monies of the County and other legally separate external entities, which are not part of the County reporting entity, are commingled (pooled) for investment purposes only and invested on the participants' behalf. for the purpose of benefiting from economies of scale through pooled 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 Treasurer 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. The investment practices and policies of the TTC are based on compliance with state law and prudent money management.

The Specific Investment Accounts are governed by the Investment Policy Statement (IPS) and the Bond Proceeds Account is governed by a governing board bond resolution and both account types have separate agreements detailing investment related information between the County and/or a participant's governing board to invest funds that are set up for a specific requirement and if the investment maturities may extend beyond five years.

With respect to County funds deposited in the county treasury, the Board of Supervisors (Board) is the agent of the County who serves as a fiduciary and is subject to the prudent investor standard, unless a delegation has occurred, in which case the Treasurer shall be the agent of the County with respect to these funds, serve as a fiduciary, and be subject to the prudent investor standard. The Board may, by ordinance, delegate to the Treasurer the authority to invest or reinvest the funds of the County and the funds of other depositors in the County Treasury, and the Board will not be the agent, serve as a fiduciary, or be subject to the prudent investor standard until the Board either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, as provided for in CGC Section 53607. With funds deposited in the County Treasury that are deposited by local agencies other than the County and at the discretion of those local agencies, the Treasurer serves as the fiduciary subject to the prudent investor standard. The Board delegated the authority to invest or to reinvest funds of the County for Calendar Years 2022 and 2023 to the Treasurer each for one-year periods. Pursuant to Sections CGC 27130-27137, the Board has established the Treasury Oversight Committee (TOC) that monitors and reviews the IPS annually and also causes an audit of the County Treasury to ensure compliance. The TOC consists of the County Executive Officer, the elected County Auditor-Controller, the elected County Superintendent of Schools, or their respective designees, and four public members appointed by the Board of Supervisors, with at least three having expertise in, or an academic background in, public finance.

Financial Statement Presentation

The June 30, 2023 Schedule is prepared using the economic resources measurement focus and the accrual basis of accounting. The June 30, 2022 Schedule was prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The Treasurer has also changed its policy for determining which short-term, highly liquid investments will be treated and reported as cash equivalents. These now include funds held at money market mutual funds that are readily convertible to cash without any penalty and traded on an established market and securities purchased within 90 days from maturity. The accompanying schedule of assets presents only the assets of the County Treasury that includes the Orange County Treasurer's Pool (OCTP), Specific Investment Accounts and Bond Proceed Accounts and is not intended to present fairly the financial position of the County as whole in conformity with accounting principles generally accepted in the United States of American (GAAP). Contributions from pool participants are recognized in the period in which they are received. Distributions to pool participants are recognized in the period in which they are disbursed.

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 Government 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 schedule reflects the fair value of certain investments. Pool participant's' cash balances and redemptions are based on cost. Interest earned on OCTP funds is allocated to individual eligible funds monthly based on the average daily balances on deposit with the TTC. This method used to determine participants shares sold and redeemed differs from the method used to report 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 and Investments

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, cash on hand and cash equivalents, offset by reconciling items such as outstanding warrants and deposits in transit. At June 30, 2023, the carrying amount of the County's cash was negative $226,905, and the total bank balance amounted to $55,806. Cash also includes funds held at money market mutual funds, totaling $1,712,610, that are readily convertible to cash without any penalty and traded on an established market and government and government agency securities, totaling $749,914, purchased within 90 days from maturity.

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. Demand deposits of public funds at financial institutions that are not covered by the Federal Depository Insurance Corporation (FDIC) are required to be collateralized under CGC Section 53652 et. seq. and the IPS, which also prescribe 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. FDIC is available for demand deposits and time saving deposits at any one financial institution up to a maximum of $250.

Investments

The CGC Sections 53601 and 53635, ordinances and resolutions, the County's IPS, bond indenture documents, trust agreements, and other contractual agreements 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 IPS adds further restrictions to permitted investments from the CGC for OCTP and Specific Investment Accounts. The IPS, in compliance with CGC Section 53601 and 53635, authorizes the Treasurer to investment in the following instruments: obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, banker's acceptances, repurchase agreements, corporate notes, negotiable certificate of deposit, supranational instruments, money market mutual funds, share of beneficial interest of a Joint Powers Authority that invest in authorized securities and LAIF. The current IPS expressly prohibits leverage, reverse repurchase agreements as defined by CGC Section 53601, structured notes, structured investment vehicles, derivatives and money market mutual funds that do not maintain a constant net asset value. At June 30, 2023, the TTC was in full compliance with all applicable governing documents, such as state law, IPS and bond documents for OCIF. Investments by the Treasurer are reported at fair value in compliance with GASB 72. Investments in the OCIF 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 and invest all monies received from any source with the TTC. At June 30, 2023, the OCTP includes approximately 63.8% of these involuntary participant deposits. Involuntary (Education Code Sections 41001 and 41002) and other external pool participant funds (Government Code 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.

The Schedule of Assets investments amount differs from the County's ACFR due to the exclusion of accrued interest.

Investment in State Investment Pool

The TTC is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the Government Code 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 amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Fair Value Measures

The TTC 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 money market mutual funds are priced using amortized cost which approximates fair value, with a net asset value of $1.00 (in absolute dollar amounts) per share, and per GASB 72 are not subject to the fair value hierarchy. Additionally, the Local Agency Investment Fund (LAIF) is not subject to the fair value hierarchy.

The TTC 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 involving identical or similar assets or groups of assets. The following table presents a summary of the Orange County Treasury's investments according to the assigned fair value hierarchy level at June 30, 2023.

(Dollar Amounts in Thousands)

	Fair Value	Fair Value Measurement Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
OCTP				
U.S. Treasuries	$ 2,631,156	$ --	$ 2,631,156	$ --
U.S. Government Agencies:				
Federal Home Loan Bank (FHLB) Bonds	7,927,895	--	7,927,895	--
Federal Farm Credit Bank (FFCB)	1,583,295	--	1,583,295	--
Federal National Mortgage Association (FNMA)	332,120	--	332,120	--
Federal Home Loan Mortgage Corporation (FREDDIE MAC)	303,372	--	303,372	--
Sub-Total	**12,777,838**	**--**	**$ 12,777,838**	**--**
Investment Not Subject to Fair Value Hierachy				
Money Market Mutual Funds	1,712,170			
Local Agency Investment Fund (LAIF)	71,626			
Sub-Total	**1,783,796**			
Total OCTP	**$ 14,561,634**			
Specific Investment Accounts				
U.S. Treasuries	$ 516,409	$ --	$ 516,409	$ --
U.S. Government Agencies:				
Federal Home Loan Bank (FHLB) Bonds	3,498		3,498	
Federal Farm Credit Bank (FFCB)	3,367	--	3,367	--
Federal National Mortgage Association (FNMA)	13,021	--	13,021	--
Total Specific Investments	**$ 536,295**	**--**	**$ 536,295**	**--**
Bond Proceeds Account				
U.S. Treasuries	$ 3,478	$ --	$ 3,478	$ --
U.S. Government Agencies:				
Federal Home Loan Bank (FHLB) Bonds	3,190		3,190	
Federal Farm Credit Bank (FFCB)	9,019	--	9,019	--
Federal National Mortgage Association (FNMA)	1,658	--	1,658	--
Federal Home Loan Mortgage Corporation (FREDDIE MAC)	4,085	--	4,085	--
Sub-Total	**21,430**	**--**	**$ 21,430**	**--**
Investment Not Subject to Fair Value Hierachy				
Money Market Mutual Funds	$ 440			
Total Bond Proceeds Account	**$ 21,870**			
Total	**$ 15,119,799**			

(Dollar Amounts in Thousands)

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 Treasurer 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, 2023, is 0.59 year. The table below shows the maturities distribution of the OCTP as of June 30, 2023. Neither the Specific Investments nor the Bond Proceeds accounts have duration limits.

Maturities	Par Value		% of Porfolio
1 day to 30 days	$	3,084,899	20.80%
31 days to 180 days		4,292,515	28.93%
181 days to 365 days		3,968,500	26.75%
1 year to 2 years		2,643,106	17.82%
2 years to 3 years		845,000	5.70%
Total	$	14,834,020	100.00%

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, Specific Investments and the Bond Proceeds Account are presented in the table in the Credit Risk section below. The OCTP at June 30, 2023 has 49.73% of investments maturing in six months or less and 50.27% maturing between six months and five years. As of June 30, 2023, the OCTP had no variable-rate notes.

Credit Risk

This is the risk that an issuer or other counterparty to an investment 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 IPS, 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 State Pool are exempt from the credit rating requirements listed above.
b) Money Market Mutual Funds (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.

(Dollar Amounts in Thousands)

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 IPS 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 TTC 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 OCIF investments 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, 2023.

OCTP	Fair Value	Principal	IPS Maximum Maturity	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
U. S. Treasuries	$ 2,631,156	$ 2,750,000	5 Years	0.177		18.07%
U.S. Government Agencies:						
Federal Home Loan Bank (FHLB) Bonds	7,927,895	8,033,900	5 Years	0.318	AA	54.44%
Federal Farm Credit Bank (FFCB)	1,583,295	1,610,615	5 Years	0.083	AA	10.87%
Federal National Mortgage Association (FNMA)	332,120	344,605	5 Years	0.016	AA	2.28%
Federal Home Loan Mortgage Corporation (FREDDIE MAC)	303,372	310,000	5 Years	0.008	AA	2.08%
Money Market Mutual Funds	1,712,170	1,712,170	N/A	0.000	AAA	11.76%
Local Agency Investment Fund (LAIF)	71,626	72,730	N/A	0.000	NR	0.49%
	14,561,634	**14,834,020**		**0.602** (2)		**100.00%**

Specific Investment Accounts	Fair Value	Principal	IPS Maximum Maturity	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
U. S. Treasuries	$ 516,409	$ 542,900	3/31/2027	0.963		96.29%
U.S. Government Agencies:						
Federal Home Loan Bank (FHLB) Bonds	3,498	3,500	7/7/2023	0.000	AA	0.65%
Federal Farm Credit Bank (FFCB)	3,367	3,465	6/3/2024	0.006	AA	0.63%
Federal National Mortgage Association (FNMA)	13,021	13,810	9/24/2026	0.045	AA	2.43%
	536,295	**563,675**		**1.014** (2)		**100.00%**

Bond Proceeds Account	Fair Value	Principal	Maximum Maturity	Weighted Average Maturity (Years)	Rating (1)	% of Portfolio
U. S. Treasuries	$ 3,478	$ 3,500	2/15/2036	1.248		15.90%
U.S. Government Agencies:						
Federal Home Loan Bank (FHLB) Bonds	3,190	3,250	11/16/2028	0.120	AA	14.59%
Federal Farm Credit Bank (FFCB)	9,019	9,666	11/2/2035	3.478	AA	41.24%
Federal National Mortgage Association (FNMA)	1,658	1,500	5/15/2029	0.444	AA	7.58%
Federal Home Loan Mortgage Corporation (FREDDIE MAC)	4,085	3,500	7/15/2032	1.599	AA	18.68%
Money Market Mutual Funds	440	440	N/A	0.000	AAA	2.01%
	21,870	**21,856**		**6.889** (2)		**100.00%**
Total	**$ 15,119,799**	**$ 15,419,551**				

(1) The County Treasurer 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 Treasurer is not required to disclose the credit ratings of obligations of the U.S. government or obligations explicitly guaranteed.

(2) Portfolio 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 OCIF investments are as follows: Federal Home Loan Bank Bonds $7,934,583 and Federal Farm Credit Bank $1,595,681.

As of June 30, 2023, all OCIF investments 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 County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The IPS does not permit investments in uninsured and unregistered securities not held by the County. The TTC utilizes third party Delivery Versus Payment (DVP) which mitigates any custodial credit risk. Securities purchased by the TTC are held by third party custodians in their trust department to mitigate custodial credit risk. On June 30, 2023, all OCIF security investments were held by the custodial bank. In addition, the TTC did not have any securities lending during the year (or at year-end).

Foreign Currency Risk
The IPS requires all securities to be U.S. dollar denominated. The OCIF is 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, 2023, interest receivable totaled: $36,153 for OCTP, $211 for Specific Investments, and $247 for the Bond Proceeds account.

Note 4 - Subsequent Events

Fitch Ratings (Fitch) Issues OCTP Ratings: On November 1, 2023 and August 1, 2024, Fitch assigned the OCTP their highest credit rating possible for a local government investment pool of AAAf for credit risk and a rating of S1. The “S1” volatility rating signifies that OCTP possesses very low sensitivity to market risk, given its conservative investment policies.

Annual Delegation of Investment Authority: As allowed per CGC Section 53607, the delegation of authority by the Board to invest or reinvest funds of the County and the funds of other depositors to the Treasurer was not renewed for a one-year period and expired on December 31, 2024. Therefore, with regard to County funds and the funds of other depositors in the County Treasury for 2025, the Board is the agent of the County who serves as a fiduciary and is subject to the prudent investor standard, and the Treasurer is the agent and fiduciary for funds deposited in the County Treasury that are deposited by local agencies other than the County and at the discretion of those local agencies.

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 Directors
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 by the County Treasury (Schedule) of the County of Orange, California (County), as of and for the year ended June 30, 2023, and the related notes to the Schedule and have issued our report thereon dated February 5, 2025. Our report contained an emphasis of matter regarding 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, 2023.

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.

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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.

Eide Bailly LLP

Laguna Hills, California
February 5, 2025