San Diego County Investment Pool
An Investment Trust Fund
of the County of San Diego, California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

ISSUED BY LARRY COHEN, MBA
SAN DIEGO COUNTY TREASURER-TAX COLLECTOR



SAN DIEGO COUNTY INVESTMENT POOL

AN INVESTMENT TRUST FUND

OF THE COUNTY OF SAN DIEGO, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

ISSUED BY:

LARRY COHEN, MBA

SAN DIEGO COUNTY TREASURER-TAX COLLECTOR

Prepared by:
The Treasury Division of the San Diego
County Treasurer-Tax Collector

This page intentionally left blank.

San Diego County Investment Pool

Table of Contents
Fiscal Year Ended June 30, 2026

INTRODUCTORY SECTION **Page**

Letter of Transmittal i
Certificate of Achievement for Excellence in Financial Reporting - GFOA vii
Treasury Oversight Committee viii
San Diego County Treasury Division Organization Chart ix
Key Personnel x
Professional Services xi

FINANCIAL SECTION

Independent Auditor's Report 3
Management's Discussion and Analysis 7

Basic Financial Statements

Statement of Net Position 15
Statement of Changes in Net Position 16
Notes to the Basic Financial Statements 17

INVESTMENT SECTION

Report on Investment Activities 33
Outline of the Investment Policy 33
Risk Profile 35
Investment Results 35
Apportionment Rates 38
Weighted Average Yield to Maturity 39
Schedule of Top Ten Holdings 40
Schedule of Expenses by Category 40
Leverage Exposure 41
Investment Statistics 42
Pool Participant List 43
Outlook for Fiscal Year 2027 44

STATISTICAL SECTION

Contents 45
Schedule of Additions to Pool Investments, Deductions from Pool Investments, and Changes in Net Position – Last Ten Fiscal Years 47
Schedule of Earnings, Yields, Expenses, Apportionment Rate, Average Daily Balances (ADB), and Ratio of Fees/ADB – Last Ten Fiscal Years 48

San Diego County Investment Pool

Table of Contents, Continued
Fiscal Year Ended June 30, 2026

Schedule of Expenses (Investment and Administrative Costs) – Last Ten Fiscal Years 49
Asset Allocation at Fair Value – Last Ten Fiscal Years 50
Net Position by Major Participant – Last Ten Fiscal Years 51

OTHER INDEPENDENT AUDITOR'S REPORTS

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* 55
Independent Auditor's Report on Compliance with California Government Code Sections 27134, 53601 and 53635 57

INTRODUCTORY SECTION

This page intentionally left blank.

October 27, 2026



To the Honorable Board of Supervisors, the Treasury Oversight Committee, the Participants of the San Diego County Investment Pool, and the Citizens of San Diego County:

I am pleased to submit the Annual Comprehensive Financial Report (ACFR) of the San Diego County Investment Pool (Pool) for the fiscal year ended June 30, 2026. This report and the annual audit are presented to demonstrate compliance with the San Diego County Treasurer's Pooled Money Fund Investment Policy (Investment Policy) dated January 1, 2025, and January 1, 2026, which were in effect during the fiscal year.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the County of San Diego (County) Treasurer's Office (Treasury Division). A framework of internal controls has been established by management for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and changes in financial position of the Pool in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the Pool's financial activities have been included.

The Pool's financial statements have been audited by Brown Armstrong Accountancy Corporation, an independent firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the Pool's financial statements as of and for the fiscal year ended June 30, 2026, are fairly stated in accordance with GAAP. The independent audit involves performing procedures to obtain evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified ("clean") opinion that the Pool's financial statements as of and for the fiscal year ended June 30, 2026, are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

Management provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Pool's MD&A can be found after the independent auditor's report.

PROFILE OF THE SAN DIEGO COUNTY INVESTMENT POOL

The Pool was established in 1853 by the San Diego County Board of Supervisors. At June 30, 2026, the Pool's net position totaled $16.5 billion. Of this amount, the County's share was $5.1 billion and non-County participants' share was $11.4 billion. The Pool is administered by the San Diego County Treasurer-Tax Collector, an elected official charged with the collection of taxes, the management of banking and

investment operations, the disbursement of funds, and the safeguarding and accountability of public monies. The Treasury Division manages the Pool's daily operations on behalf of all Pool participants.

Mandatory participants are agencies required by State law to deposit their funds in the County Treasury. They include the County, K-12 school districts, community college districts, and certain special districts and accounts controlled by the County Board of Supervisors. At June 30, 2026, mandatory participants accounted for 95.43% of the Pool's net position.

Voluntary participants are agencies that are not required to deposit their funds in the Pool and do so as an investment option. They include certain cities, fire districts, special districts, and other local agencies within the county. At June 30, 2026, voluntary participants accounted for 4.57% of the Pool's net position. A complete list of mandatory and voluntary participants is provided in the Pool Participant List in the Investment Section on page 43.

In addition to investment management, the Treasury Division provides banking services to all mandatory participants, including warrant redemption, electronic fund transfers, acceptance of deposits, and fund accounting.

INVESTMENT POLICIES AND PRACTICES

The primary objectives of the Pool, as set forth in the Investment Policy, in order of importance, are safety, liquidity, and yield. The following goals have been set for fiscal year 2027:

- Promote fiscal stability by maintaining a 'AAAf/S1' rating from Fitch Ratings, Inc.;
- Review established investment and reporting processes with the goal of improving efficiency;
- Obtain a certificate of achievement for excellence in financial reporting by the Government Finance Officers Association.

The Treasury Division reviews the Investment Policy on an annual basis and updates it as necessary to ensure the integrity of the Pool and to provide guidelines for its operation, in accordance with the California Government Code. Upon completion of the Investment Policy by the Treasury Division, it is presented for review to the Treasury Oversight Committee, and then to the County Board of Supervisors for their approval at a public meeting.

The maturity distribution of the Pool is limited by the Investment Policy, which places restrictions on the securities that may be purchased. Cash in excess of short-term liquidity needs is invested in negotiable certificates of deposit, obligations of the U.S. Treasury, U.S. government agencies, supranationals, commercial paper, pass-through securities, municipal bonds, medium-term notes, local government investment pools, the Local Agency Investment Fund, and money market mutual funds. The maturities of the investments range from one day to five years. The weighted average maturity on cash and investments was 465 days on June 30, 2026. The yield to maturity (annualized) at June 30, 2026, was 3.93%.

To safeguard the investments, a custodian is employed to safekeep, settle, and accept interest payments on investments held by the Pool. To facilitate internal security and safeguards, the Investment Policy requires an annual audit and the establishment and maintenance of internal controls and procedures.

For fiscal year ended June 30, 2026, investments provided an average 3.85% apportionment rate, which is the rate used in allocating the net earnings to the Pool participants. The Pool's average apportionment rate over the last three and five fiscal years was 3.81% and 2.96%, respectively.

The Treasury Division has implemented a system of internal controls designed to ensure the reliability of reported investment information. The Treasury Division provides monthly investment reports on the Treasurer-Tax Collector website, for interested users, including the Treasury Oversight Committee, County Board of Supervisors and members of the public. Please refer to the Investment Section of this ACFR for additional information on investments. Investment data in the Investment Section are presented at fair value, consistent with the basic financial statements. Yields are weighted average yields to maturity,

weighted by book value and annualized on a 365-day basis, and apportionment rates are calculated on a realized, amortized-cost basis.

SIGNIFICANT EVENTS

The Pool is rated 'AAAf/S1' by Fitch Ratings, Inc. 'AAAf' is the top rating possible for a local government investment pool and indicates the Pool's portfolio contains securities of the highest underlying credit quality. The 'S1' volatility rating signifies the Pool possesses very low sensitivity to market risk, given its conservative investment policies. Rating considerations include:

- High-quality credit portfolio
- Liquidity management as a key objective
- Oversight that decreases operational risk
- Stable investor base
- Low sensitivity to market risk
- Industry-standard administration and systems

Federal Reserve policy actions differed notably year-over-year. In late 2025, the Federal Reserve implemented a sequence of three rate cuts totaling 75 basis points, bringing the federal funds target range to 3.50%–3.75% by December 2025. Throughout early 2026, the Federal Open Market Committee (FOMC) maintained rates before raising the target range to 3.75%–4.00% in September 2026, the first rate increase since 2023. The September 16, 2026 increase occurred after fiscal year-end and did not affect fiscal year 2026 results. Fiscal year 2026 reinvestment occurred in a declining short-term rate environment.

The Pool's yield to maturity increased year-over-year, rising by 0.12% to 3.93% at June 30, 2026. This increase reflects the reinvestment of maturing securities into higher-yielding opportunities driven by an upward shift in longer-term interest rates, which outpaced the 75-basis-point reduction in the federal funds target range during the fiscal year. The weighted average maturity for cash and investments declined from 562 days at June 30, 2025, to 465 days at June 30, 2026. This reduction reflects the Treasury Division's strategic decision to shorten portfolio duration in anticipation of rising rates and to mitigate exposure to valuation volatility. The Pool's balance reached a recent high in April 2026, reflecting continued growth in assessed property values, strong property-tax collections, and ongoing school-bond issuance activity.

Within this rate environment, the Pool's holdings shifted toward higher-yielding short-term instruments, reflecting evolving market conditions and reinvestment opportunities. Shorter-term sectors gained prominence as earlier long-duration positions matured, while allocations to U.S. Treasuries, Agency securities, and other longer-dated holdings moderated. These adjustments enabled the Treasury Division to capture more favorable short-term yields while preserving the Pool's conservative structure.

On June 9, 2026, the Board of Supervisors approved the County's membership as a founding member of the California Fixed Income Trust (CalFIT), a joint powers authority local government investment pool, with the Treasurer-Tax Collector or a designee serving on its Board of Trustees. The Treasurer-Tax Collector executed the joint powers agreement on July 22, 2026. The Pool's investment in CalFIT was $102.1 million at June 30, 2026. Please refer to Notes VI and VII of the basic financial statements.

The Pool continues to be managed in accordance with its safety, liquidity, and yield objectives through the following measures:

- Prioritizing U.S. Treasuries, government agencies, AAA-rated supranationals, AAA-rated pass-through securities, and municipal bonds for maturities beyond three years;
- Employing a maturity-tiering strategy for the selective purchase of high-quality medium-term corporate notes with maturities up to three years; and
- Sustaining robust liquidity buffers through laddered holdings of highly rated securities maturing between one day and one year.

ECONOMIC ENVIRONMENT

The U.S. economy expanded at a steady pace during fiscal year 2026, transitioning into a period of moderate but stable expansion amid easing inflation pressures. Gross Domestic Product (GDP) grew at an annual rate of 2.5% in the first quarter of 2026 and 2.2% in the second quarter of 2026, reflecting solid consumer spending and modest business investment tempered by slower government spending and higher imports. The economic landscape was characterized by a gradual normalization of inflation, though price pressures remained above target in several categories. The Consumer Price Index (CPI) rose 3.5% over the 12 months ending June 2026. CPI then eased slightly to 3.4% year-over-year in July 2026 as energy prices declined.

The labor market remained a source of strength for the economy, though hiring and growth showed signs of normalization. The U.S. unemployment rate held steady at 4.1% in August 2026 (seasonally adjusted) despite a rebound in job creation. This stable reading points to a labor market that remains resilient even as overall economic growth moderates, with labor-force participation edging up to 61.6%. After reducing rates 75 basis points in late 2025 and holding them steady through mid-2026, the Federal Reserve shifted its stance as inflation showed signs of persistence and economic momentum remained steady. At its most recent FOMC meeting in September 2026, the Committee raised the target range by 25 basis points to 3.75%-4.00%, marking its first increase since 2023.

The potential effect of this policy tightening is to maintain price stability while supporting a gradually cooling but still durable labor market. Updated projections indicate the possibility of at least one additional rate increase by year-end, reflecting the Committee's view that inflation remains more persistent than previously expected. While long-term holdings continue to benefit from earlier rate levels, short-term sector yields may fluctuate as markets adjust to evolving rate expectations. The Treasury Division will continue to monitor economic data to position the portfolio accordingly.

Economic conditions in the San Diego region remained steady through fiscal year 2026, generally aligning with national patterns of moderate expansion. In July 2026, San Diego's non-seasonally adjusted unemployment rate stood at 4.7%, below the State's non-seasonally adjusted unemployment rate of 5.3% and slightly above the national non-seasonally adjusted unemployment rate of 4.4%. The local housing market remained stable with modest price appreciation. According to the S&P Cotality Case-Shiller Index, the San Diego housing market saw a year-over-year price increase of 1.1% in June 2026. The countywide median sale price reached approximately $937,000 in July 2026, an increase of 2.4% year-over-year. Mortgage rate movements may continue to influence affordability, though demand across the region has generally remained stable.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pool for its ACFR for the fiscal year ended June 30, 2025. This was the twenty-eighth consecutive year that the Pool achieved this prestigious award. To be awarded a Certificate of Achievement, the Treasury Division must publish an easily readable and efficiently organized ACFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe this ACFR continues to meet the Certificate of Achievement Program's requirements and will be submitted to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of this report was made possible through the dedicated efforts of the Treasury Division staff of the San Diego County Treasurer-Tax Collector's Office, whose professionalism and commitment are evident throughout. This report is intended to provide complete and reliable information as a basis for making management decisions, a means of demonstrating compliance with legal requirements, and evidence of responsible stewardship of the funds entrusted to the Pool.

We also extend our appreciation to the Board of Supervisors, the Treasury Oversight Committee, and our independent auditors, Brown Armstrong Accountancy Corporation, for their support and cooperation throughout the year.

ORGANIZATIONAL UPDATE

On August 2, 2025, Treasurer-Tax Collector Dan McAllister retired after nearly 23 years of distinguished service to the County of San Diego. Following his retirement, Assistant Treasurer-Tax Collector Myrna Zambrano served in an acting capacity, ensuring continuity of the office's essential treasury management and tax collection functions during the transition.

Following a comprehensive appointment and public meeting process, the County of San Diego Board of Supervisors appointed Larry Cohen, MBA, to serve as Treasurer-Tax Collector for the remainder of the term through January 4, 2027. Mr. Cohen was formally sworn into office on November 18, 2025, and is committed to advancing the office's mission of fiscal integrity, exceptional customer service, innovation, and taxpayer-focused stewardship.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Pool's activities for the fiscal year ended June 30, 2026. Questions concerning any of the information provided in this report should be addressed to the Office of San Diego County Treasurer-Tax Collector, 1600 Pacific Highway, Room 112, San Diego, California 92101. The ACFR and monthly Pool Treasury Investment reports, which include a complete list of the Pool's current holdings, are available at www.sdttc.com.

Respectfully,



Larry Cohen, MBA
SAN DIEGO COUNTY TREASURER-TAX COLLECTOR

This page intentionally left blank.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Diego County Investment Pool
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025

Christopher P. Morrill

Executive Director/CEO

Treasury Oversight Committee
As of June 30, 2026



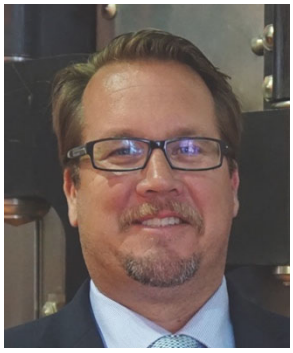
Larry Cohen
Treasurer-Tax Collector
County of San Diego



Joan Bracci
Board of Supervisors Representative/Chief Financial Officer
County of San Diego



Tracy Drager
Auditor & Controller
County of San Diego



Michael Simonson
County Superintendent of Schools Representative



Kimberly Trammel
Public Member
(Special District Representative)



Colleen Harvey
Public Member
(Public Finance Expertise)



Gabriel Wisdom
Public Member
(Public Finance Expertise)

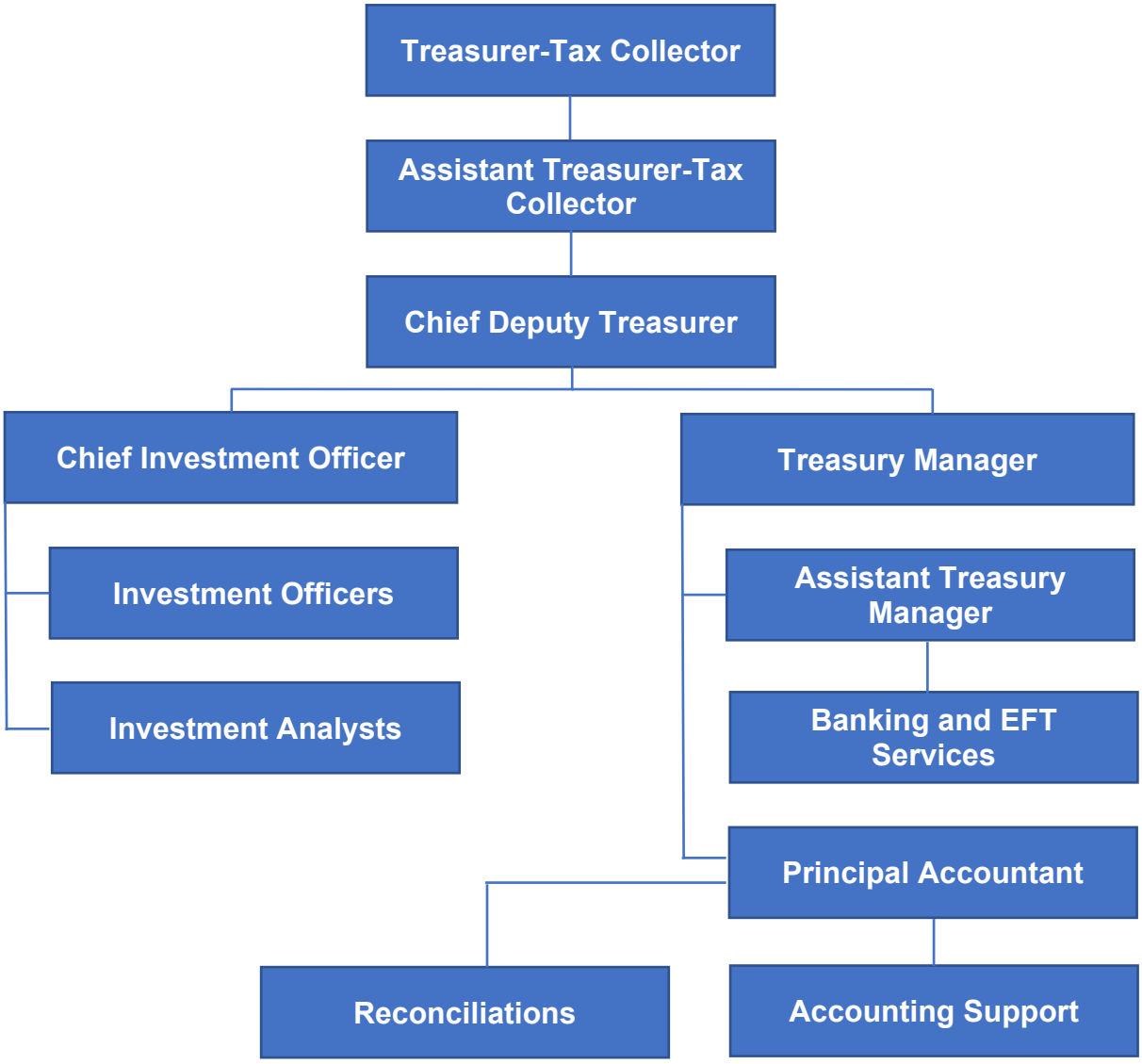


Vacant
Public Member
(School/Community College District Representative)



Vacant
Public Member
(City Representative)

San Diego County Treasury Division Organization Chart



Key Personnel
Treasury and Investments Division
As of June 30, 2026

Chris Herrera
Chief Deputy Treasurer

R.C. Kinzly
Chief Investment Officer

Kevin Foley, CFA
Investment Officer

Kevin McManus, CFA
Investment Officer

Vacant
Investment Officer

Kristine Gachalian
Investment Analyst

Ramy Hajjar
Investment Analyst

Amparo Chavez
Treasury Manager

Liliana Montes
Assistant Treasury Manager

Sander Franken
Principal Accountant

Ling Chu "Lynne" Hung
Accounting Support Senior Accountant

Ricardo Aquino
Reconciliations Senior Accountant

Gregg Rosner
Banking and EFT Services Senior Accountant

San Diego County Investment Pool

Professional Services

Fiscal Year Ended June 30, 2026

Service	Firm	Location
Independent Auditor	Brown Armstrong Accountancy Corporation	Bakersfield, California
Investment Advisor	Chandler Asset Management	San Diego, California
Custodian	The Northern Trust Company	Chicago, Illinois
Fund Rating Agency	Fitch Ratings, Inc.	New York, New York
Depository Banks	JPMorgan Chase Bank, N.A. U.S. Bank, N.A.	New York, New York Minneapolis, Minnesota
Legal Counsel	Office of County Counsel, County of San Diego	San Diego, California

Please refer to the Schedule of Expenses by Category in the Investment Section on page 40 for fees paid for investment-related services.

This page intentionally left blank.

FINANCIAL SECTION

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

To the County of San Diego Audit Committee
and Treasury Oversight Committee
County of San Diego, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the San Diego County Investment Pool (the Investment Pool) of the County of San Diego (the County), California, as of and for the fiscal year ended June 30, 2026, and the related notes to the basic financial statements, which collectively comprise the Investment Pool's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the net position of the Investment Pool as of June 30, 2026, and the changes in net position for the fiscal year then ended 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Investment Pool's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
8050 N. Palm Avenue, Suite 300
Fresno, CA 93711
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 auditing standards generally accepted in the United States of America 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. Misstatement, including omissions, 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 financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements, 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 financial statements.
- 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 Treasurer-Tax Collector's (TTC's) internal control relating to the Investment Pool. 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Investment Pool's ability to continue as a going concern for a reasonable period of time.

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investment, and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2026, on our consideration of the County TTC's internal control over financial reporting relating to the Investment Pool and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 TTC's internal control over financial reporting or on compliance relating to the Investment Pool. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the TTC's internal control over financial reporting and compliance relating to the Investment Pool.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 27, 2026

This page intentionally left blank.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the San Diego County Investment Pool (Pool), we offer readers of the Pool's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2026. The following analysis primarily focuses on the Pool's current-year results in comparison with the prior year. The information presented here should be considered in conjunction with the information provided in the Letter of Transmittal and the basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Pool's Annual Comprehensive Financial Report (ACFR) includes management's discussion and analysis, the basic financial statements, an investment section, and a statistical section, which provides relevant statistical data for the Pool. This management's discussion and analysis is intended to serve as an introduction to the Pool's basic financial statements, which consist of the financial statements and the notes to the basic financial statements.

Basic financial statements. The Pool presents a Statement of Net Position and a Statement of Changes in Net Position.

The Statement of Net Position provides a comprehensive view of all the Pool's assets and liabilities, with the resulting difference reported as net position. Changes in net position over time can offer valuable insight into whether the Pool's overall financial condition is improving or declining.

The Statement of Changes in Net Position provides details on how the Pool's net position changed during the fiscal year. These changes are recognized when the underlying events occur, regardless of when the related cash flows take place. As a result, some additions and deductions are reported for items that will not generate cash flows until future periods.

Notes to the basic financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. The notes to the basic financial statements can be found on pages 17 to 29 of this report.

Other information. In addition to the basic financial statements, detailed investment information can be found on pages 33 to 44 of this report, and statistical data for the past ten years can be found on pages 47 to 51 of this report.

FINANCIAL SUMMARY

The following tables present condensed financial information derived from the Pool's Statement of Net Position and Statement of Changes in Net Position for fiscal years 2026 and 2025. The reasons for significant changes are discussed in the Detailed Analyses section that follows.

San Diego County Investment Pool
Condensed Statement of Net Position
(In Thousands)

	2026	2025	Increase/(Decrease) Amount	Increase/(Decrease) Percentage
Assets				
Investments at Fair Value	$ 16,109,833	$ 16,483,196	$ (373,363)	(2.3%)
Other Assets	649,068	582,731	66,337	11.4%
Total Assets	16,758,901	17,065,927	(307,026)	(1.8%)
Liabilities				
Distributions Payable and Accrued Expenses	262,564	236,986	25,578	10.8%
Total Liabilities	262,564	236,986	25,578	10.8%
Net Position Held in Trust for Pool Participants	$ 16,496,337	$ 16,828,941	$ (332,604)	(2.0%)

San Diego County Investment Pool
Condensed Statement of Changes in Net Position
(In Thousands)

	2026	2025	Increase/(Decrease) Amount	Increase/(Decrease) Percentage
Additions:				
Additions to Pool Investments	$ 25,519,280	$ 25,984,478	$ (465,198)	(1.8%)
Net Investment Income/(Loss)	567,723	823,438	(255,715)	(31.1%)
Total Additions	26,087,003	26,807,916	(720,913)	(2.7%)
Deductions:				
Deductions from Pool Investments	25,819,610	25,118,994	700,616	2.8%
Distributions to Participants	591,030	570,307	20,723	3.6%
Administrative Expenses	8,967	8,223	744	9.0%
Total Deductions	26,419,607	25,697,524	722,083	2.8%
Change in Net Position	(332,604)	1,110,392	(1,442,996)	(130.0%)
Net Position, Beginning of Year	16,828,941	15,718,549	1,110,392	7.1%
Net Position, End of Year	$ 16,496,337	$ 16,828,941	$ (332,604)	(2.0%)

DETAILED ANALYSES

Net Position

The Pool's net position was $16.5 billion at June 30, 2026, a decrease of $332.6 million, or 2.0%, from June 30, 2025. The key changes in assets and liabilities were as follows:

- **Investments at fair value** decreased $373.4 million, or 2.3%, primarily because deductions from Pool investments exceeded additions to Pool investments by $300.3 million and the fair value of investments decreased $40.8 million. In addition, more cash was held in the Pool's bank accounts at year-end, as described below. Please refer to the Investment Section on pages 33 to 44 for further details on investments.

- **Other assets** increased $66.3 million, or 11.4%, primarily because cash in the Pool's bank accounts increased $76.2 million, partially offset by decreases of $8.9 million in accrued interest receivable and $0.9 million in trade receivables, which were zero at June 30, 2026. Cash increased due to the following factors. First, Countywide cash needs are typically highest at fiscal year-end, so investment maturities were scheduled near June 30 to meet those needs. Second, returned ACH and paper check payments that had not yet cleared increased in connection with the transition to the County's new tax collection system and are expected to be resolved during fiscal year 2027. Third, the Treasury changed how it sets the minimum daily balance maintained at JPMorgan Chase Bank, N.A., to maximize earnings credits, which offset bank service fees.

- **Liabilities** increased $25.6 million, or 10.8%, primarily because distributions payable increased $25.2 million as a result of higher interest earnings in the third and fourth quarters of fiscal year 2026 that were allocated to participants but not yet distributed at June 30, 2026. Accrued expenses increased $0.4 million, from $2.3 million to $2.7 million. Approximately half of this increase was due to third-quarter invoices that were processed for reimbursement in the fourth quarter but not settled in cash until July 2026. The other half was due to new operating costs (rent and professional specialized services) accrued at year-end.

Changes in Net Position

Net position decreased $332.6 million in fiscal year 2026, compared with an increase of $1.1 billion in fiscal year 2025. Deductions from Pool investments exceeded additions to Pool investments by $300.3 million. In addition, distributions to participants and administrative expenses exceeded net investment income by $32.3 million, because net investment income included a $40.8 million decrease in the fair value of investments, which is not distributed to participants. These drivers are largely outside the control of Pool management, as participants determine the amount and timing of their deposits and withdrawals, and changes in fair value reflect market interest rate movements. The key elements of this change are as follows:

Total Additions were $26.1 billion, a decrease of $720.9 million, or 2.7%, due to a $465.2 million decrease in additions to Pool investments and a $255.7 million decrease in net investment income.

- **Additions to Pool investments** consist of participant deposits and distributions reinvested in the Pool, adjusted for year-end receivables. Additions to Pool investments decreased $465.2 million, or 1.8%, primarily because participant deposits decreased $441.1 million, as lower deposits from school districts and voluntary participants were partially offset by higher County deposits. The remaining $24.1 million reflects other components of additions to Pool investments, including reinvested distributions and year-end receivable adjustments. Changes in participant deposits were as follows:

    - *County and Other Mandatory Participants:* Deposits increased $804.2 million, primarily because property tax collections increased $651.2 million, driven by a 4.86% rise in assessed values. The Treasurer-Tax Collector collects property taxes on behalf of the County and other local agencies, and collections are held in the Pool until apportioned.

- *K-12 school districts*: Deposits decreased $498.1 million because there were fewer school bond issuances in fiscal year 2026, as bond activity consisted more of debt refundings than new-money issuances.

- *Community college districts:* Deposits decreased $603.2 million, primarily because fiscal year 2025 included $900.5 million in proceeds from the San Diego Community College District's January 2025 bond issuance.

- *Voluntary participants:* Deposits decreased $144.0 million, primarily because one participant deposited a significantly larger amount in fiscal year 2025.

- **Net investment income** decreased $255.7 million, or 31.1%, primarily because the net change in the fair value of investments moved from an increase of $249.4 million in fiscal year 2025 to a decrease of $40.8 million in fiscal year 2026. The fiscal year 2025 increase primarily reflected the recovery of prior-year unrealized losses as interest rates declined. In fiscal year 2026, higher market interest rates at year-end reduced the fair value of existing holdings, resulting in an unrealized loss of $32.7 million at June 30, 2026, compared with an unrealized gain of $8.1 million at June 30, 2025. Because the Pool generally holds investments to maturity, these unrealized losses are not expected to be realized. The Treasury also shortened the Pool's weighted average maturity from 562 days to 465 days, reducing the portfolio's sensitivity to rising interest rates. The $290.2 million change in fair value was partially offset by a $34.9 million increase in investment earnings, as maturing securities were reinvested at higher yields, less a $0.4 million increase in investment expenses.

Total Deductions were $26.4 billion, an increase of $722.1 million, or 2.8%, primarily due to higher deductions from Pool Investments.

- **Deductions from Pool Investments** consist of participant withdrawals, adjusted for year-end payables, and exclude investment and administrative expenses, which are reported separately. Deductions from Pool investments increased $700.6 million, or 2.8%, primarily because participant withdrawals increased $636.1 million, mainly from the County and community college districts, partially offset by lower K-12 withdrawals. The remaining $64.5 million reflects other components of deductions from Pool investments, including year-end payable adjustments. Changes in participant withdrawals were as follows:

  - *County and Other Mandatory Participants:* Withdrawals increased $467.2 million, reflecting higher property tax apportionments to other local agencies and higher disbursements for Countywide operations.

  - *K-12 school districts:* Withdrawals decreased $140.4 million, primarily due to $133.1 million in lower debt service payments.

  - *Community college districts:* Withdrawals increased $257.5 million, reflecting higher district spending of Pool balances, primarily for capital projects, and $42.8 million in higher debt service payments.

  - *Voluntary participants:* Withdrawals increased $51.8 million, primarily due to higher capital expenditures by one participant. Because participation is voluntary, the amount and timing of deposits and withdrawals are determined by each participant's individual investment and cash flow decisions.

- **Distributions to Participants** increased $20.7 million, or 3.6%, to $591.0 million, due to higher interest earnings as discussed above.

- **Administrative Expenses** increased $0.7 million, or 9.0%, primarily due to new rent and professional specialized services costs and higher information technology costs, including customized software programming.

The Pool is managed for the sole benefit of its participants. Earnings are apportioned to participants quarterly, net of investment and administrative costs, and distributions to participants reflect realized interest income accrued during the fiscal year. Because the Pool generally holds investments to maturity based on detailed cash flow analysis, unrealized gains or losses from fair value fluctuations are not reflected in the distributions to participants.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

The Pool does not own capital assets and has no long-term debt or other long-term financing. Accordingly, there was no capital asset or long-term financing activity during fiscal year 2026.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

In September 2026, the Federal Reserve raised the target range for the federal funds rate by 25 basis points to 3.75%–4.00%, its first increase since 2023, and FOMC projections indicate the possibility of at least one additional increase by the end of 2026. As maturing securities are reinvested at higher rates, the Pool's yield is expected to remain firm or increase modestly in fiscal year 2027. Higher interest rates may also further reduce the fair value of securities held by the Pool; because the Pool generally holds investments to maturity, such unrealized losses are not expected to be realized or to affect distributions to participants. Management is not aware of any other facts, decisions, or conditions that are expected to have a significant effect on the Pool's financial position or results of operations.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

This page intentionally left blank.

San Diego County Investment Pool
Statement of Net Position
June 30, 2026
(In Thousands)

ASSETS		
Investments at Fair Value:		
Pass-Through Securities	$	372,779
U.S. Government Agencies:		
Federal Agricultural Mortgage Corporation		520,645
Federal Farm Credit Bank		436,074
Federal Home Loan Bank		816,931
Federal Home Loan Mortgage Corporation		83,117
Federal National Mortgage Association		149,443
Tennessee Valley Authority		78,954
U.S. Treasury Notes		3,255,396
Supranationals		2,048,063
Commercial Paper		3,334,458
Medium-Term Notes		124,191
Local Agency Investment Fund		75,000
Local Government Investment Pools		311,479
Money Market Mutual Funds		209,000
Municipal Bonds		393,013
Negotiable Certificates of Deposit		3,901,290
Total Investments at Fair Value		16,109,833
Other Assets:		
Cash on Hand and in Banks		521,902
Interest Receivable		127,166
Total Other Assets		649,068
Total Assets		16,758,901
LIABILITIES		
Distributions Payable		259,875
Accrued Expenses		2,689
Total Liabilities		262,564
Net Position Held in Trust for Pool Participants	$	16,496,337

See accompanying Notes to the Basic Financial Statements.

San Diego County Investment Pool
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2026
(In Thousands)

ADDITIONS	
Additions to Pool Investments	$ 25,519,280
Investment Income:	
Net Increase (Decrease) in Fair Value of Investments	(40,805)
Investment Earnings	609,557
Less Investment Expenses	(1,029)
Net Investment Income	567,723
Total Additions	26,087,003
DEDUCTIONS	
Deductions from Pool Investments	25,819,610
Distributions to Participants	591,030
Administrative Expenses	8,967
Total Deductions	26,419,607
Change in Net Position	(332,604)
Net Position Held in Trust for Pool Participants:	
Beginning of Year	16,828,941
End of Year	$ 16,496,337

See accompanying Notes to the Basic Financial Statements.

San Diego County Investment Pool
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2026

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the San Diego County Investment Pool (Pool) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Pool accounting policies are described below.

A. Reporting entity

The Pool was established in 1853 by the County Board of Supervisors (Board) to invest the assets of the County of San Diego (County) and other external parties. The Pool is a part of the County and is responsible for $16.5 billion in net position held in trust for Pool participants at June 30, 2026. The Pool is administered by the San Diego County Treasurer-Tax Collector, an elected official charged with the collection of taxes, the management of banking and investment operations, the disbursement of funds, and the safeguarding and accountability of public monies. The Treasury Division of the County Treasurer-Tax Collector's Office (Treasury) manages the Pool's daily operations on behalf of all Pool participants.

Participants of the Pool include the County, K-12 school districts, community college districts, special districts, cities, and other local agencies. Mandatory participants, including the County, K-12 school districts, community college districts, and certain special districts, are required by State statute to deposit their funds in the County Treasury. Mandatory participants in the Pool comprise the majority of the Pool's assets, at 95.43%, while voluntary participants account for 4.57%. Please refer to the Pool Participant List in the Investment Section on page 43. All participants comply with the same requirements per the Treasurer's Pooled Money Investment Policy (Investment Policy). In accordance with Section 53607 of the California Government Code (Government Code), the Board delegates investment authority to the County Treasurer for a one-year period and requires annual renewal.

Pursuant to Sections 27130-27137 of the Government Code, the Board has established the Treasury Oversight Committee (TOC) which monitors and reviews the Investment Policy. The TOC consists of three Ex-officio positions of the County, a Board representative, and five members of the public, representing a City Official, a Special District Official, a School Official, and two members of the public having expertise in public finance per the Government Code. The Investment Policy requires a financial audit to be conducted annually on a fiscal year basis, which includes limited tests of compliance with laws and regulations, with the duty of the TOC to review the audit. The Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company. The Pool does not have any legally binding guarantees of share values.

B. Pool basic financial statements

The basic financial statements consist of the statement of net position and the statement of changes in net position and report information on all activities of the Pool.

C. Measurement focus, basis of accounting, and basic financial statements presentation

The accompanying basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements present only the statement of net position and statement of changes in net position of the Pool and are not intended to present fairly the financial position and changes in financial position of the County as a whole in conformity with GAAP. Contributions from Pool participants are recognized as contributions in the period in which

they are received and distributions to Pool participants are recognized in the period in which they are allocated.

Earnings on investments are recognized as revenue in the period in which they are earned, and administrative costs are recognized as expenses when incurred, regardless of the timing of the related cash flows. In accordance with GAAP, the Pool records investment purchases and sales on the trade date. Pool participants' cash balances and withdrawals are based on cost on the trade date, while investments are reported at fair value.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* (GASB Statement No. 31) and GASB Statement No. 72, *Fair Value Measurement and Application* (GASB Statement No. 72), the accompanying basic financial statements reflect the fair value of investments. Specific disclosures related to GASB Statement No. 31 and GASB Statement No. 72 appear in Note II.C. Pool participants' cash balances and withdrawals are based on cost. Pool revenue/loss distribution is shared on a pro-rata basis with Pool participants. Pool revenue/loss distribution is performed quarterly, net of administrative costs authorized by Government Code Section 27013. This method used to determine participants' shares sold and redeemed differs from the method used to report investments.

D. Distributions payable

The Treasury calculates and records all interest earned, received, and accrued for the Pool on a monthly basis. Gains or losses as a result of fair value fluctuations are not reflected in the apportionment to Pool participants unless a security is actually sold. Income earned on the pooled investments is apportioned quarterly based on the average daily balance of each Pool participant. Accrued expenses represent administrative costs incurred through June 30, 2026, that had not been paid, including fourth-quarter administrative fees and certain third-quarter invoices settled in July 2026.

E. Use of estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from the estimates.

F. Implementation of new accounting pronouncements

Effective July 1, 2025, the Pool implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Statement No. 103 changed the required structure and content of management's discussion and analysis and replaced extraordinary and special items with unusual or infrequent items. Statement No. 104 requires separate disclosure of certain capital assets. The Pool has no capital assets and reported no unusual or infrequent items in fiscal year 2026. Implementation had no effect on the Pool's net position.

II. CASH AND INVESTMENTS

Cash and investments at June 30, 2026, consisted of the following (in thousands):

Investment Type	Fair Value
Cash - demand deposits	$ 521,902
Investments	16,109,833
Total cash deposits and investments	**$ 16,631,735**

A. Cash deposits

At June 30, 2026, the Pool maintained accounts in JPMorgan Chase Bank, N.A. and U.S. Bank, N.A. The table below presents the carrying amount and bank balance of the Pool's total deposits (in thousands). The difference between the two consists of temporary reconciling items, such as outstanding checks and deposits in transit.

	Cash Deposits	
	Carrying Amount	Bank Balance
JPMorgan Chase Bank, N.A.	$ 76,519	$ 28,266
U.S. Bank, N.A.	445,383	445,383
	$ 521,902	**$ 473,649**

Government Code Section 53652 et seq. and the Investment Policy prescribe the collateral required to secure public deposits. The Federal Deposit Insurance Corporation (FDIC) insures deposits at any one insured depository institution up to $250,000 for demand deposits and up to $250,000 for time and savings deposits. Under the Government Code and the Investment Policy, eligible securities pledged by a depository must have a fair value at least 10% in excess of the total deposits they secure. Certain other classes of security require a higher margin, and letters of credit a lower one. Pledged securities are held in the depository's pooled collateral account and monitored by the State Treasurer of California or a mutually agreed upon third-party custodian bank.

At June 30, 2026, the Pool's deposits at JPMorgan Chase Bank, N.A. had a bank balance of $28.3 million. The FDIC insured the first $250,000, and the remainder was secured by securities with a fair value of $47.3 million held in the bank's pooled collateral account. Therefore, there is no custodial credit risk for the Pool's JPMorgan Chase Bank, N.A. deposits.

Deposits at U.S. Bank, N.A. of $445.4 million were held in trust for school district debt service payments under a Paying Agent Agreement and are not required to be collateralized. Under 12 CFR Part 9, regulations issued by the Office of the Comptroller of the Currency that govern bank fiduciary activities, trust assets must be kept separate from the bank's own assets. Because these deposits were neither fully insured by the FDIC nor collateralized, they were exposed to custodial credit risk, which is the risk that the Pool's deposits may not be returned if a financial institution fails. Management considers this risk very low because the funds are transferred to the trust account at U.S. Bank only one business day before the bond payments are paid to the bondholders.

B. Investments

The Pool's cash and investments are invested pursuant to Investment Policy guidelines established by the County Treasurer. As permitted by the Government Code, the Treasury developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the Treasury may invest. The investments are managed by the Treasury, which publicly posts investment activity for the Board on a monthly basis. Government Code Sections 53601 and 53635 authorize the Treasury to invest the Pool funds (Note I) in obligations further defined in Note II.D.

The Pool's investment in the Local Agency Investment Fund (LAIF) is in a fund established by Government Code Section 16429.1, managed by the Treasurer of the State of California, and overseen by the Local Investment Advisory Board. Deposits to and withdrawals from LAIF are made on a dollar-for-dollar basis, and the Pool reports its investment in LAIF at the account balance reported by LAIF, which approximates fair value. LAIF limits each account to 15 transactions per month, with a minimum of $5,000 per transaction, and a maximum account balance of $75 million.

The Pool's investments in local government investment pools (LGIPs) consist of shares of beneficial interest in the California Asset Management Program (CAMP) and the California Fixed Income Trust (CalFIT), each a joint powers authority organized pursuant to Government Code Section 6509.7 and overseen by its Board of Trustees. The Chief Deputy Treasurer serves on the CalFIT Board of Trustees. Please refer to Note VI for additional information. CAMP and CalFIT measure their investments at amortized cost, and the value of the Pool's position in each is the same as the value of its pool shares. CAMP and CalFIT permit withdrawals daily and do not impose notice periods, maximum transaction amounts, liquidity fees, or redemption gates. Neither LAIF nor the LGIPs are registered with the SEC.

C. Fair value measurements

Investments are stated at fair value, except as described below, and are valued on a monthly basis. The Treasury categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. This pronouncement establishes a hierarchy of inputs to valuation techniques used to measure fair value and requires disclosures to be made about investment fair value measurements, the level of fair value hierarchy, and valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement.

The GASB Statement No. 72 hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and fair value is determined through the use of models or other valuation methodologies including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the Treasury's assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include Treasury data.

The Treasury does not value any of its investments using Level 1 or Level 3 inputs. Money market mutual funds and the LGIPs and LAIF described in Note II.B. are not subject to the fair value hierarchy. The Pool's investments in LGIPs are reported at amortized cost rather than fair value. For investments categorized within the hierarchy, the Treasury uses the market approach as a valuation technique in the application of GASB Statement No. 72. This method uses prices and other relevant information generated by market transactions involving identical or comparable assets or groups of assets.

The following table summarizes the Pool recurring fair value measurements and fair value hierarchy at June 30, 2026 (in thousands):

Investments by fair value level	June 30, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pass-Through Securities	$ 372,779	$ -	$ 372,779	$ -
U.S. Government Agencies	2,085,164	-	2,085,164	-
U.S. Treasury Notes	3,255,396	-	3,255,396	-
Supranationals	2,048,063	-	2,048,063	-
Commercial Paper	3,334,458	-	3,334,458	-
Medium-Term Notes	124,191	-	124,191	-
Municipal Bonds	393,013	-	393,013	-
Negotiable Certificates of Deposit	3,901,290	-	3,901,290	-
Total investments by fair value level	**15,514,354**	**$ -**	**$ 15,514,354**	**$ -**
Investments not subject to the fair value hierarchy				
Money Market Mutual Funds	209,000			
Local Government Investment Pools	311,479			
Local Agency Investment Fund	75,000			
Total investments	**$ 16,109,833**			

Investment securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

D. Risk disclosures

In conjunction with the discussion below concerning investment risks, please refer to the Investment Statistics Table in the Investment Section on page 42.

1. Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

To mitigate the effect of interest rate risk, the Pool maintains a laddered portfolio in compliance with the Investment Policy, which requires at least 15% of securities to mature within 90 days and at least 35% of securities to mature within one year. In addition, the Pool limits the maximum effective duration of the portfolio to 2 years. At June 30, 2026, the Pool was in full compliance with all provisions of the Investment Policy.

Excluding cash and accrual adjustments, the weighted average days to maturity (WAM) by investment type is presented in the table below (in thousands):

Investment Type	Fair Value	Maturity Range	WAM	% of Portfolio
Investments:				
Pass-Through Securities	$ 372,779	05/17/27 - 06/15/29	906	2.31%
U.S. Government Agencies:				
Federal Agricultural Mortgage Corporation (FAMC)	520,645	07/30/27 - 05/08/31	837	3.22%
Federal Farm Credit Bank (FFCB)	436,074	09/28/26 - 06/03/30	518	2.71%
Federal Home Loan Bank (FHLB)	816,931	07/06/26 - 02/28/30	283	5.07%
Federal Home Loan Mortgage Corporation (FHLMC)	83,117	05/25/28 - 05/22/31	1028	0.52%
Federal National Mortgage Association (FNMA)	149,443	07/02/29 - 05/19/31	1364	0.93%
Tennessee Valley Authority (TVA)	78,954	03/15/28 - 08/01/30	1170	0.49%
U.S. Treasury Notes	3,255,396	07/15/26 - 12/31/30	971	20.21%
Supranationals	2,048,063	08/27/26 - 10/28/30	924	12.71%
Commercial Paper	3,334,458	07/01/26 - 02/09/27	92	20.70%
Medium-Term Notes	124,191	09/11/26 - 03/13/29	633	0.77%
Local Agency Investment Fund	75,000	N/A	1	0.47%
Local Government Investment Pools	311,479	N/A	1	1.93%
Money Market Mutual Funds	209,000	N/A	1	1.30%
Municipal Bonds	393,013	07/01/26 - 09/01/30	707	2.44%
Negotiable Certificates of Deposit	3,901,290	07/01/26 - 04/30/27	102	24.22%
Total Investments	**$ 16,109,833**		**480**	**100.00%**

Government Code Section 53601 provides that when no specific limitation exists on the term or remaining maturity of an investment, the Pool may not invest in any security other than a security underlying a repurchase agreement, reverse repurchase agreement, or securities lending agreement authorized by Section 53601 if the security has a remaining maturity of more than five

years at the time of the investment. An investment with a remaining maturity greater than five years is permitted only when the legislative body has granted express authority to do so, either through a specific authorization or through an investment program that was approved by the legislative body at least three months before the investment date. During fiscal year 2026, the Board did not grant express authority for any investment with a remaining maturity of more than five years, and the Pool held no such investments at June 30, 2026.

The weighted average maturity information presented above is based on stated final maturity dates and does not reflect call dates or expected prepayments.

At June 30, 2026, the Pool held 31 callable U.S. government agency and supranational securities with a fair value of $905.3 million, as summarized below. These securities may be redeemed by the issuer at par on or after the call dates. Certain securities are callable at any time, some are callable monthly or quarterly on particular dates following an initial call date, and others may be called only once, on a specified date. Issuers are more likely to call securities when market interest rates decline, which may require the Pool to reinvest the proceeds at lower rates. Because of these call features, the fair values of these securities are highly sensitive to changes in interest rates.

Next Call Date	Number of Callable Securities	Fair Value (in thousands)
Callable at any time	7	$ 173,474
Callable within 3 months (by September 30, 2026)	9	249,093
Callable within 3 to 12 months (October 2026–June 2027)	7	208,782
Callable within 1 to 2 years (July 2027–June 2028)	8	273,915
Total Callable Securities	**31**	**$ 905,264**

The Pool's other investments with prepayment or call features are not considered highly sensitive to interest rate changes. The Pool's pass-through securities consist of asset-backed securities (ABS) collateralized by automobile loans and credit card receivables. Principal repayments on ABS are driven primarily by borrower payment behavior rather than changes in market interest rates, so their cash flows are relatively predictable. Agency commercial mortgage-backed securities (ACMBS) have structures that limit prepayments. Corporate medium-term notes with make-whole call provisions require the issuer to pay a premium to redeem the notes early, and any call at par is permitted only shortly before maturity.

2. Custodial credit risk

Custodial credit risk for investments is the risk that the Treasury, in the event of the failure of the counterparty to a transaction, will not be able to recover the value of investment securities or collateral securities that are in the possession of another party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Treasury and are held by either the counterparty, or the counterparty's trust department or agent. At June 30, 2026, all Pool securities were either held by the Treasury or by the custodian bank in the name of the Treasury.

The Investment Policy requires that securities purchased from any bank or dealer including appropriate collateral (as defined by California State Law), not insured by FDIC, shall be placed with an independent third party for custodial safekeeping. Securities purchased by the Pool are held by a third-party custodian, The Northern Trust Company, in its trust department to mitigate custodial credit risk.

For sweep (deposit) accounts, the Treasury utilizes national or state-chartered banks where amounts exceeding the FDIC insurance limit are invested in repurchase agreements that are collateralized by U.S. Treasury and Federal Agency securities equal to or greater than the deposit amount in accordance with Government Code.

At June 30, 2026, the Treasury invested in primarily high-quality investments as shown below:

S&P Global Ratings

Credit Ratings	% of Total Investments
AAA	14.13%
AAAm[1]	3.23%
AA+	29.29%
AA	0.37%
AA-	1.43%
A-1+	14.63%
A-1	28.90%
NR[2]	8.02%
Total	**100.00%**

A Nationally Recognized Statistical Rating Organization (NRSRO)

Note 1: Money Market Rating
Note 2: Not Rated

Fitch Ratings

Credit Ratings	% of Total Investments
AAA	4.22%
AA+	28.24%
AA	1.59%
AA-	0.37%
F1+[3]	40.03%
F1[3]	1.69%
NR[2]	23.86%
Total	**100.00%**

A Nationally Recognized Statistical Rating Organization (NRSRO)

Note 1: Money Market Rating
Note 2: Not Rated
Note 3: Short-Term Rating

Moody's Investors Service

Credit Ratings	% of Total Investments
Aaa	15.70%
Aa1	28.69%
Aa2	1.69%
A1	0.37%
P-1[3]	46.77%
NR[2]	6.78%
Total	**100.00%**

A Nationally Recognized Statistical Rating Organization (NRSRO)

Note 1: Money Market Rating
Note 2: Not Rated
Note 3: Short-Term Rating

3. Credit risk

Investments are subject to credit risk when there is the possibility that the issuer, or other counterparty to an investment, will not fulfill its obligations, or that negative perceptions of the issuer's ability to make these payments will cause the price to decline.

The Investment Policy, which is more restrictive than the Government Code, places a minimum standard on the ratings of investments held in the Pool. Investments in securities other than those guaranteed by the U.S. Treasury or Government Sponsored Enterprises or LAIF must meet the minimum ratings set by the Investment Policy for each investment type, generally the highest short-term rating category (A-1/F1/P-1) by at least one NRSRO for maturities of 13 months or less and 'A' or higher for maturities greater than 13 months, with higher minimums for pass-through securities and supranationals ('AA') and money market mutual funds and LGIPs ('AAAm'). Nonrated securities include sweep accounts and repurchase agreements. Sweep accounts and collateralized certificates of deposit must be FDIC insured and collateralized with securities held by a named agent of the depository. Repurchase agreements are collateralized by securities, authorized by Government Code Section 53601, having a fair value of at least 102% of the amount of the repurchase agreement. The Pool did not have any repurchase agreements in its portfolio at June 30, 2026.

At June 30, 2026, the Pool was rated 'AAAf/S1' by Fitch Ratings, Inc. (Fitch), a nationally recognized statistical rating organization. Fitch affirmed this rating on April 14, 2026. According to Fitch, the 'AAAf' fund credit quality rating indicates that the Pool's portfolio holds securities of the

highest underlying credit quality, and the 'S1' fund volatility rating indicates very low sensitivity to market risk.

Credit quality based on Fitch's Fund Credit Quality Rating is presented below and in detail in the Investment Section on page 42:

	Pool Rating at June 30, 2026	Minimum Investment Policy Ratings at Time of Purchase
Overall credit rating	AAAf/S1	
Short-term		F1
Long-term		A

4. Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. This occurs when there is a lack of diversification or having too much invested in a few individual issuers. As disclosed in the table on the next page, the Treasury maintains an Investment Policy that establishes thresholds for holdings of individual securities. The Pool did not have any holdings meeting nor exceeding the allowable threshold levels at June 30, 2026.

	Maximum Maturity		Maximum % of Portfolio		Maximum % with One Issuer		Minimum Rating	
Investment Type	Gov. Code	Invest. Policy	Gov. Code	Invest. Policy	Gov. Code	Invest. Policy	Gov. Code	Invest. Policy
U.S. Treasury Obligations	5 years	5 years	None	None	None	None	None	None
Agency Obligations	5 years	5 years	None	None	None	35%	None	None
Local Agency and State Obligations[1]	5 years	5 years	None	30%	None	10%	None	A
Bankers' Acceptances	180 days	180 days	40%	40%	30%	5%	None	A-1
Commercial Paper[2,3,4]	397 days	397 days	40%	40%	10%	10%	A-1	A-1
Negotiable Certificates of Deposit[1,3]	5 years	5 years	30%	30%	None	10%	None	A-1/A
Repurchase Agreements[5]	1 year	1 year	None	40%	None	Note	None	None
Reverse Repurchase Agreements	92 days	92 days	20%	20%	None	10%	None	None
Securities Lending	92 days	92 days	20%	20%	None	10%	None	None
Medium-Term Notes[1,3]	5 years	5 years	30%	30%	None	10%	A	A
Collateralized Certificates of Deposits[6]	N/A	13 months	None	5%	None	5%	None	None
FDIC & NCUA Insured Deposit Accounts	N/A	13 months	None	5%	None	5%	None	None
Covered Call Option/Put Option	N/A	90 days	None	10%	None	None	None	None
Money Market Mutual Funds[7]	N/A	N/A	20%	20%	None	10%	AAAm	AAAm
Local Government Investment Pools (LGIP)[8]	N/A	N/A	None	5%	None	5%	None	AAAm
Local Agency Investment Fund (LAIF)[9]	N/A	N/A	None	5%	None	None	None	None
Pass-Through Securities	5 years	5 years	20%	20%	None	10%	AA	AA
Supranationals[10]	5 years	5 years	30%	30%	None	10%	AA	AA

[1] For securities with maturities of 13 months or less, the rating must be in the highest short-term rating category (without regard to qualification of such rating symbol such as "+" or "-") by at least one Nationally Recognized Statistical Rating Organization (NRSRO). For securities with maturities greater than 13 months, the rating must be "A" or higher by at least one NRSRO.

[2] Government Code Section 53635(a)(1-2) specifies percentage limitations for this security type for county investment pools.

[3] Maximum Exposure Per Issuer - The maximum exposure to a single issuer shall be 10% of the fund value, inclusive of any other non-Commercial Paper, Medium-Term Notes, or Negotiable CD Investments.

[4] The Government Code limit for commercial paper maximum maturity was increased on January 1, 2026, per SB 595 to 397 days and the Investment Policy was updated similarly in response. The limit was 270 days through December 31, 2025.

[5] Maximum Exposure Per Broker/Dealer – The maximum exposure to a single Repurchase Agreement (RP) broker/dealer shall be 10% of the portfolio value when the dollar-weighted average maturity is greater than five days or 15% of the portfolio when the dollar-weighted maturity is five days or less.

[6] Institutions at or above the highest short-term rating category (without regard to qualifications of such rating symbol such as "+" or "-") by at least one NRSRO may pledge mortgage-based collateral for County deposits.

[7] Money Market Mutual Fund ratings must be in the highest rating category by at least two NRSROs, or the fund must retain an investment adviser registered or exempt from registration with the SEC, with not less than five years of experience and assets under management in excess of $500 million.

[8] The Investment Policy requires LGIPs to be rated in the highest rating category by at least one NRSRO. Government Code Section 53601(p) has no rating requirement, but the joint powers authority must retain an investment adviser registered or exempt from registration with the SEC, with not less than five years of experience and assets under management in excess of $500 million.

[9] Local Agency Investment Fund (LAIF) is an unrated fund.

[10] The following institutions are considered "Supranationals": International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC) and Inter-American Development Bank (IADB).

At June 30, 2026, with the exception of investments that are explicitly guaranteed by the U.S. Government and investments in mutual funds and external investment pools, the Pool did not have any investments with more than 5 percent of the total investments under one issuer except for the following securities (in thousands):

Investment	Fair Value	% of Total Investments
Inter-American Development Bank	$ 1,034,013	6.42%
Federal Home Loan Bank	816,931	5.07%

The Pool's holdings of Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) are issued by agencies that remain under conservatorship by the Director of the Federal Housing Finance Agency (FHFA). The U.S. Government does not guarantee, directly or indirectly, the securities of FNMA, FHLMC, the Federal Home Loan Bank (FHLB), the Federal Farm Credit Bank (FFCB), the Tennessee Valley Authority (TVA), or the Federal Agricultural Mortgage Corporation (FAMC).

5. Foreign currency risk

The Pool does not have foreign currency risk as all investments in the Pool are in U.S. dollar-denominated assets.

E. Investment income

Pool investments are accounted for in accordance with the provisions of GASB Statement No. 31 which require governmental entities to report certain investments at fair value in the Statement of Net Position and the change in fair value in the year in which the change occurred. The fair value fluctuates with interest rates, and increasing rates could cause the value of investments to decline below their original cost. Treasury management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the Treasury from having to sell investments below their original cost for that purpose.

Pool Income
(In Thousands)

Investment Earnings	$	609,557
Net Decrease in Fair Value		(40,805)
Less: Investment Expenses		(1,029)
Net Investment Income	**$**	**567,723**

For fiscal year 2026, the Pool's investment earnings totaled $609.6 million. During the same period, the Pool recognized a net decrease in the fair value of investments of $40.8 million, which includes all realized and unrealized changes in fair value during the fiscal year. The GASB Statement No. 31 fair value adjustment on investments held at June 30, 2026, was an unrealized loss of $32.7 million.

Government Code Section 27013 authorizes the Treasury to deduct operational costs related to investments. All income is distributed quarterly to Pool participants after deducting these operational costs. Unrealized gains or losses as a result of fair value fluctuations are not reflected in the earnings distribution to participants.

III. INTEREST RECEIVABLE

Interest receivable consists of interest accrued on investments including interest purchased with certain securities. At June 30, 2026, the Pool had $127.2 million of interest receivable.

IV. INTEREST APPORTIONMENT

Earnings realized on investments based on amortized cost are distributed to Pool participants on a cash basis and are reported using the accrual basis of accounting. Section 27013 of the Government Code authorizes the Treasury and the Auditor and Controller's Office to deduct administrative fees related to investments. Please refer to the Schedule of Expenses in the Statistical Section on page 49. The net realized earnings on investments are apportioned to Pool participants quarterly, based on the participants' average daily balances. During fiscal year 2026, the Pool recognized $591.0 million of investment earnings for distribution, compared to the previous year's amount of $570.3 million. These investment earnings, net of deducted administrative fees and accrued interest, are classified as distributions to participants on the Statement of Changes in Net Position and are reinvested in the Pool.

V. POOL COMPOSITION

At June 30, 2026, the Pool participants by percentage of net position consist of:

Participant	% of Pool
County Funds	30.99%
K-12 School Districts	51.72%
Community Colleges	12.54%
Other Mandatory Participants	0.18%
Voluntary Participants	4.57%
Total	**100.00%**

VI. RELATED PARTY

1. County of San Diego

The County portion of the Pool's net position at June 30, 2026, was $5.1 billion. Certain costs allocated by the County to the Pool include investment expenses, salaries and benefits, services and supplies, and overhead and equipment totaling $10.0 million for fiscal year 2026. At June 30, 2026, the Pool owed the County $2.7 million for accrued administrative costs, which are reported as accrued expenses in the Statement of Net Position.

2. California Fixed Income Trust

The Pool invests in a local government investment pool sponsored by the California Fixed Income Trust (CalFIT), a Joint Powers Authority established on July 22, 2025, under a Joint Exercise of Powers Agreement among California public agencies. The County participated in the development of CalFIT. On June 9, 2026, the Board of Supervisors of the County of San Diego adopted Resolution No. 26-058, authorizing the County to join the CalFIT Joint Powers Authority as a Founding Member. This designation provides the County with a permanent seat on the CalFIT Board of Trustees, and the resolution authorizes the Treasurer-Tax Collector, or a designee, to occupy that seat. The Treasurer-Tax Collector designated the Chief Deputy Treasurer as the County's representative. As of June 30, 2026, the Joint Exercise of Powers Agreement had not been executed. The County became a Founding Member when the Treasurer-Tax Collector executed the agreement on July 22, 2026.

The CalFIT Board of Trustees appoints and oversees CalFIT's investment adviser and administrator, Chandler Asset Management, Inc., which also provides investment oversight and compliance monitoring services to the Treasury under a separate agreement and has no discretionary authority over Pool investments. Under the Joint Exercise of Powers Agreement, the debts, liabilities, and obligations of CalFIT are not those of its members.

The Pool began investing in CalFIT in October 2025 as a participant, as authorized by Government Code Section 53601(p) and the Investment Policy. At June 30, 2026, the Pool's investment in CalFIT was $102.1 million, and the Pool earned $2.1 million from its CalFIT investment during fiscal year 2026. CalFIT seeks to maintain a stable net asset value of $1.00 per share, and the Pool reports its investment in CalFIT at amortized cost.

VII. SUBSEQUENT EVENTS

The County Treasurer-Tax Collector has evaluated subsequent events affecting the Pool's net position and changes in net position through October 27, 2026, the date on which the Pool's financial statements were issued. On July 22, 2026, the Treasurer-Tax Collector executed the CalFIT Joint Exercise of Powers Agreement, as described in Note VI. There were no other subsequent events requiring recognition or disclosure.

This page intentionally left blank.

INVESTMENT SECTION

This page intentionally left blank.

I. REPORT ON INVESTMENT ACTIVITIES

The reports on investment activities are prepared by the Treasury Division staff under the direction of Larry Cohen, MBA, Treasurer-Tax Collector, who oversees the investments of the San Diego County Investment Pool. The Pool is an Investment Trust Fund of the County of San Diego, with participants sharing in the Pool's net position. The basis of presentation for the data reported in the Investment Section is fair value at June 30, 2026, consistent with the basis of reporting used in the basic financial statements. The weighted average days to maturity represents the average maturity of the Pool's cash and investments, weighted by fair value. The yield to maturity represents the average yield of the Pool's cash and investments, weighted by book value and annualized on a 365-day basis.

During fiscal year 2026, the San Diego County Investment Pool's (Pool) investment activities included the following:

- The Pool's maturity structure continues to comply with the San Diego County (County) Treasurer's Pooled Money Investment Policy (Investment Policy), which requires at least 15% of securities to mature within 90 days and no less than 35% to mature within one year. At June 30, 2026, the Pool had 61.4% of cash and investments maturing in less than one year.

- The Pool's weighted average days to maturity for cash and investments decreased from 562 days at June 30, 2025, to 465 days at June 30, 2026.

- The Pool's total net position decreased by 2.0%, from $16.8 billion at June 30, 2025, to $16.5 billion at June 30, 2026.

- The fair value of the Pool's total cash and investments decreased by 1.8%, from $16.9 billion at June 30, 2025, to $16.6 billion on June 30, 2026.

- Undistributed and unrealized gains were $8.1 million on June 30, 2025, compared to undistributed and unrealized losses of $32.7 million at June 30, 2026.

- The Pool's weighted average effective yield to maturity (annualized) increased from 3.81% at June 30, 2025, to 3.93% on June 30, 2026.

- The Pool's expense ratio increased from 0.059% in fiscal year 2025 to 0.065% in fiscal year 2026. Beginning in fiscal year 2026, the expense ratio is calculated using the average daily balance of participating funds only; the fiscal year 2025 ratio has been recalculated on the same basis (previously reported as 0.057%).

- The Pool maintained its 'AAAf/S1' rating from Fitch Ratings, Inc., a nationally recognized statistical rating organization (NRSRO).

II. OUTLINE OF THE INVESTMENT POLICY

The Pool is managed in accordance with prudent money management principles and California Government Code Sections 27000.1 – 27000.5, 27130 – 27137, and 53600 – 53686.
The primary objectives, in priority order, of the Pool investment activities are:

1. Safety: Safeguard the principal of the funds under the control of the Treasurer's Office (Treasury), with the goal of mitigating credit risk and interest rate risk;

2. Liquidity: The portfolio shall remain sufficiently liquid to meet the needs of participants; and

3. Return on investments: The portfolio shall achieve a competitive rate of return within the parameters of prudent risk management and the other primary goals of safety and liquidity.

The investment portfolio is managed in accordance with the parameters specified within the Investment Policy.

On an annual basis, the County Treasury Oversight Committee (TOC) reviews the Investment Policy. The Investment Policy focuses on risk management by setting limits on principal exposure by type of security, by issuer of debt, by minimum credit ratings, and by liquidity. The Investment Policy includes a detailed section on terms and conditions for voluntary participants' deposits and withdrawal of funds from the Pool.

The investment staff actively manage the Pool and serve as fiduciaries and are subject to the prudent investor standard. Authority to execute investment transactions is limited to the following:

- Treasurer-Tax Collector
- Assistant Treasurer-Tax Collector
- Chief Deputy Treasurer
- Chief Investment Officer
- Investment Officers

Major components of the Investment Policy are as follows:

Maturity Policy: At least 15% of the Pool must mature within 90 days, at least 35% within one year, and the portfolio's maximum effective duration is 2.0 years.

General Strategy: The Investment Policy permits a buy-and-hold investment strategy, under which securities are generally purchased with the intent of holding them to maturity. Securities may also be sold prior to maturity when deemed prudent for liquidity or portfolio management purposes. The investment staff will update the TOC on its asset allocation and investment strategy at its regularly scheduled meetings.

Environmental, Social, and Governance (ESG) Considerations: Subject to the primary objectives of safety, liquidity, and yield, the Treasurer considers ESG criteria and does not purchase investments issued directly by corporations engaged in the exploration, production, drilling, or refining of coal, petroleum, or natural gas.

Prohibited Securities: Inverse floaters, range notes, mortgage-derived interest-only strips, and securities that could result in zero interest accrual are prohibited, except as permitted by the Government Code.

Credit Ratings: Minimum credit ratings are set forth in the Investment Policy for each type of security. These credit limits apply to the initial purchase of a security and do not automatically force the sale of a security if the credit ratings of the security fall below the Investment Policy limits. The Investment Policy also sets forth procedures to monitor credit ratings. To ensure the Pool maintains the highest overall credit rating with the contracted NRSRO, the asset allocation and portfolio holdings will be provided to the contracted NRSRO on a monthly basis.

Internal Controls: The Chief Deputy Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the Pool assets are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

Reporting: The Investment Policy requires an independent audit to be conducted annually by an external auditor to determine if the Pool is in compliance with the Investment Policy, other internal policies and procedures, and the California Government Code. In addition, a monthly investment report is required to be posted on the County Treasurer-Tax Collector's website.

Permissible Investments: California Government Code Sections 53601, 53601.1, 53601.2, 53601.8, 53635, 53635.8, 53637, 53638, 53651, 53652, and 53653 address permissible investments. The Investment Policy addresses individual investment categories.

Qualified Brokers and Dealers: In order to minimize risk in executing security transactions under the Investment Policy, security transactions will be made only through qualified dealers.

Delegation of Investment Authority to the County Treasurer: The Board of Supervisors (Board) delegates investment authority to the County Treasurer for a one-year period and requires annual renewal.

Safekeeping Authority: Board Resolution 109, adopted September 29, 1959, delegated the deposit for safekeeping authority to the County Treasurer. In exercising this function, the County Treasurer has prescribed requirements on depositories and the County Treasurer's Continuity of Operations Plan (COOP) addresses contingency plans in the event of a disaster.

External Oversight: The Investment Policy requires an independent third-party investment advisor to provide oversight and compliance monitoring. The Treasury contracts with Chandler Asset Management for this purpose. Chandler Asset Management also serves as investment adviser and administrator of the California Fixed Income Trust (CalFIT), a local government investment pool in which the Pool invests and on whose Board of Trustees the Chief Deputy Treasurer serves. Please refer to Note VI to the basic financial statements for additional information. Treasury investment staff monitor compliance with the Investment Policy for all Pool holdings, including the Pool's investment in CalFIT, using the Bloomberg Compliance Manager system, independently of Chandler's monthly compliance report. Additionally, Fitch Ratings, Inc. has been retained to fulfill the NRSRO requirement to provide a rating for the Pool.

Cost and Earnings Apportionment: The Investment Policy provides detail of the manner in which Pool participants will be allocated interest.

Terms and Conditions for Depositing Funds by Voluntary Participants: California Government Code Section 53684 allows local agencies, upon adoption of a resolution by a governing body, the option of depositing excess funds in the Pool.

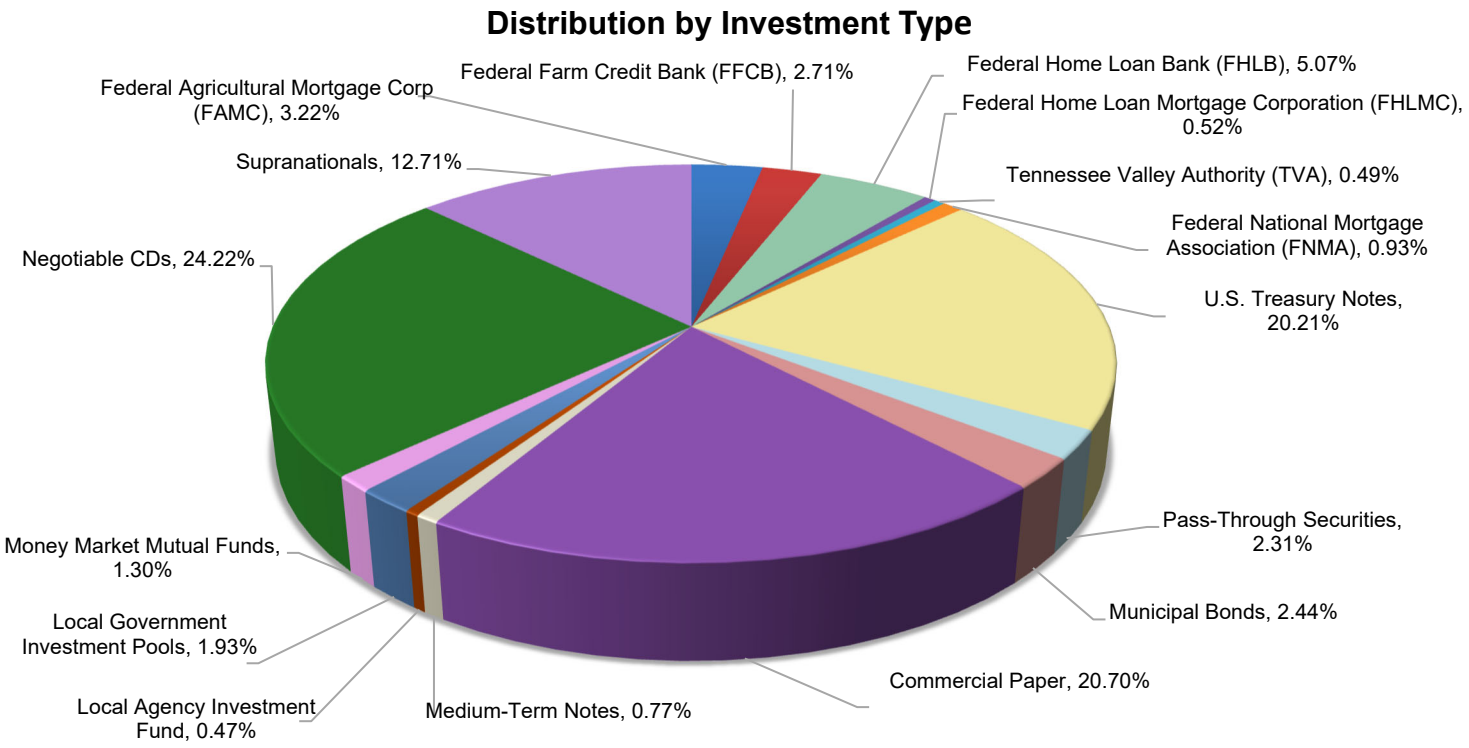
III. RISK PROFILE

The three main risk factors for the Pool are credit, liquidity, and interest rate risk. The Pool's investments were in full compliance with the Investment Policy and the California Government Code at June 30, 2026. Please refer to the Notes to the Basic Financial Statements for additional information on the Pool's investment risks.

IV. INVESTMENT RESULTS

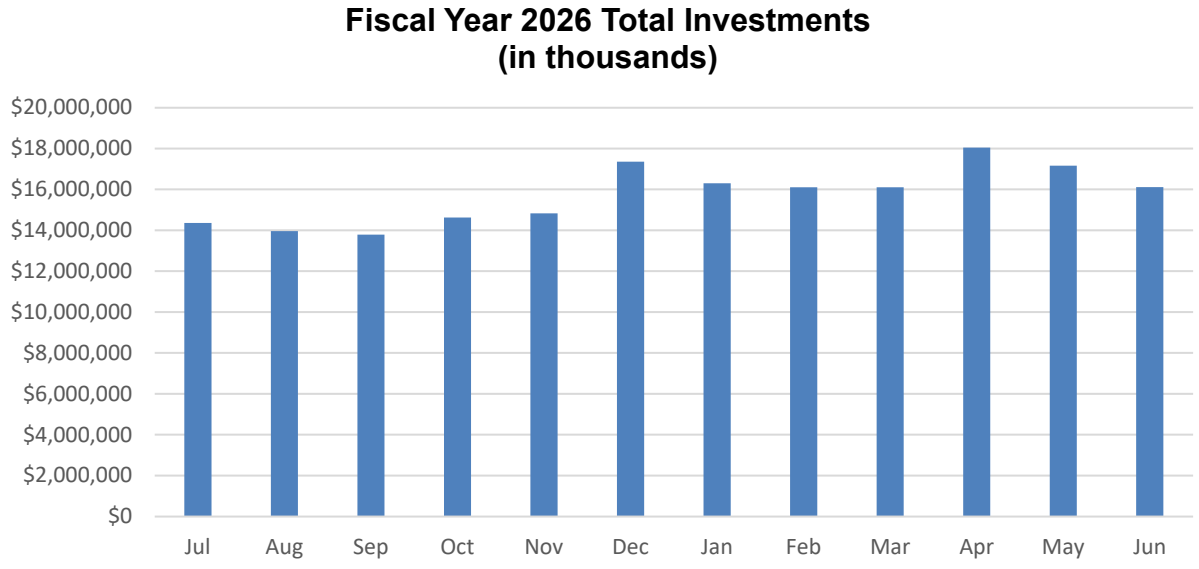
The objective of the Pool is to preserve capital, maintain liquidity and earn income. The County Treasury Investment Group (Investment Group) maintains a conservative approach to managing the Pool's credit risk. Specifically, the Pool invests in high-quality credits and utilizes a maturity-tiering strategy that limits counterparty exposure. For maturities greater than three years, the Pool primarily invests in U.S. Treasury notes, U.S. government agency securities, supranationals, and other highly rated securities.

The investment distribution at June 30, 2026, is provided in the chart below:

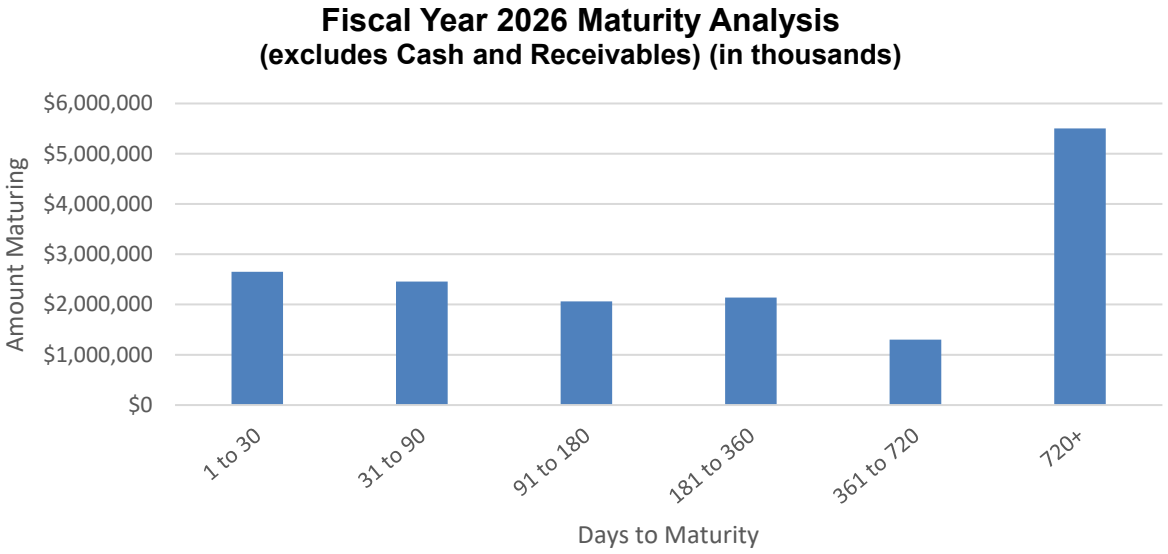


During fiscal year 2026, the Pool's allocation shifted toward shorter-term instruments as longer-duration positions matured. Commercial paper increased from 8.47% of the portfolio at June 30, 2025, to 20.70% at June 30, 2026, and negotiable certificates of deposit increased from 18.16% to 24.22%. Over the same period, U.S. government agency securities decreased from 21.92% to 12.94%, U.S. Treasury notes from 23.84% to 20.21%, and supranationals from 14.36% to 12.71%. The Pool's asset allocation for the last ten fiscal years is presented in Table 4 of the Statistical Section.

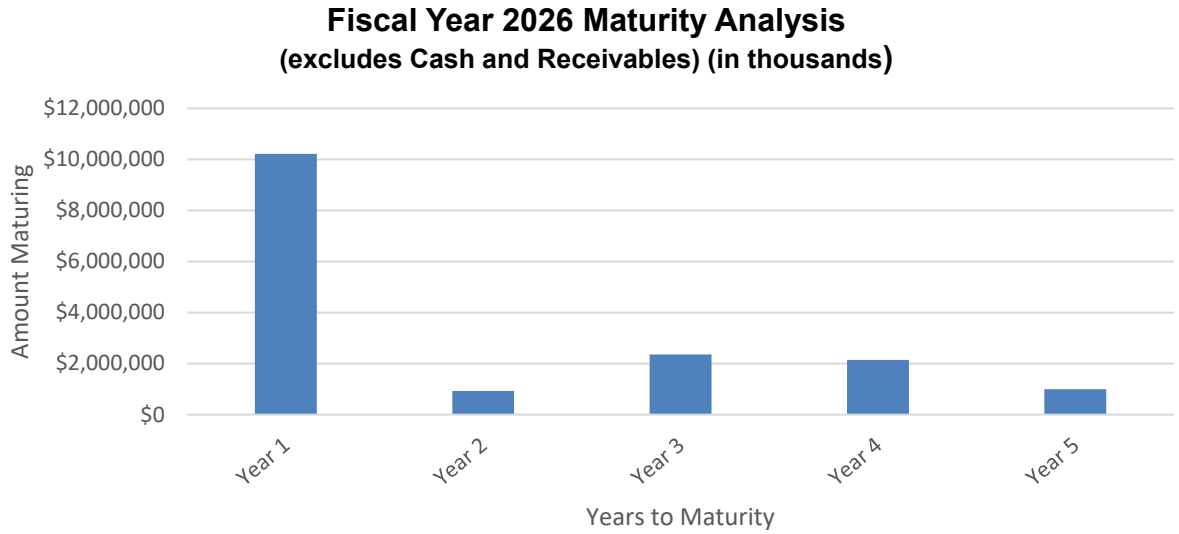
Balances fluctuated from a month-end low of $13.8 billion in September 2025 to a month-end peak of $18.0 billion in April 2026 as shown in the chart below:



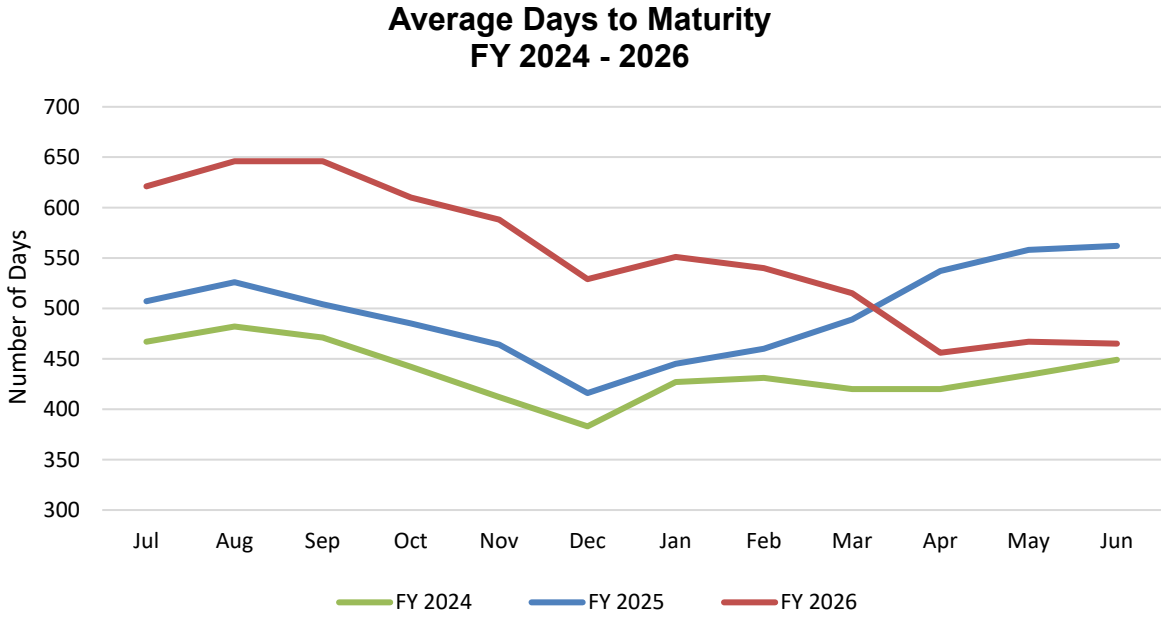
The chart below shows the distribution of the Pool's investments by days to maturity. The information illustrates how the Pool structures its holdings across maturity intervals to support daily liquidity needs and adhere to investment policy requirements. The allocation reflects a balanced ladder among several ranges, including very short maturities and longer intervals extending up to five years. The Pool's strategy is to combine immediate liquidity with opportunities for improved yield. This structure supports prudent cash-flow management while ensuring that funds remain readily available to meet participant withdrawals.



The chart below provides a broader view of the Pool's investment maturities, grouped by years. The majority of holdings mature within one year, underscoring the Pool's emphasis on short-term, high-quality investments that align with safety and liquidity objectives. Additional allocations in the two- to five-year ranges offer measured duration exposure and help enhance earnings while preserving the ability to adjust to changing market conditions. This distribution supports the Pool's long-term investment strategy by complementing the short-term liquidity ladder with strategic yield opportunities across the multi-year horizon.



The monthly average days to maturity fluctuated from 456 days to 646 days in fiscal year 2026. The three-year average days to maturity by month are shown in the chart below:



During fiscal year 2026, the Federal Reserve (Fed) reduced the target range for the federal funds rate by 0.75% to 3.50% - 3.75%. Despite the declining interest rate environment, the apportionment rate on the Pool increased by 6 basis points to 3.85% in fiscal year 2026. The 3-year average apportionment return was 3.81%, and the 5-year average return was 2.96%.

The table below reflects the apportionment rate of the Pool over the past five fiscal years versus the benchmark indices:

Apportionment Rates
For the Last Five Fiscal Years

Fiscal Year	Apportionment Rate	Change From Previous Year
2026	3.85%	0.06%
2025	3.79%	-0.02%
2024	3.81%	1.18%
2023	2.63%	1.91%
2022	0.72%	-0.24%
3-year average	3.81%	N/A
5-year average	2.96%	N/A

Investment Benchmarks	1 Year	3 Year	5 Year
Local Agency Investment Fund (LAIF) [1]	*4.00%*	*4.11%*	*2.98%*
ICE BofA 0-2 Yr U.S. Treasury Index [2]	*3.47%*	*4.49%*	*2.76%*

[1] Average annual yields for year ending June 30th.

[2] Average total return percentages for year ending June 30th.

The following schedule of investment results presents the weighted average yield to maturity for each major category of investments.

Weighted Average Yield to Maturity[1]

Investment Type	June 30, 2026	3 Years[2]	5 Years[2]
Pass-Through Securities	5.00%	4.74%	3.83%
U.S. Government Agencies	3.58%	3.02%	2.32%
U.S. Treasury Notes	3.82%	3.04%	2.28%
Supranationals	4.39%	3.86%	2.88%
Commercial Paper	3.95%	4.62%	4.14%
Medium-Term Notes	4.28%	3.76%	3.01%
Negotiable Certificates of Deposit	3.94%	4.61%	4.06%
Local Agency Investment Fund (LAIF)	3.82%	4.19%	3.32%
Local Government Investment Pools (LGIP)	3.77%	4.55%	3.91%
Municipal Bonds	4.38%	3.65%	2.89%
Money Market Mutual Funds	3.57%	4.36%	3.90%
Cash Deposits	3.18%	3.97%	3.14%
Total Pool	**3.93%**	**3.89%**	**3.29%**

[1] Before Administrative Expense

[2] Averages of June 30 yields for the last three/five fiscal years.

The following table shows the top ten largest assets held by the Pool at June 30, 2026:

Schedule of Top Ten Holdings
June 30, 2026
(In thousands)

Security Name	Type	CUSIP No.	Par Value	Fair Value
Government of The United States	US Treasury	91282CLC3	$ 297,000	$ 295,584
Royal Bank of Canada New York Branch	Commercial Paper	78015DG20	275,000	274,945
The Toronto-Dominion Bank	Commercial Paper	89116FG12	250,000	249,975
Government of The United States	US Treasury	91282CHQ7	250,000	249,824
Government of The United States	US Treasury	91282CHK0	245,000	244,244
Government of The United States	US Treasury	91282CEW7	220,000	218,154
California Asset Mgmt Program	Local Gov Investment Pool	90CAMP$00	209,352	209,352
Royal Bank of Canada New York Branch	Commercial Paper	78015DG12	200,000	199,980
Government of The United States	US Treasury	91282CNN7	200,000	197,641
Canadian Imperial Bank of Commerce	Commercial Paper	13607FMJ2	200,000	196,195

A complete list of current and historical Pool holdings is available on the Treasurer-Tax Collector's website at www.sdttc.com.

Fees charged to the Pool include both investment and administrative costs as shown below:

Schedule of Expenses by Category
(In thousands)

Category	June 30, 2026
Investment Expenses	
Banking Expenses	$ 498
Custodial Expenses	132
Application Expenses	399
Total Investment Expenses	1,029
Administrative Expenses	
Computer Related Expenses	521
Salaries and Benefits	5,860
Services and Supplies	1,242
Department Overhead	437
External Overhead	687
Auditor & Controller Allocated Cost	220
Total Administrative Expenses	8,967
Total Expenses	$ 9,996

Expenses are charged to Pool participants net of interest earnings and allocated on a quarterly basis. Total expenses were less than one percent of the Pool's investment balance at June 30, 2026. The interest earned by each Pool participant is proportionate to their average daily balance. Prior to distribution, expenses incurred by the County are deducted from the realized earnings of the Pool. The

Pool's expense ratio for fiscal year 2026 was 0.065% of the average daily balance. The apportionment rate is calculated approximately ten business days following the end of each calendar quarter. Apportionments are not paid out by warrant; instead, all earnings are reinvested in the Pool and allocated to each participant for the benefit of all Pool participants. The Pool does not pay brokerage commissions; securities are purchased on a net basis.

V. LEVERAGE EXPOSURE

The Pool is authorized to enter into reverse repurchase agreements (RRPs) and securities lending transactions up to a maximum of 20% of portfolio value. While these agreements may be utilized to generate leverage through spread-reinvestment strategies, they may also be executed for non-leveraged liquidity management and short-term cash flow matching. During fiscal year 2026, the Pool did not enter into any RRPs nor securities lending transactions.

The Investment Statistics table on the next page provides a detailed listing of the Pool diversification, yields by type of securities, and weighted average maturities at June 30, 2026.

Investment Statistics
June 30, 2026
(In thousands)

Investment Type[1]	% of Portfolio	Book Value	Par Value	Market Price	Fair Value	WAM[2]	YTM[3]	Accrued Interest[4]	Unrealized Gain/(Loss)	NRSRO Rating
Investments:										
Pass-Through Securities	2.31%	$ 371,323	$ 371,353	100.38	$ 372,779	906	5.00%	$ 761	$ 1,456	AAA or NA
U.S. Government Agencies:										
Federal Agricultural Mortgage Corp (FAMC)	3.22%	522,619	522,631	99.62	520,645	837	4.09%	7,062	(1,974)	NA
Federal Farm Credit Bank (FFCB)	2.71%	439,162	439,270	99.27	436,074	518	3.06%	2,680	(3,088)	AA+
Federal Home Loan Bank (FHLB)	5.07%	819,264	822,080	99.37	816,931	283	3.26%	3,455	(2,333)	AA+ or F1+
Federal Home Loan Mortgage Corp. (FHLMC) and Mortgage-Backed Securities	0.52%	83,140	85,530	97.18	83,117	1,028	4.37%	229	(23)	AAA to AA+
Federal National Mortgage Association (FNMA)	0.93%	150,000	150,000	99.63	149,443	1,364	4.44%	2,360	(557)	AA+
Tennessee Valley Authority (TVA)	0.49%	79,328	75,329	104.81	78,954	1,170	4.02%	934	(374)	AA+
Total U.S. Govmnt Agencies	12.94%	2,093,513	2,094,840	99.54	2,085,164	611	3.58%	16,720	(8,349)	
U.S. Treasury Notes	20.21%	3,275,754	3,275,000	99.40	3,255,396	971	3.82%	29,615	(20,358)	AA+
Supranationals	12.71%	2,051,588	2,062,080	99.32	2,048,063	924	4.39%	22,908	(3,525)	AAA or NA
Commercial Paper	20.70%	3,335,216	3,369,000	98.97	3,334,458	92	3.95%	-	(758)	F1+ to F1, or NA
Medium-Term Notes	0.77%	124,612	125,000	99.35	124,191	633	4.28%	1,083	(421)	AA- or NA
Local Agency Inv. Fund	0.47%	75,000	75,000	100.00	75,000	1	3.82%	261	-	NA
Local Government Inv. Pools	1.93%	311,479	311,479	100.00	311,479	1	3.77%	962	-	AAAm
Money Market Mutual Funds	1.30%	209,000	209,000	100.00	209,000	1	3.57%	675	-	AAAm
Municipal Bonds	2.44%	393,082	390,645	100.61	393,013	707	4.38%	5,349	(69)	AAA to AA, or NA
Negotiable Certificates of Deposit	24.22%	3,902,000	3,902,000	99.98	3,901,290	102	3.94%	48,831	(710)	F1+ or NA
Total Investments	**100.00%**	**$ 16,142,567**	**$ 16,185,397**	**$ 99.53**	**$ 16,109,833**	**480**	**3.96%**	**$ 127,165**	**$ (32,734)**	

[1] Excluding bank balances

[2] Weighted Average Maturity (in days)

[3] Yield to Maturity (365 days)

[4] Excludes $1 thousand of interest receivable on bank deposits, which is included in interest receivable in the Statement of Net Position.

Participants required to invest in the Pool ended the year with a majority of the holdings at 95.43% while voluntary participant holdings were 4.57% of the total Pool at fiscal year-end. Details of participation are shown below.

Pool Participant List

Mandatory Participants (95.43%):			
County:			**30.99%**
School Districts (K thru 12):			**51.72%**
Alpine Union Elementary	Jamul-Dulzura Union Elementary	San Pasqual Union Elementary	
Bonsall Unified	Julian Union Elementary	San Ysidro Elementary	
Borrego Springs Unified	Julian Union High	Santee	
Cajon Valley Union	La Mesa-Spring Valley	Solana Beach Elementary	
Cardiff Elementary	Lakeside Union Elementary	South Bay Union	
Carlsbad Unified	Lemon Grove	Spencer Valley Elementary	
Chula Vista Elementary	Mountain Empire Unified	Sweetwater Union High	
Coronado Unified	National Elementary	Vallecitos Elementary	
Dehesa Elementary	Oceanside Unified	Valley Center Union Elementary	
Del Mar Union Elementary	Pauma Elementary	Valley Center-Pauma Unified	
Encinitas Union Elementary	Poway Unified	Vista Unified	
Escondido Union	Ramona Unified	Warner Unified	
Escondido Union High	Rancho Santa Fe Elementary	Various Charter Schools	
Fallbrook Union Elementary	San Diego Unified	San Diego County Office of Education	
Fallbrook Union High	San Dieguito Union High		
Grossmont Union High	San Marcos Unified		
Community College Districts:			**12.54%**
San Diego	MiraCosta	Southwestern	
Grossmont-Cuyamaca	Palomar		
Other Mandatory Participants:			**0.18%**
First 5 Commission	San Diego Regional Training Center		
San Diego Geographic Information Source (SanGIS)	San Dieguito River Park		
Voluntary Participants (4.57%):			
Cities:			**0.48%**
Chula Vista	Encinitas	Solana Beach	
Coronado	National City	Vista	
Del Mar	Oceanside		
Fire Protection Districts (FPD):			**0.35%**
Alpine	Lower Sweetwater	San Miguel	
Bonita-Sunnyside	North County Fire	Valley Center	
Deer Springs	Rancho Santa Fe	Vista	
Lakeside	San Marcos		
Water Districts:			**0.14%**
Canebrake County Water District	Rincon del Diablo Municipal Water District	Valley Center Water District	
Otay Water District	Santa Fe Irrigation District		
Cemetery District:			**0.11%**
North County Cemetery District	Ramona Cemetery District		
Pomerado Cemetery District	Valley Center Cemetery District		
Other Voluntary Participants:			**3.49%**
Air Pollution Control District	North County Dispatch	San Diego Law Library	
Grossmont Healthcare District	North County Transit District	San Diego Local Agency Formation Comm (LAFCO)	
Lake Cuyamaca Rec & Park District	SANDAG	Upper San Luis Rey Resource Conservation District	
Metropolitan Transit System	San Diego County Regional Airport Authority		
Mission Resource Conservation District	San Diego Housing Commission		
Total			**100.00%**

VI. OUTLOOK FOR FISCAL YEAR 2027

The U.S. economic outlook for fiscal year 2027 is characterized by moderate but stable expansion, easing inflation, and a resumption of monetary policy tightening to address persistent price pressures. Following steady growth in fiscal year 2026, with GDP expanding 2.5% in the first quarter and 2.2% in the second quarter, economic activity is expected to maintain a sustainable pace driven by solid consumer spending and modest business investment, even as slower government spending and higher imports create modest headwinds.

Inflation has shown signs of easing, with the Consumer Price Index moderating from 3.5% in June 2026 to 3.4% in July 2026 due to declining energy prices; however, underlying pressures remain above the Federal Reserve's target. The labor market continues to serve as an anchor of stability, with the unemployment rate holding steady at 4.1% and labor force participation edging up to 61.6%, signaling a resilient and normalizing workforce rather than a sharp contraction.

In response to persistent inflation and durable economic momentum, the Federal Reserve shifted its policy stance in September 2026 by raising the target federal funds range by 25 basis points to 3.75%–4.00%, its first rate hike since 2023. With Federal Open Market Committee (FOMC) projections indicating the possibility of at least one additional rate increase by the end of 2026, monetary policy enters fiscal year 2027 in a firmer tightening posture aimed at anchoring long-term price stability.

Given this backdrop, the yield on the Pool is expected to remain firm or increase modestly in fiscal year 2027, tracking the higher interest rate environment established by recent and anticipated Federal Reserve tightening. The core investment objectives remain unchanged: to preserve capital by investing in securities of the highest quality and to maintain sufficient liquidity to meet Pool participants' cash flow needs.

STATISTICAL SECTION

This section presents detailed information on the San Diego County Investment Pool (the Pool) with historical perspective as a context for understanding and using the information in the Financial and Investment Sections of this report.

The following tables contain ten-year trend information to help the reader assess changes over time.

Contents **Page**

Table 1 - Schedule of Additions to Pool Investments, Deductions from Pool Investments, and Changes in Net Position - Last Ten Fiscal Years **47**
This table allows the reader to evaluate the year-over-year changes in net position.

Table 2 - Schedule of Earnings, Yields, Expenses, Apportionment Rate, Average Daily Balances (ADB), and Ratio of Fees/ADB - Last Ten Fiscal Years **48**
This table contains information to help the reader assess the Pool's performance. It also presents the related expenses and their impact on returns.

Table 3 - Schedule of Expenses (Investment and Administrative Costs) - Last Ten Fiscal Years **49**
This table presents expenses by object to help the reader evaluate the fees and expenses incurred by the Pool.

Table 4 - Asset Allocation at Fair Value - Last Ten Fiscal Years **50**
This table presents historical changes in asset allocation to help the reader evaluate portfolio diversity and risk.

Table 5 - Net Position by Major Participant - Last Ten Fiscal Years **51**
This table presents historical changes in the value held by Pool participants to help the reader identify the entities who hold and contribute major percentages of assets to the Pool.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year. Restated amounts for fiscal years 2017 through 2025 in Tables 2, 3, and 5 are derived from Treasury Division records.

This page intentionally left blank.

Table 1
San Diego County Investment Pool
Schedule of Additions to Pool Investments, Deductions from Pool Investments, and Changes in Net Position
Last Ten Fiscal Years
(In Thousands)

	2017	2018	2019	2020	2021
Net Position, Beginning of Year	$ 8,707,978	$ 8,948,614	$ 9,960,864	$ 10,128,655	$ 10,342,084
Additions					
Additions to Pool Investments	16,270,794	17,620,889	17,708,087	18,477,596	21,171,067
Net Increase/(Decrease) in Fair Value of Investments	(40,842)	(34,326)	89,044	117,750	(91,147)
Investment Earnings, Net	92,685	146,596	209,510	202,836	107,230
Total Additions	16,322,637	17,733,159	18,006,641	18,798,182	21,187,150
Deductions					
Deductions from Pool Investments	15,989,801	16,575,184	17,626,265	18,385,346	19,158,765
Distributions to Participants	86,384	140,155	206,812	194,094	100,747
Administrative Expenses	5,816	5,570	5,773	5,313	6,472
Total Deductions	16,082,001	16,720,909	17,838,850	18,584,753	19,265,984
Change in Net Position	240,636	1,012,250	167,791	213,429	1,921,166
Net Position, End of Year	$ 8,948,614	$ 9,960,864	$ 10,128,655	$ 10,342,084	$ 12,263,250

	2022	2023	2024	2025	2026
Net Position, Beginning of Year	$ 12,263,250	$ 13,562,915	$ 15,560,825	$ 15,718,549	$ 16,828,941
Additions					
Additions to Pool Investments	23,021,354	24,470,363	24,115,564	25,984,478	25,519,280
Net Increase/(Decrease) in Fair Value of Investments	(394,253)	(93,233)	195,292	249,382	(40,805)
Investment Earnings, Net	97,365	380,157	573,523	574,056	608,528
Total Additions	22,724,466	24,757,287	24,884,379	26,807,916	26,087,003
Deductions					
Deductions from Pool Investments	21,327,360	22,379,556	24,149,530	25,118,994	25,819,610
Distributions to Participants	90,905	373,230	569,894	570,307	591,030
Administrative Expenses	6,536	6,591	7,231	8,223	8,967
Total Deductions	21,424,801	22,759,377	24,726,655	25,697,524	26,419,607
Change in Net Position	1,299,665	1,997,910	157,724	1,110,392	(332,604)
Net Position, End of Year	$ 13,562,915	$ 15,560,825	$ 15,718,549	$ 16,828,941	$ 16,496,337

Table 2
San Diego County Investment Pool
Schedule of Earnings, Yields, Expenses, Apportionment Rate, Average Daily Balances (ADB), and Ratio of Fees/ADB
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Investment Earnings[1,2]	Effective Yield[3]	Expenses	Net Distributed[1,2]	Apportionment Rate[4]	Avg. Daily Balances[3]	Ratio of Fees/ADB[3]
2017	$ 93,574	1.12%	$ 7,190	$ 86,384	1.02%	$ 8,325,533	0.086%
2018	146,966	1.61%	6,811	140,155	1.51%	9,107,949	0.075%
2019	213,624	2.32%	6,812	206,812	2.23%	9,194,824	0.074%
2020	200,722	2.06%	6,628	194,094	2.02%	9,731,658	0.068%
2021	108,019	1.00%	7,272	100,747	0.96%	10,772,561	0.068%
2022	97,079	0.79%	7,272	89,807	0.72%	12,364,708	0.059%
2023	381,690	2.77%	7,362	374,328	2.63%	13,781,591	0.053%
2024	577,833	3.86%	7,942	569,891	3.81%	14,968,876	0.053%
2025	579,174	3.85%	8,867	570,307	3.79%	15,057,143	0.059%
2026	601,026	3.92%	9,996	591,030	3.85%	15,337,563	0.065%

[1] Investment earnings and net distributed amounts for prior fiscal years have been restated using internal records. In certain fiscal years, investment earnings were previously reported net of purchased interest rather than as gross investment earnings. Amounts presented here reflect gross investment earnings for all years. Net distributed is restated on the same basis and equals gross investment earnings less expenses.

[2] Investment earnings are presented on a realized, amortized-cost basis and differ from investment earnings reported on the Statement of Changes in Net Position, which include accrued interest. Net distributed may also differ from distributions to participants reported in Table 1 due to differences in timing.

[3] Beginning in fiscal year 2026, effective yield, average daily balances (ADB), and the Ratio of Fees/ADB are based on participating funds only. Non-participating funds are not allocated interest earnings or charged administrative costs, so their balances are excluded. Amounts for fiscal years 2017 through 2025 have been restated on the same basis; prior ACFRs reported total ADB, including non-participating funds. The restatement slightly increased the effective yield and fee ratio for each year presented.

[4] Apportionment rates are as declared and were not restated.

Table 3
San Diego County Investment Pool
Schedule of Expenses (Investment and Administrative Costs)
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Investment expenses:										
Allocated costs by County:										
Banking	$ 825	$ 805	$ 744	$ 820	$ 376	$ 306	$ 302	$ 222	$ 145	$ 498
Custodial	145	141	107	140	144	102	114	125	130	132
Portfolio order management system	340	278	168	337	274	279	299	307	312	342
Treasury management system[1]	64	17	20	18	6	49	56	57	57	57
Total investment expenses[1]:	1,374	1,241	1,039	1,315	800	736	771	711	644	1,029
Administrative expenses:										
Allocated costs by County:										
Computer related expenses:										
DELUXE (Wausau) financial systems	115	90	72	56	61	55	99	73	262	95
Computer leases and data	136	111	132	132	157	161	89	538	578	426
Salaries and benefits	3,666	3,692	4,031	3,598	4,818	5,098	4,891	5,219	5,416	5,860
Services and supplies	881	565	332	453	449	218	501	451	802	1,242
Department overhead	383	411	296	360	400	415	422	275	445	437
External overhead	415	481	690	494	367	369	369	455	500	687
Auditor & Controller allocated cost	220	220	220	220	220	220	220	220	220	220
Total administrative expenses:	5,816	5,570	5,773	5,313	6,472	6,536	6,591	7,231	8,223	8,967
Total expenses[1]:	$ 7,190	$ 6,811	$ 6,812	$ 6,628	$ 7,272	$ 7,272	$ 7,362	$ 7,942	$ 8,867	$ 9,996

[1] Treasury management system expense for Fiscal Year 2016-17 has been restated using internal records. It had been rounded down incorrectly, causing the Total Investment Expenses to be underreported by $1 thousand and Total Expenses to be reported as $7,189 thousand instead of $7,190 thousand.

Table 4
San Diego County Investment Pool
Asset Allocation at Fair Value
Last Ten Fiscal Years
(In Thousands)

Investment Type	Fiscal Year 2017 Amount	2017 %	2018 Amount	2018 %	2019 Amount	2019 %	2020 Amount	2020 %	2021 Amount	2021 %
Pass-through securities	$ 182,056	2.04%	$ 210,808	2.12%	$ 733,814	7.24%	$ 841,701	8.14%	$ 487,985	4.10%
U.S. government agencies	2,433,324	27.33%	2,458,821	24.71%	2,810,388	27.72%	1,906,248	18.45%	3,051,088	25.61%
U.S. treasury notes	768,213	8.63%	474,142	4.77%	484,451	4.78%	519,792	5.03%	1,088,906	9.14%
Supranationals	631,434	7.09%	668,215	6.72%	1,018,299	10.04%	1,101,661	10.66%	1,116,426	9.37%
Commercial paper	2,355,747	26.46%	2,994,041	30.09%	2,239,962	22.09%	2,029,638	19.64%	2,318,756	19.47%
Medium-term notes	-	0.00%	-	0.00%	594,535	5.86%	1,038,249	10.05%	697,476	5.86%
Repurchase agreements	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Local agency investment fund	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Local government investment pools	-	0.00%	-	0.00%	-	0.00%	250,292	2.42%	200,708	1.68%
Money market mutual funds	365,300	4.10%	348,802	3.50%	409,093	4.03%	352,925	3.42%	3,800	0.03%
Municipal bonds	-	0.00%	-	0.00%	-	0.00%	79,189	0.77%	241,362	2.03%
Negotiable certificates of deposit	2,168,500	24.35%	2,794,513	28.09%	1,849,607	18.24%	2,213,173	21.42%	2,705,093	22.71%
Total investments at fair value	$ 8,904,574	100.00%	$ 9,949,342	100.00%	$ 10,140,149	100.00%	$ 10,332,868	100.00%	$ 11,911,600	100.00%

Investment Type	Fiscal Year 2022 Amount	2022 %	2023 Amount	2023 %	2024 Amount	2024 %	2025 Amount	2025 %	2026 Amount	2026 %
Pass-through securities	$ 553,284	4.09%	$ 815,820	5.37%	$ 1,044,090	6.78%	$ 758,430	4.60%	$ 372,779	2.31%
U.S. government agencies	3,164,265	23.36%	3,150,786	20.72%	3,937,797	25.56%	3,613,287	21.92%	2,085,164	12.94%
U.S. treasury notes	1,450,664	10.71%	1,349,779	8.88%	1,487,552	9.66%	3,928,771	23.84%	3,255,396	20.21%
Supranationals	995,797	7.35%	900,394	5.92%	1,569,671	10.19%	2,366,589	14.36%	2,048,063	12.71%
Commercial paper	2,386,111	17.62%	3,237,962	21.30%	2,866,439	18.61%	1,396,078	8.47%	3,334,458	20.70%
Medium-term notes	529,392	3.91%	398,668	2.62%	397,548	2.58%	144,517	0.88%	124,191	0.77%
Repurchase agreements	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Local agency investment fund	2	0.00%	2	0.00%	2	0.00%	-	0.00%	75,000	0.47%
Local government investment pools	1,573	0.01%	535,392	3.52%	256,271	1.66%	249,576	1.51%	311,479	1.93%
Money market mutual funds	618,500	4.57%	79,500	0.52%	386,000	2.51%	567,000	3.44%	209,000	1.30%
Municipal bonds	444,548	3.28%	509,722	3.35%	535,700	3.48%	465,360	2.82%	393,013	2.44%
Negotiable certificates of deposit	3,398,769	25.10%	4,226,976	27.80%	2,923,467	18.97%	2,993,588	18.16%	3,901,290	24.22%
Total investments at fair value	$ 13,542,905	100.00%	$ 15,205,001	100.00%	$ 15,404,537	100.00%	$ 16,483,196	100.00%	$ 16,109,833	100.00%

Table 5
San Diego County Investment Pool
Net Position by Major Participant
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year									
	2017		2018		2019		2020		2021	
Participant[1]	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
County	$ 3,530,228	39.45%	$ 3,751,261	37.66%	$ 3,917,764	38.68%	$ 4,233,015	40.93%	$ 4,310,532	35.15%
K-12 schools	3,852,378	43.05%	4,378,796	43.96%	4,522,445	44.65%	4,397,454	42.52%	5,465,731	44.57%
Community colleges	1,063,990	11.89%	1,054,856	10.59%	1,007,801	9.95%	827,367	8.00%	1,222,646	9.97%
Other mandatory participants	48,323	0.54%	38,847	0.39%	34,437	0.34%	48,608	0.47%	51,506	0.42%
Voluntary participants	453,695	5.07%	737,104	7.40%	646,208	6.38%	835,640	8.08%	1,212,835	9.89%
Total net position	$ 8,948,614	100.00%	$ 9,960,864	100.00%	$ 10,128,655	100.00%	$ 10,342,084	100.00%	$ 12,263,250	100.00%

	Fiscal Year									
	2022		2023		2024		2025		2026	
Participant[1]	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
County	$ 4,611,391	34.00%	$ 4,921,889	31.63%	$ 4,954,486	31.52%	$ 4,915,734	29.21%	$ 5,112,988	30.99%
K-12 schools	6,362,363	46.91%	7,925,128	50.93%	8,536,744	54.31%	8,808,268	52.34%	8,531,599	51.72%
Community colleges	1,498,702	11.05%	1,671,233	10.74%	1,450,822	9.23%	2,218,054	13.18%	2,068,883	12.54%
Other mandatory participants	50,183	0.37%	43,570	0.28%	34,581	0.22%	31,975	0.19%	29,400	0.18%
Voluntary participants	1,040,276	7.67%	999,005	6.42%	741,916	4.72%	854,910	5.08%	753,467	4.57%
Total net position	$ 13,562,915	100.00%	$ 15,560,825	100.00%	$ 15,718,549	100.00%	$ 16,828,941	100.00%	$ 16,496,337	100.00%

[1] Beginning in fiscal year 2026, participant classifications were reviewed, and certain agencies previously reported as voluntary participants were determined to be mandatory participants. These agencies are presented in a new category, Other mandatory participants. The review also resulted in minor reclassifications among the County, K-12 schools, and community colleges categories. Amounts for fiscal years 2017 through 2025 have been restated on the same basis and differ slightly from amounts reported in prior ACFRs. Total net position is not affected.

This page intentionally left blank.

OTHER INDEPENDENT AUDITOR'S REPORTS

This page intentionally left blank.

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 County of San Diego Audit Committee
and Treasury Oversight Committee
County of San Diego, California

We have audited, in accordance with the 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, the financial statements of the San Diego County Investment Pool (the Investment Pool) of the County of San Diego (the County), California, as of and for the fiscal year ended June 30, 2026, and the related notes to the basic financial statements, which collectively comprise the Investment Pool's basic financial statements, and have issued our report thereon dated October 27, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County Treasurer-Tax Collector's (TTC) internal control over financial reporting (internal control) relating to the Investment Pool as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the TTC's internal control relating to the Investment Pool. Accordingly, we do not express an opinion on the effectiveness of the TTC's internal control relating to the Investment Pool.

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.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
8050 N. Palm Avenue, Suite 300
Fresno, CA 93711
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Investment Pool's basic financial statements are free from material misstatement, we performed tests of the TTC's compliance with certain provisions of laws, regulations, contracts, and 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 TTC's internal control or on compliance relating to the Investment Pool. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the TTC's internal control and compliance relating to the Investment Pool. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 27, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH CALIFORNIA GOVERNMENT CODE SECTIONS 27134, 53601, AND 53635

To the County of San Diego Audit Committee
and Treasury Oversight Committee
County of San Diego, California

Report on Compliance with California Government Code

Opinion

We have audited the San Diego County Treasurer-Tax Collector's (TTC) compliance, with respect to the San Diego County Investment Pool (the Investment Pool) of the County of San Diego (the County), California, with the applicable provisions contained in Sections 27134, 53601, and 53635 of the California Government Code (Government Code) that could have a direct and material effect on the Investment Pool for the fiscal year ended June 30, 2026.

In our opinion, the TTC complied, in all material respects, with the provisions contained in Sections 27134, 53601, and 53635 of the Government Code referred to above that could have a direct and material effect on the Investment Pool for the fiscal year ended June 30, 2026.

Basis for Opinion on Compliance

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

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 opinion on the TTC's compliance with provisions contained in Sections 27134, 53601, and 53635 of the Government Code. Our audit does not provide a legal determination of the TTC's compliance with those requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to the Investment Pool.

BAKERSFIELD
4200 Truxtun Avenue, Suite 300
Bakersfield, CA 93309
661-324-4971

FRESNO
8050 N. Palm Avenue, Suite 300
Fresno, CA 93711
559-476-3592

STOCKTON
2423 West March Lane, Suite 202
Stockton, CA 95207
209-451-4833

REGISTERED with the Public Company Accounting Oversight Board and MEMBER of the American Institute of Certified Public Accountants

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the TTC's compliance based on our audit. 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 auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Government Code will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the TTC's compliance with the requirements of Sections 27134, 53601, and 53635 of the Government Code as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Government Code, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 TTC's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the TTC's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Sections 27134, 53601, and 53635 of the Government Code, but not for the purpose of expressing an opinion on the effectiveness of the TTC's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Sections 27134, 53601, and 53635 of the Government Code. Accordingly, this report is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 27, 2026



SAN DIEGO COUNTY INVESTMENT POOL

AN INVESTMENT TRUST FUND OF THE COUNTY OF SAN DIEGO, CALIFORNIA

San Diego County Treasurer-Tax Collector
1600 Pacific Highway, Room 112, San Diego, California 92101
www.sdttc.com

