

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

WITH REPORT OF

INDEPENDENT AUDITORS

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY
YEARS ENDED DECEMBER 31, 2025 AND 2024

TABLE OF CONTENTS

Independent Auditor's Report ……..... 1

Management's Discussion and Analysis (Unaudited) ...…… 3

Basic Financial Statements:

Statements of Net Position …… 8

Statements of Revenues, Expenses and Changes in Net Position …..... 9

Statements of Cash Flows ……. 10

Notes to the Basic Financial Statements …… 12

Independent Auditors' Report

To the Board of Directors of
California Community Choice Financing Authority

Opinion

We have audited the accompanying financial statements of the California Community Choice Financing Authority (CCCFA), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the CCCFA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the CCCFA as of December 31, 2025 and 2024, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CCCFA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 CCCFA'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.

Auditors' 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 auditors' 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

In performing an audit in accordance with GAAS, 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 CCCFA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CCCFA'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 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.

Baker Tilly US, LLP

Madison, Wisconsin
September 17, 2026

The purpose of management's discussion and analysis (MD&A) is to help stakeholders and other readers understand what the financial statements and notes in this report say about California Community Choice Financing Authority's (CCCFA) financial health and why it has changed since last year. It contains information drawn from other parts of the report, accompanied by explanations by management.

If you have any questions about this report or require additional financial information, please contact CCCFA at 1125 Tamalpais Ave, San Rafael, CA 94901 or contact info@cccfa.org.

Overview of the Financial Statements

CCCFA's financial report contains basic financial statements, which include:

- The *Statements of Net Position* include all of CCCFA's assets, liabilities, and net position and provide information about the nature and amounts of resources and obligations at a specific point in time.

- The *Statements of Revenues, Expenses, and Changes in Net Position* report all of CCCFA's revenue and expenses for the years shown.

- The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as noncapital financing activities and investing activities.

- The notes to the Basic Financial Statements provide additional details and information related to the basic financial statements.

Financial Summary

CCCFA's Net Position (in thousands of dollars)

	2025	2024	2023
Current assets	$ 1,443,772	$ 1,025,007	$ 517,211
Noncurrent assets	23,284,001	17,395,249	8,548,746
Total assets	24,727,773	18,420,256	9,065,957
Current liabilities	589,669	368,882	208,641
Noncurrent liabilities	25,237,394	18,629,831	9,104,640
Total liabilities	25,827,063	18,998,713	9,313,281
Net position			
Unrestricted (deficit)	(1,099,290)	(578,457)	(247,324)
Total net position	$ (1,099,290)	$ (578,457)	$ (247,324)

At the end of 2025, CCCFA's total net deficit was approximately $1.1 billion, an increase in unrestricted deficit of $520.8 million compared to the end of 2024. See the discussion in the following section for the changes in the various components.

CCCFA's Changes in Net Position (in thousands of dollars)

	2025	2024	2023
Operating revenues	$ 732,964	$ 369,032	$ 157,750
Interest and investment income	28,108	19,116	6,785
Total revenues	761,072	388,148	164,535
Operating expenses	432,868	222,502	103,883
Debt issuance and other nonoperating costs	38,975	54,713	37,534
Interest on debt	810,062	442,065	209,323
Total expenses	1,281,905	719,280	350,740
Change in net position	$ (520,833)	$ (331,132)	$ (186,205)

The increase in operating revenues and expenses is due to activities related to additional bond issuances each year. See the following section for a detailed discussion.

Detailed Analysis – Net Position

Current assets increased each year primarily as a result of additional prepaid energy transactions during 2025. As new transactions closed, proceeds were received and subsequently used to fund additional prepaid energy supply contracts, resulting in increases in cash and investments, prepaid energy supply contracts, and related receivables. Current assets at the end of 2025 were primarily comprised of cash and investments of $781.2 million, accounts receivable of $65.2 million, and prepaid energy supply contracts of $595.1 million.

Noncurrent assets increased each year primarily due to the execution of additional long-term prepaid energy supply transactions during 2025, which increased the outstanding balances of prepaid energy supply contracts and the related long-term investment holdings. Noncurrent assets at the end of 2025 primarily consisted of prepaid energy supply contracts of $23.1 billion and investments of $203.6 million.

Current liabilities are mostly comprised of accrued interest payable and short-term bonds payable. Current liabilities increased each year as the result of new debt issuances.

Noncurrent liabilities consist entirely of bonds outstanding with serial maturities from 2026 through 2057. Noncurrent liabilities increased each year as a result of new debt issuances.

Net position decreased by $520.8 million and $331.1 million in 2025 and 2024, respectively. Expenses exceeded revenues partly because debt issuance costs are fully recognized in the period the debt is issued. Also, interest accrues from the date of debt issuance but revenue from the delivery of energy may be scheduled to start several months later. Issuance costs and first year bond interest payments are funded by bond proceeds as described in the notes in the basic financial statements.

The decreases in net position in 2025 and 2024 reflect the terms of trust indentures and Prepayment Agreements and management believes that the decreases do not in any way imperil or compromise the operations of the CCCFA.

Detailed Analysis – Changes in Net Position

Operating revenues are derived from electricity sales to members, energy swap settlements, and member contributions. The increase year-over-year is due to activities related to additional bond issuances.

Operating expenses include prepaid energy supply amortization, contract services, and other general expenses. The increase year-over-year is due to activities related to additional bond issuances.

CCCFA earned $28.1 million in investment income during 2025 compared to $19.1 million in 2024. The positive change is due to an increase in investments from proceeds of new bond issuances.

Debt issuance costs were $37.5 million and $53.3 million during 2025 and 2024, respectively. These costs covered underwriter's discount and other bond issuance costs. Also included in other nonoperating costs are estimated arbitrage rebates expected to be payable to the United States Treasury.

Interest on debt was $810.1 million and $442.1 million during 2025 and 2024, respectively. The increase is due to additional bond issuances each year.

Significant Long-Term Financing Activity

During 2025 and 2024, CCCFA issued bonds to provide cash to prepay for future deliveries of electricity under prepaid energy supply agreements with its members. Net proceeds from bond issuances totaled approximately $6.8 billion and $9.7 billion during 2025 and 2024, respectively. These proceeds were used to fund prepaid energy supply contracts and related investments established under the financing arrangements.

Currently Known Facts, Decisions, or Conditions (continued)

Subsequent to December 31, 2025, CCCFA has executed additional prepaid energy financing transactions to support the long-term energy procurement needs of its members.

Changes in energy commodity prices, including oil and natural gas prices, may influence wholesale electricity market prices. However, because CCCFA's role is to facilitate long-term prepaid energy financing arrangements rather than purchase or sell electricity for its own account, management does not expect short-term fluctuations in commodity prices to have a material direct impact on CCCFA's financial position. Future financing activity will depend on market conditions, member demand, and access to the municipal bond market.

BASIC FINANCIAL STATEMENTS

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2025 AND 2024
(Amounts in thousands)

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash - unrestricted	$ 441	$ 586
Cash and cash equivalents - restricted	69,623	19,648
Investments - restricted	711,158	558,598
Accounts receivable	65,219	31,734
Interest receivable	2,260	2,228
Prepaid energy supply contracts	595,071	412,213
Total current assets	1,443,772	1,025,007
NONCURRENT ASSETS		
Prepaid energy supply contracts	23,080,401	17,245,549
Investments - restricted	203,600	149,700
Total noncurrent assets	23,284,001	17,395,249
TOTAL ASSETS	24,727,773	18,420,256
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	67	49
Current liabilities payable from restricted assets:		
Accrued interest payable	309,523	177,024
Accounts payable and accrued expenses	47,992	11,900
Bonds payable, net	232,087	179,909
Total current liabilities	589,669	368,882
NONCURRENT LIABILITIES		
Noncurrent liabilities payable from restricted assets:		
Bonds payable, net	25,237,394	18,629,831
TOTAL LIABILITIES	25,827,063	18,998,713
NET POSITION		
Unrestricted (deficit)	(1,099,290)	(578,457)
Total net position	$ (1,099,290)	$ (578,457)

The accompanying notes are an integral part of these financial statements.

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in thousands)

	2025	2024
OPERATING REVENUES		
Electricity sales to members	$ 543,160	$ 261,621
Energy swap settlement, net	189,537	106,811
Member contributions	267	600
Total operating revenues	732,964	369,032
OPERATING EXPENSES		
Amortization of prepaid energy supply contracts	431,673	221,740
Contract services and other operating costs	1,195	762
Total operating expenses	432,868	222,502
OPERATING INCOME	300,096	146,530
NONOPERATING REVENUES (EXPENSES)		
Investment income	28,108	19,116
Arbitrage rebate expense	(1,490)	(1,400)
Debt issuance costs	(37,485)	(53,313)
Interest on debt, net	(810,062)	(442,065)
Nonoperating revenues (expenses), net	(820,929)	(477,662)
CHANGE IN NET POSITION	(520,833)	(331,132)
Net position at beginning of year	(578,457)	(247,325)
Net position at end of year	$ (1,099,290)	$ (578,457)

The accompanying notes are an integral part of these financial statements.

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from members for electricity sales	$ 552,253	$ 251,948
Receipts of member contributions	267	600
Receipts of energy swap settlements	181,801	102,354
Payments for prepaid energy supply	(6,449,383)	(9,206,316)
Payments for contract services and other operating costs	(1,173)	(755)
Net cash used by operating activities	(5,716,235)	(8,852,169)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net proceeds from bond issuance	6,820,783	9,679,021
Payments of bond principal	(29,625)	(15,885)
Debt issuance costs	(8,232)	(10,039)
Interest paid	(838,475)	(464,499)
Net cash provided by noncapital financing activities	5,944,451	9,188,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	28,075	17,670
Proceeds from investment sales	1,336,157	670,321
Purchase of investments	(1,542,618)	(1,019,103)
Net cash used by investing activities	(178,386)	(331,112)
Net change in cash and cash equivalents	49,830	5,317
Cash and cash equivalents at beginning of year	20,234	14,917
Cash and cash equivalents at end of year	$ 70,064	$ 20,234
Reconciliation to the Statement of Net Position		
Cash	$ 441	$ 586
Restricted cash and cash equivalents	69,623	19,648
Cash and cash equivalents	$ 70,064	$ 20,234
Noncash Financing activities		
Underwriter discounts withheld from bond proceeds	$ 29,494	$ 42,907

The accompanying notes are an integral part of these financial statements.

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY
STATEMENTS OF CASH FLOWS (Continued)
YEARS ENDED DECEMBER 31, 2025 AND 2024
(Amounts in thousands)

RECONCILIATION OF OPERATING INCOME TO NET CASH USED BY OPERATING ACTIVITIES

	2025	2024
Operating income	$ 300,096	$ 146,530
Adjustments to reconcile operating income to net cash used by operating activities:		
Amortization expense	431,673	221,740
(Increase) decrease in:		
Accounts receivable	(33,485)	(14,177)
Prepaid energy supply contracts	(6,449,383)	(9,206,316)
Increase (decrease) in:		
Accounts payable and accrued expenses	34,864	54
Net cash used by operating activities	$ (5,716,235)	$ (8,852,169)

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

California Community Choice Financing Authority (CCCFA) is a California joint powers authority created on June 25, 2021, pursuant to California Joint Exercise of Powers Act constituting Chapter 5 of Division 7 of Title 1 of the California Government Code, and a joint powers agreement (JPA) by and among its founding and associate members, comprised of the following Community Choice Aggregators (CCAs) as of December 31, 2025:

AVA Community Energy Authority
Central Coast Community Energy
Clean Power Alliance of Southern California
Marin Clean Energy
Peninsula Clean Energy Authority
Pioneer Community Energy
San Diego Community Power
San Jose Clean Energy
Silicon Valley Clean Energy
Sonoma Clean Power Authority
Valley Clean Energy Alliance

CCCFA is distinct from its members and is governed by a Board of Directors consisting of one director from each founding member of CCCFA.

CCCFA was established to issue debt to provide cash to pay in advance for a supply of electricity to be delivered over a multi-year period. The transactions occur through Prepaid Energy Purchase and Sale Agreements or equivalent agreements between CCCFA and electricity suppliers (PEPSAs), and Clean Energy Purchase Contracts (CEPCs) or equivalent agreements between CCCFA and CCA members (PEPSAs and CEPCs, together Prepayment Agreements).

The members that participate are obligated to pay CCCFA only for the electricity delivered under their CEPC. The member CCAs have no obligation to pay for the electricity that CCCFA fails to deliver. CCCFA anticipates that additional Prepayment Agreements will be entered into in subsequent years.

The JPA will remain in effect until terminated by a supplemental written agreement of the parties; provided that in no event shall the JPA terminate while any of the Prepayment Agreements are in effect, or while any of CCCFA's debt is outstanding.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REPORTING ENTITY (continued)

Revenues related to Prepayment Agreements and the debt service payments are dependent upon the continued delivery of electricity under the PEPSAs. Upon the occurrence of any termination event as specified in each PEPSA, the PEPSA may be terminated. If a PEPSA is terminated, the energy supplier will be required to make a scheduled termination payment to CCCFA. Any termination of a PEPSA will cause the simultaneous termination of the related CEPC(s) and result in the extraordinary mandatory redemption of CCCFA's long-term debt related to the specific Prepayment Agreements. Members have no obligation or liability to CCCFA beyond that specifically provided for in the JPA.

As a pass-through issuer, CCCFA is only responsible for delivering energy to a CCA under each CEPC that it has received from the energy supplier under the related PEPSA. CCCFA is not responsible for any shortfall of deliveries to member CCAs under the CEPCs nor any failure of an energy supplier to deliver energy under a PEPSA. Swap agreements entered into by CCCFA in connection with the Prepayment Agreements are secured by and payable solely from the revenues of CCCFA from the related Prepayment Agreements and CCCFA is not ultimately responsible for making payments under such swap agreements. CCCFA does not retain the proceeds of the bonds issued to fund the prepayments. The bonds are payable solely from amounts pledged under the respective transaction documents and are non-recourse to CCCFA and its member CCAs. CCCFA remits the proceeds of interest income to member CCAs annually consistent with operating agreements associated with the related Prepayment Agreements.

BASIS OF ACCOUNTING

CCCFA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

CCCFA's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. General and administrative costs, electric energy sale revenues, and electric energy purchase costs that are directly related to delivery of electricity are reported as operating revenues and expenses. All other revenues and expenses are reported as non-operating revenues and expenses. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories, if applicable – investment in capital assets, restricted and unrestricted. When both restricted and unrestricted resources are available for use, CCCFA will use restricted resources first, then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH

For the purpose of the Statement of Cash Flows, CCCFA has defined cash to include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less.

INVESTMENTS

CCCFA's investments comprise of guaranteed investment contracts (GIC) that have been determined to be nonparticipating and, therefore, are valued at amortized cost as required by Governmental Standards Board Statement No. 72. Investments with a maturity of one year or more are shown as noncurrent assets and investments with a maturity of less than one year are shown as current assets in the Statement of Net Position.

RESTRICTED ASSETS

CCCFA's restricted assets are comprised of money market funds and Guaranteed Investment Contracts (GICs) for which use is limited to specific purposes pursuant to trust indenture (Indenture) requirements. The Indentures specify the flow of cash into the various trust accounts and when they may be used or become unrestricted.

PREPAID ELECTRICITY SUPPLY CONTRACTS

CCCFA has prepaid the purchase of electricity supply from proceeds of revenue bonds. CCCFA provides for amortization of the historical cost of the Prepaid Energy Supply Contract based on the contracted volume expected to be delivered under contract.

LONG-TERM OBLIGATIONS

Bonds payable are presented net of premiums. Premiums are amortized from the issuance dates to the earlier of the scheduled maturity dates or mandatory remarketing dates. Remarketing dates range from five to ten years from issuance. The amortized balance of premiums is added to the nominal debt outstanding reported in the Statements of Net Position.

DEBT ISSUANCE COSTS

CCCFA considers all debt issuance costs as an expense in the year of issuance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DERIVATIVE FINANCIAL INSTRUMENTS

Forward Contracts – CCCFA enters into forward contracts (electricity price swap agreements) to manage its exposure to market volatility of electricity commodity prices and not for trading purposes. Due to the termination provisions of these agreements, they have no fair value, and therefore, these derivative financial instruments are not included in the Statement of Net Position. Accordingly, there is no adjustment to mark to market. CCCFA is exposed to the risk of early termination of Prepaid Agreements if the counterparties default or if the swap agreements are terminated. Net swap payments received or paid are reported in the Statement of Revenues, Expenses and Changes in Net Position.

Interest Rate Swap Agreements - CCCFA enters into interest rate swap agreements to modify the effective interest rates on outstanding debt. Due to the termination provisions of these agreements, they have no fair value. Interest expense is reported net of the swap payments received or paid as a component of Interest on Debt in the Statements of Revenues, Expenses and Changes in Net Position.

NET POSITION

CCCFA classifies its Net Position as follows:

Restricted - This component of net position consists of assets with constraints placed on their use, either externally or internally. Constraints include those imposed by debt indentures, grants or laws and regulations of other governments, by law through constitutional provisions or enabling legislation, or by the Board. These restricted assets are reduced by liabilities and deferred inflows of resources related to those assets. Current liabilities paid from restricted assets are classified as restricted on the Statement of Net Position. No net position was considered restricted as of December 31, 2025 or 2024.

Unrestricted - This component of net position consists of net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "Restricted."

OPERATING AND NONOPERATING REVENUES

Operating revenues include electricity sales to members that are recognized when the electricity is delivered. Also included are energy swap settlements which represent the effective conversion of energy sales from variable price to fixed price as determined by the relevant PEPSA and swap agreements. Amounts contributed by CCA members to provide for the cost of administrative and general expenses are recorded as Member Contributions.

Investment income is considered nonoperating revenue.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OPERATING AND NONOPERATING EXPENSES

Operating expenses include the cost of energy, professional services and administrative expenses. CCCFA's policy is to recognize an expense for energy costs associated with the volume of electricity delivered. Amortization of prepaid electricity supply contract assets represent the majority of operating expenses. The amortization of prepaid electricity supply is recognized in proportion to the total scheduled volume of energy to be delivered under each contract.

Nonoperating expenses are expenses related to debt and investments.

INCOME TAXES

CCCFA is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

CCCFA's investments are governed by the California State and Municipal Code which allow Agency investments to include obligations which are unconditionally guaranteed by the U.S. Government or its agencies or instrumentalities, direct and general obligations of the State or any local agency within the State, bankers' acceptances; commercial paper, certificates of deposit, repurchase and reverse repurchase agreements, medium term corporate notes, Local Agency Investment Fund, and money market funds.

CCCFA also maintains cash for general operations at River City Bank in Sacramento, California. CCCFA's deposits with River City Bank are subject to California Government Code Section 16521 which requires that banks collateralize the amount of public funds in excess of the Federal Deposit Insurance Corporation limit of $250,000 at 110% of the amount on deposit.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

CREDIT RISK

This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. To mitigate the risk, CCCFA limits investments to Guaranteed Investment Contracts to be held only by trustee banks rated "A" or better and money market funds held at the trustee banks. As of December 31, 2025 and 2024, all Guaranteed Investment Contract counterparties or guarantors met or exceeded this rating requirement.

CUSTODIAL CREDIT RISK

This is the risk that in the event of the failure of a depository financial institution or counterparty to a transaction, CCCFA's deposits may not be returned or CCCFA will not be able to recover the value of its deposits, investments or securities that are in the possession of another party. CCCFA's invested funds are governed according to each trust indenture. CCCFA is exposed to custodial risk in that cash and investments are held by Bank of New York Mellon Trust Company, N.A. and U.S. Bank N.A.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss to the magnitude CCCFA's investment in a single issuer. CCCFA manages the concentration of credit risk by diversifying its portfolio so that reliance on any one issuer will not place an undue burden on CCCFA. CCCFA places no limit on the amounts invested in any one issuer for Guaranteed Investment Contract providers that are rated at least "A".

CCCFA's investments in uncollateralized guaranteed investment contracts were $914.8 million and $708.3 million as of December 31, 2025 and 2024, respectively.

CCCFA's investment portfolio was concentrated as follows as of December 31, 2025:

	Issuer	Investment Type	Percentage of Portfolio
2024A	Morgan Stanley Capital Group	Guaranteed Investment Contract	5.15%
2024H	Natixis Funding Corp	Guaranteed Investment Contract	5.61%
2025E	Societe Generale	Guaranteed Investment Contract	5.29%
2025G	Societe Generale	Guaranteed Investment Contract	5.50%

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

CCCFA's investment portfolio was concentrated as follows as of December 31, 2024:

	Issuer	Investment Type	Percentage of Portfolio
2023G	J. Aron & Company LLC	Guaranteed Investment Contract	8.19%
2024A	Morgan Stanley Capital Group	Guaranteed Investment Contract	6.82%
2024C	Sumitomo Mitsui Banking Corporation	Guaranteed Investment Contract	6.59%
2024D	The Toronto Dominion Bank	Guaranteed Investment Contract	5.17%
2024E	Morgan Stanley Capital Group	Guaranteed Investment Contract	8.70%
2024F	The Toronto Dominion Bank	Guaranteed Investment Contract	5.92%
2024H	Natixis Funding Corp	Guaranteed Investment Contract	9.11%

3. PREPAID ELECTRICITY SUPPLY

During 2025 and 2024, CCCFA paid for electricity supply that is expected to be delivered each year until 2056.

	2025	2024
Prepaid electricity supply: current	$ 595,070,719	$ 412,212,934
Prepaid electricity supply: noncurrent	23,080,400,747	17,245,548,810
Total prepaid electricity supply	$ 23,675,471,466	$ 17,657,761,744

	2025	2024
Balance at beginning of year	$ 17,657,761,744	$ 8,673,184,989
Acquired	6,449,382,823	9,206,316,479
Recognized as expense	(431,673,101)	(221,739,724)
Balance at end of year	$ 23,675,471,466	$ 17,657,761,744

4. DEBT

CCCFA's debt is presented below:

	Coupon Rate	Effective Rate	Maturity Year	Remarketing Year	December 31, 2025	December 31, 2024
2021A Bonds	4.00%	0.540% - 1.380%	2023-2027	n/a	$ 3,580,000	$ 5,465,000
2021A Bonds	4.00%	1.480%	2052	2027	593,250,000	593,250,000
Premium, net of amortization					28,238,528	42,753,682
Subtotal issue 2021A					$ 625,068,528	$ 641,468,682
2021B Bonds	4.00%	1.440% - 1.540%	2025-2031	n/a	$ 36,140,000	$ 39,340,000
2021B Bonds	4.00%	1.540%	2052	2031	1,041,380,000	1,041,380,000
2021B Bonds	2%	1.540%	2052	2031	4,000,000	4,000,000
2021B Bonds	SIFMA Index plus 45 basis		2052	2031	150,000,000	150,000,000
Premium, net of amortization					139,622,594	163,979,537
Subtotal issue 2021B					$ 1,371,142,594	$ 1,398,699,537
2022A Bonds	4.00%	2.920% -3.780%	2024-2028	n/a	$ 26,490,000	$ 34,625,000
2022A Bonds	4.00%	3.830%	2053	2028	791,605,000	791,605,000
2022A Bonds	67% of SOFR Index plus 170 basis points	3.730%	2053	2028	97,000,000	97,000,000
Premium, net of amortization					3,423,881	4,735,729
Subtotal issue 2022A					$ 918,518,881	$ 927,965,729
2023A Bonds	5.00%	4.250%	2053	2029	$ 392,985,000	$ 392,985,000
2023A Bonds	67% of SOFR Index plus 195 basis points	4.226%	2053	2029	50,500,000	50,500,000
2023A Bonds	5.95%	5.950%	2029	n/a	16,155,000	16,155,000
Premium, net of amortization					9,722,568	12,178,199
Subtotal issue 2023A					$ 469,362,568	$ 471,818,199
2023B Bonds	5.00%	3.670% - 3.890%	2024-2029	n/a	$ 4,530,000	$ 6,550,000
2023B Bonds	5.00%	3.890%	2053	2029	784,805,000	784,805,000
2023B Bonds	67% of SOFR Index plus 163 basis points	3.755%	2053	2029	50,000,000	50,000,000
Premium, net of amortization					28,921,209	36,358,229
Subtotal issue 2023B					$ 868,256,209	$ 877,713,229

4. DEBT (continued)

	Coupon Rate	Effective Rate	Maturity Year	Remarketing Year	December 31, 2025	December 31, 2024
2023C Bonds	5.00%	4.350% - 4.550%	2024-2031	n/a	$ 12,210,000	$ 14,185,000
2023C Bonds	5.25%	4.600%	2054	2031	982,405,000	982,405,000
Premium, net of amortization					32,081,768	36,901,705
Subtotal issue 2023C					$ 1,026,696,768	$ 1,033,491,705
2023D Bonds	5.00%	4.44% - 4.50%	2025-2028	n/a	$ 10,045,000	$ 13,595,000
2023D Bonds	5.50%	4.530%	2054	2028	944,695,000	944,695,000
Premium, net of amortization					24,226,946	32,048,578
Subtotal issue 2023D					$ 978,966,946	$ 990,338,578
2023E Bonds	5.00%	4.26 % - 4.29%	2027-2031	n/a	$ 32,540,000	$ 32,540,000
2023E Bonds	5.00%	4.310%	2054	2031	$ 870,355,000	$ 870,355,000
2023E Bonds	67% of SOFR Index plus 167 basis points	4.175%	2054	2031	95,000,000	95,000,000
Premium, net of amortization					28,144,715	33,001,059
Subtotal issue 2023E					$ 1,026,039,715	$ 1,030,896,059
2023F Bonds	5.50%	5.070%	2054	2030	$ 639,420,000	$ 644,080,000
Premium, net of amortization					11,692,989	13,832,671
Subtotal issue 2023F					$ 651,112,989	$ 657,912,671
2023G Bonds	5.25%	4.450%	2030	n/a	$ 960,000	$ 960,000
2023G Bonds	5.25%	4.480%	2054	2030	1,012,805,000	1,012,805,000
2023G Bonds	6.13%	6.125%	2030	n/a	24,520,000	24,520,000
Premium, net of amortization					29,788,157	36,050,995
Subtotal issue 2023G					$ 1,068,073,157	$ 1,074,335,995
2024A Bonds	5.000%	3.95%-4.07%	2028-2032	n/a	$ 46,560,000	$ 46,560,000
2024A Bonds	5.000%	4.150%	2054	2032	1,055,065,000	1,055,065,000
Premium, net of amortization					50,771,673	57,890,306
Subtotal issue 2024A					$ 1,152,396,673	$ 1,159,515,306
2024B Bonds	5.000%	3.64%-3.99%	2025-2032	n/a	$ 34,425,000	$ 38,625,000
2024B Bonds	5.000%	4.050%	2055	2032	1,485,555,000	1,485,555,000
Premium, net of amortization					85,753,613	96,462,300
Subtotal issue 2024B					$ 1,605,733,613	$ 1,620,642,300

4. DEBT (continued)

	Coupon Rate	Effective Rate	Maturity Year	Remarketing Year	December 31, 2025	December 31, 2024
2024C Bonds	5.000%	3.650%	8/1/2055	2032	$ 959,825,000	$ 959,825,000
Premium, net of amortization					76,889,821	86,765,317
Subtotal issue 2024C					$ 1,036,714,821	$ 1,046,590,317
2024D Bonds	5.000%	3.19%-3.64%	2026-2032	n/a	$ 87,280,000	$ 87,280,000
2024D Bonds	5.000%	3.830%	2055	2032	1,065,715,000	1,065,715,000
Premium, net of amortization					77,740,554	88,367,442
Subtotal issue 2024D					$ 1,230,735,554	$ 1,241,362,442
2024E Bonds	5.000%	3.34%-3.87%	2027-2032	n/a	$ 64,470,000	$ 64,470,000
2024E Bonds	5.000%	3.920%	2055	2032	1,178,740,000	1,178,740,000
Premium, net of amortization					77,407,040	87,691,511
Subtotal issue 2024E					$ 1,320,617,040	$ 1,330,901,511
2024F Bonds	5.000%	3.43%-3.95%	2027-2032	n/a	$ 43,365,000	$ 43,365,000
2024F Bonds	5.000%	4.000%	2055	2032	957,135,000	957,135,000
Premium, net of amortization					58,907,720	66,452,412
Subtotal issue 2024F					$ 1,059,407,720	$ 1,066,952,412
2024G Bonds	5.000%	4.150%	2055	2032	$ 775,590,000	$ 775,590,000
Premium, net of amortization					37,583,740	42,472,976
Subtotal issue 2024G					$ 813,173,740	$ 818,062,976
2024H Bonds	5.000%	3.42%-3.80%	2031-2033	n/a	$ 15,675,000	$ 15,675,000
2024H Bonds	5.000%	3.620%	2056	2033	1,275,075,000	1,275,075,000
Premium, net of amortization					117,063,800	130,323,035
Subtotal issue 2024H					$ 1,407,813,800	$ 1,421,073,035
2025A Bonds	5.000%	4.220%	2056	2035	$ 493,345,000	-
Premium, net of amortization					29,400,389	-
Subtotal issue 2025A					$ 522,745,389	$ -
2025B Bonds	5.000%	3.59-4.32%	2028-2034	n/a	$ 40,690,000	-
2025B Bonds	5.000%	4.480%	2056	2035	1,021,915,000	-
Premium, net of amortization					43,943,930	-
Subtotal issue 2025B					$ 1,106,548,930	$ -

4. DEBT (continued)

	Coupon Rate	Effective Rate	Maturity Year	Remarketing Year	December 31, 2025	December 31, 2024
2025C Bonds	5.000%	3.02-3.85%	2028-2033	n/a	$ 74,440,000	-
2025C Bonds	5.000%	3.860%	2055	2033	929,955,000	-
Premium, net of amortization					75,564,708	-
Subtotal issue 2025C					$ 1,079,959,708	$ -
2025D Bonds	5.000%	3.96-4.67%	2030-2034	n/a	$ 75,730,000	-
2025D Bonds	5.000%	4.720%	2055	2034	929,955,000	-
Premium, net of amortization					20,563,868	-
Subtotal issue 2025D					$ 1,026,248,868	$ -
2025E Bonds	5.000%	3.62-3.78%	2034-2035	n/a	$ 1,425,000	-
2025E Bonds	5.000%	3.850%	2056	2035	959,305,000	-
Premium, net of amortization					85,908,211	-
Subtotal issue 2025E					$ 1,046,638,211	$ -
2025F Bonds	5.000%	3.550%	2056	2033	$ 844,495,000	-
Premium, net of amortization					83,107,468	-
Subtotal issue 2025F					$ 927,602,468	$ -
2025G Bonds	5.000%	3.880%	2057	2035	$ 1,035,235,000	-
Premium, net of amortization					94,670,949	-
Subtotal issue 2025G					$ 1,129,905,949	$ -
Total debt, net - all bonds issued					$ 25,469,480,839	$ 18,809,740,683

4. DEBT (continued)

The following is a summary of long-term debt activity:

	December 31, 2024	Additions	Reductions	December 31, 2025
Nominal value	$ 17,741,475,000	$ 6,406,490,000	$ (29,625,000)	$ 24,118,340,000
Premiums	1,068,265,683	443,786,457	(160,911,301)	1,351,140,839
Total long-term debt, net	$ 18,809,740,683	$ 6,850,276,457	$ (190,536,301)	$ 25,469,480,839
Less: Amounts due within one year - principal payments				(35,280,000)
Less: Amounts due within one year - premium amortization				(196,806,798)
Subtotal: Amounts due within one year				232,086,798
Amounts due after one year				$ 25,237,394,041

	December 31, 2023	Additions	Reductions	December 31, 2024
Nominal value	$ 8,708,685,000	$ 9,048,675,000	$ (15,885,000)	$ 17,741,475,000
Premiums	485,847,115	673,253,521	(90,834,953)	1,068,265,683
Total long-term debt, net	$ 9,194,532,115	$ 9,721,928,521	$ (106,719,953)	$ 18,809,740,683
Less: Amounts due within one year - principal payments				(29,625,000)
Less: Amounts due within one year - premium amortization				(150,284,369)
Subtotal: Amounts due within one year				179,909,369
Amounts due after one year				$ 18,629,831,314

4. DEBT (continued)

The annual debt service requirements to maturity for the bonds are as follows:

Year	Principal	Interest	Total
2026	$ 35,280,000	$ 1,183,616,986	$ 1,218,896,986
2027	61,460,000	1,184,162,000	1,245,622,000
2028	108,940,000	1,180,707,570	1,289,647,570
2029	143,920,000	1,175,271,800	1,319,191,800
2030	178,210,000	1,167,807,947	1,346,017,947
2031-2035	1,945,205,000	5,634,408,165	7,579,613,165
2036-2040	3,601,845,000	4,957,782,082	8,559,627,082
2041-2045	4,856,305,000	3,948,215,512	8,804,520,512
2046-2050	6,374,805,000	2,605,663,710	8,980,468,710
2051-2055	6,411,020,000	916,837,160	7,327,857,160
2056-2057	401,350,000	11,820,833	413,170,833
	$ 24,118,340,000	$ 23,966,293,765	$ 48,084,633,765

Interest in the preceding tables includes interest requirements at the stated fixed rates and the effective rate for variable-rate bonds. Some bonds include requirements for remarketing within the next 10 years. The amortization included in the table assumes the interest rates after the remarketing dates are the same as before the remarketing dates.

As of December 31, 2025, CCCFA had pledged future net revenues to repay $24.1 billion for outstanding bonds. Proceeds from the bonds were used to purchase prepaid electricity. The bonds, payable through 2057, are secured solely by pledges of the trust estate under the Indentures which include bond proceeds, revenues, any termination payments, and any investment income. Semi-annual principal and interest payments on the bonds are expected to require approximately 100 percent of CCCFA's net revenues.

The ability of CCCFA to pay related principal and interest payments associated with the bonds is contingent upon the continued successful operation of the Prepaid Agreements. If a Prepaid Agreement were to terminate, a termination payment would be received into the trust estate from the respective energy supplier. The amount of the termination payment, together with the amounts required to be on deposit in certain funds and accounts held by the trustee, has been calculated to provide a sum sufficient to pay the redemption price of the bonds upon early termination of the Prepaid Agreement. The termination payment declines over time as the energy suppliers perform their electricity delivery obligations under the Prepaid Agreement. CCCFA members are not obligated to pay debt service costs if the energy project is unable to operate pursuant to the Prepaid Agreement or if revenues generated by the Energy Project are insufficient to meet debt service obligations.

5. DERIVATIVE INSTRUMENT AGREEMENT

CCCFA entered into interest rate swaps in order to hedge against the interest rate risk related to variable rate debt. The swaps were entered into simultaneously with the related debt and were valued at zero on that date. Under the swap agreements, CCCFA makes and receives payments that net to fixed interest rates. The counterparty is obligated to pay CCCFA based on the same notional amount and interest rate applicable to the bond for which the swap is intended to hedge. After giving effect to the swap agreements, CCCFA's effective interest cost was approximately $13.9 million for each of the years ended December 31, 2025 and 2024.

The following derivative instruments were active for years ended December 31, 2025 and 2024 :

Issuance	Notional amount	Effective date	Maturity Date	Bond Interest rate	Hedge to Effective Rate
2021B Bonds	$150,000,000	9/23/2021	8/1/2031	SIFMA + 0.45%	1.540%
2022A Bonds	$97,000,000	6/28/2022	8/1/2028	67% of SOFR + 1.70%	3.730%
2023A Bonds	$50,500,000	12/6/2022	8/1/2029	67% of SOFR + 1.95%	4.226%
2023B Bonds	$50,000,000	1/17/2023	8/1/2029	67% of SOFR + 1.63%	3.755%
2023E Bonds	$95,000,000	8/9/2023	3/1/2031	67% of SOFR + 1.67%	4.175%

Future net cash flows on variable-rate debt are shown below. These amounts assume that the interest rate of the bond and the reference rate of the hedging derivative instruments remain at December 31, 2025 levels. These rates will vary and, as they do, interest payments on the variable-rate bonds and net receipts/payments on the interest rate swaps will vary. The table below includes only CCCFA's effectively hedged variable-rate debt, which is a subset of the CCCFA's total debt. As of December 31, 2025, all of CCCFA's variable-rate debt is effectively hedged.

Estimated future net cash flows on variable-rate debt:

Year	Principal	Interest	Net Derivative Payment (Receipt)	Total
2026	$ -	$ 17,042,183	$ (3,136,203)	$ 13,905,980
2027	-	17,042,183	(3,136,203)	13,905,980
2028	-	17,077,325	(3,171,345)	13,905,980
2029	1,360,000	17,027,919	(3,134,434)	15,253,485
2030	3,255,000	16,960,839	(3,125,214)	17,090,625
2031 - 2035	47,475,000	80,874,455	(14,960,097)	113,389,358
2036 - 2040	69,995,000	69,694,843	(12,752,168)	126,937,675
2041 - 2045	95,630,000	54,441,602	(9,731,991)	140,339,611
2046 - 2050	140,735,000	32,888,266	(5,550,139)	168,073,127
2051 - 2054	84,050,000	5,936,416	(701,590)	89,284,826
	$ 442,500,000	$ 328,986,031	$ (59,399,384)	$ 712,086,647

5. DERIVATIVE INSTRUMENT AGREEMENT (continued)

INTEREST RATE RISK

CCCFA has exposure to interest rate risk on its pay-fixed, receive-variable interest rate swaps that is the inverse of the interest rate risk of the bonds that it is hedging.

ROLLOVER RISK

CCCFA is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, CCCFA will be re-exposed to the risks being hedged by the hedging derivative instrument. For bonds with hedging instruments, CCCFA is exposed to rollover risk on the relevant pay-fixed, receive-variable interest rate-swap schedule.

TERMINATION RISK

CCCFA or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The termination will not result in any future amounts payable by either party.

6. FUTURE GASB PRONOUNCEMENTS

The requirements of the following Governmental Standards Board Statements are effective for future fiscal years ending after December 31, 2025:

GASB has approved GASB Statement No. 103, *Financial Reporting Model Improvements*. Statement No. 104, *Disclosure of Certain Capital Assets*, and Statement No. 105, *Subsequent Events*.

Management is evaluating the effect of implementation of these statements.

7. SUBSEQUENT EVENTS

BOND ISSUANCE

In 2026, CCCFA entered into new Prepaid Agreements and issued bonds in the amount of $7.2 billion as described in the following table.

Deal	Member	Issued	Amount
2026A	San Jose Community Energy	January 2026	$ 1,245,685,000
2026B	Clean Power Alliance	February 2026	962,915,000
2026C	San Diego Community Power	March 2026	687,215,000
2026D	Orange County Power Authority	March 2026	929,440,000
2026E	Pioneer Community Energy	June 2026	1,197,070,000
2026F	Ava Community Energy	July 2026	1,242,870,000
2026G	Ava Community Energy	July 2026	948,325,000
			$ 7,213,520,000

NEW MEMBERS

In January 2026, CCCFA admitted Orange County Power Authority as a new member, followed by Desert Community Energy and Redwood Coast Energy Authority in May 2026.