Victor Valley Wastewater Reclamation Authority

Financial and Cash Reports

For the Quarter Ended December 31, 2025

Executive Summary of Financial Statements

For the Quarter Ended December 31, 2025

1. Cash balance on December 31, 2025, is $24,776,654 with reserves required for operations. The agreements with State Water Resources Control Board require we maintain the loan principal and interest payment amount for the following year.

G/L Account	Description		Balance	% of Total
1000	DCB Checking Account	$	1,125,264	4.54%
1030	DCB Sweep Account		4,158,697	16.78%
1070	LAIF		7,548,726	30.47%
1074/1075	Cal Trust		11,943,967	48.21%
	Total Cash	$	24,776,654	100.00%

2. The financial statements for the quarter ended December 31, 2025, show a surplus of $602,973 (a cumulative year-to-date loss of $42,955) to reflect $3,080,345(a cumulative $6,172,614) depreciation expense. The depreciation expense is a part of the financial statements but does not affect our cash flow.

3. The user fee revenue for the quarter is lower than the original budgeted average quarterly amount by $235,762 due to the lower influent treatment volume for the second quarter in FY 2026. The connection fee revenue received during the quarter is higher than the original budgeted average quarterly amount by $826,730. The expenses are usually what the staff processed during the quarter that may not match corresponding revenues. The staff will record matching expenses at the year-end by accruing incurred costs.

Xiwei Wang, Director of Finance and Procurement

Victor Valley Wastewater Reclamation Authority

CASH AND RESERVE SUMMARY

December 31, 2025

G/L Account	Description	Balance	% of Total
1000	DCB Checking Account	$ 1,125,264	4.54%
1030	DCB Sweep Account	4,158,697	16.78%
1070	LAIF	7,548,726	30.47%
1074/1075	Cal Trust	11,943,967	48.21%
	Total Cash	$ 24,776,654	100.00%

G/L Account	Description	Beginning Balance	Deposits or (Disbursement)	Ending Balance
1070	LAIF	4,502,832	3,045,894	7,548,726
		Quarterly Interest Earned		Quarterly Yield
		45,894		1.02%

G/L Account	Description	Beginning Balance	Deposits or (Market Fluctuations)	Ending Balance
1074/1075	Cal Trust	11,818,607	125,360	11,943,967
		Quarterly Interest Earned **excluding** Value Fluctuation		Quarterly Yield
		119,491		1.01%

	Current Balance	Restricted	Assigned
O&M Reserve: 10% of Prior Year Budgeted Operating Expenses	$ 2,220,900	$	$ 2,220,900
R&R Reserve: 1% of Land Improvements/Plants/Interceptors PY CAFR	3,048,015		3,048,015
Reserve for SRF Payments (P& I) - Operating	2,749,738	2,749,738	
Reserve for SRF Payments (P& I) - Capital	1,295,052	1,295,052	
Cash Available for Operations and Capital	15,462,948	-	
Total Cash	$ 24,776,654	$ 4,044,790	$ 5,268,915

SRF LOAN PAYMENTS:

	9.5 MGD, 11.0 MGD, NAVI, Phase III-A	Upper Narrows Replacement	Nanticoke Bypass	Sub-Regional Apple Valley	Sub-Regional Hesperia	Total
Reserve for SRF Payments (P& I) - Operating	$ 770,708	257,745	203,725	625,220	892,340	$ 2,749,738
Reserve for SRF Payments (P& I) - Capital	256,902	-	67,909	399,731	570,510	1,295,052
	$ 1,027,610	257,745	271,634	1,024,951	1,462,850	$ 4,044,790

Payment Schedule

Upper Narrows Replacement	December	257,745
Subregional - AV	February	1,024,951
Subregional - HES	February	1,462,850
Phase III-A	June	1,027,611
Nanticoke	June	271,633
		$ 4,044,790

Notes:
- The above investments are in compliance with the VVWRA investment policy.
- The above investments are made based on the prediction that the Authority will meet its anticipated expenditure requirements for the next six months.

Victor Valley Wastewater Reclamation Authority
Statement of Net Position
December 31, 2025

Assets and Deferred Outflows of Resources		2026
Current assets:		
Cash and cash equivalents	$	24,776,654
Interest receivable		96,092
Accounts receivable		6,717,548
Accounts receivable - Lease		1,165,470
Accounts receivable - Other		6,174
Allowance for Doubtful Accounts		(174,521)
Materials and supplies inventory		20,094
Prepaid expenses and other deposits		375,904
Total current assets		32,983,415
Fixed assets:		
Capital assets not being depreciated		4,105,607
Capital assets being depreciated		138,325,206
Total capital assets		142,430,813
Total assets		175,414,228
Deferred outflows of resources		
Deferred outflows of resources - OPEB		237,718
Deferred outflows of resources - pension		2,718,983
		2,956,701
Total	**$**	**178,370,929**
Liabilities, Deferred Inflows of Resources, and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	$	982,623
Accrued interest on long-term debt		186,035
Long-term liabilities - due within one year:		-
Compensated absences		768,072
Lease payables		793,904
Loans payables		61,757,224
Other payables		-
Total current liabilities		64,487,858
Non-current liabilities:		
Long-term liabilities - due in more than one year:		
Compensated absences		-
Other post employment benefits payable		2,402,485
Lease payables		-
Loans payable		-
Net pension liability		7,839,265
Other payables		90,632
Total non-current liabilities:		10,332,382
Total liabilities		74,820,240
Deferred inflows of resources		
Deferred inflows of resources - OPEB		1,456,140
Deferred inflows of resources - pension		273,632
Deferred inflows of resources - lease		977,768
		2,707,540
Net position:		
Net investment in capital assets		85,776,342
Restricted for capital projects		-
Restricted for SRF loan covenant		4,044,789
Unrestricted		11,064,973
Decrease in net position FY 2024		(42,955)
Total net position		100,843,149
Total	**$**	**178,370,929**

Victor Valley Wastewater Reclamation Authority
Revenues and Expenses
Operations and Maintenance
For the Quarter Ended December 31, 2025

	Quarter Actual October - December	YTD Actual FY 25-26	Approved Budget FY 25-26
REVENUES			
User Charges	$ 7,964,279	$ 15,976,280	$ 32,800,164
Sludge Flow Charge	62,752	119,305	144,000
High Strength Waste Surcharges	6,333	17,477	12,000
Post Consumer Food Waste Revenue	-	-	-
Septage Receiving Facility Charges	162,153	356,270	960,000
Reclaimed Water Sales	19,670	42,363	97,703
Potable Well Water Sales	558	1,089	-
Interest	218	441	-
Pretreatment Fees	13,100	28,275	55,150
FOG Revenue	4,958	22,620	-
Grant - CalRecycle	-	-	-
Grant - USDA	-	-	-
Lease	21,381	40,062	500,000
Settlement Revenue	-	-	-
Sale of Assets, Scrap, & Misc Income	28,923	7,018	2,220
Total REVENUES	$ 8,284,325	$ 16,611,200	$ 34,571,237
EXPENSES			
Personnel	$ 2,309,061	$ 4,820,734	$ 9,756,126
Maintenance	925,696	2,261,590	5,575,317
Operations	1,500,082	3,093,183	7,506,415
Administrative	619,517	1,439,904	3,998,060
Contingency	702,356	1,267,103	725,000
Total EXPENSES	$ 6,056,712	$ 12,882,514	$ 27,560,918
Revenues over Expenses before Depreciation, Debt Service and Transfers	**$ 2,227,613**	**$ 3,728,686**	**$ 7,010,319**
Depreciation Expense	3,080,345	6,172,614	-
	-		
Lease Payments	$ -	$ 109,427	$ -
DEBT SERVICE			
SRF Principal	$ -	$ -	$ 2,234,190
SRF Interest	32,804	32,804	515,546
	$ 32,804	$ 32,804	$ 2,749,736
FUND TRANSFERS IN			
Salary/Benefits Charge from Capital	$ -	$ -	-
Admin Charge from Capital	-	-	-
Total FUND TRANSFERS IN	$ -	$ -	$ -
FUND TRANSFERS OUT			
Transfer to Repairs and Replacements Fund	$ -	$ -	-
Inter-fund loan payment to Capital	-	-	-
Total FUND TRANSFERS OUT	$ -	$ -	$ -
Excess Revenues Over Expenses	$ (885,536)	$ (2,586,159)	$ 4,260,583

Victor Valley Wastewater Reclamation Authority
Revenues and Expenditures
Capital
For the Quarter Ended December 31, 2025

	October - December	YTD Actual FY 25-26	Approved Budget FY 25-26
REVENUES			
Connection Fees	$ 1,287,426	$ 2,167,119	$ 1,842,783
Title 16 Grant - Subregional	-	-	-
Grant- Water Recycling	-	-	-
Sale of Assets, Scrap, & Misc Income	-	-	-
Interest	225,214	386,950	62,610
Grant - CalRecycle	-	-	300,000
Grant - USDA	-	-	-
CEC Microgrid Grant	-	-	-
FMV Adjustment	5,869	20,531	-
Total REVENUES	$ 1,518,509	$ 2,574,600	$ 2,205,393
CAPITAL EXPENSES			
Personnel	$ -	$ -	$ -
Maintenance	-	-	-
Operations	-	-	-
Administrative	-	(2,054)	-
Construction	30,000	33,450	-
Total CAPITAL EXPENSES	$ 30,000	$ 31,396	$ -
Revenues over Expenses before Debt Service and Transfers	**$ 1,488,509**	**$ 2,543,204**	**$ 2,205,393**
DEBT SERVICE			
SRF Principal	$ -	$ -	$ 1,039,145
SRF Interest	-	-	255,908
	$ -	$ -	$ 1,295,053
FUND TRANSFERS IN			
Capital Recovery - Septage from O&M	$ -	$ -	$ -
Interfund Loan Payment from O&M	-	-	-
Total FUND TRANSFERS IN	$ -	-	$ -
FUND TRANSFERS OUT			
Salary/Benefits Charge to O & M	$ -	$ -	$ -
Admin Charge to O & M	-	-	-
Total FUND TRANSFERS OUT	$ -	-	$ -
Excess Revenues Over Expenses	$ 1,488,509	$ 2,543,204	$ 910,340

Accrual Basis

Victor Valley Wastewater Reclamation Authority
Statements of Cash Flows
For the Quarter Ended December 31, 2025

		2026
Cash flows from operating activities:		
Cash receipts from customers	$	6,101,172
Cash paid to employees for salaries and wages		(2,232,766)
Cash paid to vendors and suppliers for materials and services		(4,326,834)
Net cash provided by operating activities		(458,428)
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(726,857)
Payments for flood damage		-
Proceeds from connection fees		1,105,537
Proceeds from grant funding		-
Proceeds from loans		-
Principal and Interest paid for long-term debt		-
Net cash provided by (used in) capital and related financing activities		378,680
Cash flows from investing activities:		
Proceeds from sale of investments		-
LAIF FMV Adjustment		-
Investment earnings		171,255
Net cash provided by investing activities		171,255
Net increase in cash and cash equivalents		91,507
Cash and cash equivalents, beginning of quarter		24,685,147
Cash and cash equivalents, end of quarter	$	24,776,654
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	$	24,776,654
Total cash and cash equivalents	$	24,776,654

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

SRF LOAN SUMMARY

December 31, 2025

	Existing Phase IIIA Regulatory Upgrades	Existing UN Replacement Project	Existing Nanticoke Pump Station Bypass	Existing Apple Valley Sub-Regional	Existing Hesperia Sub-Regional	Total Agreed SRF Loans
SRF LOAN #	**5376**	**7805**	**7833**	**4806**	**4807**	
Original Amount Financed	$ 18,581,561.00	$ 4,286,380.00	$ 4,495,212.79	$ 26,455,228.84	$ 37,758,384.81	$ 91,576,767.44
SRF Interest Rate (fixed)	2.70%	1.90%	1.90%	1.00%	1.00%	Varies
Local Match Amount	-	-	-	-	-	-
Principal Forgiveness	**3,000,000.00**	n/a	n/a	n/a	n/a	3,000,000.00
SRF Amount Borrowed	15,717,667.66	4,286,380.00	4,495,212.79	26,455,228.84	37,758,384.81	88,712,874.10
Annual Payment Amount	1,027,609.73	257,745.38	271,632.70	1,024,950.85	1,462,850.30	4,044,788.96
Annual Payment Due Date	June 30	December 31	June 30	February 28	February 28	Varies
Loan Term (years)	20	20	20	30	30	Varies
Years remaining	7	7	12	23	23	Varies
DEBT SERVICE						
Loan Outstanding Balance	**6,452,893.99**	**1,501,565.63**	**2,890,329.83**	**20,966,210.76**	**29,804,463.60**	**61,615,463.81**
Principal Paid to Date	9,264,773.67	2,784,814.37	1,604,882.96	5,489,018.08	7,953,921.21	27,097,410.29
Interest Paid to Date	4,036,377.69	486,448.35	568,178.64	1,685,638.02	2,286,030.59	9,062,673.29
First Payment Date	June 30, 2013	Dec. 31, 2016	Jun 30, 2018	February 28 2019	February 28 2019	Varies
Final Payment Date	June 30, 2032	Dec. 31, 2032	Jun. 30, 2037	February 28, 2048	February 28, 2048	Varies
Effective interest rate	2.700%	1.900%	1.900%	1.00%	1.00%	Varies

* An imputed interest rate is 1.707% per annum.