



POPULAR ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR OF 2025





Fairfax Water

“Of the earth’s vast resources of water, only a small fraction is fresh and drinkable. A few people among the globe’s billions have been charged with the task of ensuring everyone else has a reliable supply of safe water. Supplying potable water is an essential human activity, a great responsibility, and a vocation of distinction.”

- J.B. Mannion
Former Executive Director
American Water Works Association

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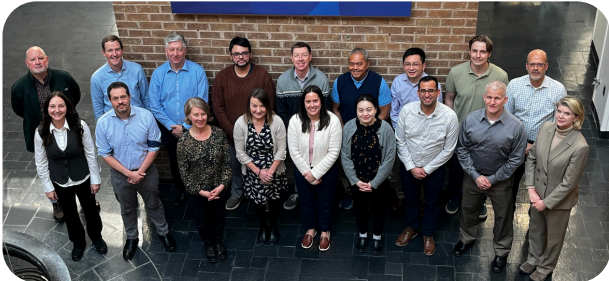
To view the full Annual Financial Report, visit bit.ly/FWFR2026 or scan the QR Code.

Our Mission

To provide our customers with reliable and abundant water of exceptional quality and value.

Our Vision

Providing exemplary water service and enhancing water resources for a thriving community.



Our Strategic Goals

As outlined in Strategic Plan 2025



Quality Service

Fairfax Water will consistently provide excellent water quality, service reliability, and outstanding customer service interactions.



Workplace Planning and Development

Fairfax Water will attract, develop, and retain a high-performing and diverse workforce to fulfill the mission of the organization.



Infrastructure Integrity

Fairfax Water will develop and maintain infrastructure to provide reliable service to our customers in an efficient and cost-effective manner.



Financial Resilience

Fairfax Water will maintain appropriate financial capacity to ensure operational efficiency to reliably meet the needs of present and future customers.



Technology and Innovation

Fairfax Water will ensure technology to safely and securely meet the needs of our organization and customers.

Letter from the Chairman and General Manager/CEO



Dear Valued Customers,

Fairfax Water continues to demonstrate strong financial stability, supported by careful planning and responsible fiscal management. We remain well-prepared for the future, maintaining some of the lowest water rates in the region while investing strategically to support both current operations and long-term growth. This year's financial report reflects not only our solid foundation, but also our confidence in meeting the challenges ahead.

This positive outlook comes at a pivotal moment for the drinking water industry. Regulatory expectations are changing rapidly and at a pace unlike anything we've seen before. While these evolving requirements bring added complexity, they also reinforce the vital role water utilities play in protecting public health and safeguarding precious water supplies.

To keep pace with these demands, we continue to assess and enhance our infrastructure to ensure long-term reliability, resiliency, and compliance. Meeting new regulatory standards and maintaining essential systems requires increased investment, but these costs are fundamental to our mission of providing our customers with reliable and abundant water of exceptional quality and value.

Our commitment to transparency, innovation, and dependable service remains steadfast. Thank you for your continued trust as we work to ensure excellence for our community, friends, family and neighbors.

Sincerely,



PHILIP W. ALLIN
Chairman of the Board
Fairfax Water



JAIME BAIN HEDGES, P.E.
General Manager/CEO
Fairfax Water

Board Members



PHILIP W. ALLIN
Chairman of the Board

Sulley District
Member since
April 7, 1992



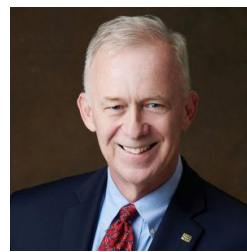
FRANK R. BEGOVICH
Vice Chairman

Franconia District
Member since
September 27, 2004



JOSEPH CAMMARATA
Secretary

Mt. Vernon District
Member since
October 16, 2012



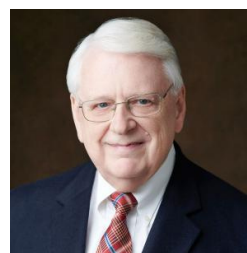
J. ALAN ROBERSON
Treasurer

Braddock District
Member since
August 3, 2009



BURTON J. RUBIN

Springfield District
Member since
May 21, 1984



HARRY F. DAY

Mason District
Member since
June 29, 1987



RICHARD DOTSON

Providence District
Member since
September 14, 2009



ANTHONY H. GRIFFIN

At-Large Member
Member since
May 1, 2012



NANCY COLLETON

Hunter Mill District
Member Since
February 25, 2020



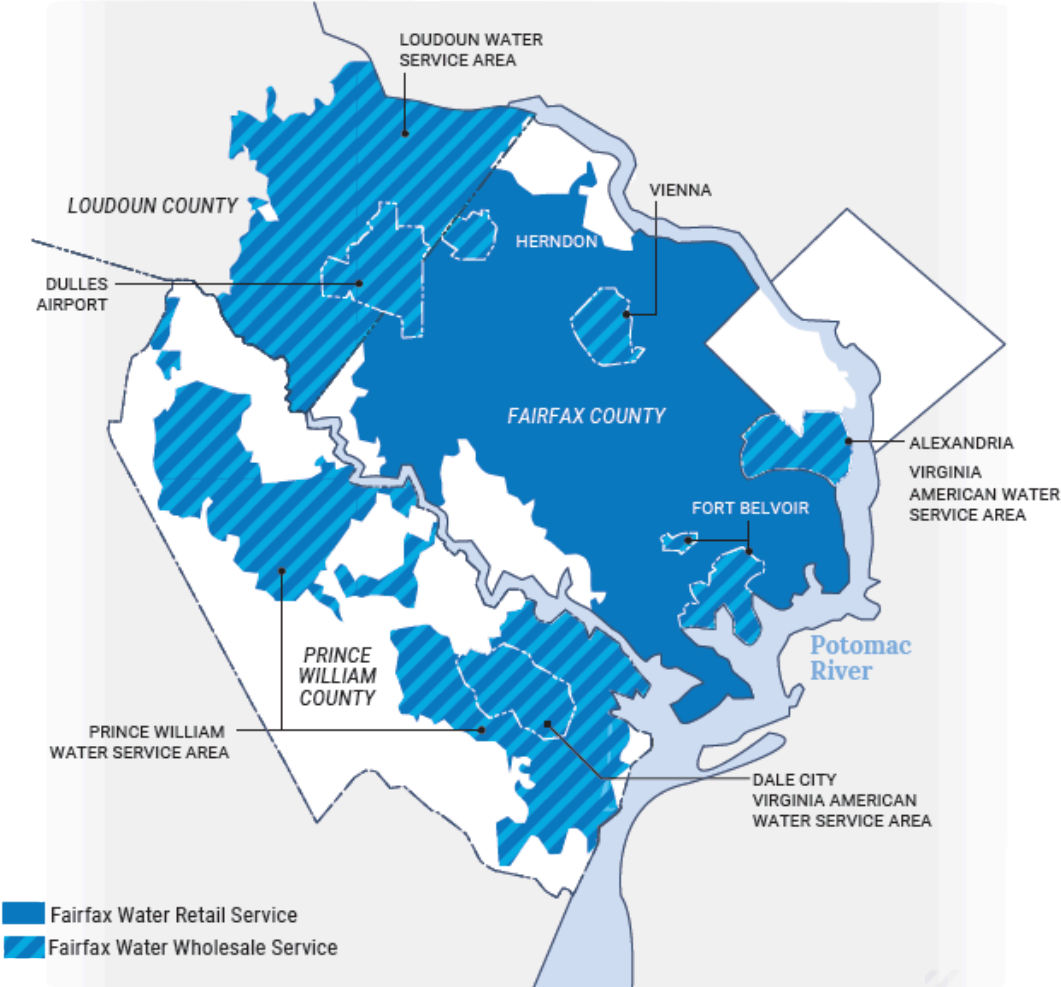
CHERYL GINYARD-JONES

Dranesville District
Member since
March 23, 2021

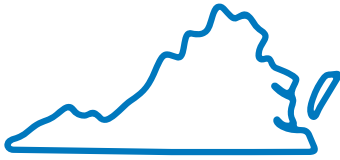
Who We Are

Fairfax Water has been providing safe, reliable drinking water to Northern Virginia since 1957. As a public, not-for-profit utility, it is guided by a 10-member Board of local residents appointed by the Fairfax County Board of Supervisors. Fairfax Water is known for some of the region’s lowest water rates and strong financial stability, earning AAA ratings from all major credit rating agencies.

Who We Serve

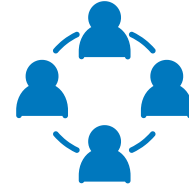


By The Numbers



Virginia's largest drinking water utility

513 Employees

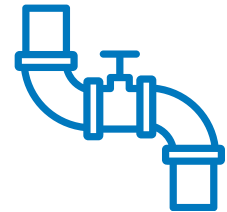


Serves 2.2+ million Northern Virginians



Average production is 169 million gallons per day

Over 4,000 miles of pipe in Fairfax County



Over \$2.0 billion in infrastructure assets



\$110 million in annual operating expenses



AAA Bond Rating



\$1.7 billion 10 year Capital Improvement Plan



Focus 2025: Year in Review

Fairfax Water’s Focus 2025 initiative highlighted priority projects critical to regulatory compliance, infrastructure resilience, operational efficiency, employee development, and strategic direction. As 2025 closed, most initiatives advanced significantly, with several completed and others continuing into 2026. The following are highlights from seven key initiatives.

Lead & Copper Rule (LCR) Compliance

Substantial progress was made reducing service line unknowns from nearly 140,000 to 115 and identifying the limited number of lead and galvanized lines left in the system. Out of more than 290,000 service lines, only a handful remain under review, primarily in the Belle Haven neighborhood of Alexandria. We will continue verifying materials, replacing any utility-owned lead lines, and supporting customers with resources to reduce lead exposure.



PFAS Strategy: Treatment & Source Protection

PFAS concentrations in the Occoquan Reservoir occasionally exceed the new EPA standards which go into effect in 2029, prompting Fairfax Water to implement a comprehensive response strategy. This includes designing a powdered activated carbon (PAC) treatment system for the Griffith Plant, with completion targeted for 2027 to ensure compliance by 2028. We have also conducted extensive watershed sampling, including more than 300 samples, with results showing that over half exceed the newly established limits. Fairfax Water continues source tracking efforts, collaborates with regional partners, and advances long-term treatment planning to address these emerging contaminants.

Water utilities across the country must meet the new PFAS requirements by 2029. Fairfax Water is testing various PFAS-removal options to find the most effective one to treat our source water.

Water utilities alone cannot solve this problem. Fairfax Water is collaborating with the state legislature to advance legislation designed to prevent PFAS contamination in drinking water sources.



More research is needed to identify PFAS sources so that it does not enter the water supply. Fairfax Water’s watershed studies are a collaborative effort to learn more about PFAS sources and how PFAS travels throughout the environment.

Fairfax Water filed suit against aqueous firefighting film-forming foam (AFFF) chemical manufacturers for the widespread PFAS contamination of our drinking water sources, the Occoquan Reservoir and Potomac River.

Risk & Resilience / Emergency Response Plan

In 2025, staff completed all required federal recertifications successfully including the Risk Assessment in March and the Emergency Response Plan in September. Looking ahead, the focus for 2026 shifts to strengthening current plans, updating key procedures, and launching organization-wide training and exercise programs to further enhance preparedness.



Strong emergency response plans help water utilities stay resilient during power outages, severe weather and other unexpected events.

Technology Master Plan

In 2025, Fairfax Water advanced major technology initiatives, including the launch of PurePro, a new eProcurement system that will streamline purchasing, strengthen supplier management, and improve overall transparency.

Fairfax Water also completed a vehicle telematics pilot and selected a vendor. In addition to improving worker safety and enhancing the effectiveness of field operations, telematics will also help lower costs through fuel efficiency and proactive maintenance.



Fleet vehicles will be outfitted with telematics equipment.

Major Capital Projects

Capital improvements are essential to Fairfax Water’s long-term mission, ensuring the system remains resilient, efficient, and capable of supporting a growing region with reliable, high-quality service. Highlights for 2025 include:

- Upgrading the Griffith Pump Station to support improved service to Eastern Prince William County.
- Opening the Willard Maintenance Facility.
- Completion of the Sleepy Hollow Pump Station, enhancing service in the Seven Corners area.



The new Willard Maintenance Facility in Chantilly, VA



Fairfax County Supervisors Kathy Smith and Jeff McKay joined members of Fairfax Water’s Board and staff to celebrate the opening of the Willard Maintenance Facility with a ribbon cutting and open house for staff and their families.



Exterior view of the Sleepy Hollow Pump Station.



Inside view of the Sleepy Hollow Pump Station.

Cybersecurity Posture

For water utilities in particular, robust cybersecurity is essential in protecting the infrastructure that delivers safe drinking water, safeguarding operational technology that controls treatment and distribution, and preventing disruptions in service. By emphasizing training and preparedness, the organization continues to strengthen its defenses against an evolving threat landscape. Testing showed that staff members maintained a phish-prone rate below 1 percent, surpassing industry benchmarks and reflecting strong employee vigilance. This focus on user awareness has become increasingly critical as AI accelerates both the sophistication of cyber threats and the tools available to defend against them.

Safety Culture Enhancements

The organization also initiated a program for employees to submit safety observations, a proactive approach for identifying and addressing potential hazards on the job. And in December, Fairfax Water submitted the first part of its application to the Virginia Occupational Safety and Health Voluntary Protection Program (VPP). VPP is an initiative that recognizes employers with exceptional safety and health management systems. This increased focus on leading indicators is aimed at improving the effectiveness of the safety program.



Collaboration in action as safety and front-line staff come together for a safety committee meeting.



Staff members attend the Virginia American Water Works Association Joint Annual Meeting.

Condensed Financial Statements

(in millions)

| Condensed Statement of Net Position | 2024 | 2025 |
|--|-------------------|-------------------|
| ● Current & Other Assets | \$ 326.4 | \$ 306.2 |
| ● Capital Assets, Net of Accumulated Depreciation & Amortization | 2,014.0 | 2,036.1 |
| ● Total Assets | 2,340.4 | 2,342.3 |
| ● Deferred Outflows of Resources | 65.0 | 61.7 |
| ● Other Liabilities | 34.7 | 30.6 |
| ● Long-Term Liabilities | 598.5 | 530.9 |
| ● Total Liabilities | 633.2 | 561.5 |
| ● Deferred Inflows of Resources | 22.5 | 37.4 |
| ● Net Investment in Capital Assets | 1,542.2 | 1,576.6 |
| ● Restricted for Debt Service | 46.8 | 46.4 |
| ● Unrestricted | 160.7 | 182.1 |
| ● Total Net Position | \$ 1,749.7 | \$ 1,805.1 |

| Condensed Statement of Net Revenues, Expenses and Changes in Net Position | 2024 | 2025 |
|---|----------------|----------------|
| ● Operating Revenues | \$ 226.8 | \$ 221.1 |
| ● Operating Expenses | (102.0) | (110.4) |
| ● Depreciation and Amortization Expense | (68.1) | (71.6) |
| ● Nonoperating Revenues, Net | 16.5 | 12.7 |
| ● Increase in Net Position Before Contributions | 73.2 | 51.8 |
| ● Capital Contributions | 5.4 | 3.6 |
| ● Increase in Net Position | \$ 78.6 | \$ 55.4 |

Assets and Deferred Amounts

Capital Assets: The current value of long-term investments in land, drinking water plants, pipes, and other water infrastructure in place and planned.

Restricted Funds: The delegated funds for a specific purpose and may only be used for that expense, such as debt service.

Current Assets: The value of cash and investments, accounts receivable, inventory and prepaid items.

Deferred Outflow of Resources: The consumption of resources that will be recognized in a future period.

Liabilities and Deferred Amounts

Long term Liabilities: Amounts owed on outstanding bond issues as well as debt services.

Current Liabilities: Amounts owed to vendors, contractors, and employees.

Deferred Inflow of Resources: The acquisition of resources that will be recognized in a future period.

Total Net Position

Net Position: What you would have left if you used your assets to pay off your liabilities. The increase in net position is a useful indicator of Fairfax Water's positive financial position.

| Capital Assets | 2024 | 2025 |
|--|----------------|----------------|
| ● Land and Rights of Way | \$ 51.3 | \$ 51.3 |
| ● Easements | 2.2 | 2.3 |
| ● Construction in Progress | 113.2 | 41.2 |
| ● Water Supply | 110.8 | 112.5 |
| ● Water Treatment | 415.0 | 404.6 |
| ● Transmission | 320.4 | 344.8 |
| ● Distribution | 596.3 | 615.1 |
| ● General Plant | 401.6 | 462.3 |
| ● Intangible Right-to-use Subscription | 3.2 | 2.0 |
| ● Total Capital Assets | 2,014.0 | 2,036.1 |

Bond Ratings

During fiscal year 2025, Moody's Investors Service, Standard & Poor's, and Fitch Ratings maintained ratings of Aaa, AAA, and AAA, respectively, to Fairfax Water's outstanding revenue bonds.

| Bonds Payable (in millions) | 2024 | 2025 |
|-----------------------------------|--------------|--------------|
| ● Series 2005 | \$ 12.0 | \$ 5.4 |
| ● Series 2010 | 64.9 | 64.9 |
| ● Series 2013 | 15.8 | 13.3 |
| ● Series 2017 | 145.7 | 139.9 |
| ● Series 2019 | 70.8 | 57.6 |
| ● Series 2020 | 18.8 | 18.8 |
| ● Series 2021 | 78.1 | 76.6 |
| ● Series 2024 | 60.3 | 59.4 |
| ● Subtotal | 466.4 | 435.9 |
| ● Plus: Unamortized Bond Premiums | 41.4 | 38.1 |
| ● Bonds Payable, Net | 507.8 | 474.0 |
| ● Current Portion | 33.8 | 34.8 |
| ● Long-term portion | 474.0 | 439.2 |

Fairfax Water

CONTACT US:

Phone :

Customer Service: 703-698-5800 (TTY 711)
All Other Departments: 703-698-5600 (TTY 711)
After Hours / Emergencies: 703-698-5613 (TTY 711)

Website :

fairfaxwater.org

Mailing Address :

Fairfax Water
8570 Executive Park Avenue
Fairfax, VA 22031

If you have comments or suggestions about this report, please contact us at pr@fairfaxwater.org or **703-698-5600** (TTY 711).

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