



## **FAIRFAX COUNTY WATER AUTHORITY**

**Management's Discussion and Analysis, Basic Financial Statements,  
Required Supplementary Information and Supplementary Information  
December 31, 2024  
(With Independent Auditor's Report Thereon)**

# **FAIRFAX COUNTY WATER AUTHORITY**

## **Table of Contents**

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<b>Independent Auditor's Report</b>	<b>1</b>
<b>Management's Discussion and Analysis</b>	<b>4</b>
<b>Basic Financial Statements:</b>	
<b>Statement of Net Position</b>	<b>10</b>
<b>Statement of Revenues, Expenses and Change in Net Position</b>	<b>12</b>
<b>Statement of Cash Flows</b>	<b>13</b>
<b>Statement of Fiduciary Net Position</b>	<b>15</b>
<b>Statement of Changes in Fiduciary Net Position</b>	<b>16</b>
<b>Notes to Basic Financial Statements</b>	<b>17</b>
<b>Required Supplementary Information:</b>	
<b>Schedule of Changes in the Net Pension Liability and Related Ratios</b>	<b>57</b>
<b>Schedule of Employer Contributions – Pension Plan</b>	<b>59</b>
<b>Schedule of Changes in the Net OPEB Liability and Related Ratios – Health Benefits</b>	<b>60</b>
<b>Schedule of Employer Contributions – OPEB Health Benefits</b>	<b>61</b>
<b>Schedule of Changes in the Total OPEB Liability and Related Ratios – Implicit Subsidy</b>	<b>62</b>
<b>Schedule of Changes in the Total OPEB Liability and Related Ratios – Life Insurance</b>	<b>63</b>
<b>Schedule of Employer Contributions – OPEB Life Insurance</b>	<b>64</b>
<b>Supplementary Information:</b>	
<b>Statement of Changes in Assets and Liabilities – Custodial Funds</b>	<b>66</b>
<b>Schedule of Bonds Payable</b>	<b>67</b>

**Independent Auditor's Report**

**Independent Auditor's Report**

**Independent Auditor's Report**

## **FAIRFAX COUNTY WATER AUTHORITY**

### **Management's Discussion and Analysis**

This section of the Fairfax County Water Authority (Fairfax Water) annual financial report presents management's analysis of Fairfax Water's financial performance during the fiscal year ended December 31, 2024. This analysis should be read in conjunction with the basic financial statements that follow this section.

#### **Financial Highlights**

- Fairfax Water maintained triple-A bond ratings from Moody's Investors Service, Standard & Poor's, and Fitch Ratings.
- Effective April 1, 2024, Fairfax Water increased the commodity charge by nineteen cents to \$3.84. Even with this 5.2% increase, Fairfax Water's rates are among the lowest in the area. Other fees and connection charges were also revised at that time.
- The revenue from wholesale and retail customers for fiscal year 2024 increased by \$7.0 million, approximately 3.4% over fiscal year 2023.
- The increase in net position during the year of \$78.6 million included operating income of \$56.7 million, net nonoperating income of \$16.5 million and capital contributions of \$5.4 million.
- Operating expenses before depreciation and amortization during 2024 increased by approximately \$3.0 million, which is 3.0% over 2023.
- Capital assets (water lines, water tanks, treatment plants, pumping stations, multi-purpose facilities, and other facilities), net of disposals and accumulated depreciation and amortization, increased by \$38.2 million, approximately 1.9% over 2023.

#### **Overview of the Financial Statements**

This annual financial report consists of three parts – management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements consist of:

- Statement of Net Position
- Statement of Revenues, Expenses and Change in Net Position
- Statement of Cash Flows
- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to Basic Financial Statements

The Statement of Net Position provides a snapshot of Fairfax Water's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, providing information about the nature and amounts of investments in resources (assets and deferred outflows of resources) and obligations (liabilities and deferred inflows of resources). This statement may be used to evaluate the capital structure, liquidity, and financial flexibility of Fairfax Water. The Statement of Revenues, Expenses and Change in Net Position reflects revenue and expense activity for the fiscal year. This statement allows the user to measure the success of

Fairfax Water's operations and can be used to determine whether Fairfax Water has successfully recovered its costs through user fees and other charges. The Statement of Cash Flows reports the cash provided and used in operating activities as well as other cash sources, such as investment income and cash payments for repayment of bonds and capital additions. Cash provided by operating activities is reconciled to operating income. Fairfax Water uses the direct method for presenting the cash flow statement.

The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position (custodial and trust funds) account for assets held by Fairfax Water on behalf of other governmental entities and for assets held in a trust capacity. The custodial funds account for amounts collected and owed to Fairfax County and the Cities of Falls Church and Fairfax for sales of sewer services. The trust funds account for the Fairfax County Water Authority Welfare Benefit Trust Fund, a self-insured health benefits plan, and the Fairfax County Water Authority Retirement Plan (the Plan), which accounts for activities of the pension and other postemployment benefits plans. These fiduciary activities are presented using the accrual basis of accounting and the economic resources measurement focus and are excluded from Fairfax Water's Statement of Net Position, Statement of Revenues, Expenses and Change in Net Position, and Statement of Cash Flows.

The Notes to Basic Financial Statements and the Required Supplementary Information provide necessary disclosures that are essential to a full understanding of the data provided in the statements.

Fairfax Water operates as an enterprise fund, which is one type of proprietary fund. Enterprise funds operate similarly to private businesses in that charges for services to customers are expected to cover expenses. Fairfax Water's basic financial statements are presented using the accrual basis of accounting and the economic resources measurement focus. Revenue is recognized when water or other services are delivered. Expenses are recognized when goods and services are received. All revenues and expenses are recognized regardless of when cash is received or paid.

## **Financial Analysis**

During 2024, Fairfax Water maintained its sound financial position, as demonstrated by Fairfax Water's continued growth in net position and strong cash and investment portfolio, along with the strategic management of its debt borrowings, as outlined in the financial statements and schedules included in this report. While exercising prudent fiscal discipline, Fairfax Water continues to ensure it is able to provide safe and reliable water to its customers.

## **Net Position**

The following table reflects Fairfax Water's net position at December 31, 2024 and 2023:

**Summary of Net Position**  
(in millions)

	<b>2024</b>	<b>2023</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
Current and other assets	\$ 326.4	\$ 273.4	\$ 53.0	19.4
Capital assets, net of accumulated depreciation and amortization	2,014.0	1,975.8	38.2	1.9
<b>Total assets</b>	<b>2,340.4</b>	<b>2,249.2</b>	<b>91.2</b>	<b>4.1</b>
<b>Deferred outflows of resources</b>	<b>65.0</b>	<b>79.8</b>	<b>(14.8)</b>	<b>(18.5)</b>
Other liabilities	34.7	37.0	(2.3)	(6.2)
Long-term liabilities	598.5	592.3	6.2	1.0
<b>Total liabilities</b>	<b>633.2</b>	<b>629.3</b>	<b>3.9</b>	<b>0.6</b>
<b>Deferred inflows of resources</b>	<b>22.5</b>	<b>28.6</b>	<b>(6.1)</b>	<b>(21.3)</b>
Net position:				
Net investment in capital assets	1,542.2	1,502.6	39.6	2.6
Restricted for debt service	46.8	43.1	3.7	8.6
Unrestricted	160.7	125.4	35.3	28.1
<b>Total net position</b>	<b>\$ 1,749.7</b>	<b>\$ 1,671.1</b>	<b>\$ 78.6</b>	<b>4.7</b>

During 2024, Fairfax Water's net position increased 4.7% to \$1,749.7 million. Capital assets, net of accumulated depreciation and amortization, increased 1.9% to \$2,014.0 million. This increase is attributable to various projects to expand and improve Fairfax Water infrastructure. In addition, during 2024, developers constructed \$3.4 million of capital assets and donated them to Fairfax Water. Additional information is presented in the Capital Assets section of this discussion and Notes 4 and 5 of the basic financial statements.

Current and other assets increased 19.4% due primarily to a \$32.4 million and \$31.5 million increase in cash and cash equivalents and investments, respectively. The increase in cash and cash equivalents and investments is the result of revenues generated from increased retail water sales and bond proceeds. The increase in cash and cash equivalents and investments is partially offset by a decrease in customer receivables and unbilled revenue.

Deferred outflows of resources decreased 18.5% to \$65.0 million, primarily due to decreased deferred pension and other postemployment benefits (OPEB) expenses, resulting from net investment gains that were partially offset by demographic losses and increases in assumption changes in the most recent OPEB actuarial valuation. A more detailed description of Fairfax Water's pension and OPEB plans can be found in Notes 8, 9, 10, and 11 of the basic financial statements.

Total long-term liabilities increased 1.0% to \$598.5 million, mainly driven by new debt, which was offset by decreases in the net pension liability and other postemployment benefits liabilities. Other liabilities decreased 6.2% to \$34.7 million primarily due to a decrease in unearned revenue for availability fees and other connection charges. A more detailed description of Fairfax Water's long-term liabilities can be found in the Bonds Payable section of this discussion and in Notes 6, 7, 8, 9, 10, and 11 of the basic financial statements.

Deferred inflows of resources decreased 21.3% to \$22.5 million, mainly due to changes in actual pension expense experienced and to other postemployment benefit assumptions resulting from the most recent actuarial valuation.

### **Changes in Net Position**

The following table reflects Fairfax Water's changes in net position for the years ended December 31, 2024 and 2023:

**Summary of Changes in Net Position**  
(in millions)

	<b>2024</b>	<b>2023</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
Operating revenues	\$ 226.8	\$ 218.7	\$ 8.1	3.7
Operating expenses	(102.0)	(99.0)	3.0	3.0
Depreciation and amortization expense	(68.1)	(64.6)	3.5	5.4
Nonoperating revenues, net	16.5	15.9	0.6	3.8
<b>Increase in net position before contributions</b>	<b>73.2</b>	<b>71.0</b>	<b>2.2</b>	<b>3.1</b>
Capital contributions	5.4	6.4	(1.0)	(15.6)
<b>Increase in net position</b>	<b>\$ 78.6</b>	<b>\$ 77.4</b>	<b>\$ 1.2</b>	<b>1.6</b>

Fairfax Water's operating revenues increased 3.7% to \$226.8 million. Revenue from wholesale customers decreased \$10.1 million, mainly due to a \$1.8 million reduction in what was billed to construct new transmission facilities for the Occoquan River Crossing project and the \$7.8 million that was billed in 2023 for other wholesale transmission construction projects. Additionally, there was a reduction in the wholesale commodity rate resulting from decreased capital costs, which was offset by a 2.8% increase in wholesale water sales. Retail water sales revenue increased \$17.1 million as a result of the nineteen-cent increase in the commodity charge, increased peak use charges due to the extreme heat and drought like conditions, and a 4.8% increase in retail water sales. Operating expenses increased 3.0% to \$102.0 million, mainly due to inflationary increases driving higher treatment facilities and distribution system expenses, which were partially offset by decreased administrative and general expenses resulting from adjustments for pension and other postemployment benefits. Depreciation and amortization expense increased 5.4% to \$68.1 million. Net nonoperating revenues increased 3.8% to \$16.5 million, which was driven by an increase in availability fees and other connection charges.

## **Capital Assets and Debt Administration**

### **Capital Assets**

As of December 31, 2024, Fairfax Water had \$2,014.0 million in a full range of capital assets used in the provision of water service including water lines, water tanks, treatment plants, pumping stations, multi-purpose facilities, and other facilities. This amount represents a net increase of \$38.2 million, or 1.9% over December 31, 2023. The following table reflects a breakdown of capital assets by category at December 31, 2024 and 2023:

**Capital Assets**  
(net of depreciation and amortization, in millions)

	<b>2024</b>	<b>2023</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
Land and rights of way	\$ 51.3	\$ 51.3	\$ -	-
Easements	2.2	2.1	0.1	4.8
Construction in progress	113.2	79.6	33.6	42.2
Water supply	110.8	111.7	(0.9)	(0.8)
Water treatment	415.0	427.8	(12.8)	(3.0)
Transmission	320.4	321.3	(0.9)	(0.3)
Distribution	596.3	582.6	13.7	2.4
General plant	401.6	397.4	4.2	1.1
Intangible right-to-use subscription	3.2	2.0	1.2	60.0
<b>Total capital assets</b>	<b>\$ 2,014.0</b>	<b>\$ 1,975.8</b>	<b>\$ 38.2</b>	<b>1.9</b>

The increase in capital assets in fiscal year 2024 is attributable to investments related to various projects to expand and improve Fairfax Water infrastructure as well as developer donated assets.

### **Bonds Payable**

At the end of 2024, net bonds outstanding totaled \$507.9 million. This 6.5% increase from the previous year is attributable to the issuance of \$60.3 million of revenue bonds on July 30, 2024. The primary source of revenue utilized for repayment of debt is water consumption charges. In addition, Fairfax Water obtains funds from other sources to reduce the amount of bonds it needs to sell to construct water projects. These other sources include payments from applicants for new service and payments from other jurisdictions for projects that specifically benefit them. A more detailed description of Fairfax Water's bonds payable can be found in Note 7 to the basic financial statements. The following table reflects the composition of bonds payable at December 31, 2024 and 2023:

**Bonds Payable**  
(in millions)

	2024	2023	Increase (Decrease)	% Change
Series 2005	\$ 12.0	\$ 18.1	\$ (6.1)	(33.7)
Series 2010	64.9	64.9	-	-
Series 2013	15.8	18.1	(2.3)	(12.7)
Series 2017	145.7	151.2	(5.5)	(3.6)
Series 2019	70.8	83.8	(13.0)	(15.5)
Series 2020	18.8	18.8	-	-
Series 2021	78.2	79.7	(1.5)	(1.9)
Series 2024	60.3	0.0	60.3	100.0
<b>Subtotal</b>	<b>466.5</b>	<b>434.6</b>	<b>31.9</b>	<b>7.3</b>
Plus:				
Unamortized bond premiums	41.4	42.1	(0.7)	(1.7)
<b>Bonds payable, net</b>	<b>507.9</b>	<b>476.7</b>	<b>31.2</b>	<b>6.5</b>
Current portion	33.8	31.8	2.0	6.3
Long-term portion	\$ 474.1	\$ 444.9	\$ 29.2	6.6

### Bond Ratings

During fiscal year 2024, 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.

### Request for Information

This financial report is designed to provide an overview of Fairfax Water's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Fairfax Water  
 Attention: Director, Finance Division  
 8570 Executive Park Avenue  
 Fairfax, Virginia 22031-2218  
[www.FairfaxWater.org](http://www.FairfaxWater.org)

# FAIRFAX COUNTY WATER AUTHORITY

## Statement of Net Position December 31, 2024

### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

#### **Current assets:**

Cash and cash equivalents	
Unrestricted	\$ 24,323,714
Restricted	36,467,650
Investments	
Unrestricted	67,775,171
Restricted	41,638,140
Accrued interest receivable	1,060,223
Customer receivables, net of allowance for doubtful accounts of \$303,000	6,834,528
Unbilled revenue	16,511,376
Notes receivable	89,639
Leases receivable	803,182
Inventory	10,745,712
Other current assets	1,385,360
<b>Total current assets</b>	<b>207,634,695</b>

#### **Noncurrent assets:**

Investments	
Unrestricted	100,789,979
Restricted	9,081,197
Notes receivable	724,653
Leases receivable	8,209,505
Capital assets, net of accumulated depreciation and amortization	2,013,989,463
<b>Total noncurrent assets</b>	<b>2,132,794,797</b>
<b>Total assets</b>	<b>2,340,429,492</b>

#### **Deferred outflows of resources:**

Deferred charge on refunding	8,434,968
Pension plan	41,483,717
Other postemployment benefits	15,099,524
<b>Total deferred outflows of resources</b>	<b>65,018,209</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 2,405,447,701</b>

# FAIRFAX COUNTY WATER AUTHORITY

## Statement of Net Position (continued)

**December 31, 2024**

### **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION**

<b>Current liabilities:</b>	
Accounts payable and accrued expenses	\$ 18,691,032
Compensated absences	3,009,425
Bonds payable, current maturities	33,760,203
Accrued interest on bonds payable	4,848,314
Unearned revenue	6,435,187
Construction contract retainage	3,819,855
Arbitrage rebate liability	887,731
Subscription liability, current portion	1,212,731
<b>Total current liabilities</b>	<b>72,664,478</b>
 <b>Noncurrent liabilities:</b>	
Compensated absences	3,170,206
Refundable construction advances	3,446,292
Bonds payable, net of current portion	473,992,262
Net pension liability	62,942,740
Other postemployment benefits liability	14,982,510
Arbitrage rebate liability	150,577
Subscription liability, noncurrent portion	1,877,392
<b>Total noncurrent liabilities</b>	<b>560,561,979</b>
<b>Total liabilities</b>	<b>633,226,457</b>
 <b>Deferred inflows of resources:</b>	
Pension plan	4,196,007
Other postemployment benefits	10,066,332
Lease revenue	8,192,970
<b>Total deferred inflows of resources</b>	<b>22,455,309</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>655,681,766</b>
 <b>Net position:</b>	
Net investment in capital assets	1,542,226,731
Restricted for debt service	46,793,716
Unrestricted	160,745,488
<b>Total net position</b>	<b>1,749,765,935</b>
 <b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 2,405,447,701</b>

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

# FAIRFAX COUNTY WATER AUTHORITY

## Statement of Revenues, Expenses and Change in Net Position For the year ended December 31, 2024

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<b>Operating revenues:</b>	
Sales to retail customers	\$ 152,584,702
Sales to wholesale customers	61,074,300
Sewer service billing charges	8,211,295
Other	4,881,605
<b>Total operating revenues</b>	<b>226,751,902</b>
 <b>Operating expenses:</b>	
Supply facilities	14,757,199
Treatment facilities	38,810,522
Transmission system	7,853,174
Distribution system	25,055,375
Administrative and general	15,541,438
<b>Total operating expenses before depreciation and amortization</b>	<b>102,017,708</b>
<b>Operating income before depreciation and amortization</b>	<b>124,734,194</b>
Depreciation and amortization	(68,119,585)
<b>Operating income</b>	<b>56,614,609</b>
 <b>Nonoperating revenues (expenses):</b>	
Availability fees and other connection charges	21,188,699
Investment gain, net	8,697,244
Bond subsidy	1,070,352
Lease revenue	1,503,161
Gain on sale of property	198,675
Interest expense	(16,145,219)
<b>Total nonoperating revenues, net</b>	<b>16,512,912</b>
Income before capital contributions	73,127,521
<b>Capital contributions</b>	<b>5,445,766</b>
Increase in net position	78,573,287
<b>Net position, beginning of year</b>	<b>1,671,192,648</b>
<b>Net position, end of year</b>	<b>\$ 1,749,765,935</b>

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

# FAIRFAX COUNTY WATER AUTHORITY

## Statement of Cash Flows For the year ended December 31, 2024

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 238,154,290
Cash paid to employees	(88,354,144)
Cash paid to suppliers	(37,935,565)
<b>Net cash provided by operating activities</b>	<b>111,864,581</b>
<b>Cash flows from capital and related financing activities:</b>	
Bond proceeds	60,345,000
Bond premium	2,544,037
Principal paid on bonds	(28,575,000)
Arbitrage rebate payment	(45,764)
Interest paid on bonds	(17,701,122)
Construction of capital assets	(97,273,468)
Proceeds from disposition of capital assets	214,016
Availability fees and other connection charges	20,270,782
Lease revenue	1,271,417
Bond subsidy	1,070,352
Capital contributions received from developers	2,045,358
Principal paid on subscription	(1,174,000)
Interest paid on subscription	(115,035)
<b>Net cash used in capital and related financing activities</b>	<b>(57,123,427)</b>
<b>Cash flows from investing activities:</b>	
Gross purchases of investments	(132,222,515)
Gross sales and maturities of investments	104,592,438
Interest received	5,175,813
Collection of note receivable	84,699
<b>Net cash used in investing activities</b>	<b>(22,369,565)</b>
<b>Net increase in cash and cash equivalents</b>	<b>32,371,589</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>28,419,775</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 60,791,364</b>

# FAIRFAX COUNTY WATER AUTHORITY

## Statement of Cash Flows (continued)

**For the year ended December 31, 2024**

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### **Reconciliation of operating income to net cash provided by operating activities:**

Operating income	\$ 56,614,609
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	68,119,585
Other postemployment benefits	(3,917,294)
Pension expense	(15,308,300)
Change in operating assets and liabilities:	
Customer receivables, net	4,773,202
Unbilled revenue	6,662,564
Inventory	(285,553)
Other assets	(33,378)
Accounts payable and accrued expenses	(5,173,169)
Compensated absences	412,315
Total adjustments	55,249,972
Net cash provided by operating activities	\$ 111,864,581

### **Supplemental schedule of noncash investing, capital and financing activities:**

Capital contributions -	
Estimated acquisition value of capital assets received from developers and others	\$ 3,400,408
Capital assets -	
Capital assets acquired through incurrence of year-end accounts payable	\$ 8,562,755
Investments -	
Change in the fair value of investments	\$ 3,893,372
Subscription-based IT arrangements (SBITA) -	
Right-to-use subscription assets	\$ 2,264,848
Subscription liabilities	2,264,848

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

# FAIRFAX COUNTY WATER AUTHORITY

## Statement of Fiduciary Net Position

**December 31, 2024**

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FIDUCIARY FUNDS	Trust Funds			
	Custodial Funds	Welfare Benefit Trust Fund	Pension and OPEB Trust Fund	Total Trust Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,183,938	\$ 1,261,922	\$ 2,435,027	\$ 3,696,949
Other current assets	-	544,772	167,091	711,863
Investments held in trust at fair value:				
U.S. government obligations	-	14,521,632	-	14,521,632
Equity mutual funds	-	-	347,441,848	347,441,848
Fixed income pooled funds	-	-	111,856,919	111,856,919
Other investments	-	-	8,876,107	8,876,107
Total investments	-	14,521,632	468,174,874	482,696,506
Total assets	5,183,938	16,328,326	470,776,992	487,105,318
<b>LIABILITIES</b>				
Accounts payable	-	1,116,195	484,008	1,600,203
Total liabilities	-	1,116,195	484,008	1,600,203
<b>NET POSITION</b>				
Restricted for:				
Other localities	5,183,938	-	-	-
Pension and other postemployment benefits	-	15,212,131	470,292,984	485,505,115
Total net position	\$ 5,183,938	\$ 15,212,131	\$ 470,292,984	\$ 485,505,115

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

# FAIRFAX COUNTY WATER AUTHORITY

## Statement of Changes in Fiduciary Net Position For the year ended December 31, 2024

FIDUCIARY FUNDS	Trust Funds			
	Custodial Funds	Welfare Benefit Trust Fund	Pension and OPEB Trust Fund	Total Trust Funds
<b>Additions:</b>				
Employer contributions	\$ -	\$ 5,241,738	\$ 23,591,795	\$ 28,833,533
Plan member contributions	-	1,469,300	595,624	2,064,924
Sewer service and utility taxes	270,685,764	-	-	-
Other	-	963,631	-	963,631
<b>Total contributions</b>	<b>270,685,764</b>	<b>7,674,669</b>	<b>24,187,419</b>	<b>31,862,088</b>
Investment income:				
Net increase in fair value of investments	-	213,652	62,865,686	63,079,338
Interest	-	504,449	12,295	516,744
<b>Total investment earnings</b>	<b>-</b>	<b>718,101</b>	<b>62,877,981</b>	<b>63,596,082</b>
Less investment expense	-	-	1,151,292	1,151,292
<b>Net investment income</b>	<b>-</b>	<b>718,101</b>	<b>61,726,689</b>	<b>62,444,790</b>
<b>Total additions</b>	<b>270,685,764</b>	<b>8,392,770</b>	<b>85,914,108</b>	<b>94,306,878</b>
<b>Deductions:</b>				
Retirement benefits	-	-	24,245,066	24,245,066
Health insurance benefits	-	-	2,615,616	2,615,616
Health insurance claims	-	10,103,583	-	10,103,583
Refunds of contributions	-	-	-	-
Remittances to localities	270,145,146	-	-	-
Administrative expenses	-	477,499	140,767	618,266
<b>Total deductions</b>	<b>270,145,146</b>	<b>10,581,082</b>	<b>27,001,449</b>	<b>37,582,531</b>
Increase (decrease) in fiduciary net position	540,618	(2,188,312)	58,912,659	56,724,347
<b>Net position, beginning of year</b>	<b>4,643,320</b>	<b>17,400,443</b>	<b>411,380,325</b>	<b>428,780,768</b>
<b>Net position, end of year</b>	<b>\$ 5,183,938</b>	<b>\$ 15,212,131</b>	<b>\$ 470,292,984</b>	<b>\$ 485,505,115</b>

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

# FAIRFAX COUNTY WATER AUTHORITY

## Notes to Basic Financial Statements

December 31, 2024

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### 1. Fairfax Water

The Fairfax County Water Authority (Fairfax Water) is a public body, corporate and politic, exercising public and essential governmental functions in the Commonwealth of Virginia. Fairfax Water was created by the Board of Supervisors of Fairfax County, Virginia, and chartered by the State Corporation Commission in 1957 for the purpose of establishing and operating a comprehensive county-wide water system. The management is vested in a Board of ten members appointed by the Fairfax County Board of Supervisors.

### 2. Summary of Significant Accounting Policies

#### A. Reporting Entity

The accompanying basic financial statements include the primary business-type and fiduciary activities for Fairfax Water and conform to accounting principles generally accepted in the United States of America, as applicable to enterprise and fiduciary funds of governmental units.

Fairfax Water is not considered a component unit of Fairfax County, Virginia (the County) and all governmental entities operating within the County are excluded from Fairfax Water's financial statements. Although the Fairfax County Board of Supervisors appoints the Members of Fairfax Water's Board, the County is not financially accountable for Fairfax Water. In addition, there is no potential for Fairfax Water to provide specific financial benefit to, or impose specific financial burdens on the County, and Fairfax Water is not fiscally dependent on the County.

Fairfax Water reports fiduciary activities (custodial and trust funds) in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The custodial funds account for the collection and remittance of sewer and utility tax payments on behalf of Fairfax County and the Cities of Falls Church and Fairfax (the Cities). The Fairfax County Water Authority Welfare Benefit Trust Fund is a fiduciary component unit and accounts for Fairfax Water's self-insured health benefits plan. Health insurance includes medical, vision, dental, and prescription drug benefits for employees, pre-Medicare retirees, and their dependents. The pension and other postemployment benefits trust fund accounts for activities of the Fairfax County Water Authority Retirement Plan (the Plan). Fiduciary funds are excluded from Fairfax Water's business-type financial statements and cannot be used to support Fairfax Water's own programs. In addition, Fairfax Water is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

#### B. Basis of Accounting

Basis of accounting refers to when revenues, expenses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recognized. The accompanying financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting. Under the accrual basis of accounting, revenues are generally recognized when earned and expenses are recognized when incurred.

## **Notes to Basic Financial Statements**

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Fairfax Water has elected to apply all applicable Governmental Accounting Standards Board (GASB) pronouncements as GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. During the current year, Fairfax Water adopted GASB Statement No. 99, *Omnibus 2022*, GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, and GASB Statement No. 101, *Compensated Absences*.

### **C. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **D. Revenue Recognition**

Rates, fees, and other charges for services to wholesale and retail customers are established to provide sufficient funds to cover the cost of operations, debt service, and essential repairs and improvements to capital assets. Metered sales are recognized as revenue as customers use water. At year-end, the amount of revenue generated for which customers have not been billed is recorded as unbilled revenue. Retail customers pay availability, local facility, and service connection charges for each new service connection and meter installation. These charges are recognized as revenue as service connections are made and meters are installed. Wholesale customers pay a charge to reserve capacity of purification and transmission based on a multi-year contract. Such revenues are recognized at the time Fairfax Water has an enforceable claim to these charges. Sewer service billing charges represent an administrative fee charged to the County and the Cities of Falls Church and Fairfax (the Cities) to cover the cost of billing and collecting sewer service charges by Fairfax Water on behalf of the County and Cities. The administrative fees are recognized as revenue by Fairfax Water as earned.

Fairfax Water's receivables are recorded net of an allowance for doubtful accounts, where considered necessary. As of December 31, 2024, the only receivables that management determined required an allowance relates to retail customers accounts receivable. Fairfax Water calculates the allowance as a percentage of retail sales, based on past bad debt experience. No allowance is calculated for wholesale customer accounts receivable, as Fairfax Water has not historically experienced any collectability issues with its wholesale customers.

### **E. Operating and Nonoperating Revenues and Expenses**

Fairfax Water's Statement of Revenues, Expenses and Change in Net Position distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with Fairfax Water's principal ongoing operations. The principal operating revenues of Fairfax Water are from metered sales to customers and other customer related charges. Operating expenses include the cost of water supply, treatment, transmission, and distribution; depreciation and amortization of capital assets; and general and administrative costs. All revenues and expenses

## **Notes to Basic Financial Statements**

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not meeting this definition are reported as nonoperating revenues and expenses. Customer availability fees and connection charges are reported as nonoperating revenues as such revenues are primarily used to fund capital improvements and expansion.

### **F. Nonoperating Lease Revenue**

Fairfax Water has entered into water tower lease agreements with various cellular phone providers. The leases allow for the placement of cellular antennas on Fairfax Water's water towers. The contracts are generally for five years, with five-year renewal options.

On October 31, 2016 Fairfax Water entered into an agreement with Vulcan Lands, Inc. (Vulcan) to transfer ownership of a portion of Vulcan's Graham Quarry, located between Fairfax Water's Occoquan River supply and the Frederick P. Griffith, Jr. Water Treatment Plant. Vulcan will quarry the land pursuant to a lease agreement until 2035, at which time such land will become available for Fairfax Water's use as a water supply reservoir with storage capacity of 1.7 billion gallons of water. Subsequent to such land becoming available for Fairfax Water's use as a water supply reservoir, Vulcan will continue to quarry adjacent property. Ownership of such adjacent property will transfer to Fairfax Water at no additional cost no later than 2085. When completed, such quarry reservoirs are expected to store up to 17 billion gallons of water.

### **G. Subscription-Based Information Technology Agreements (SBITA)**

Fairfax Water has entered into contracts with SBITA vendors that convey control of the intangible right to use a SBITA vendor's Information Technology software, alone or in combination with tangible capital assets such as servers or other computer related hardware as specified in the contracts, for a period of time in an exchange or exchange-like transaction. A more detailed description of Fairfax Water's SBITAs can be found in Note 13.

### **H. Cash and Cash Equivalents**

Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. At December 31, 2024, such investments were primarily comprised of money market funds. Restricted cash equivalents represent funds held by the Trustee for debt service in accordance with applicable bond covenants, and cash in escrow for purchased water.

### **I. Notes Receivable**

Fairfax Water entered into an agreement with the Fairfax County Board of Supervisors in July, 2001 to extend Fairfax Water's transmission and distribution system to serve Lewis Park, Colchester Acres and Vannoy Park Subdivision. Under the agreement, Fairfax County agreed to pay Fairfax Water in semi-annual payments on October 1 and March 1 of each year commencing October 1, 2002 and ending March 1, 2032. The total project cost and amount financed was \$1,896,874. The note receivable at December 31, 2024, totaled \$814,292.

### **J. Investments**

Investments are stated at fair value, with any related gain or loss reported in investment income on the accompanying Statement of Revenues, Expenses and Change in Net Position. Investment fair values are based on quoted market prices, except for bankers' acceptances, which are based

## Notes to Basic Financial Statements

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on accreted value. Investments in mutual funds, which are Securities and Exchange Commission 2a-7 investment pools, are stated at share price which is substantially the same as fair value. Restricted investments represent investments held by the Trustee for debt service.

### K. Inventory

Inventories of materials and supplies are accounted for using the consumption method and are carried at average costs. Under this method, inventories are expensed as they are consumed.

### L. Capital Assets

Capital assets are carried at cost (except for intangible right-to-use subscription assets, the measurement of which is discussed in Note 13), which, for assets constructed by Fairfax Water, includes associated payroll, fringe benefits, and administrative costs. Fairfax Water capitalizes all assets that individually cost \$2,500 or more, with useful lives greater than one year. Expenses for repairs and upgrading which materially add to the value or life of an asset are capitalized. Contributed assets consist principally of water mains constructed by developers and subsequently donated to Fairfax Water. Such assets are recorded at acquisition value on the date of the donation. The acquisition value is based on Fairfax Water's estimated cost to construct or purchase similar assets. Recurring normal maintenance and repair costs are charged to operations, whereas major repairs, improvements, and replacements are capitalized. There were no impaired capital assets as of December 31, 2024. In 2024, the capital assets were depreciated or amortized on the straight-line basis over the following estimated useful lives:

Capital Assets	Useful Lives
Pipes	75 – 100 years
Treatment Plants	40 – 60 years
Buildings	30 – 40 years
Equipment/Software	5 – 25 years
Vehicles	5 – 10 years
Software Subscriptions	2 – 10 years

### M. Construction in Progress

Construction in progress includes design and construction costs that accumulate until completion of the respective project, at which time the total cost is transferred to depreciable capital assets. Construction in progress also includes associated payroll, fringe benefits, and administrative costs when the asset is constructed by Fairfax Water.

### N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. Fairfax Water has several items that qualify for reporting in this category. One item is a deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price.

## **Notes to Basic Financial Statements**

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This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The remaining items relate to the pension and other postemployment benefits plans. A more detailed description of Fairfax Water's pension and other postemployment benefits plans can be found in Notes 8, 9, 10, and 11 of the basic financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Fairfax Water has several items that qualify for reporting in this category. One item is deferred lease revenue, which is measured as the initial amount of the lease receivable and is recognized as revenue over the life of the lease term. The remaining items relate to the pension and other postemployment benefits plans. A more detailed description of Fairfax Water's pension and other postemployment benefits plans can be found in Notes 8, 9, 10, and 11 of the basic financial statements.

### **O. Pensions and Other Postemployment Benefits**

For purposes of measuring all financial statement elements related to Fairfax Water's pension and other postemployment benefits plans, information about the fiduciary net position of the Fairfax County Water Authority Retirement Plan (the Plan) as well as additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they were reported by the Plan, which are prepared using the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Plan document assigns all responsibilities of maintaining the Plan to the Fairfax Water Board Members. Additionally, Fairfax Water has established a Benefits Trust Committee to be responsible for the administration of the pension and other postemployment benefits plans. Information about the fiduciary net position and additions to/deductions from the Plans' net fiduciary position have been determined by Fairfax Water's actuary.

### **P. Unamortized Debt Discounts (Premiums)**

Debt discounts (premiums) are amortized over the life of the related bond issuance using the effective interest rate method. The current year amortization is included in interest expense. The debt discount (premium) is netted against the related debt on the accompanying Statement of Net Position.

### **Q. Compensated Absences**

Employees earn vacation and sick pay based on a prescribed formula that allows employees to accumulate a maximum of 40 days in vacation pay and an unlimited amount of sick pay. Fairfax Water's liability for vacation and vested sick pay earned but not used by its employees is computed using pay rates in effect at year-end. The liability for sick pay vests for employees after three years of service.

### R. Net Position

Net position of Fairfax Water is classified in three components: (1) Net investment in capital assets consists of capital assets net of accumulated depreciation and amortization, reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets and deferred charges on capital related refundings and retainage payable net of related unspent bond proceeds; (2) Restricted for debt service is amounts deposited with the Trustee as required by the 1992 General Trust Indenture discussed in Note 7; and (3) Unrestricted is remaining net resources that do not meet the definition of investment in capital assets nor restricted.

It is Fairfax Water's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

### S. Refundable Construction Advances

Refundable construction advances represent assets and cash in aid of construction received by Fairfax Water from developers under Fairfax Water's offsite water main program. These advances are refundable over a ten-year period based on the number of applicable connections made to the offsite water mains. At the end of ten years, the portion not refunded is considered a capital contribution and is reflected in the table in Note 6 as "refundable construction advances".

### T. New Accounting Pronouncements

GASB Statement No. 102, *Certain Risk Disclosures*, will improve financial reporting by providing users of financial statements with more timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur in order to understand and anticipate certain substantial impacts to a government's financial condition. Statement 102 will be effective for Fairfax Water with its year ending December 31, 2025.

GASB Statement No. 103, *Financial Reporting Model Improvement*, will improve the key components of the financial reporting model to enhance the relevance and comparability of the information that is essential for decision making and assessing a government's accountability. Statement 103 will be effective for Fairfax Water with its year ending December 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will improve the consistency and comparability of financial reporting by providing users with essential information about certain types of capital assets in order to make decisions and assess accountability. Statement 104 will be effective for Fairfax Water with its year ending December 31, 2026.

Fairfax Water has not yet determined the effect these GASB Statements will have on its financial statements.

### U. Subsequent Events

Fairfax Water has evaluated and determined there were no subsequent events through April 18, 2025, which was the date the financial statements were available to be issued.

### 3. Cash and Investments

- A. Cash and Cash Equivalents** - Cash in bank accounts is insured by the Federal Deposit Insurance Corporation and/or collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. Seq. of the *Code of Virginia*. Under the Act, banks holding public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) must pledge collateral to the State Treasury Board. Savings and loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

#### Business-Type Activities

As of December 31, 2024, the carrying value of Fairfax Water's business-type activities deposits with banks was \$14,940,684, with a bank balance of \$17,065,905. In addition, Fairfax Water held a deposit of \$1,374,102 with the U.S. Army Corps of Engineers, a deposit of \$218,014 for construction retainage, and \$44,258,564 of cash equivalents in the Virginia State Non-Arbitrage Program (SNAP), Allspring Fund, and First American Treasury Obligation Fund, which are money market funds as of December 31, 2024.

#### Fiduciary Activities

As of December 31, 2024, the carrying value and bank balance of Fairfax Water's fiduciary activities deposits with banks for custodial funds for sewer collections was \$5,183,938. Cash and cash equivalents held by Fairfax Water for custodial funds are not invested.

As of December 31, 2024, the carrying value and bank balance of Fairfax Water's fiduciary activities deposits with banks for the Welfare Benefit Trust Fund was \$597,015. In addition, \$664,907 of cash equivalents in the Allspring Fund, which is a money market fund are being held by Fairfax Water in a trust capacity, as of December 31, 2024.

As of December 31, 2024, the carrying value of Fairfax Water's fiduciary activities deposits with banks for the Pension and OPEB Trust Fund was \$2,435,027, with a bank balance of \$2,581,202. There were no other cash and cash equivalents held by Fairfax Water in a trust capacity, as of December 31, 2024.

- B. Investments** – Virginia state statutes authorize Fairfax Water's business-type activities, including its fiduciary component unit (the Welfare Benefit Trust Fund), to invest in obligations of the United States or agencies thereof; obligations of the Commonwealth of Virginia or political subdivisions thereof; qualifying obligations of other states and their political subdivisions; repurchase agreements; commercial paper, rated A or better by at least two of the rating agencies; bankers' acceptances rated A-1 by Standard & Poor's and P-1 by Moody's Investors Service; corporate notes with a maturity no greater than five years and a minimum long-term debt rating of Aa by Moody's Investors Service and AA by Standard & Poor's; negotiable certificates of deposit or bank notes; Virginia Local Government Investment pool; Virginia State Non-Arbitrage Program; Supranational Bonds; registered money market mutual funds; savings accounts; time deposits; and certificates of deposit.

## Notes to Basic Financial Statements

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The Plan policy for the fiduciary activities of the Pension and OPEB Trust Fund authorizes obligations of the United States or agencies thereof; corporate debt; mortgage and asset-backed securities; domestic and foreign common stock; convertible preferred and debt securities; and repurchase agreements. All fixed income, mortgage and asset-backed securities shall be rated "A" or better by a nationally recognized rating agency at the time of purchase.

**Interest Rate Risk** – Fairfax Water's policy is to minimize the risk that the market value of securities in its portfolio will fall due to changes in market interest rates. To achieve this minimization of risk for Fairfax Water's business-type activities and its fiduciary component unit (the Welfare Benefit Trust Fund), Fairfax Water structures the investment portfolio so that sufficient securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Further, Fairfax Water may not directly invest in securities maturing in more than five years from the date of purchase.

The Plan policy for the fiduciary activities of the Pension and OPEB Trust Fund addresses risk that can be managed, but not eliminated, by establishing constraints on the investment portfolio and by properly monitoring the investment markets, the Plan's asset allocation, and the investment managers hired by the Plan. Additionally, each type of asset class in the Plan is designed to be held for a minimum period, typically more than five years. These minimum holding periods are only suggested in order to reduce the volatility of short-term market fluctuations and to allow the Plan to capture historically favorable returns over time.

The following table reflects the fair value and the weighted average maturity (WAM) of Fairfax Water's business-type activities investments as of December 31, 2024. WAM expresses investment time horizons, the time when investments become due and payable, in years, weighted to reflect the dollar size of the individual investments within an investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type. For purposes of the WAM calculation, Fairfax Water assumes that all of its investments will be held to maturity.

Investment Type	Fair Value	Weighted Average Maturity (Years)
U. S. Government Treasury Notes and Bonds	\$ 174,323,957	1.748
U. S. Government Agency Notes	35,554,699	1.330
Corporate Notes	9,405,831	1.712
Total Portfolio	\$ 219,284,487	1.678

## Notes to Basic Financial Statements

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The following table reflects the fair value and the weighted average maturity (WAM) of Fairfax Water's fiduciary component unit (the Welfare Benefit Trust Fund) as of December 31, 2024.

Investment Type	Fair Value	Weighted Average Maturity (Years)
U. S. Government Treasury Notes and Bonds	\$ 14,266,784	1.220
U. S. Government Agency Notes	254,848	1.575
Total Portfolio	\$ 14,521,632	1.227

The following table reflects the fair value and the weighted average maturity (WAM) of Fairfax Water's fiduciary activities investments for the Pension and OPEB Trust Fund as of December 31, 2024. The Pension and OPEB Trust Fund investments in equity mutual funds and other investments have no stated maturity and have not been allocated to a time period on the following table.

Investment Type	Fair Value	Weighted Average Maturity (Years)
Equity Mutual Funds	\$ 347,441,848	Not applicable
Fixed Income Pooled Funds	111,856,919	15.414
Other Investments	8,876,107	Not applicable
Total Portfolio	\$ 468,174,874	15.414

**Credit Risk** – Fairfax Water's policy is to minimize the risk of loss due to the failure of an issuer or other counterparty to an investment to fulfill its obligations. For Fairfax Water's business-type activities and its fiduciary component unit (the Welfare Benefit Trust Fund), Fairfax Water and its investment advisor pre-qualify financial institutions and broker-dealers with which they do business. For the fiduciary activities of the Pension and OPEB Trust Fund, the Plan's trustees and the investment consultant pre-qualify investment managers with which they do business. In addition, Fairfax Water limits its investments to the safest types of securities and diversifies its investment portfolio so that potential losses on individual securities will be minimized.

The table below reflects the allocation of credit quality rating of Fairfax Water's business-type activities investments by Standard & Poor's Rating Services as of December 31, 2024.

Investment Type	Credit Quality Rating				
	AAA	AA+	AA	AA-	A-1+
U.S. Government Treasury Notes and Bonds	-	74.8%	-	-	4.7%
U.S. Government Agency Notes	-	16.2%	-	-	-
Corporate Notes	0.8%	-	1.6%	1.9%	-
Total Portfolio	0.8%	91.0%	1.6%	1.9%	4.7%

## Notes to Basic Financial Statements

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The table below reflects the allocation of credit quality rating of Fairfax Water's fiduciary component unit (the Welfare Benefit Trust Fund) investments by Standard & Poor's Rating Services as of December 31, 2024.

Investment Type	Credit Quality Rating				
	AAA	AA+	AA	AA-	A-1+
U.S. Government Treasury Notes and Bonds	-	98.2%	-	-	-
U.S. Government Agency Notes	-	1.8%	-	-	-
Total Portfolio	-	100.0%	-	-	-

The table below reflects the allocation of credit quality rating of Fairfax Water's fiduciary activities for the Pension and OPEB Trust Fund investments by Standard & Poor's Rating Services as of December 31, 2024. The investments in equity mutual funds and other investments are not rated and have been excluded from the following table.

Investment Type	Credit Quality Rating				
	AAA	AA+	AA	AA-	A-1+
Fixed Income Pooled Funds	100.0%	-	-	-	-
Total Portfolio	100.0%	0.0%	0.0%	0.0%	0.0%

**Concentration of Credit Risk** – To minimize credit risk, Fairfax Water's investment policy for its business-type activities and fiduciary component unit (the Welfare Benefit Trust Fund) seeks to diversify its portfolio by limiting the percentage of the portfolio that may be invested in any one type of instrument as follows:

Instrument Type	Maximum
U.S. Government Obligations	100%
Repurchase Agreements	50%
Commercial Paper	35%
Bankers' Acceptances	40%
Corporate Notes	35%
Municipal Obligations	20%
Negotiable Certificates of Deposit/Bank Notes	35%
Supranational Bonds	10%
Virginia Local Government Investment Pool	50%
Virginia State Non-Arbitrage Program	50%
Registered Money Market Mutual Funds	50%
Savings Accounts, Time Deposits, Certificates of Deposit	20%

In addition, not more than five percent of total funds available for investment (based on book value on the date of acquisition) can be invested in any single issuing corporation or bank for corporate notes, commercial paper, or bankers' acceptances. As of December 31, 2024, there are no concentrations of credit risk beyond the stated policy.

## Notes to Basic Financial Statements

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To minimize credit risk for Fairfax Water's fiduciary activities of the Pension and OPEB Trust Fund, the Plan limits its investments to the safest types of securities and diversifies its investments portfolio so the potential losses will be minimized. The Plan's current target asset allocation is as follows:

Asset Class	Target Allocation
Domestic Equity	30% - 70%
International Equity	0% - 10%
Fixed Income	20% - 70%
Real Estate	0% - 10%
Cash	0% - 50%
Other	0% - 10%

**Custodial Credit Risk** – Custodial risk is the risk that in the event of the failure of the counterparty, Fairfax Water will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. However, Fairfax Water's investment policy requires that all securities purchased by Fairfax Water be properly and clearly labeled as an asset of Fairfax Water and held in safekeeping by a third party custodial bank or institution in compliance with Section 2.2-4515 of the *Code of Virginia*. Therefore, Fairfax Water has no custodial risk.

For Fairfax Water's business-type activities, accrued interest at December 31, 2024 of \$7,487,852 on the Resolution Funding Corporation stripped securities (REFCO Strips) is classified with the REFCO Strips in unrestricted investments. Maturity dates of the investments determine the Statement of Net Position classification.

**Fair Value Measurement** – Fairfax Water categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets and liabilities (REFCO Strips); and Level 3 inputs are significant unobservable inputs.

The table below details the fair value measurements of Fairfax Water's business-type activities as of December 31, 2024:

Investment Type	Level 1 Inputs	Level 2 Inputs
U. S. Government Treasury Notes and Bonds	\$ 174,323,957	\$ -
U. S. Government Agency Notes	18,883,644	16,671,055
Corporate Notes	8,549,847	855,984
Total Portfolio	\$ 201,757,448	\$ 17,527,039

## Notes to Basic Financial Statements

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The table below details the fair value measurements of Fairfax Water's fiduciary component unit (the Welfare Benefit Trust Fund) as of December 31, 2024:

Investment Type	Level 1 Inputs	Level 2 Inputs
U. S. Government Treasury Notes and Bonds	\$ 14,266,784	\$ -
U. S. Government Agency Notes	-	254,848
<b>Total Portfolio</b>	<b>\$ 14,266,784</b>	<b>\$ 254,848</b>

All of the investments for Fairfax Water's fiduciary activities for the Pension and OPEB Trust Fund are considered Level 2.

### 4. Capital Assets

The changes in Fairfax Water's capital assets for the year ended December 31, 2024 follow (in thousands):

	Beginning Balance*	Increases	Decreases/ Transfers	Ending Balance
Capital assets not being depreciated or amortized:				
Land and rights of way	\$ 51,299	\$ -	\$ -	\$ 51,299
Easements	2,147	-	9	2,156
Construction in progress	79,617	39,595	(6,037)	113,175
<b>Total capital assets not being depreciated or amortized</b>	<b>133,063</b>	<b>39,595</b>	<b>(6,028)</b>	<b>166,630</b>
Capital assets being depreciated or amortized:				
Water supply	183,026	3,168	292	186,486
Water treatment	749,670	2,599	-	752,269
Transmission	452,376	7,220	(1,899)	457,697
Distribution	773,835	20,659	2,354	796,848
General plant	703,582	30,759	(1,041)	733,300
Intangible right-to-use subscription asset	2,385	2,265	(115)	4,535
<b>Total capital assets being depreciated or amortized</b>	<b>2,864,874</b>	<b>66,670</b>	<b>(409)</b>	<b>2,931,135</b>
Less accumulated depreciation or amortization for:				
Water supply	71,352	4,348	-	75,700
Water treatment	321,853	15,447	-	337,300
Transmission	131,041	8,179	(1,900)	137,320
Distribution	191,292	12,367	(3,250)	200,409
General plant	306,137	26,693	(1,157)	331,673
Intangible right-to-use subscription asset	403	1,086	(115)	1,374
<b>Total accumulated depreciation or amortization</b>	<b>1,022,078</b>	<b>68,120</b>	<b>(6,422)</b>	<b>1,083,776</b>
<b>Capital assets being depreciated or amortized, net</b>	<b>1,842,796</b>	<b>(1,450)</b>	<b>6,013</b>	<b>1,847,359</b>
<b>Total capital assets, net</b>	<b>\$ 1,975,859</b>	<b>\$ 38,145</b>	<b>\$ (15)</b>	<b>\$ 2,013,989</b>

## Notes to Basic Financial Statements

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### 5. Capital Contributions

Capital contributions for the year ended December 31, 2024, are as follows:

Donated capital assets	\$ 3,400,408
Contributions from developers	1,954,053
Expired construction advances	91,305
Total	<u>\$ 5,445,766</u>

Contributed assets consist principally of water mains constructed by developers and subsequently donated to Fairfax Water as well as mains constructed by Fairfax Water and paid for by the developers.

### 6. Other Long-Term Liabilities

Other long-term liabilities activity for the year ended December 31, 2024 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Compensated absences	\$ 5,767	\$ 6,180	\$ (5,767)	\$ 6,180	\$ 3,009
Refundable construction advances	2,551	1,014	(119)	3,446	-
Subscription liabilities	1,999	2,265	(1,174)	3,090	1,213
Total other long-term liabilities	<u>\$ 10,317</u>	<u>\$ 9,459</u>	<u>\$ (7,060)</u>	<u>\$ 12,716</u>	<u>\$ 4,222</u>

### 7. Bonds Payable

Bonds payable activity for the year ended December 31, 2024 was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance	Current Maturities
Bonds payable:					
Series 2005 Bonds	\$ 18,125	\$ -	\$ (6,175)	\$ 11,950	\$ 6,500
Series 2010 Bonds	64,860	-	-	64,860	-
Series 2013 Bonds	18,190	-	(2,380)	15,810	2,445
Series 2017 Bonds	151,230	-	(5,530)	145,700	5,795
Series 2019 Bonds	83,755	-	(12,965)	70,790	13,215
Series 2020 Bonds	18,765	-	-	18,765	-
Series 2021 Bonds	79,690	-	(1,525)	78,165	1,605
Series 2024 Bonds	-	60,345	-	60,345	935
	<u>434,615</u>	<u>60,345</u>	<u>(28,575)</u>	<u>466,385</u>	<u>30,495</u>
Plus unamortized premiums (net)	42,130	2,544	(3,307)	41,367	3,265
Total bonds payable, net	<u>\$ 476,745</u>	<u>\$ 62,889</u>	<u>\$ (31,882)</u>	<u>\$ 507,752</u>	<u>\$ 33,760</u>

On March 30, 2005, Fairfax Water issued water refunding revenue bonds dated March 30, 2005 in the aggregate principal amount of \$113,440,000 (the Series 2005 Bonds). Interest on the Series 2005

## Notes to Basic Financial Statements

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Bonds is payable semiannually on each April 1 and October 1. The outstanding Series 2005 Bonds bear interest rates at 5.25 percent per annum. No amount of the refunded bonds is outstanding at December 31, 2024.

On November 10, 2010, Fairfax Water issued water revenue and refunding revenue bonds dated November 10, 2010 in the aggregate principal amount of \$88,860,000 (the Series 2010 Bonds). Interest on the Series 2010 Bonds is payable semiannually on each April 1 and October 1. The outstanding Series 2010 Bonds bear interest rates at 5.00 percent per annum. The Series 2010 Bonds with stated maturities after April 2020 are subject to call and redemption prior to maturity. No amount of the refunded bonds is outstanding at December 31, 2024.

On February 25, 2013, Fairfax Water issued water refunding revenue bonds dated February 25, 2013 in the aggregate principal amount of \$93,870,000 (the Series 2013 Bonds). Interest on the Series 2013 Bonds is payable semiannually on each April 1 and October 1. The outstanding Series 2013 Bonds bear interest at rates ranging from 2.875 to 3.405 percent per annum. The Series 2013 Bonds with stated maturities on or before April 2023 are not subject to call and redemption prior to maturity. No amount of the refunded bonds is outstanding at December 31, 2024.

On March 1, 2017, Fairfax Water issued water revenue and refunding revenue bonds dated March 1, 2017 in the aggregate principal amount of \$201,590,000 (the Series 2017 Bonds). Interest on the Series 2017 Bonds is payable semiannually on each April 1 and October 1. The outstanding Series 2017 Bonds bear interest at rates ranging from 3.00 to 5.00 percent per annum. The Series 2017 Bonds with stated maturities on or before April 2027 are not subject to call and redemption prior to maturity. No amount of the refunded bonds is outstanding at December 31, 2024.

On December 10, 2019, Fairfax Water issued water refunding revenue bonds dated December 10, 2019 in the aggregate principal amount of \$91,230,000 (the Series 2019 Bonds). Interest on the Series 2019 Bonds is payable semiannually on each April 1 and October 1. The outstanding Series 2019 Bonds bear interest at rates ranging from 2.106 to 2.629 percent per annum. The Series 2019 Bonds with stated maturities on or after April 2023 are subject to call and redemption prior to maturity. No amount of the refunded bonds is outstanding at December 31, 2024.

On January 7, 2020, Fairfax Water issued water refunding revenue bonds dated January 7, 2020 in the aggregate principal amount of \$18,765,000 (the Series 2020 Bonds). Interest on the Series 2020 Bonds is payable semiannually on each April 1 and October 1. The outstanding Series 2020 Bonds bear interest at rates ranging from 3.50 to 5.00 percent per annum. The Series 2020 Bonds with stated maturities on or before April 2029 are not subject to call and redemption prior to maturity. No amount of the refunded bonds is outstanding at December 31, 2024.

On July 29, 2021, Fairfax Water issued water revenue bonds dated July 29, 2021 in the aggregate principal amount of \$82,525,000 (the Series 2021 Bonds). Interest on the Series 2021 Bonds is payable semiannually on each April 1 and October 1. The outstanding Series 2021 Bonds bear interest at rates ranging from 1.00 to 5.00 percent per annum. The Series 2021 Bonds with stated maturities on or before April 2031 are not subject to early redemption prior to maturity.

On July 30, 2024, Fairfax Water issued water revenue bonds dated July 30, 2024 in the aggregate principal amount of \$60,345,000 (the Series 2024 Bonds). The Series 2024 Bonds were issued as additional bonds, in accordance with the 1992 General Trust Indenture, and are on parity with the

## Notes to Basic Financial Statements

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previously issued and outstanding water revenue bonds. The Series 2024 Bonds were sold at a true interest cost of 3.98%. Interest on the Series 2024 Bonds is payable semiannually on each April 1 and October 1. The outstanding Series 2024 Bonds bear interest at rates ranging from 4.00 to 5.00 percent per annum. The Series 2024 Bonds with stated maturities on or before April 2034 are not subject to early redemption prior to maturity.

At December 31, Fairfax Water is required to have an account balance with the Trustee sufficient to pay principal and interest due on the outstanding bonds issued under the 1992 General Trust Indenture on the following April 1. At December 31, 2024, this amount consisted of cash equivalents of \$20,863 and investments in U.S. Government securities of \$39,404,363 with a market value of approximately \$40,130,591 meeting the requirements of the 1992 General Trust Indenture. In addition, Fairfax Water is required to maintain with the Trustee an amount equal to the maximum amount of interest accruing on all outstanding bonds in the current or any future bond year. At December 31, 2024, this amount consisted of cash equivalents of \$12,009, investments in U.S. Government securities of \$10,599,626 with a market value of approximately \$10,588,746, and an AMBAC surety bond for \$15,649,348.

Under the terms of the 1992 General Trust Indenture, before the commencement of each fiscal year, Fairfax Water is required to fix, establish, or maintain or cause to be fixed, established, and maintained such rates, fees, and charges for the provision of water service, and revise or cause to be revised the same prior to the commencement of each fiscal year, as necessary, as will produce net revenues, in the opinion of the Consulting Engineer, at least equal in such fiscal year to the total of 110 percent of the principal and interest requirements during that fiscal year. For 2024, Fairfax Water was in compliance with the terms of the 1992 General Trust Indenture.

Future debt payments under all debt agreements as of December 31, 2024 are as follows:

Year	Principal	Interest	Total
2025	\$ 30,495,000	\$ 18,521,583	\$ 49,016,583
2026	31,585,000	18,286,656	49,871,656
2027	32,695,000	17,127,574	49,822,574
2028	33,570,000	15,979,485	49,549,485
2029	34,825,000	14,802,887	49,627,887
2030 – 2034	66,480,000	61,563,401	128,043,401
2035 – 2039	74,715,000	47,415,800	122,130,800
2040 – 2044	73,505,000	29,251,000	102,756,000
2045 – 2049	63,305,000	12,187,800	75,492,800
2050 – 2054	25,210,000	2,532,400	27,742,400
Total	\$ 466,385,000	\$ 237,668,586	\$ 704,053,586

The 1986 Federal Tax Reform Act requires local jurisdictions to report any rebate arbitrage earnings on debt issues to the Federal Government every five years. As of December 31, 2024, Fairfax Water has obligations of \$1,038,308.

### 8. Pension Plan

#### A. Plan Description and Provisions

Fairfax Water sponsors the Fairfax County Water Authority Retirement Plan (the Plan), a single-employer public employee defined benefit pension plan. The Plan provides retirement benefits for all regular full-time employees as well as Board Members of Fairfax Water who elected to participate prior to July 1, 2002. The Plan document assigns all responsibilities of maintaining the Plan to the Fairfax Water Board Members, including the approval of Plan changes, setting benefit and contribution levels under the Plan, and ensuring the Plan is funded sufficiently to meet its benefit obligations. Fairfax Water has established a Benefits Trust Committee to be responsible for the administration of the Plan. On an ongoing basis, Fairfax Water reviews the established Retirement Plan and makes adjustments accordingly.

The Plan administers six different benefit structures for members, five of which are closed to new entrants (Plan A, Plan B, Plan C, Modified Plan D, and Plan E). Newly hired employees currently earn benefits under Plan D. All regular full-time employees of Fairfax Water are eligible to participate in the Plan immediately upon commencement of employment. The specific provisions and eligibility for each benefit structure are set out below:

#### **Plan A**

There are no employees participating in Plan A as of the year ending December 31, 2020.

#### **Plan B**

The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.

*Eligible Members* – Employees are in Plan B if they chose Plan B at time of employment between January 1, 1982 and June 30, 1988, or were Plan A members who chose the Plan B Opt-In Option between June 1, 1988 and June 30, 1988, or if their membership date is between July 1, 1988 and December 31, 1996.

*Plan B Opt-In Option* – Effective June 1, 1988 (for a 30-day period), Plan A members were given the option to join Plan B. Each Plan A member who elected to join Plan B was required to pay into the Plan. The payment requirement equaled the member's difference between the Plan A and Plan B contributions for the period January 1, 1982 through June 30, 1988, including interest at 10%. Such contributions and interest were credited to the member's contribution amount. The election was irrevocable.

*Retirement Contributions* – Employees contribute 5.0% of their annual creditable compensation to their member contribution account on a bi-weekly basis. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. Fairfax Water makes a separate actuarially determined contribution to the Plan for all covered employees. The Plan invests both member and employer contributions to provide funding for the future benefit payment.

## Notes to Basic Financial Statements

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*Creditable Service* – The sum of a participant’s membership service credit, accrued annual leave credit, accrued sick leave service credit, and any additional purchased service. A year of creditable service shall consist of 365 calendar days. Periods less than 365 days shall be prorated to the nearest tenth of a year. A member’s total creditable service is one of the factors used to determine eligibility for retirement and to calculate the retirement benefit.

*Vesting* – Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years of membership service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members are always 100% vested in the contributions they make.

*Calculating the Benefit* – The basic benefit is calculated based on a formula using the member’s average final compensation, a retirement multiplier and total creditable service at retirement. An early retirement reduction factor of 0.5% is applied to the basic benefit, and supplemental benefit if applicable, for each month that retirement precedes what would have been the normal retirement date.

*Average Final Compensation* – A member’s average final compensation is the average of the three consecutive years of creditable service which will produce the highest average annual compensation.

*Service Retirement Multiplier* – The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier is 2.1% of average final compensation.

*Supplemental Benefit* – In addition to the basic benefit, members who retire prior to the earliest date of eligibility for Social Security benefits shall receive a supplemental benefit of 1.0% of average final compensation up to the Social Security Breakpoint multiplied by years of creditable service. Payments cease upon first eligibility for Social Security benefits, whether or not application for Social Security benefits has been made or awarded.

*Normal Retirement Age* – First of the month following attainment of a combination of age and creditable service equal to 80 years, provided the member is not less than 50 years old and has completed at least five years of creditable service, or at age 65 with five years of creditable service, if earlier.

*Earliest Unreduced Retirement Eligibility* – At age 65 with five years of creditable service or at age 50 with at least 30 years of creditable service.

*Earliest Reduced Retirement Eligibility* – First of the month following attainment of a combination of age and creditable service equal to 75 years, with at least ten years of creditable service.

*Cost-of-Living Adjustment (COLA) in Retirement* – Retirement benefits are increased on May 1 of each year by the change in the Consumer Price Index (CPI) for Washington-Arlington-Alexandria, DC-VA-MD-WV for the preceding twelve months ended December 1. If the period of retirement is less than one year, the increase is 25% of the CPI for each completed quarter. If the increase in

## **Notes to Basic Financial Statements**

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the CPI is greater than 4%, the Plan actuary analyzes whether the increase is supportable by the Plan and will provide recommendations.

*Disability Coverage* – Participants who become disabled while employed and enter Fairfax Water's long-term disability program, continue to accrue service under the Plan as if they were still working. Upon reaching the normal retirement date, disabled participants begin receiving benefits from the Plan. The basic benefit is calculated using average final compensation at the time of disability.

### **Plan C**

Plan C is the same as Plan B except for the following:

*Eligible Members* – Employees are in Plan C if their membership date is between January 1, 1997 and December 31, 2006.

*Average Final Compensation* – A member's average final compensation is the average of the five consecutive years of creditable service which will produce the highest average annual compensation.

*Service Retirement Multiplier* – The retirement multiplier is 2.1% of average final compensation to a maximum of twenty-five years of creditable service, plus 1.0% of average final compensation for years of creditable service in excess of twenty-five up to a maximum of ten years.

*Normal Retirement Age* – First of the month following attainment of a combination of age and creditable service equal to 80 years, provided the member is not less than 55 years old and has completed at least five years of creditable service, or at age 65 with five years of creditable service, if earlier.

*Earliest Unreduced Retirement Eligibility* – At age 65 with five years of creditable service or at age 55 with at least 25 years of creditable service.

### **Plan D**

Plan D is the same as Plan B except for the following:

*Eligible Members* – Employees are in Plan D if their membership date is on or after January 1, 2007.

*Retirement Contributions* – There is no employee contribution for Plan D.

*Creditable Service* – The sum of a participant's membership service credit, accrued sick leave service credit, and any additional purchased service.

*Average Final Compensation* – A member's average final compensation is the average of the five consecutive years of creditable service which will produce the highest average annual compensation.

## **Notes to Basic Financial Statements**

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*Service Retirement Multiplier* – The retirement multiplier is 1.7% of average final compensation to a maximum of twenty-five years of creditable service, plus 1.0% of average final compensation for years of creditable service in excess of twenty-five up to a maximum of ten years.

*Supplemental Benefit* – There is no supplemental benefit in Plan D.

*Normal Retirement Age* – First of the month following attainment of a combination of age and creditable service equal to 80 years, provided the member is not less than 60 years old and has completed at least five years of creditable service, or at age 65 with five years of creditable service, if earlier.

*Earliest Unreduced Retirement Eligibility* – At age 65 with five years of creditable service or at age 60 with at least 20 years of creditable service.

### **Modified Plan D**

Modified Plan D is the same as Plan D except for the following:

*Eligible Members* – Modified Plan D only applies to vested employees that transferred to Fairfax Water as part of the Asset Purchase Agreement between Fairfax Water and the City of Fairfax dated January 3, 2014 (the transfer date). Effective as of the transfer date, all benefit liabilities for the employees to whom the Asset Purchase Agreement applied and corresponding assets under the City of Fairfax Retirement Plan (the Fairfax City Plan) were transferred to the Plan. Modified Plan D is a closed plan.

*Creditable Service* – The sum of a participant's membership service credit, accrued sick leave service credit, and any additional purchased service. For purposes of the Modified Plan D retirement benefit, creditable service shall include the member's prior credited service with the Fairfax City Plan as of the transfer date.

*Vesting* – Members become vested when they have at least five years of creditable service. For purposes of the Modified Plan D, the member's prior credited service with the Fairfax City Plan shall be counted for purposes of vesting as of the transfer date.

*Calculating the Benefit* – Modified Plan D members are entitled to a basic benefit that is equal to the greater of:

- 1) 1.7% of the member's average final compensation multiplied by years of creditable service to a maximum of 25 years, plus 1.0% of average final compensation multiplied by years of creditable service in excess of twenty-five up to a maximum of ten years; or
- 2) The basic benefit to which the member was entitled under the Fairfax City Plan in effect as of the transfer date.

An early retirement reduction factor of 0.5% is applied to the basic benefit for each month that retirement precedes what would have been the normal retirement date.

*Average Final Compensation* – A member’s average final compensation is the average of the five consecutive years of creditable service which will produce the highest average annual compensation. For purposes of the Modified Plan D retirement benefit, average final compensation shall include the member’s prior annual compensation with the Fairfax City Plan as of the transfer date.

### Plan E

*Eligible Members* – Plan E only applies to employees that transferred to Fairfax Water as part of the Asset Purchase Agreement between Fairfax Water and the City of Falls Church dated January 3, 2014 (the transfer date). Effective as of the transfer date, all benefit liabilities for the employees to whom the Asset Purchase Agreement applied and corresponding assets under the City of Falls Church Basic Pension Plan (the Falls Church City Plan) were transferred to the Plan. Plan E is a closed plan.

*Retirement Contributions* – Employees contribute 5.0% of their annual creditable compensation to their member contribution account on a bi-weekly basis.

*Creditable Service* – The sum of a participant’s membership service credit and accrued sick leave service credit. For purposes of the Plan E retirement benefit, creditable service shall include the member’s prior credited service with the Falls Church City Plan as of the transfer date.

*Vesting* – Members become vested when they have at least five years of creditable service. For purposes of Plan E, the member’s prior credited service with the Falls Church City Plan shall be counted for purposes of vesting as of the transfer date.

*Calculating the Benefit* – The basic benefit for Plan E members is based on their membership date. If hired before January 1, 2012, 2.0% of the member’s average creditable compensation multiplied by years of creditable service. An early retirement reduction factor of 0.33% is applied to the basic retirement benefit for each month that retirement precedes what would have been the normal retirement date. If hired on or after January 1, 2012, 1.8% of the member’s average creditable compensation multiplied by years of creditable service. An early retirement reduction factor of 0.63% is applied to the basic retirement benefit for each month that retirement precedes what would have been the normal retirement date.

*Average Final Compensation* – If hired before January 1, 2012, the member’s average final compensation is the average of the 36 consecutive months of creditable service which will produce the highest average annual compensation. If hired on or after January 1, 2012, the member’s average final compensation is the average of the 60 consecutive months of creditable service which will produce the highest average annual compensation.

*Service Retirement Multiplier* – If hired before January 1, 2012, the retirement multiplier is 2.0%. If hired on or after January 1, 2012, the retirement multiplier is 1.8%.

*Supplemental Benefit* – In addition to the basic retirement allowance, members who retire prior to their normal retirement date shall receive a supplemental benefit of \$200 per month. Payments cease at age 62.

## Notes to Basic Financial Statements

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*Normal Retirement Age* – If hired before January 1, 2012, the normal retirement age is 62. If hired on or after January 1, 2012, the normal retirement age is the member’s Social Security Normal Retirement Age.

*Earliest Unreduced Retirement Eligibility* – If hired before January 1, 2012, at age 62 with five years of creditable service. If hired on or after January 1, 2012, at the member’s Social Security Normal Retirement Age with five years of creditable service.

*Earliest Reduced Retirement Eligibility* – If hired before January 1, 2012, the earlier of age 50 and a combined age and creditable service of 80 years or age 52 with ten years of creditable service. If hired on or after January 1, 2012, the earlier of age 50 and a combined age and creditable service of 90 years or age 52 with ten years of creditable service.

*Cost-of-Living Adjustment (COLA) in Retirement* – Retirement benefits are increased on January 1 of each year by 50% of the change in the Consumer Price Index (CPI), U.S. City Average, for the preceding twelve months ended October 1, limited to a maximum of 4.0%. If the period of retirement is less than one year, the increase is 50% of the change in the CPI for the month of retirement to the value of the CPI for the following September, limited to a maximum of 4.0%.

### Plan Membership

As of the January 1, 2024 actuarial valuation, pension plan membership consisted of the following:

	<b>Number</b>
Retired members or beneficiaries currently receiving benefits	420
Vested terminated members entitled to but not yet receiving benefits	50
Active employees	442
<b>Total plan membership</b>	<b>912</b>

### Contributions

Fairfax Water’s actuarially determined contribution rate for the year ended December 31, 2024 was 32.61% of covered employee compensation, based on the actuarial valuation dated January 1, 2023. Fairfax Water’s current practice is to contribute the greater of the actuarially determined rate or 48% of covered employee compensation. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from Fairfax Water for 2024 and 2023 exceeded the actuarially determined requirements and amounted to \$20,005,842 and \$17,720,846, respectively. Employee contributions to the Plan for 2024 and 2023 amounted to \$595,624 and \$647,613, respectively.

### B. Net Pension Liability

Fairfax Water’s net pension liability of \$62,942,740 was measured as of December 31, 2023. The total pension liability was determined by an actuarial valuation performed as of January 1, 2024.

**Actuarial Methods and Assumptions**

The total pension liability as of January 1, 2024 was based on the following assumptions:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation	2.50%
Individual salary increases	Varying rates ranging from 10.25% for ages less than 25 to 3.75% at ages 60 and over
Aggregate payroll increases	3.00%
Cost of living adjustments	2.50% for Plans A, B, C, D, and Modified D; and 1.25% for Plan E

Healthy mortality rates were based on 106% of Pub-2010 General Above-Median Salary Tables for Employees and Retirees with generational projection using Scale MP-2019.

There were no assumptions or plan changes since the last valuation on January 1, 2023.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses. The pension plan's target asset allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	30% - 70%	6.49%
International equity	0% - 10%	6.59%
Fixed income (core and high yield)	20% - 70%	1.69% (core) and 3.49% (high yield)
Real estate	0% - 10%	3.29%
Cash	0% - 50%	0.89%
Other	0% - 10%	N/A

## Notes to Basic Financial Statements

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### Discount Rate

The discount rate used to measure the total pension liability was 7.0% for both December 31, 2023 and December 31, 2022 measurement dates. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that Fairfax Water contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rates of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### C. Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2022	\$ 388,057,902	\$ 300,388,330	\$ 87,669,572
Changes for the year:			
Service cost	6,363,008	-	6,363,008
Interest	26,805,122	-	26,805,122
Differences between expected and actual experience	8,776,409	-	8,776,409
Contributions - employer	-	17,720,846	(17,720,846)
Contributions - employee	-	647,613	(647,613)
Net investment income	-	48,413,250	(48,413,250)
Benefit payments, including refunds of employee contributions	(22,981,197)	(22,981,197)	-
Administrative expense	-	(110,338)	110,338
Net changes	18,963,342	43,690,174	(24,726,832)
Balance at December 31, 2023	\$ 407,021,244	\$ 344,078,504	\$ 62,942,740

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of Fairfax Water as of December 31, 2023, calculated using the discount rate of 7.0%, as well as what the net pension liability would be if calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 112,852,238	\$ 62,942,740	\$ 21,516,275

## Notes to Basic Financial Statements

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### D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, Fairfax Water recognized pension expense of \$4,697,542. Fairfax Water also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual demographic experience	\$ 11,125,217	\$ (4,196,007)
Changes of assumptions	2,782,221	-
Net difference between projected and actual earnings on plan investments	7,570,437	-
Employer contributions subsequent to the measurement date	20,005,842	-
<b>Total</b>	<b>\$ 41,483,717</b>	<b>\$ (4,196,007)</b>

Deferred outflows of resources of \$20,005,842 relates to employer contributions subsequent to the measurement date of the pension plan and will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Amount
2025	\$ 1,460,270
2026	5,430,976
2027	12,204,148
2028	(3,531,897)
2029	1,546,286
Thereafter	172,085
<b>Total</b>	<b>\$ 17,281,868</b>

The Plan issues a publicly available financial report that includes the applicable financial statements and supplementary information. That report may be obtained by contacting the Treasurer of the Benefits Trust Committee at 8570 Executive Park Avenue, Fairfax, Virginia 22031.

### 9. Other Postemployment Benefits – Health Benefits

#### A. Plan Description and Provisions

Fairfax Water administers a single-employer other postemployment benefit (OPEB) plan under the Plan for retiree health insurance benefits. Health insurance includes medical, vision, dental, and

## Notes to Basic Financial Statements

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prescription drug benefits for retirees and their dependents. The Plan document assigns all responsibilities of maintaining the OPEB plan to the Fairfax Water Board Members, including the approval of OPEB plan changes, setting benefit and contribution levels, and ensuring the OPEB plan is funded sufficiently to meet its benefit obligations. Fairfax Water has established a Benefits Trust Committee to be responsible for the administration of the OPEB plan.

Each member is part of one of six subplans (Plan A, Plan B, Plan C, Plan D, Modified Plan D, and Plan E) for the entirety of their employment with Fairfax Water based on when the employee was hired. Newly hired employees currently earn benefits under Plan D. To be eligible for retiree health insurance benefits, an employee must retire directly from active employment with an early or normal retirement pension benefit under the Plan and must have been enrolled in Fairfax Water's health insurance program at the time of retirement. Plan D and Modified Plan D Members are not eligible for this benefit until the age of fifty-five. Plan E Members hired on or after April 1, 2008 must have at least 10 years of service at retirement to be eligible for benefits.

The monthly benefit payable is a percentage of the designated premium and varies by subplan.

- Plan A, B, and C – 3.0% multiplied by years of creditable service, limited to a maximum of 25 years of creditable service.
- Plan D – 3.0% multiplied by years of creditable service, limited to a maximum of 25 years of creditable service, reduced by 0.25% for each month that retirement precedes age 60.
- Plan E (hired before April 1, 2008) – 50% of the designated premium.
- Plan E (hired on or after April 1, 2008) – 2.0% multiplied by years of creditable service, limited to a maximum of 25 years of creditable service.

The monthly benefit paid to any participant may not exceed the adjusted cap. The adjusted cap varies by coverage tier and is 116% of the designated premium for that coverage tier as of January 1, 1992, increased by 4% per year from that date.

### Plan Membership

As of the January 1, 2024 actuarial valuation, OPEB plan membership consisted of the following:

	Number
Retired members or beneficiaries currently receiving benefits	328
Active employees	442
<b>Total plan membership</b>	<b>770</b>

### Contributions

Plan members do not contribute to the OPEB plan while in active employment. In retirement, plan members must pay the remainder of the designated health benefits premium that is not subsidized by the plan in order to maintain coverage.

Fairfax Water's actuarially determined contribution rate for the year ended December 31, 2024 was 32.61% of covered employee compensation, based on the actuarial valuation dated January 1, 2023. Fairfax Water's current practice is to contribute the greater of the actuarially determined rate or 48% of covered employee compensation. This rate was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from Fairfax Water for 2024 and 2023 exceeded the actuarially determined requirements and amounted to \$3,585,953 and \$4,388,756, respectively.

### B. Net OPEB Liability

Fairfax Water's net OPEB liability of \$12,308,384 was measured as of December 31, 2023. The total OPEB liability was determined by an actuarial valuation performed as of January 1, 2024.

### Actuarial Methods and Assumptions

The total OPEB liability as of January 1, 2024 was based on the following assumptions:

Actuarial cost method	Entry age normal
Amortization method	Level percent of payroll
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Inflation	2.50%
Individual salary increases	Varying rates ranging from 10.25% for ages less than 25 to 3.75% at ages 60 and over
Aggregate payroll increases	3.00%
Cost-of-living adjustments	2.50% for Plans A, B, C, D, and Modified D; and 1.25% for Plan E
Healthcare cost trend rates:	
Medical and vision (under 65)	6.75% graded to 4.50% over 9 years
Medical and vision (over 65)	4.75% graded to 4.50% over 1 years
Prescription drug	10.75% graded to 4.50% over 25 years
Dental	3.50%
Administrative expenses	3.00%

## Notes to Basic Financial Statements

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Healthy mortality rates were based on 106% of Pub-2010 General Above-Median Salary Tables for Employees and Retirees with generational projection using Scale MP-2019.

The following assumptions were changed since the last valuation dated January 1, 2023:

- The assumed per-capita medical, prescription drug, dental, and vision costs were updated to reflect more recent experience and 2024 premium rates. In addition, the non-Medicare administration expense costs were updated to reflect the 2024 contracted fees per participant.
- The assumed trend on base per capita prescription drug coverage was increased.

There were no plan changes since the last valuation on January 1, 2023.

### Long-Term Expected Rate of Return

The long-term expected rate of return on the OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	30% - 70%	6.49%
International equity	0% - 10%	6.59%
Fixed income (core and high yield)	20% - 70%	1.69% (core) and 3.49% (high yield)
Real estate	0% - 10%	3.29%
Cash	0% - 50%	0.89%
Other	0% - 10%	N/A

### Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% as of December 31, 2023 and December 31, 2022. The projection of cash flows used to determine the discount rate assumed that Fairfax Water contributions would be made at rates equal to the actuarially determined contribution rates. Based on the assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rates of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

## Notes to Basic Financial Statements

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### C. Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2022	\$ 65,126,966	\$ 50,409,673	\$ 14,717,293
Changes for the year:			
Service cost	1,777,947	-	1,777,947
Interest	4,592,781	-	4,592,781
Differences between expected and actual experience	(952,598)	-	(952,598)
Changes of assumptions	11,652,612	-	11,652,612
Contributions - employer	-	4,388,756	(4,388,756)
Net investment income	-	15,121,726	(15,121,726)
Benefit payments, including refunds of employee contributions	(2,587,503)	(2,587,503)	-
Administrative expense	-	(30,831)	30,831
Net changes	14,483,239	16,892,148	(2,408,909)
Balance at December 31, 2023	\$ 79,610,205	\$ 67,301,821	\$ 12,308,384

### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of Fairfax Water as of December 31, 2023, calculated using the discount rate of 7.0%, as well as what the net OPEB liability would be if calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB liability	\$ 23,743,180	\$ 12,308,384	\$ 3,001,137

### Sensitivity of the Net OPEB Liability to Changes in the Trend Rates

The following presents the net OPEB liability of Fairfax Water as of December 31, 2023, calculated using current healthcare cost trend rates, as well as what the net OPEB liability would be if calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

## Notes to Basic Financial Statements

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	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB liability	\$ 2,443,864	\$ 12,308,384	\$ 19,794,531

### D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2023, Fairfax Water recognized OPEB expense of \$1,112,220. Fairfax Water also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual demographic experience	\$ -	\$ (2,996,664)
Changes of assumptions	10,018,305	(4,431,835)
Net difference between projected and actual earnings on plan investments	552,229	-
Employer contributions subsequent to the measurement date	<u>3,585,953</u>	-
<b>Total</b>	<b>\$ 14,156,487</b>	<b>\$ (7,428,499)</b>

Deferred outflows of resources of \$3,585,953 relates to employer contributions subsequent to the measurement date of the OPEB plan and will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31	Amount
2025	\$ 89,089
2026	788,869
2027	1,717,537
2028	(2,026,785)
2029	893,468
Thereafter	<u>1,679,857</u>
<b>Total</b>	<b>\$ 3,142,035</b>

### 10. Other Postemployment Benefits – Implicit Subsidy

#### A. Plan Description and Provisions

The implicit subsidy liability of Fairfax Water is a result of the current premium structure for pre-Medicare retirees receiving benefits through the Fairfax County Water Authority Retirement Plan, a single-employer OPEB plan that is used to provide postemployment benefits for all regular full-time employees. No assets are accumulated in a trust.

The Plan sets forth an explicit healthcare benefit stated as a percentage of the designated premium. However, for pre-Medicare retirees, the true cost of providing healthcare benefits exceeds the current designated premium, because the designated premium is set based on the blended claims experience of both active employees and pre-Medicare retirees. The difference between the premiums that would be set for pre-Medicare retirees if their claims experiences was analyzed separately from active employees and the current designated premiums is the implicit subsidy.

#### Plan Membership

As of the January 1, 2024 actuarial valuation, OPEB plan membership consisted of the following:

	<b>Number</b>
Retired members or beneficiaries currently receiving benefits	328
Active employees	442
<b>Total plan membership</b>	<b>770</b>

#### Contributions

Plan members do not contribute toward the implicit subsidy. Fairfax Water funds the implicit subsidy entirely on a pay-as-you-go basis. Fairfax Water will continue to evaluate the impact of this liability when making OPEB plan changes and during the Plan's actuarial valuation.

#### B. Total OPEB Liability

Fairfax Water's total OPEB liability of \$0 was measured as of December 31, 2023. Based upon the recent positive claim experience and the premium rates in place for 2024, there continues to be no implicit subsidy in pre-Medicare retiree healthcare rates. The total OPEB liability was determined by an actuarial valuation performed as of January 1, 2024.

## Notes to Basic Financial Statements

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### Actuarial Methods and Assumptions

The total OPEB liability as of January 1, 2024 was based on the following assumptions:

Individual salary increases	Varying rates ranging from 10.25% for ages less than 25 to 3.75% at ages 60 and over
Discount rate	3.26%
Healthcare cost trend rates:	
Medical and vision (under 65)	6.75% graded to 4.50% over 9 years
Medical and vision (over 65)	4.75% graded to 4.50% over 1 years
Prescription drug	10.75% graded to 4.50% over 25 years
Dental	3.50%
Administrative expenses	3.00%

Healthy mortality rates were based on 106% of Pub-2010 General Above-Median Salary Tables for Employees and Retirees with generational projection using Scale MP-2019.

The following assumptions were changed since the last valuation dated January 1, 2023:

- The discount rate was decreased from 3.72% to 3.26%.
- The assumed per-capita medical, prescription drug, dental, and vision costs were updated to reflect more recent experience and 2024 premium rates. In addition, the non-Medicare administration expense costs were updated to reflect the 2024 contracted fees per participant.
- The assumed trend on base per capita prescription drug coverage was increased.

### Discount Rate

The discount rate for OPEB benefits funded entirely on a pay-as-you-go basis is the yield or index rate for 20 year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). For this purpose, the index used is the Bond Buyer 20-Bond General Obligation Municipal Bond index. The index value of the current December 31, 2023 measurement date is 3.26%.

### C. Changes in the Total OPEB Liability

There was no implicit subsidy or OPEB liability as of the December 31, 2023 and December 31, 2022 measurement dates. If an implicit subsidy reemerges, the value will continue to be a liability outside of the Plan. Similarly, any cost would be excluded from the recommended contribution

## Notes to Basic Financial Statements

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rate calculation. Although there is no OPEB liability, there continues to be an OPEB expense for the implicit subsidy as previously established deferred inflows and outflows are recognized.

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The total OPEB liability of Fairfax Water, if it were calculated using a discount rate of 3.26% as well as if it were calculated using a discount rate that is one percentage point lower (2.26%) or one percentage point higher (4.26%) than the current rate, would be zero.

### Sensitivity of the Total OPEB Liability to Changes in the Trend Rates

The total OPEB liability of Fairfax Water, if it were calculated using current healthcare trend rates as well as if it were calculated using a rate that is one percentage point lower or one percentage point higher than the current rate, would be zero.

### D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2024, Fairfax Water recognized OPEB expense of (\$1,637,904). Fairfax Water also reported deferred inflows of resources from the following sources:

Deferred Inflows of Resources
Differences between expected and actual demographic experience \$ (22,035)
Changes of assumptions _____ (1,570,233)
<b>Total</b> \$ (1,592,268)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31	Amount
2025	\$ (1,340,232)
2026	(252,036)
<b>Total</b>	<b>\$ (1,592,268)</b>

## Notes to Basic Financial Statements

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### 11. Other Postemployment Benefits – Life Insurance

#### A. Plan Description and Provisions

The life insurance benefits provided to retired employees of Fairfax Water are considered a single employer OPEB plan. Benefits are provided to all regular full-time employees. No assets are accumulated in a trust.

A life insurance policy with a death benefit of \$25,000 is provided to each eligible retiree upon retirement. To be eligible for life insurance benefits, the Member must retire directly from active employment with an early or normal retirement pension benefit under the Plan.

#### Plan Membership

As of the January 1, 2024 actuarial valuation, OPEB Plan membership consisted of the following:

	<b>Number</b>
Retired members or beneficiaries currently receiving benefits	91
Active employees	442
<b>Total plan membership</b>	<b>533</b>

#### Contributions

Plan members do not contribute toward the life insurance benefit. Fairfax Water funds the full cost of the life insurance policy on a pay-as-you-go basis as employees retire.

#### B. Total OPEB Liability

Fairfax Water's total OPEB liability of \$2,674,126 was measured as of December 31, 2023. The total OPEB liability was determined by an actuarial valuation performed as of January 1, 2024.

#### Actuarial Methods and Assumptions

The total OPEB liability as of January 1, 2024 was based on the following assumptions:

Individual salary increases	Varying rates ranging from 10.25% for ages less than 25 to 3.75% at ages 60 and over
Discount rate	3.26%
Administrative expense load	10.00%

Healthy mortality rates were based on 106% of Pub-2010 General Above-Median Salary Tables for Employees and Retirees with generational projection using Scale MP-2019.

## Notes to Basic Financial Statements

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The following assumption was changed since the last valuation dated January 1, 2022:

- The discount rate was decreased from 3.72% to 3.26%.

### Discount Rate

The discount rate for OPEB benefits funded entirely on a pay-as-you-go basis is the yield or index rate for 20 year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). For this purpose, the index used is the Bond Buyer 20-Bond General Obligation Municipal Bond index. The index value of the current December 31, 2023 measurement date is 3.26%.

### C. Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2022	\$ 2,215,120
Changes for the year:	
Service cost	117,035
Interest	86,442
Differences between expected and actual experience	12,106
Changes of assumptions	260,288
Benefit payments, including refunds of employee contributions	<u>(16,865)</u>
Net changes	<u>459,006</u>
Balance at December 31, 2023	<u>\$ 2,674,126</u>

### Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of Fairfax Water, calculated using the discount rate of 3.26%, as well as what the total OPEB liability would be if calculated using a discount rate that is one percentage point lower (2.26%) or one percentage point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB liability	\$ 3,376,396	\$ 2,674,126	\$ 2,148,665

**Sensitivity of the Total OPEB Liability to Changes in the Trend Rates**

The following presents the total OPEB liability of Fairfax Water, calculated using current healthcare cost trend rates, as well as what the total OPEB liability would be if calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Total OPEB liability	\$ 2,674,126	\$ 2,674,126	\$ 2,674,126

**D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2024, Fairfax Water recognized OPEB expense of \$211,208. Fairfax Water also reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual demographic experience	\$ 191,628	\$ (76,615)
Changes of assumptions	751,409	(968,950)
<b>Total</b>	<b>\$ 943,037</b>	<b>\$ (1,045,565)</b>

Amounts reported as deferred outflows and (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31	Amount
2025	\$ 7,731
2026	7,731
2027	7,731
2028	1,549
2029	16,008
Thereafter	(143,278)
<b>Total</b>	<b>\$ (102,528)</b>

## Notes to Basic Financial Statements

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### 12. Leases

Fairfax Water is the lessor for leases that are subject to GASB Statement No. 87. At the commencement of a lease, Fairfax Water initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how Fairfax Water determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- Fairfax Water uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

Fairfax Water monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Minimum Lease payment receivables on nonoperating leases are as follows:

Year	Principal	Interest	Total
2025	\$ 803,182	\$ 354,290	\$ 1,157,472
2026	848,717	320,863	1,169,580
2027	829,070	285,828	1,114,898
2028	810,643	252,455	1,063,098
2029	671,232	221,651	892,883
2030 – 2034	3,684,093	687,678	4,371,771
2035 – 2039	1,140,232	95,724	1,235,956
2040 – 2044	225,518	15,152	240,670
Total	\$ 9,012,687	\$ 2,233,641	\$ 11,246,328

The total amount of the deferred inflows of resources relating to nonoperating leases recognized in the current fiscal year was \$1,057,191.

### 13. Subscription-Based Information Technology Arrangements (SBITA)

Fairfax Water is a party to noncancelable contracts with SBITA vendors that are subject to GASB Statement No. 96. At the commencement of a SBITA, Fairfax Water initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments

## Notes to Basic Financial Statements

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made. The intangible right-to-use subscription asset is measured at the initial amount of the subscription liability, plus payments made to the vendor prior to the commencement of the subscription and any capitalizable costs incurred to implement the SBITA. Subsequently, the SBITA asset is amortized on a straight-line basis over the life of the subscription term.

Key estimates and judgments include how Fairfax Water determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA Payments.

- Fairfax Water uses its estimated incremental borrowing rate as the discount rate for each SBITA.
- The SBITA term includes the noncancelable period of the contract. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments that Fairfax Water is reasonably certain to make.

Fairfax Water monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

The future principal and interest SBITA payments as of December 31, 2024 are as follows:

Year	Principal	Interest	Total
2025	\$ 1,212,731	\$ 93,375	\$ 1,306,106
2026	932,231	50,248	982,479
2027	371,836	30,797	402,633
2028	395,943	15,059	411,002
2029	177,382	3,050	180,432
Total	\$ 3,090,123	\$ 192,529	\$ 3,282,652

The value of the intangible right-to-use subscription assets as of the end of the current fiscal year was \$4,534,504 and had accumulated amortization of \$1,373,814.

### 14. Commitments and Contingencies

In connection with its ongoing capital improvement program, Fairfax Water has entered into various construction contracts. As of December 31, 2024, the uncompleted cost of these and other contracts is approximately \$17.5 million.

Fairfax Water has also agreed, in principle, to pay certain portions of the capital and annual operation and maintenance costs relating to various water supply augmentation facilities constructed and proposed to be constructed by other parties for the use and benefit of Fairfax Water and other water supply agencies in the Washington, D.C., metropolitan area. Fairfax Water's share of the capital costs is presently estimated at \$6.0 million which is to be paid with interest over the next 16 years. Fairfax Water's share of annual operation and maintenance costs associated with these facilities for 2025 is estimated to be \$250,000.

On January 3, 2014 Fairfax Water entered into an agreement with the U.S. Army Corps of Engineers (the Army) to purchase water for customers. Fairfax Water also shares the costs of capital

improvements to the Washington Aqueduct in accordance with the Approved Capital Improvement Plan. During 2024 Fairfax Water's costs for water and capital improvements was \$5.5 million and \$4.8 million, respectively. An escrow account has been established for the payments made from which the Army makes draws. The account is interest bearing and all earnings accrue to Fairfax Water. In addition to payments made to the Army, Fairfax Water maintains a balance of approximately three months of the cost of water purchased. The agreement will remain in effect until terminated by either the Army or Fairfax Water, and requires a five year notice. Fairfax Water's cost for water and capital improvements for 2025 is estimated to be \$9.0 million.

In addition, Fairfax Water is contingently liable for claims that arose in the ordinary course of operations and in connection with its capital improvement program. It is the opinion of Fairfax Water and its legal counsel that any losses that may ultimately be incurred as a result of any claims will not be material to the financial statements.

### **15. Deferred Compensation Plan**

Fairfax Water offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (the Code) Section 457. The deferred compensation plan, available to all employees, permits them to defer a portion of their salaries to future years. All of the assets of the deferred compensation plan are held in a trust for the exclusive benefit of participants and beneficiaries and the assets and liabilities are not reported on the accompanying Statement of Net Position. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant.

### **16. Risk Management**

Fairfax Water is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. With the exception of medical coverage for employees, these risks are covered by commercial insurance purchased from independent third parties. Section 6.11 of the 1992 General Trust Indenture states that Fairfax Water "will carry or cause to be carried such insurance with a reputable insurance carrier or carriers, such as is maintained or carried by similar utilities as the Water System." There have been no significant reductions in insurance coverage from the prior year and settled claims have not exceeded insurance coverage in any of the past three years.

Fairfax Water is self-insured for health benefits coverage for employees up to \$250,000 per individual per year and is protected from catastrophic losses through a stop-loss insurance policy for losses in excess of such levels.

## Notes to Basic Financial Statements

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The changes in the Fairfax County Water Authority Welfare Benefit Trust Fund's health benefits claims liability in 2024 and 2023 are as follows:

	2024	2023
Balance, January 1	\$ 806,552	\$ 641,256
Claims incurred	10,103,583	10,161,083
Claims paid	<u>(9,793,940)</u>	<u>(9,995,787)</u>
Balance, December 31	<u>\$ 1,116,195</u>	<u>\$ 806,552</u>

This liability, which includes an estimate of incurred but not reported claims, is included in accounts payable in the accompanying Statement of Fiduciary Net Position.

### 17. Related Organizations

Based on an amended and restated agreement dated March 24, 2020 (original agreement dated July 1, 1978) between the County and Fairfax Water, Fairfax Water bills and collects for the sales of sewer services on behalf of the County's sewer system. During 2024, Fairfax Water collected approximately \$254.6 million on behalf of the County. As of December 31, 2024, approximately \$4.0 million was owed to the County. The County has paid a fee of \$7.7 million for this service in 2024.

Based on a restated agreement dated July 20, 2023 (original agreement dated January 3, 2014) between the City of Fairfax and Fairfax Water, Fairfax Water bills and collects for the sales of sewer services on behalf of the City's sewer system. During 2024, Fairfax Water collected approximately \$11.3 million on behalf of the City. As of December 31, 2024, approximately \$975,000 was owed to the City. The billing service also includes a utility tax for customers inside the City limits. The City has paid a fee of \$283,000 for this service in 2024.

Based on an agreement dated January 3, 2014 between the City of Falls Church and Fairfax Water, Fairfax Water bills and collects for the sales of sewer services on behalf of the City's sewer system. During 2024, Fairfax Water collected approximately \$4.8 million on behalf of the City. As of December 31, 2024, approximately \$246,000 was owed to the City. The billing service also includes a utility tax for customers inside the City limits. The City has paid a fee of \$121,000 for this service in 2024.

## **REQUIRED SUPPLEMENTARY INFORMATION**

## FAIRFAX COUNTY WATER AUTHORITY

### Schedule of Changes in the Net Pension Liability and Related Ratios

Information presented is based on the actuarial information for the plan year ended:

<b>Reporting as of December 31,</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Total pension liability</b>					
Service cost	\$ 6,363,008	\$ 6,246,386	\$ 6,505,362	\$ 5,958,954	\$ 6,090,585
Interest	26,805,122	25,753,015	25,527,937	25,624,841	25,005,210
Differences between expected and actual experience	8,776,409	5,292,146	(7,407,743)	796,966	(3,659,028)
Changes of assumptions	-	-	-	10,201,473	-
Benefit payments, including refunds of employee contributions	(22,981,197)	(21,774,943)	(20,527,418)	(19,689,323)	(18,397,472)
Net change in total pension liability	18,963,342	15,516,604	4,098,138	22,892,911	9,039,295
Total pension liability – beginning	388,057,902	372,541,298	368,443,160	345,550,249	336,510,954
Total pension liability – ending (a)	<b>\$ 407,021,244</b>	<b>\$ 388,057,902</b>	<b>\$ 372,541,298</b>	<b>\$ 368,443,160</b>	<b>\$ 345,550,249</b>
<b>Plan fiduciary net position</b>					
Contributions – employer	\$ 17,720,846	\$ 16,428,061	\$ 15,693,346	\$ 16,005,478	\$ 14,853,657
Contributions – employee	647,613	684,262	748,007	840,998	892,871
Net investment income (loss)	48,413,250	(57,756,116)	60,200,960	43,086,740	56,009,300
Benefit payments, including refunds of employee contributions	(22,981,197)	(21,774,943)	(20,527,418)	(19,689,323)	(18,397,472)
Administrative expense	(110,338)	(89,114)	(117,968)	(121,859)	(86,916)
Net change in plan fiduciary net position	43,690,174	(62,507,850)	55,996,927	40,122,034	53,271,440
Plan fiduciary net position – beginning	300,388,330	362,896,180	306,899,253	266,777,219	213,505,779
Plan fiduciary net position – ending (b)	<b>\$ 344,078,504</b>	<b>\$ 300,388,330</b>	<b>\$ 362,896,180</b>	<b>\$ 306,899,253</b>	<b>\$ 266,777,219</b>
<b>Net pension liability – ending (a) – (b)</b>	<b>\$ 62,942,740</b>	<b>\$ 87,669,572</b>	<b>\$ 9,645,118</b>	<b>\$ 61,543,907</b>	<b>\$ 78,773,030</b>
Plan fiduciary net position as a percentage of the total pension liability	84.54%	77.41%	97.41%	83.30%	77.20%
Covered payroll	\$ 46,061,671	\$ 42,595,056	\$ 40,634,442	\$ 41,514,873	\$ 38,827,000
Net pension liability as a percentage of covered payroll	136.65%	205.82%	23.74%	148.25%	202.88%

#### Notes:

Covered payroll figures have been determined by dividing actual employer contributions by the actuarially determined rate or 48%, whichever is greater, given Fairfax Water's funding practice.

## FAIRFAX COUNTY WATER AUTHORITY

### Schedule of Changes in the Net Pension Liability and Related Ratios (continued)

Information presented is based on the actuarial information for the plan year ended:

<b>Reporting as of December 31,</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>					
Service cost	\$ 6,153,215	\$ 6,176,821	\$ 6,290,917	\$ 6,138,436	\$ 6,154,281
Interest	24,213,281	23,501,922	23,037,301	22,410,595	20,645,855
Differences between expected and actual experience	(1,971,866)	(3,448,611)	(7,094,162)	(5,057,514)	11,343,166
Changes of assumptions	-	-	-	54,126	-
Benefit payments, including refunds of employee contributions	(17,148,409)	(16,295,082)	(15,554,940)	(15,129,156)	(14,066,004)
Net change in total pension liability	11,246,221	9,935,050	6,679,116	8,416,487	24,077,298
Total pension liability – beginning	325,264,733	315,329,683	308,650,567	300,234,080	276,156,782
<b>Total pension liability – ending (a)</b>	<b>\$ 336,510,954</b>	<b>\$ 325,264,733</b>	<b>\$ 315,329,683</b>	<b>\$ 308,650,567</b>	<b>\$ 300,234,080</b>
<b>Plan fiduciary net position</b>					
Contributions – employer	\$ 14,661,995	\$ 14,500,637	\$ 14,140,723	\$ 14,362,903	\$ 14,197,131
Contributions – employee	978,931	1,023,739	1,076,246	1,128,898	1,192,841
Net investment income (loss)	(11,293,013)	32,630,497	10,955,546	(1,694,011)	9,411,421
Benefit payments, including refunds of employee contributions	(17,148,409)	(16,295,082)	(15,554,940)	(15,129,156)	(14,066,004)
Administrative expense	(107,085)	(109,368)	(125,641)	(152,439)	(108,171)
Net change in plan fiduciary net position	(12,907,581)	31,750,423	10,491,934	(1,483,805)	10,627,218
Plan fiduciary net position – beginning	226,413,360	194,662,937	184,171,003	185,654,808	175,027,590
<b>Plan fiduciary net position – ending (b)</b>	<b>\$ 213,505,779</b>	<b>\$ 226,413,360</b>	<b>\$ 194,662,937</b>	<b>\$ 184,171,003</b>	<b>\$ 185,654,808</b>
<b>Net pension liability – ending (a) – (b)</b>	<b>\$ 123,005,175</b>	<b>\$ 98,851,373</b>	<b>\$ 120,666,746</b>	<b>\$ 124,479,564</b>	<b>\$ 114,579,272</b>
Plan fiduciary net position as a percentage of the total pension liability	63.45%	69.61%	61.73%	59.67%	61.84%
Covered payroll	\$ 38,533,900	\$ 37,236,115	\$ 36,387,442	\$ 36,374,344	\$ 35,701,952
Net pension liability as a percentage of covered payroll	319.21%	265.47%	331.62%	342.22%	320.93%

## FAIRFAX COUNTY WATER AUTHORITY

### Schedule of Employer Contributions – Pension Plan (in thousands)

Year Ended December 31	Contribution in Relation to the			Contributions as a Percentage of Covered Payroll	
	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	
2015	\$ 12,657	\$ 14,363	\$ (1,706)	\$ 36,374	39.49%
2016	13,065	14,141	(1,075)	36,387	38.86%
2017	13,295	14,501	(1,205)	37,236	38.94%
2018	13,196	14,662	(1,466)	38,534	38.05%
2019	12,582	14,854	(2,271)	38,827	38.26%
2020	13,598	16,005	(2,407)	41,515	38.55%
2021	12,359	15,693	(3,335)	40,634	38.62%
2022	12,663	16,428	(3,765)	42,595	38.57%
2023	11,829	17,721	(5,892)	46,062	38.47%
2024	13,591	20,006	(6,415)	49,150	40.70%

Notes:

Covered payroll figures have been determined by dividing actual employer contributions by the actuarially determined rate or 48%, whichever is greater, given Fairfax Water's funding practice.

# FAIRFAX COUNTY WATER AUTHORITY

## Schedule of Changes in the Net OPEB Liability and Related Ratios – Health Benefits

Information presented is based on the actuarial information for the plan year ended:

Reporting as of December 31,	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>							
Service cost	\$ 1,777,947	\$ 1,715,894	\$ 1,803,996	\$ 1,594,950	\$ 1,642,714	\$ 1,678,160	\$ 1,856,476
Interest	4,592,781	4,595,790	4,699,920	4,873,938	4,853,237	4,902,701	4,794,979
Change of benefit terms	-	-	-	-	(202,453)	-	(270,209)
Differences between expected and actual experience	(952,598)	(1,750,219)	(641,032)	(1,173,340)	(581,386)	(716,904)	22,661
Changes of assumptions	11,652,612	(1,985,135)	(4,264,340)	(87,482)	(2,108,218)	(3,313,079)	(3,647,763)
Benefit payments, including refunds of employee contributions	(2,587,503)	(2,775,259)	(3,220,738)	(3,301,733)	(3,258,507)	(3,091,378)	(2,904,683)
Net change in total OPEB liability	14,483,239	(198,929)	(1,622,194)	1,906,333	345,387	(540,500)	(148,539)
Total OPEB liability – beginning	65,126,966	65,325,895	66,948,089	65,041,756	64,696,369	65,236,869	65,385,408
<b>Total OPEB liability – ending (a)</b>	<b>\$ 79,610,205</b>	<b>\$ 65,126,966</b>	<b>\$ 65,325,895</b>	<b>\$ 66,948,089</b>	<b>\$ 65,041,756</b>	<b>\$ 64,696,369</b>	<b>\$ 65,236,869</b>
<b>Plan fiduciary net position</b>							
Contributions – employer	\$ 4,388,756	\$ 4,017,566	\$ 3,811,186	\$ 3,921,661	\$ 3,783,303	\$ 3,834,277	\$ 3,372,698
Net investment income (loss)	15,121,726	(14,447,212)	7,301,240	4,981,840	8,647,825	(5,075,979)	4,622,120
Benefit payments, including refunds of employee contributions	(2,587,503)	(2,775,259)	(3,220,738)	(3,301,733)	(3,258,507)	(3,091,378)	(2,904,683)
Administrative expense	(30,831)	(24,479)	(32,713)	(32,608)	(23,440)	(29,207)	(30,578)
Net change in plan fiduciary net position	16,892,148	(13,229,384)	7,858,975	5,569,160	9,149,181	(4,362,287)	5,059,557
Plan fiduciary net position – beginning	50,409,673	63,639,057	55,780,082	50,210,922	41,061,741	45,424,028	40,364,471
<b>Plan fiduciary net position – ending (b)</b>	<b>\$ 67,301,821</b>	<b>\$ 50,409,673</b>	<b>\$ 63,639,057</b>	<b>\$ 55,780,082</b>	<b>\$ 50,210,922</b>	<b>\$ 41,061,741</b>	<b>\$ 45,424,028</b>
<b>Net OPEB liability – ending (a) – (b)</b>	<b>\$ 12,308,384</b>	<b>\$ 14,717,293</b>	<b>\$ 1,686,838</b>	<b>\$ 11,168,007</b>	<b>\$ 14,830,834</b>	<b>\$ 23,634,628</b>	<b>\$ 19,812,841</b>
Plan fiduciary net position as a percentage of the total OPEB liability	84.54%	77.40%	97.42%	83.32%	77.20%	63.47%	69.63%
Covered payroll	\$ 46,061,671	\$ 42,595,056	\$ 40,634,442	\$ 41,514,873	\$ 38,827,000	\$ 38,533,900	\$ 37,236,115
Net OPEB liability as a percentage of covered payroll	26.72%	34.55%	4.15%	26.90%	38.20%	61.33%	53.21%

### Notes:

This schedule is presented to show information for ten years. However, until a full ten-year trend is compiled, Fairfax Water will present information for those years which information is available.

## FAIRFAX COUNTY WATER AUTHORITY

### Schedule of Employer Contributions – OPEB Health Benefits (in thousands)

Year Ended December 31	Contribution in Relation to the			Contributions as a Percentage of Covered Payroll	
	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	
2017	\$ 3,092	\$ 3,373	\$ (280)	\$ 37,236	9.06%
2018	3,451	3,834	(383)	38,534	9.95%
2019	3,205	3,783	(579)	38,827	9.74%
2020	3,332	3,922	(590)	41,515	9.45%
2021	3,001	3,811	(810)	40,634	9.38%
2022	3,097	4,018	(921)	42,595	9.43%
2023	2,929	4,389	(1,459)	46,062	9.53%
2024	2,436	3,586	(1,150)	49,150	7.30%

Notes:

This schedule is presented to show information for ten years. However, until a full ten-year trend is compiled, Fairfax Water will present information for those years which information is available.

## FAIRFAX COUNTY WATER AUTHORITY

### Schedule of Changes in the Total OPEB Liability and Related Ratios – Implicit Subsidy

Information presented is based on the actuarial information for the plan year ended:

Reporting as of December 31,	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>							
Service cost	\$ -	\$ -	\$ -	\$ -	\$ 342,761	\$ 686,040	\$ -
Interest	-	-	-	-	287,997	449,817	-
Change of benefit terms	-	-	-	-	-	-	(102,199)
Differences between expected and actual experience	-	-	-	-	(85,142)	(173,693)	-
Changes of assumptions	-	-	-	-	(7,040,542)	(6,166,821)	12,809,423
Benefit payments, including refunds of employee contributions	-	-	-	-	(373,252)	(634,389)	-
Net change in total OPEB liability	-	-	-	-	(6,868,178)	(5,839,046)	12,707,224
Total OPEB liability – beginning	-	-	-	-	6,868,178	12,707,224	-
Total OPEB liability – ending	\$ 46,061,671	\$ 42,595,056	\$ 40,634,442	\$ 41,514,873	\$ 38,827,000	\$ 38,533,900	\$ 37,236,115
Covered payroll							
Total OPEB liability as a percentage of covered payroll	-	-	-	-	-	17.82%	34.13%

#### Notes:

This schedule is presented to show information for ten years. However, until a full ten-year trend is compiled, Fairfax Water will present information for those years which information is available.

The OPEB plan does not have assets in trusts or equivalent arrangements and is funded on a pay-as-you-go basis.

Based upon the recent positive claim experience and the premium rates in place for 2024, there continues to be no implicit subsidy in pre-Medicare retiree healthcare rates. As such, there is no liability for the fifth year in a row.

## FAIRFAX COUNTY WATER AUTHORITY

### Schedule of Changes in the Total OPEB Liability and Related Ratios – Life Insurance

Information presented is based on the actuarial information for the plan year ended:

Reporting as of December 31,	2023	2022	2021	2020	2019	2018	2017
<b>Total OPEB liability</b>							
Service cost	\$ 117,035	\$ 201,391	\$ 206,425	\$ 170,284	\$ 118,018	\$ 147,171	\$ 136,829
Interest	86,442	65,212	60,188	58,573	63,540	67,016	74,468
Differences between expected and actual experience	12,106	49,239	31,642	191,319	(109,817)	(3,915)	(54,160)
Changes of assumptions	260,288	(1,058,393)	44,345	251,772	542,248	(247,389)	136,275
Benefit payments, including refunds of employee contributions	(16,865)	(13,122)	(8,853)	(4,639)	(151,983)	(512,248)	(412,730)
Net change in total OPEB liability	459,006	(755,673)	333,747	667,309	462,006	(549,365)	(119,318)
Total OPEB liability – beginning	2,215,120	2,970,793	2,637,046	1,969,737	1,507,731	2,057,096	2,176,414
<b>Total OPEB liability – ending</b>	<b>\$ 2,674,126</b>	<b>\$ 2,215,120</b>	<b>\$ 2,970,793</b>	<b>\$ 2,637,046</b>	<b>\$ 1,969,737</b>	<b>\$ 1,507,731</b>	<b>\$ 2,057,096</b>
Covered payroll	\$ 46,061,671	\$ 42,595,056	\$ 40,634,442	\$ 41,514,873	\$ 38,827,000	\$ 38,533,900	\$ 37,236,115
Total OPEB liability as a percentage of covered payroll	5.81%	5.20%	7.31%	6.35%	5.07%	3.91%	5.52%

#### Notes:

This schedule is presented to show information for ten years. However, until a full ten-year trend is compiled, Fairfax Water will present information for those years which information is available.

The OPEB plan does not have assets in trusts or equivalent arrangements and is funded on a pay-as-you-go basis.

## FAIRFAX COUNTY WATER AUTHORITY

### Schedule of Employer Contributions – OPEB Life Insurance (in thousands)

Year Ended December 31	Employer Contributions	Covered Payroll	Contributions as a Percentage of Covered Payroll
2017	\$ 413	\$ 37,236	1.11%
2018	512	38,534	1.33%
2019	152	38,827	0.39%
2020	-	41,515	0.00%
2021	-	40,634	0.00%
2022	-	42,595	0.00%
2023	-	46,062	0.00%
2024	-	49,150	0.00%

#### Notes:

This schedule is presented to show information for ten years. However, until a full ten-year trend is compiled, Fairfax Water will present information for those years which information is available.

## **SUPPLEMENTARY INFORMATION**

# FAIRFAX COUNTY WATER AUTHORITY

## Statement of Changes in Assets and Liabilities – Custodial Funds For the year ended December 31, 2024

### FAIRFAX COUNTY SEWER

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
<b>Assets</b>				
Cash	<u>\$ 3,641,838</u>	<u>\$ 254,599,607</u>	<u>\$ 254,277,737</u>	<u>\$ 3,963,708</u>
<b>Liabilities</b>				
Accounts payable	<u>\$ 3,641,838</u>	<u>\$ 254,599,607</u>	<u>\$ 254,277,737</u>	<u>\$ 3,963,708</u>

### CITY OF FAIRFAX SEWER AND UTILITY TAX

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
<b>Assets</b>				
Cash	<u>\$ 858,995</u>	<u>\$ 11,328,466</u>	<u>\$ 11,212,856</u>	<u>\$ 974,605</u>
<b>Liabilities</b>				
Accounts payable	<u>\$ 858,995</u>	<u>\$ 11,328,466</u>	<u>\$ 11,212,856</u>	<u>\$ 974,605</u>

### CITY OF FALLS CHURCH SEWER AND UTILITY TAX

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
<b>Assets</b>				
Cash	<u>\$ 142,487</u>	<u>\$ 4,757,691</u>	<u>\$ 4,654,553</u>	<u>\$ 245,625</u>
<b>Liabilities</b>				
Accounts payable	<u>\$ 142,487</u>	<u>\$ 4,757,691</u>	<u>\$ 4,654,553</u>	<u>\$ 245,625</u>

### TOTAL – ALL CUSTODIAL FUNDS

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
<b>Assets</b>				
Cash	<u>\$ 4,643,320</u>	<u>\$ 270,685,764</u>	<u>\$ 270,145,146</u>	<u>\$ 5,183,938</u>
<b>Liabilities</b>				
Accounts payable	<u>\$ 4,643,320</u>	<u>\$ 270,685,764</u>	<u>\$ 270,145,146</u>	<u>\$ 5,183,938</u>

## FAIRFAX COUNTY WATER AUTHORITY

### Schedule of Bonds Payable

December 31, 2024

Description	Date of Issue	Maturity Dates	Interest		Principal Amount	Outstanding January 1, 2024	Issued During 2024	Retired During 2024	Outstanding December 31, 2024
			Rate	Dates					
Water Refunding Revenue Bonds, Series 2005	3/30/2005	4/1/2024	5.250	4/1 – 10/1	\$ 6,175,000	\$ 6,175,000	-	\$ 6,175,000	\$ -
	3/30/2005	4/1/2025	5.250	4/1 – 10/1	6,500,000	6,500,000	-	-	6,500,000
	3/30/2005	4/1/2026	5.250	4/1 – 10/1	2,655,000	2,655,000	-	-	2,655,000
	3/30/2005	4/1/2027	5.250	4/1 – 10/1	2,795,000	2,795,000	-	-	2,795,000
						18,125,000	-	6,175,000	11,950,000
Water Revenue and Refunding Revenue Bonds, Series 2010	11/10/2010	4/1/2033	5.000	4/1 – 10/1	2,230,000	2,230,000	-	-	2,230,000
	11/10/2010	4/1/2034	5.000	4/1 – 10/1	2,305,000	2,305,000	-	-	2,305,000
	11/10/2010	4/1/2035	5.000	4/1 – 10/1	7,815,000	7,815,000	-	-	7,815,000
	11/10/2010	4/1/2036	5.000	4/1 – 10/1	8,065,000	8,065,000	-	-	8,065,000
	11/10/2010	4/1/2037	5.000	4/1 – 10/1	8,330,000	8,330,000	-	-	8,330,000
	11/10/2010	4/1/2038	5.000	4/1 – 10/1	11,655,000	11,655,000	-	-	11,655,000
	11/10/2010	4/1/2039	5.000	4/1 – 10/1	12,035,000	12,035,000	-	-	12,035,000
	11/10/2010	4/1/2040	5.000	4/1 – 10/1	12,425,000	12,425,000	-	-	12,425,000
						64,860,000	-	-	64,860,000
Water Refunding Revenue Bonds, Series 2013B	2/25/2013	4/1/2024	2.705	4/1 – 10/1	2,380,000	2,380,000	-	2,380,000	-
	2/25/2013	4/1/2025	2.875	4/1 – 10/1	2,445,000	2,445,000	-	-	2,445,000
	2/25/2013	4/1/2026	3.005	4/1 – 10/1	2,515,000	2,515,000	-	-	2,515,000
	2/25/2013	4/1/2027	3.085	4/1 – 10/1	2,585,000	2,585,000	-	-	2,585,000
	2/25/2013	4/1/2028	3.185	4/1 – 10/1	2,670,000	2,670,000	-	-	2,670,000
	2/25/2013	4/1/2029	3.305	4/1 – 10/1	2,750,000	2,750,000	-	-	2,750,000
	2/25/2013	4/1/2030	3.405	4/1 – 10/1	2,845,000	2,845,000	-	-	2,845,000
						18,190,000	-	2,380,000	15,810,000

## FAIRFAX COUNTY WATER AUTHORITY

### Schedule of Bonds Payable (continued)

December 31, 2024

Description	Date of Issue	Maturity Dates	Interest		Principal Amount	Outstanding January 1, 2024	Issued During 2024	Retired During 2024	Outstanding December 31, 2024
Water Revenue	3/1/2017	4/1/2024	5.000	4/1 – 10/1	5,530,000	5,530,000	-	5,530,000	-
and Refunding Revenue	3/1/2017	4/1/2025	5.000	4/1 – 10/1	5,795,000	5,795,000	-	-	5,795,000
Bonds, Series 2017	3/1/2017	4/1/2026	5.000	4/1 – 10/1	10,265,000	10,265,000	-	-	10,265,000
	3/1/2017	4/1/2027	5.000	4/1 – 10/1	10,780,000	10,780,000	-	-	10,780,000
	3/1/2017	4/1/2028	4.000	4/1 – 10/1	13,250,000	13,250,000	-	-	13,250,000
	3/1/2017	4/1/2029	5.000	4/1 – 10/1	9,030,000	9,030,000	-	-	9,030,000
	3/1/2017	4/1/2030	5.000	4/1 – 10/1	5,900,000	5,900,000	-	-	5,900,000
	3/1/2017	4/1/2031	3.000	4/1 – 10/1	6,185,000	6,185,000	-	-	6,185,000
	3/1/2017	4/1/2032	3.000	4/1 – 10/1	1,575,000	1,575,000	-	-	1,575,000
	3/1/2017	4/1/2033	3.125	4/1 – 10/1	6,710,000	6,710,000	-	-	6,710,000
	3/1/2017	4/1/2034	3.250	4/1 – 10/1	6,925,000	6,925,000	-	-	6,925,000
	3/1/2017	4/1/2035	3.250	4/1 – 10/1	1,600,000	1,600,000	-	-	1,600,000
	3/1/2017	4/1/2036	3.250	4/1 – 10/1	1,655,000	1,655,000	-	-	1,655,000
	3/1/2017	4/1/2037	3.250	4/1 – 10/1	1,710,000	1,710,000	-	-	1,710,000
	3/1/2017	4/1/2041	5.000	4/1 – 10/1	7,900,000	7,900,000	-	-	7,900,000
	3/1/2017	4/1/2042	5.000	4/1 – 10/1	8,295,000	8,295,000	-	-	8,295,000
	3/1/2017	4/1/2043	5.000	4/1 – 10/1	8,710,000	8,710,000	-	-	8,710,000
	3/1/2017	4/1/2044	5.000	4/1 – 10/1	9,145,000	9,145,000	-	-	9,145,000
	3/1/2017	4/1/2045	5.000	4/1 – 10/1	9,605,000	9,605,000	-	-	9,605,000
	3/1/2017	4/1/2046	5.000	4/1 – 10/1	10,080,000	10,080,000	-	-	10,080,000
	3/1/2017	4/1/2047	5.000	4/1 – 10/1	10,585,000	10,585,000	-	-	10,585,000
						151,230,000	-	5,530,000	145,700,000

## FAIRFAX COUNTY WATER AUTHORITY

### Schedule of Bonds Payable (continued)

December 31, 2024

Description	Date of Issue	Maturity Dates	Interest		Principal Amount	Outstanding January 1, 2024	Issued During 2024	Retired During 2024	Outstanding December 31, 2024
			Rate	Dates					
Water Refunding Revenue Bonds, Series 2019	12/10/2019	4/1/2024	1.965	4/1 – 10/1	12,965,000	12,965,000	-	12,965,000	-
	12/10/2019	4/1/2025	2.106	4/1 – 10/1	13,215,000	13,215,000	-	-	13,215,000
	12/10/2019	4/1/2026	2.206	4/1 – 10/1	13,480,000	13,480,000	-	-	13,480,000
	12/10/2019	4/1/2027	2.279	4/1 – 10/1	13,765,000	13,765,000	-	-	13,765,000
	12/10/2019	4/1/2028	2.379	4/1 – 10/1	12,245,000	12,245,000	-	-	12,245,000
	12/10/2019	4/1/2029	2.429	4/1 – 10/1	12,520,000	12,520,000	-	-	12,520,000
	12/10/2019	4/1/2030	2.629	4/1 – 10/1	65,000	65,000	-	-	65,000
	12/10/2019	4/1/2031	2.629	4/1 – 10/1	70,000	70,000	-	-	70,000
	12/10/2019	4/1/2032	2.629	4/1 – 10/1	5,430,000	5,430,000	-	-	5,430,000
						83,755,000	-	12,965,000	70,790,000
Water Refunding Revenue Bonds, Series 2020	1/7/2020	4/1/2028	5.000	4/1 – 10/1	2,530,000	2,530,000	-	-	2,530,000
	1/7/2020	4/1/2029	3.500	4/1 – 10/1	2,000,000	2,000,000	-	-	2,000,000
	1/7/2020	4/1/2029	5.000	4/1 – 10/1	5,500,000	5,500,000	-	-	5,500,000
	1/7/2020	4/1/2030	5.000	4/1 – 10/1	2,770,000	2,770,000	-	-	2,770,000
	1/7/2020	4/1/2031	5.000	4/1 – 10/1	2,905,000	2,905,000	-	-	2,905,000
	1/7/2020	4/1/2032	5.000	4/1 – 10/1	3,060,000	3,060,000	-	-	3,060,000
						18,765,000	-	-	18,765,000
Water Revenue Bonds, Series 2021	7/29/2021	4/1/2024	5.000	4/1 – 10/1	1,525,000	1,525,000	-	1,525,000	-
	7/29/2021	4/1/2025	5.000	4/1 – 10/1	1,605,000	1,605,000	-	-	1,605,000
	7/29/2021	4/1/2026	5.000	4/1 – 10/1	1,690,000	1,690,000	-	-	1,690,000
	7/29/2021	4/1/2027	1.000	4/1 – 10/1	1,740,000	1,740,000	-	-	1,740,000
	7/29/2021	4/1/2028	5.000	4/1 – 10/1	1,790,000	1,790,000	-	-	1,790,000
	7/29/2021	4/1/2029	5.000	4/1 – 10/1	1,885,000	1,885,000	-	-	1,885,000

## FAIRFAX COUNTY WATER AUTHORITY

### Schedule of Bonds Payable (continued)

December 31, 2024

Description	Date of Issue	Maturity Dates	Interest		Principal Amount	Outstanding January 1, 2024	Issued During 2024	Retired During 2024	Outstanding December 31, 2024
Water Revenue Bonds, Series 2021 (continued)	7/29/2021	4/1/2030	5.000	4/1 – 10/1	1,980,000	1,980,000	-	-	1,980,000
	7/29/2021	4/1/2031	5.000	4/1 – 10/1	2,080,000	2,080,000	-	-	2,080,000
	7/29/2021	4/1/2032	4.000	4/1 – 10/1	2,175,000	2,175,000	-	-	2,175,000
	7/29/2021	4/1/2033	4.000	4/1 – 10/1	2,265,000	2,265,000	-	-	2,265,000
	7/29/2021	4/1/2034	4.000	4/1 – 10/1	2,360,000	2,360,000	-	-	2,360,000
	7/29/2021	4/1/2035	4.000	4/1 – 10/1	2,455,000	2,455,000	-	-	2,455,000
	7/29/2021	4/1/2036	4.000	4/1 – 10/1	2,555,000	2,555,000	-	-	2,555,000
	7/29/2021	4/1/2037	4.000	4/1 – 10/1	2,660,000	2,660,000	-	-	2,660,000
	7/29/2021	4/1/2038	4.000	4/1 – 10/1	2,770,000	2,770,000	-	-	2,770,000
	7/29/2021	4/1/2039	4.000	4/1 – 10/1	2,880,000	2,880,000	-	-	2,880,000
	7/29/2021	4/1/2040	4.000	4/1 – 10/1	3,000,000	3,000,000	-	-	3,000,000
	7/29/2021	4/1/2041	4.000	4/1 – 10/1	3,120,000	3,120,000	-	-	3,120,000
	7/29/2021	4/1/2042	4.000	4/1 – 10/1	3,250,000	3,250,000	-	-	3,250,000
	7/29/2021	4/1/2043	4.000	4/1 – 10/1	3,380,000	3,380,000	-	-	3,380,000
	7/29/2021	4/1/2044	4.000	4/1 – 10/1	3,520,000	3,520,000	-	-	3,520,000
	7/29/2021	4/1/2045	4.000	4/1 – 10/1	3,665,000	3,665,000	-	-	3,665,000
	7/29/2021	4/1/2046	4.000	4/1 – 10/1	3,810,000	3,810,000	-	-	3,810,000
	7/29/2021	4/1/2047	4.000	4/1 – 10/1	3,970,000	3,970,000	-	-	3,970,000
	7/29/2021	4/1/2048	4.000	4/1 – 10/1	4,130,000	4,130,000	-	-	4,130,000
	7/29/2021	4/1/2049	4.000	4/1 – 10/1	4,300,000	4,300,000	-	-	4,300,000
	7/29/2021	4/1/2050	4.000	4/1 – 10/1	4,475,000	4,475,000	-	-	4,475,000
	7/29/2021	4/1/2051	4.000	4/1 – 10/1	4,655,000	4,655,000	-	-	4,655,000
						79,690,000	-	1,525,000	78,165,000

## FAIRFAX COUNTY WATER AUTHORITY

### Schedule of Bonds Payable (continued)

December 31, 2024

Description	Date of Issue	Maturity Dates	Interest		Principal Amount	Outstanding January 1, 2024	Issued During 2024	Retired During 2024	Outstanding December 31, 2024
			Rate	Dates					
Water Revenue Bonds, Series 2024	7/30/2024	4/1/2025	5.000	4/1 - 10/1	935,000	-	935,000	-	935,000
	7/30/2024	4/1/2026	5.000	4/1 - 10/1	980,000	-	980,000	-	980,000
	7/30/2024	4/1/2027	5.000	4/1 - 10/1	1,030,000	-	1,030,000	-	1,030,000
	7/30/2024	4/1/2028	5.000	4/1 - 10/1	1,085,000	-	1,085,000	-	1,085,000
	7/30/2024	4/1/2029	5.000	4/1 - 10/1	1,140,000	-	1,140,000	-	1,140,000
	7/30/2024	4/1/2030	5.000	4/1 - 10/1	1,200,000	-	1,200,000	-	1,200,000
	7/30/2024	4/1/2031	5.000	4/1 - 10/1	1,260,000	-	1,260,000	-	1,260,000
	7/30/2024	4/1/2032	5.000	4/1 - 10/1	1,325,000	-	1,325,000	-	1,325,000
	7/30/2024	4/1/2033	5.000	4/1 - 10/1	1,395,000	-	1,395,000	-	1,395,000
	7/30/2024	4/1/2034	5.000	4/1 - 10/1	1,465,000	-	1,465,000	-	1,465,000
	7/30/2024	4/1/2035	5.000	4/1 - 10/1	1,540,000	-	1,540,000	-	1,540,000
	7/30/2024	4/1/2036	5.000	4/1 - 10/1	1,620,000	-	1,620,000	-	1,620,000
	7/30/2024	4/1/2037	5.000	4/1 - 10/1	1,700,000	-	1,700,000	-	1,700,000
	7/30/2024	4/1/2038	5.000	4/1 - 10/1	1,790,000	-	1,790,000	-	1,790,000
	7/30/2024	4/1/2039	5.000	4/1 - 10/1	1,880,000	-	1,880,000	-	1,880,000
	7/30/2024	4/1/2040	5.000	4/1 - 10/1	1,975,000	-	1,975,000	-	1,975,000
	7/30/2024	4/1/2041	4.000	4/1 - 10/1	2,065,000	-	2,065,000	-	2,065,000
	7/30/2024	4/1/2042	4.000	4/1 - 10/1	2,150,000	-	2,150,000	-	2,150,000
	7/30/2024	4/1/2043	4.000	4/1 - 10/1	2,240,000	-	2,240,000	-	2,240,000
	7/30/2024	4/1/2044	4.000	4/1 - 10/1	2,330,000	-	2,330,000	-	2,330,000
	7/30/2024	4/1/2045	4.000	4/1 - 10/1	2,425,000	-	2,425,000	-	2,425,000
	7/30/2024	4/1/2046	4.000	4/1 - 10/1	2,525,000	-	2,525,000	-	2,525,000
	7/30/2024	4/1/2047	4.000	4/1 - 10/1	2,630,000	-	2,630,000	-	2,630,000

## FAIRFAX COUNTY WATER AUTHORITY

### Schedule of Bonds Payable (continued)

December 31, 2024

Description	Date of Issue	Maturity Dates	Interest		Principal Amount	Outstanding January 1, 2024	Issued During 2024	Retired During 2024	Outstanding December 31, 2024
Water Revenue Bonds, Series 2024 (continued)	7/30/2024	4/1/2048	4.000	4/1 - 10/1	2,735,000	-	2,735,000	-	2,735,000
	7/30/2024	4/1/2049	4.000	4/1 - 10/1	2,845,000	-	2,845,000	-	2,845,000
	7/30/2024	4/1/2050	4.000	4/1 - 10/1	2,965,000	-	2,965,000	-	2,965,000
	7/30/2024	4/1/2051	4.000	4/1 - 10/1	3,085,000	-	3,085,000	-	3,085,000
	7/30/2024	4/1/2052	4.000	4/1 - 10/1	3,210,000	-	3,210,000	-	3,210,000
	7/30/2024	4/1/2053	4.000	4/1 - 10/1	3,340,000	-	3,340,000	-	3,340,000
	7/30/2024	4/1/2054	4.000	4/1 - 10/1	3,480,000	-	3,480,000	-	3,480,000
Total Bonds – All Series						-	60,345,000	-	60,345,000
					\$ 434,615,000	\$ 60,345,000	\$ 28,575,000	\$ 466,385,000	