ADVERTISED
2027 ANNUAL BUDGET

Draft

November 5, 2026

The Annual Budget covers the 70th year of operation of Fairfax Water and has been prepared pursuant to the General Trust Indenture dated October 1, 1992, under which all outstanding Water Revenue Bonds of Fairfax Water have been issued. Fairfax Water is considered an enterprise fund and the Annual Budget represents the financial plan of Fairfax Water for the calendar year. The Annual Budget includes the funds and accounts created by the General Trust Indenture and has been organized in accordance with the "flow of funds" provisions therein. There are five major divisions of the Budget: Revenue Fund, Debt Service Fund, Reserve Fund, Improvement Fund, and General Fund.

Reviewers of the Annual Budget should be aware that Fairfax Water is a single-purpose public agency charged with the responsibility to construct, operate, and maintain a water system in compliance with state and federal water quality regulations. Line items of current expenses and capital expenditures are estimates based on historical experience and current judgment as to cost trends and the labor, material and services required to operate, maintain, and expand the water system. Fairfax Water has very little latitude with respect to the level of service it must provide or the requirements imposed by various regulatory agencies. There are few discretionary programs within Fairfax Water's assigned scope of activity. As such, one of the more important purposes of the Annual Budget is to assess the adequacy of Fairfax Water's revenues to satisfy the requirements of the General Trust Indenture.

The revenues of the water system include payments from various wholesale customers under agreements, which include the purchase of capacity rights in Fairfax Water's system. Wholesale customers account for approximately 48% of the total water sales volume of Fairfax Water in 2027.

The 2027 Annual Budget contains a provision for revisions to certain rates, fees and charges proposed to be effective April 1, 2027. It is intended that these proposed charges would be considered for adoption at Fairfax Water's meeting of December 10, 2026, following a public hearing on the matter.

The General Trust Indenture requires Fairfax Water's Consulting Engineer to make an inspection of the water system annually and to submit a report on or before December 1 of each year setting forth findings as to the physical condition of the water system, recommendations as to the adequacy of the budgeted amounts for current expenses and capital expenditures, and any necessary or advisable revisions of the rates, fees, and charges.

The Annual Budget is contained on pages 2 through 8. Details and supporting data related to the Annual Budget are included on pages 9 through 52.

FAIRFAX WATER

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2027

REVENUE FUND	2026 Budget	2026 Current Estimate	2027 Budget
REVENUES			
Wholesale Revenue (Fixed and Commodity) [1]			
Virginia-American Water Company			
Alexandria District	$ 13,637,000	$ 13,908,000	$ 16,031,000
Prince William District	5,356,000	5,577,000	6,292,000
Prince William Water	24,260,000	63,386,000	25,238,000
Loudoun Water	12,490,000	11,920,000	12,579,000
Town of Herndon	2,810,000	1,828,000	6,024,000
Fort Belvoir	2,136,000	2,167,000	2,539,000
Dulles International Airport	558,000	615,000	792,000
Town of Vienna	2,312,000	2,292,000	2,442,000
Untreated			
Prince William County Park Authority	1,000	1,000	1,000
Vulcan Materials Company	21,000	31,000	29,000
Old Hickory Golf Course	3,000	3,000	3,000
Arlington County	- -	12,000	- -
Total - Wholesale Revenue	63,584,000	101,740,000	71,970,000
Retail Revenue (Commodity and Billing)	148,902,000	162,219,000	162,219,000
Total - Wholesale and Retail Revenue	212,486,000	263,959,000	234,189,000

[1] See Exhibit 1 (page 25) for a breakdown of commodity and fixed charges revenue.

	2026		
	Budget	Current Estimate	2027 Budget
Other Revenues			
Availability Charges	$ 11,000,000	$ 11,000,000	$ 10,000,000
Local Facility Charges	1,300,000	1,000,000	1,300,000
Service Connection Charges	1,200,000	1,000,000	1,200,000
Account Charges	1,200,000	1,200,000	1,200,000
Delinquent Account Charges	610,000	620,000	620,000
Returned Check Charges	130,000	150,000	150,000
Sewer Service Billing Charges	8,800,000	9,200,000	9,000,000
After Hours Service Restoration Charges	50,000	30,000	50,000
Merchandising and Jobbing	150,000	133,000	150,000
Fire Hydrant Permit Fees	880,000	930,000	900,000
Laboratory Services	90,000	90,000	90,000
Investment Income	3,100,000	6,300,000	3,800,000
Lease Income	1,260,000	1,260,000	1,270,000
Sale of Scrap Material	100,000	180,000	100,000
Bad Debt Recovery	10,000	3,000	5,000
Bond Subsidy	1,070,000	1,070,000	1,070,000
Miscellaneous	160,000	440,000	300,000
Total - Other Revenues	31,110,000	34,606,000	31,205,000
Rate Revisions [1]	9,851,000	- -	15,233,000
Total - Revenues	253,447,000	298,565,000	280,627,000

[1] The 2027 Annual Budget contains a provision for revisions to certain rates, fees, and charges proposed to be effective April 1, 2027.

	2026 Budget	2026 Current Estimate	2027 Budget
CURRENT EXPENSES			
Operation and Maintenance Expenses			
Supply Facilities	$ 16,101,000	$ 17,015,000	$ 16,991,000
Treatment Facilities	39,856,000	37,625,000	41,339,000
Transmission System	7,491,000	7,829,000	8,900,000
Distribution System	27,705,000	27,602,000	30,202,000
Administrative and General	50,690,000	50,399,000	54,607,000
Total - Operation and Maintenance Expenses	141,843,000	140,470,000	152,039,000
Other Expenses			
New Services and Meters	2,248,000	2,024,000	2,239,000
Merchandising and Jobbing	4,000	3,000	4,000
Total - Other Expenses	2,252,000	2,027,000	2,243,000
Total - Current Expenses	144,095,000	142,497,000	154,282,000
NET REVENUES			
Net Revenues Defined	109,352,000	156,068,000	126,345,000
Transfer from Reserve Fund	1,159,000	1,159,000	1,148,000
Total Net Revenues	110,511,000	157,227,000	127,493,000
DEBT SERVICE COVERAGE			
Net Revenues	110,511,000	157,227,000	127,493,000
Annual Principal and Interest Requirements	54,018,574	49,822,574	52,802,485
Coverage	2.05	3.16	2.41

	2026		
	Budget	Current Estimate	2027 Budget
DEBT SERVICE FUND			
Balance Carried Forward from Prior Year	$ 39,964,365	$ 39,964,365	$ 40,494,824
Receipts			
Transfer from Revenue Fund	54,018,574	49,822,574	52,802,485
Investment Income	800,000	1,500,000	1,000,000
Total - Receipts	54,818,574	51,322,574	53,802,485
Disbursements			
Interest Payable - April 1 and October 1	19,805,115	17,707,115	18,180,030
Principal Payable - April 1	31,585,000	31,585,000	32,695,000
Transfer of Investment Income to Revenue Fund	800,000	1,500,000	1,000,000
Total - Disbursements	52,190,115	50,792,115	51,875,030
Balance Carried Forward to Ensuing Year	42,592,824	40,494,824	42,422,279

	2026		
	Budget	Current Estimate	2027 Budget
RESERVE FUND			
Balance Carried Forward from Prior Year	$ 10,382,000	$ 10,257,000	$ 9,098,000
Receipts			
Investment Income	200,000	200,000	200,000
Total - Receipts	200,000	200,000	200,000
Disbursements			
Transfer of Investment Income to Revenue Fund	200,000	200,000	200,000
Transfer of Excess Requirement to Revenue Fund	1,159,000	1,159,000	1,148,000
Total - Disbursements	1,359,000	1,359,000	1,348,000
Balance Carried Forward to Ensuing Year	9,223,000	9,098,000	7,950,000

	2026		
	Budget	Current Estimate	2027 Budget
IMPROVEMENT FUND			
Balance Carried Forward from Prior Year	$ 19,956,000	$ 28,460,000	$ 341,000
Receipts			
Transfer from Revenue Fund	11,000,000	11,000,000	11,000,000
Transfer from General Fund	90,000,000	64,000,000	95,000,000
Bond Proceeds	129,000,000	- -	100,000,000
Advances for Construction	100,000	100,000	100,000
Contributions for Construction	1,800,000	640,000	800,000
Investment Income	700,000	800,000	200,000
Miscellaneous	100,000	80,000	100,000
Total - Receipts	232,700,000	76,620,000	207,200,000
Disbursements			
Part B Capital Improvement Program			
Materials and Supplies	90,000	100,000	90,000
Refunds - Advances for Construction	40,000	40,000	40,000
General Expenses	22,070,000	23,110,000	23,130,000
Subdivision and Other Development Projects	1,250,000	1,079,000	1,240,000
Extraordinary Maintenance and Repairs	65,520,000	37,560,000	61,630,000
Additions, Extensions and Betterments	56,501,000	39,580,000	42,558,000
General Studies	9,167,000	3,270,000	7,014,000
Total - Disbursements	154,638,000	104,739,000	135,702,000
Balance Carried Forward to Ensuing Year	98,018,000	341,000	71,839,000

	2026		
	Budget	Current Estimate	2027 Budget
GENERAL FUND			
Balance Carried Forward from Prior Year	$ 128,532,000	$ 132,493,000	$ 164,897,000
Receipts			
Transfer from Revenue Fund (Net Revenues)	45,492,000	96,404,000	63,691,000
Investment Income	2,000,000	3,600,000	2,500,000
Total - Receipts	47,492,000	100,004,000	66,191,000
Disbursements			
Transfer of Investment Income to Revenue Fund	2,000,000	3,600,000	2,500,000
Transfer to Improvement Fund	90,000,000	64,000,000	95,000,000
Total - Disbursements	92,000,000	67,600,000	97,500,000
Balance Carried Forward to Ensuing Year	84,024,000	164,897,000	133,588,000



DETAILS AND SUPPORTING DATA

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2027

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I. Highlights of 2027 Annual Budget

Category	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Retail Customer Accounts Added	300	112	300	167.9
Retail Equivalent 5/8" Units Added	2,230	2,160	1,960	(9.3)
Retail Customers - End of Year	284,036	283,771	284,071	0.1
Wholesale Water Sales (mg)	26,802	27,478	27,707	0.8
Retail Water Sales (mg)	29,900	30,200	30,200	- -
Total Water Sales (mg)	56,702	57,678	57,907	0.4
Water Sales Revenue ($ million)	221.959	263.959	248.958	(5.7)
Water Produced and Purchased (mg)	63,000	64,100	64,300	0.3
Water Produced and Purchased (mgd)	172.6	175.6	176.2	0.3
Total Revenues ($ million)	253.447	298.565	280.627	(6.0)
Current Expenses ($ million)	144.095	142.497	154.282	8.3
Net Revenues ($ million)	110.511	157.227	127.493	(18.9)
Total Debt Service ($ million)	54.019	49.823	52.802	6.0
Debt Service Coverage	2.05	3.16	2.41	(23.7)
Authorized Employees	513	513	523	1.9

Highlights of 2027 Annual Budget (Continued)

- 300 retail customers are projected to be added in 2027, 188 more than the number projected for 2026. A total of 284,071 customers are expected to be served at the end of 2027.
- Water sales are estimated to be 57.9 billion gallons in 2027, as compared to 57.7 billion gallons in 2026.
- Average daily production is expected to be 176.2 million gallons per day (mgd) in 2027, as compared to 175.6 mgd in 2026.
- Revenues are expected to be $280.6 million in 2027, as compared to $298.6 million in 2026.
- The 2027 Annual Budget contains a provision for revisions to certain rates, fees, and charges proposed to be effective April 1, 2027.
- Current Expenses are projected to be $154.3 million in 2027, a 8.3% increase as compared to the 2026 Current Estimate and a 7.1% increase from the 2026 Budget.
- Net Revenues are projected to be $127.5 million in 2027, as compared to $157.2 million in 2026.
- Debt service coverage is projected at 2.41 in 2027, as compared to 3.16 in 2026.
- It is expected that the Improvement Fund will have a cash balance of $0.3 million on January 1, 2027. Improvement Fund receipts are estimated at $207.2 million and expenditures are estimated at $135.7 million in 2027, resulting in an expected balance of $71.8 million on December 31, 2027.
- It is expected that the General Fund will have a balance of $133.6 million at the end of 2027.
- In 2027, the authorized staff complement is expected to increase to a total of 523 employees.
- Expected payroll costs of $62.590 million in 2027 represents a 6.6% increase from the $58.720 million budgeted in 2026.

II. Customer Growth

- Applications for new services in 2027 are projected to be 57 less than the number currently estimated for 2026 and 69 less than the actual number of applications received in 2025.
- 300 customer accounts are expected to be added in 2027.
- Single family and townhouse units comprise 94% of all retail customers.

	Actual				Current Estimate	Budget
	2022	2023	2024	2025	2026	2027
Customers						
Number of Applications Received	596	532	501	369	357	300
Number of Services Installed	575	674	530	373	287	300
Number of Customer Accounts Added (net)	496	662	377	25	112	300
Number of Equivalent 5/8" Units Added	3,230	3,820	3,484	2,178	2,160	1,960
Total Customers (End-of-Year)						
Single Family	187,091	187,129	187,109	187,005	186,982	187,000
Townhouse	78,567	79,005	79,322	79,392	79,446	79,690
Apartment	4,153	4,221	4,271	4,297	4,326	4,345
Commercial/Industrial	11,267	11,333	11,357	11,383	11,409	11,422
Municipal/Institutional	1,427	1,447	1,453	1,459	1,485	1,491
Restricted Service	90	122	122	123	123	123
	282,595	283,257	283,634	283,659	283,771	284,071
Sales Per Customer						
Retail Customers	282,595	283,257	283,634	283,659	283,771	284,071
Retail Water Sales (mg)	29,325	29,689	31,111	30,298	30,200	30,200
Sales Per Customer (1,000 gal)	104	105	110	107	106	106

III. Water Sales

- Total water sales are expected to increase 0.4% in 2027 as compared to 2026.
- Total water sales are expected to increase 0.2% in 2026 as compared to 2025.

Water Sales	Actual 2022	2023	2024	2025	Current Estimate 2026	Budget 2027
Wholesale						
Million Gallons	25,131	26,282	27,011	27,246	27,478	27,707
Daily Average (mgd)	68.9	72.0	73.8	74.7	75.3	75.9
% of Total Sales	46	47	46	47	48	48
Retail						
Million Gallons	29,325	29,689	31,111	30,298	30,200	30,200
Daily Average (mgd)	80.3	81.3	85.0	83.0	82.7	82.7
% of Total Sales	54	53	54	53	52	52
Total						
Million Gallons	54,456	55,971	58,122	57,544	57,678	57,907
Daily Average (mgd)	149.2	153.3	158.8	157.7	158.0	158.6

IV. Water Production (Supply)

- Water production is expected to average 176.2 mgd in 2027, as compared to 175.6 mgd in 2026.
- Occoquan River water production is expected to account for 38.3% of total production in 2027.
- Potomac River water production is expected to account for 54.9% of total production in 2027.
- Purchased water from the Washington Aqueduct is expected to account for 6.8% of total production in 2027.

	Actual				Current Estimate	Budget
	2022	2023	2024	2025	2026	2027
Supply vs. Sales (mg)						
Water Supply	59,130	60,546	62,407	61,791	64,100	64,300
Water Sales	54,456	55,971	58,122	57,544	57,678	57,907
Non-Revenue Water:						
Quantity	4,674	4,575	4,285	4,247	6,422	6,393
As a % of Supply	7.9	7.6	6.9	6.9	10.0	10.0
Sources of Supply (mg)						
Purchased	4,927	4,474	4,165	3,921	4,380	4,390
Occoquan:						
Treated	22,270	22,894	23,365	22,961	24,430	24,513
Untreated	90	64	124	129	140	127
	22,360	22,958	23,489	23,090	24,570	24,640
Potomac	31,843	33,114	34,753	34,780	35,150	35,270
Total Supply	59,130	60,546	62,407	61,791	64,100	64,300
Daily Average (mgd)						
Occoquan	61.3	62.9	64.1	63.3	67.3	67.5
Potomac	87.2	90.7	95.0	95.3	96.3	96.6
Washington Aqueduct	13.5	12.3	11.4	10.7	12.0	12.1
Total	162.0	165.9	170.5	169.3	175.6	176.2

V. Revenues

- 2027 total revenues are estimated at $280.6 million, as compared to $298.6 million in 2026.
- Revenues from total water sales (inclusive of proposed retail rate revisions) are expected to decrease by $15.0 million or -5.7% in 2027.
- In 2027, revenues from connection charges are budgeted to decrease by 3.8% as compared to 2026.
- In 2022, 2023, 2024, 2025, 2026 and 2027, wholesale revenues include $3.4 million, $8.5 million, $12.1 million, $2.1 million, $1.2 million and $0.5 million, respectively, from Prince William Water and Virginia American - Prince William District for the Occoquan Tunnel Crossing project.
- In 2026, wholesale revenues include $39.8 million from Prince William Water for the purchase of additional capacity in Fairfax Water's system.

	Actual				Current Estimate	Budget
	2022	2023	2024	2025	2026	2027
	$ Million					
Revenues						
Water Sales						
Wholesale	43.849	61.399	76.450	59.435	101.740	71.970
Retail	130.130	136.195	151.590	153.234	162.219	162.219
Subtotal	173.979	197.594	228.040	212.669	263.959	234.189
Connection Charges:						
Availability	14.535	17.637	16.575	10.642	11.000	10.000
Local Facility	1.741	1.284	1.402	2.341	1.000	1.300
Service Connection	1.784	1.836	1.370	.781	1.000	1.200
Investment Income	1.082	4.023	4.779	7.032	6.300	3.800
Sewer Service Billing Charges	7.073	7.508	8.125	9.111	9.200	9.000
Other Revenue	4.359	4.669	4.847	5.256	5.036	4.835
Bond Subsidy	1.487	1.070	1.070	1.070	1.070	1.070
Rate Revisions [1]	- -	- -	- -	- -	- -	15.233
Total - Revenues	206.040	235.621	266.208	248.902	298.565	280.627

[1] The 2027 Annual Budget contains a provision for revisions to certain rates, fees and charges proposed to be effective April 1, 2027.

VI. Current Expenses - Exhibits 2, 3, and 4

- Current Expenses are projected to increase 8.3% in 2027 as compared to the 2026 Current Estimate.
- The increase in operation and maintenance costs is mainly driven by four factors: (1) higher payroll and benefits due to 10 additional positions added in 2027; (2) higher chemical costs; (3) higher contractual services; and (4) higher power purchased costs.

	Actual				Current Estimate	Budget
	2022	2023	2024	2025	2026	2027
	$ Million					
Current Expenses						
Operation and Maintenance	100.051	110.901	120.364	127.626	140.470	152.039
Other	2.190	2.192	2.128	2.165	2.027	2.243
Total	102.241	113.093	122.492	129.791	142.497	154.282
Categories of Expense						
Operation and Maintenance						
Supply Facilities	12.078	13.530	14.122	14.268	17.015	16.991
Treatment Facilities	27.735	32.659	36.634	35.785	37.625	41.339
Transmission System	6.206	7.252	7.188	6.829	7.829	8.900
Distribution System	19.239	20.336	22.557	25.917	27.602	30.202
Administrative and General	34.793	37.124	39.863	44.827	50.399	54.607
Total	100.051	110.901	120.364	127.626	140.470	152.039

Operation and Maintenance Expenses

- The following table depicts costs for major items of Operation and Maintenance expenses for the years 2022-2027.

	Actual				Current Estimate	Budget
	2022	2023	2024	2025	2026	2027
	$ Million					
Operation and Maintenance	100.051	110.901	120.364	127.626	140.470	152.039
Major Items of Expense						
Personal Services	31.090	33.779	36.307	39.310	41.552	46.109
Employee Benefits	28.206	29.684	31.464	34.254	37.431	40.245
Power Purchased	10.750	13.216	13.272	12.103	12.900	15.200
Utilities	1.179	1.258	1.317	1.696	1.859	2.000
Water Treatment Chemicals	9.327	12.981	15.342	13.663	14.381	15.310
Residuals Management Chemicals	.143	.096	.145	.099	.095	.100
Purchased Water	7.020	7.520	7.497	8.090	10.622	9.625
Supplies and Materials	5.505	5.788	6.821	6.792	8.315	9.038
Insurance	1.097	1.475	1.447	1.502	1.402	1.285
Gasoline and Fuel	.924	.789	.717	.757	.849	.915
Postage	.558	.605	.629	.668	.650	.700
Printed Reports	.044	.066	.064	.009	.007	.011
Advertising	.064	.094	.116	.078	.097	.120
Customer Relations	.116	.130	.161	.148	.220	.285
Books, Periodicals and Dues	.116	.122	.139	.279	.127	.260
Contractual Services	11.568	11.291	12.810	15.649	16.877	18.630
Professional Services	1.264	1.294	1.146	2.213	2.421	2.221
Employee Training and Meetings	.385	.252	.464	.515	.703	.740
Programs	1.277	1.261	1.264	1.520	1.552	1.447
Miscellaneous	.367	.341	.256	.286	.514	.430
Subtotal	111.000	122.042	131.378	139.631	152.574	164.671
Transfer to Improvement Fund	(10.949)	(11.141)	(11.014)	(12.005)	(12.104)	(12.632)
Total - Operation and Maintenance	100.051	110.901	120.364	127.626	140.470	152.039

VII. Net Revenues - Coverage

- Net Revenues are funds remaining after Current Expenses are deducted from Revenues.
- Net Revenues are allocated to: (1) Reserve for Current Expenses; (2) Debt Service Fund; (3) Reserve Fund; (4) Improvement Fund; and (5) General Fund.
- The following table depicts Net Revenues for the years 2022-2027:

	Actual				Current Estimate	Budget
	2022	2023	2024	2025	2026	2027
	$ Million					
Revenues	206.040	235.621	266.208	248.902	298.565	280.627
Current Expenses	102.241	113.093	122.492	129.791	142.497	154.282
Net Revenues Defined	103.799	122.528	143.716	119.111	156.068	126.345
Transfer from Reserve Fund	.071	.902	.996	.235	1.159	1.148
Net Revenues - Total	103.870	123.430	144.712	119.346	157.227	127.493
Debt Service	42.484	46.327	49.017	49.872	49.823	52.802
Coverage	2.44	2.66	2.95	2.39	3.16	2.41

VIII. Debt Service Fund

- The Debt Service Fund was established to accumulate deposits necessary for the payment of the principal and interest on outstanding bond issues.
- In 2027, Fairfax Water's debt service will be $52,802,485, which will provide a coverage ratio of 2.41. Coverage is derived by dividing Net Revenues by debt service. The debt service includes an additional $3.3 million for estimated principal and interest due on new debt of $100 million expected to be issued in the second half of 2027.

IX. Reserve Fund

- The General Trust Indenture requires that the Reserve Fund be maintained at the "Reserve Requirement" which is defined in the Indenture to be an amount equal to the maximum amount of interest accruing on all outstanding bonds in the current or any future Bond Year. The current Reserve Requirement is $15,979,485, which is funded with a Qualified Reserve Fund Substitute (Insurance) as well as approximately $8 million in cash and securities.

X. Improvement Fund - Exhibit 5

The Improvement Fund is comprised of projects funded from Net Revenues and bond proceeds.

(1) Capital Improvement Program (Part A)

- The Part A Capital Improvement Program was completed in 2004.
- Financing requirements for this program were satisfied in 1994 by the issuance of $76.3 million in Water Revenue Bonds.

(2) Capital Improvement Program (Part B)

- The Part B Capital Improvement Program includes projects in the Improvement Fund which are generally financed from Net Revenues, however, they may be funded from bond proceeds when appropriate. Projects include such items as major repairs to water mains, extensions of water mains, system improvements and the purchase of property and capital equipment, e.g., motor vehicles.

(3) Capital Improvement Program (Part C)

- The Part C Capital Improvement Program was completed in 2017.
- Financing for this program was satisfied with the issuance of revenue bonds and cash on hand.

(4) Capital Improvement Program (Part D)

- The Part D Capital Improvement Program was completed in 2020.
- Financing for this program was satisfied with the issuance of revenue bonds and cash on hand.

(5) Capital Improvement Program (Part E)

- The Part E Capital Improvement Program currently has no planned projects for 2027.
- Financing for this program is from the issuance of revenue bonds and cash on hand.

(6) Summary of Improvement Fund Budget

- As depicted in the following table, it is expected that the Improvement Fund will have a balance of $0.3 million on January 1, 2027. Improvement Fund receipts are estimated at $207.2 million and expenditures are estimated at $135.7 million, resulting in an expected balance of $71.8 million on December 31, 2027.

Improvement Fund (Continued)

	Actual				Current Estimate	Budget
	2022	2023	2024	2025	2026	2027
	$ Million					
Balance Carried Forward - January 1	68.141	40.977	.397	54.735	28.460	.341
Receipts						
Transfer from Revenue Fund	11.000	11.000	11.000	11.000	11.000	11.000
Transfer from General Fund	41.000	84.000	80.000	53.000	64.000	95.000
Transfer to Rebate Fund	- -	(.553)	(.046)	(.497)	- -	- -
Bond Proceeds	- -	- -	60.400	- -	- -	100.000
Investment Income and Other	2.088	3.749	4.992	3.236	1.620	1.200
Total - Receipts	54.088	98.196	156.346	66.739	76.620	207.200
Disbursements						
Part B Capital Improvement Program						
Materials and Supplies	2.973	2.102	.456	1.247	.100	.090
Refunds of Advances	.009	.093	.028	- -	.040	.040
General Expenses	19.891	20.450	20.741	22.581	23.110	23.130
Subdivision/Development Projects	1.070	1.147	1.231	1.215	1.079	1.240
Extraordinary Maintenance and Repair	31.702	78.716	52.557	49.626	37.560	61.630
Additions, Extensions and Betterments	23.998	32.894	21.729	13.042	39.580	42.558
General Studies	1.609	3.374	5.266	5.195	3.270	7.014
Part E Capital Improvement Program	- -	- -	- -	.108	- -	- -
Total - Disbursements	81.252	138.776	102.008	93.014	104.739	135.702
Balance Carried Forward - December 31	40.977	.397	54.735	28.460	.341	71.839

XI. General Fund

- The General Fund was established to provide funding for special activities of Fairfax Water.

- Generally, Net Revenues in excess of those required to be deposited to the Debt Service Fund and Improvement Fund are deposited to the General Fund. It is expected that these funds will be subsequently transferred to the Improvement Fund.

	Actual				Current Estimate	Budget
	2022	2023	2024	2025	2026	2027
	$ Million					
General Fund Balance Forward						
January 1	137.423	143.234	123.763	126.975	132.493	164.897
December 31	143.234	123.763	126.975	132.493	164.897	133.588

XII. Personnel Requirements - Exhibits 6, 7, and 8

- The personnel complement is expected to increase in 2027 by 10 additional positions to a total of 523 positions.
- Total 2027 personal services costs are estimated at $62.590 million, of which $48.005 million and $14.585 million are estimated to be charged to the Revenue and Improvement Funds, respectively.
- The 2027 total budgeted personal services cost of $62.590 million includes a cost-of-living adjustment of 4.0% effective the first pay period of 2027 based on the CPI-U for the 12-month period ending July 31, 2026.

	Actual				Current Estimate	Budget
	2022	2023	2024	2025	2026	2027
Number of Employees Added	- -	6	17	4	11	10
Total Employees Authorized	475	481	498	502	513	523
Total Payroll Cost ($ Million)	43.818	47.390	50.463	50.463	57.453	62.590
Employees by Division						
Management	28	27	27	30	36	36
Administration	20	19	17	17	21	22
Finance	110	117	121	122	122	122
Planning and Water Resources	- -	- -	17	17	17	17
Engineering and Construction	60	59	43	43	43	42
Technology	50	53	57	57	57	57
Transmission and Distribution	125	125	133	132	130	140
Production	82	81	83	84	87	87
Total	475	481	498	502	513	523

EXHIBIT 1

FAIRFAX WATER

ANNUAL BUDGET

FOR THE YEAR ENDING DECEMBER 31, 2027

DETAILS OF WATER SALES REVENUE

	2026 Budget				2026 Current Estimate [1]				2027 Budget				% Increase / (Decrease)		
	Volume (MG)	Sales Revenue ($1,000)	Demand Charges ($1,000)	Total ($1,000)	Volume (MG)	Sales Revenue ($1,000)	Demand Charges ($1,000)	Total ($1,000)	Volume (MG)	Sales Revenue ($1,000)	Demand Charges ($1,000)	Total ($1,000)	Volume	Sales Revenue	Demand Charges
Wholesale Water Sales															
Virginia-American Water															
Alexandria District	5,800	10,962	2,675	13,637	5,790	11,233	2,675	13,908	5,800	13,356	2,675	16,031	0.2	18.9	--
Prince William District	1,700	3,213	2,143	5,356	1,770	3,434	2,143	5,577	1,800	4,149	2,143	6,292	1.7	20.8	--
Dulles International Airport	300	489	69	558	300	546	69	615	300	723	69	792	--	32.4	--
Fort Belvoir	640	1,043	1,093	2,136	590	1,074	1,093	2,167	600	1,446	1,093	2,539	1.7	34.6	--
Prince William Water [2]	10,000	22,900	1,360	24,260	10,400	23,816	39,570	63,386	10,500	24,570	668	25,238	1.0	3.2	(98.3)
Town of Herndon [3]	730	1,672	1,138	2,810	700	1,603	225	1,828	700	1,638	4,386	6,024	--	2.2	1,849.3
Loudoun Water	6,800	10,064	2,426	12,490	7,000	9,730	2,190	11,920	7,100	10,153	2,426	12,579	1.4	4.3	10.8
Town of Vienna	740	1,695	617	2,312	780	1,786	506	2,292	780	1,825	617	2,442	--	2.2	21.9
Untreated															
Vulcan Materials	80	21	--	21	120	31	--	31	110	29	--	29	(8.3)	(6.5)	--
PWCPA	2	1	--	1	2	1	--	1	2	1	--	1	--	--	--
Old Hickory	10	3	--	3	18	3	--	3	15	3	--	3	(16.7)	--	--
Arlington County	--	--	--	--	8	12	--	12	--	--	--	--	(100.0)	(100.0)	--
Total - Wholesale	26,802	52,063	11,521	63,584	27,478	53,269	48,471	101,740	27,707	57,893	14,077	71,970	0.8	8.7	(71.0)
Retail Water Sales [4]	29,900	158,375	--	158,375	30,200	162,219	--	162,219	30,200	176,988	--	176,988	--	9.1	--
Total - Water Sales	56,702	210,438	11,521	221,959	57,678	215,488	48,471	263,959	57,907	234,881	14,077	248,958	0.4	9.0	(71.0)

[1] Demand charges for Current Estimate include adjustments for prior year reconciliation, if applicable.

[2] In 2026 Budget and 2026 Current Estimate, demand charges include $0.7 million from Prince William Water for the Occoquan Tunnel project. The 2026 Current Estimate also includes $39.8 million from Prince William Water for additional capacity purchase.

[3] In 2026 Budget, 2026 Current Estimate and 2027 Budget, demand charges include $0.9 million, $0.1 million and $4.1 million, respectively, from Herndon for the Booster Pump Station project.

[4] Budget columns include revenue associated with proposed retail rate revisions.

FAIRFAX WATER

ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2027
DETAILS OF CURRENT EXPENSES

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Personal Services				
Salaries-Regular	$ 39,780,000	$ 37,960,000	$ 42,445,000	11.8
Salaries-Overtime	4,500,000	4,600,000	4,800,000	4.3
Salaries-Stand-By	130,000	180,000	200,000	11.1
Salaries-Summer	260,000	220,000	260,000	18.2
Salaries-Part-Time/Temporary	300,000	300,000	300,000	- -
Subtotal	44,970,000	43,260,000	48,005,000	11.0
Employee Benefits				
OASDI-FICA	4,350,000	4,250,000	4,630,000	8.9
Health Insurance	5,900,000	6,050,000	6,060,000	0.2
Life Insurance	225,000	230,000	245,000	6.5
Disability Program	110,000	110,000	115,000	4.5
Retirement Program	27,290,000	26,700,000	29,090,000	9.0
Educational Reimbursement	70,000	65,000	70,000	7.7
Employee Assistance Program	15,000	14,000	15,000	7.1
Employee Awards Program	20,000	12,000	20,000	66.7
Subtotal	37,980,000	37,431,000	40,245,000	7.5
Power Purchased				
Electricity - Production/Transmission Facilities	13,300,000	12,900,000	15,200,000	17.8
Utilities				
Electricity - Administrative Facilities	490,000	530,000	625,000	17.9
Water and Sewer	440,000	400,000	440,000	10.0
Heating Oil	60,000	20,000	50,000	150.0
Heating Gas	545,000	680,000	650,000	(4.4)
Telephone	115,000	113,000	115,000	1.8
Trash Removal	120,000	116,000	120,000	3.4
Subtotal	1,770,000	1,859,000	2,000,000	7.6

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Chemicals				
Coagulants:				
Poly Aluminum Chloride	$ 6,420,000	$ 6,433,000	$ 6,840,000	6.3
Polymers	171,000	82,000	87,000	6.1
	6,591,000	6,515,000	6,927,000	6.3
Disinfectant/Oxidant:				
Sodium Hypochlorite	3,417,000	2,289,000	2,486,000	8.6
Ammonium Hydroxide	423,000	358,000	379,000	5.9
Liquid Oxygen	1,261,000	956,000	1,050,000	9.8
Potassium Permanganate	901,000	912,000	964,000	5.7
Powdered Activated Carbon	200,000	327,000	400,000	22.3
	6,202,000	4,842,000	5,279,000	9.0
pH Adjustment:				
Caustic Soda	530,000	392,000	415,000	5.9
Sulfuric Acid	434,000	599,000	633,000	5.7
	964,000	991,000	1,048,000	5.8
Corrosion Inhibitor:				
Phosphoric Acid	689,000	522,000	552,000	5.7
Oral Health:				
Hydrofluosilicic Acid (Fluoride)	375,000	375,000	396,000	5.6
Ozone Quenching/Reducing Agent:				
Calcium Thiosulfate	55,000	38,000	41,000	7.9
Sodium Bisulfate	83,000	101,000	106,000	5.0
	138,000	139,000	147,000	5.8
Filter Media:				
Granular Activated Carbon	1,030,000	997,000	961,000	(3.6)
	1,030,000	997,000	961,000	(3.6)
Subtotal	15,989,000	14,381,000	15,310,000	6.5

EXHIBIT 2

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Residuals Management Chemicals				
Polymers	$ 100,000	$ 95,000	$ 100,000	5.3
Subtotal	100,000	95,000	100,000	5.3
Purchased Water				
Loudoun Water	13,000	22,000	25,000	13.6
Washington Aqueduct	9,300,000	10,600,000	9,600,000	(9.4)
Subtotal	9,313,000	10,622,000	9,625,000	(9.4)
Supplies				
Cleaning and Custodial	30,000	35,000	40,000	14.3
Vehicle and Automotive	500,000	645,000	600,000	(7.0)
Laboratory	700,000	632,000	700,000	10.8
Office	150,000	117,000	150,000	28.2
Computer	300,000	91,000	200,000	119.8
Mechanical and Electrical	500,000	420,000	500,000	19.0
Safety	300,000	327,000	330,000	0.9
Telephone and Communication	30,000	23,000	30,000	30.4
Photographic and Reproduction	100,000	80,000	90,000	12.5
Small Tools	420,000	480,000	500,000	4.2
Construction and Maintenance	1,150,000	1,361,000	1,400,000	2.9
Meter Parts and Supplies	200,000	273,000	300,000	9.9
Uniforms and Clothing	120,000	110,000	120,000	9.1
Security	60,000	23,000	50,000	117.4
Miscellaneous	300,000	231,000	260,000	12.6
Subtotal	4,860,000	4,848,000	5,270,000	8.7

EXHIBIT 2

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Materials				
Service Connection	$ 500,000	$ 445,000	$ 500,000	12.4
Meters	470,000	700,000	680,000	(2.9)
Hydrants and Appurtenances	340,000	337,000	340,000	0.9
Pipe and Appurtenances	490,000	439,000	480,000	9.3
Valves and Appurtenances	250,000	251,000	270,000	7.6
Pumps and Appurtenances	115,000	95,000	110,000	15.8
Instrumentation and SCADA	500,000	728,000	750,000	3.0
Automotive	15,000	11,000	15,000	36.4
Electrical and Electronics	300,000	140,000	200,000	42.9
Mechanical	220,000	150,000	180,000	20.0
Hardware/Small Tools	55,000	132,000	150,000	13.6
HVAC	100,000	96,000	100,000	4.2
Lube and Fluids	25,000	35,000	40,000	14.3
Treatment Media	160,000	107,000	150,000	40.2
Miscellaneous General Materials	160,000	120,000	150,000	25.0
Subtotal	3,700,000	3,786,000	4,115,000	8.7
Insurance				
Workmen's Compensation	280,000	277,000	300,000	8.3
Liability	450,000	386,000	250,000	(35.2)
Motor Vehicle	185,000	175,000	185,000	5.7
Property	430,000	472,000	450,000	(4.7)
Unemployment Compensation	20,000	15,000	20,000	33.3
Miscellaneous Insurance	45,000	77,000	80,000	3.9
Subtotal	1,410,000	1,402,000	1,285,000	(8.3)
Gasoline and Fuel				
Gasoline	730,000	684,000	730,000	6.7
Diesel Fuel	150,000	155,000	180,000	16.1
Other Fuel	5,000	10,000	5,000	(50.0)
Subtotal	885,000	849,000	915,000	7.8

EXHIBIT 2

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Postage and Parcel Service				
Postage	$ 650,000	$ 610,000	$ 650,000	6.6
Parcel Service	42,000	40,000	50,000	25.0
Subtotal	692,000	650,000	700,000	7.7
Reports				
Annual Report	2,000	1,000	1,000	- -
Consumer Confidence Report	10,000	6,000	10,000	66.7
Subtotal	12,000	7,000	11,000	57.1
Advertising				
Recruiting	100,000	82,000	100,000	22.0
Other Advertising	20,000	15,000	20,000	33.3
Subtotal	120,000	97,000	120,000	23.7
Customer Relations				
Visitor Education Center	20,000	20,000	20,000	- -
Special Tours and Programs	40,000	20,000	40,000	100.0
Printed Literature	200,000	120,000	150,000	25.0
Miscellaneous Customer Relations	100,000	60,000	75,000	25.0
Subtotal	360,000	220,000	285,000	29.5
Books, Periodicals and Dues				
Reference Materials	10,000	8,000	10,000	25.0
Periodical Subscriptions	8,000	9,000	10,000	11.1
Association Dues	145,000	110,000	240,000	118.2
Subtotal	163,000	127,000	260,000	104.7

EXHIBIT 2

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Contractual Services				
Equipment Maintenance	$ 1,500,000	$ 1,280,000	$ 1,500,000	17.2
Building/Grounds Maintenance	1,200,000	1,120,000	1,200,000	7.1
Computer Hosting Services	650,000	635,000	700,000	10.2
Equipment Rental	110,000	249,000	250,000	0.4
Uniform Rental	340,000	348,000	355,000	2.0
Computer Application Support and Licensing	3,900,000	3,650,000	4,200,000	15.1
Telephone and Communication	700,000	875,000	900,000	2.9
Residuals Management	450,000	390,000	450,000	15.4
Hazardous Waste Disposal	120,000	120,000	120,000	- -
Pavement Replacement	3,000,000	4,213,000	4,300,000	2.1
Security	900,000	1,200,000	1,400,000	16.7
Electrical	350,000	272,000	325,000	19.5
Diving	150,000	140,000	160,000	14.3
Safety and Health	260,000	337,000	350,000	3.9
Temporary Staffing	300,000	320,000	350,000	9.4
Bill Print Services	280,000	260,000	280,000	7.7
Information Technology	400,000	325,000	400,000	23.1
Spoil Disposal	900,000	1,033,000	1,050,000	1.6
Other Contractual Services	140,000	110,000	340,000	209.1
Subtotal	15,650,000	16,877,000	18,630,000	10.4
Professional Services				
Banking	150,000	110,000	150,000	36.4
Insurance	10,000	- -	- -	- -
Financial	330,000	300,000	320,000	6.7
Legal	600,000	612,000	625,000	2.1
Trustee	45,000	45,000	46,000	2.2
Management Consultants	1,100,000	1,180,000	1,000,000	(15.3)
Advocacy Services	50,000	49,000	50,000	2.0
Other Professional Services	25,000	125,000	30,000	(76.0)
Subtotal	2,310,000	2,421,000	2,221,000	(8.3)

EXHIBIT 2

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Employee Training and Meetings				
Employee Training	$ 510,000	$ 460,000	$ 520,000	13.0
Professional Meetings	85,000	140,000	100,000	(28.6)
Board Travel	5,000	3,000	5,000	66.7
Miscellaneous Travel and Meetings	80,000	100,000	115,000	15.0
Subtotal	680,000	703,000	740,000	5.3
Programs				
Cross Connection Control	663,000	694,000	520,000	(25.1)
Utilities Notification	180,000	163,000	180,000	10.4
Potomac River Reservoirs	511,000	455,000	507,000	11.4
Virginia Technical Assistance Fund (State User Fees)	160,000	160,000	160,000	- -
Water Supply Stakeholder Outreach Program	71,000	80,000	80,000	- -
Subtotal	1,585,000	1,552,000	1,447,000	(6.8)
Miscellaneous				
Highway Permits	20,000	17,000	20,000	17.6
Professional Licenses	10,000	8,000	10,000	25.0
Injuries and Damages	100,000	239,000	100,000	(58.2)
Miscellaneous	220,000	250,000	300,000	20.0
Subtotal	350,000	514,000	430,000	(16.3)
Subtotal - Current Expenses	156,199,000	154,601,000	166,914,000	8.0
Less: Reimbursable Services	(12,104,000)	(12,104,000)	(12,632,000)	4.4
Total - Current Expenses	144,095,000	142,497,000	154,282,000	8.3

FAIRFAX WATER

ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2027
SUMMARY OF CURRENT EXPENSES

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Operation and Maintenance Expenses				
Supply				
Occoquan				
Personal Services	$ 441,000	$ 412,000	$ 458,000	11.2
Power Purchased	1,456,000	1,517,000	1,787,000	17.8
Water Treatment Chemicals	77,000	105,000	106,000	1.0
Supplies and Materials	32,000	33,000	36,000	9.1
Contractual Services	100,000	118,000	130,000	10.2
Programs	71,000	80,000	80,000	- -
Subtotal	2,177,000	2,265,000	2,597,000	14.7
Potomac				
Personal Services	420,000	445,000	494,000	11.0
Power Purchased	3,064,000	2,802,000	3,302,000	17.8
Utilities	204,000	140,000	151,000	7.9
Supplies and Materials	45,000	110,000	120,000	9.1
Contractual Services	322,000	130,000	144,000	10.8
Programs	511,000	455,000	507,000	11.4
Subtotal	4,566,000	4,082,000	4,718,000	15.6

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Purchased				
Personal Services	$ 44,000	$ 46,000	$ 51,000	10.9
Purchased Water	9,313,000	10,622,000	9,625,000	(9.4)
Contractual Services	1,000	- -	- -	- -
Subtotal	9,358,000	10,668,000	9,676,000	(9.3)
Total - Supply	16,101,000	17,015,000	16,991,000	(0.1)

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Treatment				
Griffith				
Personal Services	$ 5,431,000	$ 5,119,000	$ 5,680,000	11.0
Power Purchased	1,778,000	1,853,000	2,183,000	17.8
Utilities	77,000	235,000	253,000	7.7
Water Treatment Chemicals	8,655,000	7,714,000	8,112,000	5.2
Supplies and Materials	729,000	648,000	704,000	8.6
Contractual Services	906,000	1,161,000	1,282,000	10.4
Programs	80,000	80,000	80,000	- -
Miscellaneous	9,000	5,000	4,000	(20.0)
Subtotal	17,665,000	16,815,000	18,298,000	8.8
Corbalis				
Personal Services	6,318,000	5,867,000	6,511,000	11.0
Power Purchased	3,743,000	3,419,000	4,029,000	17.8
Utilities	729,000	683,000	735,000	7.6
Water Treatment Chemicals	7,257,000	6,562,000	7,092,000	8.1
Waste Disposal Chemicals	100,000	95,000	100,000	5.3
Supplies and Materials	1,865,000	1,880,000	2,044,000	8.7
Contractual Services	2,070,000	2,207,000	2,436,000	10.4
Programs	80,000	80,000	80,000	- -
Miscellaneous	29,000	17,000	14,000	(17.6)
Subtotal	22,191,000	20,810,000	23,041,000	10.7
Total - Treatment	39,856,000	37,625,000	41,339,000	9.9

EXHIBIT 3

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Transmission				
Transmission System				
Personal Services	$ 3,532,000	$ 3,499,000	$ 3,883,000	11.0
Power Purchased	3,259,000	3,309,000	3,899,000	17.8
Utilities	26,000	16,000	17,000	6.3
Supplies and Materials	399,000	546,000	593,000	8.6
Contractual Services	188,000	362,000	400,000	10.5
Programs	36,000	33,000	36,000	9.1
Subtotal	7,440,000	7,765,000	8,828,000	13.7
Wholesale Customer Accounts				
Personal Services	45,000	64,000	72,000	12.5
Supplies and Materials	6,000	- -	- -	- -
Subtotal	51,000	64,000	72,000	12.5
Total - Transmission	7,491,000	7,829,000	8,900,000	13.7
Distribution				
Distribution System				
Personal Services	6,110,000	4,953,000	5,496,000	11.0
Utilities	10,000	4,000	4,000	- -
Supplies and Materials	1,959,000	1,987,000	2,159,000	8.7
Contractual Services	3,948,000	5,059,000	5,584,000	10.4
Programs	807,000	824,000	664,000	(19.4)
Miscellaneous	173,000	140,000	117,000	(16.4)
Subtotal	13,007,000	12,967,000	14,024,000	8.2

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Retail Customer Accounts				
Personal Services	$ 11,668,000	$ 11,189,000	$ 12,414,000	10.9
Utilities	4,000	5,000	5,000	- -
Supplies and Materials	1,068,000	1,420,000	1,544,000	8.7
Postage and Parcel Service	607,000	565,000	608,000	7.6
Reports	10,000	6,000	10,000	66.7
Contractual Services	1,327,000	1,439,000	1,588,000	10.4
Miscellaneous	14,000	11,000	9,000	(18.2)
Subtotal	14,698,000	14,635,000	16,178,000	10.5
Total - Distribution	27,705,000	27,602,000	30,202,000	9.4
Administrative and General				
Office Building				
Personal Services	437,000	410,000	455,000	11.0
Utilities	390,000	357,000	384,000	7.6
Supplies and Materials	86,000	85,000	92,000	8.2
Contractual Services	358,000	290,000	320,000	10.3
Subtotal	1,271,000	1,142,000	1,251,000	9.5
Shop and Storage Yards				
Personal Services	830,000	1,082,000	1,201,000	11.0
Utilities	329,000	419,000	451,000	7.6
Supplies and Materials	296,000	366,000	398,000	8.7
Contractual Services	560,000	476,000	525,000	10.3
Subtotal	2,015,000	2,343,000	2,575,000	9.9

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Vehicles and Equipment				
Personal Services	$ 901,000	$ 887,000	$ 984,000	10.9
Supplies and Materials	670,000	613,000	666,000	8.6
Gasoline and Fuel	885,000	849,000	915,000	7.8
Contractual Services	50,000	137,000	151,000	10.2
Subtotal	2,506,000	2,486,000	2,716,000	9.3
Administrative				
Personal Services	7,021,000	7,579,000	8,410,000	11.0
Employee Benefits	37,980,000	37,431,000	40,245,000	7.5
Utilities	1,000	- -	- -	- -
Supplies and Materials	925,000	627,000	682,000	8.8
Insurance	1,410,000	1,402,000	1,285,000	(8.3)
Postage and Parcel Service	85,000	85,000	92,000	8.2
Reports	2,000	1,000	1,000	- -
Advertising	120,000	97,000	120,000	23.7
Customer Relations	360,000	220,000	285,000	29.5
Books, Periodicals and Dues	163,000	127,000	260,000	104.7
Contractual Services	5,820,000	5,498,000	6,070,000	10.4
Professional Services	2,310,000	2,421,000	2,221,000	(8.3)
Employee Training and Meetings	680,000	703,000	740,000	5.3
Miscellaneous	125,000	341,000	286,000	(16.1)
Subtotal	57,002,000	56,532,000	60,697,000	7.4
Total - Administrative and General	62,794,000	62,503,000	67,239,000	7.6
Less: Reimbursable Services	(12,104,000)	(12,104,000)	(12,632,000)	4.4
Total - Administrative and General	50,690,000	50,399,000	54,607,000	8.3
Total - Operation and Maintenance Expenses	141,843,000	140,470,000	152,039,000	8.2

Item	2026 Budget	2026 Current Estimate	2027 Budget	% Increase (Decrease)
Other Expenses				
New Services and Meters				
Personal Services	$ 1,769,000	$ 1,706,000	$ 1,893,000	11.0
Supplies and Materials	479,000	318,000	346,000	8.8
Subtotal	2,248,000	2,024,000	2,239,000	10.6
Merchandising and Jobbing				
Personal Services	3,000	2,000	3,000	50.0
Supplies and Materials	1,000	1,000	1,000	- -
Subtotal	4,000	3,000	4,000	33.3
Total - Other Expenses	2,252,000	2,027,000	2,243,000	10.7
Total - Current Expenses	144,095,000	142,497,000	154,282,000	8.3

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2027
ALLOCATION OF ADMINISTRATIVE EXPENSES BETWEEN REVENUE FUND AND IMPROVEMENT FUND

	Total	Allocated to Improvement Fund	
		Amount	% Total
Personal Services Cost	$ 62,590,000	$ 14,585,000	23
Number of Motor Vehicles	354	23	6

	Total	Allocated to Improvement Fund	
		Percent	Amount
Administrative			
Office Facilities	$ 1,251,000	23	$ 288,000
Shop and Storage Yard Facilities	2,575,000	6	155,000
Maintenance of Equipment	2,716,000	6	163,000
Administrative and General			
Personal Services	8,410,000	- -	- -
Other Administrative Expenses	52,287,000	23	12,026,000
Total	67,239,000	19	12,632,000

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2027
DETAILS OF IMPROVEMENT FUND

Item	Cash Receipts 2027
Balance Carried Forward - January 1, 2027	$ 341,000
Receipts	
Transfer from Revenue Fund	11,000,000
Transfer from General Fund	95,000,000
Bonds Proceeds	100,000,000
Advances for Construction	100,000
Contributions for Construction	800,000
Investment Income	200,000
Miscellaneous Income	100,000
Total - Receipts	207,200,000
Balance Carried Forward and Receipts	207,541,000

EXHIBIT 5

Item	Total Project Cost	Disbursements Prior to Jan. 1, 2027	Cash Disbursements 2027
Disbursements - Part B Capital Improvement Program			
General and Administrative			
Project 1194-General Expenses			
Personal Services	$ 10,104,000	$ - -	$ 10,104,000
Transfer to Revenue Fund (Administrative)	12,632,000	- -	12,632,000
Materials (Inventory)	90,000	- -	90,000
Refunds of Advances	40,000	- -	40,000
Trust Engineer - Basic Ordering Agreement	50,000	- -	50,000
Miscellaneous	344,000	- -	344,000
Total - General and Administrative - Part B	23,260,000	- -	23,260,000
Subdivision and Other Development Projects			
Project 1195-Subdivision Expenses			
Personal Services	1,203,000	- -	1,203,000
Miscellaneous	37,000	- -	37,000
Total - Subdivision and Other Development Projects	1,240,000	- -	1,240,000

EXHIBIT 5

Item			Total Project Cost	Disbursements Prior to Jan. 1, 2027	Cash Disbursements 2027
Extraordinary Maintenance and Repairs					
Supply Facilities					
Project	577	Major Repairs-Reservoirs, Dams, Intakes, Etc.	$ 4,698,000	$ - -	$ 4,698,000
Project	1251	Potomac River Reservoirs-Renew/Replace	335,000	- -	335,000
Project	1662	Annual Inspections-Occoquan Dams	74,000	- -	74,000
Project	2704	Washington Aqueduct-Major Capital Expenditures	37,094,000	14,134,000	2,400,000
Subtotal			42,201,000	14,134,000	7,507,000
Treatment Facilities					
Project	579	Major Repairs-Treatment Facilities	7,859,000	- -	7,859,000
Project	2350	Corbalis WTP-Solids Dewatering Equipment	14,573,000	4,645,000	- -
Subtotal			22,432,000	4,645,000	7,859,000
Transmission Facilities					
Project	186A	Major Repairs-Transmission Mains	1,400,000	- -	1,400,000
Project	215A	Major Repairs-Transmission Pumping	3,687,000	- -	3,687,000
Project	631A	Major Repairs-Transmission Storage	2,445,000	- -	2,445,000
Project	648B	Major Repairs-Sales Meters	60,000	- -	60,000
Project	2798	48" PCCP Condition Assessment-Corbalis WTP to Baron Cameron Ave	375,000	196,000	179,000
Project	2803	Wholesale Metering Improvements	4,198,000	143,000	1,691,000
Project	3300	Transmission System Sustainability Program	878,000	263,000	- -
Transmission Mains Relocation Projects					
Projects Previously Authorized			12,556,000	3,171,000	1,236,000
Subtotal			25,599,000	3,773,000	10,698,000

EXHIBIT 5

Item			Total Project Cost	Disbursements Prior to Jan. 1, 2027	Cash Disbursements 2027
Distribution Facilities					
Project	186B	Major Repairs-Distribution Mains	$ 1,827,000	$ - -	$ 1,827,000
Project	215B	Major Repairs-Pumping Facilities	220,000	- -	220,000
Project	631B	Major Repairs-Storage Facilities	10,000	- -	10,000
Project	648C	Major Repairs-Distribution Meters Over 2"	258,000	- -	258,000
Project	648D	Major Repairs-Distribution Meters 2" and Smaller	3,650,000	- -	3,650,000
Project	649	Major Repairs/Repainting Fire Hydrants	460,000	- -	460,000
Project	1107B	Self Insurance Program/Water Main Breaks	750,000	- -	750,000
Project	2200	Distribution System Sustainability Program	715,923,000	303,423,000	27,000,000
Project	2778	City of Falls Church Fire Hydrant Program	1,178,000	265,000	386,000
		Distribution Mains Relocation Projects			
Projects Previously Authorized			1,354,000	499,000	583,000
Subtotal			725,630,000	304,187,000	35,144,000
General Plant Facilities					
Project	234	Major Repairs-Motor Vehicles	40,000	- -	40,000
Project	650	Major Repairs-Shop and Yard Facilities	100,000	- -	100,000
Project	800	Major Repairs-Construction Equipment	10,000	- -	10,000
Project	801	Major Repairs-Office Facilities	260,000	- -	260,000
Project	2351	Surplus Property Demolition and Disposal	325,000	205,000	12,000
Project	2609	Willard Road Maintenance Facility	55,283,000	55,283,000	- -
Subtotal			56,018,000	55,488,000	422,000
Total - Extraordinary Maintenance and Repairs			871,880,000	382,227,000	61,630,000

EXHIBIT 5

Item			Total Project Cost	Disbursements Prior to Jan. 1, 2027	Cash Disbursements 2027
Additions, Extensions and Betterments					
Supply Facilities					
Project	1244	Jennings Randolph Reservoir	$ 537,000	$ - -	$ 537,000
Project	1460A	Major Additions-Metering Facilities	10,000	- -	10,000
Project	1499	Improvements-Supply Facilities	250,000	- -	250,000
Subtotal			797,000	- -	797,000
Treatment Facilities					
Project	915	Improvements to Treatment Facilities	5,191,000	- -	5,191,000
Project	2789	Griffith PFAS PAC System	20,951,000	2,851,000	10,510,000
Subtotal			26,142,000	2,851,000	15,701,000
Transmission Facilities					
Project	611	Removal of Storage Tanks	1,313,000	53,000	- -
Project	1285	Additions and Improvements-Pumping Facilities	395,000	- -	395,000
Project	1286	Additions and Improvements-Storage Facilities	350,000	- -	350,000
Project	1460B	Metering Facilities-Sales	10,000	- -	10,000
Project	1719	Cathodic Protection Transmission Water Mains	120,000	- -	120,000
Project	2111	Water Main Extension Program-Transmission System Infill	100,000	- -	100,000
Project	2377	Prince William County Transmission Improvements	27,972,000	27,972,000	- -
Project	2607	Chesterbrook House Demolition	386,000	50,000	336,000
Project	2617	Dulles Toll Road Crossing at Innovation Center	9,646,000	2,759,000	2,326,000
Project	2642	Herndon Additional Capacity Transmission Improvements	8,325,000	578,000	1,361,000
Project	2722	Popes Head Pumping Station Upgrade	10,347,000	4,830,000	3,168,000
Project	2764	Willston Tank	25,361,000	3,725,000	1,305,000
Project	2770	Chain Bridge PS-Langley PRV Transmission Main Replacement	6,881,000	675,000	831,000
Project	2774	Pohick Pump Station Transmission PRVS/Piping	5,178,000	1,847,000	1,801,000
Project	2791	System Monitoring Equipment	180,000	- -	180,000
Subtotal			96,564,000	42,489,000	12,283,000

EXHIBIT 5

Item			Total Project Cost	Disbursements Prior to Jan. 1, 2027	Cash Disbursements 2027
Distribution Facilities					
Project	1287	Additions and Improvements-Pumping Stations	$ 10,000	$ - -	$ 10,000
Project	1288	Additions and Improvements-Storage Facilities	10,000	- -	10,000
Project	2100	Water Main Extension Program-Distribution System Infill	350,000	- -	- -
General Distribution System Reinforcement			500,000	- -	50,000
Subtotal			870,000	- -	70,000
General Plant Facilities					
Project	597	Additions and Alterations-Shop Facilities	5,000	- -	5,000
Project	803	Additions and Alterations-Office Facilities	25,000	- -	25,000
Project	2366	Security Improvements	1,000,000	- -	1,000,000
Project	2608	Central Maintenance Facility	25,554,000	25,554,000	- -
Project	2749	System Resilience Plan	965,000	165,000	- -
Project	2763	Merrifield Campus Upgrade	18,470,000	470,000	500,000
Project	3652	Capital Equipment Purchases	660,000	- -	660,000
Project	3653	Vehicles and Heavy Equipment	2,765,000	- -	2,765,000
Subtotal			49,444,000	26,189,000	4,955,000
System Integration Transmission Facilities					
Project	2672	Sleepy Hollow Road Pump Station	8,153,000	8,148,000	5,000
Project	2728	Second High Connector at Lewinsville	2,255,000	2,027,000	228,000
Project	2712	Pickett Road Transmission Main	57,000	57,000	- -
Project	2729	Poplar Heights Tank Replacement	17,403,000	2,257,000	6,691,000
Project	2738	Poplar Heights Transmission Main	9,285,000	8,881,000	404,000
Project	2783	Lewinsville Connector	2,699,000	405,000	1,048,000
Project	2797	Lyndhurst Tank Replacement	20,773,000	332,000	376,000
Subtotal			60,625,000	22,107,000	8,752,000
Total - Additions, Extensions and Betterments			234,442,000	93,636,000	42,558,000

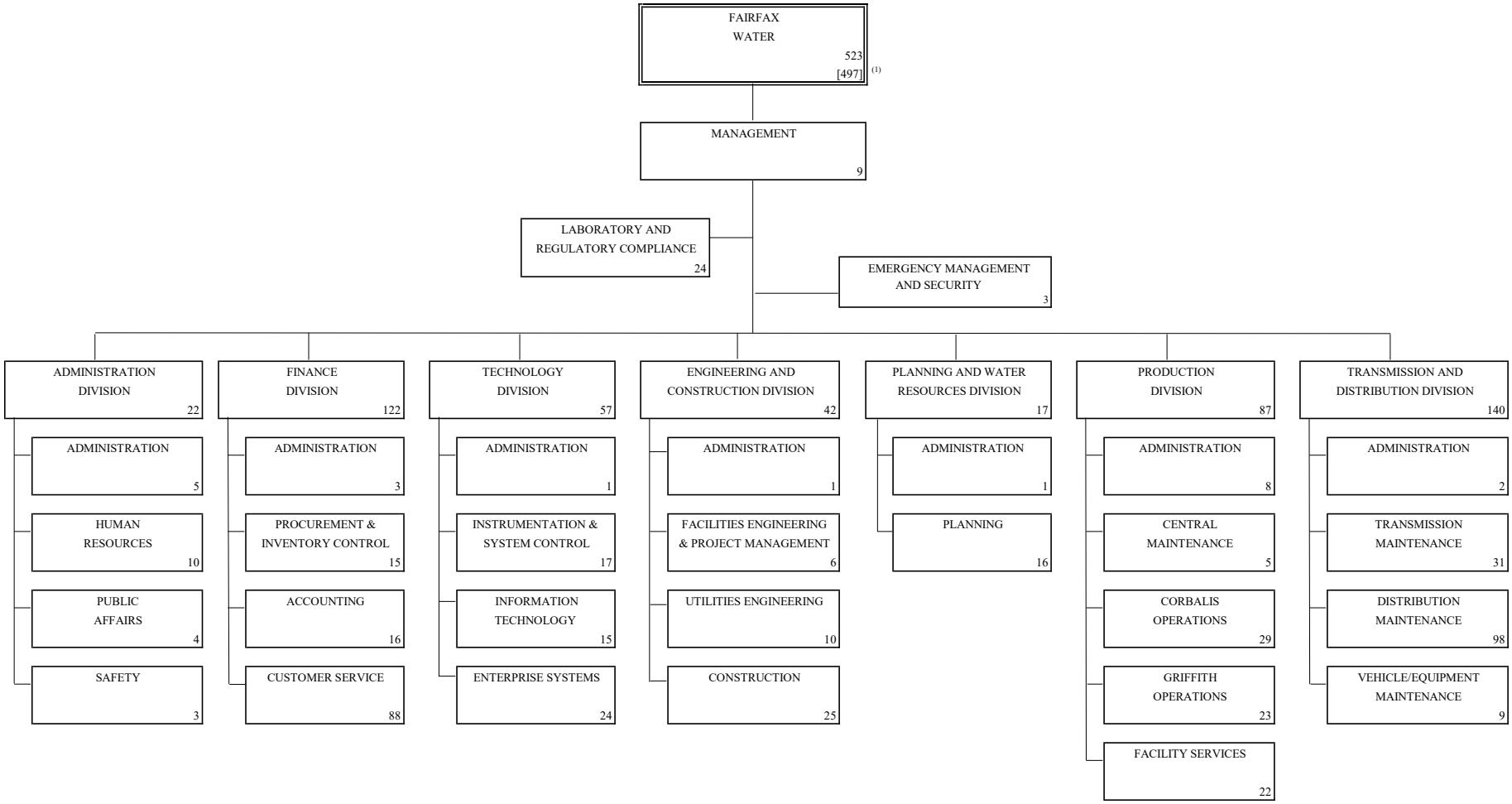
EXHIBIT 5

Item			Total Project Cost	Disbursements Prior to Jan. 1, 2027	Cash Disbursements 2027
General Studies and Programs					
Supply Facilities					
Project	390	Watershed Management Activities	$ 209,000	$ - -	$ 209,000
Project	2368	Water Supply Planning	40,000	- -	40,000
Project	2800	Supply Reliability	1,573,000	- -	1,573,000
Project	xxxx	Regional Secondary Water Source Feasibility Study	8,333,000	- -	1,083,000
Subtotal			10,155,000	- -	2,905,000
Treatment Facilities					
Project	2753	PFAS Studies	4,732,000	2,732,000	650,000
Project	2805	Griffith Treatment Plant - Master Planning	2,000,000	600,000	200,000
Subtotal			6,732,000	3,332,000	850,000
Transmission Facilities					
Project	2796	System Storage Evaluation	498,000	198,000	300,000
Subtotal			498,000	198,000	300,000
Distribution Facilities					
Project	2747	Lead and Copper Rule Revisions Compliance Initiative	2,777,000	2,777,000	- -
Project	2782	AMI Pilot and Procurement Services	398,000	198,000	200,000
Subtotal			3,175,000	2,975,000	200,000
General and Administrative					
Project	2273	Energy Management	55,000	- -	55,000
Project	2324	Enterprise Geographical Information System (GIS)	7,534,000	5,395,000	339,000
Project	2422	Environmental Permitting and Compliance	50,000	- -	50,000
Project	2426	ERP Enhancements and Upgrade	13,377,000	6,817,000	1,310,000
Project	2566	River Mill Park	284,000	16,000	- -
Project	2620	Intranet and Information Sharing	1,041,000	841,000	35,000
Project	2624	Water Research Foundation (WRF) Project	165,000	65,000	10,000
Project	2656	Training Room AV Upgrade	178,000	4,000	60,000
Project	2772	Risk and Resilience Assessments	1,474,000	394,000	- -
Project	2773	Emergency Response Plan	727,000	221,000	- -

EXHIBIT 5

Item			Total Project Cost	Disbursements Prior to Jan. 1, 2027	Cash Disbursements 2027
Project	2731	Network Enhancements	$ 475,000	$ - -	$ 475,000
Project	2737	Fleet Electrification and Efficiency	403,000	78,000	325,000
Project	2788	Operational Technology Network Enhancement	100,000	- -	100,000
Subtotal			25,863,000	13,831,000	2,759,000
Total - General Studies and Programs			46,423,000	20,336,000	7,014,000
Total - Part B Capital Improvement Program			1,177,245,000	496,199,000	135,702,000
Disbursements - Part E Capital Improvement Program					
Transmission Facilities					
Project	2481	Tysons East Transmission Main	7,191,000	6,191,000	- -
Subtotal			7,191,000	6,191,000	- -
Total - Part E Capital Improvement Program			7,191,000	6,191,000	- -
Total - Improvement Fund			1,184,436,000	502,390,000	135,702,000
Balance Carried Forward - December 31, 2027					71,839,000

FAIRFAX WATER
PERSONNEL ORGANIZATION PLAN
FOR THE YEAR ENDING DECEMBER 31, 2027



(1) Average estimated positions filled throughout 2027.

FAIRFAX WATER
ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2027
DERIVATION OF PERSONAL SERVICES COSTS

Base Salaries	2026 Budget		2026 Current Estimate [1]		2027 Budget	
Management (Includes Members' Fees)	35	$ 4,884,000	36	$ 4,526,000	36	$ 5,070,000
Administration Division	20	2,879,000	21	2,606,000	22	3,285,000
Finance Division	122	10,678,000	122	10,578,000	122	11,048,000
Planning and Water Resource Division	17	2,405,000	17	2,090,000	17	2,459,000
Engineering and Construction Division	43	5,721,000	43	5,050,000	42	5,723,000
Technology Division	57	7,901,000	57	7,422,000	57	8,233,000
Transmission and Distribution Division	136	11,778,000	130	10,319,000	140	12,329,000
Production Division	83	8,594,000	87	8,712,000	87	9,193,000
Subtotal - Base Salaries	513	54,840,000	513	51,303,000	523	57,340,000
Adjustments						
Less Allowance for Vacancies		(2,600,000)		- -		(2,790,000)
Subtotal		52,240,000		51,303,000		54,550,000
Plus Overtime		4,700,000		5,500,000		5,000,000
Plus Salaries for Summer/Temporary Employees		650,000		650,000		700,000
Subtotal		57,590,000		57,453,000		60,250,000
Plus Allowance for 4.0% Cost-of-Living Increase Effective the First Pay Period of 2027		1,130,000		- -		2,340,000
Total - Personal Services		58,720,000		57,453,000		62,590,000

[1] Base salaries for 2026 Current Estimate includes a 2.0% cost-of-living increase.
The number of full-time employees for the 2026 Current Estimate is based on the authorized headcount as of July 1, 2026.

FAIRFAX WATER

ANNUAL BUDGET
FOR THE YEAR ENDING DECEMBER 31, 2027
ALLOCATION OF PERSONAL SERVICES COSTS
REVENUE AND IMPROVEMENT FUNDS

	2026 Budget	2026 Current Estimate	2027 Budget
REVENUE FUND			
Operation and Maintenance			
Supply			
Occoquan	$ 441,000	$ 412,000	$ 458,000
Potomac	420,000	445,000	494,000
Purchased	44,000	46,000	51,000
	905,000	903,000	1,003,000
Treatment			
Griffith	5,431,000	5,119,000	5,680,000
Potomac	6,318,000	5,867,000	6,511,000
	11,749,000	10,986,000	12,191,000
Transmission			
Transmission System	3,532,000	3,499,000	3,883,000
Wholesale Accounts	45,000	64,000	72,000
	3,577,000	3,563,000	3,955,000
Distribution			
Distribution System	6,110,000	4,953,000	5,496,000
Retail Accounts	11,668,000	11,189,000	12,414,000
	17,778,000	16,142,000	17,910,000
Administrative			
General Plant	2,168,000	2,379,000	2,640,000
Administrative	7,021,000	7,579,000	8,410,000
	9,189,000	9,958,000	11,050,000
Total - Operations and Maintenance	43,198,000	41,552,000	46,109,000

	2026 Budget	2026 Current Estimate	2027 Budget
Other			
New Services and Meters	$ 1,769,000	$ 1,706,000	$ 1,893,000
Merchandising and Jobbing	3,000	2,000	3,000
Total - Other	1,772,000	1,708,000	1,896,000
Total - Revenue Fund	44,970,000	43,260,000	48,005,000
IMPROVEMENT FUND			
General	9,373,000	9,642,000	10,104,000
Subdivision and Development	1,240,000	1,104,000	1,203,000
Extraordinary Maintenance	2,301,000	2,328,000	2,213,000
Additions and Extensions	488,000	695,000	661,000
Special Studies	348,000	424,000	404,000
Total - Improvement Fund	13,750,000	14,193,000	14,585,000
Total - Personal Services	58,720,000	57,453,000	62,590,000