

Spotlighting a Year of Firsts in Fairfax City



POPULAR
ANNUAL
FINANCIAL
REPORT



FISCAL
YEAR
2024
JULY 1, 2023 –
JUNE 30, 2024



Van Dyck Park

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**Independence Day
Parade**

The Annual Labor Day
Car Show raises money
for local charities.

A Year of Firsts



Capital Bikeshare is a healthy and fun alternative to driving.



Chocolate Lovers Festival, the city's sweetest event of the year



Anna Safford, urban forester

We are excited to present the *first* ever Popular Annual Financial Report (PAFR) for the City of Fairfax, Va. The Government Finance Officers Association launched the PAFR program in 1991 to assist state and local governments in communicating complicated financial information. This PAFR provides information about the city's finances and other activities from Fiscal Year 2024 (July 1, 2023-June 30, 2024) in a clear, accessible format.

The city's financial team is dedicated to fiscal integrity and effective financial management. This report highlights our ongoing commitment to the residents and businesses of Fairfax City,

the mayor and city council, and all other interested parties. It offers valuable financial, economic, and demographic information about the city.

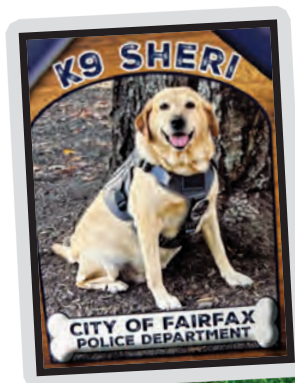
Readers will find stats and information pulled from the city's FY 2024 Annual Comprehensive Financial Report and other sources to give a clearer understanding of the city's funding sources, expenditures, and debt obligations. Taken together, this information illustrates the city's overall priorities for sustaining our safe, welcoming, and financially sound place to live and work.

FY 2024 was a year of firsts for the City of Fairfax. The first organizational strategic plan was accepted; the city

made its first contribution to the budget stabilization fund; and the first PAFR was created. Other firsts include:

- First Capital Bikeshare stations installed.
- The Office of Procurement Services awarded the city's first national cooperative contract for background investigations. As the lead public body for the national contract, the city will receive annual revenue.
- Hired the city's first climate and energy manager.
- Purchased the city's first three electric fleet vehicles.
- Completed comprehensive Urban Tree Canopy Assessment and inventory of publicly owned trees.

The FY 2024 Popular Annual Financial Report is available online at fairfaxva.gov. Printed copies are available by request. The City of Fairfax Annual Comprehensive Financial Report is available at fairfaxva.gov. Statistics cited are from FY2024 unless otherwise noted.



RESIDENTIAL RECYCLING

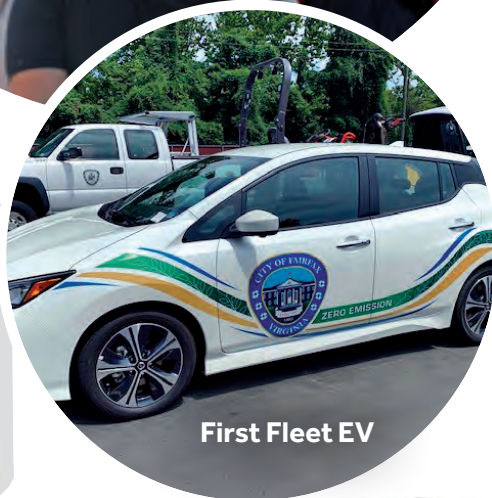
1,870
tons per year

GLASS RECYCLING

104
tons per year



Fall
Festival



First Fleet EV

- Began process to develop first Urban Forest Management Plan.
- Recycled more than 104 tons of glass through the city's first grant from the Glass Recycling Foundation.
- Completed Citywide Housing Assessment & Strategy.
- First solar powered lighting installed at bus stops.
- First rebranded CUE Buses took to the streets.
- First bicycle neighborway implemented.
- The City of Fairfax Police Department launched its first-ever dedicated Crime Scene Detective Program, providing enhanced forensic investigations, evidence collection, and crime scene processing.

- The City of Fairfax Police Department launched its first drone program in partnership with George Mason University, to enhance crime scene mapping, search and rescue efforts, and real-time aerial support during critical incidents.
- The City of Fairfax Police Department introduced its first Peer Support Dog Program to enhance officer wellness and mental health support.
- The City of Fairfax Police Department in partnership with the City's Fleet Services Division deployed its first hybrid police patrol cruisers.

The city's auditors, Robinson, Farmer, Cox Associates, PLLC, concluded that the city's FY 2024 financial statements conform to generally accepted

accounting principles and provide a true and fair view of the city's finances. Additionally, the city has received the Government Finance Officers Association Certificate of Excellence in Financial Reporting for 43 consecutive years and the Distinguished Budget Presentation Award for 31 consecutive years.

We hope our first PAFR provides readers with a clearer understanding of the city's financial activities and showcases our deep pride in serving this community.

Respectfully,
Valmarie Turner, deputy city manager
Juan C. Martinez, chief financial officer
Romelyn Guzman, director of finance
Gwen L. Riddle, budget director





• SPOTLIGHT ON •

THE CITY OF FAIRFAX

The area now known as the City of Fairfax, Va., was first settled in the mid-1700s. It became the Fairfax County seat in 1799, and in 1805, the village was officially named the Town of Providence. In 1874, the name was changed to the Town of Fairfax and, in 1961, chartered as a city. The city is predominantly residential in character and serves as an educational and governmental center with extensive commercial and service activities.

Geographically surrounded by Fairfax County, in the heart of Northern Virginia, Fairfax is an independent city separate from the Fairfax County

governmental structure. The city is located 15 miles southwest of the Washington, D.C., and encompasses approximately 6.34 square miles. Bounded by Interstate 66 to the north and less than five miles west of the Capital Beltway, the city is at the crossroads of the area's major north/south and east/west highways. Two major airports, Washington Dulles International and Ronald Reagan National, are within 30 minutes of the city. The city-run bus system provides direct access to the Vienna/Fairfax-GMU Metrorail station, less than three miles from the center of the city.



**AVERAGE
RESPONSE TIME
5 min 27 sec**

Government Organization

Since 1961, the city has operated under the council-manager form of government, with a mayor and six city council members elected at large every two years. The city treasurer and commissioner of revenue also are elected and serve four-year terms.

Appointed by the city council, the city manager directs a professional staff of nine department heads and approximately 436 full-time equivalent employees.

The city provides a full range of municipal services: public safety (police and fire), community development (e.g., planning and zoning), public works (e.g., streets, sewage collection, refuse collection, infrastructure maintenance), and local bus service. In addition to those services and programs directly provided by the city to its citizens, the city contracts with Fairfax County for a range of human, health, and educational services.



**AVERAGE
RESPONSE TIME
7 min 53 sec**

Statistics cited are from FY2024 unless otherwise noted.

MAYOR AND CITY COUNCIL



MAYOR (center): Catherine S. Read

CITY COUNCIL (clockwise from top):
Billy M. Bates/Kate G. Doyle Feingold/
Jeffrey C. Greenfield/So P. Lim/
D. Thomas Ross/Jon R. Stehle, Jr.

CITY COUNCIL GOALS



Advance the economic health of the city



Preserve, protect, and improve natural, cultural, and historical resources



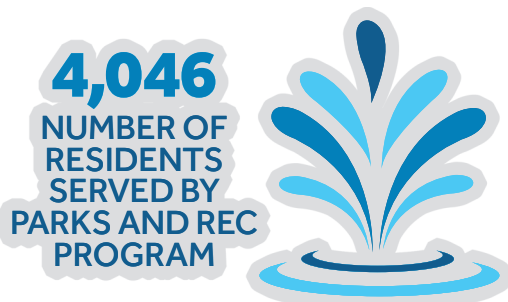
Strengthen our welcoming and safe community

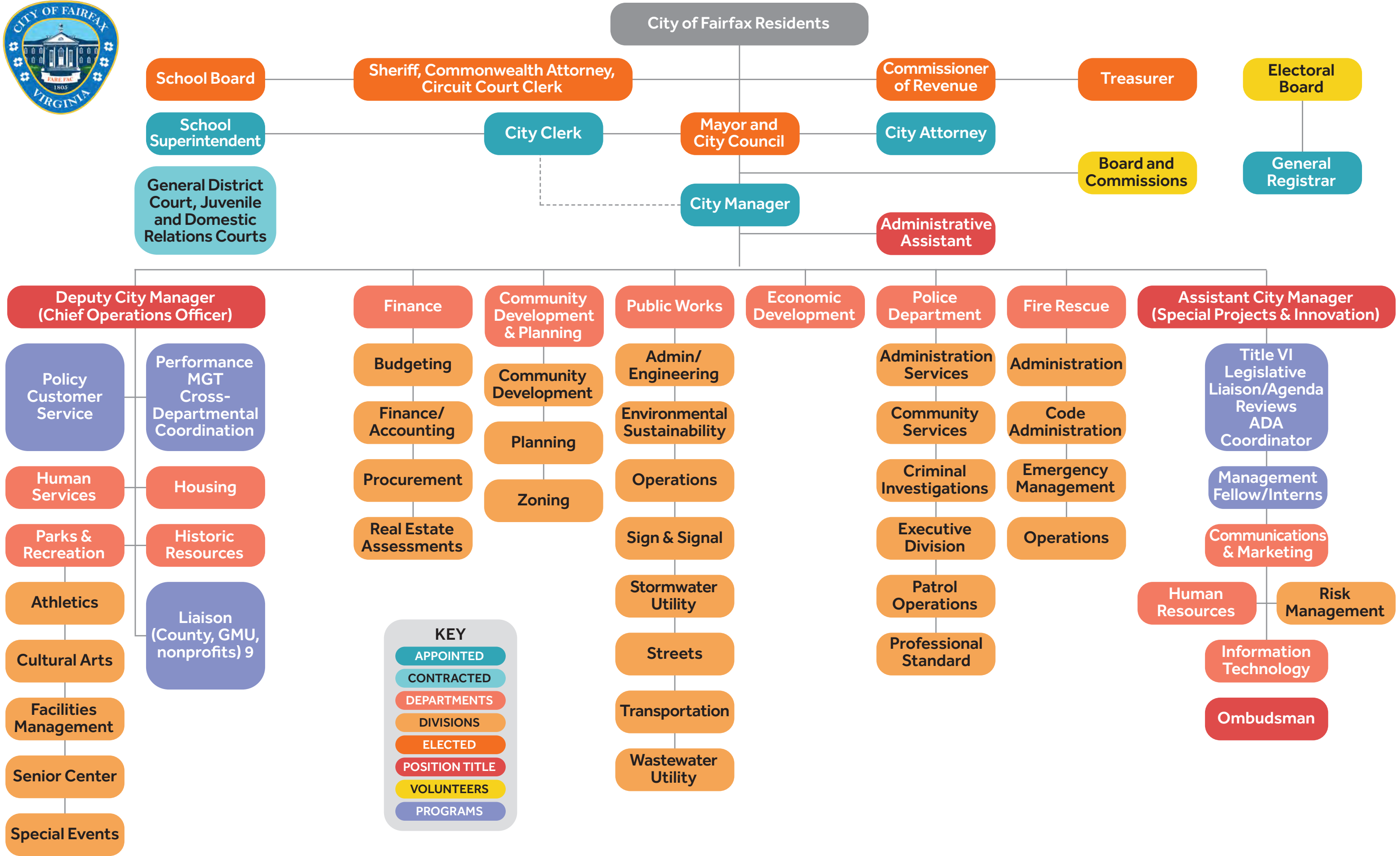


Improve our multimodal transportation system



Be a model of successful municipal governance

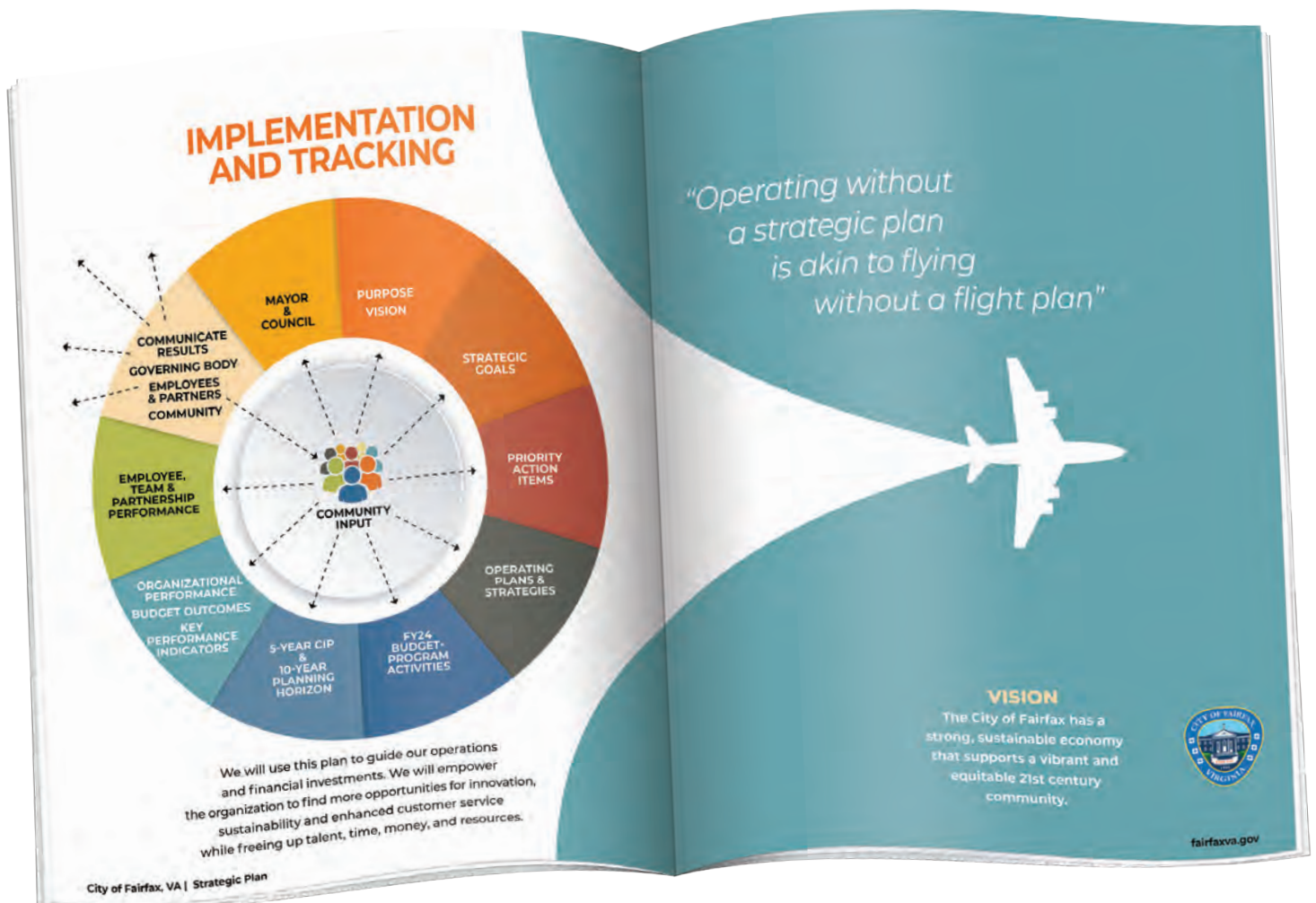






First Organizational Strategic Plan

On Nov. 28, 2023, the city council accepted the 2023-2026 City of Fairfax Organizational Strategic Plan, which builds on the city's long tradition of civil service and its commitment to thoughtful leadership, prudent spending, and accountability. The plan advances the city council's two-year goals and makes meaningful strides toward realizing the long-term goals in the city's comprehensive plan, *Livable Fairfax*.



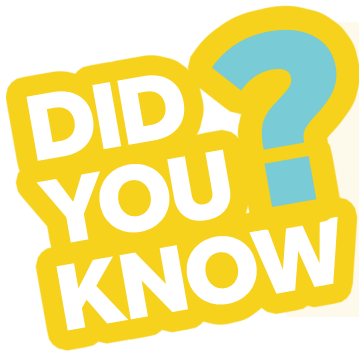
FISCAL FEATURES

The majority of fiscal activities, which include the annual audit and budget development, align closely with the city council goal of governance. This goal seeks to maintain and strengthen long-term fiscal health through governance distinguished by a high-performing, innovative, and community-based system founded on open communication with residents, businesses,

and visitors; demonstrates accountability and responsiveness; and is supported by a professional workforce. Moreso, the finance department is charged with continuing the city's excellent fiscal management practices to include capital investments, effective borrowing, and proactive fund balance management to support city services, facilities, and infrastructure.

GENERAL FUND - FUND BALANCE

Fiscal Year	Amount	% of Revenue
2024	\$32,343,469	18.0
2023	\$28,275,162	16.8
2022	\$31,453,451	21.0
2021	\$28,817,189	19.9
2020	\$17,917,998	12.9
2019	\$17,841,004	12.9
2018	\$18,087,673	13.4
2017	\$16,931,385	12.8
2016	\$15,244,854	11.8
2015	\$13,429,441	10.7



General Fund Unassigned Fund Balance

The general fund unassigned fund balance is a crucial component of a government's financial health. It refers to the portion of a government's general fund that has not been earmarked for specific purposes, making it available for future use or to absorb unexpected financial challenges. This fund balance serves as financial stability and flexibility, is a key factor in credit rating and bond issuance, provides budgetary control and planning, and is a key tool for dealing with emergencies such as natural disasters, public health crises, or other unexpected financial obligations.

Budget Stabilization Fund

In FY 2019, the city council adopted updated financial policies which incorporated the creation of a budget stabilization fund. The policy stated that at the close of each audited fiscal year, the fund shall receive a minimum of 25% of any prior year's operating surplus. Balances in the fund will be allowed to accumulate until they reach an amount equal to 3.0% of general fund revenues. Balances in the budget stabilization fund are available for:

- Unbudgeted revenue shortfalls or expenditure overages
- Unforeseen school tuition contract increases
- Declared fiscal emergencies
- Financial opportunities to enhance the well-being of the city
- Protecting the long-term fiscal security of the city

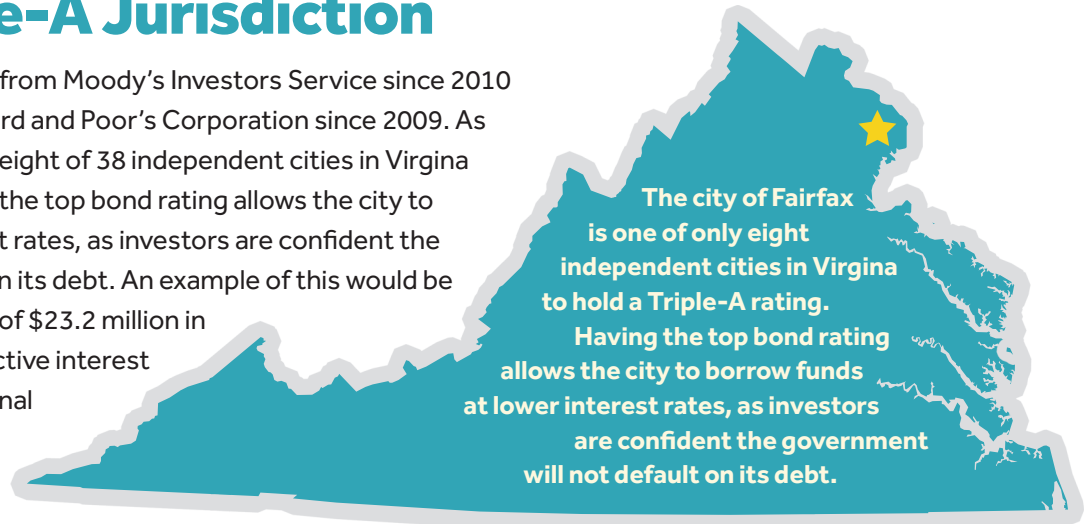
For the *first time* since the creation of the budget stabilization fund, a funding contribution was allocated in FY 2024 in the amount of \$4.3 million, which equates to 2.6% of general fund revenues. Staff will continue to maintain its fiscal commitment and provide financial decisions that comply with policies and advance sound financial management practices.

Residents learn fire prevention skills in the new safety trailer.



Double Triple-A Jurisdiction

The city has held a Aaa rating from Moody's Investors Service since 2010 and a AAA rating from Standard and Poor's Corporation since 2009. As of the most recent data, only eight of 38 independent cities in Virginia hold a Triple-A rating. Having the top bond rating allows the city to borrow funds at lower interest rates, as investors are confident the government will not default on its debt. An example of this would be the recent city debt issuance of \$23.2 million in November 2023, with an effective interest rate of 4.04%, when the national average interest rate varied between 5.25% to 5.50%.



Summary of Net Position

The government-wide statements report information about the city as a whole using accounting methods similar to those used by most private-sector companies. The statements provide both long-term and short-term information about the city's overall financial status. The Summary of Net Position includes all assets and liabilities using the accrual basis of accounting. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The Summary of Net Position is divided into three activities:

■ Governmental Activities.

Most of the city's basic services are reported here: general government, judicial administration, public safety, public works, health and social services; parks and recreation/cultural, and planning and community development. Property taxes, other local taxes, and state and federal aid finance most of these activities.

■ Business-type Activities.

The city's wastewater system, the stormwater utility, and the city's transit system are



CITY OF FAIRFAX
STORMWATER
MANAGEMENT

reported here. The city charges a fee to customers to cover all of the cost of wastewater and stormwater services. In the past, a significant portion of the transit system was subsidized by the city, but in the past few years, the city has used "30%" state funds to subsidize its transit operations.

- **Component Units.** The city includes three legal entities as component units in its report: the school board, the Industrial Development Authority, and the Economic Development Authority. The school board is presented as a separate column while the others are combined as non-major component units for presentation purposes. These legally separate component units are each important because the city is financially accountable for them and provides a significant portion of their operating and capital funding.



The City of Fairfax Police Department implements innovative, proactive policing strategies to protect residents and businesses.

The Public Works Department maintains critical infrastructure such as the vast network of underground wastewater pipes.



SCHOOL BOARD



From left: Rachel McQuillen, Vice Chair Amit Hickman, Chair Carolyn Pitches, Sarah Kelsey, Stacy Hall



SUMMARY OF NET POSITION June 30, 2024, and 2023 (in millions)	PRIMARY GOVERNMENT						MAJOR COMPONENT UNIT	
	Governmental Activities		Business-Type Activities		Totals		School Board	
	2024	2023	2024	2023	2024	2023	2024	2023
Assets:								
Current and other assets	\$158.5	\$136.0	\$26.9	\$27.7	\$185.4	\$163.7	\$6.6	\$1.7
Capital assets, net	\$220.7	\$221.6	\$52.0	\$49.8	\$272.7	\$271.4	\$11.8	\$10.8
Total Assets	\$379.2	\$357.6	\$78.9	\$77.5	\$458.1	\$435.1	\$18.4	\$12.5
Deferred outflows of resources	\$24.1	\$36.3	\$2.0	\$2.6	\$26.1	\$38.9	-	-
Liabilities:								
Current and other liabilities	\$51.8	\$59.4	\$8.4	\$5.7	\$60.2	\$65.1	\$6.6	\$1.7
Long-term liabilities	\$212.8	\$202.3	\$39.5	\$40.1	\$252.3	\$242.4	\$0.1	\$0.1
Total Liabilities	\$264.6	\$261.7	\$47.9	\$45.8	\$312.5	\$307.5	\$6.7	\$1.8
Deferred inflows of resources	\$49.6	\$51.3	\$0.6	\$0.9	\$50.2	\$52.2	\$0.0	\$0.0
Net Position:								
Net investment in capital assets	\$116.4	\$104.9	\$33.2	\$29.5	\$149.6	\$134.4	\$11.8	\$10.8
Restricted	\$2.8	\$1.9	-	-	\$2.8	\$1.9	-	-
Unrestricted	\$(30.1)	\$(25.9)	\$(0.8)	\$3.9	\$(30.9)	\$(22.0)	\$(0.1)	\$(0.1)
Total Net Position	\$89.1	\$80.9	\$32.4	\$33.4	\$121.5	\$114.3	\$11.7	\$10.7

Over time, net position may serve as a useful indicator of the city's financial position. For the most recently concluded fiscal year, the city's primary government assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$121.5 million, which is an increase of \$7.2 million from the net position as of June 30, 2023. The total net position of

primary government and school board increased by \$8.2 million from the net position as of June 30, 2023.

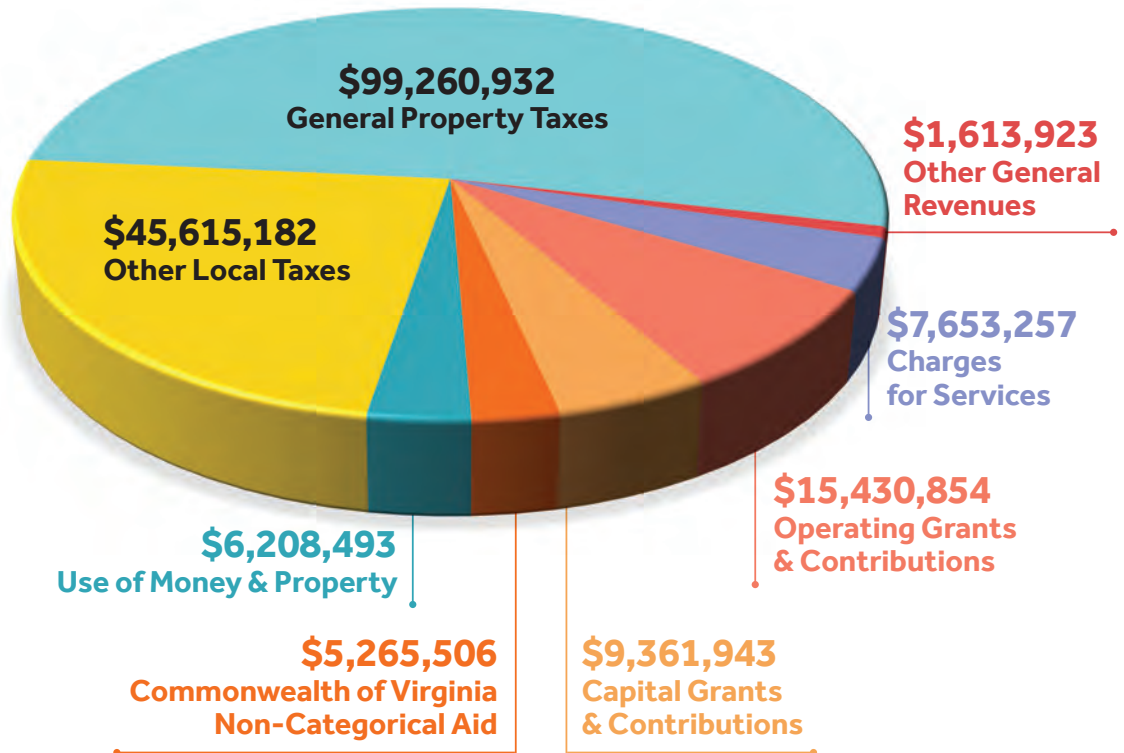
The largest portion of the city's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure improvements, machinery and equipment, and construction in progress, net of accumulated depreciation) less any

related outstanding debt used to acquire those assets. As of June 30, 2024, this investment totaled \$284.5 million for the entire reporting entity (\$272.7 million for the primary government and \$11.8 million for the school board component unit). The city uses these assets to provide services to its citizens; consequently, these assets are not readily available for future spending.

WHERE THE MONEY COMES FROM

FY 2024 Governmental Revenue by Category/Activity

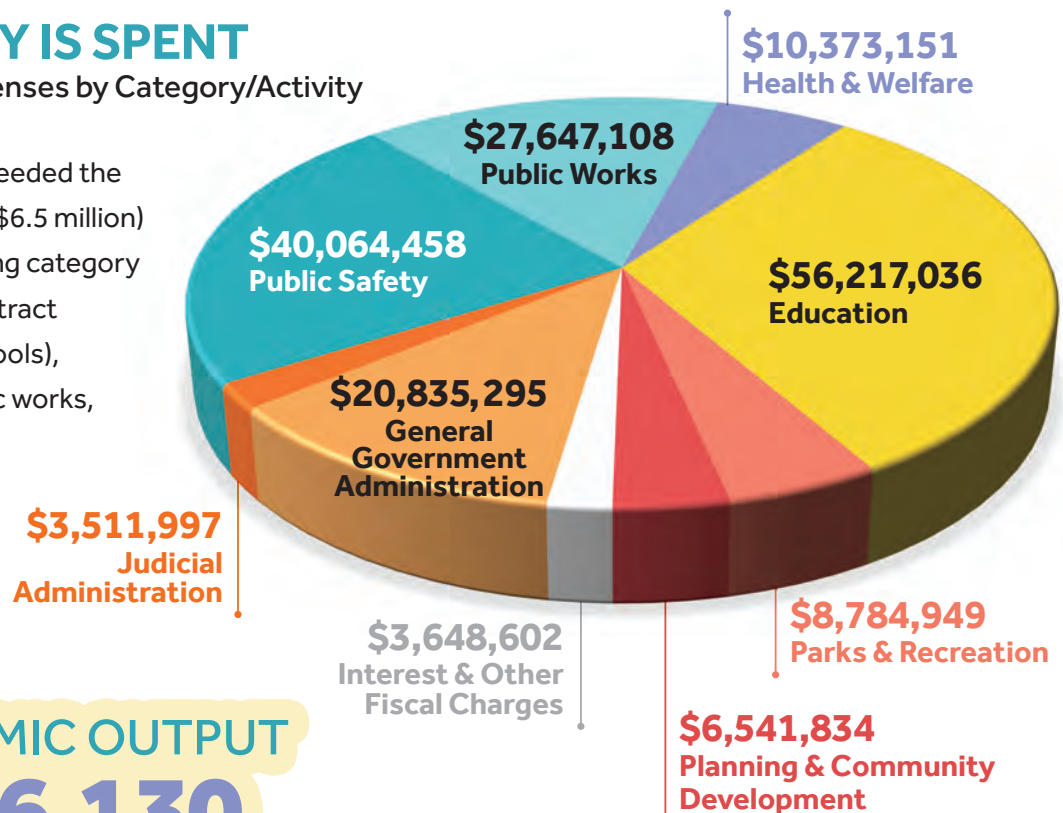
General fund revenues exceeded final budgeted amounts for FY 2024 by \$11.3 million versus \$8.5 million in FY 2023. General property taxes totaled \$99.3 million for FY 2024, an increase of \$6.5 million over prior fiscal year. The real-estate tax rate increased from \$1.01 to a rate of \$1.025 per \$100 of assessed value.



HOW THE MONEY IS SPENT

FY 2024 Governmental Expenses by Category/Activity

General fund expenditures exceeded the final budget by \$8,585 versus (\$6.5 million) in FY 2023. The largest spending category remains education (tuition contract with Fairfax County Public Schools), followed by public safety, public works, and general government.



GROSS ECONOMIC OUTPUT

\$34,566,130

IN FY 2024

SPOTLIGHT ON ECONOMICS

The city's economy remains healthy and stable. The city's at-place workforce increased significantly and, according to the U.S. Bureau of Labor Statistics, the city was home to approximately 21,700 jobs in 2024. Like localities nationwide, Fairfax City has seen an increase in workforce participation since the equivalent period in 2023, which still has lingering effects from COVID-19. The city's unemployment rate increased slightly by 0.2% and was measured at 2.4%, well below state (2.9%) and national (3.6%) averages.

With 4.4 million square feet of office space, the City of Fairfax remains one of Northern Virginia's employment hubs. The city's office market currently has a 9.5% vacancy rate, lower than that of Fairfax County and of Northern Virginia as a whole.

The retail market remains healthy, with a vacancy rate of only 3.1%, less than the regional average for retail vacancies.

Four key revenue sources are bellwethers for the local economy: general property taxes, local sales and use tax, Business Professional and Occupational License (BPOL) taxes, and the meals tax. General property assessments increased 6.9% (including new construction) from 2023 to 2024, and associated revenues increased by \$6.4 million in FY 2024 when compared to the prior year. In FY 2024, both BPOL tax revenues and local sales and use tax revenues remained flat at \$11.4 million and \$13.4 million, respectively. Meals tax revenues saw an increase of \$0.6 million or 7.3% in FY 2024.

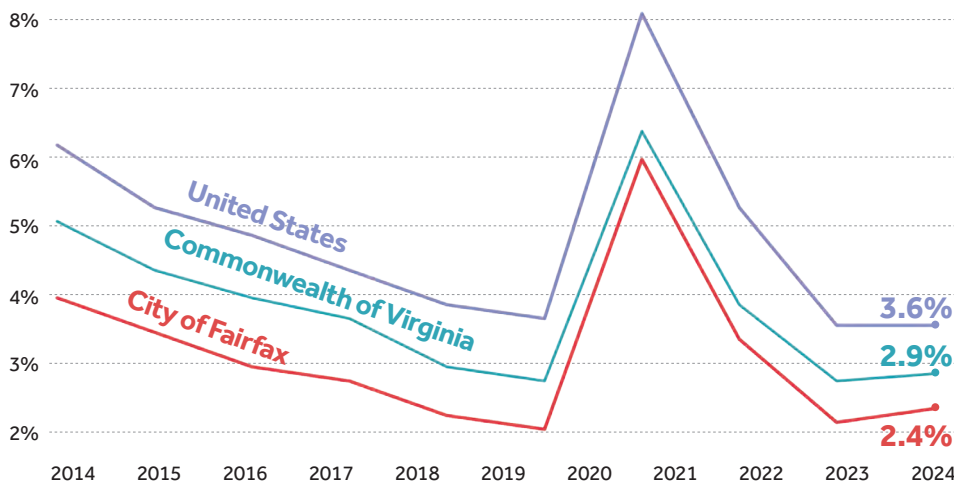


OFFICE MARKET
OCCUPANCY RATE
90.5%



RETAIL MARKET
OCCUPANCY RATE
96.9%

LOW UNEMPLOYMENT RATE*



*not seasonally adjusted

10 LARGEST EMPLOYERS**

500-999 EMPLOYEES

1

City of Fairfax
Local Government

250-499 EMPLOYEES

2

Zeta Associates
Software

3

Ted Britt Ford
Automotive

100-249 EMPLOYEES

4

Premium Home Health Care
Home Health

5

Community Systems
Nonprofit

6

Sentry Force Security
Security

7

Fairfax Operator LLC
Skilled Nursing Facility

8

Home Depot
Retail

9

Farrish of Fairfax
Automotive

10

Trident Systems, Inc.
Technology

TOTAL NUMBER
OF EMPLOYERS
IN THE CITY
OF FAIRFAX
1,897

**as of June 30, 2024

DEMOGRAPHICS

POPULATION	1980	1990	2000	2010	2020	2023
City of Fairfax	19,390	19,629	21,498	22,565	24,146	23,750
Commonwealth of Virginia	5,346,818	6,187,358	7,078,515	8,001,030	8,644,727	8,729,032



POPULATION

23,750

MEDIAN HOUSEHOLD INCOME

\$128,708

PUBLIC SCHOOL MEMBERSHIP (2022)

2,872

HIGH SCHOOL GRADUATE OR HIGHER

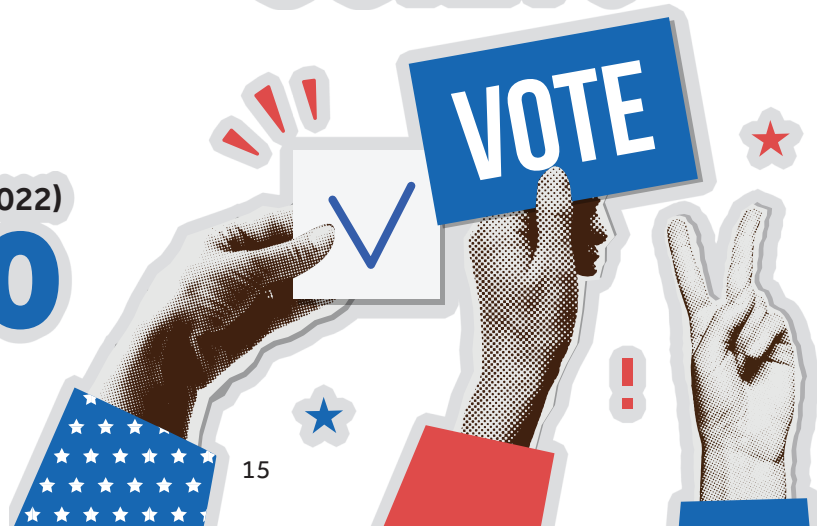
92.2%

BACHELOR'S DEGREE OR HIGHER

60.1%

REGISTERED VOTERS (2022)

16,000



HOUSING



OWNER
OCCUPIED

6,231



RENTER
OCCUPIED

2,898



VACANT

194



MEDIAN VALUE OF OWNER
OCCUPIED HOUSING

\$649,600



The Art Walk on
Main Street showcases
the city's creative talent
in Old Town Fairfax.



Fairfax HisTree Day
combines living history
and environmental
sustainability at
Historic Blenheim
on Earth Day.



Playful
murals add
a splash of color
on walls throughout
the city.

SOURCES:

Population: U.S. Census for 1980,
1990, 2000, 2010 and 2020 estimates;
Weldon Cooper Center for Public Service –
Demographics Research Group for 2023 estimate.
The City of Fairfax is located within the
Washington, D.C., Metropolitan Statistical Area.

Public school: Fairfax County Public Schools

Median household income and education levels :
U.S. Census Bureau ACS (2018-22)

Voters: Fairfax Electoral Board

Housing: U.S. Census Bureau, American Community Survey, 2022



fairfaxva.gov

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