

County Administrator's Budget Message

To: The Members of the Board of Supervisors

I am pleased to present the FY 2008 proposed budget that reaffirms the County's commitment to maintaining our excellent quality of life, providing quality education and meeting the challenges of growth while keeping the real estate tax rate steady. This budget, representing the second year of the current biennial plan, strikes a balance between available funding levels, diversifying revenue sources and first-rate police and fire protection, public schools and other services.

Long-term planning had anticipated that this would be a year for a large increase in the school allocation with the opening of a third high school. The County had planned for this to take place without raising the real estate tax rate. Long-term planning had not anticipated the accelerated opening of an eighth elementary school; however, the County again was able to allocate funding without a tax rate increase.

The FY 2008 budget reflects a level Real Estate tax rate of 77 cents per \$100 assessed value. The proposed General Fund budget for FY 2008 totals \$173,089,548 which is \$18,063,077 or 11.7 percent more than the current year's budget. Of this amount, \$91,437,630 or 53 percent is allocated to the Schools and the remaining 47 percent is allocated to County operations, contributions to other agencies and investments in capital projects. Of the \$18,063,077 in new available resources, \$12,955,430 or 72 percent is allocated to the Schools.

Balancing the Service Demands of a Growing Community

Schools, Public Safety, and Stormwater Management top the list of important services that the County needs to fund. Balancing these demands within available funding resources is challenging. The Board of Supervisors requested that I look to revenue sources other than property taxes to fund these demands. The Commonwealth of Virginia identifies the areas in which local county governments can raise revenues. Unfortunately this does not include cigarette or sales taxes so finding alternatives to real estate tax revenues is limited. However, in this upcoming budget I am proposing that the County adopt some new fees and increase others. The creation of a Stormwater Utility with associated fees will allow the County to address important water quality and drainage needs throughout the County with a dedicated funding source. Advanced Life Support/Basic Life Support (ALS/BLS) fees are also an alternative revenue source that has been used successfully in other localities, including the City of Williamsburg, to fund EMS needs.

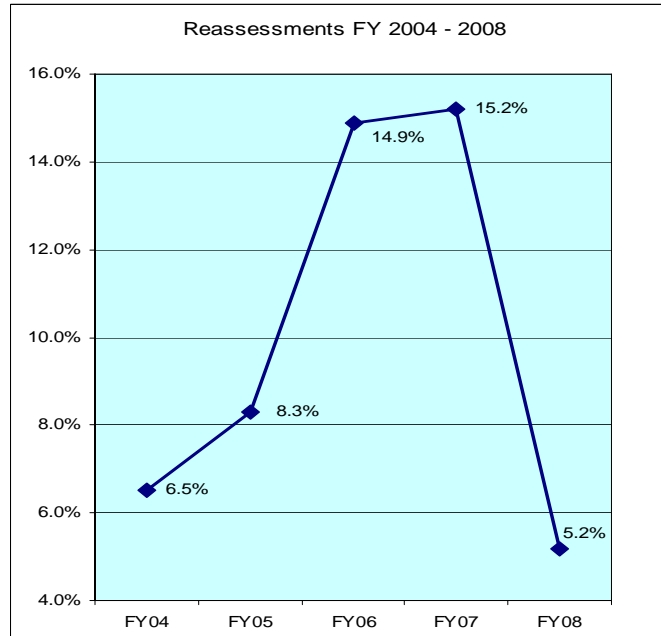
Although these new fees are proposed to fund the growing general government expenditures relating to water quality issues and EMS needs, School funding is largely dependent on revenues generated from local sources, such as real estate taxes.

Real estate values for James City County continue to increase beyond our current assessed values as evidenced by the sales in the past six months. The overall number of sales has decreased from the past year, but sales prices continue to outpace current assessments. Assessed value as indicated by a number of jurisdictions in the region that have completed reassessments for this

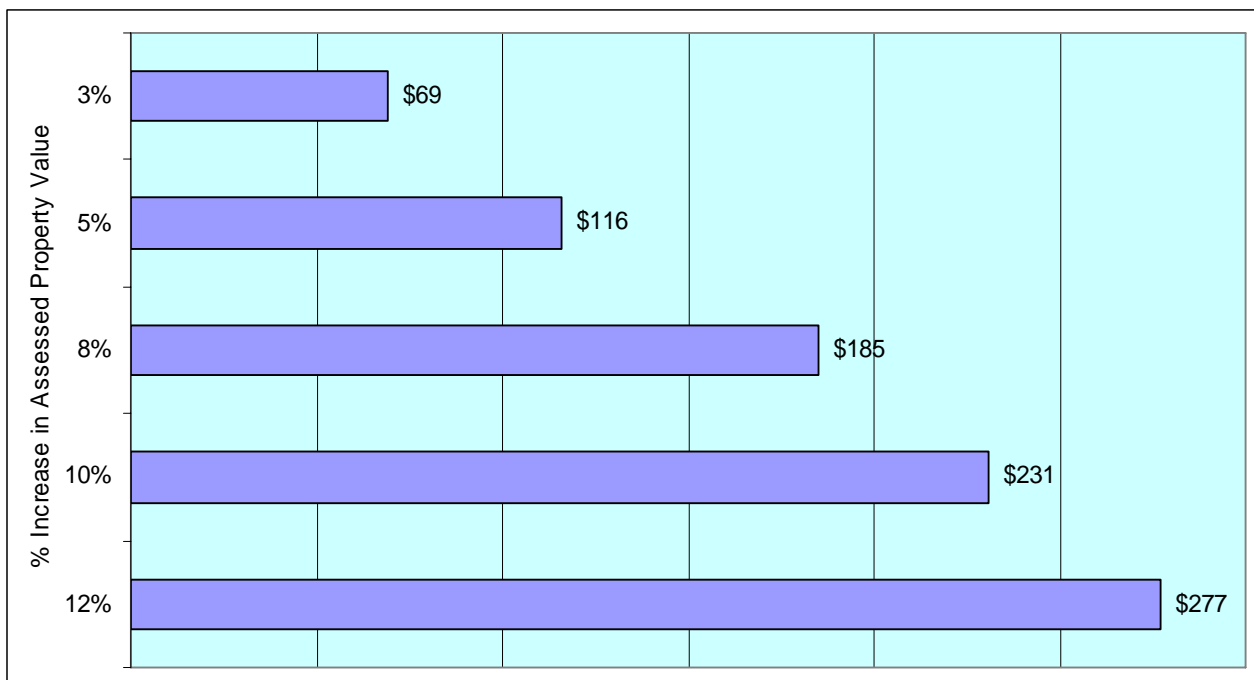
County Administrator's Budget Message

year, have increased across the board and James City County continues to reflect similar trends with residential values increasing above our current assessments in most neighborhoods.

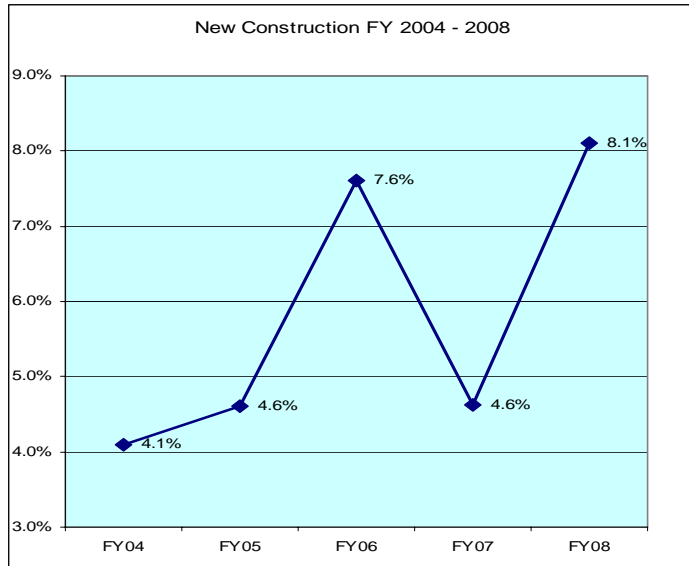
Over the past few years, homeowners have experienced large jumps in the value of their property. This has translated into increasing assessments on taxable property on an annual basis. Real Estate growth from increasing reassessments for FY 2008 is expected to taper off and is expected to be lower than the high rates of the past few years. The expected increase from all reassessments is 5.2 percent, which is the lowest expected increase over the past few years. Of this increase, the average residential increase is estimated to be in the 8 to 10 percent range. This is based on sales data from July 2006 to January 2007. These estimates are subject to change depending on results of further analysis of data through the rest of FY 2007.



The chart below shows the impact of assessment increases to a homeowner of a \$300,000 home. The budget is built on an expectation that homeowners will see varied levels of assessment increases.



County Administrator's Budget Message



The County is fortunate this year to be able to rely on a large increase in construction growth to help fund the School increase. As this chart shows, this is the largest expected real estate growth from new construction in recent years. Although new single-family homes fueled new growth in the past, in the upcoming fiscal year the new construction growth is anticipated to be heavily influenced by the new commercial real estate in the Monticello Avenue corridor and on Richmond Road, and new condominiums and town homes.

In addition to addressing immediate service demands, this budget includes the FY 2008-2012 Capital Improvement Plan, which includes a ninth elementary school and a fourth middle school in 2009, a new public safety building in FY 2009, and a new branch library in FY 2011. The debt service fund, which plans for future debt service requirements, and the FY 2008 allocation, along with the capital reserve fund balance, mitigates the large spikes of debt service payments for one new middle and two new elementary schools. The County recently issued the debt for these two school projects and has received another upgrade in bond rating from the Standard & Poors Rating Agency to AA+. Currently, County debt is also rated AA2 by Moody's Investors Service and AA+ by Fitch Ratings. These outstanding ratings translate to lower interest rate costs on money borrowed by the County.

The County's Comprehensive Plan and the County's Strategic Management Plan are two documents that guide the County in its planning process. We have tied this budget process to the County's updated Strategic Directions and Pathways and much of this year's budget falls within these five Directions: manage finances wisely and encourage a balanced economy; improve the lives of citizens and foster a sense of community; plan responsibly for the needs of a growing, diverse community; steward the natural environment and historic heritage; and provide outstanding customer service.

I. Manage finances wisely and encourage a balanced economy.

One pathway under this direction is to evaluate service delivery costs while another pathway is to develop and promote revenue alternatives to property taxes. The proposals to institute Stormwater Utility fees and ALS/BLS fees support these directions of the Strategic Management Plan.

The County's Code Compliance and Zoning Divisions' service demands continue to grow. To meet these demands, I am proposing the conversion of one part-time Plans Examiner to

County Administrator's Budget Message

full-time status to address the amount and complexity of building plan reviews. The cost of this will be offset by an increase in the Building Plan review fee, which has not increased in 20 years. I am also proposing a new Proffer Administrator to monitor compliance with proffered conditions. This position cost will be offset with increased and new zoning fees.

II. Improve the lives of citizens and foster a sense of community.

An important part of fostering a sense of community in the County is to encourage citizen input into the County's Comprehensive Plan. Completion of the Comprehensive Plan update is programmed for FY 2008. This is a vital planning tool that helps guide the County into the future and funds are budgeted to support the process.

Addressing the issue of homelessness is important to improve the lives of citizens. A new community group, Vibrant Life Ministries, has stepped forward to assist homeless men. I am proposing that the County contribute \$25,000 to this organization.

III. Plan responsibly for the needs of a growing, diverse community.

Investing in public safety to successfully meet the needs of our expanding population has high priority in FY 2008. Included in the biennial planning process was the addition of six Police Officers. These positions are still included in the proposed budget with the addition of one officer to handle the workload associated with the commencement of the Photo Red enforcement program. The County has long been an advocate of this program and has requested the General Assembly provide localities the authorization to enact this program. The Governor is expected to sign legislation that will give localities the authority. This program will help enhance safety for our citizens and visitors by notifying drivers of the monitoring of an intersection by cameras and decreasing red-light runners.

Continued investments are planned for Mobile Data Terminals, and a new Public Safety facility is planned for FY 2009. Three new Firefighters were planned and are also proposed. In addition, a Training Officer who will provide EMT-intermediate training which is a requirement of all Fire/EMS recruits is included. As planning and preparation for disasters, whether natural or manmade, continues to grow in importance, I am also proposing that the County's part-time Deputy Emergency Management Coordinator become full time. A replacement ambulance is funded in the Capital Improvement Program.

Ensuring that ongoing operational costs are funded is another pathway under this direction. Included in this budget, as originally planned, are one new facilities technician and four new grounds staff to address the increase in number of public facilities and maintain the grounds at Warhill High School and Matoaka Elementary School.

County Administrator's Budget Message

IV. Steward the natural environment and historic heritage.

The County has made great strides in preserving our historic heritage. In December 2006 the County preserved 202 acres at the Jamestown Campsites and Basin properties along the James River and Powhatan Creek. The County, in partnership with the nonprofit Trust for Public Land, worked since 2005 to acquire this property. Funding is included in the FY 2008 proposal to master plan the property for public use.

In FY 2008, I am also proposing the addition of a Park Supervisor, for the opening of an interpretive area that will commemorate the historical significance of Freedom Park.

Included within the original FY 2008 budget plan and still funded in this proposal is the addition of a Geographical Information Systems Technician to develop and maintain the mapping layers needed by Development Management and the Environmental Division.

With the addition of a Stormwater Utility and assignment of oversight to Development Management, I am proposing an Assistant Development Manager position to help with the increased responsibilities of the Department.

V. Provide outstanding customer service.

The County strives to provide outstanding customer service. In FY 2008, I am proposing to begin accepting debit and credit cards for the payment of taxes and have allocated funding to pay for the transaction fees. This is a customer convenience that has been requested by many citizens and is a generally accepted method of payment. I am also proposing a new Customer Service position at the County's Satellite Office reflecting the increase in citizen uses of the office services.

Improving customer service through the County's web site is also important, and I am proposing the addition of a Web Interactive Designer to better enable communications and transactions via the web.

In Parks and Recreation, I am proposing conversion of temporary hours to create one full-time Park Ranger and two part-time Park Attendants at the County parks. Also included is the conversion of two part-time Customer Assistants to one full-time position at the Community Center, to improve customer service.

Funds

The following categories of funds are included in this adopted budget:

General Fund: This is the County's major operating fund, and is where tax dollars are deposited. Most ongoing activities, such as police and fire services, and the County's contribution to school operations, are accounted for in the General Fund.

County Administrator's Budget Message

Capital Projects Fund: This fund is used to account for the cost of major, one-time infrastructure and equipment investments that result in a County asset. Those related to water and sewer service are exceptions funded by the James City Service Authority.

Proprietary Funds: The James City Service Authority, which is responsible for providing water and sewer service to certain areas of the County, has its own fund which is supported solely by user fees. The Stormwater Utility with its user fees and ongoing operations are accounted for in its own fund. Both ongoing operations and capital investments are accounted for in these funds.

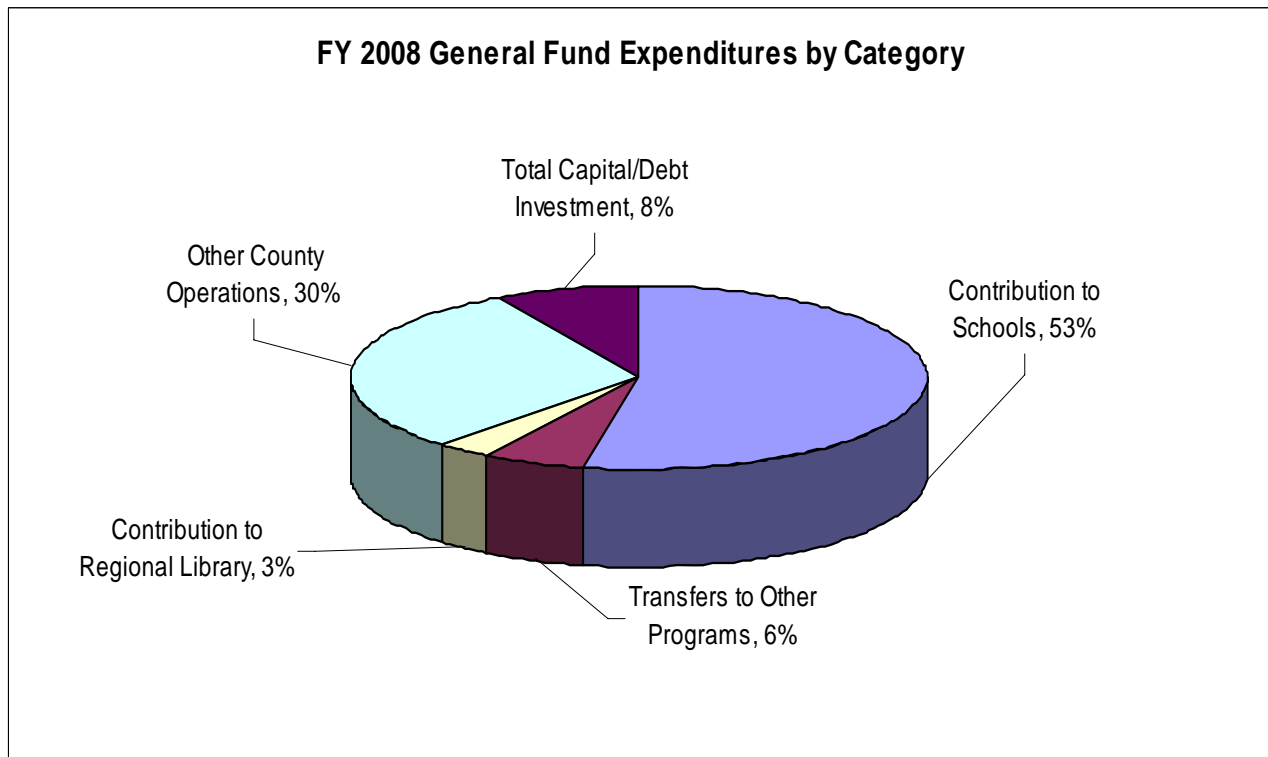
Special Revenue Funds: Programs where the major sources of revenue are not local tax dollars are classified under these funds. Such programs include Social Services, Williamsburg Area Transport operations and any other grants or other special projects that do not fall into any other funds. The 2007 Fund was added in FY 2005 to address the Jamestown 2007 Commemoration.

County Administrator's Budget Message

►GENERAL FUND

The adopted General Fund budget for FY 2007 and the proposed General Fund budget for FY 2008 appear below:

	FY 2007 Adopted	% of Total	FY 2008 Proposed	% of Total
<u>Expenditures:</u>				
Schools	\$78,482,200	51%	\$91,437,630	53%
Transfers to Other Programs	10,164,538	5%	10,457,557	6%
Regional Library	4,277,971	3%	4,439,685	3%
Other County Operations	48,272,413	31%	51,994,706	30%
Total Expenditures	<u>\$141,197,122</u>	<u>90%</u>	<u>\$158,329,578</u>	<u>92%</u>
<u>Capital/Debt Investment:</u>				
Debt Service/Non-departmental	\$5,490,559	4%	\$7,393,970	4%
Contribution to Capital	8,338,790	5%	7,366,000	4%
Total Capital/Debt Investment	<u>\$13,829,349</u>	<u>9%</u>	<u>\$14,759,970</u>	<u>8%</u>
Total General Fund	<u>\$155,026,471</u>	<u>100%</u>	<u>\$173,089,548</u>	<u>100%</u>



County Administrator's Budget Message

Schools

Public Education is an important component of a healthy community and the largest portion of the County's budget. For FY 2008, I am proposing that the County contribute \$91,437,630 to the Williamsburg-James City County Schools. This provides \$74,198,285 for operations and \$17,239,345 for debt service. The operational amount represents an increase of \$9,730,524 or 15.1 percent and, with City, State and other funding, will allow an increase in the School operating budget of \$12,191,705 or 12.4 percent. This reflects the planned shift of funding from debt service to operations for the opening of Warhill High School and proposed funding for the opening of Matoaka Elementary School. The amount has been amended from the plan to account for the proposed funding split between the City and the County under the scheduled amendment to the joint school contract and also funds the County's share of the State mandated increase in VRS health credit. Although this is the largest single-year increase in local funding ever programmed to be given to the School division for operations, this amount does not fully fund the School's request.

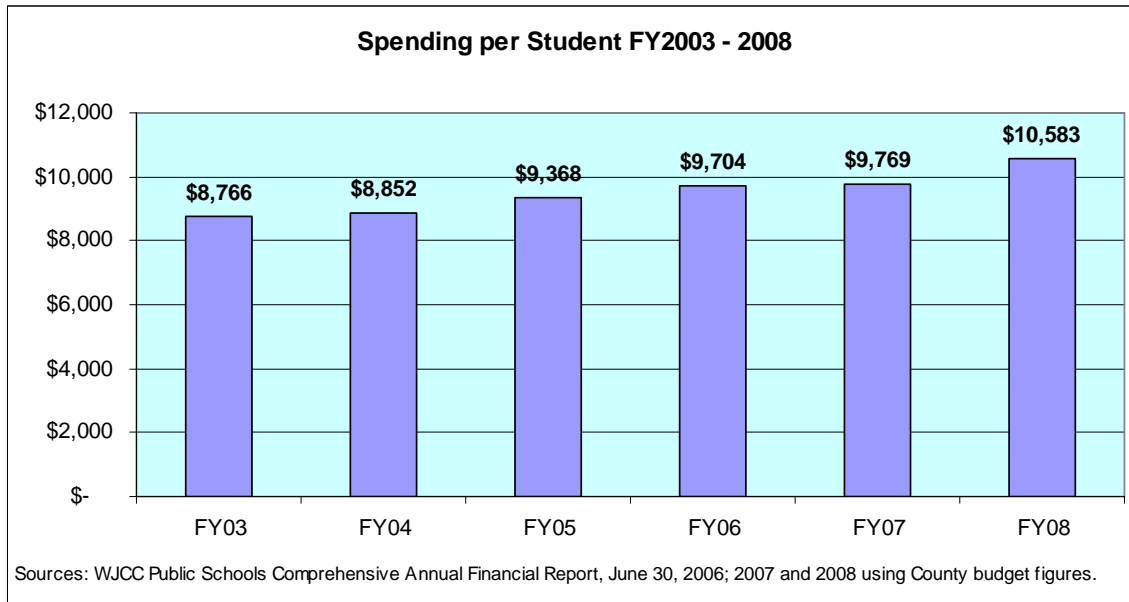
The Commonwealth of Virginia allocates a portion of State Sales Tax collected to localities for their use towards school spending. The County historically, then passes these revenues to the Schools as part of the County's local contribution. When the State adopted its FY 2007- FY 2008 biennial plan, it overestimated the amount of Sales Tax revenue that would be passed on to localities. The State made a correction to fix this overestimation for FY 2007 so that localities would be "held harmless"; however, they did not do the same for FY 2008. Since the County is on the same biennial cycle as the State, the County's plan for 2008 included the \$10,253,872 estimate from the State for State Sales Tax. The State's newly revised estimate is \$9,056,909, \$1,196,963 short of its original estimate. This budget proposal holds the Schools harmless by keeping the total County local contribution to the Schools as originally planned. This budget proposes to make up the State shortfall with local revenues.

In addition to the operating budget, the capital budget includes \$13,827,888 in spending in FY 2008 for the Schools. This includes appropriations for the first phases of construction for the fourth middle school and the ninth elementary school and almost \$4 million directed to maintenance and renovation projects at existing schools.

Constitutionally, the Commonwealth of Virginia has primary responsibility for K-12 education and has established Standards of Quality, Standards of Learning, and other mandates for school divisions around the State. The State has consistently failed to fund its share of the Standards of Quality. This has resulted in an increasing dependence on local tax dollars to finance basic educational programs, teacher pay, and capital spending for schools.

The following chart depicts that, historically, the School Division has been able to increase its spending per student due to healthy local funding. While the School budget has proposed a \$10,750 cost per student, the County's proposed budget projects per pupil spending to be \$10,583.

County Administrator's Budget Message



Transfers to Other Programs

Transfers to programs other than County operations and the School system for FY 2008 amount to \$14,897,242. Areas in this category include the County's contributions to the Williamsburg Regional Library, Virginia Peninsula Regional Jail, and other Outside Agencies.

The City of Williamsburg and James City County share the cost of Library operations, after other revenues are accounted for, based on their respective share of circulation. The County contribution to the Library for FY 2008 increases by 3.8 percent to \$4,439,685. This amount fully funds the Library's request including some position growth related to workload and the same pay for performance increase proposed for other County employees.

James City County is a member of the Virginia Peninsula Regional Jail Authority, along with the City of Williamsburg, York County, and the City of Poquoson. Costs for inmates who have committed crimes in James City County are expected to remain virtually level in FY 2008.

The County contributes to a number of outside agencies, such as the James City County Volunteer Rescue Squad, the James City/Bruton Volunteer Fire Department, the Community Action Agency, the Peninsula Agency on Aging, the Peninsula Habitat for Humanity, and Housing Partnerships, Inc., which provide services to County residents and businesses.

In addition, the County supports tourism efforts particularly targeted to marketing as well as to Jamestown 2007 tourism venues, using a portion of the taxes collected on lodging. In FY 2006, the County increased the tax on lodging from 4 to 5 percent. The proceeds from 60 percent of the room tax will be used as required by State law for tourism initiatives. The Greater Williamsburg Chamber and Tourism Alliance is proposed to receive \$860,000 of room tax proceeds for marketing purposes. Other Jamestown 2007 related initiatives include funding for

County Administrator's Budget Message

the Jamestown-Yorktown Foundation and the Association for the Preservation of Virginia Antiquities.

Nondepartmental

Major items in this category include funding for debt service payments, a dollar-for-dollar match of VDOT funds for road projects, including the Route 60 East project and improvements to the Ironbound Road area, underground utility conversions, and matching funds for grants, such as bikeway initiatives.

County Expenditures

The remaining portion of the General Fund budget not related to the Schools, transfers to other programs, or the Regional Library equates to 30 percent in FY 2008.

Employee Compensation and Benefits

Employee compensation and benefits are important tools to attract and retain a quality workforce to deliver services to our growing community. The Board has demonstrated its support and I am proud of our employees and their commitment to provide excellent customer service to our citizens, businesses, and visitors.

Compensation

Compensation adjustments proposed in this budget are designed to sustain the positive effects of last year's Recalibration of the Compensation Plan, including the current decrease in the turnover rate.

Pay for Performance

Pay for performance, which keeps employee salaries competitive and assists in retention, is proposed at 4 percent. Eligible employees may receive individual increases based on performance not to exceed overall the budgeted 4 percent. This is in line with projected salary budget increases for the region and those proposed by surrounding localities.

The cost to the General Fund for pay for performance in FY 2008 is \$733,005.

Maintaining the Market-Based Pay Plan

To maintain our compensation infrastructure, the following adjustments are included in my proposed budget:

- A 2.5 percent structure adjustment, which means increasing all the salary ranges by 2.5 percent, to keep our starting salaries competitive. Because pay for performance increases are applied before the structure is adjusted, most employees receive no salary increase as a result of the structure adjustment.

County Administrator's Budget Message

- Reclassifications, which are position and salary adjustments made because of significant changes to an employee's duties and responsibilities. Eleven positions are affected.
- Career ladder advancements, which are salary adjustments based on the achievement of higher levels of experience and/or certifications. They are tools for attraction and retention as well as incentives for continued learning. This accounts for most of the cost of maintaining the compensation infrastructure, and the bulk of those funds are for public safety jobs.

The salary cost to the General Fund of maintaining the market-based compensation plan, is \$203,074. Public Safety accounts for 52 percent of the total cost.

Benefits

All of the County's purchased benefits came in at or under the amounts programmed for FY 2008. Employees have actively worked towards wellness and were wise consumers of health care helping to contain costs. Increased funding is proposed for two benefit programs, Employer Assisted Home Ownership and Deferred Compensation Match, to meet the demand and encourage even greater participation.

Health Insurance, Retirement, and Other Benefit Rate Increases

Once again the County's health insurance premium increase is below the regional medical inflation trend of 12 percent. The proposed budget includes an increased County contribution of 5.1 percent for health insurance premiums which will keep our health insurance plans affordable for employees and their families and will aid in attraction and retention. Employee wellness efforts, smart consumption of health care, and staff oversight of the plans, help to make this possible. There is no Virginia Retirement System (VRS) rate increase this year.

Other County benefit plans will experience small or no rate increases in FY 2008 as well.

Deferred Compensation Match

The introduction of a modest 50 cents to the dollar match to deferred compensation provided incentive to employees to save for their own retirement. As a result of this initiative, which began in FY 2007, the percent of employees participating in the plan increased from 32 percent to 54 percent.

This budget proposes increasing the match to provide a 50 cents to the dollar match of the first \$60 per month that full-time employees and the first \$30 per month that part-time employees put in their deferred compensation account. This increase from matching 50 percent of the first \$40 that full-time and \$20 that part-time employees contribute to the plan is intended to provide incentive for more employees to begin saving, for those who already participate to save even more money, and to enhance the Deferred Compensation Match Plan as an attraction and retention tool. While we would still be below the State's maximum match, it would be a step in

County Administrator's Budget Message

the right direction. Experts continue to emphasize the necessity of personal savings for retirement as well as the fact that the sooner one begins to save, the better the chance to eventually afford to retire.

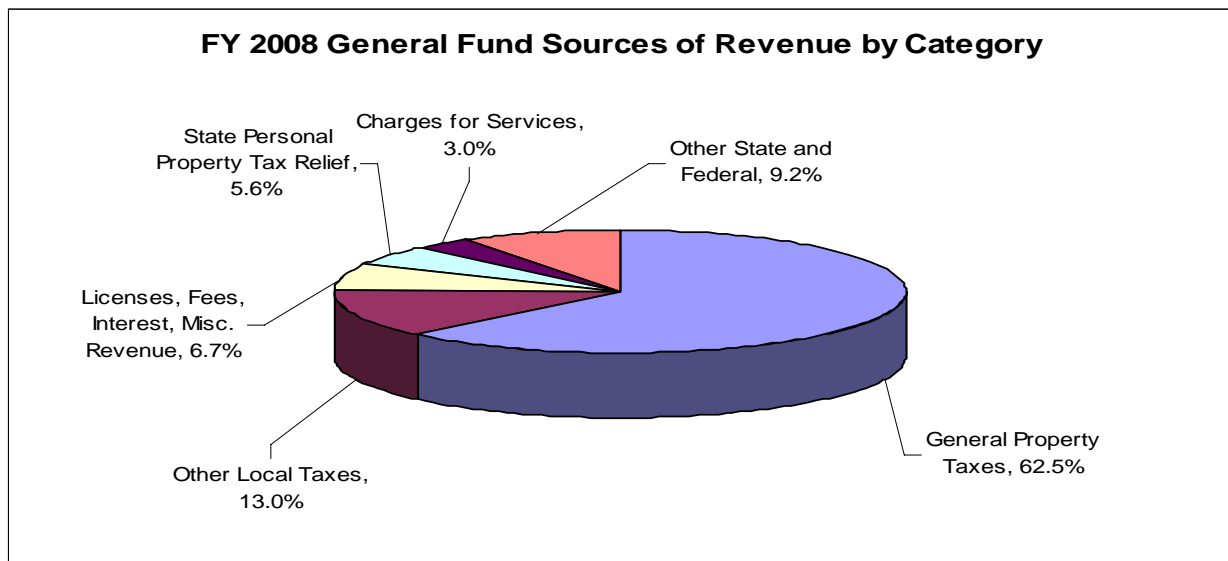
\$48,334 is included in the FY 2008 General Fund to increase the match.

Employer Assisted Home Ownership Program

This program is designed to provide an incentive for County employees to live in the community they serve, which benefits both the employee and the County. Based on participation trends for the first five years of the program, we planned for 11 new participants in FY 2008 but interest in the program has grown and we have had 20 employees join the program so far this fiscal year. Therefore, I have included an additional \$40,000 in my proposed budget to accommodate a greater number of participants than originally anticipated. I'm pleased both that employees are interested in living in the County and that they feel they will be able to find housing that they can afford.

The Board's compensation and benefits initiatives have been very successful, and I hope we can continue that success in FY 2008.

► REVENUES



General Fund revenues are expected to increase \$18,063,077 or 11.7 percent.

Revenue growth from real estate taxes makes up 58.7 percent of the overall revenue growth while, as a whole, General Property taxes make up 62.5 percent of total revenue.

Personal Property taxes received from local sources increase by 7.8 percent in FY 2008 over expected FY 2007 receipts. This is partially due to growth but additionally due to the State capping its reimbursement on personal use vehicles. The State reimbursement of \$9,770,137 is

County Administrator's Budget Message

expected to equal 57 percent of the personal property tax owed on qualified vehicles in the County. This reimbursement has decreased from 61 percent in FY 2007 and as the County continues to grow, the percentage of reimbursement that citizens will see from the State is expected to continue to decline.

This budget does not contain any fees or taxes associated with pending State transportation legislation that would authorize the formation of a Hampton Roads Transportation Authority.

Other Local revenues are expected to have healthy growth. Local Sales tax is expected to see a 10.1 percent increase and Meals tax a 4.5 percent increase. Fines and Forfeitures are forecasted to rise 29.1 percent with the implementation of the Photo Red enforcement program. Red light runners will be assessed a \$50 fine. This forecast of fine revenue is expected to generate at least one-half of the cost of the overall program.

In the FY 2008 budget, I am proposing that the Plan Review fee be increased from \$10 per 1,000 square feet to \$20 per 1,000 square feet. This fee has not been increased in 20 years. Fees for appeals to the Board of Zoning Appeals, administrative variances and acreage fees associated with rezoning requests are also proposed to increase. New Zoning fees are proposed for deferral of public hearing cases at the applicant's request, zoning verification letters, conceptual plans and review of site and subdivision plans after the second resubmission.

As previously mentioned, I am proposing ALS/BLS fees for transport only. The fee structure that I am proposing is the same that has been implemented by the City of Williamsburg in FY 2006. A patient's insurance will be billed based on the level of care provided during transport to the hospital.

Basic Life Support	\$350
Advanced Life Support 1 & 2	\$450-\$550
"Loaded" Mileage Fee (per mile)	\$7

James City County residents will experience no out of pocket insurance deductibles or co-pays and any uninsured and/or underinsured residents will not face any financial hardships because of this program. These fees are proposed to be shared with the volunteer rescue and fire associations, and those allocations are included in the Outside Agency funding.

Community Center membership fees are also increased, but are still lower than other recreational centers in the area.

► CAPITAL PROJECTS FUND

The County's Capital Projects budget for FY 2008 is proposed at an investment of \$23,033,000 with \$13,827,888 or 60 percent of these capital investments focused on school needs.

- ✓ Funding for the fourth middle school and ninth elementary school begins in FY 2008 with the bulk of the appropriations taking place in FY 2009.

County Administrator's Budget Message

- ✓ Almost \$4,000,000 is allocated for school capital maintenance issues, with the replacement of the HVAC system at Clara Byrd Baker topping the list.
- ✓ Funding for a Community Gymnasium at Warhill begins in FY 2008. This indoor facility will serve as a community venue and support interscholastic sporting events.
- ✓ Also beginning in FY 2008 is funding for a \$1.2 million renovation of the Community Center. This renovation focuses on upgrades to the HVAC system and to those systems that control humidity, pool and hot tub water quality and temperature.
- ✓ Funding is included in FY 2008 for James City County's final portion of the replacement Crossroads Youth Home, which will be located in York County. James City County will be a proportional owner in this facility.
- ✓ Funding is provided in both FY 2008 and FY 2009 for 17 paving projects. The plan is to combine the projects under one contract in order to achieve cost savings.
- ✓ Public safety related proposed funding includes an ambulance replacement for each year of the five-year plan.
- ✓ Funding continues to provide added capacity to the County's Metropolitan Area Network, a system of high speed fiber that is currently providing linked network service for voice, data and video to 27 sites in both the County and the City including some public school sites.

The FY 2008 Capital Project budget is part of a five-year Capital Improvement Plan totaling \$183,634,000 of which \$109,909,309 or 60 percent is devoted to Schools. FY 2009 is dominated by a fourth middle school and a ninth elementary school, and a new public safety building and a new library building are proposed in years two and four of the plan, respectively.

Details on the Capital Projects Fund appear in Section D.

► PROPRIETARY FUND

The James City Service Authority (JCSA) budget, found in Section E of this document, represents the financial plan for operating and capital costs of the water and sewer programs, which are provided to certain areas of the County. The JCSA is financed entirely by user fees and receives no tax revenue from the County.

There are two user fee initiatives in FY 2008. The Water System Facility Charge for a 5/8-inch meter is proposed to change from \$300 to \$500. Additionally there is one new fee proposed. It is a Lawn Irrigation Connection Fee at a charge of \$1,400. This fee will go towards financing the King William Reservoir project.

County Administrator's Budget Message

Also included as a proprietary fund is the budget for the newly created Stormwater Utility (SWU). This initiative, already in place in the larger Hampton Roads cities, is in response to Federal and State Stormwater management requirements. The SWU will perform watershed studies, inventory and inspect public and private stormwater management facilities and fund drainage improvements County-wide. The SWU will utilize a monthly fee system to generate funds, as opposed to adding to the dependence on real property taxes.

►SPECIAL REVENUE FUNDS

The majority of support in the Special Revenue Funds, which are found in Section F, comes from State and Federal grants. The County General Fund also contributes to these funds, which include Williamsburg Area Transport, Community Development, Social Services, and Special Projects/Grants.

The Jamestown 2007 fund was included for the first time in the FY 2005 budget. This fund was established in the late 1990s to enable the County to participate in the 2007 commemoration and to make an investment towards a legacy for County citizens after 2007. Funds are allocated in this budget for the final payment of the 2007 Sponsorship and for the Virginia Municipal League Conference Host Event that will take place in the fall of 2007.

The Social Services budget increases to \$6,895,876 which is less than originally planned. Local funding has increased, in part to make up for State and Federal funding reductions for Title IV-E administration. Temporary hours are proposed to be converted to a full-time Eligibility Worker, a new Senior Office Assistant is included to improve customer service, and one new Prevention Counselor position is proposed to work in the STRIVE program to serve at-risk youth who are currently on waiting lists.

The Williamsburg Area Transport budget includes spending associated with the conversion to a regional authority. Increased costs for insurance and those services provided by the County are also included.

The Community Development Fund budget includes the increased contribution from the General Fund for the Employee home ownership program.

Conclusion

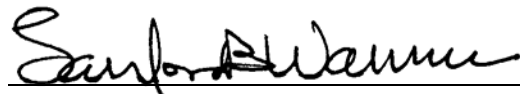
Although any budget is a plan of future spending, this budget is also a result of careful, responsible planning that has taken place in the past. The County has a Comprehensive Plan, a Strategic Management Plan, and a five-year Capital Improvement Plan in place, and this financial plan carries out many of the directions and pathways of those plans. The Board of Supervisors had placed funds aside in the past to mitigate the large financial spikes associated with debt service payments for the new high school and then shifted those monies to the School Division to help pay for the operation of the high school when it opens in this fiscal year to avoid a tax rate increase. Clearly this budget demonstrates a commitment to education.

County Administrator's Budget Message

This budget is the second year of a two-year plan and the changes from the original plan total less than 2 percent. However, within this change, I was able to keep the funding to the School Division slightly higher than planned, even with State changes in sales tax and VRS rates and a slightly higher shift in cost sharing with the City of Williamsburg.

This budget carries out past plans, accomplishes the County's mission to achieve a quality community, and provides sufficient resources to meet the overall service demands of this community.

Respectfully submitted,



Sanford B. Wanner
County Administrator