

County Administrator's Budget Message

To: The Members of the Board of Supervisors

The fiscal year 2013/2014 biennial financial plan presented to you and the citizens of James City County is the outcome of many years of preparation and careful fiscal management. Beginning in FY2009, with the downturn in the economy, the County began reducing operating spending and reducing the size of its workforce. At the end of FY2011 and as part of the FY2012 budget, the County set aside funds to help mitigate the anticipated real estate tax revenue reductions and potential increases in mandated costs. All of this work has allowed me to present to you a budget that does not include a real estate tax increase and for most residential property owners, a decrease in their property taxes. With the drop in real estate values and no corresponding increase in real estate tax rate, a home that was valued at \$300,000 will pay \$131 less in real estate taxes.

When last year's budget was produced, I advised the Board of the challenges that the FY2013/FY2014 financial plan would face, including;

- An anticipated drop in real property values of three to five percent.
- Higher gasoline prices.
- Elimination of Federal stimulus funding, particularly for the School division.
- An increase in mandated costs.

In this context, after years of careful stewardship and reducing spending, even though revenues had increased in FY2012, I recommended that the County not spend all of its resources and set money aside to help deal with these challenges. These challenges have come to pass and this budget addresses each issue.

The FY2013 budget is \$165,650,000 or a 1.1 percent increase and the FY2014 plan increases to \$167,950,000 or a 1.4 percent increase. This budget includes:

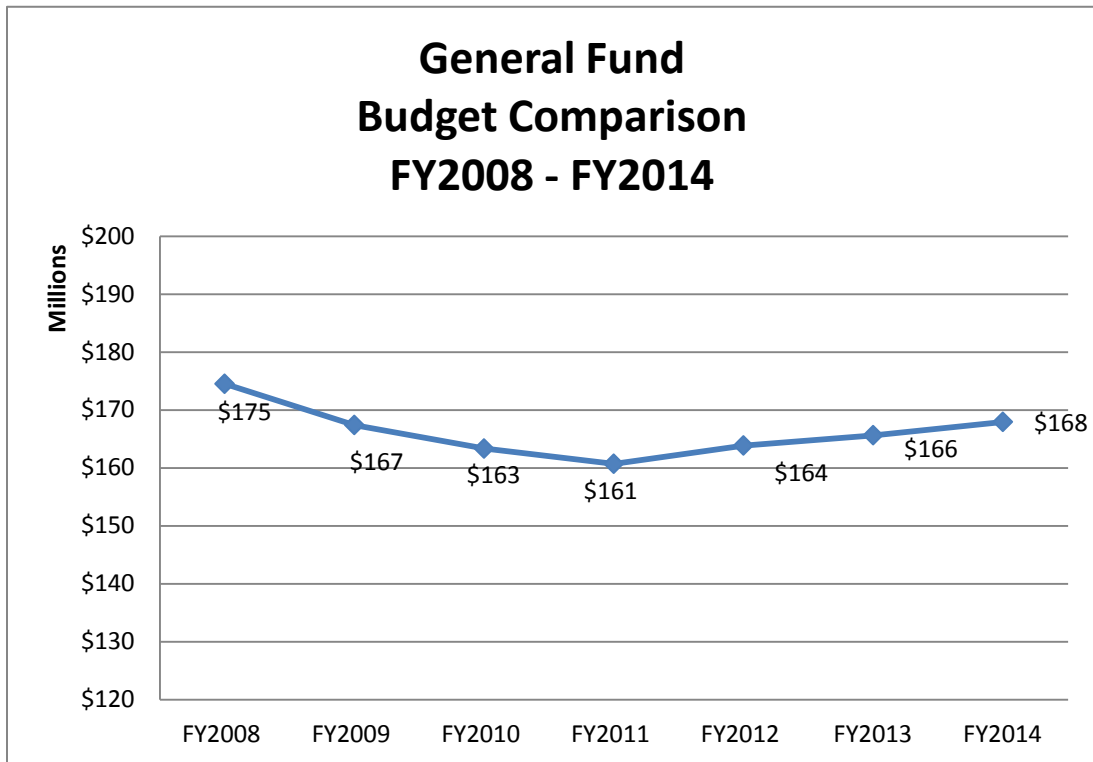
- A drop in residential real property values of 5.67 percent
- No increase in real estate tax rate
- Increase in operational costs, including gasoline prices
- Increase in Virginia Retirement System (VRS) mandated costs

Managing through difficult times

The County's Strategic Plan, which was revised in 2011, has been further developed for this budget. In this past fiscal year, work has continued on the County's Strategic Plan by identifying measures for the County's vision statement. The Strategic Plan has been included in this budget document as the plan helps to define our funding priorities, determine how well the County manages through both good times and bad and how well the County fulfills its overall mission to achieve a quality community.

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Although these next two years will continue to be challenging, this budget is approached with increased optimism and continued careful fiscal management. Our economic indicators show that the worst seems to be behind us as FY2011 appears to be the low point on the economic crisis cycle. Since FY2011, budgets have increased slightly and begun to move the County forward. It is significant to note that the second year of the biennial budget will place spending about equal to FY2009.



The years of declining budgets have not come without some diminished County services, although County staff has worked hard to achieve excellence and minimize the direct impact on citizens. During the past five years, over 64 regular County positions have been eliminated, almost all by attrition. Although most departments are seeing increased workloads, in this budget, I have targeted a few specific areas to enhance funding so that service levels can be increased to address unsafe structures, improve safety and appearance through median and other grounds maintenance services and extend the life of our increased number of buildings through maintenance activities. Many other community needs exist that the County will endeavor to address in future years as our resources allow.

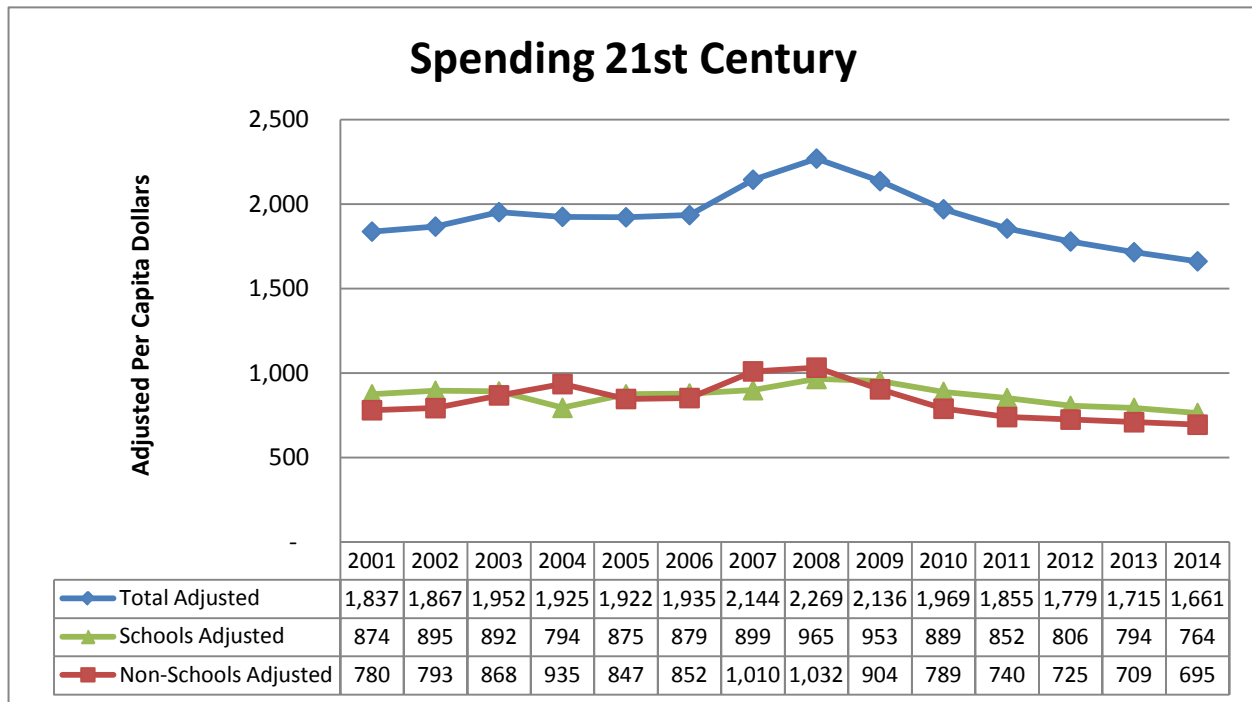
Two of the County's vision elements indicate we are and wish to continue to be a community of choice and that we value healthy minds and healthy bodies. One important component of these elements is our excellent school system. Over the past few years, local funding for WJCC Schools has not been severely impacted; however, this year the Schools were faced with lower Federal funding and higher mandated VRS costs---a direct result of years of State funding manipulations. The School division has faced this challenge with their own very credible and

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thorough budget deliberations and this budget proposal fully funds their request of increased local funding of \$2,439,505.

The County's residential population has grown from an estimated 61,700 in FY2008 to over 67,000 according to the recent 2010 census. James City County was the fifth fastest growing Virginia locality since the 2000 census, with population increases averaging about 3.32 percent per year.

Even though the FY2013 budget increases 1.1 percent, spending when adjusted for inflation decreases 3.6 percent. The bulk of the reductions in spending that have occurred since the economic crisis began in FY2008 have taken place in areas other than education with non school spending decreasing 31.3 percent between FY2008 and FY2013. Overall per capita spending is lower than it has been this century.



GENERAL FUND

Revenues

FY2013 includes the results of the biennium general reassessment of real estate and no proposed real estate tax increase. Residential real estate values have declined by about 5.67 percent. New development helped offset this decline, but overall real estate revenues declined 3.4 percent. This decline was expected, but other revenue streams have been higher than expected creating an overall General fund revenue increase of 1.1 percent. **Personal Property taxes** have increased due to higher than expected valuations as new vehicles have replaced older, less valuable ones.

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Machinery and Tools tax revenues also have increased, the result of County manufacturers investing in expansions and new equipment.

Consumer spending, as reflected in **Sales, Meals and Lodging taxes** paid by both residents and visitors, increases over the FY2012 budget by 8.4 percent or \$1.325 million. This amount, although increased a good deal over the FY2012 amount, is still conservative as the LPGA will return to James City County with two tournaments in FY2013 and the Williamsburg Pottery Factory will be back in operation for a full year. A new roller coaster and expanded Christmas Town at Busch Gardens should also help further increase these revenue streams. Conservative FY2012 forecasts for **Business, Professional and Occupational Licenses** have resulted in a 14 percent increase in the FY2013 budgeted amount in the **Licenses, Permits and Fees** category as well.

State revenues increase slightly, mostly from the pass-through of the one-penny sales tax for education. The **State Sales Tax for Education** is one penny of the State wide five-cent sales tax distributed to the localities in proportion to the number of school age children. The increase for the County represents both the growth in retail sales Statewide and a higher census of school-age children. This increase in revenue will be passed on to the School division for operations.

I have included a few new revenue proposals in this budget. The first is to add resources to the Treasurer's Office in order to increase delinquent tax collections. With their new software system, greater opportunities exist to collect more delinquent revenues. By adding another staff person, the Treasurer estimates that an additional \$319,000 in revenues can be collected annually. The net revenue after personnel costs associated with an additional staff person is in excess of \$250,000.

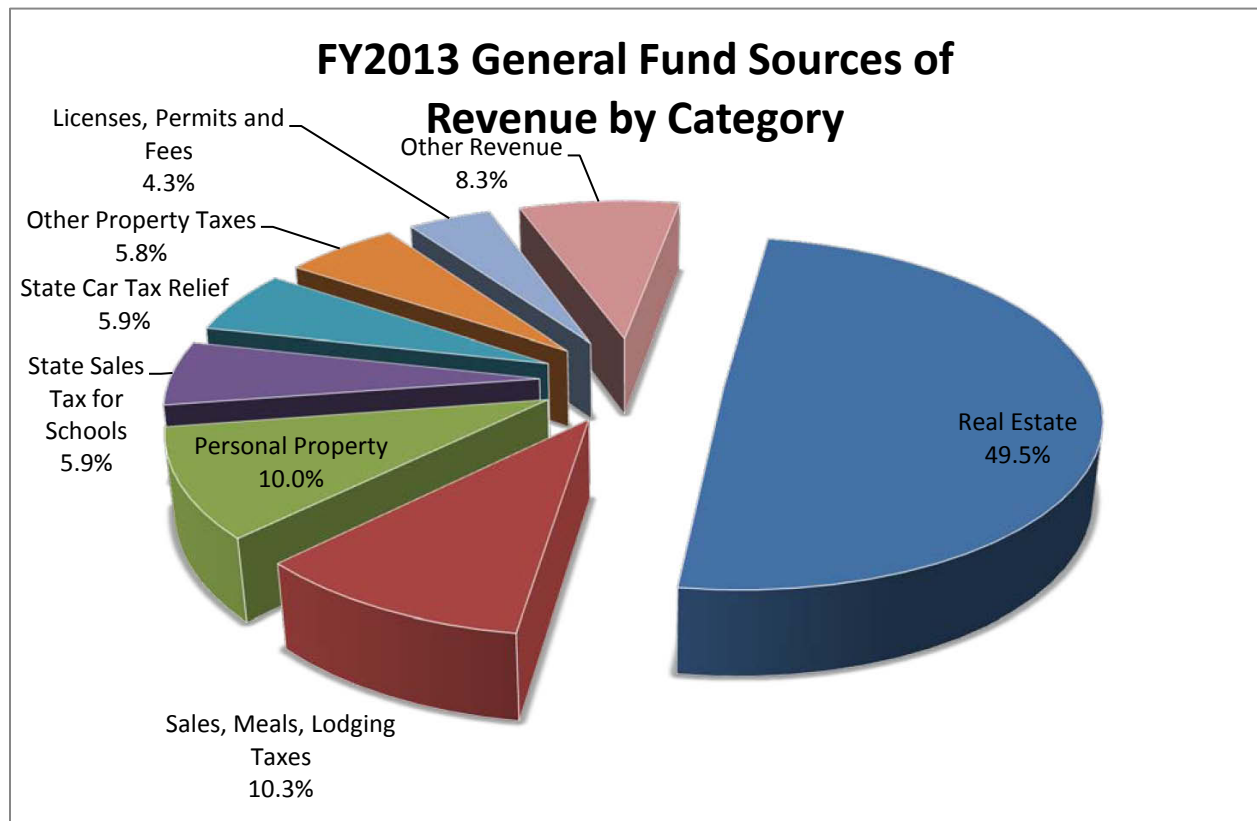
Also included in this budget proposal is an increase to the ALS/BLS fees. These recommended fees will keep the County in line with insurance allowable costs and with other neighboring jurisdiction proposals, particularly the City of Williamsburg. The County and City transport each other's citizens often and a matching fee structure keeps expectations the same and reduces confusion. These increased fees will be included in the County's contribution to the Capital budget and used to fund a replacement medic unit. The rates are proposed as follows:

	FY2012 Adopted	FY2013 Proposed
BLS	\$375	\$450
ALS 1	\$475	\$550
ALS 2	\$575	\$800
Mileage	\$8.25	\$ 10

I have also included a new fee for Residential House Checks. Currently the Police Department checks homes for citizens while they are on vacation free of charge. A modest \$50 fee is proposed that is anticipated to generate about \$20,000.

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	FY2012 Adopted	FY2013 Proposed	Share of FY2013 Budget	% Change from FY2012
Real Estate	\$ 84,786,304	\$ 81,925,000	49.5%	-3%
Sales, Meals, Lodging Taxes	\$ 15,700,000	\$ 17,025,000	10.3%	8%
Personal Property	\$ 15,331,816	\$ 16,560,000	10.0%	8%
State Sales Tax for Schools	\$ 9,350,000	\$ 9,822,908	5.9%	5%
State Car Tax Relief	\$ 9,770,137	\$ 9,770,137	5.9%	0%
Other Property Taxes	\$ 8,797,500	\$ 9,635,000	5.8%	10%
Licenses, Permits and Fees	\$ 6,377,000	\$ 7,245,000	4.3%	14%
Other Revenue	\$ 13,760,207	\$ 13,666,955	8.3%	-1%
	\$ 163,872,964	\$ 165,650,000	100.0%	1%



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Personnel and Compensation

Personnel costs account for the majority of the increase to the County Operating expenses. Of the \$1.9 million increase in personnel costs, approximately 70 percent of the increase is associated with increases related to Virginia Retirement System (VRS) costs. Most of these costs are mandated by the State and have increased due to poor investment performance over the past few years and a changing investment return projection.

Currently County employees are covered under two different VRS plans. Last fiscal year, all employees who joined VRS after July 1, 2010, began paying the 5 percent employee rate and the County granted an offsetting 5.7 percent raise to keep those employees' net pay whole. At the time that this message is released, the Virginia General Assembly had passed a bill that requires all employees to pay the 5 percent employee rate. In order to maintain consistency, this budget proposes to provide the same offsetting 5.7 percent raise for our longer-term employees. The Governor may give localities the option of phasing in this change; however, I will still propose that the change be done all at once. This recommendation will save the County an enormous amount of confusion associated with a phase in and will make the County recruitment and retention efforts more effective, especially in our public safety departments. Even though the shift to employees paying the 5 percent is a long-term cost saving strategy, its initial implementation has a cost and once done, all employees will be treated equally.

Also included in the compensation proposals are salary adjustments for employees who complete the requirements to advance along a career ladder, such as Police Officer I to Police Officer II, and equity adjustments to fewer than 15 positions which have changed significantly or are significantly behind the market.

Overall, the County General Fund does not increase positions even though several new positions are included. Three full-time positions have been eliminated; a Planner, an Engineer, and a Recreation Operations Coordinator. In addition, two positions, previously counted in the Cooperative Extension Service have now begun to be paid directly by Virginia Tech and have been eliminated from the County's position count. A part-time Custodian is eliminated as the function has been added to the County's contract with the School division under shared services.

A new Senior Facilities Specialist position with its associated equipment is proposed to help maintain County facilities. In FY2012, facility space has increased 13.6 percent to 530,643 square feet. Some contracting services have been eliminated to help offset the cost of the position. Temporary hours in the Fire Department are also proposed to change to a part-time position to help with recruitment and retention.

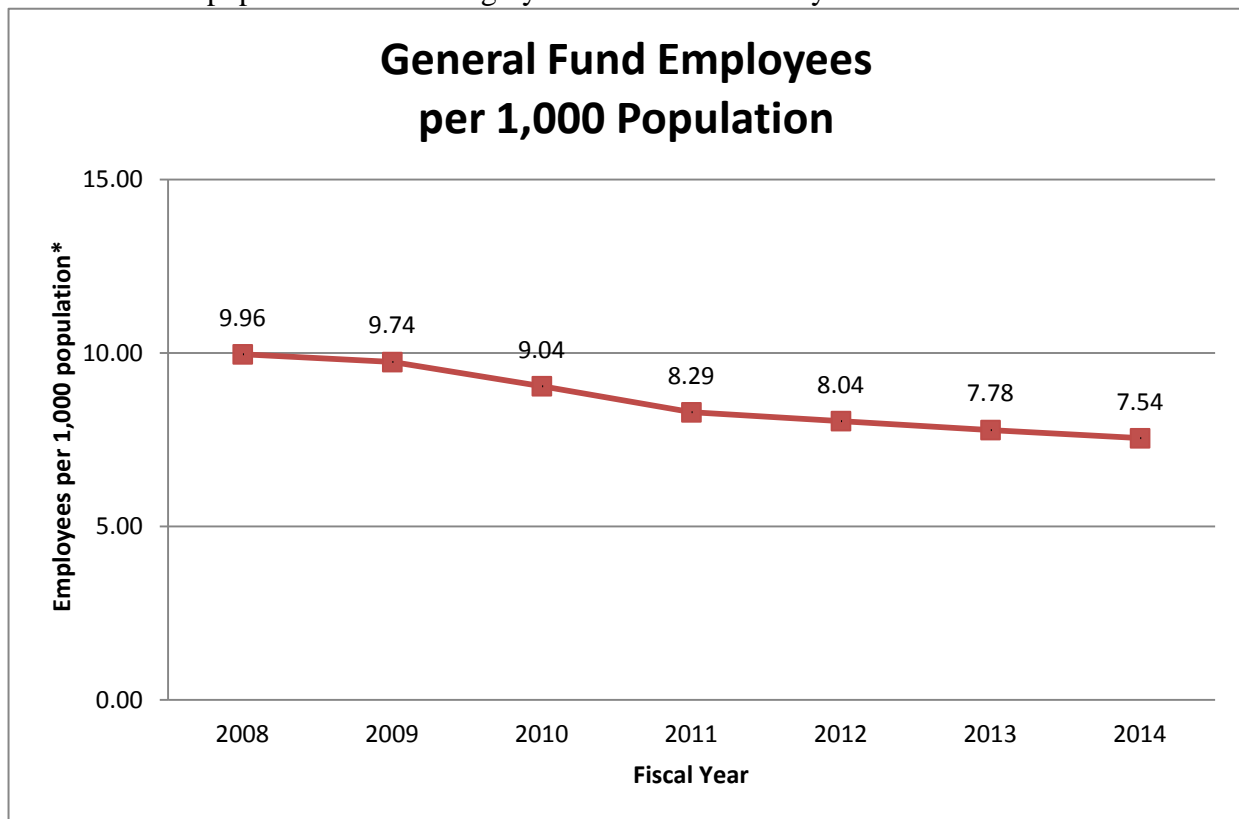
Four full-time positions are proposed to be added to enhance services as a result of the proposal to increase delinquent revenues in the Treasurer's office:

- A position in the Treasurer's office that will be responsible for generating extra delinquent collections;

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- A Geographic Information Systems Analyst position to help maintain basic layers of the GIS system. Two positions have been eliminated since 2009 and the basic layers are not updated timely. The workload is such that it requires more than the one position that is currently in that office. The GIS system is a popular community tool and is heavily used by our County departments.
- Two grounds personnel to augment the current two-man crew responsible for the County's 60 stormwater management facilities, 47 miles of trails, and 27 miles of sidewalks. The positions are needed to fully maintain the stormwater management facilities as required by the State MS4 permits. This will be an important factor when the County has to renew its MS4 permit in 2014.

These position changes have made little impact on the increase to the total personnel budget for County operations. The County has continued to be very efficient as there are 7.78 full-time General Fund positions per 1,000 residents in the FY2013 budget, a significant reduction from the 9.96 positions per 1,000 in FY2008. This is a useful indicator to track our workforce over time versus our population which roughly translates into County workload.



*Population data obtained from Population Estimates provided by Weldon Cooper Center for Public Service as updated on February 14, 2011 for 2008-2009, 2010 Census, and Population Estimates provided by Weldon Cooper Center for Public Service as updated on July 1, 2011 for 2011. Estimates for 2012-2014 were obtained from the Planning Division and are based on the average annual 3.32 percent change from 2001 to 2011.

Health insurance renewals have resulted in an average 8.8 percent increase for the three plans now offered County employees. Since employees have not had a salary increase since FY2009,

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this budget proposes to absorb the majority of these health insurance increases. Employees will see cost increases through changes in some co-pays. For the first year in many years, **worker's compensation** costs have also increased. Over the past few years, our workers compensation claims frequency has been low compared to industry standards, however, this past year the County has experienced several expensive claims that caused the rating factor to go up. The rating factor should reduce in future years as the high cost year comes off the rating.

Non Personnel-Related County Operating Expenditures

In recent years the County has placed a higher emphasis on measures to reduce energy consumption in our buildings and fuel consumption in our fleet. Many existing buildings have received upgrades to lighting, heating and air conditioning, and building controls that have contributed to a reduction of over 25 percent in electricity use per square foot. All new County buildings conform to the Board adopted Sustainable Building Policy which requires a minimum of LEED Silver Certification for new projects. To date three buildings are LEED Certified. New fleet procurement and operations practices are emphasizing increased fuel economy.

All these measures decrease our impact on the environment and have mitigated increases in energy and fuel costs. Due to higher unleaded and diesel gasoline rates, higher costs for motor fuels are anticipated and account for 43 percent of the increase in operating expenditures.

Renovations to Building D in the County complex and at the old Law Enforcement Center allow the Office of Economic Development and Fire Administration to leave rented space. The County will save over \$100,000 in rental payments and in both instances; the new spaces are more energy efficient.

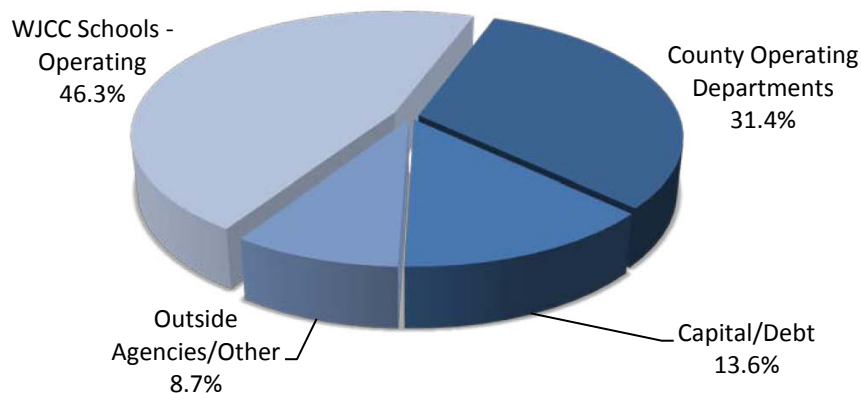
In keeping with the County's vision element that we have a special character, which our community wants the County to maintain, the County passed an ordinance to address unsafe structures. In order to properly implement this measure, I have proposed \$40,000 in the Building Safety and Permits Division to secure or demolish unsafe structures. I have also proposed allocating \$50,000 to the Office of Housing and Community Development to assist any citizens living within those structures.

I have also proposed adding \$45,000 to allow for the outsourcing of grounds maintenance at some County sites which will allow the County to redeploy existing staff to the maintenance of medians to improve their appearance. The focus will be on high travel corridors that will also boost the community image for tourism purposes.

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	FY2012 Adopted	FY2013 Proposed	Share of FY2013 Budget	% Change from FY2012
County Operating Departments	\$ 49,986,724	\$ 52,120,061	31.4%	4.3%
Capital/Debt	\$ 24,643,000	\$ 22,450,000	13.6%	-8.9%
Outside Agencies/Other	\$ 14,993,240	\$ 14,390,434	8.7%	-4.0%
WJCC Schools - Operating	\$ 74,250,000	\$ 76,689,505	46.3%	3.3%
	\$ 163,872,964	\$ 165,650,000	100.0%	1.1%

FY2013 General Fund Spending by Category



Education

The County's educational system plays an important role in the County achieving its vision for our community to have healthy minds and healthy bodies. The School Board has faced a difficult budget year with State mandated increases in VRS, very small increases in State funding and the end of Federal Stimulus funding. The School division presented a budget based on priorities and I am happy that even with the reduction in real estate revenues this budget includes an additional \$2,439,505 contribution of County funds to the operations of the Williamsburg-James City County Schools. This recommendation fully funds the School Board's request.

Outside Agencies

Funding requests from outside agencies are critically reviewed by a variety of staff. In each assessment, the County determines if our funds are appropriately used and if the service received continues to be a benefit to the community.

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Community Service Agencies like Avalon and Williamsburg Meals on Wheels work in collaboration with the County to provide safety net services for the County's neediest citizens. Most agencies are level funded in FY2013. Changes this year include the shifting of funding for Housing Partnerships, Inc. into the Community Development Fund as a more appropriate budget home and an increase in funding to the Historic Triangle Community Services Center to reflect matching funds for a grant that will be used for HVAC repairs. An allocation of \$5,000 has been made for the first time to the Grove Christian Outreach Center for an Emergency Financial Assistance program.

Business and Regional Associations are important partners; however, slight decreases in funding have been allocated in addition to the elimination of the County's membership in the Peninsula Chamber of Commerce.

Educational and Environmental agency requests include an increased funding level for site improvements at the Hampton campus of Thomas Nelson Community College, although this still does not fully fund their request to provide funds to set aside for future projects.

Public Safety Agency budget requests continue with level funding to the James City-Bruton Volunteer Fire Department. With the County replacing Fire Station 1, the Volunteer Fire Capital Campaign contribution has been eliminated. I have also eliminated the contribution to the Med Flight program, as the County does not utilize it. Contributions to the After School Prom events have been eliminated as this is more appropriately funded through private donations. At this time, I am deferring a funding recommendation for the James City Volunteer Rescue Squad until their reorganization is complete and their planned audit has been performed so that their actual need is clearly determined.

The **Health Services and Regional Entities** category includes agencies that receive relatively significant levels of County funding, such as Olde Towne Medical Center, Williamsburg Regional Library (WRL), Virginia Peninsula Regional Jail, Merrimac Center, Colonial Behavioral Health, and the Peninsula Public Health Department. Many of these agencies are allocated increased funding as they are also faced with increased VRS mandates.

CAPITAL PROJECTS FUND

The Capital Projects Fund includes both a one-year FY2013 **Capital Budget** and a five-year **Capital Improvement Plan**. The Capital Budget for FY2013 totals \$25,558,900 with a majority of the spending on HVAC projects for the Schools and the replacement of Fire Station No 1 in Toano. Working together with our Volunteer Fire organization, structural flaws were identified in the structure coupled with the need to modernize and enlarge the existing fire station. This budget proposes to make this replacement the highest priority. These projects are proposed to be funded by debt financing programmed at \$20,000,000. The remaining Capital Budget is financed with cash from ongoing revenues and anticipated year end General Fund balance. This allows the County to return to funding some projects with pay as you go funding. In FY2013 almost 22 percent of funding for projects will be funded with cash allocations.

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In addition to the School HVAC projects, funding is also included for Technology Improvements, other maintenance projects and a Toano Middle School refurbishment and parking lot expansion.

Other Public Safety projects include the replacement of two fire pumpers and the replacement of Medic Unit 42. The replacement of the medic unit is funded by the transfer from the general fund which includes the increased ALS/BLS fees.

Other Capital Maintenance items include replacement of large equipment and Stormwater projects that were ranked highly by both the Stormwater Program Advisory Committee and the Planning Commission. Funding is also provided to replace the current billing and collection software for the Treasurer and Commissioner of the Revenue. Funds previously slated for a new Warhill Gymnasium have been reallocated to other Parks and Recreation projects, mostly for capital maintenance issues. There is one new project proposed – a seasonal synthetic ice rink at New Town near Legacy Hall that will be operated during the winter holiday season and provide a new activity for residents and visitors. This rink will help enhance activity in the County during the Christmas Town promotion.

The **Capital Improvement Plan** totals \$60,665,700 and focuses on maintenance projects over the next five years. In the FY2014-FY2017 portion of the plan, over 66 percent of the program is planned to be financed through pay-as-you-go funding with a planned borrowing in FY2015 for a General Services Operations building and other facility improvements. One significant project not included is a request to fund a permanent classroom addition at Berkeley Middle School. Pending a community discussion and conclusion about the optimum size of both middle and high schools, this project is not now recommended. The City of Williamsburg has granted permits for a temporary solution, the installation of mobile classrooms, and the School Board still has the option to re-examine the use of current space and to refine attendance zones to deal with current overcrowding. Also not finalized is a proposal to add middle school capacity and/or alternative space for the School Central Office in FY2017.

OTHER FUNDS

The County operates separate funds for those public services that do not depend on local tax money – the major revenue sources are Federal and State or user fees for specific services, like water and wastewater.

The **Department of Social Services** (DSS) continues to provide a safety net for basic community services to County residents and with the recent economic conditions, the number of clients has expanded significantly. The overall budget decreases 12.5 percent as child day care payments to vendors will be made directly from the Virginia Department of Social Services and will no longer be included in local allocations. Although the payment process will change, the local department will still be responsible for all other administrative requirements of the program including eligibility determination, authorization of payments and monitoring of all cases.

Special Projects is the fund used to account for one-time non-capital projects, grant-funded projects or major program spending like the Comprehensive Services Act (CSA). The State

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provides a Local Emergency Management Planning Grant which will be used to fund a new part time Emergency Management Planner position to update the increasing number of Federal and State mandated Emergency Management plans and continue technology updates to the County's Emergency Operations Center.

Housing and Community Development is actively involved in Community Development Block Grant programs in low-income areas and provides housing assistance under Federal programs such as Section 8. The County's contribution includes a \$60,000 allocation to Housing Partnerships, Inc. (HPI) as the Office of Housing and Community Development will continue work with HPI to target these dollars to James City County homes in need. The County's contribution also includes an allocation of \$50,000 targeted to assist residents in unsafe structures. A Federal grant has not been renewed and the staff position associated with it has been eliminated.

Colonial Community Corrections operates community-based probation and pre-trial services for six localities. The County's contribution in FY2013 is the same as the amount contributed in FY2012 with a slight increase in FY2014. One position has been eliminated related to a grant that has not been renewed by the Federal Government.

The **Tourism Investment Fund** was created in FY2012 and this budget has been restated to show all room tax revenues that are devoted to tourism. The purpose of the fund is to make investments in venues, sponsor special events, and develop beautification projects, regional marketing initiatives, and other programs and projects that would work to attract visitors to the County. Funding comes from two sources, 60 percent of the revenues collected by the County's 5 percent lodging tax and 100 percent of a special assessment of \$2 per lodging night (directed by law to the Williamsburg Area Destination Marketing Committee). Increased funding is allocated to the Jamestown Yorktown Foundation for a special exhibition at the Jamestown Settlement, one of the County's venues that showcase James City County as a historic place. Funding is allocated to continue the successful marketing campaign for the Christmas Town Promotion at Busch Gardens. FY2013 will see the return of the PGA to the Kingsmill resort with tournaments both in the fall of 2012 and the spring of 2013 and funding has been allocated to help support these events.

JAMES CITY SERVICE AUTHORITY

The James City Service Authority (JCSA) acts as the County's water and sewer utility and provides these services in parts of the County. The JCSA is financed entirely by user fees and receives no tax money from James City County. Beyond the normal operations of a utility, the JCSA capital budget targets additional engineering and construction costs related to requirements of the Federal Environmental Protection Agency and State Department of Environmental Quality for mandated sewer system improvements. These mandated services, under a consent order, cover all of Hampton Roads and impact every community. They require the JCSA to increase sewer rates to cover these services. Rate increases are spread out over the next few years to lessen the impact on customers.

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The FY2013 Operating Budget for the JCSA increases 8.2 percent from the adopted FY2012 budget, an increase funded mostly by a sewer rate increase of 15 percent to a flat rate of \$3.22 per 1,000 gallons. Spending is primarily focused on JCSA's consent order, the unfunded mandate created by the Federal Environmental Protection Agency and the State Department of Environmental Quality.

The FY2013 JCSA Capital Budget totals \$4,066,360 and is funded by facility charges provided by new connections and a transfer of funds from the sewer rate increase. A replacement pump and haul truck and other replacement equipment are funded in the Capital Budget and the remaining funding allocations are dominated by the consent order requirements.

The FY2014 JCSA budget increases 2.8 percent, funded primarily by a planned 5 percent sewer rate increase to cover consent order spending.

DEBT SERVICE

Last fiscal year, additional dollars were allocated to the Debt Service Fund to allow the fund balance to act as a shock absorber for this two-year biennium. This allowed the contribution to Debt Service in FY2013 to decrease by \$2,375,000. Even with this reduction of ongoing general fund dollars, the five year plan for Debt Service looks very similar to previous years of planning. The contribution to Debt Service will increase slightly in FY2014, with ongoing increases in years 2015-2017.

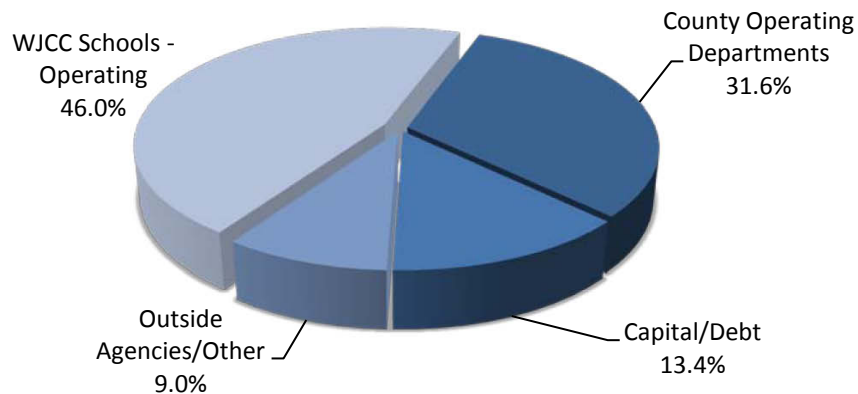
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FY2014 Plan

Fiscal Year 2014 plans for a modest increase in revenues. The spending plan includes one administrative support position for the Police Department and an increase in health care costs. Similar to FY2012, I have not allocated all anticipated resources, as a priority for FY2014 will be to program a salary increase for County employees. I have set aside \$700,000 in order to begin to address this issue. A very modest increase is planned for the School division as larger increases are expected in City and State funding.

	FY2013 Proposed	FY2014 Proposed	Share of FY2014 Budget	% Change from FY2013
County Operating Departments	\$ 52,130,314	\$ 53,095,542	31.6%	1.9%
Capital/Debt	\$ 22,450,000	\$ 22,500,000	13.4%	0.2%
Outside Agencies/Other	\$ 14,380,181	\$ 15,128,401	9.0%	5.1%
WJCC Schools - Operating	\$ 76,689,505	\$ 77,226,057	46.0%	0.7%
	\$ 165,650,000	\$ 167,950,000	100.0%	1.4%

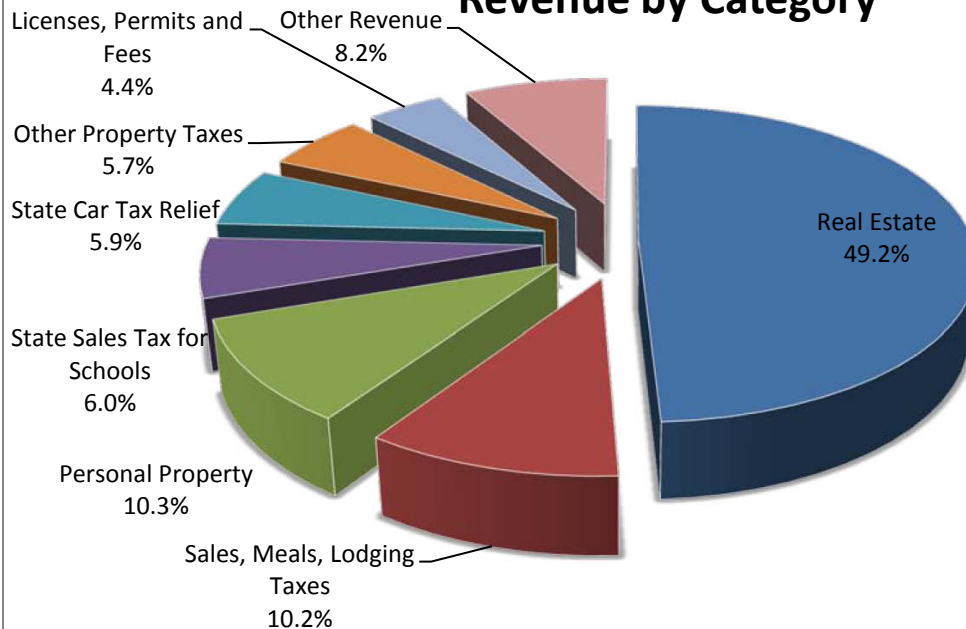
FY2014 General Fund Spending by Category



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	FY2013 Proposed	FY2014 Proposed	Share of FY2014 Budget	% Change from FY2013
Real Estate	\$ 81,925,000	\$ 82,675,000	49.2%	1%
Sales, Meals, Lodging Taxes	\$ 17,025,000	\$ 17,225,000	10.3%	1%
Personal Property	\$ 16,560,000	\$ 17,335,000	10.3%	5%
State Sales Tax for Schools	\$ 9,822,908	\$ 10,159,460	6.0%	3%
State Car Tax Relief	\$ 9,770,137	\$ 9,770,137	5.9%	0%
Other Property Taxes	\$ 9,635,000	\$ 9,635,000	5.7%	0%
Licenses, Permits and Fees	\$ 7,245,000	\$ 7,413,000	4.4%	2%
Other Revenue	\$ 13,666,955	\$ 13,737,403	8.2%	1%
	\$ 165,650,000	\$ 167,950,000	100.0%	1%

FY2014 General Fund Sources of Revenue by Category



SUMMARY

I believe that the County has both weathered and managed the worst of the economic storm. This could not have been accomplished without the Board's leadership and County's outstanding employees carrying out the County's mission. The County has worked together with many partners in the community to achieve quality solutions to challenges in these difficult financial times, such as the James City-Bruton Volunteer Fire Department in regards to Station 1 and the School division in their challenging budget deliberations. Our strategic plan guides us to our future helping us to set priorities and meet the Board's and the community's expectations.

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The County will continue to have challenges in the future and as a first-class government, and it will continue to tackle maintenance issues, prepare for more unfunded mandates, particularly related to road maintenance and Stormwater requirements, and respond to the needs of this community as it grows.

I believe that this budget proposal not only addresses the County's immediate concerns but also positions the County for the future.

Respectively submitted,

Robert C. Middaugh
County Administrator

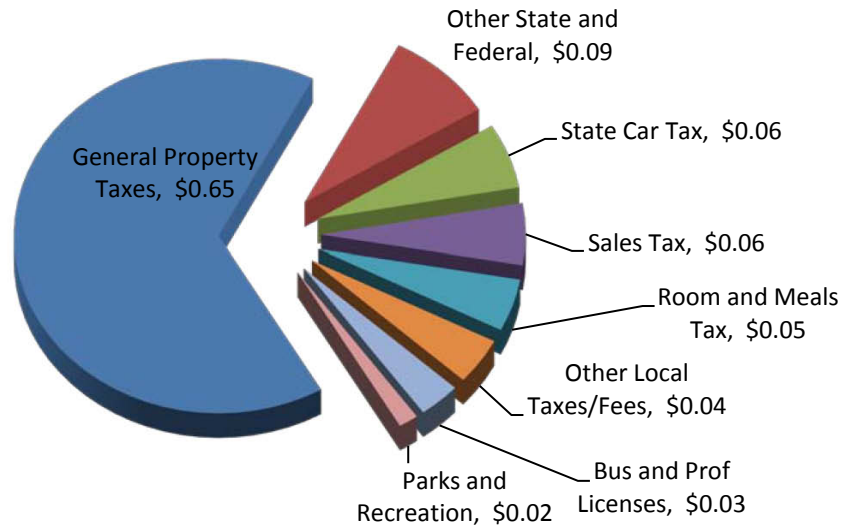
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Changes from the Proposed to Adopted FY2013 Budget

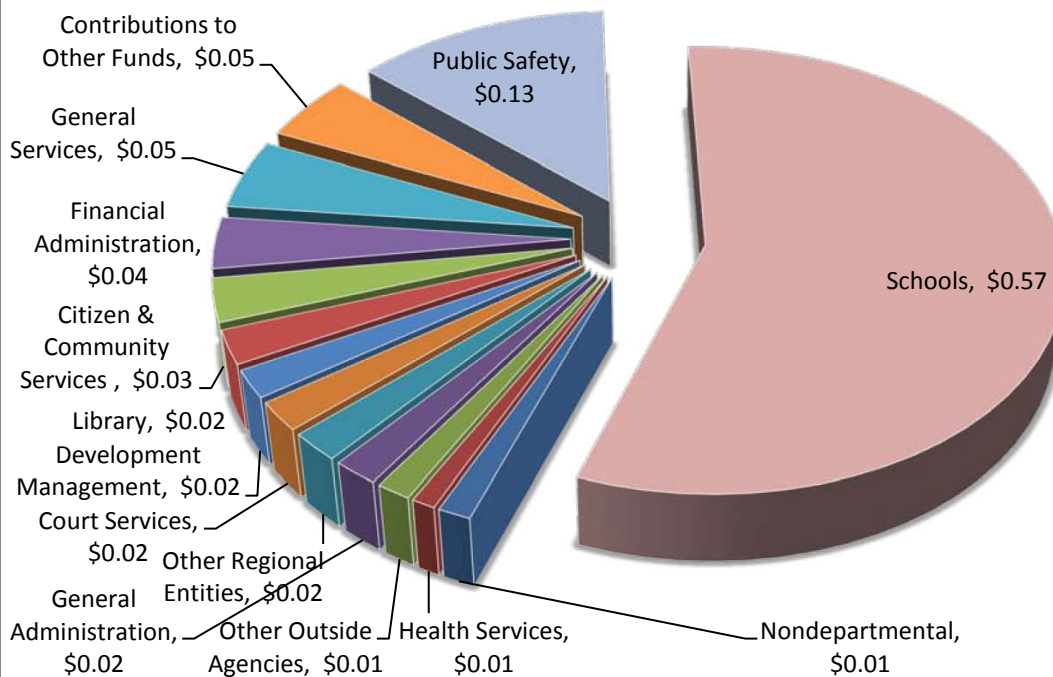
- A decrease of \$8,518 to Contributions to Other Outside Agencies for Hampton Roads Planning District Commission funding.
- A decrease of \$4,736 to Contributions to Other Outside Agencies for Hampton Roads Partnership funding.
- An increase of \$600 to Contributions to Other Outside Agencies for High School After Prom Events funding.
- An increase of \$15,000 to Contributions to Other Outside Agencies for JCC Volunteer Rescue Squad funding.
- An increase of \$7,823 in expenditures to reflect a salary calculation adjustment for on-call hours within the Sheriff's budget.
- A decrease of \$20,000 in revenues for eliminating the proposed residential house check fee.
- A net decrease of \$30,169 in Operating Contingency resulting from a decrease in funding to Hampton Roads Planning District Commission and Hampton Roads Partnership, an increase in funding to High School After Prom Events and JCC Volunteer Rescue Squad, an increase in expenditures to reflect a salary calculation adjustment for Sheriff Deputy on-call hours, and the elimination of the proposed \$20,000 residential house check fee.

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FY2013 - Where each dollar in the County comes from

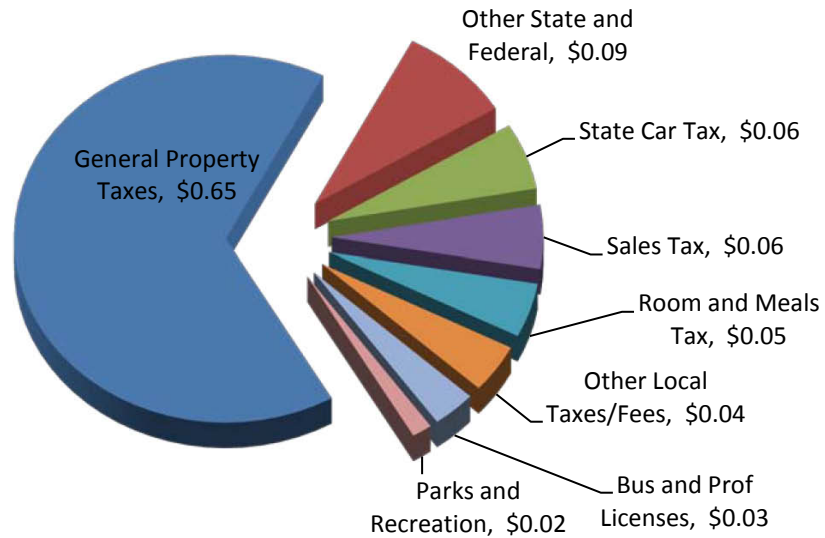


FY2013 - How each dollar in the County will be spent



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FY2014 - Where each dollar in the County comes from



FY2014 - How each dollar in the County will be spent

