

**Memorandum of Understanding For
Transferring Local Revenue from the
Prince George County Board of Supervisors to the
Prince George County School Board**

This Memorandum of Understanding (“MOU”) is made and entered into this ____ day of _____, 2018, by and between the COUNTY OF PRINCE GEORGE, VIRGINIA, (“County”), a political subdivision of the Commonwealth of Virginia and the SCHOOL BOARD OF PRINCE GEORGE COUNTY, VIRGINIA, (“Schools”) a political subdivision of the Commonwealth of Virginia operating the public school system and provides as follows:

WHEREAS, in 2006 the Prince George County Board of Supervisors and Prince George School Board entered into a “Memorandum of Understanding Revenue Sharing Prince George County Board of Supervisors and Prince George County School Board” in which the governing bodies agreed to provide local funding for school operating expenses using a defined methodology; and

WHEREAS, this agreed-upon approach to the General Fund transfer for school spending needs has provided long-term financial stability and predictability and also contributed to the County’s favorable bond rating; and

WHEREAS, both governing bodies agree that there is a need to revise the 2006 agreement to conform with changes in sources of funding for school’s operating needs and the need to address the school’s long-term capital needs;

NOW, THEREFORE BE IT RESOLVED THAT Prince George County Board of Supervisors and the Prince George School Board agree as follows:

1. Beginning with fiscal year 2019/2020, _____ % [To be determined after 9/30/2018 Student ADM is finalized and when 7/1/2018 Weldon Cooper County Population Estimates are Available – usually January] (2018/2019 is 43.19%) of the following sources of revenue in the amounts shown in the projected County budget shall be allocated to the school system's operating budget:

- a. Real estate;
- b. Personal property;
- c. Local sales tax;
- d. Personal property tax relief revenue (PPTRA);
- e. Consumer utility taxes as follows: gas, mobile phone, telephone and electric;
- f. Motor vehicle licenses.

2. Succeeding fiscal year transfers to the schools will be calculated by increasing or decreasing the prior year's percentage in proportion to the increase or decrease in the September 30 school enrollment as a percentage of County population for the most recent five-year period for which data is available. County population projections will be defined as the provisional estimates for July 1 population annually provided by the Weldon Cooper Center at the University of Virginia. Enrollment projections will be defined as the required September 30 enrollment, as provided to the Virginia Department of Education.

3. Funding for existing debt service for capital expenditures existing as of January 1, 2019 shall be \$2,638,862.

4. Funding for debt incurred after January 1, 2019 shall also be paid by the County General Fund; provided, however that
 - a. the Board of Supervisors may exclude from the operating budget transfer to the schools any additional revenue created by increased rates or changes in tax structure for real estate, personal property, local sales, consumer utility (gas, mobile phone, telephone and electric) taxes and motor vehicle licenses adopted after January 1, 2019 so long as such additional revenue is allocated to school capital expenditures, and
 - b. the Board of Supervisors may exclude from the operating budget transfer to the schools any additional revenue created by increased rates or changes in tax structure for real estate, personal property, local sales, consumer utility (gas, mobile phone, telephone and electric) taxes and motor vehicle licenses adopted after January 1, 2019 so long as such additional revenue is allocated to operating and capital expenditures related to public safety.

5. Both the School Board's and Board of Supervisors' annual operating budget shall include a contingency fund.

6. The County Administrator shall use the provisions of this Memorandum of Understanding each year in developing the County's proposed operating budget to be presented to the Board of Supervisors.

7. If the School Board determines a need for additional local funding to maintain its current level of operations, to meet mandated “standards of quality”, to meet expected shortfalls in other revenue sources, or to provide for additional initiatives, it shall make a formal written request to the Board of Supervisors, through its Chairperson, within 30 days of determining the need for additional funding, stating the purpose for which the additional funding is needed and the amount of additional funding required.
8. Within 30 days of receipt of the Comprehensive Annual Financial Report (CAFR), if the schools have unspent funds from that year’s appropriation and the School Board believes that the non-encumbered, unspent funds should not revert to the County General fund as provided by State law, the School Board may request, in writing, that the Board re-appropriate such funds to the school by giving reasons supporting such request. The School Board shall also identify how such re-appropriated funds will be used. Any re-appropriation of unexpended appropriation at fiscal year-end shall be reduced by a 12.5% contribution to the County fund balance.
9. The 2018 Memorandum of Understanding shall be in effect for FY 2020 and subsequent fiscal years unless either Board prior to January 31st in the January prior to an upcoming fiscal year votes to revoke their participation in this Agreement.
10. Upon adoption of this resolution by both Boards, the 2006 Memorandum of Understanding shall be null and void and the 2018 Memorandum of Understanding shall, in every regard, supersede the 2006 Memorandum of Understanding.

11. Schools shall participate in the County-wide CIP process and will include all school capital projects within the unified CIP.

12. If the County determines that there will be a shortfall in budgeted revenues in the six (6) sources of revenues transferred to schools, and the County Administrator directs the County departments to reduce expenditures, it is expected that the schools will reduce operating expenditures in an equivalent amount. The County Administrator shall inform the School Superintendent of such action within 30 days.

Chairman, Prince George County Board of Supervisors

Date

Attest:

Prince George County Administrator

Date

Chairman, Prince George County School Board

Date

Attest: