Issue Analysis Form

Date: **08/13/2019**

Item: **School Revenue Sharing MOU Updates**

Lead Department(s): County Attorney, Finance

Contact Person(s): Andrea Erard; Betsy Drewry

Description and Current Status

On July 23, 2019, the Board of Supervisors received staff recommendations for School Board requested updates to the School Revenue Sharing MOU.

The Prince George County Board of Supervisors made modifications to the Revenue Sharing MOU with the School Division in July of 2018. Those revisions were provided to the School Superintendent in August 2018.

The School Board met and made several revision requests in January of 2019. Those revisions were provided directly to Board of Supervisor members, and were received by the County Administrator and staff on January 29, 2019. Due to the timing of the receipt of requested changes, the Board of Supervisors did not review and consider those changes during the FY2020 budget preparation and adoption.

Those changes were reviewed by the County Attorney and County Finance Director, and staff recommendations were provided to the Board of Supervisors on July 23, 2019. Board Members requested one modification in Section 8 and that change has been made.

Attached are:
An abbreviated version of the presentation made to the Board is provided as **Attachment A.**
Version 03 County Staff Recommended School Revenue Sharing MOU with changes noted in blue font.

Also being provided for reference are:
Version 01 - MOU as modified by the Board of Supervisors in July 2018
Version 02 – MOU with School Board requested changes provided on January 29, 2019 (changes noted in red font)

Staff is requesting the board to authorize:

- Revisions to the School Revenue Sharing MOU as recommended by staff and modified by the Board on July 23 (Version 03)
- Transmission to the School Superintendent and School Finance Director following the August 13 meeting with a requested response deadline of October 1, 2019

A draft resolution for board consideration is included in the board packet.

Government Path

Does this require IDA action?	☐ Yes	☒ No
Does this require BZA action?	☐ Yes	☒ No
Does This require Planning Commission Action?	☐ Yes	☒ No
Does this require Board of Supervisors action?	☒ Yes	☐ No
Does this require a public hearing?	☐ Yes	☒ No
If so, before what date?	☐ Yes	☐ No

Fiscal Impact Statement

Mutual board adoption of a revised School Revenue Sharing MOU will provide a mechanism to uniformly and fairly calculate the annual budgeted local operating transfer to schools.

County Impact

Notes

R-19-

Board of Supervisors
County of Prince George, Virginia

Resolution

At a regular meeting of the Board of Supervisors of the County of Prince George held in the Boardroom, Third Floor, County Administration Building, 6602 Courts Drive, Prince George, Virginia this 13th day of August, 2019:

Present:	Vote:
Donald R. Hunter, Chairman	
Floyd M. Brown, Jr., Vice-Chairman	
Alan R. Carmichael, Jr.	
Marlene J. Waymack	
T. J. Webb	

A-8

On motion of _____________, seconded by _______________, which carried unanimously, the following Resolution was adopted:

RESOLUTION; APPROVAL OF REVISIONS TO SCHOOL REVENUE SHARING MEMORANDUM OF UNDERSTANDING (MOU)

WHEREAS, On July 23, 2019 the Board received staff recommendations related to School Board requested revisions to the School Revenue Sharing Memorandum of Understanding (MOU); and

WHEREAS, the Board of Supervisors discussed and made suggestions for revisions to the School Revenue Sharing MOU on July 23, 2019 which staff incorporated; and

NOW, THEREFORE, BE IT RESOLVED That the Board of the Supervisors of the County of Prince George this 13th day of August, 2019, hereby approves revisions to the School Revenue Sharing Memorandum of Understanding (MOU) [Version 03] and directs staff to transmit the revised document to the School Board through the Superintendent and School Finance Director with a request that a School Board response be received by October 1, 2019.

A Copy Teste:

____

Percy C. Ashcraft
County Administrator

ATTACHMENT A

SCHOOL MOU

School Board Changes Requested (January 2019)

August 13, 2019

OVERVIEW AND RECOMMENDATIONS PRESENTED TO BOARD OF SUPERVISORS ON JULY 23, 2019

School Board recommended changes

- Exclude prisoners from County population count
- Modify tax sources to exclude if increases are made for school projects (limit only to RE tax) & school capital vs. school debt
- Contingency (clarification of who is responsible for establishing each entity's contingency amount)
- Audited financial statements vs. CAFR and deadline for carryover request
- Excess revenues – guaranteed appropriation of excess state and federal revenues
- Effective date of modifications
- County notification deadline for projected revenue shortfall

School MOU – School Board Changes

- Exclude incarcerated persons from County population counts [Section 2]

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, not counting persons incarcerated in the prison located in the County, 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 less the number of persons incarcerated in the prison located in the county. Enrollment projections will be defined as the required September 30 enrollment, as provided to the Virginia Department of Education.

School MOU – School Board Changes

- MOU Population Factor - Current Calculation

	Est Population July 1	September 30 Enrollment	School to County Population
FY15 (7/1/14, 9/30/14)	35,915	6,259	17.43%
FY16 (7/1/15, 9/30/15)	37,131	6,320	17.02%
FY17 (7/1/16, 9/30/16)	37,131	6,333	17.06%
FY18 (7/1/17, 9/30/17)	37,025	6,228	16.82%
FY19 (7/1/18, 9/30/18)	37,212	6,236	16.76%
Average of FY15-19	184,414	31,376	**17.01%**

	5 Year Average of 9/30 enrollment	Revenue %	
FY2007 (FY02-06)	17.11%	43.07%	Baseline
FY2019 (FY14-18)	17.15%	43.19%	
FY2020 (FY15-19)	17.01%	42.85%	

FY2020 Adjustment Factor **17.01%**; 5 year rolling average

Adjusted % of Revenues to Transfer FY2020 is **42.85%** = [(17.01% / 17.15%) X 43.19%]

Weldon Cooper estimates used for County population; Weldon Cooper includes prison population; prisoners have been included **since MOU inception in 2007**

School MOU – School Board Changes

- Exclude incarcerated persons from County population counts [Section 2]
- Important Considerations:
  - Annual prison population can vary significantly [number of arrests, sentencing, length of stay while awaiting transfer to other state/federal facilities (RRJ); some weekenders]
  - There have been recent reductions in the Average Daily Population (ADP) at Riverside Regional Jail because Chesterfield County is sending fewer prisoners
  - Unsure of how Weldon Cooper currently incorporates the prison population into its annual projections
  - Unknown percentage of prisoners at RRJ and federal prisons may have children in Prince George Schools

School MOU – School Board Changes

- Exclude incarcerated persons from County population counts [Section 2]
- As shown below, prison population varies widely year-to-year, but student enrollment changed by only +8 students 2018 to 2019; and (23) students 2015 to 2019 (bigger percentage based solely on # of prisoners, with a decline in student numbers) – if prisoners excluded, % becomes ***more about prison population, less about student #s***

	Est Population July 1	September 30 Enrollment	School to County Population	Revenue %	Prison Population	Population Less Prisoners	School to County Population	Revised Revenue %	$ Change over Current Method	School Population Change
FY15 (7/1/14, 9/30/14)	35,915	6,259	17.43%	42.48%	4,607	31,308	19.99%			
FY16 (7/1/15, 9/30/15)	37,131	6,320	17.02%	42.83%	4,373	32,758	19.29%	40.99%	($230,351)	61
FY17 (7/1/16, 9/30/16)	37,131	6,333	17.06%	43.13%	4,477	32,654	19.39%	48.84%	$2,458,615	13
FY18 (7/1/17, 9/30/17)	37,025	6,228	16.82%	43.10%	4,315	32,710	19.04%	42.35%	($282,777)	(105)
FY19 (7/1/18, 9/30/18)	37,212	6,236	16.76%	43.19%	4,168	33,044	18.87%	42.72%	($180,060)	8
Average of FY15-19	184,414	31,376	17.01%	42.85%	21,940	162,474	19.31%	44.20%	$525,749	
	17.01% Adjustment Factor; FY2020				19.31% Adjustment Factor; FY2020				$2,291,176	

FY2020 - 44.2% instead of 42.85%; $525,749 more in local funding [$17,213,400 instead of $16,687,651] with only an 8 student increase

School MOU – School Board Changes

- Exclude incarcerated persons from County population counts [Section 2]
- Recommendation
  - Do not make change; leave Section 2 as it currently reads (total County population)
  - Prisoners have always been included in County population estimates and number of prisoners not really related to school age population

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.

School MOU – School Board Changes

- Exclude increases in certain tax types for school capital improvements; and debt vs. capital expenditures [Section 4 a.]

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~~ debt service for school construction, and

School MOU – School Board Changes

- Exclude increases in certain tax types for school capital improvements; and debt vs. capital expenditures [Section 4 a.]
- Impacts
  - Would not allow for exclusion from MOU local transfer, any increases in **personal property, local sales, consumer utility taxes and motor vehicle licenses increases** made for school capital purposes
  - Would not allow for exclusion from MOU local transfer any increase in specified taxes for “cash funded” school capital projects nor increases for debt funded school renovation projects, just those increases for school construction financed by debt service

School MOU – School Board Changes

- Exclude increases in certain tax types for school capital improvements; and debt vs. capital expenditures [Section 4 a.]
- Recommendation – leave as it currently reads; leave other tax rate / fee increases in and current language "school capital expenditures" covers, cash funded capital projects or construction and renovation projects financed by debt issuance

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

School MOU – School Board Changes

- Specify who establishes School Board and County contingency funds [Section 5]

5. Both the School Board's and Board of Supervisors' annual operating budget shall include a contingency fund to be determined by School Board and Board of Supervisors, respectively.

- Impact
  - None – each board currently establishes the annual contingency amount in each respective budget
- Recommend revising as requested by School Board

School MOU – School Board Changes

- CAFR / Audited financial statements language change [Section 8]

8. Within 30 days of receipt of the ~~Comprehensive Annual Financial Report (CAFR)~~ School Board's receipt of its audited financial statement, if the schools have unspent funds from that year's appropriation and the School Board believes that the non-encumbered,

- **Impact** – Defines language as **School Board's receipt** of the financial statements; no deadline defined
- Recommendation – require within 30 days of posting audited financial statements to County's website **and add** "but no later than January 15" [CAFR due to APA by 11/30 and posted to County website on 12/01 annually]; provides BOS time to review and consider prior to the upcoming year's budget process

8. Within 30 days of ~~the receipt of the Comprehensive Financial Audit Report (CAFR) the~~ posting of the audited financial statements to the County's website, but no later than January 15, if the schools have unspent funds from that year's appropriation, or has

School MOU – School Board Changes

- Handling of Excess School Revenues [Section 8]

  appropriation at fiscal year-end shall be reduced by a 12.5% contribution to the County fund balance. Revenue from state and federal (e.g. Impact Aid) sources for schools unappropriated in the previous fiscal year shall be appropriated to the School Board for the current fiscal year, reduced by a 12.5% contribution to the County fund balance.

- Impact
  - **School requested language guarantees** the return to School Board any and all excess state and federal revenues (above 12.5% exclusion for fund balance contribution) in the following fiscal year
  - This contravenes state law, giving each successive Board of Supervisors discretion to approve or deny such requests (review and evaluation of global County financial position)
  - Proposed language does not require school board to provide reasons / intended use of such funds

School MOU – School Board Changes

- Handling of Excess School Revenues [Section 8]
- Recommended Language:

later than January 15, if the schools have unspent funds from that year's appropriation, or has excess revenues from state and federal sources, and the School Board believes that the non-encumbered, unspent funds or excess state and federal revenues 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 or excess state and federal revenues at fiscal year-end shall be reduced by a 12.5% contribution to the County fund balance.

This language gives BOS discretionary review and approval in keeping with state law, and requires School Board to provide reasons supporting each request [this is the current process]

School MOU – School Board Changes

- Effective Date [Section 10]

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 effective July 1, 2019.

Impact – School Board requested changes were not received until January 2019, and were not considered by Board of Supervisors for an implementation date of July 1, 2019.

Recommendation (if these and other changes ratified by both entities timely):

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 effective July 1, 2020.

School MOU – School Board Changes

- Shortfall notification deadline & Required Local Effort [Section 12]

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, but in no event later than March 1. In no event shall any reduction of expenditures reduce the County's obligation to appropriate the minimum required local effort.

Impact – March 1 – provides sufficient reaction / action time for School Board; County staff concurs [RE revenue (most significant revenue source) projections available]; Required Local Effort is a state mandate [for FY2020 RLE = $10.37M; Local MOU transfer budgeted at $16.68M]

Recommendation – make changes suggested by School Board

Staff Request

- Formal Board review and approval on August 13 (draft resolution provided)
- Staff will forward to School Board this week (through Superintendent and School Finance Director) requesting that the School Board provide a response, with any suggested School Board revisions by **October 1, 2019**

AS RECOMMENDED FOR APPROVAL BY BOARD OF SUPERVISORS ON AUGUST 13, 2019

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 ____________________ , ______, 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, 42.85% 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 to be determined by School Board and Board of Supervisors, respectively.

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 ~~the receipt of the Comprehensive Financial Audit Report (CAFR)~~ the posting of the audited financial statements to the County's website, but no later than January 15, if the schools have unspent funds from that year's appropriation, or has excess revenues from state and federal sources, and the School Board believes that the non-encumbered, unspent funds or excess state and federal revenues 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 or excess state and federal revenues 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 effective July 1, 2020.

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, but in no event later than March 1. In no event shall any reduction of expenditures reduce the County's obligation to appropriate the minimum required local effort.

Chairman, Prince George County Board of Supervisors Date

Attest:

Prince George County Administrator Date

Chairman, Prince George County School Board — Date

Attest:

Prince George County School Superintendent — Date

AS MODIFIED BY BOARD OF SUPERVISORS ON JULY 31, 2018
FIRE APPARATUS ($0.02 RE TAX CARVE OUT) ORDINANCE ADOPTED FEBRUARY 12, 2019

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 ___________________ , ______, 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, 42.85% 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:

Prince George County School Superintendent | Date

AS MODIFIED BY BOARD OF SUPERVISORS ON JULY 31, 2018; 2/12/19 FIRE APPARATUS CARVE OUT INCORPORATED; REQUESTED SCHOOL BOARD CHANGES IN RED

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 ____________________ , ______, 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, 42.85% 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, not counting persons incarcerated in the prison located in the County, 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 less the number of persons incarcerated in the prison located in the county. 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~~ debt service for school construction, 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 to be determined by School Board and Board of Supervisors, respectively.

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)~~ School Board's receipt of its audited financial statement, 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. Revenue from state and federal (e.g. Impact Aid) sources for schools unappropriated in the previous fiscal year shall be appropriated to the School Board for the current fiscal year, 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 effective July 1, 2019.

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, but in no event later than March 1. In no event shall any reduction of expenditures reduce the County's obligation to appropriate the minimum required local effort.

Chairman, Prince George County Board of Supervisors   Date

Attest:

Prince George County Administrator   Date

Chairman, Prince George County School Board　　　Date

Attest:

Prince George County School Superintendent　　　Date