

MEMORANDUM OF UNDERSTANDING “CARRYOVER FUNDS”

Between the Warren County School Board and the Warren County Board of Supervisors Concerning the Transfer of Unexpended School Operating Funds to a School Capital Improvement Fund

This Memorandum of Understanding (“MOU”) is made and entered into by and between the **Warren County School Board** (the “School Board”) and the **Warren County Board of Supervisors** (the “Board of Supervisors”). The School Board and the Board of Supervisors may be referred to individually as a “Party” and collectively as the “Parties.”

1. Purpose

The purpose of this MOU is to establish a cooperative fiscal arrangement under which a portion of unexpended funds remaining in the Warren County Public Schools operating budget at the conclusion of each fiscal year may be transferred to a dedicated **School Capital Improvement Fund** for the purpose of supporting future capital improvement needs of the School Division.

The Parties acknowledge that the retention and reinvestment of operating savings encourages prudent fiscal management, promotes operational efficiency within the School Division, and assists the County in addressing long-term capital maintenance and infrastructure needs associated with public school facilities.

2. Statutory Authority

This MOU is entered into pursuant to the authority granted under the **Code of Virginia**, including but not limited to:

- **§ 22.1-88** – Sources of school funds
- **§ 22.1-89** – Management and control of school funds by school boards
- **§ 22.1-94** – Appropriations by the governing body of a county or city for school purposes
- **§ 22.1-100** – Unexpended school funds
- **§ 15.2-2500 et seq.** – Local government budgeting and appropriations

Nothing contained in this MOU shall be construed to limit, modify, or supersede the statutory authority or responsibilities of either governing body as established by Virginia law.

3. Determination of Year-End Operating Surplus

Following the close of each fiscal year, the County's independent audit process shall determine the amount of any unexpended funds remaining within the approved operating budget of Warren County Public Schools (the "Year-End Operating Surplus").

The verified Year-End Operating Surplus shall serve as the basis for any transfer authorized under this MOU.

4. Transfer of Funds

Upon verification of the Year-End Operating Surplus:

- a. The amount of the verified surplus shall be transferred and reappropriated to the **School Division's Capital Improvement Plan Account** established pursuant to this MOU.
- b. Such transfer shall occur through the County's fiscal year closing process or through the first available budget amendment following completion of the annual audit. Is there a date/deadline by which we can expect this to be done?
- c. To facilitate the orderly administration of this process, the Board of Supervisors may adopt a standing appropriation resolution authorizing the transfer of such funds without requiring a separate annual request from the School Board.

5. Establishment of School Capital Improvement Plan Fund

The Parties acknowledge the establishment of a **School Capital Improvement Plan Fund** for the purpose of accumulating funds to support future capital needs of the School Division.

The objectives of the fund include:

- Accumulating operating savings realized by the School Division;
- Providing a dedicated funding source for school capital improvements; and
- Reducing the need for significant one-time appropriations or tax increases associated with major capital projects.

The fund may receive revenues from the following sources:

- Year-End Operating Surplus transfers pursuant to this MOU;
- Additional appropriations authorized by the Board of Supervisors; and
- Interest earnings generated by the fund balance.

6. Authorized Uses of Funds

Funds maintained within the School Capital Improvement Fund may be used for capital expenditures associated with public school facilities and operations, including but not limited to:

- Major building maintenance and structural repairs;
- Roof replacement, HVAC replacement, and other infrastructure improvements;
- School safety and security improvements;
- Technology infrastructure and major equipment purchases;
- School renovations, expansions, or facility upgrades;
- Purchase or replacement of school buses; and
- Other capital projects identified within the School Division's **Capital Improvement Plan (CIP)**.

7. Reporting and Transparency

The School Board shall provide the Board of Supervisors with periodic updates regarding the status and planned use of funds maintained within the School Capital Improvement Plan Fund.

Such reporting shall include:

- An annual report identifying the fund balance;
- Identification of anticipated uses of the fund as reflected in the School Division's Capital Improvement Plan; and
- Updates regarding projects funded or proposed to be funded from the fund.

Prior to expending funds for any project identified in the CIP, the School Board shall provide notice to the Board of Supervisors describing the intended use of such funds.

8. Term

This MOU shall become effective upon approval by both governing bodies and shall remain in effect for a period of **five (5) fiscal years**, unless earlier amended or terminated as provided herein.

9. Amendments

This MOU may be amended only by written agreement approved by both the School Board and the Board of Supervisors.

10. Termination

Either Party may terminate this MOU upon **ninety (90) days written notice** to the other Party.

Termination of this MOU shall not affect funds previously transferred to the School Capital Improvement Fund prior to the effective date of termination.

11. Authorization

The undersigned certify that they are duly authorized by their respective governing bodies to execute this Memorandum of Understanding.

WARREN COUNTY SCHOOL BOARD

Chair
Date: _____

WARREN COUNTY BOARD OF SUPERVISORS

Chair
Date: _____