

MEMORANDUM OF UNDERSTANDING - MEALS TAX

Between the Warren County School Board and the Warren County Board of Supervisors
Regarding the Protection and Use of Meals Tax Revenue for School Facilities

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”) (collectively, the “Parties”).

I. Purpose

The purpose of this MOU is to set forth the mutual understanding of the Parties concerning the use and protection of meals tax revenues approved by the voters of Warren County in the 2003 referendum for the purpose of supporting school facilities. The Parties recognize the importance of maintaining a reliable funding structure to support the construction, improvement, maintenance, and long-term preservation of public school facilities serving the residents of Warren County.

This MOU is intended to reflect the cooperative relationship between the Parties consistent with the respective responsibilities assigned to each body under the laws of the Commonwealth of Virginia, including **§ 22.1-88 of the Code of Virginia**, which governs the appropriation of funds by a county governing body for the support of public schools.

II. Background

The Parties acknowledge the following:

1. In 2003, the voters of Warren County approved a referendum authorizing the imposition of a meals tax pursuant to **§ 58.1-3840 of the Code of Virginia**, “with the revenues collected from the tax to be used solely for public school capital improvement projects.”
2. The Board of Supervisors currently funds and pays one hundred percent (100%) of the debt service associated with school construction and related capital projects undertaken for the benefit of the Warren County Public Schools. Such obligations are financed and administered pursuant to the authority granted to counties under **§ 15.2-2620 of the Code of Virginia** and other applicable provisions governing public finance.
3. The School Board acknowledges and appreciates the Board of Supervisors’ continuing commitment to funding these debt service obligations, which has enabled the County to construct and improve educational facilities necessary to serve the students and residents of Warren County.
4. In 2018, the Board of Supervisors entered into a joint settlement agreement with the Town of Front Royal (the “Town”) pursuant to which thirty percent (30%) of the meals tax revenues collected by the County are distributed to the Town. The School Board was not a party to the negotiations or execution of that agreement but acknowledges, its existence.

5. The Parties recognize the importance of preserving the intent of the 2003 referendum and ensuring that meals tax revenues retained by the County continue to support school facility needs.

III. Continued Funding of School Debt Service

The Board of Supervisors affirms its intent to continue providing funding sufficient to pay one hundred percent (100%) of the debt service associated with school capital projects undertaken for the benefit of the Warren County Public Schools, subject to annual appropriation in accordance with **§ 15.2-2503 and § 15.2-2506 of the Code of Virginia** and other applicable provisions of law governing county budgets and appropriations.

The Parties acknowledge that the County's assumption of these debt service obligations represents a substantial public investment in the educational infrastructure of Warren County, and that the debt service obligations are paid from revenue sources **separate** from the Meals Tax revenue.

IV. Use of Meals Tax Revenues for School Facilities

Consistent with the voter-approved purpose of the 2003 referendum and the authority granted under **§ 58.1-3840 of the Code of Virginia**, the Parties express their shared intent that meals tax revenues retained by Warren County, continue to be utilized for school-related capital purposes.

Such purposes may include, but are not limited to:

- construction of new school facilities
- major renovations or additions to existing school facilities
- school capital improvement projects
- school related infrastructure improvements and facility system upgrades
- long-term capital maintenance of school facilities

V. Transfer of Meals Tax Revenues for School Capital Needs

In order to support the long-term capital needs of the Warren County Public Schools, the Parties express their intent that meals tax revenues retained by the County, shall be transferred on a periodic basis into a designated School Capital Improvement Plan ("CIP") Fund maintained by the School Division for the benefit of school capital projects.

Any such transfers shall remain subject to annual appropriation by the Board of Supervisors as required under **§ 22.1-88 and § 15.2-2506 of the Code of Virginia**. Funds transferred to the School CIP Fund shall be used exclusively for school capital improvement, construction, renovation, or major maintenance projects identified through the School Division's Capital Improvement Plan process.

VI. Coordination and Capital Planning

The Parties agree to maintain regular communication and coordination regarding school facility planning and capital needs. Such coordination may include participation in the County's Capital Improvement Program planning process and periodic discussions regarding facility conditions, maintenance requirements, and long-term capital priorities.

VII. Non-Binding Nature of Agreement

This MOU reflects the good-faith understanding and policy intentions of the Parties. Nothing contained herein shall be construed as creating a legally binding contractual obligation or as limiting the authority of either governing body to exercise its legislative or budgetary discretion, including the authority of the Board of Supervisors to appropriate funds as required by Virginia law.

VIII. Effective Date and Amendments

This MOU shall become effective upon approval by both governing bodies. The MOU may be amended at any time by mutual written agreement of the Parties.

IX. Adoption

Adopted by the Warren County School Board this ___ day of _____, 2026.

Adopted by the Warren County Board of Supervisors this ___ day of _____, 2026.

For the Warren County School Board

Chair, Warren County School Board _____

For the Warren County Board of Supervisors

Chair, Warren County Board of Supervisors _____