

# REVENUE SHARING AGREEMENT BETWEEN ARLINGTON COUNTY AND ARLINGTON PUBLIC SCHOOLS

## Introduction

No provision of the revenue sharing agreement shall be deemed to alter the statutory relationship between the County Board and the School Board or to limit the authority and/or responsibility of either board as provided for in the Code of Virginia.

## Agreement

The annual budget will be based on a County transfer to the Schools calculated as a percentage share of local tax revenues at current tax rates (adjusted for tax refunds, real estate exemptions and deferrals), and other programs that the County Board may establish for tax relief; special districts, and tax increment funding programs. Additionally, funds necessary to meet the requirement of maintaining a reserve of 2% of General Fund expenditures will be taken out of the local tax revenue prior to sharing. The percentage share of the Schools' transfer will be adjusted each year by the enrollment factor described below and in Appendix Attachment A. Additionally, the percentage share will apply to any increase or decrease in revenues generated by a change in tax rate(s) or tax policy, as determined by the County Board or imposed externally on the County. Increases or decreases in local tax revenues not used for real estate tax relief will be shared according to the current percentage allocation or be used to respond to significantly changed requirements of the Schools or the County or to meet critical County needs not experienced by the Schools as determined by the County Board, after timely communication with the School Board.

## Budget Development

1. The percentage share of local tax revenues will be calculated using the methodology described in Appendix Attachment A and will be based on the actual September 30 enrollment in the schools in the current budget year compared to the actual September 30 enrollment in the previous budget year. The methodology takes into consideration those expenditures that vary with changes in enrollment. Expenditure accounts not sensitive to incremental enrollment changes may be considered under conditions of major enrollment changes.
2. County staff will provide revenue estimates to School staff during budget development. Preliminary estimates will be provided in August and then updated in October and December.
3. The development of the County Manager's and the Schools Superintendent's budgets will be based on the January estimate of revenues. The revenue estimates are updated throughout the budget process.
4. Any re-estimates of local tax revenues from the previous fiscal year will be allocated to the Schools at the same percentage established for that year.

## REVENUE SHARING AGREEMENT BETWEEN ARLINGTON COUNTY AND ARLINGTON PUBLIC SCHOOLS

5. Local tax funding streams currently excluded from the revenue sharing ~~calculation~~ ~~are the FY 2005 increase in the recordation tax (which is dedicated to affordable housing) and the FY 2006 rate increase in the commercial utility tax (which is dedicated for County capital funding)~~ are:
- A. The FY 2005 State increase in the recordation tax which is dedicated to affordable housing.
  - B. The FY 2006 rate increase in the commercial utility tax which is dedicated for County capital funding.
  - C. A portion of real estate tax which funds the Homeowner Grant Program.
  - D. A portion of the incremental increase of personal property taxes which is dedicated to public safety pay increases beginning in FY 2007.
  - E. The new communication taxes beginning January 1, 2007 which replace prior telecommunication revenue for the cable franchise and E-911 fees.

The calculation for each of these exclusions is included as Attachment C.

### Provisions

1. Within the recommended transfer amount, the Schools will fund all expenditures in the operating fund, the community activities fund, the CSA fund, the capital projects fund, the cafeteria fund and the debt service fund (including cost-of-living adjustments in all funds).
2. The Schools may use any increased transfer from re-estimates of revenues to establish or maintain a contingency or reserve fund, to fund one-time expenditures, or to jumpstart a program for which future funds are committed.
3. Any additional or reduced outside revenues to the Schools (including state and federal funds) will not alter the County transfer. Non-tax revenues generated by the County (including fees, grants, and fines) are not covered under the framework of revenue sharing. ~~The County transfer will also not be offset by revenue generated by the Schools.~~
4. Any Schools savings will be retained by the Schools.
5. In situations where extraordinary changes occur, a good faith effort will be made to address both County and Schools needs within the amount of the agreed upon allocation. If changes are required, the County and Schools staff will present a proposed change to the agreement.
6. This agreement will be reviewed on an annual basis by November 15 and be automatically renewed unless either the School Board or County Board takes action to the contrary.

Date Approved: \_\_\_\_\_

**REVENUE SHARING AGREEMENT BETWEEN ARLINGTON  
COUNTY AND ARLINGTON PUBLIC SCHOOLS**

---

Ron Carlee  
County Manager, Arlington County

---

Robert Smith  
Superintendent, Arlington Public Schools