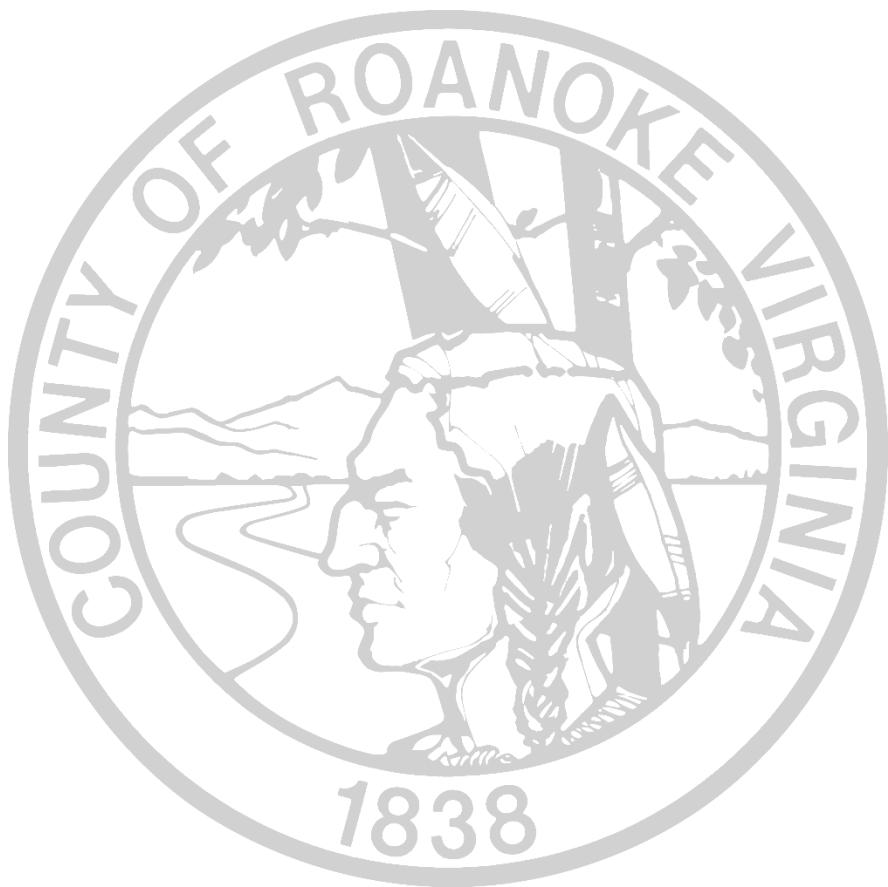




Understanding the Budget





Understanding the Budget

Introducing Sections of the Proposed Budget

The County of Roanoke, Virginia's Proposed Budget provides actionable, concise information about government financial activities and policies. County residents, elected officials, administrators, businesses, charities, and other interested parties will find this document useful. The Budget is designed to "tell the story" of Roanoke County's operations by supplementing line-items detail with an easier to understand narrative.

The "Organizational Policies, Plans and Analyses" section provides a review of factors that influence budgeting decisions in Roanoke County and includes comparative graphs and spreadsheets illustrating prior versus current year budget data.



Fund Structure

Roanoke County's budget is organized by fund; each fund is considered a separate accounting and reporting entity. (See the Fund Chart in this section of the Proposed Budget.)

Each fund's operations are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, where appropriate.

Governmental Funds:

"General Fund" - The general operating fund reflects all County revenues and expenditures that are not required to be accounted for in another fund. Revenues are derived primarily from general property taxes, other local taxes, licenses, permits and fees. Other major sources of revenue include reimbursement to the County for expenditures shared by the Commonwealth of Virginia. Major expenditures include the costs of general daily government operation and transfers to other funds, principally to fund the operation of Roanoke County Public Schools (RCPS) and the County debt service.

The General Fund is comprised of several sub-funds, which are combined for purposes of financial statement reporting. These sub-funds include *General Government, County Fleet Service Center, Public Works Projects, Information Technology, Emergency Communications, Recreation Fee Class, Children's Services Act, Grants, Criminal Justice Academy, Police Special Programs, Police E-Citation Special Revenue, and Community Development Technology Fee*.

The *General Government sub-fund* is divided into functional areas that are consistent with those prescribed by the Commonwealth of Virginia's Auditor of Public Accounts for comparative cost reporting by all local governments within the Commonwealth. These functional areas are as follows:

- General Administration
- Constitutional Officers
- Judicial Administration
- Management Services



FY 2025-2026

- Public Safety
- Community Services and Development
- Human Services
- Other (Non-departmental and Transfers)

“Debt Service Fund” - This fund is used to account for the revenues required to pay interest on outstanding long-term debt and to repay any maturing issues or installments.

“Capital Fund” - This fund is used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).¹ This section includes: General Government support of capital initiatives and projects, a list of proposed FY 2026 capital projects included within the Capital Improvement Program, and fleet and equipment replacement details.

Proprietary Funds:

“Internal Service Fund” – This fund accounts for employee health, dental, and workers’ compensation coverage provided to other departments on a cost-reimbursement basis, and they derive their funding from charges assessed to the user departments and employees.

“Risk Management Fund” – A dedicated funding used to cover financial expenses and losses due to unforeseen liabilities or circumstances that could negatively impact the County of Roanoke. The main goal and purpose of a risk management fund is to reduce the loss of life and property while protecting Roanoke County’s resources, both human and capital, from all types of hazards.

School Categories:

The Roanoke County Public School Board (School Board) is responsible for overseeing elementary and secondary public education within the government’s jurisdiction. The members of the School Board are elected by the citizens of Roanoke County. However, the Roanoke County Public Schools (School System) is fiscally dependent upon the County because its Board approves the School System’s budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of debt to support School System operations and infrastructure.

Roanoke County accounts for the revenues and expenditures related to the operations of the public schools’ system as a Component Unit, which are budgeted to the following categories:

- Instruction
- Administration, Attendance, and Health
- Pupil Transportation
- Operation and Maintenance
- Food Service and Other Non-Instructional Operations
- Facilities
- Debt and Fund Transfers
- Technology
- Contingency Reserves
- Non-Categorical Spending

¹ Funding is included in each department's operating budget for smaller projects such as furniture, fixtures, machinery and equipment.



Basis of Budgeting

Budgets for all funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP) applicable to governmental units. Governmental Funds are accounted for using the modified accrual basis of accounting with revenues being recorded when the funds are received and expenditures recorded when the goods or services are received and the liabilities incurred. The basis of budgeting and the basis of accounting are consistent for all funds. Budgeted amounts reflected in the financial statements

are as originally adopted or as amended by the County Administrator or the Board of Supervisors.



The County Administrator may authorize or delegate the authorization of the transfer of any unencumbered balance, or portion thereof, from one department to another within a fund. Otherwise, the Board of Supervisors must approve amendments that alter the total appropriation of any fund. In addition, any amendment that exceeds one (1) percent of the total revenue shown in the currently adopted budget may not

be accomplished without first advertising and conducting a public hearing. Appropriations for the General Fund lapse at year-end. Appropriations for the Capital Fund are continued beyond a single fiscal year until completion of applicable projects even when projects extend for more than one fiscal year.

During the fiscal year, as department directors make purchases for goods and services, their budgets are monitored at a summary level. Each departmental budget is separated into three expenditure categories:

- Personnel - this covers employee salaries and benefits
- Non-Personnel - funds routine operating expenditures
- Transfers & Other - includes transfers to capital among other funds

Controls have been placed in the general ledger system to prevent department directors from spending more than is budgeted, in total, for these expenditure categories.

Other Documents Related to the Proposed Budget

In addition to the Proposed Budget, the County prepares several other documents that relate to County operations and finances. These include:

- *Capital Improvement Program (CIP)*. The Capital Improvement Program (CIP) is a County program in which capital investments are identified and funded with the purpose of preserving County assets. The CIP plan is a ten-year planning document used to schedule capital expenditure projects and coordinate capital financing in a way that manages future debt service requirements. Financial resources used to meet those priority projects funded each fiscal year are accounted for through the Capital Fund. See the Capital Fund section of the Proposed Budget for more detailed information about the FY 2026 capital year budget. Roanoke County Schools develop and publish their own capital improvement program that is adopted by the School Board and adopted by the Board of Supervisors.
- *Annual Financial Report*. This document is the final report on the examination of the County's financial statements at June 30 of each year. An independent auditing firm reviews this report, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities,*



and Towns issued by the Auditor of Public Accounts of the Commonwealth of Virginia. The fiscal year ending 2024 Annual Report can be viewed online at <https://www.roanokecountya.gov/371/Financial-Reports>.

Fiscal Year 2026 Budget Process

This section is a brief overview of the ideal budget process that the County of Roanoke, Virginia strives to achieve each year on behalf of its citizens. This process was followed through the proposal of the operating budget on March 25, 2025.

Throughout the budget process, work sessions are conducted with the Board of Supervisors to address key budgetary issues. These begin in the capital planning phase and continue through the adoption of the budget.

Capital planning is the first component of budget development. This process involves identifying capital improvement, maintenance, technology, and vehicle replacement needs, as well as identified resources. These needs and resources are programmed into a 10-year schedule of balanced revenues and expenditures. This process shapes the County's overall commitment to capital infrastructure investment and shapes the resources available for operational budget development.

Roanoke County uses an "incremental approach" to prepare its budget. Departments receive a budget target in which to build individual budgets. Departments complete Performance Management Plans to focus on organization wide efforts to monitor and enhance performance management. The Department of Finance and Management Services collaborates annually with departments to identify and update appropriate Core Objectives and Performance Measures. These plans are included as part of the adopted budget document once the Board of Supervisors has adopted the appropriation of ordinances.

If additional funding is requested to extend or enhance service delivery, or to repair structural budget deficits, a Funding Adjustment Request is submitted to the Department of Finance and Management Services. Funding Adjustment Requests define resources needed to accomplish immediate activities or goals in the upcoming fiscal year. These requests and the Roanoke County Capital Improvement Program (CIP) Plan, help to determine overall resource allocation.

The Roanoke County Revenue Team, facilitated by the Department of Finance and Management Services, develops revenue projections for the upcoming fiscal year. Revenue projections shape expenditure budgets for the upcoming fiscal year. County Administration works with the Department of Finance and Management Services to identify resources for both capital and operational budgets.

Once revenue projections are firm, a final review of priorities is conducted with County Administration. Final review of expenditure budgets is conducted and adjustments are made. Once this process is complete, a balanced budget is drafted and the County Administrator presents a proposed balanced budget to the Board of Supervisors. The budget document provided for Board review includes proposed resource allocation by fund, and by category within each fund.

Advertisements are published in the local newspaper to meet state code requirements, and copies of the proposed budget are placed in local libraries, as well as published online, to provide multiple opportunities for Roanoke County residents to become familiar with the proposed budget before public hearings.

Public hearings in accordance with state code are held to obtain taxpayer feedback regarding resource allocations and tax rates. It is important for Roanoke County officials to understand how funding and service provision will affect various community stakeholders in order to effectively govern.



The Code of Virginia requires adoption of a balanced budget by June 30 of each year. The fiscal year begins on July 1. Tax rates for the calendar year are adopted on or before April 15. The fiscal year budget appropriation is adopted by ordinance after a first and second reading by the Board of Supervisors. The Board formally adopted the FY 2026 budget appropriation ordinance on May 27, 2025.

The Roanoke County budget process continues to improve and evolve into a streamlined and informative system. The Department of Finance and Management Services continues to assist departments in developing more quantifiable budget objectives by using measurable benchmarks.

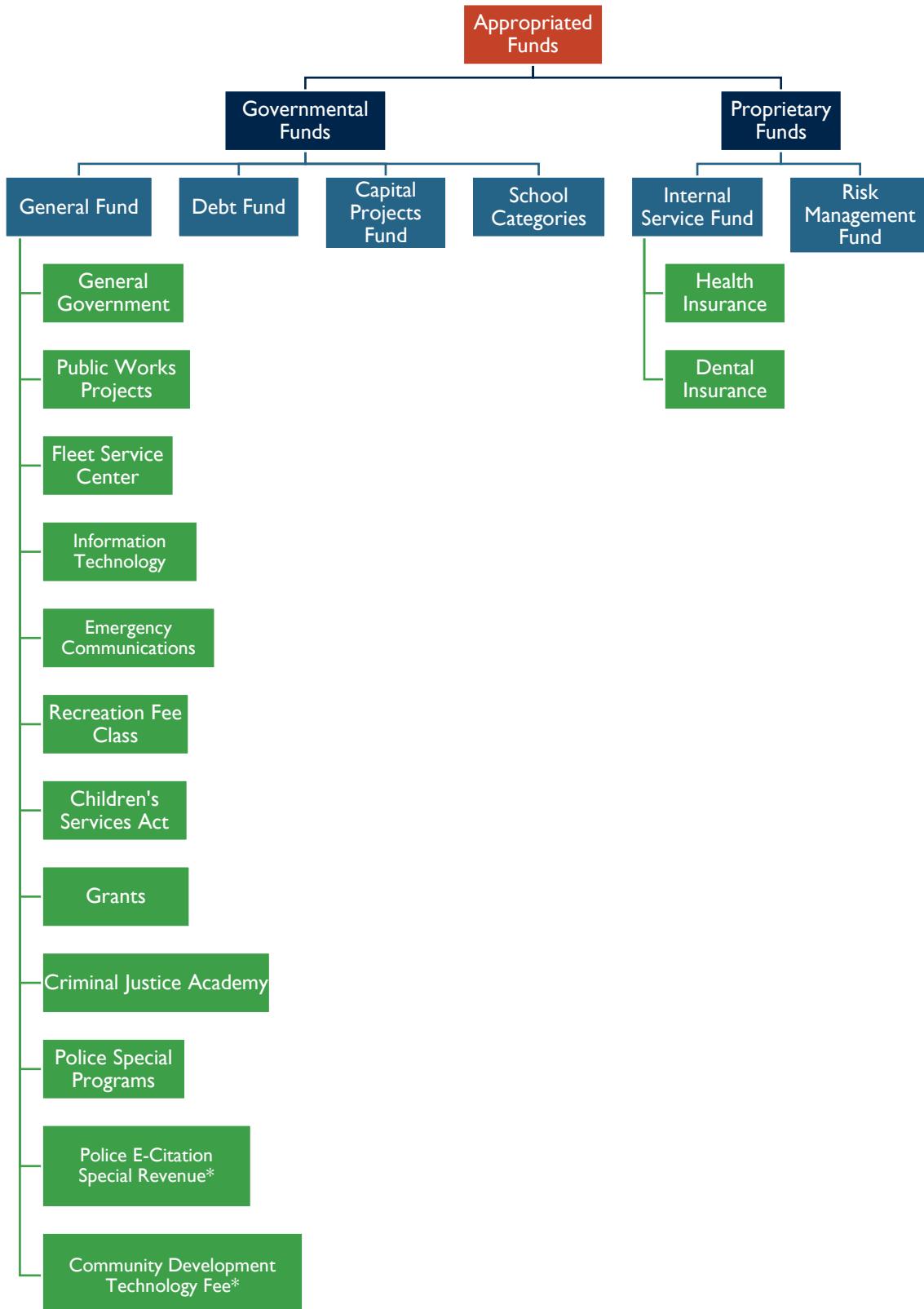
A calendar of events for budget development activities for FY 2026 is included in this section of the document.



Budget Calendar

FY 2025 - FY 2026

September 2024	<ul style="list-style-type: none"> Begin Capital Improvement Program (CIP) process Board of Supervisors Work Session: FY 2023-2024 Preliminary Year-End Overview (September 24)
October	<ul style="list-style-type: none"> CIP Project Funding Requests due Board of Supervisors Work Session: Capital Project Status Update (October 22)
November	<ul style="list-style-type: none"> Budget Development Kick-Off: Departments begin review of Operating Budget Departmental Operating Allocations Issued Begin Performance Management Plan process
December	<ul style="list-style-type: none"> Outside Agency application process opens (December 6) Briefing to Board of Supervisors on the FY 2023-2024 Audit Results (December 17) Department submissions, performance management plans, and funding/fee adjustments due Initial review of departmental submissions Prepare preliminary revenue estimates
January 2025	<ul style="list-style-type: none"> Outside Agency Applications due (January 10) Briefing to Board of Supervisors on 2025 Real Estate Assessment (January 14) Board of Supervisors Work Session: FY 2025 Mid-Year Revenue and Expenditure Update (January 28)
February	<ul style="list-style-type: none"> FY 2025-2026 Revenues Finalized through Revenue Team process Board of Supervisors Work Session: FY 2025-2026 Revenue Outlook and Fees and Charges Compendium (February 13) County Review of Outside Agency Applications complete Board of Supervisors Work Session: FY 2026 Compensation Update (February 25) Board of Supervisors Work Session: FY 2026 – FY 2035 CIP & Capital Project Status Update (February 25)
March	<ul style="list-style-type: none"> Public Hearing: Effective Tax Rate (March 11) County Administrator proposes FY 2025-2026 Operating Budget and FY 2026 - FY 2035 Capital Improvement Plan to Board of Supervisors (March 25)
April	<ul style="list-style-type: none"> Public Hearing: FY 2025-2026 Tax Rate Adoption (April 8) Resolution to Adopt the FY 2025-2026 Tax Rate (April 8) County Administrator proposes revised FY 2025-2026 Operating Budget (April 22) Public Hearing 1 of 2: General Comment on FY 2025-2026 Budget (April 22)
May	<ul style="list-style-type: none"> First Reading of Budget Ordinances (May 13) Public Hearing 2 of 2: General Comment on FY 2025-2026 Budget (May 13) Second Reading of Budget Ordinances (May 27) Board of Supervisors Adopts FY 2025-2026 Budget and FY 2026 - FY 2035 CIP (May 27) – County and Schools



*While considered part of the General Fund, these funds are accounted within the Capital Fund.



Fund-Department Relationship (Appropriated General Fund)										
	General Government	Public Works Projects	Fleet Service Center	Information Technology	Emergency Communications	Recreation Fee Class	Children's Services Act	Grants	Criminal Justice Academy	Police Special Programs
General Administration										
Board of Supervisors	X									
County Administration	X									
Internal Auditor	X									
Public Information	X									
County Attorney	X									
Human Resources	X									
Constitutional Officers										
Commissioner of the Revenue	X									
Commonwealth's Attorney	X							X		
Sheriff's Office	X									
Treasurer	X									
Clerk of the Circuit Court	X									
Judicial Administration										
Circuit Court Judges	X									
General District Court	X									
Magistrate	X									
Juvenile & Domestic Court	X									
Court Service Unit	X									
Courthouse Mainentance	X									
Management Services										
Real Estate Valuation	X									
Finance and Management Services	X						X			
Public Safety										
Police	X							X	X	X
Fire and Rescue	X									
Community Services and Development										
General Services	X		X							
Economic Development	X									
Development Services	X									X
Planning	X									
Public Transportation (CORTTRAN)	X						X			



Fund-Department Relationship (Appropriated General Fund)												
	General Government	Public Works Projects	Fleet Service Center	Information Technology	Emergency Communications	Recreation Fee Class	Children's Services Act	Grants	Criminal Justice Academy	Police Special Programs	Police E-Citation Special Revenue*	Development Services Technology Fee*
Human Services												
Parks, Recreation, and Tourism	X					X						
Public Health	X											
Social Services	X							X				
Library	X											
Virginia Cooperative Extension	X											
Elections	X											
Information Technology												
Information Technology				X								
Emergency Communications												
Emergency Communications					X							
Communications Shop					X							
Non-Departmental												
Employee Benefits	X											
Contributions	X											
Miscellaneous	X											
Board Contingency	X											
Transfers	X	X	X	X	X		X		X			
Other General Fund												
Fleet Service Center			X									
Children's Services Act (CSA)							X					
Recreation Fee Class						X						
Criminal Justice Academy									X			
Grants & Other								X				
Police Special Programs										X		
Police E-Citation Special Revenue Fund											X	
Development Services Technology Fee Fund												X
Public Works Projects		X										

