



Comprehensive Financial Policy

1.0 Purpose

Fiscal integrity is a top priority for the County of Roanoke. The County's financial policies establish the framework for financial planning and management and provide guidelines against which budgetary performance can be measured and proposals for future funding can be evaluated. The policies further ensure that the County continues to be a model for excellence in government by providing direction in the areas of revenues, operating expenditures, Capital Improvement Program, reserves and debt management.

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Department of Finance and

Management Services

Policy Authors:

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1.0 Purpose

2.0 Policy

3.0 Procedures

4.0 Definitions

5.0 References

6.0 Approval

2.0 Policy

Section 1 – Overview

This Policy has been created to:

- A. Contribute significantly to the County's ability to insulate itself from fiscal crises and economic disruption in order to ensure continuous delivery of public services.
- B. Provide sound principles to guide the important decisions of the Board and of management which have significant fiscal impact.
- C. Assist sound management of County government by providing accurate and timely information on financial condition.
- D. Promote long-term financial planning in regards to both day-to-day operations and capital improvements.
- E. Set forth operational principles which minimize the cost of government, to the extent consistent with services desired by the public, and which minimize financial risk.
- F. Ensure the legal use of all County funds through a good system of financial security and internal controls.
- G. Employ policies which prevent undue or unbalanced reliance on certain revenues, which distribute the costs of county government services as fairly as possible, and which provide adequate funds to operate desired programs.
- H. Provide essential public facilities and prevent deterioration of the County's public facilities and its capital plan.
- I. Enhance access to short-term and long-term markets by helping to achieve the highest credit and bond ratings possible.
- J. Protect and enhance the County's credit rating and prevent default on any debts



Section 2 – Financial Reporting

1. The County's accounting and financial reporting will comply with:
 - A. Generally Accepted Accounting Principles of the United States of America (GAAP)
 - B. Government Accounting Standards (GAS), issued by the Comptroller General of the United States
 - C. The Uniform Financial Reporting Manual, issued by the Auditor of Public Accounts of the Commonwealth of Virginia
 - D. Specifications for Audits of Counties, Cities and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia
 - E. Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, and the Compliance Supplement, issued by the U.S. Office of Management and Budget
 - F. The Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting and Distinguished Budget Presentation Award Programs
 - G. The Code of Virginia, and other legal and regulatory bodies' requirements, as applicable
2. The County will establish and maintain an internal control structure designed to protect the County from loss, theft and misuse. The structure will be designed to provide reasonable assurance of that objective; the concept of reasonable assurance recognizes that:
 - A. The cost of a control should not exceed the benefits likely to be derived
 - B. The valuation of costs and benefits requires estimates and judgments made by management
3. The County will also maintain a complete inventory of capital assets meeting its capitalization thresholds, in accordance with Generally Accepted Accounting Principles of the United States of America.
4. A comprehensive, annual financial audit, including an audit of federal grants, will be conducted by an independent public accounting firm, and the results of that audit will be presented publicly to the Board of Supervisors by December 31, following the end of the previous fiscal year.

Section 3 – Annual Budget

1. Budget Ordinances

- A. The County's Annual Budget Ordinances will be balanced, adopted and administered in accordance with the Local Government Budget and Fiscal Control Act (N. C. G. S 159-8{a}). This Act states that a budget ordinance is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations.
- B. The General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds, Internal Service Funds, and Schools categories shall have legally adopted budgets through the annual budget ordinances.
- C. County staff shall provide for approval by the Board three ordinances providing appropriations for County operating and capital, and Schools categories. These ordinances will include:
 1. An ordinance appropriating funds for the County's fiscal year operations budget.
 2. An ordinance appropriating funds for the County's fiscal year capital budget.
 3. An ordinance appropriating funds for the Schools' fiscal year categories.
- D. The Board does not legally adopt budgets in instances where the County acts as fiscal agent for trust and agency funds.



2. Budgeting Process

- A. County staff shall provide to the Board a calendar of significant dates and legal requirements associated with the next fiscal year budget no later than October of each year.
- B. The County Administrator shall submit to the Board a balanced operating and capital Budget in March for the next fiscal year.
- C. After a series of work sessions and public hearings on the budget, the Board of Supervisors shall adopt the annual operating and capital budgets for the County and the categories for the Schools for appropriations effective July 1 of the next fiscal year.

3. Budgeting Philosophy

The budget will provide for current expenditures balanced with current revenues. It will address the adequate maintenance and orderly replacement of capital assets, and the adequate funding of all retirement systems and other post-employment benefits (OPEB). Funding shall be identified for incremental operating costs associated with capital projects in the operating budget after being identified and approved in the Capital Improvement Program.

4. Budget Monitoring

The County will maintain a budget control system and staff will monitor and evaluate expenditures and revenues as compared to budget and/or prior year-to-date reports. The County Administrator will propose recommendations to the Board for adjustments as needed.

Section 4 – Revenues and Expenditures

1. Revenues

- A. The County will strive to maintain a diversified and stable revenue system to shelter the organization from fluctuations in any single revenue source and ensure its ability to provide ongoing service.
- B. The County's annual revenue streams consist of local, state, federal and other financing sources. It is the County's policy for one-time revenues to be used to fund capital projects or other non-recurring expenditures. County staff will provide revenue estimates for the next fiscal year by using historical data, current economic conditions, and future economic projections.
- C. Revenue estimates are monitored on a regular basis to identify any potential trends that would significantly impact the revenue sources. In January of each year, County staff will provide for information to the Board a mid-year update of current year revenues as it relates to the adopted budget. In September of each year, or soon thereafter as preliminary year-end revenue estimates are available, County staff will provide for information to the Board a year-end comparison of budgeted to actual revenues for the previous fiscal year.

2. Revenue Team

- A. A Revenue Team composed of County staff and appropriate Constitutional Officers meets to review current construction trends, the number of authorized building permits, housing sales, mortgage rates, and other economic data which impact Real Estate Tax revenue collections.
- B. In addition, the Revenue Team uses statistical models to estimate revenue categories including but not limited to: the Personal Property Tax; Local Sales Tax; Business, Professional, and Occupational License Tax; Consumer Utility Tax; Hotel and Motel Tax; Meals Tax; and Recordation Tax.

3. Fees and Charges

- A. Roanoke County, where possible, institutes user fees and charges for providing specialized programs and services. Established rates recover operational costs, indirect costs, and capital or debt service costs. The



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County will regularly review user fee charges and related expenditures to determine if it is meeting pre-established recovery goals.

B. As part of the budget development process, County staff shall produce an annual Fee Compendium to be adopted by the Board of Supervisors at the same time as adoption of the Annual Budget Ordinances. The Fee Compendium will list all fees and charges imposed by the County for providing specialized programs and services. The Fee Compendium will provide details on the type of fee, authority to levy the fee, current fees, and proposed changes to the current fees.

4. Grants

In order to further the goals and objectives of the County, supplemental sources of revenue may be sought through funding provided by individuals, non-profit agencies, or private businesses, as well as local, state, and federal sources. The Board of Supervisors has the authority to accept or reject all grant funding.

The County Administrator, or designee, may submit applications for grants prior to approval by the Board of Supervisors, in accordance with the Roanoke County Grants Procedure Manual. No such application or proposal shall be binding on the Board without its approval. Prior to acceptance, the County Attorney's Office shall ensure that none of the conditions of acceptance is in conflict with the policies of the Board, the objectives of the County, or State or federal law.

The Department of Finance and Management Services is responsible for the maintenance and administration of the Roanoke County Grants Procedure Manual.

5. Revenue Sharing Formula with Schools

The Revenue Sharing formula establishes a mechanism to share County revenue with the Schools through the application of a formula. The formula accounts for the shifting dynamic between the level of student enrollment and the overall population of the County to determine a revenue sharing ratio that provides both organizations an equitable amount of resources relative to need. The allocation formula includes the following calculations:

A. Calculate Three-Year Average:

Establish a three year rolling average index for the changes in county population and student enrollment. Using a rolling average eliminates significant fluctuations from year to year while recognizing that these trends affect the provision of services. The statistics used for this index will be derived from publicly available sources as follows:

1. County population - Population numbers published in the statistical section of the Roanoke County Annual Comprehensive Financial Report (County ACFR).
2. Student enrollment - Average Daily Membership (ADM) published in the statistical section of the Roanoke County Schools Annual Comprehensive 1 Financial Report (School ACFR) and the Budget and Salary Scales (adopted budget).

B. Calculate Net Allocation Change:

1. Calculate a payroll factor using the percentage of school personnel budget to total personnel budget for the County and the Schools for the current year.
2. The payroll factor should be applied to the change in the three year rolling average index and then applied to the current year index to arrive at a net tax allocation change for the new budget year.

C. Calculate Increase/(Decrease) in School Transfer:

1. Apply the net tax allocation change to the allocation percent calculated in the prior year to arrive at the new percent of adopted budget net taxes. This percent is then applied to the projected County revenues for total general property taxes and total other local taxes as published in the Roanoke County Annual Financial Plan (General Fund Summary of Revenue).



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2. The amount budgeted to Visit Virginia's Blue Ridge (previously committed by Board of Supervisors action) will be subtracted from the General Property and Local Tax projection.
3. New economic development incentives will be subtracted from the General Property and Local Tax projection and added back when each incentive arrangement expires.
4. Increases in the amount budgeted for Comprehensive Services Act (CPMT) will be subtracted from the General Property and Local Tax projection (since this provides benefits to and satisfies obligations of both the school and general population).
5. The increase or decrease in the school transfer is then added to or deducted from the transfer to schools for the previous year to arrive at the total transfer to schools for the next budget.

D. The Schools Revenue Sharing formula calculation shall be included in the County's annual adopted budget.

E. Other:

1. During each annual budget preparation cycle, County staff and School staff shall work collaboratively to determine the increase or decrease in the operating allocation to the schools from the County.
2. The allocation of revenues are subject to annual appropriations by the Board of Supervisors.

6. Expenditures

The County's expenditure budget is divided into functional areas (departments), transfers, non-departmental, and capital fund expenditures. In coordination with departments, Budget staff will monitor expenditures throughout the fiscal year to ensure compliance with legal requirements and accounting standards.

Expenditure estimates are monitored on a regular basis to identify any potential trends that would significantly impact the approved budgeted expenditure levels. In January of each year, County staff will provide for information to the Board a mid-year update of current year expenditures as relates to the adopted budget. In September of each year, or soon thereafter as preliminary year-end expenditure estimates are available, County staff will provide for information to the Board a year-end comparison of budgeted to actual expenditures for the previous fiscal year.

7. Board of Supervisors Contingency Expenditure Budget

The Board of Supervisors generally appropriates a Contingency budget to provide for unanticipated expenditures that arise during the year. This budget is recommended to be established at a minimum of \$50,000, though the Board has the discretion to alter that amount through the budget appropriation process. The use of these funds require approval of the Board of Supervisors.

8. Expenditure Budget Transfers

Language is included in the annual Operating and Capital Budget Ordinances providing the County Administrator, or his/her designee, the authority to transfer funds within and between appropriation functions. Amendments impacting the level of budget authority established by fund through the Annual Operating and Capital Budget Ordinances must be approved by the Board as a supplemental budget appropriation. Language governing expenditure budget transfers will be reviewed by staff and approved by the Board on an annual basis.

9. Revenue and Expenditure Forecasting

A forecast of General Fund expenditures and revenues is developed as part of each year's budget process and is periodically updated. Individual and aggregate revenue categories, as well as expenditures, are projected by revenue and/or expenditure type. Historical growth rates, economic assumptions and County expenditure priorities are all used in developing the forecast. This tool is used as a planning document for developing the budget guidelines and for evaluating the future impact of current year decisions. Forecasts of revenues and expenditures are also developed for the County's Capital Improvement Program. Information regarding those forecasts can be found in the section entitled "Capital Improvement Planning".



10. Fiscal Impact Review

It is County policy that all items having potential fiscal impact be presented to the Board of Supervisors for review. This review can be part of the annual operating or capital budgets, or as part of the “Fiscal Impact” section of a Board Report Form, which accompanies all Board agenda items. Effective management dictates that the Board of Supervisors and County citizens be presented with the direct and indirect costs of all items as part of the decision making process.

11. End of Year Designations

All General Government unexpended appropriations and all General Government revenues collected in excess of appropriated revenues at the end of the fiscal year will not lapse but shall be re-appropriated and recommendations for use will be presented to the Board of Supervisors for approval during the final year-end report.

Section 5 – Capital Improvement Planning

1. Ten-Year Capital Improvement Program (CIP)

The County Administrator annually will submit to the Board for its consideration a ten-year Capital Improvement Program (CIP) pursuant to the timeline established in the annual budget preparation schedule. For inclusion in the Capital Improvement Program, a project or collection of projects generally must have an estimated useful life that exceeds five years with a total project cost of at least \$100,000. The Capital Improvement Program shall include the following elements:

- A. A statement of the objectives of the Capital Improvement Program and its relationship to the County’s Strategic Plans, as applicable;
- B. An estimate of the cost and anticipated sources of funds for each project included in the Capital Improvement Program. Each year of the ten-year program must be balanced in that all capital expenditures included in the plan must have an identified funding source.
- C. A summary of capital projects considered, but not included in the balanced ten-year program.
- D. An estimate of the fiscal impact of the project, including additional operating costs or revenues impacting the County’s Operating Budget associated with the project.
- E. Adherence to all policies related to debt and debt service as described in the section entitled “Debt Management”.

2. Capital Year Budget

The first year of the Capital Improvement Program, also known as the Capital Year Budget, will be appropriated by the Board as part of the adoption of the annual Capital Budget Ordinance. The annual Capital Budget Ordinance shall set forth specific provisions regarding funds remaining at project completion and the ability of the County Administrator to transfer funds to facilitate the completion of an existing project.

3. Facilities Assessment

The County and Schools shall obtain an independent, professional, and comprehensive facilities assessment to ascertain the present condition of each facility, and to assist the County and the Schools in forecasting capital funding requirements to address deficiencies. The assessment shall also be used to establish priorities for the maintenance, repair, enhancement, or replacement of facilities and their component systems, and to be used in the development of the Capital Maintenance Program and Capital Improvement Program. Further, the analysis as presented in the assessment shall be useful when identifying and justifying needs to support a future bond issue. This evaluation shall be reviewed internally by staff on an annual basis and updated by an independent professional every 7-10 years after the initial evaluation.



4. Capital Project Status Reports

County staff shall provide the Board with a summary status of all active capital projects in October of each year. The summary shall include status of the project, preliminary financial information through the end of the prior fiscal year, and other relevant information as determined by staff.

Section 6 – “Pay-as-you-go” Financing

1. A number of options are available for financing the Capital Improvement Program, including bond proceeds and other non-County funding sources (e.g. grants and private capital contributions). The County generally looks to maximize the use of current revenue, or “pay-as-you-go” financing. Financing capital projects from current revenues indicates the County’s intent to show purposeful restraint in incurring long-term debt.
2. The decision for using current revenues to fund a capital project is based on the merits of the particular project in relation to an agreed upon set of criteria, including balancing capital needs versus operating needs. In determining the merits of “pay-as-you-go” financing, non-recurring revenues should not be used for recurring expenditures.

Section 7 – Debt Management

1. Legal Requirements

The County shall comply with all requirements of the Code of Virginia and other legal and regulatory bodies’ requirements regarding the issuance of bonds and other financing sources for the County or its debt issuing authorities. The County shall comply with the U.S. Internal Revenue Service arbitrage rebate requirements for bonded indebtedness. In addition, the County will institute a control structure to monitor and ensure compliance with bond covenants.

2. Purposes for Debt Issuance

The County may issue debt for the purpose of acquiring or constructing Capital Projects, including buildings, machinery, equipment, furniture and fixtures. This includes debt issued on behalf of the Schools for the same purposes. When feasible, debt issuances will be pooled together to minimize issuance costs. The Capital Improvements Program will identify all debt-related projects and the debt service impact upon operations identified.

3. Guidelines for Issuing Debt

The County recognizes that the essential components of a debt policy are the limitations and guidelines set by the locality. The following guidelines reflect the County’s philosophy concerning indebtedness:

- A. A Memorandum of Understanding (MOU) between the Roanoke County Board of Supervisors and the Roanoke County School Board regarding the Joint Capital Funding was finalized on April 11, 2023 and amended by resolution by all parties as of August 6, 2024. This MOU outlines the debt issuances allowed each year for the Schools for FY 2024 through FY 2027. The Schools were allowed to issue \$25 million in FY 2024, and \$95 million in FY 2025. No debt issuance is allowed for the Schools in FY 2027 as this bonding authority was advanced to FY 2025.
- B. The County was allowed a debt issuance in FY 2026 of \$17 million along with the “banked” bond funding from previous years.
- C. Beginning in FY 2028, debt issuances are limited to \$20 million annually with one year designated for County capital projects and two years designated for School Capital projects included in the adopted Capital Improvement Program (CIP). Bond funding shall be allocated to the County in FY 2029, FY 2032, and FY 2035; to the Schools, FY 2028, FY 2030, FY 2031, FY 2033, FY 2034, and FY 2036. Effective with capital projects



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appropriated on or after July 1, 2027 (FY 2028), bond funding may be “banked” for purposes of accumulating bonding capacity where project costs exceed the \$20 million limit. The following chart illustrates the planned issuances and applicable fiscal year:

Fiscal Year	Schools*	County*
2027	-	-
2028	20,000,000	-
2029	-	20,000,000
2030	20,000,000	-
2031	20,000,000	-
2032	-	20,000,000
2033	20,000,000	-
2034	20,000,000	-
2035	-	20,000,000
2036	20,000,000	-
	<hr/> <u>\$ 120,000,000</u>	<hr/> <u>\$ 60,000,000</u>

* Amounts subject to change based on future economy, needs and market changes

- D. The County will not use short-term borrowing to finance operating needs, except in instances as described under “Revenue Anticipation Notes”.
- E. Long-term debt will be used in compliance with all aspects of the debt policy.
- F. The maturity of any debt will not exceed the expected useful life of the project for which the debt is issued. No bonds greater than thirty (30) years will be issued.
- G. Each project proposed for financing through debt issuance will have a multi-year analysis performed for review of the debt service impact on the County’s General Government Operating Budget and an analysis on the County’s approved Debt Ratios as indicated in the section entitled “Debt Limits”.
- H. At a minimum, all issuances of Debt require approval and appropriation of the proceeds by the Board of Supervisors with additional approvals, if applicable, indicated in the section entitled “Types of Debt/Structural Features”.

4. Funding Sources for the Future Capital Projects Fund

- A. Annual contributions to the Future Capital Projects Fund shall total \$12.32 million from the following sources: \$6.26 million from County sources, \$4.26 million from School sources, and \$1.8 million from expired Economic Development incentives. In addition, both the County and the Schools began adding an incremental \$530,000 each fiscal year starting July 1, 2025. The incremental increase will be evaluated annually in an effort to maintain positive cash in the fund. This evaluation is necessitated as a result of whether debt is issued at a premium or discount, actual interest rates versus assumptions and overall timing in the market. Changes in debt service payments beneficial to the fund will be retained by the Fund. Contributions will be accounted for in the Future Capital Projects Fund.

Schools and County Incremental Contribution*:



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Budget Year	Increase*	Schools	County
		Total Transfer*	Total Transfer*
2025-2026	\$ 530,000	\$ 4,260,000	\$ 4,260,000
2026-2027	530,000	4,790,000	4,790,000
2027-2028	530,000	5,320,000	5,320,000
2028-2029	530,000	5,850,000	5,850,000
2029-2030	530,000	6,380,000	6,380,000
2030-2031	530,000	6,910,000	6,910,000
2031-2032	530,000	7,440,000	7,440,000
2032-2033	530,000	7,970,000	7,970,000
2033-2034	530,000	8,500,000	8,500,000
2034-2035	530,000	9,030,000	9,030,000
2035-2036	530,000	9,560,000	9,560,000

* Amounts subject to change based on future economy, needs and market changes

B. The Future Capital Projects Fund will use a benchmark interest rate assumption of six percent (6%). Contribution levels to support the capital financing plan will be reviewed annually and changed upon mutual agreement of the Board of Supervisors and School Board.

Section 8 – Debt Limits

1. The County does not have any Constitutional or Statutory Debt Limits. The County does abide by the following self-imposed debt targets:
 - A. **Net Outstanding and Projected Debt as a Percentage of Total Taxable Assessed Value** will not exceed three percent (3%) in the current fiscal year or subsequent fiscal years as detailed in the County's Capital Improvement Program.
 - B. **General Obligation Current and Projected Debt Service as a Percentage of The General Government Budget** will not exceed ten percent (10%) in the current fiscal year or subsequent fiscal years as detailed in the County's Capital Improvement Program. The General Government budget includes the Governmental Fund expenditures, the School Board component unit expenditures, and County and School transfers to capital projects and Proprietary Funds as outlined in the County's Annual Comprehensive Financial Report (ACFR).
2. All debt ratio calculations shall include debt issued on behalf of the Schools. These ratios will be calculated each year in conjunction with the budget process and the annual audit.

Section 9 – Types of Debt/Structural Features

1. **Revenue Anticipation Notes**
 - A. The County's General Government Fund Balance was designed to provide adequate cash flow to avoid the need for Revenue Anticipation Notes (RANs).
 - B. The County may issue RANs in an extreme emergency beyond the County's control or ability to forecast when the revenue source will be received subsequent to the timing of funds needed.
 - C. The County will issue RANs for a period not to exceed the one-year period permitted under the Constitution of Virginia, Article VII section 10.



2. General Obligation Bonds

- A. The Constitution of Virginia, Article VII section 10, and the Public Finance Act provide the authority for a County to issue General Obligation (GO) Debt with no limit on the amount of GO Debt that a County may issue. The County may issue GO Debt for capital projects or other properly approved projects.
- B. All debt secured by the general obligation of the County must be approved by the Board of Supervisors and a public referendum.
- C. Cost of issuance, debt service reserve funds and capitalized interest may be included in the capital project costs and thus are fully eligible for reimbursement from bond proceeds.

3. Virginia Public School Authority (VPSA) Bonds and State Literary Fund Loans

- A. School capital projects may be constructed with debt, either through VPSA Bonds or State Literary Fund Loans, and refunding bonds with preference given to accessibility and interest rates.
- B. Approval of the School Board is required prior to approval by the Board of Supervisors.
- C. Cost of issuance, debt service reserve funds and capitalized interest may be included in the capital project costs and thus are fully eligible for reimbursement from bond proceeds.

4. Lease/Revenue Bonds

- A. The County may issue Lease/Revenue bonds to fund enterprise activities or for capital projects that may generate a revenue stream, or issuance through the Virginia Resources Authority.
- B. If applicable, the bonds will include written covenants, which will require that the revenue sources are sufficient to fund the debt service requirements.
- C. Cost of issuance, debt service reserve funds and capitalized interest may be included in the capital project costs and thus are fully eligible for reimbursement from bond proceeds.

5. Capital Acquisition Notes and Leases

The County may issue short-term notes or capital leases to purchase buildings, machinery, equipment, furniture and fixtures.

6. Moral Obligation Debt

- A. The County may enter into leases, contracts, or other agreements with other public bodies, which provide for the payment of debt when revenues of such agencies may prove insufficient to cover debt service.
- B. Payment of such moral obligation debt service will be done when the best interest of the County is clearly demonstrated.
- C. While such moral obligation support does not affect the debt limit of the County, the amount of bonds issued with the County's moral obligation should be controlled in order to limit potential demands on the County. There is no legal obligation, but the County is placing its good name and reputation on the line and there is every expectation that the County would make good any deficiencies when a default exists.

7. Credit Objectives

The County of Roanoke will strive to maintain or improve its current bond ratings. The County will also maintain relationships with the rating agencies that assign ratings to the County's various debt obligations. The rating agencies will be kept abreast of the County's financial condition by providing them with the County's Annual Comprehensive Financial Report (ACFR) and the Operating and Capital Improvement Program Budget.



8. Authorized Methods of Sale

The County will select a method of sale that is the most appropriate in light of financial, market, transaction-specific and issuer-related conditions. Debt obligations are generally issued through competitive sale. If the County and its financial advisor determine that a competitive sale would not result in the best outcome for the County, then a negotiated sale, private placement or other method may be chosen.

9. Selecting Outside Finance Professionals

The County of Roanoke will retain external finance professionals which may include, but not limited to, the municipal advisor, bond counsel and the underwriter. The finance professionals will assist in developing a bond issuance strategy, preparing bond documents and marketing bonds to investors. The length of the contracts will be determined by the County. The selection process will require experience in the following: municipal debt, diverse financial structuring, and pricing municipal securities.

10. Post-Issuance Compliance

- A. The Director of Finance and Management Services will oversee post-issuance compliance activities to ensure compliance with federal guidelines and other legal regulatory requirements including:
 1. Tracking proceeds of a debt issuance to ensure they are spent on qualified tax-exempt debt purposes
 2. Maintaining detailed records of all expenditures and investments related to debt funds
 3. Ensuring that projects financed are used in a manner consistent with legal requirements
 4. Reporting of necessary disclosure information and other required filings in a timely manner
 5. Monitoring compliance with applicable arbitrage rules and performing required rebate calculations in a timely manner
- B. The Director of Finance and Management Services may consult with bond counsel, municipal advisors or other professionals as deemed appropriate to meet the post-issuance compliance requirements.

Section 10 – Reserves

1. General Government Fund

- A. The County of Roanoke's General Government Fund (Fund C100) Unassigned Fund Balance will be maintained to provide the County with sufficient working capital and a comfortable margin of safety to address emergencies and unexpected declines in revenue.
- B. The General Government Fund's Unassigned Fund Balance should not be used to support recurring operating expenditures outside of the current budget year. If a budget variance requires the use of Unassigned Fund Balance, the County will decrease the General Government Fund's expenditures and/or increase the General Government Fund's revenues to prevent using the Unassigned Fund Balance for two consecutive fiscal years to subsidize General Fund operations.
- C. The General Government Fund's Unassigned Fund Balance will be as follows:

Fund Number	Fund Name	Policy
C100	General Government Fund	Twelve percent (12%) of budgeted annual General Government expenditures

- D. In the event that the General Government Fund's Unassigned Fund Balance is used to provide for temporary funding of unforeseen emergency needs, the County shall restore the balance to the twelve percent (12%)



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minimum, as defined above, within two fiscal years following the fiscal year in which the event occurred. This will provide for full recovery of the targeted General Government Fund Unassigned Fund Balance in a timely manner.

E. Funds in excess of the maximum annual requirements outlined above may be considered to supplement “pay-as-you-go” capital expenditures or other nonrecurring expenditures with Board approval.

2. General Government Fund Expenditure Contingency

A. The County of Roanoke’s General Government Fund (Fund C100) Expenditure Contingency will be maintained to provide for unanticipated expenditures of a non-recurring nature or to meet unanticipated increased service delivery costs.

B. The General Government Fund’s Expenditure Contingency Balance will be as follows:

C100	General Government Fund Expenditure Contingency	0.25% of budgeted annual General Government expenditures
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1. To the extent the contingency falls below the established policy, the contingency will be restored to that level within two fiscal years.
- C. Any use of the General Government Fund Expenditure Contingency will be presented at a meeting of the Board of Supervisors as part of the consent agenda.

3. Other General Funds

A. For the funds listed below, an annual Unassigned Fund Balance shall be maintained as follows:

Item	Fund Number	Fund Name	Policy
1.	C111	Children’s Services Act (CSA)	Fifteen percent (15%) of budgeted annual expenditures
2.	C126	Criminal Justice Academy	Ten percent (10%) of budgeted annual expenditures
3.	C130	Fleet Service Center	Seven and a half percent (7.5%) of budgeted annual expenditures
4.	C141	Information Technology (IT)	Five percent (5%) of budgeted annual expenditures
5.	C142	Communications Shop	Ten percent (10%) of budgeted annual expenditures
6.	C144	Emergency Communications Center (ECC)	Five percent (5%) of budgeted annual expenditures
7.	C150	Recreation Fee Class	Five percent (5%) of budgeted annual expenditures



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- B. In the event that any of the Fund's Unassigned Fund Balance is used to provide for temporary funding of unforeseen emergency needs, the County shall restore the balance to the minimum, as defined above, within two fiscal years following the fiscal year in which the event occurred. This will provide for full recovery of the targeted Fund Unassigned Fund Balance in a timely manner.
- C. Funds in excess of the Unassigned Fund Balance policy outlined above may be considered to supplement "pay-as-you-go" capital expenditures or other nonrecurring expenditures with Board approval.
- D. All other County Funds structured under the County's General Fund may carry a reserve balance but do not have a specific annual target. These County Funds are not permitted to expend funds in excess of available revenues.

4. Capital Reserve Funds

The County will maintain funds for the specific use of providing "pay-as-you-go" funding for capital projects as detailed in the approved Capital Improvement Program. Contributions to the Capital Reserve Fund will primarily be made with year-end expenditure savings and revenue surplus balances. On an annual basis, County staff shall present to the Board for consideration the allocation of year-end balances to support the Capital Reserve Fund. There are no minimum fund balance requirements associated with the Capital Reserve Fund.

5. Internal Service Fund Reserves

The County has three funds classified as Internal Services Funds; they include the Health Insurance Fund, Dental Insurance Fund, and Risk Management Fund.

A. Health Insurance Fund (Fund C700)

1. So as long as the County continues the current policy of self-insuring health insurance costs, a reserve for healthcare costs shall be maintained as follows:

Fund Number	Fund Name	Policy
C700	Health Insurance Fund	Ten percent (10%) of budgeted healthcare costs plus a reserve equal to the estimated incurred but not reported (IBNR) claims.

2. To the extent the reserve falls below the minimum threshold of 10%, the reserve will be restored to that level within two fiscal years. Funds in excess of the Unassigned Fund Balance policies in all Other Funds outlined in this policy may be transferred to the Health Insurance Fund to restore the Health Insurance Fund Balance policy with Board approval.
3. At no time shall the use of funds in excess of the 10% fund balance plus a reserve equal to the estimated incurred but not reported (IBNR) claims be used to reduce the annual employee contribution to the Health Insurance Fund, except in cases where a temporary rate adjustment has been made to restore minimum Health Insurance Fund Balance levels. Funds in excess of the Unassigned Fund Balance policy outlined above may be considered to supplement "pay-as-you-go" capital expenditures or other nonrecurring expenditures with Board approval.

B. Dental Insurance (Fund C705)

So as long as the County elects to provide a fully insured Dental plan, no reserve is required. If the County elects to self-insure Dental Insurance costs in the future, a reserve for dental costs will be established by the Board.

C. Risk Management (Fund C710)

1. So as long as the County continues the current policy of self-insuring Worker's Compensation costs, a reserve for Risk Management costs shall be maintained as follows:



Fund Number	Fund Name	Policy
C710	Risk Management Fund	Ten percent (10%) of budgeted risk management costs plus a reserve equal to the estimated incurred but not reported (IBNR) claims. reserve of \$500,000 shall be established for potential auto or property claims.

2. To the extent the reserve falls below the established policy, the reserve will be restored to that level within two fiscal years. Funds in excess of the Unassigned Fund Balance policies in all Other Funds outlined in this policy may be transferred to the Risk Management Fund to restore the Risk Management Fund Balance policy with Board approval.

6. Roanoke County Public Schools Reserves and Year End Allocation

- Pursuant to § 22.1-100 of the Code of Virginia, at the end of each fiscal year, all unexpended sums derived from the County of Roanoke which are unexpended in any year in any school division shall revert back to the funds of the County of Roanoke. The Board of Supervisors anticipates re-appropriating such funds back to the School Board as follows:
 - Roanoke County Public Schools will maintain a \$2 million emergency contingency. This balance is available for unexpected revenue shortfalls, unplanned significant expenditures increases, and emergency appropriations. The balance will be reserved for financial emergencies and when appropriations are necessary, the balance will be replenished with the next available year end funds from the Schools.
 - All funded outstanding encumbrances at year-end will be re-appropriated to the subsequent fiscal year to the same department and account for which they are encumbered in the previous year;
 - For the remaining balance of all unexpended School Categories, appropriations after funding the emergency contingency and outstanding encumbrances, the School Board shall prepare a proposal, for the Board of Supervisors' consideration, for such unexpended funds to be re-appropriated for purposes limited to the following:
 - Major capital projects (it is expected that at least 50% of the funds will be allocated for such projects),
 - Minor capital projects,
 - Capital maintenance,
 - School safety and security,
 - Fleet replacements,
 - Technology replacements, and/ or
 - Comprehensive Services Act reserves.

Section 11 – Cash Management/Investments

- Maintaining the safety of the principal of the County's public investment is the highest priority in the County's cash management policy. The secondary and tertiary priorities are the maintenance of liquidity of the investment and optimization of the rate of return within the parameters of the Code of Virginia, respectively. Funds held for future capital projects are invested in accordance with these objectives, and in such a manner so as to ensure compliance with U.S. Treasury arbitrage regulations. The County maintains cash and temporary investments in several investment portfolios.
- The Treasurer, County of Roanoke (an elected Constitutional Officer) is responsible for maintaining and updating a separate investment policy, which is approved by the Board of Supervisors.



Section 12 – Internal Controls

1. A comprehensive system of financial internal controls shall be maintained in order to protect the County's assets and sustain the integrity of the County's financial systems.
2. Managers at all levels shall be responsible for implementing sound controls and for regularly monitoring and measuring their effectiveness.

4.0 Definitions

None

5.0 References

None

6.0 Approval

Department Head Signature

Laura Yeagheat

County Administrator Signature

Dixie Brum

Date Approved

10-14-2025