

Roane County Schools Finance Review

Executive Summary — July 9, 2025



Background

Due to declining enrollment, failure to approve a consolidation plan, lack of sufficient personnel action, and other operational decisions, Roane County Schools is out of compliance with W. Va. Code §118-26 and is facing a significant projected budget deficit for Fiscal Year 2026. After multiple conversations with the former superintendent, the treasurer, and the incoming superintendent, the State Superintendent of Schools informed Roane County Schools of her intention to recommend the West Virginia Board of Education (WVBE) declare a state of emergency and require the Roane County Superintendent and Roane County Board of Education to provide a comprehensive plan to address identified deficiencies.

Key Findings

- » Roane County Schools had an average building utilization rate of 45% for the 2024-2025 school year, which is among the lowest in the state.
- » October 1, 2024, certified data showed Roane County Schools employed 7.54 professional and 9.2 service positions over the funding formula. The cost of these positions must be covered entirely by local funds.
- » The West Virginia Department of Education (WVDE) Office of School Finance discovered there were significant financial issues when it was revealed that Roane County Schools had overspent \$600,000 on special education in Fiscal Year 2025 due to improper budgeting. A root cause of this improper budgeting was found to be inaccuracies in data certified by Roane County Schools and submitted to the WVDE.
- » During the subsequent review of this overspending, the Office of School Finance further found that going over budget on the construction of the new Spencer Middle School critically impacted the financial position of the school system. Furniture purchases for the school were initially encumbered against multiple federal programs, which were unaccounted for in the budgets for those programs. Additionally, Roane County Schools was obligated to provide \$2,550,010 in matching funds for the project, which did not include the cost of furnishing the school. Some purchases for the construction of the school appear to have been made without county board approval, as required by WVBE Policy 8200.
- » The WVDE Office of School Finance's review of Roane County Schools' finances revealed a potential deficit of as much as \$2.5 million for Fiscal Year 2025 and a potential deficit of as much as \$2.9 million for Fiscal Year 2026.
- » Roane County Schools has received technical assistance and support throughout the 2024-2025 school year, including a \$402,225 advance on their June allocation of the state aid formula funding to cover immediate expenses. These include payroll and training specific to reducing the deficit.
- » A portion of guidance provided by the WVDE staff was not implemented, leading to an overstatement of both revenue and corresponding expenditures in the initial proposed budget, approved by the Roane County Board of Education members on May 22, 2025, in accordance with W. Va. Code §18-5-4, 18-9B-6, 18-9B-6a.

- » On June 26, 2025, the WVDE Office of School Finance provided additional technical assistance on ways to avoid increasing the financial deficit. However, at the conclusion of this meeting, it was determined that the school district lacks the capacity to correct the deficit due to continued inefficient operations.
- » Unrestricted fund balance trends over the timeline presented above are as follows:
 - *FY ending 2022 - \$1,453,153;*
 - *FY ending 2023 - \$969,335;*
 - *FY ending 2024 - \$30,067;*
 - *FY ending 2025 - estimated to be a deficit of \$2.5 million; and*
 - *FY ending 2026 - estimated to be a deficit of \$2.9 million, based on the approved budget.*

Recommendations

- » The WVBE declares a State of Emergency in Roane County Schools.
- » Roane County Board of Education members and the superintendent will work with the WVDE staff to provide the WVBE with a comprehensive plan to address identified deficiencies within 60 days. Progress in achieving the goals of the plan will be reported to the WVBE at the December 2025 meeting. If progress in correcting these circumstances is not made, the WVBE may take any additional decisive action, up to and including immediate intervention in the operations of the county school system, to correct the circumstances and provide a thorough and efficient system of schools.

