NEWS

County funds grow as federal pandemic money dwindles

Audit shows occupational taxes support jail, 911, other operations

BY ROGER SMITH
MOUNTAIN CITIZEN

INEZ — Martin County Fiscal Court finished the 2024-25 fiscal year with $474,322 less across its accounts, but a closer look at the state audit shows that several major county funds gained money while federal pandemic relief funds were spent down.

The county ended the year June 30, 2025, with $5.77 million, compared with $6.24 million a year earlier.

The largest change came from the American Rescue Plan Act Fund, which declined nearly $2 million, from $2.15 million to $193,652.

The county spent $994,639 from the federal relief fund, including $628,450 on capital projects, $259,061 on health and sanitation and $80,619 on social services.

Another $992,239 was transferred to the General Fund.

Excluding the pandemic relief account, the county's remaining funds increased by approximately $1.49 million. However, that figure includes $1.3 million in new financing arranged for the Martin County Water District.

The audit shows occupational taxes continued to play a major role in financing county services.

The Occupational Tax Fund collected $2 million in taxes and nearly $570,000 in other receipts during the fiscal year.

Fiscal Court transferred $811,500 from the fund to other county accounts, including $510,000 to the Jail Fund, $250,000 to the General Fund and $50,000 to emergency 911 services.

The jail's dependence on the occupational tax revenue was particularly significant.

The Jail Fund collected just $86,737 in its own receipts while spending $556,772 during the year. The $510,000 occupational tax transfer amounted to more than 90% of the jail's annual spending.

Despite those transfers, the Occupational Tax Fund ended the year with $1.33 million, up $182,097 from the previous year.

The General Fund also gained money, increasing from $276,643 to $833,399.

However, that increase did not come from ordinary county revenue alone. The General Fund collected $1.3 million in receipts while spending $3.54 million.

It received nearly $1.5 million in transfers from other county funds, including federal pandemic relief money, occupational taxes and road funds.

The audit also recorded $1.3 million in financing proceeds for the Martin County Water District. However, the money went directly to the district.

Other county accounts finished the year with higher balances.

The Road Fund increased from $720,468 to $792,664, despite transferring $254,257 to the General Fund.

The Local Government Economic Assistance Fund grew from $752,620 to $1.16 million.

The emergency 911 fund increased from $145,686 to $216,098, aided by the $50,000 transfer from occupational taxes.

The county's opioid settlement account also increased, ending the year at $308,160, up from $143,354 a year earlier.

The fund received $322,996, including interest, and spent $158,190. Of that spending, $91,480 went toward social services.

The audit also provides a closer look at the county's $8 million in outstanding long-term debt.

The largest portion, $6.7 million, represents the remaining balance on financing for the county government center and earlier debts refinanced through the Kentucky Association of Counties in 2014.

The remaining $1.3 million involves financing arranged in March 2025 for generators for the Martin County Water District.

Under that agreement, the water district makes payments directly to the financing trustee. The $1.3 million principal is due April 20, 2027.

The county's debt increased from $7.08 million to $8 million during the fiscal year after the new financing and payments on existing obligations.

The audit also lists $2.28 million in future interest payments on the outstanding debt.

Together, the figures show how Martin County used federal relief money and transfers between county accounts to support spending while maintaining or increasing balances in several major funds.

They also show the substantial role occupational taxes play in financing county operations, particularly the jail. *(See related story: State audit gives county favorable financial review)*

State audit gives county favorable financial review

BY ROGER SMITH
MOUNTAIN CITIZEN

INEZ — Martin County Fiscal Court received a favorable state audit for the 2024-25 fiscal year, with auditors finding that the county accurately reported its finances and citing no violations of laws or regulations in their review.

State Auditor Allison Ball's report, signed June 25, 2026, showed the county collected $7.85 million and spent $9.62 million during the fiscal year ending June 30, 2025.

Fiscal Court finished the year with $5.77 million across its various funds, down $474,322 from $6.24 million the previous year.

The audit included one repeat finding concerning financial oversight, which auditors attributed to limited staffing and the lack of additional safeguards.

The largest decrease in county funds occurred in the federal pandemic relief account, which fell from $2.15 million to $193,652.

The county spent $994,639 from the fund, including $628,450 on capital projects, $259,061 on health and sanitation and $80,619 on social services. Another $992,239 was transferred to the General Fund.

Meanwhile, the General Fund ended the year with $833,399, up from $276,643.

The fund received nearly $1.5 million in transfers from other county accounts and $1.3 million in financing proceeds associated with the Martin County Water District.

Occupational taxes remained a major source of county revenue.

The Occupational Tax Fund collected just over $2 million in taxes and nearly $570,000 in other receipts during the year.

The county transferred $811,500 from the fund to other accounts, including $510,000 to the Jail Fund, $250,000 to the General Fund and $50,000 to emergency 911 services.

The Occupational Tax Fund finished the year with $1.33 million, up $182,097.

The Road Fund ended with $792,664, while the Local Government Economic Assistance Fund closed with $1.16 million.

The county's opioid settlement account also grew. The fund received $322,996, including interest, and spent $158,190, leaving $308,160 at the end of the fiscal year.

The audit also showed the county's outstanding long-term debt increased from $7.08 million to $8 million.

Of that amount, $6.7 million remained on financing for the county government center and earlier debts refinanced through the Kentucky Association of Counties in 2014.

The remaining $1.3 million involved financing arranged in March 2025 for generators for the Martin County Water District.

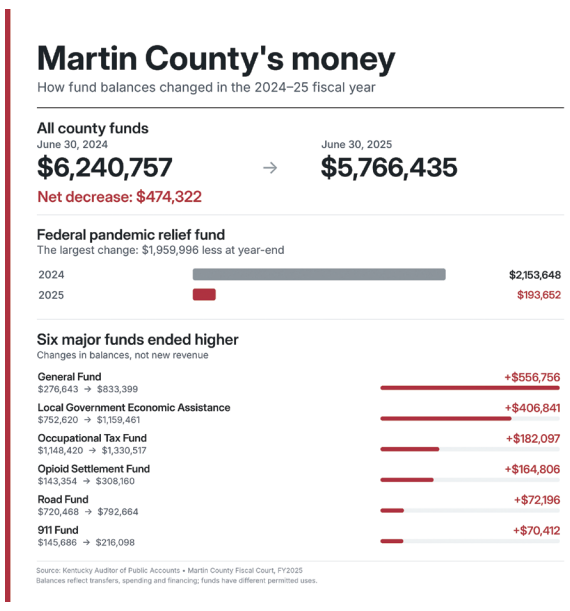
The water district makes payments directly to the lender. The $1.3 million borrowed is due in April 2027.

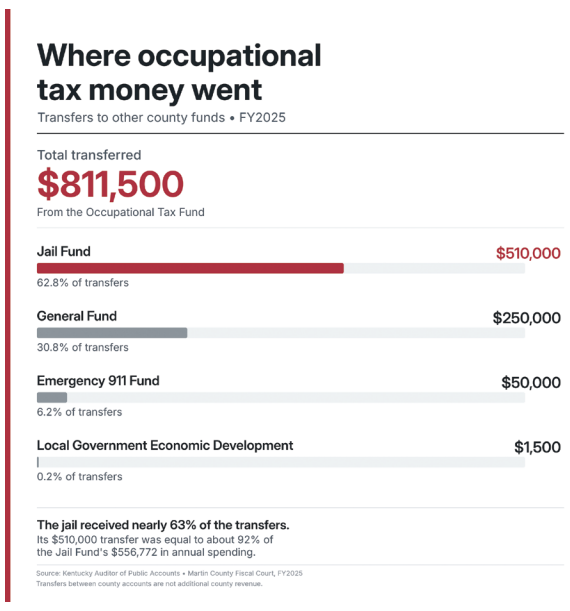
Auditors repeated a finding from the previous year's audit concerning the division of financial responsibilities among county employees. They found that the county treasurer handles most duties involving the receipt, deposit and recording of public money, along with preparing financial reports and balancing bank accounts, with limited independent review. The occupational tax department also collects money, records payments and makes deposits with minimal oversight.

Auditors attributed the situation to a limited budget that restricts the number of employees the county can hire and the lack of additional review procedures. They warned that having too few employees handle multiple financial responsibilities increases the risk of errors or misuse of funds going undetected.

The finding did not identify theft, fraud or missing money.

Auditors recommended dividing those responsibilities among employees or adding safeguards when staffing limitations prevent that separation. *(See related story: County funds grow as federal pandemic money dwindles)*





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