Aiken County (Including Municipalities) Capital Project Sales Tax Audit

May 1, 2019 - June 30, 2022

December 5, 2023

South Carolina Department of Revenue
300A Outlet Point Boulevard
Columbia, South Carolina 29210

I. INTRODUCTION

The South Carolina Department of Revenue (Department) conducted an audit of the Aiken County (and eight municipalities located in Aiken County) Capital Project Sales Tax. The Department has a duty to ensure public accountability and transparency regarding the expenditures of the Capital Project Sales Tax revenue collected, by utilizing its authority as the administrator of the tax.

II. AUDIT OBJECTIVE & SCOPE

The purpose of this audit was to perform an independent and objective compliance audit of the Aiken County Capital Project Sales Tax. The eight municipalities audited here are Town of Burnettown, Town of Jackson, Town of Monetta, City of New Ellenton, Town of Perry, Town of Salley, Town of Wagener, and Town of Windsor. The City of Aiken and the City of North Augusta (also located in Aiken County) were audited individually and separately. The audit scope included review of the expenditures and collection of the sales tax revenue for the period from May 1, 2019 to June 30, 2022.

III. BACKGROUND

The Capital Project Sales Tax Act (SC Code Section 4-10-300) empowers counties to impose, pursuant to a referendum, a sales and use tax not to exceed 1% within its jurisdiction for a specific purpose or purposes and for a specific period of time. The revenue from the tax is to be used to pay for capital projects provided in the resolution and included in the referendum question directly, to service general obligation bond debt incurred by the county for such improvements, or a combination of these purposes.

In the 2018 General Election Aiken County voters approved a referendum on the imposition of the 1% Sales and Use tax for a period of seven years (May 1, 2019 through June 30, 2026) to raise funds for specified capital improvements in Aiken County.

IV. AUDIT SUMMARY

As noted in the 2018 referendum, all revenue received from the sales and use tax would be used to pay the costs of the capital projects.

To verify collections, we compared the deposit amounts indicated on the South Carolina State Treasurer's Collections Report for Aiken County to the South Carolina Department of Revenue's Allocation Report. We also verified these funds were accounted for in the Aiken County Capital Penny Tax Local Government Investment Pool (LGIP) accounts. To verify expenses, we reconciled the withdrawals indicated on the LGIP statements (since all CPST expenses were paid from the LGIP accounts) to the capital project transactions indicated on the individual general ledgers and vendor payments indicated on supporting documentation. No bonds related to the CPST were issued, therefore, the county did not have any debt service payments.

V. TAX COLLECTION

Aiken County and the eight municipalities audited here collected $35,008,611.67 in 1% Capital Project Sales and Use Tax for the audit period. Below is a list of the projects as approved by the 2018 referendum that reflects the actual expenditures from May 2019 through June 30, 2022. (**<u>For informational purposes only</u>**):

Aiken County (Including Eight Municipalities) Capital Projects			
Project	**Original Budget**	**Actual Expenditures**	**Budget Variance**
Aiken County			
1. Construction of a new Emergency Medical Services station in Wagener	$ 200,000	$ -	$ 200,000
2. Renovations and improvements to Emergency Medical Services Substations	110,000	-	110,000
3. Renovations and roof replacement on the Emergency Medical Services Headquarters/York Street Annex	325,000	-	325,000
4. Replacement emergency medical equipment	750,000	749,662	338
5. Equipment shelter for emergency management vehicles and equipment	200,000	-	200,000
6. Firefighter Training Center/Burn Tower	2,000,000	-	2,000,000
7. Assist volunteer fire departments in the construction of additional stations	500,000	150,000	350,000
8. Purchase of fire tanker trucks for use by volunteer fire departments	1,550,000	1,384,286	165,714
9. Judicial Center/Court House renovations, including heating, air conditioning and ventilation system replacements	1,500,000	-	1,500,000
10. Aiken County Library renovations including heating, air conditioning and ventilation system replacements	1,000,000	992,145	7,855
11. Renovations and improvements to the Nancy Carson Library	280,000	-	280,000
12. Renovations and improvements to the Midland Valley, New Ellenton and Wagener Branch libraries	68,500	-	68,500
13. Renovations and improvements to the Belvedere and Jackson Beach Island-New Ellenton Magistrates offices as well as Central Traffic Court improvements	435,000	57,566	377,434
14. Renovations and improvements at the Savannah River Research Campus (see referendum for complete list)	2,768,000	462,060	2,305,940
** 15. Enclosure of the rear wing and additional storage at the Aiken County Animal Shelter	470,000	522,895	(52,895)
16. Roof replacements throughout the County Parks system	400,000	-	400,000
17. Fencing replacements and additions throughout the County Parks system	250,000	149,079	100,921
18. Grounds and infrastructure improvements throughout the County Parks system	400,000	-	400,000
19. Langley Pond Park improvements	250,000	-	250,000
20. Harrison-Carver Park improvements	315,000	-	315,000
21. Roy Warner Memorial Park improvements and building renovations	230,000	-	230,000
22. Buildings and grounds improvements at the Graniteville Recreation Center	125,000	-	125,000
23. Boyd Pond Park improvements	180,000	-	180,000
24. New building replacing the of Graniteville Recreation Center, new shelters and splash pad	1,750,000	-	1,750,000

Aiken County (Including Eight Municipalities) Capital Projects			
Project	Original Budget	Actual Expenditures	Budget Variance
25. Renovations at the Aiken County Detention Center including roof replacement and including heating, air conditioning and ventilation system replacements	3,600,000	111,575	3,488,425
26. New law enforcement center for the Aiken County Sherriff's Office	11,000,000	-	11,000,000
27. County-related Whiskey Road Drainage and road improvements	9,000,000	-	9,000,000
28. Wellington Rd (Road No. C-2025) Bridge repair	645,000	-	645,000
29. Establish a new Langley Drop Off/Recycling Center	408,000	-	408,000
30. Establish a new Graniteville Drop Off/Recycling Center	390,000	150,276	239,724
31. Landfill waste grinder to extend the life of the County landfill	650,000	-	650,000
32. Land purchases for County Drop Off/Recycling Center	80,000	10,830	69,170
33. County EMS replacement ambulances and other emergency equipment	4,000,000	-	4,000,000
34. Replacement vehicles for the Aiken County Sherriff's Office	4,500,000	313,573	4,186,427
35. County heavy equipment and other vehicle replacement	7,300,000	519,082	6,780,918
36. Development of a new County Public Works Facility	1,900,000	1,108,284	791,716
37. Renovations to the Aiken County Historical Museum	65,000	-	65,000
38. Renovations to the Kitchings Mill Historic Library	50,000	-	50,000
39. County Pictometry Land Mapping Program	750,000	283,619	466,381
40. County Computer Assisted Mass Appraisal software	800,000	290,000	510,000
41. Paving County dirt roads (see referendum for complete list)	9,355,000	153,079	9,201,921
42. Resurfacing of County paved roads (see referendum for complete list)	4,750,000	2,341,809	2,408,191
Total	**$ 75,299,500**	**$ 9,749,820**	**$ 65,549,680**

Aiken County (Including Eight Municipalities) Capital Projects			
Project	**Original Budget**	**Actual Expenditures**	**Budget Variance**
Town of Burnettown			
1. Water line and tank upgrades	$ 500,000	$ 343,253	$ 156,747
2. Equipment for Water Works Department	200,000	124,675	75,325
3. Police car replacement, upgrades and police equipment	200,000	82,524	117,476
4. Water Works vehicle replacement and upgrades	100,000	99,318	682
5. Town Hall/Police Department upgrades and security	150,000	52,875	97,125
Police Department, Museum, Sassafras Park, computer upgrades	120,000	24,273	95,727
7. Emergence generator for water wells	100,000	96,054	3,946
parks	100,000	16,262	83,738
upgrades	200,000	54,791	145,209
10. Parks and Recreation renovations including purchasing, removing and installing signage, fencing, concessions and improvements to Willie Whaley Park	100,000	18,685	81,315
11. Maintenance shop upgrades	63,612	-	63,612
Total	**$ 1,833,612**	**$ 912,710**	**$ 920,902**
Town of Jackson			
1. Police vehicles, equipment and infrastructure	$ 125,000	$ -	$ 125,000
infrastructure	339,868	77,030	262,838
3. Fire department vehicles, equipment and building improvements	305,000	305,000	-
4. Municipal buildings and grounds improvements	90,000	27,973	62,027
5. Sanitation equipment and vehicles	65,000	-	65,000
6. Street maintenance equipment, landscaping and signage	85,000	-	85,000
7. Park improvements and equipment	35,000	-	35,000
8. Property purchase and improvements for economic development	20,000	-	20,000
Total	**$ 1,064,868**	**$ 410,004**	**$ 654,864**
Town of Monetta			
1. Playground equipment	$ 25,000	$ 22,750	$ 2,250
2. Backhoe	25,000	25,000	-
3. Equipment shed and fencing	25,000	25,000	-
4. Community Center renovations	1,868	1,868	-
Total	**$ 76,868**	**$ 74,618**	**$ 2,250**
City of New Ellington			
1. Public works vehicles and equipment and facility improvements	$ 258,584	$ 162,697	$ 95,887
2. Sewer plant rehabilitations, installation of new sewer lines, long-term right-of-way maintenance and upkeep development of as-built drawings and grant match	350,000	69,369	280,631
3. Community Center upgrades	30,000	15,525	14,475
4. Police equipment, vehicles and call stations	300,000	161,476	138,524
5. Announcer's booth, concession stand, playground equipment and tennis court for recreation	160,000	143,958	16,042
resurfacing, sidewalk construction and vehicles for streets department	420,000	110,300	309,700
7. Fire department vehicle	30,000	29,937	63
Total	**$ 1,548,584.00**	**$ 693,261**	**$ 855,323**
Town of Perry			
1. Water service vehicle	$ 45,000	$ 39,116	$ 5,884
2. Walking track lighting	55,000	53,625	1,375
system	10,000	6,825	3,175
4. Security system in Town Hall	8,611	3,445	5,166
Total	**$ 118,611**	**$ 103,011**	**$ 15,600**
City of Salley			
1. Backhoe attachment for tractor	$ 5,000	$ -	$ 5,000
2. New commercial lawn mower	6,000	6,000	-
3. Renovations to Civic Center	155,056	-	155,056
4. Electrical and water upgrades to festival vendor area	35,000	-	35,000
5. Emergency generators	15,000	-	15,000
6. Town Hall improvements and upgrades	4,500	2,219	2,281
7. Replace a Town pickup truck	15,000	13,500	1,500
Total	**$ 235,556**	**$ 21,719**	**$ 213,837**

Aiken County (Including Eight Municipalities) Capital Projects			
Project	**Original Budget**	**Actual Expenditures**	**Budget Variance**
City of Wagener			
1. Water/sewer system infrastructure upgrades and improvements	$ 350,000	$ 159,130	$ 190,870
2. Town park and facility improvements including improved lighting	284,240	280,630	3,610
3. Vehicle and equipment replacement for the police department	100,000	89,654	10,346
4. Improvements and renovations of the fire department	50,000	-	50,000
5. New construction and/or renovations of Town Hall	200,000	162,081	37,919
Total	**$ 984,240**	**$ 691,495**	**$ 292,745**
City of Windsor			
* 1. Renovations of Town Hall	$ 65,000	$ 48,400	$ 16,600
2. Renovations and repair of recreation park	22,527	4,500	18,027
Total	**$ 87,527**	**$ 52,900**	**$ 34,627**
Overall Total	**$ 81,249,366**	**$ 12,709,538**	**$ 68,539,828**
* Overage paid for with interest earned from LGIP account.			
** Council committed $210,000 of anticipated surplus or unused CPST funds to this project on resolution 21-07-150.			

VI. CONCLUSION

For the audit period, this audit concludes that with the exception of two recommendations, Aiken County and the eight municipalities audited here are in compliance with the Capital Projects Sales and Use Tax Act and the 2018 referendum. The Capital Project Sales and Use Tax revenue was used for projects listed on the 2018 referendum or to service general obligation bond debt incurred by the county for those projects.

VIII. RECOMMENDATION

Although Aiken county and the eight municipalities audited here are in compliance with the Capital Projects Sales and Use Tax Act and the 2018 referendum, we recommend Town of Burnettown, City of New Ellenton, and Town of Wagener perform timely (weekly, biweekly, monthly) withdrawals from the LGIP account for the exact amount of the capital project expenses to make for a cleaner audit trail and make it easier to identify related expenses paid from the LGIP account. This process would make for a better audit trail in order to match invoice payments to individual LGIP withdrawals.

Also, we recommend that Aiken County and all its municipalities create an operating expense account specifically for the authorized capital improvement projects. Currently, Aiken County, Town of Monetta, Town of Perry, and Town of Windsor pays expenses whether related to authorized capital projects or regular operating expenses from the same account. Having a separate account where the capital project expenses are not comingled with other routine expenses, would make for a better audit trail in order to identify all transactions related to those projects.