



Aiken County Public School District Education Capital Improvement Tax Audit

July 1, 2017-June 30, 2020

July 7, 2021

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 Public School District (ACPSD) Education Capital Improvement Tax. The Department has a duty to ensure public accountability and transparency regarding the expenditures of the Education Capital Improvement 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 Public School District Education Capital Improvement Tax. The audit scope included review of the expenditures and collection of the sales tax revenue for the period from July 1, 2017 to June 30, 2020.

III. BACKGROUND

The Education Capital Improvements Sales and Use Tax Act (SC Code Section 4-10-420) empowers counties to impose, pursuant to a referendum, a sales and use tax not to exceed 1% within its jurisdiction for specific education capital improvements for a specific period of time. The revenue from the tax is to be used to pay for those capital improvements provided in the resolution and included in the referendum question directly, to service general obligation bond debt incurred by the school districts for such improvements, or a combination of these purposes.

In the 2014 General Election, Aiken County voters approved a referendum on to impose a 1% Sales and Use tax for a period of ten years (March 1, 2015 to February 28, 2025).

IV. AUDIT SUMMARY

In summary, we obtained reasonable assurance that Aiken County Public School District expended the Education Capital Improvement Tax revenue in accordance with the Education Capital Improvement Tax Act and the 2014 referendum. As noted in the 2014 referendum, all revenue received from the sales and use tax would be used to pay the costs of the education capital improvement projects and to pay debt service on general obligation bonds, if any, issued by Aiken County Public School District to fund the education capital improvement projects.

We reviewed the South Carolina Office of State Treasurer Local Government Investment Pool (LGIP) statements for the ACPSD One Cent Sales Tax Account #2303. This account was used solely for deposits of the 1% Aiken County Education Capital Improvements Sales & Use tax revenue and to pay down debt service. The transactions were verified against the South Carolina Department of Revenue's School District Allocation Report, Regions Bank Debt Service Invoices and ACPSD draw requests. As of June 30, 2020 the balance of this LGIP account was \$28,825,582.

The LGIP for ACPSD Aiken County School Bond #2332/#2356 (bond account) is the account for the general obligation bonds issued by the School District to fund the capital projects. This account was used to pay expenses for the approved projects or to pay debt service on the general obligation bonds. The transactions of the bond account were verified against ACPSD Budget Report by Fund,

ACPSD draw requests and the account reconciliation. As of June 30, 2020 the balance of the LGIP account was \$35,484,504.

V. TAX COLLECTION AND PROJECT EXPENSES

ACPSD collected \$66,333,329 in 1% Education Capital Improvements Sales and use Tax for the audit period. Bond proceeds including bond premium used to fund the approved projects was \$142,564,696. Below is a list of the ACPSD projects as approved by the referendum that reflects the actual expenditures through June 2020:

Aiken County Public School District Capital Improvement Projects			
Project	Total Expenditures Paid ⁽¹⁾ (July 2017-June 2020)	Total Expenditures Paid ⁽²⁾ (Inception-June 2020) (Unaudited)	Total Expenditures Paid ⁽³⁾ (Inception-June 2020) (Unaudited)
Aiken High School	\$30,985,183	\$54,557,985	\$56,042,285
North Augusta High School	33,726,173	55,448,980	57,229,286
Leavelle-McCapmbell Middle School	-	-	-
Ridge Spring Monetta Campuses	4,522,973	4,783,911	4,783,911
Aiken County Career & Technology Center	23,944	23,944	23,944
Total	\$69,258,273	\$114,814,821	\$118,079,426

(1) Paid with Bond/Penny Tax Funds

(2) Paid with Bond/Penny Tax Funds

(3) Paid with Bond/Penny Tax Funds & Self Funding

VI. FINDINGS

During the audit, we discovered that the accounting of the project expenditures to the correlating claims/transfers (from the School Bond LGIP to the District’s General Fund LGIP) on the “Expenditures to Draw” reconciliation did not match. It was determined that an excess of \$644,327 was transferred. Subsequent to the audit period, the excess transfer was corrected on 10/30/20. To avoid this situation in the future, the ACPSD Chief Financial Officer stated that claims and expenditures are now being reconciled monthly.

VII. CONCLUSION

For the audit period, this audit concludes Aiken County Public School District is in compliance with the Education Capital Improvements Sales and Use Tax Act and the 2014 referendum. The Education Capital Improvements Sales and Use Tax revenue was used for projects listed on the 2014 referendum, to service general obligation bond debt incurred by the district for those projects and to reduce property taxes by providing a credit against existing debt service millage within Aiken County on general obligation bonds of the School District.