Aiken County – City of North Augusta
Capital Project Sales Tax Audit

May 1, 2019 - June 30, 2022

November 30, 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 City of North Augusta 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 City of North Augusta Capital Project Sales Tax. 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 reimposition 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 the City of North Augusta.

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 include the City of North Augusta and all other municipalities located in the County) to the South Carolina Department of Revenue's Allocation Report. We also verified these funds were accounted for in the City of North Augusta Capital Penny Tax Local Government Investment Pool (LGIP) account (number 2643). To verify expenses, we reconciled the withdrawal indicated on the LGIP statement (for account number 2704) to the capital project transactions indicated on the City's general ledger and vendor payments indicated on supporting documentation. As of June 30, 2022, the City of North Augusta holds three LGIP accounts: 1) account number 2643 with a balance of $9,947,572.46 for penny tax collections, 2) account number 2703 with a balance of $113,925.60 for debt service payments, and 3) account number 2704 with a balance of $9,381,389.17 for vendor payments. Debt service on the general obligation bond was verified against the Debt Service Schedule and the payments from the City of North Augusta checking account.

V. TAX COLLECTION

City of North Augusta collected $13,239,472.32 in 1% Capital Project Sales and Use Tax for the audit period. Bond proceeds in the amount of $381,517 were used to fund the design, development and construction of a new Department of Public Safety headquarters station and related fire apparatus. Below is a list of the City of North Augusta projects as approved by the 2018 referendum that reflects the actual expenditures from May 2019 through June 30, 2022 (**For informational purposes only**):

Aiken County - City of North Augusta Capital Projects			
Project	**Original Budget**	**Actual Expenditures**	**Budget Variance**
City of North Augusta			
1. Design, development and construction of a new Department of Public Safety headquarters station and related fire apparatus	$ 11,500,000	$ 381,517	$ 11,118,483
2. Martintown Road/US 1 Intersection design and improvements	2,000,000	-	2,000,000
3. Downtown pedestrian and vehicular traffic safety improvements	300,000	-	300,000
4. Placing utilities underground along Georgia Avenue	700,000	-	700,000
5. Reconstruction of specific (see referendum for complete list and other special instructions) City of North Augusta roads	3,000,000	-	3,000,000
6. Resurfacing of specific (see referendum for complete list and other special instructions) City of North Augusta roads	1,450,000	-	1,450,000
7. New Savannah Bluff Lock and Dam improvements	500,000	-	500,000
8. Activities Center improvements	700,000	-	700,000
9. Park improvements including ballpark fields, lighting and playground equipment for Creighton Park	1,500,000	-	1,500,000
10. Community Center upgrades	150,000	-	150,000
11. Greenway improvements and increased connectivity	650,000	-	650,000
12. Downtown Greeneway connector	900,000	-	900,000
13. Wastewater infrastructure improvements to the Southwest interceptor, the Southeast interceptor and Northeast interceptor	3,500,000	-	3,500,000
14. Storm water system improvements (see referendum for complete list)	1,500,000	-	1,500,000
15. Gateway and wayfinding improvements including at the US 1/Marintown Road intersection, East Buena Vista/US 1 intersection Edgefield Road/Georgia Avenue intersection and I-20 and Marintown interchange	1,250,000	-	1,250,000
16. Software and technology to develop a citizens information portal, improved recording keeping, transaction processing, accounting and financial reporting	575,000	-	575,000
17. Safety and security improvements for the Municipal Building	425,000	-	425,000
18. Finance Department lobby improvements for citizen transactions	100,000	-	100,000
Total	**$ 30,700,000**	**$ 381,517**	**$ 30,318,483**

VI. CONCLUSION

For the audit period, this audit concludes that with the exception of one recommendation, the City of North Augusta is 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 the City of North Augusta is in compliance with the Capital Projects Sales and Use Tax Act and the 2018 referendum, we recommend that the City of North Augusta create an operating expense account specifically for the authorized capital improvement projects. Currently, the City of North Augusta 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.