



Charleston County School District Education Capital Improvement Tax Audit

March 1, 2017-June 30, 2020

April 19, 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 Charleston County School District (CCSD) 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 Charleston County School District Education Capital Improvement Tax. The audit scope included review of the expenditures of the sales tax revenue collected for the period from March 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, Charleston County voters approved a referendum on the reimposition of the 1% Sales and Use tax for a period of six calendar years (December 31, 2016-December 31, 2022).

IV. AUDIT SUMMARY

In summary we obtained reasonable assurance that Charleston County 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 Charleston County 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 CCSD One Cent Sales Tax Account #585. The transactions were verified against CCSD General Investment Account statements and their ledger balance sheets. This account was solely used for deposits of the 1% Charleston County Education Sales & Use tax revenue and to fund the capital projects. As of June 30, 2020 the balance of this LGIP account was \$106,954,542.06

The LGIP for CCSD BAN Series 2015C Account #584 is the account for the general obligation bonds issued by the School District to fund the capital projects. The transactions of the BAN account were verified against CCSD General Investment Account statements and their ledger balance sheets. This account was solely used to pay expenses for the approved projects or to pay

debt service on the general obligation bonds. As of June 30, 2020 the balance of the LGIP account was \$63,733.77.

V. PROJECT STATUS

Below is a list of the approved projects per CCSD as approved by the referendum that reflects the budgeted cost, actual expenditures and budget variance as of June 30, 2020:

Charleston County School District Capital Improvement Projects						
Project	Budgeted Cost		Actual Expenditures (Inception-June 2020)		Budget Variance	
CAPITAL BUILDING PROJECTS						
District 4 Land	\$	6,436,500	\$	6,340,276	\$	96,224
Burns ES		25,395,559		24,680,892		714,667
C E Williams MS		51,941,734		41,683,142		10,258,592
New Carolina Park (Sewee Academy)		37,286,879		37,266,645		20,234
New CAS @ West Ashley		40,763,723		14,165,920		26,597,803
New Lucy Garrett Beckham HS (East Cooper HS)		103,969,321		84,722,057		19,247,264
New Camp Road MS (Ft. Johnson MS)		49,088,153		35,394,704		13,693,449
James Simons Montessori School Upfit		2,041,164		2,041,164		-
Murray LA-Saine Montessori School Upfit		937,354		937,354		-
District 2 Stadium		15,856,086		14,775,310		1,080,776
District 4 Stadium		21,856,086		16,453,674		5,402,412
Dunston ES		28,420,068		26,490,076		1,929,992
St James Santee		1,857,321		1,848,099		9,222
Mitchell ES		10,978,520		210,879		10,767,641
Haut Gap MS (Expansion)		7,923,628		452,871		7,470,757
Baptist Hill (CTE)		8,496,420		332,284		8,164,136
New Cooper River Center for Advanced Studies		38,763,723		22,475,827		16,287,896
James Island Charter HS		20,047,733		1,011,457		19,036,276
Lincoln HS		477,327		228,590		248,737
Moultrie MS		12,640,966		10,779,138		1,861,828
Stoney Field		4,136,915		2,053,533		2,083,382
Hursey Montessori School		7,828,162		312,678		7,515,484
CMFEE-Cumming 2017-2022 Early Out		2,478,900		2,478,898		2
CMFEE-Cumming 2017-202 Contract Adjustment to Contracts (projects not started)		19,459,273		13,479,289		5,979,984
		(136,038)		-		(136,038)
Total	\$	518,945,477	\$	360,614,757	\$	158,330,720

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Charleston County School District Capital Improvement Projects

Project	Budgeted Cost	Actual Expenditures (Inception-June 2020)	Budget Variance
CAPITAL MAINTENANCE PROJECTS			
HVAC	\$ 37,745,106	\$ 25,622,675	\$ 12,122,431
Roofing	13,604,317	10,389,764	3,214,553
Plumbing & Restrooms	1,885,660	1,586,604	299,056
Exterior Enclosure	1,604,117	1,604,118	(1)
Parking Lots & Sidewalks	1,496,770	1,496,770	-
Electrical	720,269	576,501	143,768
Painting	2,645,528	2,645,529	(1)
Doors & Hardware	1,618,362	1,617,021	1,341
Elevators	79,286	79,286	-
Flooring	1,440,725	1,440,723	2
Fire Sprinkler & Alarms	2,443,508	2,244,247	199,261
CMFEE-Cumming 2017-2022 Early Out	505,487	505,488	(1)
CMFEE-Cumming 2017-202 Contract	9,387,106	4,868,542	4,518,564
Adjustment to Contracts (projects not st	(4,055,484)	-	(4,055,484)
FM Project Management	3,155,682	2,359,803	795,879
Total	\$ 74,276,439	\$ 57,037,071	\$ 17,239,368
TECHNOLOGY REPLACEMENTS & UPGRADE PROJECTS			
Technology Infrastructure	\$ 3,124,000	\$ 2,990,283	\$ 133,717
Classroom Display Software			
Replacements	270,000	170,415	99,585
Project/Bulb Replacement	50,000	39,848	10,152
Document Camera Replacements	40,000	36,325	3,675
Classroom Display Technology			
Replacements	12,136,349	8,285,847	3,850,502
Replace End of Life Printers	300,000	133,333	166,667
Student Mobile Devices-Upgrades &			
Replacements	4,048,279	1,017,849	3,030,430
Technology Backfill	330,000	211,116	118,884
Tech Project management	1,077,531	364,179	713,352
Project Contingency	174,466		
Total	\$ 21,550,625	\$ 13,249,195	\$ 8,301,430
PROGRAM CONTINGENCY / MANAGEMENT			
Program Management Office (PMO)	\$ 2,068,078	\$ 1,857,405	\$ 210,673
Capital Projects Accounting	791,783	666,603	125,180
Construction Procurement	592,144	546,990	45,154
IT Project Mangement	999,614	930,036	69,578
Bond Fund Admin	640,281	582,678	57,603
Program Contingency-BAN-Fund #584	6,134	-	6,134
Program Contingency-BAN-Fund #585	5,765,761	-	5,765,761
Total	\$ 10,863,795	\$ 4,583,712	\$ 6,280,083
Total 2017-2022 Capital Program	\$ 625,636,336	\$ 435,484,735	\$ 190,151,601

VI. CONCLUSION

For the audit period, this audit concludes Charleston County 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 only for projects listed on the 2014 referendum or to service general obligation bond debt incurred by the district for those projects.

VII. RECOMMENDATIONS

Although Charleston County School District is in compliance with the Education Capital Improvements Sales and Use Tax Act and the 2014 referendum, we recommend that CCSD make changes to the transfer of funds process to increase transparency and aid in understanding of when and how the tax revenue is spent. First, we recommend sweeping from the LGIP accounts for the exact amount of the capital projects' weekly expenses to make it easier to identify related expense transactions.

A second recommendation is to create an operating expense account specifically for the authorized capital improvement projects. Currently there is one operations expense account from which all District expenses are paid. In other words, CCSD pays all expenses whether related to authorized capital improvement projects or regular operating expenses from the same account. Having a separate account where the capital improvement project expenses are not comingled with other routine expenses, would make for a cleaner audit trail and make it easier to identify all transactions related to those projects.