# Dillon County School District

## One Percent Sales and Use Tax Audit

*July 1, 2018-June 30, 2023*

May 13, 2024

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 Dillon County School District's One Percent Sales and Use Tax. The Department has a duty to ensure public accountability and transparency regarding the expenditures of the One Percent Sales and Use 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 Dillon County School District's One Percent Sales and Use Tax. The audit scope included review of the expenditures and collection of the sales tax revenue for the period from July 1, 2018 to June 30, 2023.

## III. BACKGROUND

The One Percent Sales and Use Tax Act (Act 137 of 2007) empowers Dillon County 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 improvements provided in the resolution and included in the referendum question directly, to service general obligation debt incurred by the School District, or a combination of these purposes.

In the 2007 General Election, Dillon County voters approved a referendum on the imposition of the One Percent Sales and Use tax for a period of 40 years beginning October 1, 2008.

## IV. AUDIT SUMMARY

As noted in the 2007 referendum, all revenue received from the sales and use tax would be used to pay the costs of the capital improvement projects and to pay debt service on general obligation debt, if any, issued by Dillon County School District.

To verify collections, we compared Dillon County School District's Collection Reports to the South Carolina Department of Revenue's Allocation Report. We verified these funds were accounted for in Dillon County's LOST account. To verify expenses, we reviewed transactions on the Detail Account Inquiry by Fund for each project. We compared these transactions to the supporting invoices.

## V. TAX COLLECTION

Dillon County School District collected $17,515,396 in One Percent Sales and Use Tax for the audit period and total of $40,656,720 from October 2008 through July 2023. Below is a list of the Dillon County School District's Capital Improvement Projects as approved in the 2007 referendum that reflects the actual expenditures from June 2008 through July 2023. (**For informational purposes only**):

| Dillon County School District Projects (FY2008-FY2023) | | | | |
|---|---|---|---|---|
| **Project** | **Original Budget** | **Amended Budget** | **Actual Expenditures** | **Budget Variance** |
| PHASE I [1] | | | | |
| Lake View Elementary School | $ 2,283,168 | $ - | $ 352,235 | $ 1,930,933 |
| Lake View High School [2] | $ 4,966,901 | $ - | $ 6,038,531 | $ (1,071,630) |
| Dillon Middle School [2] | $ 24,550,812 | $ - | $ 29,091,703 | $ (4,540,891) |
| Latta Early Childhood Center | $ 16,213,093 | $ - | $ 16,119,623 | $ 93,470 |
| **Subtotal** | **$ 48,013,974** | **$ -** | **$ 51,602,092** | **$ (3,588,118)** |
| PHASE II [1] | | | | |
| Lake View Elementary School [2] | $ 3,256,707 | $ 69,000 | $ 3,955,135 | $ (629,428) |
| Lake View High School | $ 3,055,817 | $ - | $ 2,305,465 | $ 750,352 |
| East Elementary School [3] | $ 5,850 | $ - | $ 5,850 | $ - |
| Dillon District Office and Auditorium | $ 12,419,417 | $ (202,134) | $ 10,654,675 | $ 1,562,608 |
| Latta Early Childhood Center (400 Wing) | $ 4,427,146 | $ (794,382) | $ 2,846,217 | $ 786,546 |
| **Subtotal** | **$ 23,164,937** | **$ (927,516)** | **$ 19,767,342** | **$ 2,470,079** |
| **Total** | **$ 71,178,911** | **$ (927,516)** | **$ 71,369,434** | **$ (1,118,039)** |

**All above projects have been completed**

(1) Phases based on available funding from USDA loans, grants and sales tax collections

(2) Overages approved by Dillon County School Board and Dillon County School Facilities Corp.

(3) East Elementary School expense was for a study. DCSD currently completing an Elementary School in Dillon that will replace East Elementary School, South Elementary School and Stewart Heights Elementary School

## VI. CONCLUSION

For the audit period, this audit concludes Dillon County School District's One Percent Sales and Use tax records are in compliance with the School District Sales and Use Tax Act and the 2007 referendum. The School District Sales and Use Tax revenue was used for capital improvements listed on the 2007 referendum or to service general obligation debt for the projects listed on the referendum.