Coastal Carolina University
Education Capital Improvements Sales and Use Tax Audit

July 1, 2017-June 30, 2022

June 21, 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 Coastal Carolina University's Education Capital Improvements Sales and Use Tax. The Department has a duty to ensure public accountability and transparency regarding the expenditures of the Education Capital Improvements Sale 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 Coastal Carolina University's Education Capital Improvements 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, 2017 to June 30, 2022.

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 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 bond debt incurred by the University, or a combination of these purposes.

In the 2009 General Election, Horry County voters approved a referendum on the imposition of the 1% Sales and Use tax for a period of fifteen years beginning May 1, 2009.

IV. AUDIT SUMMARY

As noted in the 2009 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 Coastal Carolina University.

To verify collections and that the funds were accounted for, we compared the State Treasurer's Office Collections report for Coastal Carolina University to Coastal Carolina University's Sales Tax Special Fund account on the General Ledger. To verify expenses, we reviewed withdrawals from the Sales Tax Special Fund account on the General Ledger. We compared these withdrawals to the supporting invoices and additional documentation for the capital projects.

V. TAX COLLECTION

Coastal Carolina University collected $61,684,069 in 1% Education Capital Improvements Sales and Use Tax for the audit period. Below is a list of the Coastal Carolina University's Education Capital Improvement Projects as approved in the 2009 referendum that reflects the actual expenditures from May 2009 through June 2022. (**For informational purposes only**):

Coastal Carolina University Education Capital Improvement Projects				
Project	**Original Budget**	**Actual Expenditures**		**Budget Variance**
Science Annex II	$ 18,000,000	$ 14,720,895		$ 3,279,105
Penny Hall	18,000,000	15,713,879		2,286,121
Thompson Library	21,800,000	13,925,421	*	7,874,579
Thompson Library Land Donation	10,000	2,500		7,500
Total	**$ 57,810,000**	**$ 44,362,695**		**$ 13,447,305**

*Open Project - expenditures as of 5/31/2023

VI. CONCLUSION

For the audit period, this audit concludes Coastal Carolina University's Education Capital Improvements records are in compliance with the Education Capital Improvements Sales and Use Tax Act and the 2009 referendum. The Education Capital Improvements Sales and Use Tax revenue was used for capital improvements listed on the 2009 referendum or to service general obligation bond debt.