



Lee County Capital Projects Sales Tax Audit

May 1, 2013-June 30, 2021

October 6, 2022

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 Lee County Capital Projects Sales Tax. The Department has a duty to ensure public accountability and transparency regarding the expenditures of the Capital Projects 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 Lee County Capital Projects Sales Tax. The audit scope included review of the expenditures and collection of the sales tax revenue for the period from May 1, 2013 to June 30, 2021.

III. BACKGROUND

The Capital Projects 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 2012 General Election Lee County voters approved a referendum on the imposition of the 1% Sales and Use tax for a period of eight years beginning May 1, 2013 through June 30, 2021.

IV. AUDIT SUMMARY

As noted in the 2012 referendum, all revenue received from the sales and use tax would be used to pay the costs of the capital projects and to pay debt service on general obligation bonds, if any, issued by Lee County to fund the capital projects.

To verify collections, we compared the South Carolina State Treasurer's Collections Report for Lee County to the South Carolina Department of Revenue's Allocation Report. We verified these funds were accounted for in the Lee County Capital Penny Tax Receipts Account. To verify expenses, we reviewed a selection of capital project transactions from the general ledger and verified supporting invoices and payments from the Lee County Capital Penny Tax Receipts account. Debt service on the general obligation bonds was verified against the Debt Service Schedule and the payments from the Lee County Capital Penny Debt Service Account.

V. TAX COLLECTION

Lee County collected \$7,342,339.90 in 1% Capital Projects Sales and Use Tax for the audit period. Bond proceeds including bond premium used to fund the approved projects was \$4,935,000. Below is a list of the Lee County projects as approved by the 2012 referendum that reflects the actual expenditures from May 2013 through September 2022 (**For informational purposes only**):

Lee County Capital Projects				
Project	Budgeted Cost	Actual Expenditures	Budget Variance	
Spring Hill Rural Fire Station	\$ 85,000	\$ 84,860	\$ 140	
Fire Engine	475,000	475,000	-	
Fire Rescue Truck	400,000	400,000	-	
Ambulance w/lift stretcher & 12-lead monitor	170,000	166,618	3,382	
6 Sheriff Office's Vehicles	195,000	190,662	4,338	
Sheriff's Office Property Room	25,000	25,000	-	
Transportation Initiative: 4 buses, 1 transfer station, etc.	140,000	98,589	41,411	
Bathrooms: Garret Park, Lynchburg Park, etc.	150,000	149,999	1	
Fire Tanker	340,000	340,000	-	
Existing Fire Station Repairs	60,000	60,000	-	
Chappell Park Community Center	500,000	500,000	-	
Animal Shelter	300,000	300,000	-	
Lucknow Rural Fire Station	90,000	87,554	2,447	
Fire Engine	475,000	475,000	-	
Sheds, Grills, Tables: Elliot Park, Chuchwoo	60,000	46,318	13,682	
Splash Pads: Garrett Park, Chappell Park, Ly	120,000	120,000	-	
Fire Tanker	340,000	340,000	-	
Transportation Initiative: 2 buses, 30 signs, e	60,000	-	60,000	
Fire Engine	475,000	475,000	-	
Ambulance w/lift stretcher & 12-lead monitor	170,000	165,000	5,000	
3 Sheriff Office's Vehicles	100,000	100,000	-	
Baseball Field Improvements/Irrigation: Chap	75,000	44,777	30,223	
Transportation Initiative: 3 buses, 15 signs an	85,000	-	85,000	
Upgrade EMS Headquarters	600,000	44,575	555,425	
Upgrade Recreation Facilities	195,000		195,000	
3 Sheriff's Office Vehicles	100,000		100,000	
Ambulance w/lift stretcher & 12-lead monitor	170,000		170,000	
Fire Engine	475,000		475,000	
Total	\$ 6,430,000	\$ 4,688,951	\$ 1,741,049	

Bishopville Capital Projects				
Project	Original Budgeted Cost	Actual Expenditures	Budget Variance	
Street, Ray Street, etc.	\$ 600,000	\$ 600,000	\$ -	
3 Police Cars	100,000	100,000	-	
Playground Equipment: Dennis High Park and Grammar School Park	130,000	107,514	22,486	
Sidewalks: Davis Street & S. Lee Street	150,000	41,049	108,951	
3 Police Cars	100,000	95,093	4,907	
Repair & Upgrade City Hall	60,000	54,884	5,116	
City Hall Generator & Auto Switch Gear	35,000		35,000	
Repair & Upgrade Police Department	40,000		40,000	
Police Department Generator & Auto Switch Gear	35,000		35,000	
3 Police Cars	100,000		100,000	
20 Mobile, Crime-Prevention Cameras	40,000		40,000	
Repair & Upgrade Old Fire Station	15,000		15,000	
3 Police Cars	100,000		100,000	
Total	\$ 1,505,000	\$ 998,540	\$ 506,460	
Lynchburg Capital Projects				
Project	Original Budgeted Cost	Actual Expenditures	Budget Variance	
3 Bullet-Proof Vests	\$ 2,100	\$ 2,100	\$ -	
Repair & Update Police Station	65,000	65,000	-	
Repair & Update Town Hall	20,000	19,995	5	
5 Police Department Radios	20,000	-	20,000	
Repair & Update Town Center	65,000	-	65,000	
Repair & Update Town Warehouse	15,000	-	15,000	
3 Police Department In-Service Cameras	6,500	-	6,500	
2 Police Department Bullet-Proof Vests	1,500	-	1,500	
Total	\$ 195,100	\$ 87,095	\$ 108,005	
Overall Total	\$ 8,130,100	\$ 5,774,586	\$ 2,355,514	

VI. CONCLUSION

For the audit period, this audit concludes Lee County is in compliance with the Capital Projects Sales and Use Tax Act and the 2012 referendum. The Capital Projects Sales and Use Tax revenue was used for projects listed on the 2012 referendum or to service general obligation bond debt incurred by the county for those projects.