



# Saluda County Capital Projects Sales Tax Audit

*May 1, 2019-June 30, 2023*

December 18, 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 Saluda 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 Saluda 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, 2019 to June 30, 2023.

## **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 2018 General Election Saluda County voters approved a referendum on the imposition of the 1% Sales and Use tax for a period of eight years beginning May 1, 2019 through June 30, 2023.

## **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 and to pay debt service on general obligation bonds, if any, issued by Saluda County to fund the capital projects.

To verify collections, we compared the South Carolina State Treasurer's CPST records for Saluda County to the South Carolina Department of Revenue's Allocation Report. We verified these funds were accounted for in the Saluda County Treasurer General Fund Account. To verify expenses, we reviewed a selection of capital project transactions from the general ledger and verified supporting invoices.

## V. TAX COLLECTION

Saluda County collected \$5,359,571 in 1% Capital Projects Sales and Use Tax for the audit period. Below is a list of the Saluda County projects as approved by the 2018 referendum that reflects the actual expenditures from May 2019 through June 2023 (**For informational purposes only**):

Saluda County Capital Projects				
Project Name	Original Budget	Actual Expenditures	Variance	Project Status
(1) Saluda County Library	\$ 125,000	\$ 125,500	\$ (500)	Completed
(2) Saluda County Animal Shelter	125,000	110,067	14,933	Completed
(3) Ridge Spring Downtown Revitalization and Economic Development	175,000	175,000	-	Completed
(4) Reconstruction of Bathrooms at Brooks Royston Park	50,000	66,435	(16,435)	Completed
(5) Saluda County Detention Center	8,434,304	-	8,434,304	*Started Sept 2024
<b>Total</b>	<b>\$ 8,909,304</b>	<b>\$ 477,002</b>	<b>\$ 8,432,302</b>	

## VI. CONCLUSION

For the audit period, this audit concludes Saluda County is in compliance with the Capital Projects Sales and Use Tax Act and the 2018 referendum. The Capital Projects Sales and Use Tax revenue was used only for projects listed on the 2018 referendum.

## VII. RECOMMENDATION

We recommend that Saluda County create an operating expense account specifically for the authorized capital improvement projects. Currently, Saluda County 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.