

State of South Carolina

SENATE

DISTRICT NO. 45
MARGIE BRIGHT MATTHEWS
VICE-CHAIR, JOINT DELEGATION

DISTRICT NO. 40
C. BRAD HUTTO



HOUSE OF REPRESENTATIVES

DISTRICT NO. 122
WILLIAM WINSTON "BILL" HAGER

Hampton County Legislative Delegation

November 15, 2023

The Honorable Henry McMaster
Office of the Governor
The State House
1100 Gervais Street
Columbia, South Carolina 29201

Dear Governor McMaster:

The Hampton County Legislative Delegation write to you today, in two parts, to bring to your attention an escalating situation in Hampton County and to request your assistance. These issues have been ongoing and hidden for two years; however, the enormity and gravity of the issues are of very serious concern. The previous and current Hampton County Treasurers' have done great damage to the financial security of Hampton County, to the community and the employees for which they serve. The misappropriation of the "penny sales tax" revenue, the misspending of South Carolina Department of Education funds, and the overall lack of financial accountability has impacted the county's fiscal soundness and integrity. This situation has escalated to a crisis level whereby the County is not able to pay its vendors and employees.

The issues we have been apprised of thus far are as follows: (1) the "penny sales tax" monies collected for the county's "recreation complex and other building projects" have been misappropriated, misused, and depleted. This money has been used to pay the County's general expenses; (2) monies transmitted from the South Carolina Department of Education for the Hampton County Consolidated School District has not been released or transmitted for the School District to pay its vendors; and (3) the County Treasurer has refused to respond to questions and requests from a group of citizens, named the Citizens for Active Restoration, as well as the Hampton County Council. There may be additional issues that could possibly be uncovered through a thorough forensic audit and investigation.

Based in part on issues revealed at the Hampton County Council meeting on Monday, November 6, letters submitted by the Citizens for Active Restoration (Attachments), and the excerpt provided below from an article published in the *Post and Courier's* "Uncovered: Shedding light on questionable government conduct series," Representative Bill Hager and I are exceedingly concerned regarding the financial well-being of Hampton County.

"Lewis delivered her findings several months later, in January 2022. The government had misspent at least \$4.6 million, she said. Most of it came from the sales tax fund, which was only supposed to pay for construction projects. The money somehow ended up in the catch-all general fund, where it would have paid for everyday expenses, Lewis said. But no one could say who put it there or why. All they knew for certain is that it was gone.

The county's books were such a mess that the problem had apparently gone unnoticed as it piled up.

It had been obscured by at least two decades of bad accounting, during which time many transactions were recorded in handwritten ledgers, she said. The county kept a dizzying number of separate accounts, and it lost track of its spending in a flurry of transfers between them. The county had piled up deficits, but they were hidden in special-use accounts."

The obvious dereliction of duties by Hampton County Treasurers have had an increasingly adverse impact on the operation and management of Hampton County and the Hampton County School District.

The Citizens for Active Restoration have solicited help from various state agencies including: the State Ethics Commission, the State Law Enforcement Division, the SC Attorney General's Office, the State Auditor, and the SC Department of Revenue (SCDOR). SCDOR has agreed to audit some of the misspent money; but its review will only cover the sales tax funds that were diverted. There appears to be a lot more to this issue than misspent funds. However, the County has no resources to determine culpability.

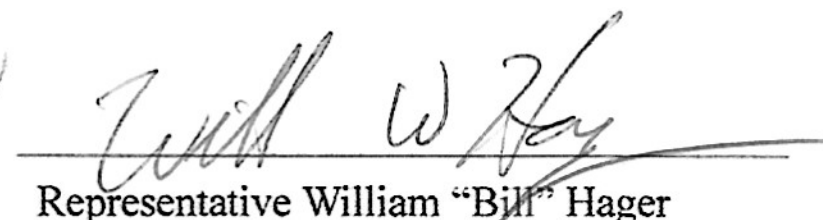
Given, there is no state agency with direct authority to oversee county governments and their fiscal spending and/or handling of funds, we are requesting a full-scale audit and investigation to be conducted by any of the following state agencies: the Office of the Governor's Ombudsman, the Inspector General's Office, the South Carolina Treasurer's Office, SC Department of Revenue, and/or SLED. This audit and investigation would assist the Hampton County Council in

determining who in the County Treasurer's Office bears responsibility for the misspending and mis appropriation of funds.

Regrettably, at this juncture, the County lacks the funds to hire an independent, forensic accountant to determine when and how the County's financial stability began to erode. It very clear that the State should mandate minimal, level of education requirements for all counties' financial leadership (i.e., treasurers, auditors, etc.). But that can be dealt with in upcoming legislative sessions. For now, it is imperative that action is taken immediately. We humbly request your assistance in this matter.

Respectfully yours,


Senator Margie Bright Matthews


Representative William "Bill" Hager


Senator Brad Hutto

Attachments

Cc: Alan Wilson
South Carolina Attorney General's Office
Representative Bill Hager
Senator Brad Hutto