

**From:** [Linguard, Christie](#)  
**Subject:** Meeting Notice - The Commission of the SCDDSN - Finance & Audit Committee Meeting - October 12, 2022  
**Date:** Monday, October 10, 2022 2:36:44 PM  
**Attachments:** [Finance and Audit Committee Meeting Packet - October 2022.pdf](#)

**Everyone,**

**The South Carolina Commission on Disabilities and Special Needs will hold an in-person Finance & Audit Committee meeting on Wednesday, October 12, 2022, at 3:30 p.m. The Committee Meetings are held at the SC Department of Disabilities and Special Needs Central Administrative Office, 3440 Harden Street Extension, Columbia, SC. This meeting can also be viewed via a live audio stream at <https://ddsn.sc.gov>.**

**Please see the attached meeting material for the Finance & Audit Committee Meeting.**

**For further information or assistance, contact (803) 898-9769 or (803) 898-9600.**

**Thank you.**

## FINANCE AND AUDIT COMMITTEE AGENDA

**Commission of the South Carolina Department of Disabilities and Special Needs  
3440 Harden Street Extension  
Conference Room 251 (TEAMS)  
Columbia, South Carolina**

**October 12, 2022**

**3:30 p.m.**

1. Call to Order *Robin Blackwood, Committee Chair*
2. Statement of Announcement *Robin Blackwood, Committee Chair*
3. Invocation *Robin Blackwood, Committee Chair*
4. Adoption of the Agenda
5. Review Minutes from the September Meeting **Pages 2-4**
6. Financial Approval & Threshold Report **Page 5** *Valerie Duncan*
7. Sale of Landrum I and II **Pages 6-84** *Andrew Tharin*
8. CPIP Project Status/Move Up on List **Page 85** *Andrew Tharin*
7. 275-05-DD: General Duties of the Internal Audit Division **Pages 86-94** *Courtney Crosby*
8. Financial Update – Budget vs. Actuals through September 2022 **Page 95** *Quincy Swygert*
9. Chief Financial Update – Budget Submission Update *Quincy Swygert*  
FY22 Cost Report Update
10. Internal Audit Update *Courtney Crosby*
11. Next Meeting Date – November 9, 2022 @ 3:30 PM
11. Adjournment

## FINANCE AND AUDIT COMMITTEE AGENDA

Commission of the South Carolina Department of Disabilities and Special Needs  
3440 Harden Street Extension  
Conference Room 251 (TEAMS)  
Columbia, South Carolina

September 7, 2022

3:30 p.m.

In attendance: Robin Blackwood, Chair; Ed Miller; Michelle Woodhead; Michelle Fry; Lori Manos; Nancy Rumbaugh; Courtney Crosby; Janet Priest; Andrew Tharin; Greg Meetze; Preston Southern; and Kimberly Cochran.

1. Call to Order *Robin Blackwood, Committee Chair*

The meeting was called to order at 3:30 p.m.

2. Statement of Announcement *Robin Blackwood, Committee Chair*

Commissioner Blackwood read a statement of announcement about the meeting that was distributed to the appropriate media, interested persons, and posted at the Central Office and on the website in accordance with the Freedom of Information Act.

3. Invocation *Robin Blackwood, Committee Chair*

Commissioner Blackwood gave the invocation.

4. Adoption of the Agenda

Brief Summary: Agenda was presented.

Committee Member(s) Guidance (if any): None

Committee Vote(s) (if any): Commissioner Miller made a motion to approve the agenda as written; seconded by Commissioner Woodhead. The agenda was unanimously approved by the committee.

5. Review Minutes of the August 10, 2022 Meeting

Brief Summary: The August 10, 2022 minutes were presented to the committee for approval.

Committee Member(s) Guidance (if any): None

Committee Vote(s) (if any): Commissioner Miller made a motion to approve the minutes as written; seconded by Commissioner Woodhead. The minutes were unanimously approved by the committee.

6. Whitten Center Transfer

*Robin Blackwood, Committee Chair*

Brief Summary: Commissioner Blackwood briefed the Committee on what has taken place regarding the current tabled motion that has been tabled by the full Commission.

Committee Member(s) Guidance (if any): Commissioner Blackwood feels that the proceeds would not be limited to the Whitten Center but would be made available to any Regional Center based on the capital improvement needs of each Center at the present time of the said sale. From an audit standpoint, the Internal Audit division would look for any donor restrictions, if any.

Commissioner Miller stated that General Counsel should give the motion in writing to the full Commission on next week for voting purposes.

Committee Vote(s) (if any): None

7. Financial Update

*Nancy Rumbaugh*

Ms. Rumbaugh presented the FY23 Spending plan vs Actual Expenditures as of August 31, 2022. To date, the Agency has expended \$140.2 million, which is 14.94% of the Agency's approved spending plan of \$938.5 million. The Agency is 1.73% under budget.

8. Internal Audit

*Courtney Crosby*

Ms. Crosby began with the Agreed Upon Procedures (AUP) Report; IA has completed 35 of the 40 Board reports with five (5) still in process. The review is complete for seven (7) of the nine (9) private providers with a year end of June 30<sup>th</sup>. The review is complete for two (2) of the three (3) private providers with a September 30<sup>th</sup> year end; IA still has not received the third review. Of the 33 reports with a December 31<sup>st</sup> year end, IA has completed 25 with six (6) still in process.

Ms. Crosby mentioned that on last week an executive memo was issued regarding extension requests for audit reports, cost reports and RoAAPs. In July, the audit directives were updated to reflect the reporting deadlines that were in place prior to COVID-19. For Boards, reports are to be filed with DDSN by September 30<sup>th</sup>; for Contracted Service Providers, required reports are to be filed with DDSN within 90 calendar days of the year end audited.

The audit directives include a provision for extensions in the event of extenuating circumstances that are beyond the control of the DSN Board, QPL or auditor. Extension requests should be received at least fifteen (15) calendar days prior to the due date of the report and will be evaluated on a case-by-case basis. However, to ensure timely reporting to DHHS, extensions of time to file audit reports and cost reports to DDSN will only be approved in cases of extenuating circumstances as outlined in the executive memo.

Lastly, the FY23 Audit Plan included carryforward hours for two (2) FY 22 audits and one (1) FY22 TAV. The fieldwork is complete for the Interpreter Services and Coastal Autism Homes audits. The workpapers are currently under review, and the reporting phase will begin. Once reports are finalized, IA will provide a copy of the reports and brief the committee on audit results.

IA has initiated an audit of Williamsburg County DSN Board, which was included in the FY23 audit plan approved in August.

9. Chief Financial Update

*Nancy Rumbaugh*

Ms. Rumbaugh began by stating that that the FY24 Legislative Budget Proposal is due to EOB on September 23, 2022. She and her team are still working on this proposal and will present to the Commission next week.

FY20 Cost Reports have been sent to SC Department of Health and Human Services; we are waiting to hear back from them. We are now beginning to work on FY22 Cost Reports. The reports are due date to DHHS on December 1, 2022.

Dr. Harley Davis announced that the agency's Traumatic Brain Injury Grant proposal was funded by the Administration of Community Living (ACL), a division of the United States Department of Health and Human Services. We are now working on outlining the goals for this grant. The total grant award is \$800,000 for a period of four years.

10. Next Meeting Date and Time: October 12, 2022 at 3:30 p.m.

11. Adjournment

There being no further business, at 3:52 p.m. the meeting was adjourned.

The purpose of this monthly report is to ensure staff comprehensively reports on all Executive Limitation Policy (800-CP-03) financial transactions for approval and financial threshold reporting requirements. The Finance and Audit Committee will decide which items require presentation to the Commission for a formal vote, as well as which items need only be reported via this monthly report to the Commission to ensure transparent reporting. After the Finance and Audit Committee’s decisions, this report will highlight item wording in red to notify Commission this will not need a formal vote and highlight items in yellow indicating item will require a formal Commission vote to approve.

I. **New Non-Service Contracts \$200,000 or Greater:**

**Solicitation 5400022621- SC DDSN Strategic Planning:** A consulting firm was solicited on 03/09/2022 for long-range strategic planning. The contract period for this were established as a (1) year contract with (4) renewals. There were seven (7) proposals submitted. The contract was awarded to Sage Squirrel Consulting LLC in the amount of \$ 283,180.00.

II. **Existing Service Contracts Increasing \$200,000 or Greater (simple list if based on indiv. choice; detail summary if not):**

None

III. **\$200,000 or Greater Increase in Personnel Positions for a Program or Division:**

None

IV. **New CPIP or Re-Scoping of an Existing CPIP:**

- 1) **Pee Dee Center Mulberry and Pecan Roof Replacements** – The scope of this project is to provide complete roof replacement to the Mulberry Dorms (seven buildings), and replacement of the shingle portions of the roofs on the Pecan Dorms (five buildings). Pee Dee Center has many roofs approaching 20-years-old on buildings throughout campus, and we expect to see many roofing replacements there in the next couple of years. These particular roofs were last replaced in 2002, and are in need of replacement. Due to ongoing maintenance issues they were identified as a project to prioritize in order to address these existing problems and go get a good jump on roof replacements at Pee Dee which will be a need over the next several years. **Estimated Cost: \$850,000 - \$950,000**
- 2) **Pee Dee-Pecan Dorms-Bathroom Renovations** – The scope of this project is to perform a large scale bathroom renovation to the Pecan Dorms. There are five Pecan Dorms that consist of nine large gang bathrooms, ten individual bathrooms, and five staff bathrooms. Due to outdated and deteriorated conditions, these bathrooms will be demo’ed down to the block walls and slabs and be provided with complete new finishes, plumbing fixtures, ceiling grids, and toilet partitions. This project was identified in order to aid in our efforts to beautify our facilities. We also expect to see many similar projects at other Regional Centers in the Near future. **Estimated Cost: \$750,000 - \$950,000**
- 3) **Midlands-Walnut Bathroom Renovations** – The scope for this project includes the complete renovation of three resident bathrooms and three staff bathrooms. Walnut has a total of four resident bathrooms. One of the resident bathrooms has been bid out in a separate project and is not included in this scope. The bathrooms included in this project will be demo’ed down to the block walls and slabs and be provided with complete new finishes, plumbing fixtures, doors, paint, and toilet partitions. This project was identified in order to prepare Walnut as a new triage facility. **Estimated Cost: \$200,000 - \$245,000.**

V. **New Consulting Contract:**

None

VI. **New Federal Grant:**

None

(NOTE: In July of each year, a report of all prior FY non-service expenditures by vendor over \$200,000 will be presented as a “post-payment” review. This will add visibility for expenditures from contracts originated in prior FYs and vendors with separate purchases aggregating over \$200,000 in current FY.)

## **Consideration of Surplus Properties:**

### **Disposition of 710 & 722 S. Bomar Avenue, Landrum 29356**

#### **Need approval from Commission to surplus 710 & 722 S. Bomar Avenue (two former CRCF's) in Spartanburg County**

- Upon approval by Commission, the department will work with staff at the Department of Administration and the State Fiscal Accountability Authority to complete the approval to put these two facilities on state surplus.
- An MAI full appraisal of 710 & 722 S. Bomar Avenue was finalized March 30, 2022, and summarized the “as-is” market value of the fee simple estate for each home at \$270,000, so the total value was appraised at \$540,000. The appraiser deemed the “highest and best use” for each home to be offered as two individual homes, rather than as a multi-family package.
- Once the properties are fully approved as surplus properties by all involved parties, the Department of Administration will move forward with using the state-contracted realtor (CBRE) for marketing and selling the properties. The properties have to be sold at or above the appraised value, unless extraordinary circumstances merit otherwise (per advice of Department of Administration).
- Previously known as Landrum I/II, these are two vacant former 8-bed CRCF's constructed around 1991 by the department across four lots totaling 2.50 acres. Each home is 3103 heated square feet, and has 4 bedrooms (originally two individuals to a room) and 2.5 bathrooms, along with typical community areas and a garage.
- The Charles Lea Center operated these homes until fully vacating them in the fall of 2021, due to various deficiencies of the houses themselves and a shift from the 8-bed setting, much less the two homes not only being next door to each other but also sharing a driveway in the middle.
- No replacement homes were needed as Charles Lea Center absorbed the beds within its system to the maximum benefit of each individual formerly served in these residential settings.
- Proceeds from the eventual sale(s) of 710 & 722 S. Bomar Avenue in Landrum will be split between the department and the state, per Proviso 93.15.

**AN APPRAISAL REPORT**

OF



**SUBJECT PROPERTY**  
**2-SINGLE FAMILY RESIDENCES**  
**LOCATED AT 710/722 S. BOMAR AVENUE**  
**LANDRUM, SC 29356**

**DATE OF INSPECTION**  
**JANUARY 26, 2022**

**DATE OF REPORT**  
**MARCH 30, 2022**

**PREPARED FOR**  
**SOUTH CAROLINA DEPARTMENT OF DISABILITIES AND SPECIAL NEEDS**  
**ATTN: MS. VICKI WILKES**  
**3440 HARDEN STREET EXTENSION**  
**COLUMBIA, SC 29203**

**PREPARED BY**  
**ROBERT R. ELLIOTT, JR, MAI, SRA**



## ELLIOTT VALUATION & CONSULTING SERVICES, LLC

Rob Elliott, MAI, SRA  
Certified General  
Real Property Appraiser

P.O. Box 5022  
Spartanburg, SC 29304  
Phone: (864) 707-5200

March 30, 2022

South Carolina Department of Disabilities and Special Needs  
Attn: Ms. Vicki Wilkes  
3440 Harden Street Extension  
Columbia, SC 29203

**RE: 710/722 S. Bomar Avenue, Landrum, SC 29356**

Ms. Wilkes,

At your request, we have completed an appraisal report on the above referenced property. I have made the necessary inspection of available photographs and provided data and the analysis to appraise the above referenced property.

The purpose of the following appraisal report is to develop an opinion of market value of the Fee Simple Estate of the As Is condition, as of January 26, 2022. The intended use of this appraisal is to establish market value for the South Carolina Department of Disabilities and Special Needs and-or participants. The intended users of this report is the South Carolina Department of Disabilities and Special Needs and-or affiliates. **This report is not intended for use by any other party.**

I have made a site visit to the subject and have performed the necessary investigation and analysis to form and support a credible opinion of market value as it relates to the interests disclosed above. The report in its entirety including all general and extraordinary assumptions and limiting conditions is inseparable from this letter of transmittal.

The property is valued based on the market value definition that is defined in the body of this report. The report is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practical Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).

Based on all the analysis and conclusions in this report, the appraiser estimates that the "As Is" Market Value of the Fee Simple Estate for the subject property, identified as 710 S. Bomar Avenue, Landrum, SC 29356 (1-08-10-011.00 & 1-08-10-010.00), subject to the Extraordinary Assumptions, General Assumptions and General Limiting Conditions, as of January 26, 2022, is:

**TWO HUNDRED SEVENTY THOUSAND DOLLARS**

**\$270,000**

Based on all the analysis and conclusions in this report, the appraiser estimates that the "As Is" Market Value of the Fee Simple Estate for the subject property, identified as 722 S. Bomar Avenue, Landrum, SC 29356 (1-08-10-009.00 & P/O 1-08-10-008.00), subject to the Extraordinary Assumptions, General Assumptions and General Limiting Conditions, as of January 26, 2022, is:

**TWO HUNDRED SEVENTY THOUSAND DOLLARS**

**\$270,000**

Respectfully submitted,



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**Robert R. Elliott, Jr., MAI, SRA  
South Carolina CG 4745**

**EVCS 108-22**

**Extraordinary Assumptions:**

- The subject is comprised of four tax map numbers. The client provided a plat map dated June 6, 1974. The report assumes this document remains accurate and correct. If this is found to be untrue, it could alter the results stated in this report.
- The highest and best use later in the report determines that the property is best served to be offered as two individual homes rather than as a package multi-family application. Each of the improvements is accessed through 1-08-10-010.00. The client has requested that this parcel be attributed to 710 S. Bomar Avenue. The report assumes that an easement or access agreement would be recorded for 722 S. Bomar Avenue. If this is found to be untrue, it could alter the results stated in this report.
- The client has provided the original site plan that illustrates the improvement of 722 S. Bomar Avenue is located on 1-08-10-008.00 and 1-08-10-009.00. Spartanburg County GIS illustrates that parcel 1-08-10-008.00 is a vacant lot. The report has relied on the information sent by the client and this parcel is not considered excess land. If this is found to be untrue, it could alter the results stated in this report.

FRONT VIEW OF 710 S. BOMAR AVENUE



FRONT/SIDE VIEW OF 710 S. BOMAR AVENUE



**REAR VIEW OF 710 S. BOMAR AVENUE**



**REAR VIEW OF 710 S. BOMAR AVENUE**



**KITCHEN – 710 S. BOMAR AVENUE**



**BREAKFAST AREA – 710 S. BOMAR AVENUE**



**HALF BATHROOM – 710 S. BOMAR AVENUE**



**TYPICAL BEDROOM – 710 S. BOMAR AVENUE**



**TYPICAL BATHROOM – 710 S. BOMAR AVENUE**



**RECREATIONAL/MULTI-PURPOSE ROOM – 710 S. BOMAR AVENUE**





OFFICE – 710 S. BOMAR AVENUE



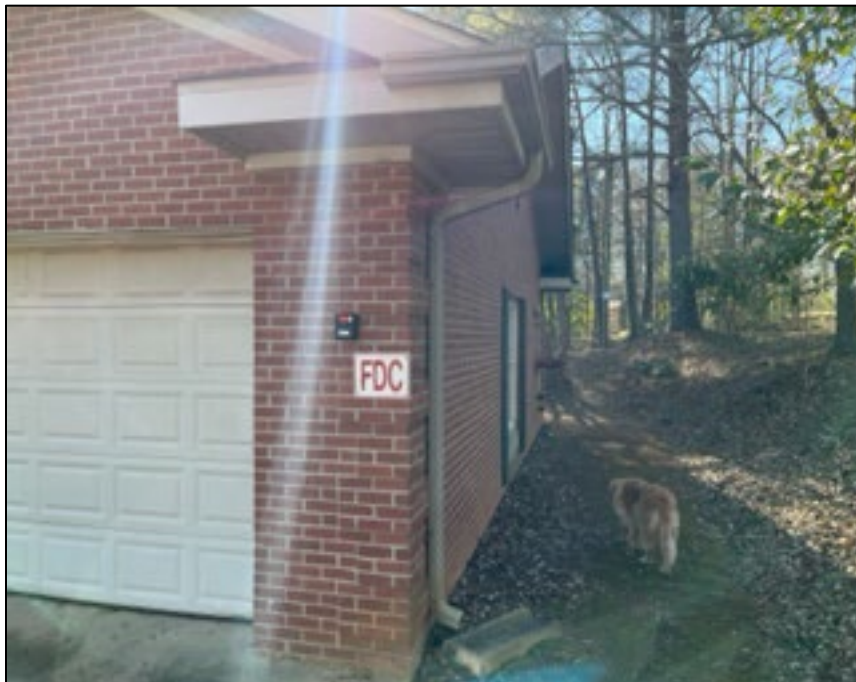
SHARED DRIVEWAY



FRONT VIEW – 722 S. BOMAR AVENUE



SIDE VIEW – 722 S. BOMAR AVENUE



REAR VIEW – 722 S. BOMAR AVENUE



REAR VIEW – 722 S. BOMAR AVENUE



SIDE VIEW – 722 S. BOMAR AVENUE



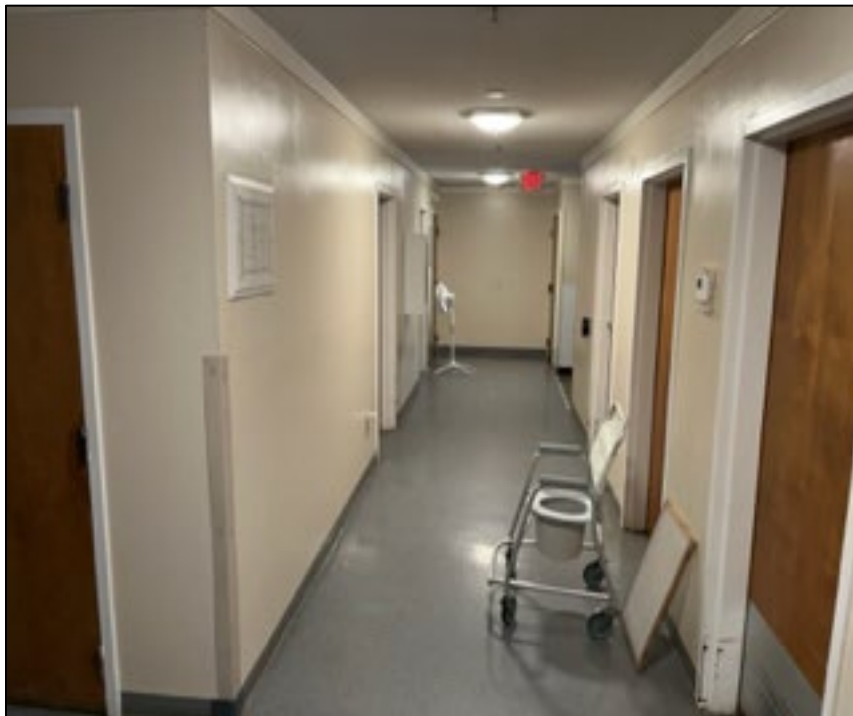
DEN – 7220 S. BOMAR AVENUE



TYPICAL BEDROOM – 722 S. BOMAR AVENUE



BEDROOMS/BATHROOMS CORRIDOR – 722 S. BOMAR AVENUE



TYPICAL RESTROOM – 722 S. BOMAR AVENUE



RECREATIONAL/MULTI-PURPOSE ROOM – 722 S. BOMAR AVENUE



**TYPICAL RESTROOM – 722 S. BOMAR AVENUE**



**KITCHEN – 722 S. BOMAR AVENUE**



**STREET SCENE**



**STREET SCENE**





**SUMMARY OF SALIENT FACTS AND CONCLUSIONS:**

<b>PROPERTY TYPE:</b>	2-Single Family Residences that total at 3,103 SF (each)
<b>LOCATION:</b>	710/722 S. Bomar Avenue, Landrum, SC 29356
<b>OWNERSHIP:</b>	South Carolina Department of Disabilities and Special Needs
<b>IDENTIFICATION:</b>	Further identified by Spartanburg County as tax map numbers: <b>1-08-10-008.00, 1-08-10-009.00, 1-08-10-010.00, 1-08-10-011.00</b>
<b>DATE OF INSPECTION:</b>	January 26, 2022
<b>PROPERTY RIGHTS APPRAISED:</b>	Fee Simple
<b>SITE SIZE:</b>	2.50-Acres (Total)
<b>IMPROVEMENTS:</b>	Two existing single-family residences with pertinent site improvements.
<b>ZONING:</b>	R-1, Single Family Residential District (City of Landrum)
<b>HIGHEST AND BEST USE:</b>	
<b>VACANT:</b>	Residential
<b>AS IMPROVED:</b>	Continued use as presently improved

**MARKET VALUE:****As Is Market Value (Fee Simple) – January 26, 2022 (710 S. Bomar Avenue)**

<b>Cost Less Depreciation Approach</b>	N/A
<b>Sales Comparison Approach</b>	\$270,000
<b>Income Capitalization Approach</b>	N/A

**As Is Market Value (Fee Simple) – January 26, 2022 (722 S. Bomar Avenue)**

<b>Cost Less Depreciation Approach</b>	N/A
<b>Sales Comparison Approach</b>	\$270,000
<b>Income Capitalization Approach</b>	N/A

**DATE OF INSPECTION:** January 26, 2022

**DATE OF REPORT:** March 30, 2022

**EFFECTIVE DATE OF VALUE:** January 26, 2022

## **CERTIFICATION OF THE APPRAISER**

- I certify that, to the best of our knowledge and belief, the statements of fact contained in this report are true and correct.
- I have made a personal inspection of the property that is the subject of this report. I inspected the property on the interior and exterior of each improvement on January 26, 2022.
- I have no present or contemplated future interest in the property that is the subject of this report and have no personal interest or bias with respect to the parties involved.
- The compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of this report.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- I have no bias with respect to the property that is the subject of this report to the parties involved with this assignment
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- My analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported appraisal/valuation analyses are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions. We do not authorize the out-of-text quoting from or partial reprinting of this appraisal/valuation analysis report. Neither all nor any part of this appraisal/valuation analysis report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the appraiser/analyst signing this appraisal/valuation analysis report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- As of the date of this report, Robert R. Elliott, Jr., MAI, SRA, has completed the continuing education program of the Appraisal Institute.

Based on all the analysis and conclusions in this report, the appraiser estimates that the "**As Is**" Market Value of the Fee Simple Estate for the subject property, identified as 710 S. Bomar Avenue, Landrum, SC 29356 (1-08-10-011.00 & 1-08-10-010.00), subject to the Extraordinary Assumptions, General Assumptions and General Limiting Conditions, as of January 26, 2022, is:

**TWO HUNDRED SEVENTY THOUSAND DOLLARS**

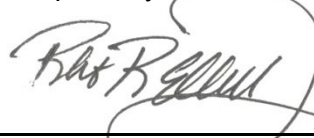
**\$270,000**

Based on all the analysis and conclusions in this report, the appraiser estimates that the "**As Is**" Market Value of the Fee Simple Estate for the subject property, identified as 722 S. Bomar Avenue, Landrum, SC 29356 (1-08-10-009.00 & P/O 1-08-10-008.00), subject to the Extraordinary Assumptions, General Assumptions and General Limiting Conditions, as of January 26, 2022, is:

**TWO HUNDRED SEVENTY THOUSAND DOLLARS**

**\$270,000**

Respectfully submitted,



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**Robert R. Elliott, Jr., MAI, SRA  
South Carolina CG 4745**

**Extraordinary Assumptions:**

- The subject is comprised of four tax map numbers. The client provided a plat map dated June 6, 1974. The report assumes this document remains accurate and correct. If this is found to be untrue, it could alter the results stated in this report.
- The highest and best use later in the report determines that the property is best served to be offered as two individual homes rather than as a package multi-family application. Each of the improvements is accessed through 1-08-10-010.00. The client has requested that this parcel be attributed to 710 S. Bomar Avenue. The report assumes that an easement or access agreement would be recorded for 722 S. Bomar Avenue. If this is found to be untrue, it could alter the results stated in this report.
- The client has provided the original site plan that illustrates the improvement of 722 S. Bomar Avenue is located on 1-08-10-008.00 and 1-08-10-009.00. Spartanburg County GIS illustrates that parcel 1-08-10-008.00 is a vacant lot. The report has relied on the information sent by the client and this parcel is not considered excess land. If this is found to be untrue, it could alter the results stated in this report.

## **GENERAL ASSUMPTIONS & LIMITING CONDITIONS**

The appraisal report has been made with the following general assumptions and limiting conditions. This appraisal report and all of the appraiser's work in connection with the appraisal assignment are subject to the limiting conditions and all other terms stated in the report. Any use of the appraisal by any party, regardless of whether such use is authorized or intended by the appraiser, constitutes acceptance of all such limiting conditions and terms:

1. Any legal descriptions furnished are assumed to be correct and no responsibility is assumed for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise noted.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and management of the property are assumed.
4. Information regarding the subject property, the market, comparable properties and operating data furnished by others is believed to be reliable. This information is verified where possible and is believed to be true and correct. However, such information is not guaranteed and no liability is assumed resulting from possible inaccuracies or errors regarding such information or estimates.
5. All engineering studies provided are assumed to be correct. The plot plans and illustrative material such as sketches, maps, photographs and other exhibits included in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structure that render it more or less valuable. Specifically, the appraisers accept no responsibility for the presence of termites, woodborers or any other wood infesting insects. No responsibility is assumed for such conditions or for arranging of studies and inspections that may be required to discover them.
7. The appraiser is not a building inspector and is not an expert in regard to the structural integrity of the subject improvements (if applicable). Unless otherwise noted in the report, the appraiser assumes that the various components of the subject improvements are sound and in working order.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal/valuation analysis report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless otherwise stated and examined in this report/analysis.
10. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

11. The utilization of the land and the improvements is assumed to be within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this report.
12. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on or in the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. For the purposes of this appraisal, the presence of any hazardous materials, gases or toxic substances that would cause a loss of value is assumed not to exist on the property. The intended user is urged to retain an expert in this field, if desired.
13. Any allocation of the total value estimated in this report between the land the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
14. Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.
15. Possession of this report, or a copy thereof, does not carry with it the right of publication.
16. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
17. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other median without the prior written consent and approval of the appraiser.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.
19. Disclosure of the contents of this appraisal report is governed by the by-laws and regulations of the Appraisal Institute and applicable federal, state and local law.
20. On all appraisals subject to satisfactory completion, repairs, or alterations, the appraisal report and value opinion are contingent upon completion of the improvements in a professionally competent manner.

21. Acceptance and/or use of this appraisal report by the client or any third party constitutes acceptance of the previously stated assumptions and limiting conditions. My liability extends only to the stated client, not to subsequent parties or uses of the report.



**PURPOSE OF THE APPRAISAL**

The intended use of this appraisal is to determine the Market Value As Is in the Fee Simple Estate for the property as improved and the excess land, as of the applicable date of value as it relates to the type of value sought.

**INTENDED USE & USERS OF THE APPRAISAL REPORT**

The intended use of this appraisal is to establish market value for the South Carolina Department of Disabilities and Special Needs and-or participants. The client of this report is the South Carolina Department of Disabilities and Special Needs and-or affiliates. The South Carolina Department of Disabilities and Special Needs is the only intended user identified for this report as per the engagement letter. The report is not intended to be used by any other party. There are no other recognized users of this report. There is no accountability, obligation, or liability to any unauthorized third party. Furthermore, any party who uses or relies on any information in this report, without the appraiser's written consent, does so at his/her own risk.

**PROPERTY RIGHTS APPRAISED****Fee Simple Interest**

*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat<sup>1</sup>.*

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<sup>1</sup> The Dictionary of Real Estate Appraisal; 6<sup>th</sup> Edition

## **DEFINITION OF MARKET VALUE**

**Market Value** in this report is defined as:<sup>2</sup>

*"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus."*

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Buyer and seller are well informed or well advised, and acting in what they consider their own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;  
and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale date.

## **MARKETING AND EXPOSURE TIME**

Consideration has been given to a reasonably estimated exposure and marketing period for the subject property. Exposure time is always presumed to precede the effective date of the appraisal. Exposure time is defined by the Appraisal Institute in the *Dictionary of Real Estate Appraisal, 6<sup>th</sup> Edition*, Page 83 as, "1) The time a property remains on the market. 2) The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal." Marketing time is a function of various factors including prevailing market conditions, the price of the product being marketed, the competitive position of the property in the market, and the amount and quality of marketing effort allocated to the property. It should be noted that the appraiser has no control of the previously mentioned factors, nor can the appraiser anticipate or predict any of them. Therefore, it is assumed that the property will or would receive an adequate and typical marketing effort.

Based on a review of sales information in the market and conversations with market participants, the appraiser has concluded that reasonable estimate of a marketing/exposure time for the subject would be 6-12 months.

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<sup>2</sup> (SOURCE: Office of the Comptroller of the Currency, 12CFR, Part 34; January 1, 2000).

## **SCOPE OF WORK**

The appraisal analysis has been completed in several distinct phases: general data collection and analysis, neighborhood data collection and analysis, subject property data collection and analysis, highest and best use analysis, market data collection verification and analysis, valuation and report preparation. This is an appraisal report and has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (Standard 2-2(A)). I inspected the property on the interior and exterior on January 26, 2022.

The initial steps in completing this assignment entailed research in performing a neighborhood and market analysis of Spartanburg County. The sources utilized to perform this analysis included but were not limited to: ESRI, Spartanburg County, city of Landrum and other various government sources. The conclusions found in this section of the report are applied throughout the report, as it pertains to the current, local economic conditions.

The valuation section of the report utilizes one approach to value: the Sales Comparison Approach.

The Cost Approach was not completed for this assignment. The subject improvements are estimated to have been built in 1991. A prospective purchaser would not consider the cost given the age of the subject improvements. For these reasons, the Cost Approach was not completed for this assignment.

The Sales Comparison Approach was performed in this appraisal report. The scope of work warranted to provide credible assignment results did include this type analysis. The appraiser researched public records and MLS systems for comparable sales. The search included the northern part of Spartanburg County with an emphasis on the Landrum area. Once the comparable sales were selected, the appraiser inspected the exterior of each property and when possible verified all the data necessary associated with each property. The approach was completed and did yield credible assignment results.

The final approach considered and but not performed is the Income Approach. The report did research sales and rents for duplex facilities in Spartanburg County. The report determined through the highest and best use that the subject improvements yield a higher value to be marketed individually as single family homes rather than as a duplex type facility. The Income Approach was not necessary for the purpose of this assignment. The exclusion of this approach does not lessen the credibility of this report.

The appraisal has been written in a manner to demonstrate competency. The appraisal is completed to serve its intended use of a financial decision and analyzes all applicable items concerning the property.

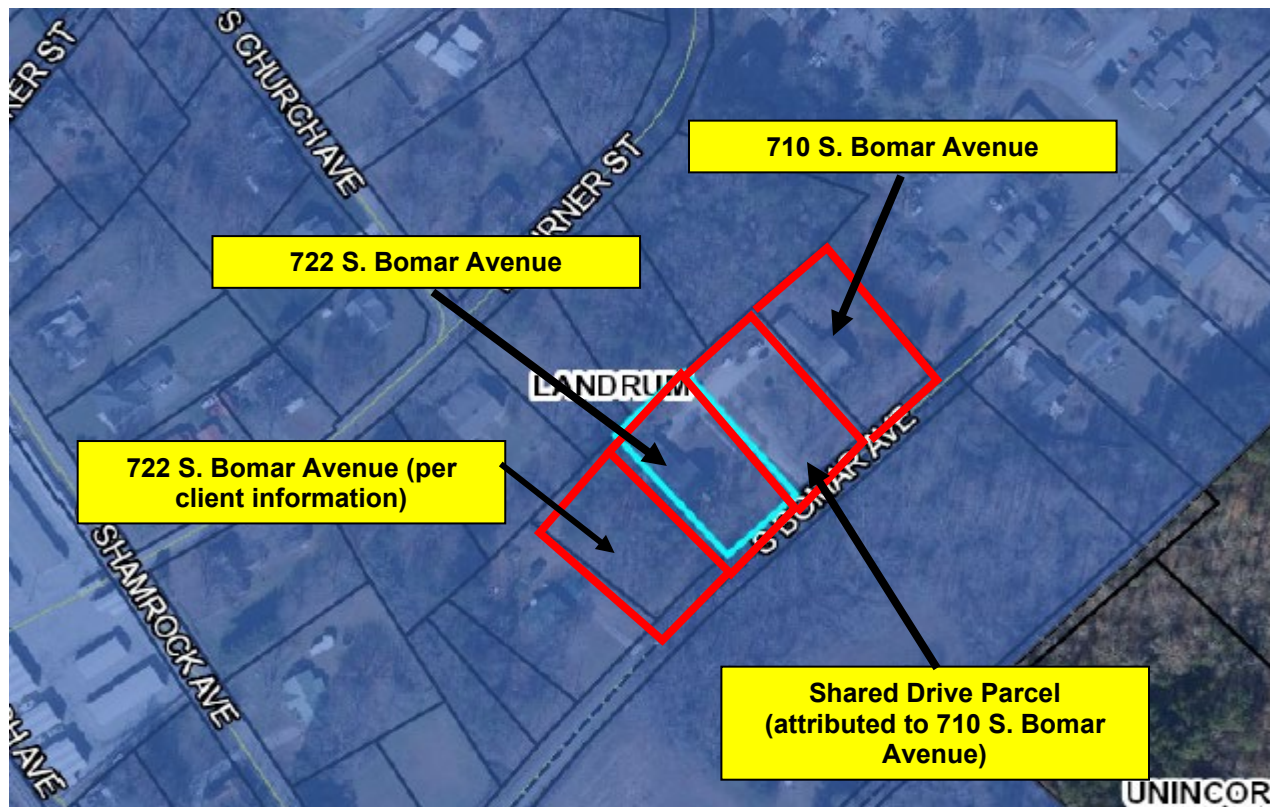
**HISTORY OF THE SUBJECT PROPERTY**

The subject last transferred on January 16, 1990. The property was transferred from Thomas P. Johnson, Jr., Ronald H. Johnson and Martha J. Walker to the South Carolina Department of Mental Retardation for the price of \$21,500. This transfer included the following tax map numbers: 1-08-10-008.00, 1-08-10-009.00, 1-08-10-010.00 and 1-08-10-011.00. It is assumed that all the tax map numbers were vacant at the time of sale and were purchased for the construction of the two existing improvements. The details of the transaction are unknown. The transaction is recorded in Deed Book 56-K at Page 371. A copy of the deed is located in the addenda for review.

The subject is not currently listed for sale or under contract to the knowledge of the report.

**IDENTIFICATION OF THE PROPERTY**

The subject is located in Landrum, SC and is in the city limits. Please note that the physical address at the properties are 710 and 722 S. Bomar Avenue, but Spartanburg County identifies them as 712 S. Bomar Avenue. The property is located in the city limits of Landrum and has adequate access to Highway 176 and Interstate 26. The subject is identified by the Spartanburg County Assessor’s Office as tax map numbers: 1-08-10-008.00, 1-08-10-009.00, 1-08-10-010.00 and 1-08-10-011.00. The aerial map of the subject property is located below for review.

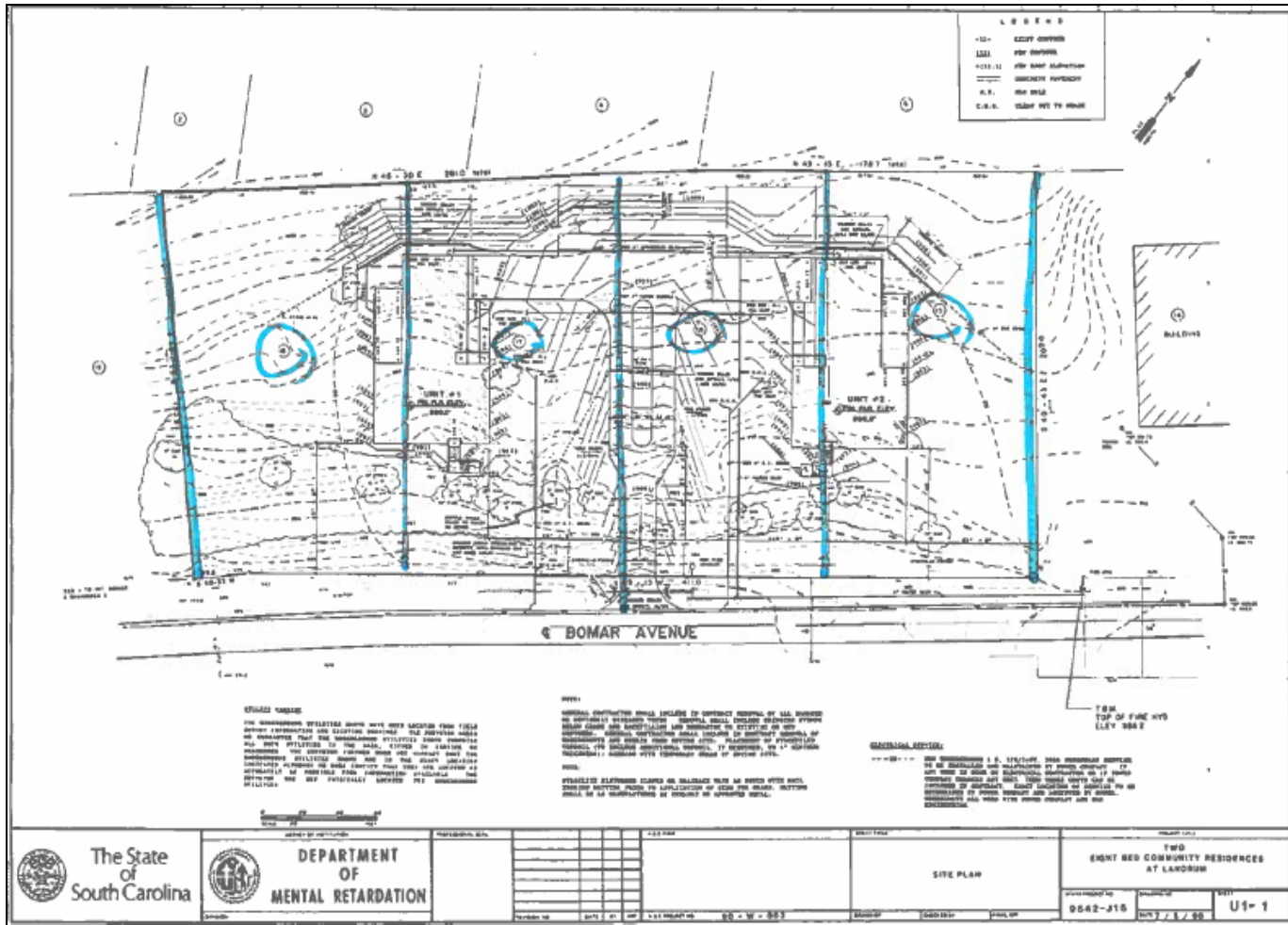


*Image provided by Spartanburg County GIS*

The table below summarizes the components valued within this appraisal report.

Address	Tax Map Number	Description	Site Size
S. Bomar Avenue	1-08-10-008.00	Single Family Residence	0.70-Acre
722 S. Bomar Avenue	1-08-10-009.00	Single Family Residence	0.60-Acre
S. Bomar Avenue	1-08-10-010.00	Shared Drive Parcel	0.60-Acre
710 S. Bomar Avenue	1-08-10-011.00	Single Family Residence	0.60-Acre

\*\* Please note that due to the residence of 710 S. Bomar being partially located on 1-08-10-008.00 that it is not considered excess land. For the purposes of valuation, 722 S. Bomar Avenue will have underlying site area of 1.30-acres and 710 S. Bomar Avenue will have 1.20-acres.



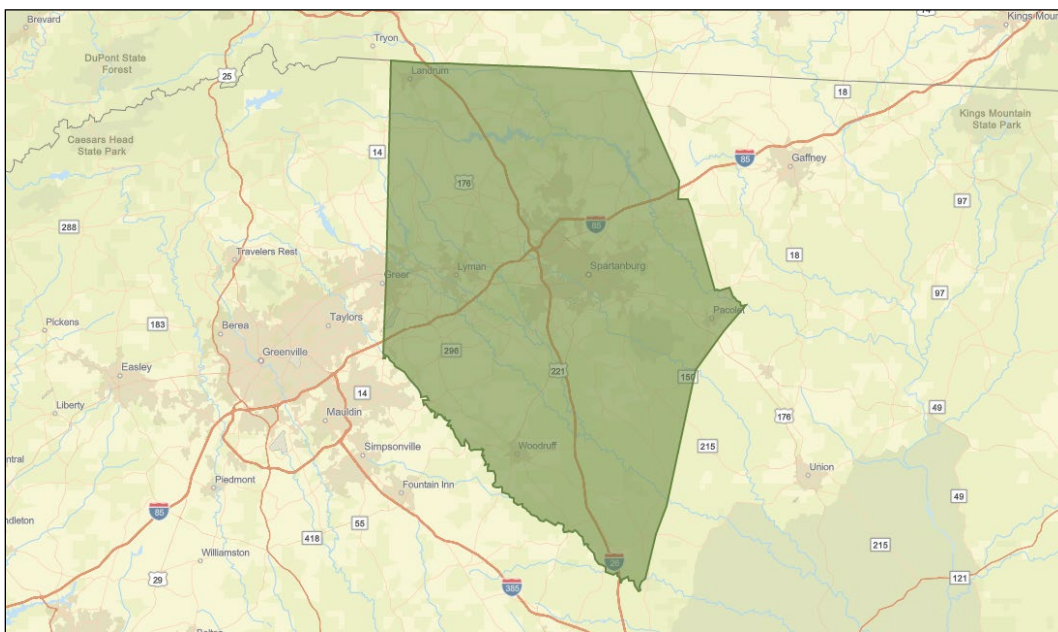
**\*\*Site Plan Provided by Client\*\***

## **NEIGHBORHOOD & MARKET ANALYSIS**

A neighborhood is an area of influence that consists of complementary land uses, as opposed to a district which consists of homogeneous land uses. Various factors which influence the property values include environmental, social, economic and governmental forces. Each of these factors and their effect on the subject property value is examined in the following analysis. The subject is located inside the city limits of Landrum and in Spartanburg County. The neighborhood and market area are defined as Spartanburg County. The following analysis will encompass the county.

### **I. ENVIRONMENTAL**

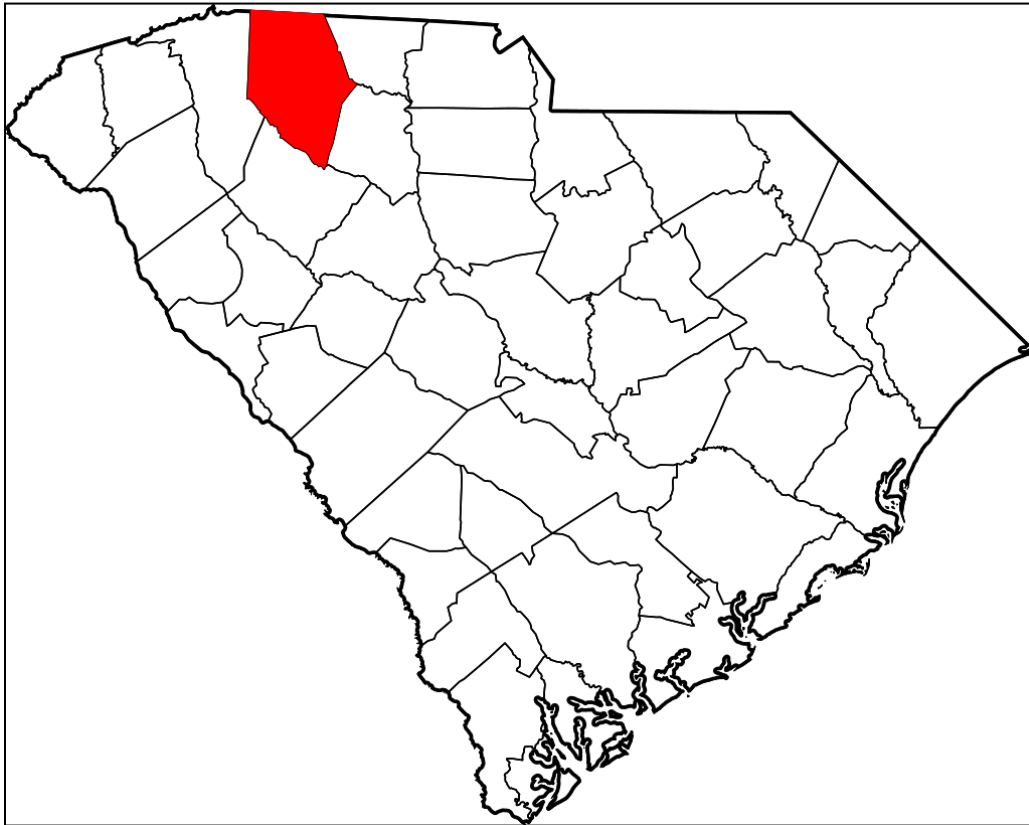
Some of the major highways in Spartanburg County are as follows: Interstate 85, US 29, Interstate 26, Business Interstate 85, Highway 176, Highway 56, Highway 290, Highway 296, Highway 417, Highway 292, Highway 9, Highway 146 and Highway 221. The county is located off the I-85 and I-26 corridors. The county is located approximately 1-hour south of Charlotte, 2.5-hours north of Atlanta, 1.5-hours from Columbia and 1-hour south of Asheville. The area has good transportation linkages and continues to be a hub for manufacturing and distribution.



The subject inside the city limits of Landrum. The property has good access to the major highways that provide linkages to Spartanburg and the surrounding area. The subject's immediate area is made up of primarily residential uses, given its location along a secondary road. There are commercial uses along the major thoroughfares.

The boundaries of Spartanburg County are Rutherford County, NC to the north; Cherokee County to the east; Union County to the southeast; Laurens County to the south; Greenville County to the west; and Polk County, NC to the northwest.

The map below is a larger view of the subject county and bordering areas.





**II. SOCIAL**

The study area was defined as Spartanburg County, SC. The current population is reported as 331,427 and is expected to increase to 354,621 within the next five years. The subject area contains a total of 127,634 households as of 2021 and is expected to increase to 136,693 by 2026. The households possess a median household income of \$56,200, an average household income of \$73,705 and a per capita income of \$28,445 per 2021 data provided by ESRI. The chart below represents the past, present and anticipated growth in the subject area in terms of population and household expansion.

<b>Summary</b>	<b>Census 2010</b>	<b>2021</b>	<b>2026</b>
Population	284,307	331,427	354,621
Households	109,246	127,634	136,693
Families	75,404	86,395	92,026
Average Household Size	2.53	2.54	2.54
Owner Occupied Housing Units	76,260	90,534	97,617
Renter Occupied Housing Units	32,986	37,100	39,076
Median Age	37.9	39.9	40.8
<b>Trends: 2021-2026 Annual Rate</b>	<b>Area</b>	<b>State</b>	<b>National</b>
Population	1.36%	1.26%	0.71%
Households	1.38%	1.30%	0.71%
Families	1.27%	1.19%	0.64%
Owner HHs	1.52%	1.47%	0.91%
Median Household Income	1.58%	1.86%	2.41%

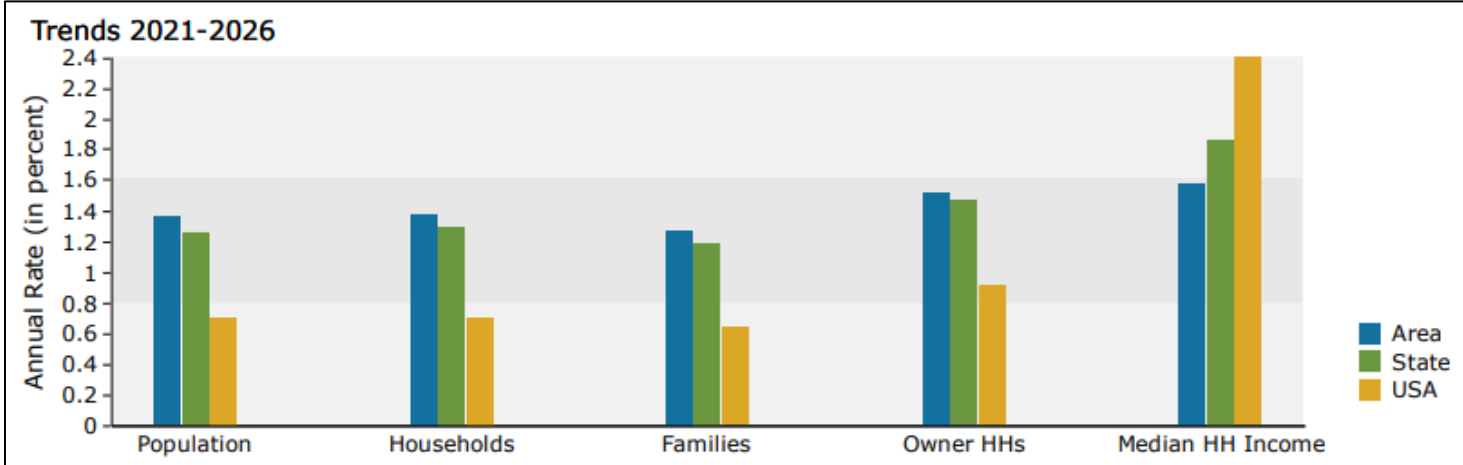
*Provided by ESRI*

Growth is expected to continue increasing over the next five years. The population is predicted to have an increase an annual increase of 1.40%. In addition, the number of households is expected to increase by 1.42% annually. The area continues to grow in a positive manner at a moderate pace. The population and demand for housing is considered steady with prices increasing at a moderate rate. This data would conclude that neither a period of rapid expansion nor decline should be anticipated.

<b>Households by Income</b>	<b>2021</b>		<b>2026</b>	
	Number	Percent	Number	Percent
<\$15,000	13,808	10.8%	13,004	9.5%
\$15,000 - \$24,999	12,542	9.8%	11,696	8.6%
\$25,000 - \$34,999	12,632	9.9%	12,124	8.9%
\$35,000 - \$49,999	15,998	12.5%	16,457	12.0%
\$50,000 - \$74,999	26,321	20.6%	28,270	20.7%
\$75,000 - \$99,999	17,963	14.1%	20,317	14.9%
\$100,000 - \$149,999	17,469	13.7%	21,050	15.4%
\$150,000 - \$199,999	5,649	4.4%	7,394	5.4%
\$200,000+	5,252	4.1%	6,381	4.7%
Median Household Income	\$56,200		\$60,775	
Average Household Income	\$73,705		\$82,059	
Per Capita Income	\$28,445		\$31,688	

*Provided by ESRI*

The next chart is an example of the current stability and anticipated growth for the area. The bar graph compares the subject area with the average state and national statistics in terms of population, households, families, owner-occupied homes and median household income.



Provided by ESRI

The bar graph displays a visual aid to anticipate the expected growth and stability of the area. As can be seen above, the subject area is expected to outpace the state in all areas except median household income growth. Similarly, the subject is predicted to be higher than the national averages in four of the five categories (all except median household income). The data from the previous page indicates that growth is positive and is occurring at a moderate rate.

## Spartanburg County

### Housing Market Profile

	2000	2010	2021	2026
<b>Total Number of Units</b>	<b>106,986</b>	<b>122,628</b>	<b>142,093</b>	<b>151,894</b>
<b>Owner Occupied Units</b>	<b>65.7%</b>	<b>62.2%</b>	<b>63.7%</b>	<b>64.3%</b>
<b>Renter Occupied Units</b>	<b>25.6%</b>	<b>26.9%</b>	<b>26.1%</b>	<b>25.7%</b>
<b>Vacant Units</b>	<b>8.6%</b>	<b>10.9%</b>	<b>10.2%</b>	<b>10.0%</b>

	2021	Entire U.S.	Projected by 2026-Market area
<b>Median Home Value</b>	<b>\$182,303</b>	<b>\$235,127</b>	<b>\$229,975</b>

### Housing Summary

The number of households in the county has continued to grow. As can be seen above, the area did experience growth from 2000-2010, and again from 2010-2020. More units are expected over the next five years. The table below illustrates the annual growth rate for housing units within the county.

<b>2000 – 2010</b>	<b>1.46%</b>
<b>2010 – 2021</b>	<b>1.44%</b>
<b>2021 – 2026</b>	<b>1.38%</b>

### Income Profile for Market Area

	2021	2026 (Projected)	Annual % Change
<b>Median Household Income</b>	<b>\$56,200</b>	<b>\$60,775</b>	<b>1.63%</b>

### Income Profile for Market Area Summary

Current median household income is \$56,200 for the county. Median income is projected to be \$60,775 in 2026. The subject market area has experienced growth in terms of household income. The expected growth in terms of median household income in the subject area is 1.63% annually.

Spartanburg County has been analyzed from a social standpoint. The area's population, household income, and residential historical and future growth patterns have been reviewed. The area has shown moderate rates of growth in recent years, in terms of population and median incomes. All previous indicators show a strong overall retail market in the subject area, with continued growth in population and income.

### III. ECONOMIC

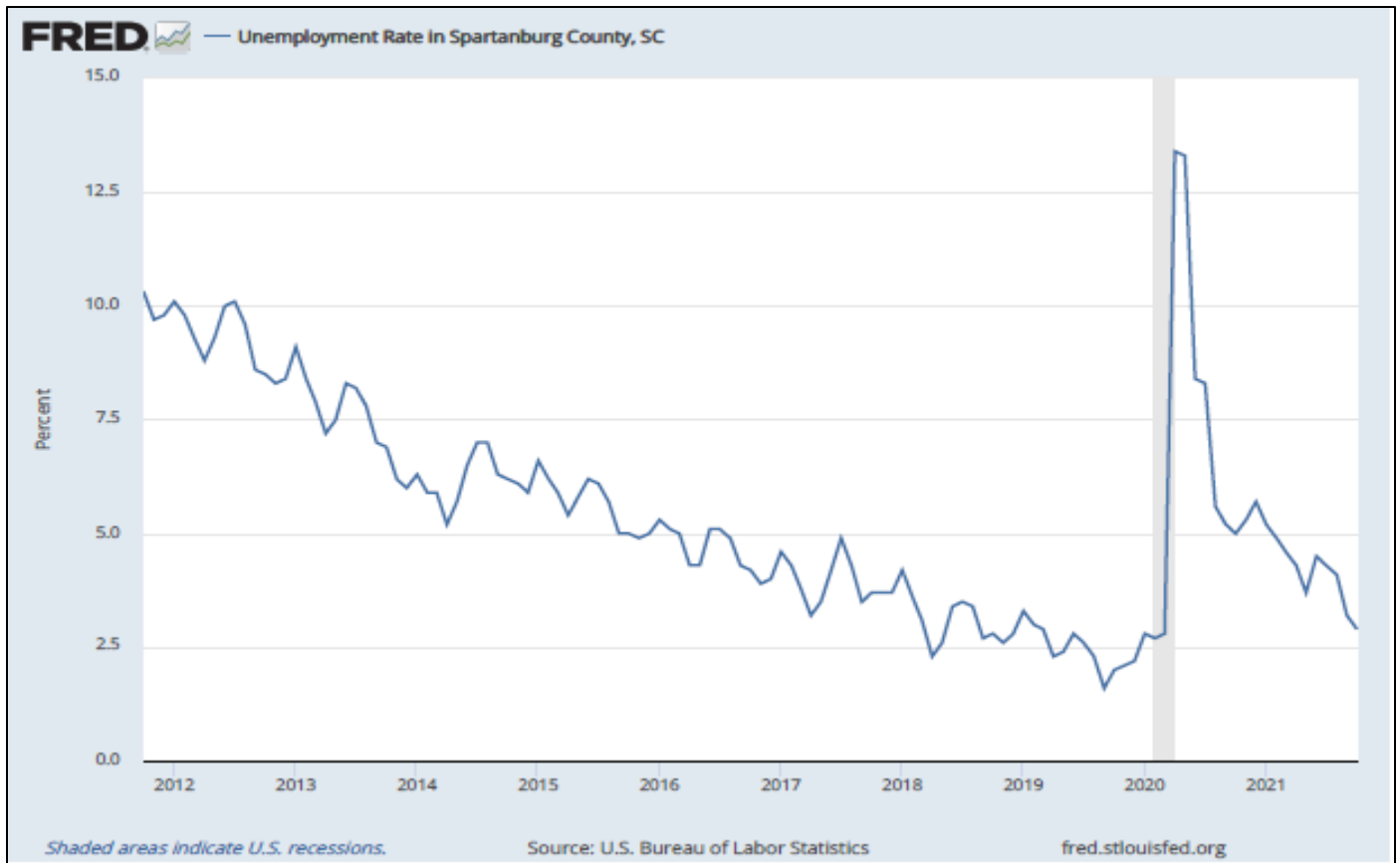
As concluded in the social characteristics of the neighborhood analysis, the area is relatively stable for today's economic climate and is continually expanding. Spartanburg County has a diverse workforce with white-collar and blue-collar opportunities existing. The table below lists the top 20 employers in the county.

Employer	Employer
BMW Manufacturing Corp.	County of Spartanburg
DAA Draexlmaier Automotive of America	Dolgencorp, Inc.
Ingles Market, Inc.	Lear Operations Corporation
Michelin North America, Inc.	Milliken & Company, Inc.
QHG of Spartanburg, Inc.	Quiktrip Corporation
Siemens Industry, Inc.	Spartanburg County School District (5 of them)
Spartanburg Regional Medical Center	TFE Logistics Group, Inc.
University of SC	Wal-Mart Associates, Inc.

The table above illustrates the major employers in Spartanburg County. As can be seen, the area has a mixture of public sector opportunities, manufacturing, retail, and health care. This would indicate that the local workforce is diverse and is not overly dependent on one sector or entity. As stated throughout, the area has good access with Interstate 85 and Interstate 26 being located within the county. These interstate systems serve all directions throughout the county.

The employers have been reported and the next item analyzed is the current and historical unemployment rate.

The employers have been reported and the next item analyzed is the current and historical unemployment rate. The graph below represents the unemployment rate for the county since 2000.



**Provided by StLouisFed.org**

The above line graph illustrates the unemployment rate in Spartanburg County over the last 10 years. The economic recession did impact the area as the rate rose from around 5% in 2008 to around 13% in 2010. The rate continued to subside until COVID. The rate did rise to around 13% at the height of the pandemic but has consistently fallen since April 2020. The rate was most recently reported at 2.9% as of October 2021.

#### **IV. GOVERNMENTAL**

The subject property is located in an unzoned area of Spartanburg County. The subject would still need to adhere to any applicable development regulations and review processes through Spartanburg County.

#### **Conclusion of Neighborhood Data**

Spartanburg County has been analyzed from environmental, social, economic and governmental standpoint. The county continues to show growth in terms of population and households. Data regarding household income and growth in income continues to show positive signs.

**REAL ESTATE TAXES**

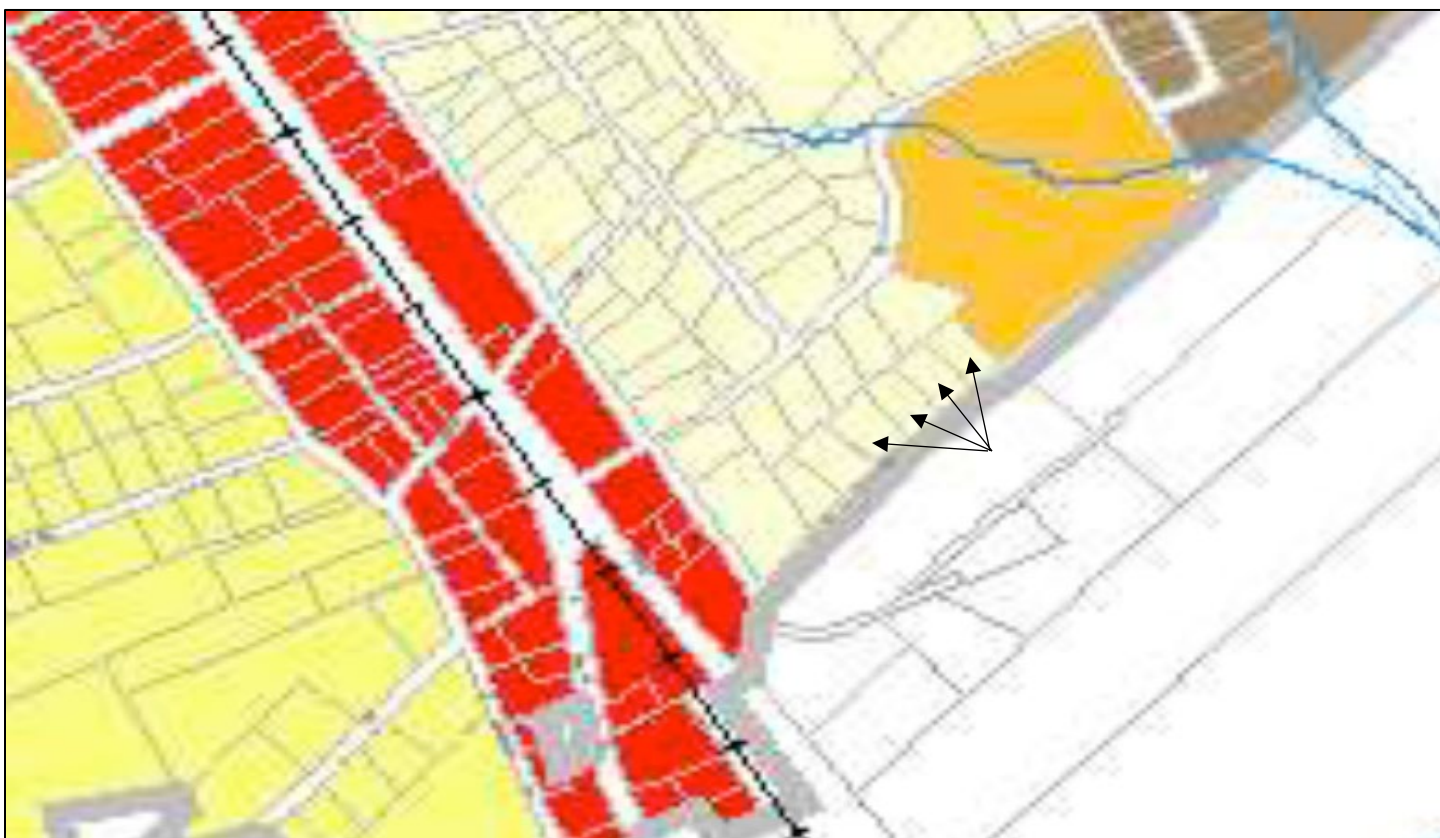
The subject is identified by Spartanburg County as parcel numbers: 1-08-10-008.00, 1-08-10-009.00, 1-08-10-010.00 and 1-08-10-011.00. The SC tax law is based on market value to which an assessed value is applied based on occupancy (4% for owner occupied residential, 6% for commercial, and 10.5% for heavy industrial). From the assessed value a millage rate is applied based and determined by the county. The subject properties are owned by an entity of the state of South Carolina and are not taxed. If the subject properties become eligible to be taxed, they would be subject to Spartanburg County and the city of Landrum.

The following is the estimated tax amount for each of the subject parcels. The 2021 millage rate for the area was 0.4401. The homes are valued at \$270,000 (each) and are estimated at a 6% ratio. The estimated taxes for the homes is \$7,129.62.

**ZONING**

The subject is located in the city limits of Landrum. The subject is zoned by the city and is located in the R-1, Single Family Residential District. The definition and details of this zoning district are below.

*R-1, Single Family Residential District. This district is intended to foster, preserve and protect areas of the community in which the principal use of land is a large lot, detached, single family dwelling and related support facilities.*



**\* Zoning Map Provided by the City of Landrum\*\***

The subject site as presently improved is a legal and conforming use of the site. The report is unaware of any conditions or exceptions that would exist as it relates the subject's current use.



**SUBJECT SITE DESCRIPTION AND ANALYSIS**

The subject parcels in totality are reported as 2.50-acres. Please note for the purposes later in the report, 710 S. Bomar Avenue will be allocated with 1.20-acres and 722 S. Bomar Avenue will have 1.30-acres. The subject is located along S. Bomar Avenue, which is a 2-lane collector street in Landrum. The subject sites are located in close proximity to access of Highway 176, which also leads to convenient access to Interstate 26. Each of the parcels is slightly irregular in shape. The site in totality has over 400-LF of frontage along S. Bomar Avenue. The site has full ingress/egress from S. Bomar Avenue. The property has varying topography with sloping topo towards the road frontage and mostly level topography in the middle and rear portions of the site. Drainage appeared adequate as of the date of inspection as no standing water was noted. The sites are not located in a FEMA designated flood zone.



Map provided by Spartanburg County GIS

**UTILITIES**

The neighborhood area has all necessary utilities available. The subject site has public water, sewer, cable, internet, natural gas and power. This is typical of the market area.

**FLOOD MAP**

The Federal Insurance Administration designates flood prone areas, flood hazard areas, as those where there is a one percent chance of the "100-year flood" level being exceeded or equaled in any given year. A copy of Community Panel Number 45083C0016D, last revised January 6, 2011, is found below. As can be seen below, the subject property is not located in a FEMA designated flood area.



Provided by FEMA

**SITE CONCLUSION**

The subject as vacant does conform to market standards. The site has adequate physical features for a residential application. The site as vacant would be considered a developable and viable option to the market.

### **IMPROVEMENT DESCRIPTION AND ANALYSIS**

The subject improvements were both built at the same time and are identical in size, floor plan, and construction materials. The improvements total at 3,103 SF and each contains a kitchen, den, laundry room, 4-bedrooms, 2.1-bathrooms and an office. The homes also feature a 2-car garage with some storage space in the garage area.

The improvements are estimate to have been built in 1991. The exterior features masonry construction with a composition shingle roof and aluminum gutters and downspouts. The front and rear porches are also masonry in construction. The interior is institutional in appeal. The walls are painted drywall with tile flooring throughout. The improvements do not appear to have been updated since construction but have had an adequate maintenance program.

The subject improvements are in average condition. They are given an effective age of 20-years with average quality of construction.

**SUMMARY OF GENERAL CONSTRUCTION FEATURES**

<b>FOUNDATION AND FOOTING:</b>	Concrete Slab
<b>FLOOR COVERING:</b>	Tile
<b>EXTERIOR WALLS:</b>	Brick
<b>INTERIOR WALLS:</b>	Painted Drywall
<b>ROOF:</b>	Composition Shingle
<b>CEILING:</b>	Drywall
<b>HVAC:</b>	Central
<b>ELECTRICAL:</b>	Assume Adequate
<b>LIGHTING:</b>	Adequate
<b>PLUMBING:</b>	Adequate
<b>OTHER:</b>	None

**SUBJECT EFFECTIVE AGE & REMAINING LIFE**

The subject improvements are in average overall condition. There were no deferred maintenance items noted during the inspection process. Similar facilities have a typical economic life of 60-65 years. The table below illustrates the subject’s remaining life.

Total Expected Life	Less Effective Age	Remaining Economic Life
60 Years	20 Years	40 Years

**IMPROVEMENT SUMMARY AND CONCLUSION**

The subject property is in average condition as of the date of inspection. As stated, the subject improvements do have some institutional features but are functioning single family residences. The highest and best use will analyze whether the improvements should be independent single-family residences or a multi-family application.

## **HIGHEST AND BEST USE**

The Appraisal Institute defines highest and best use as follows:

"That reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value."

The definition above applies specifically to the highest and best use of the land. It is to be recognized that in cases where a site has existing improvements on it, which is not the case regarding the subject, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

The four essential criteria for use under this concept were considered in the sequence shown below:

1. Physically possible uses were considered in terms of the size, shape, land area and topography. Also considered was the availability of public utilities.
2. Legally permissible uses were considered. These results from such limitations as those imposed by private deed restrictions, zoning, building codes and environmental regulations.
3. Financially feasible uses are those uses that meet the conditions imposed by the two previous criteria and which may be expected to produce a positive financial return.
4. Maximally Productive use is that which among the highest financially feasible uses provides the highest rate of return, or value (given a constant rate of return).

Generally accepted professional appraisal practice dictates that in appraising improved property, the highest and best use be estimated under two different premises. First, the highest and best use of the site as if it were vacant and available for development must be estimated. The second analysis estimates the highest and best use of the property as presently improved or as proposed.

**HIGHEST AND BEST USE OF THE SITE AS THOUGH VACANT**

The highest and best use of the subject site will be discussed in terms of its physical, legal and feasible uses. Then the maximum productive use of the site is analyzed.

**PHYSICAL USE OF THE SITE**

The subject size totals at 2.50-acres. The subject is located in the city limits of Landrum. The subject is located on S. Bomar Avenue, which is located in close proximity to Highway 176 and Highway 14. The shape of the parcel is irregular. The subject's direct frontage along S. Bomar Avenue is reported at approximately 400-LF. The property has minimal traffic exposure, primarily by the local, traveling public. The site is above grade from S. Bomar Avenue. Topography is a mixture of sloping and level. Drainage appeared adequate as of the date of inspection as no standing water was noted. The site is not located in a FEMA designated flood zone. The surrounding uses are mainly commercial in nature with residential uses also located along the secondary roads. After noting these types of surroundings, this would infer that the soil is of load-bearing capacity.

The subject's size and other physical attributes would indicate that development of many uses could be possible. The site's surroundings would likely eliminate the possibility of agricultural uses. The highest and best use of the site as vacant through the physically possible is for a residential use based on the immediate surrounding applications.

**LEGAL USE OF THE SITE**

The subject site is located inside the city limits of Landrum. The subject is zoned R-1 by the city. This district is primarily intended for residential applications. The highest and best use remains for a residential use through the physical possible and legally permissible.

**FINANCIALLY FEASIBLE USES OF THE SITE**

As vacant, the subject has the physical possibility and legal parameters to support some form of commercial development. The financially feasible aspect of highest and best use is to determine which of these uses would provide the greatest return to the land.

The subject site is considered typical for the immediate area in terms of shape, with its size on the larger end of what is seen in this area. As vacant, and based on residential land trends in the area, the site could be subdivided sold for multiple residential applications. The most financially feasible use of the site would be for subdividing the land within the current time frame with the most likely user being an investor or owner/user.

**MAXIMALLY PRODUCTIVE USES OF THE SITE**

The highest and best use of the land is that use from among the financially feasible uses that produces the highest rate of return or value, usually over the long term. The use would be for a residential application within the current time frame by an investor or owner user.

### **HIGHEST AND BEST USE AS IMPROVED**

Highest and best use of the property as improved or proposed is the use that should be made of the property given the existing or proposed improvements. The purpose of this type of analysis is to identify the use that would provide the highest return and to help identify comparable improved properties. Uses that are typically considered are: leaving the property "as is", changing occupancy type & zoning (i.e., residential to office), modifying the existing structure, making additions to the existing structure, making minor repairs or improvements, and demolishing the present improvements to construct the highest and best use of the site as though vacant. Each of these options is evaluated through the framework of the four tests: physically possible, legally permissible, financially feasible, and maximally productive.

### **PHYSICALLY POSSIBLE**

The subject features four tax map numbers with two single family residences. The improved sites are reported as 1.30-acres and 0.75-acre, respectively (this represents an equal division of the shared drive parcel). The improvements are adequately placed within these site areas. The improvements, as presently situated are a physical possible use of the site.

### **LEGALLY PERMISSIBLE**

The subject is zoned R-1 by the city of Landrum. The district is intended for residential oriented uses. The subject improvements are considered a legally permissible use.

### **FINANCIALLY FEASIBLE**

The subject property has been analyzed as improved for its physical and legal parameters. The next step is to determine whether a positive return from the improvement to the land exists. The valuation section later in the report will illustrate the current improvements do exceed the value of the site as vacant. The continued use as single family residences is a financially feasible use within the current time frame.

### **MAXIMALLY PRODUCTIVE**

The tests of physically possible, legal permissibility and financial feasibility have been performed. The subject as proposed represents a physically possible use of the site, legally permissible and financially feasible use of the site. The highest and best use conclusion for the subject as improved is continued use as presently improved within the current time frame. The most likely user would be an owner user.



**DISCUSSION OF VALUATION METHODOLOGY:**

The appraisal process represents a logical analysis of the factors that bear upon the present value of real estate. In this valuation process, there are three commonly accepted approaches typically used by the appraiser: 1) Cost Approach, 2) Sales Comparison Approach, and 3) Income Capitalization Approach. As previously discussed in the Scope of Work section of the report, the report will apply the Income Capitalization Approach and the Sales Comparison Approach.

The report will not apply the Cost Approach. The Cost Approach was not applied due to the age of the subject's improvements and it is not necessary to provide a credible opinion of value. The exclusion of this approach does not lessen the credibility of this appraisal report.

The Income Approach is not performed for this assignment. The report did research sales and rents for duplex facilities in Spartanburg County. The report determined through the highest and best use that the subject improvements yield a higher value to be marketed individually as single family homes rather than as a duplex type facility. The Income Approach was not necessary for the purpose of this assignment. The exclusion of this approach does not lessen the credibility of this report.

The Sales Comparison Approach is performed in this appraisal report. The report has located the most applicable, similar type transactions of single family residences. The search for comparable sales included the northern portion of Spartanburg County with an emphasis on the Landrum area. The Sales Comparison Approach upon execution does lead to credible assignment results.

The valuation section of the report is located on the following pages.

## **SALES COMPARISON APPROACH**

The Sales Comparison Approach is the process of deriving a value indication for the subject property by comparing similar properties that have recently sold with the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. This approach could be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales data is available.

Real estate appraisers use a systematic procedure and the steps are as follows:<sup>3</sup>

1. Research the competitive market for information on properties that are similar to the subject property and that have recently sold, are listed for sale, or are under contract. Information on agreements of sale, options, listings, and bona fide offers may also be collected. The characteristics of the properties such as property type, date of sale, size, physical condition, location, and land use constraints should be considered. The goal is to find a set of comparable sales or other evidence such as property listings or contracts as similar as possible to the subject property to ensure they reflect the actions of similar buyers. Market analysis and highest and best use analysis set the stage for the selection of appropriate comparable sales.
2. Verify the information by conforming that the data obtained is factually accurate and that the transactions reflect arms'-length market considerations. Verification should elicit additional information about the property such as buyer motivation, economic characteristics (if the property is income producing), value component allocations, and other significant factors as well as information about the market to ensure that comparison are credible.
3. Select the most relevant units of comparison used by participants in the market (e.g., price per acre, price per square foot, price per front foot, price per dwelling unit) and develop a comparative analysis for each unit. The appraiser's goal is to define and identify a unit of comparison that explains market behavior.
4. Look for differences between the comparable sale properties and the subject property using all appropriate elements of comparison. Then adjust the price of each sale property, reflecting how it differs, to equate it to the subject property or eliminate that property as a comparable. This step typically involves using the most similar sale properties and then adjusting for any remaining differences. If a transaction does not reflect the actions of a buyer who would also be attracted to the subject property, the appraiser should consider the comparability.

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<sup>3</sup> Source: The Appraisal Institute, Fifteenth Edition, Appraisal Institute, Chicago.

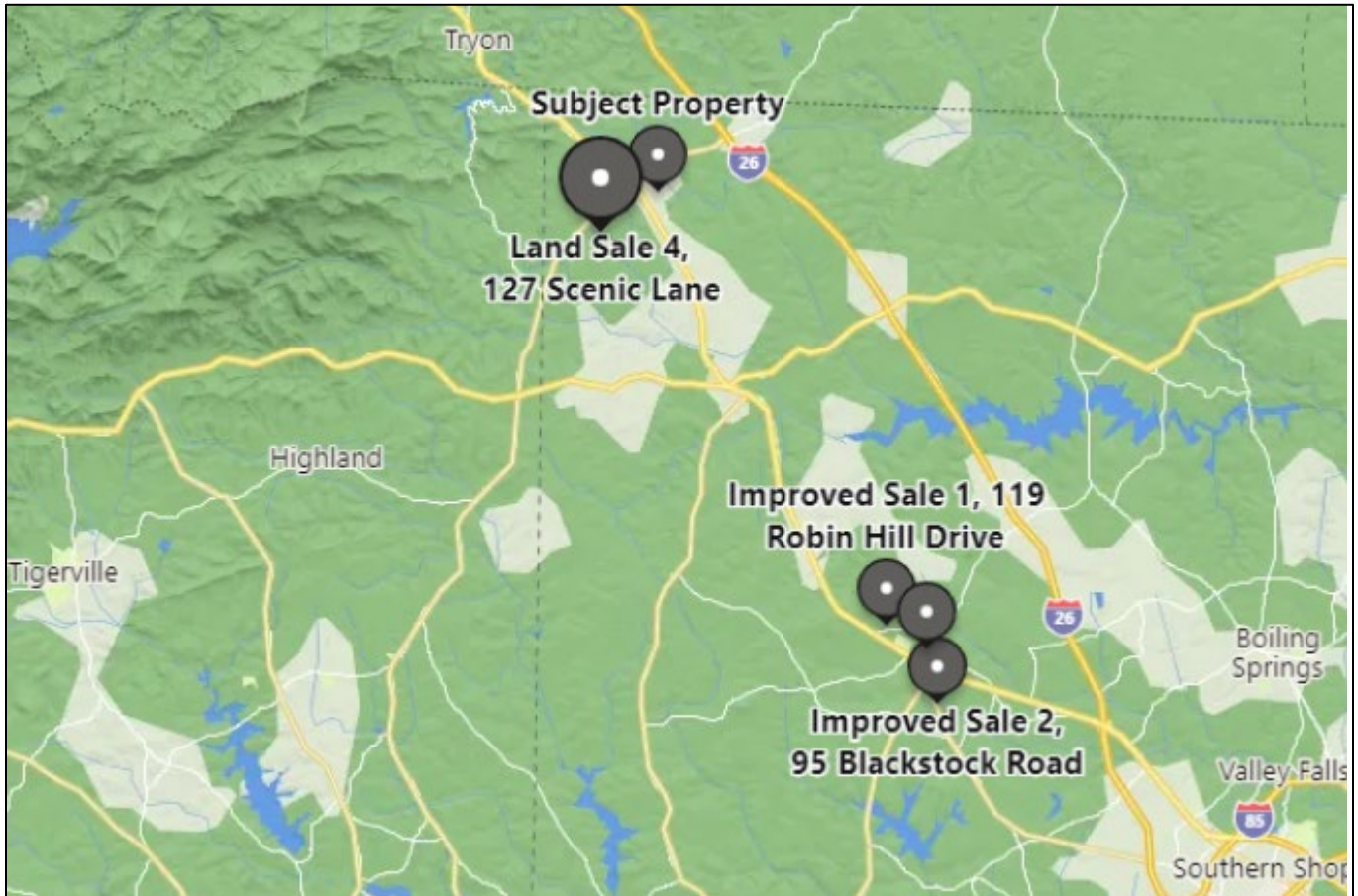
5. Reconcile the various value indications produced from the analysis of comparables into a value conclusion. A value opinion can be expressed as a single point estimate, as a range of values, or in terms of a relationship (e.g., more or less than a given amount).

*Elements of comparison as applied to each of the comparable sales in relation to the subject property consists of real property rights conveyed, financing, conditions of sale, date of sale, location, and physical characteristics. Each of these elements has been analyzed and adjustments made as required to the unit of comparison deemed most appropriate for single family residences.*

**SUMMARY OF IMPROVED SALES – 710 & 722 S. BOMAR AVENUE**

The following section provides information on each comparable improved sale in a summarized form. Transaction information regarding each sale follows the summary page.

**LOCATION MAP**



**Improved Sale No. 1** is the sale of 119 Robin Hill Drive, Inman, SC. This is a ranch style home that totals at 2,680 SF. The home was originally built in 1957 but has been modernized over time. The interior features 8-rooms, 4-bedrooms and 3-bathrooms. The exterior is brick and features a crawl space foundation. The property also has a 2-car attached carport. The kitchen has been renovated with granite countertops and stainless steel appliances. The improvement is situated on a 2.30-acres site. The property was listed for \$305,000 and was in the market for 7-days. The property sold for \$305,000 on April 19, 2021. This transaction is recorded in Deed Book 131-W at Page 789.



**\*\*Provided by MLS\*\***

**IMPROVED SALE 1 – TRANSACTION DETAILS**

PROPERTY TYPE: Single Family Residence  
LOCATION: 119 Robin Hill Drive, Inman, SC  
TAX ID: 1-39-13-015.00  
GRANTOR: Casi S. Robinson  
GRANTEE: Peter Andrew Leschisin & Natalie Marion Leschisin  
DATE OF SALE: April 19, 2021  
DEED REFERENCE: Deed Book 131-W at 789  
SALE PRICE: \$385,000  
LAND AREA: 2.30-Acres  
VERIFICATION: MLS, Deed, Public Record  
FURTHER REMARKS: None.



**Improved Sale No. 2** is the sale of 95 Blackstock Road, Inman, SC. This is a ranch style single family home that totals at 3,083 SF. The residence was built in 1965 and is of stone and vinyl siding construction. The foundation for the improvement is a crawl space. The interior of the home features 9-rooms, 4-bedrooms and 4-bathrooms. The home contains a 2-car attached garage and multiple detached garage like buildings. The improvement is situated on a 1.44-acres site. The property was offered at \$295,000 and was on the market for 3-days. The property sold for \$295,000 on January 7, 2021. This transaction is recorded in Deed Book 130-Q at Page 319.



**\*\*Provided by CoStar\*\***

**IMPROVED SALE 2 – TRANSACTION DETAILS**

PROPERTY TYPE: Single Family Residence  
LOCATION: 95 Blackstock Road, Inman, SC  
TAX ID: 1-44-00-071.00  
GRANTOR: Rhonda McCarter Cullen & Luann Drake  
GRANTEE: Esfir Bogomasiuk  
DATE OF SALE: January 7, 2021  
DEED REFERENCE: Deed Book 130-Q at 319  
SALE PRICE: \$295,000  
LAND AREA: 1.44-Acres  
VERIFICATION: MLS, Deed, Public Record  
FURTHER REMARKS: Please note that the seller paid \$5,000 in closing costs on behalf of the buyer.





**Improved Sale No. 3** is the sale of 9 Bishop Street, Inman, SC. This is a ranch style home located near the downtown area of Inman. The home totals at 3,055 SF and contains 8-rooms, 4-bedrooms and 3-bathrooms. The exterior of the home is stone and vinyl siding on a crawl space foundation. The home features a 2-car carport. The interior had been recently updated as well as a new HVAC system and roof. The improvement is situated on a 0.65-acre site. The property was listed for \$295,000 and was on the market for 108-days. The property sold for \$295,000 on March 16, 2020. This transaction is recorded in Deed Book 127-H at Page 704.



**\*\*Provided by MLS\*\***

**IMPROVED SALE 3 – TRANSACTION DETAILS**

PROPERTY TYPE: Single Family Residence  
LOCATION: 9 Bishop Street, Inman, SC  
TAX ID: 1-44-02-083.00  
GRANTOR: OMH Corporation  
GRANTEE: Steven & Holly Escobar  
DATE OF SALE: March 16, 2020  
DEED REFERENCE: Deed Book 127-H at 704  
SALE PRICE: \$295,000  
LAND AREA: 0.65-Acre  
VERIFICATION: MLS, Deed, Public Record  
FURTHER REMARKS: Please note that the seller paid \$4,000 in closing costs on behalf of the buyer.



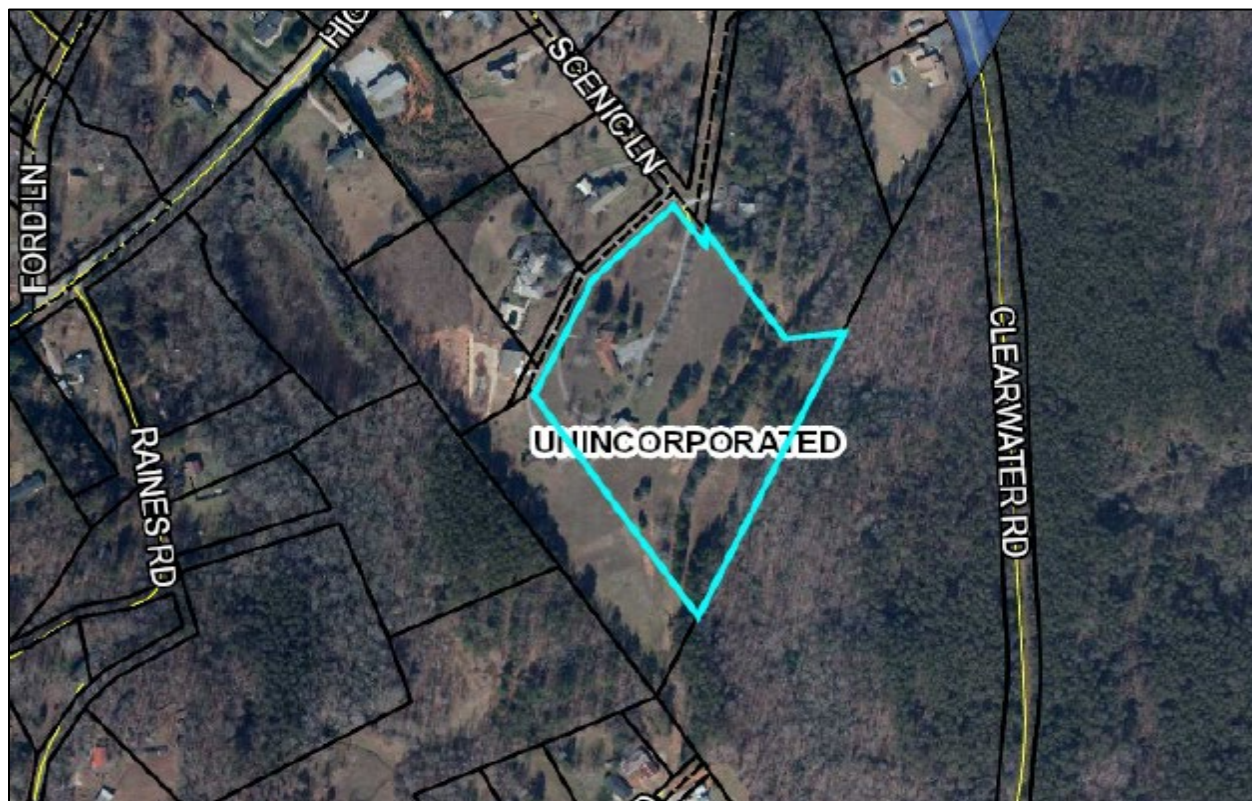
**Improved Sale No. 4** is the sale of 127 Scenic Lane, Landrum, SC. This is ranch style home that totals at 2,609 SF. This residence was built in 1974. The exterior of the home is brick in construction and placed on a crawl space foundation. The home also features an attached 3-car garage with an additional garage building with a living space on the second level. The site is 7.96-acres and also contains a pond. The property was listed for at \$385,000 and was on the market for 115-days. The property sold for \$330,000 on March 20, 2020. This transaction is recorded in Deed Book 127-J at Page 804.



**\*\*Provided by MLS\*\***

**IMPROVED SALE 4 – TRANSACTION DETAILS**

PROPERTY TYPE: Single Family Residence  
LOCATION: 127 Scenic Lane, Landrum, SC  
TAX ID: 1-07-00-030.00  
GRANTOR: Rebecca Lynn Jablonski  
GRANTEE: Edward J. Edington & Rebecca L. Edington  
DATE OF SALE: March 20, 2020  
DEED REFERENCE: Deed Book 127-J at 804  
SALE PRICE: \$330,000  
LAND AREA: 7.96-Acres  
VERIFICATION: MLS, Deed, Public Record  
FURTHER REMARKS: None.



## IMPROVED SALES GRID

<b>710/722 S. Bomar Avenue, Landrum, SC</b>					
<b>Improved Sales Comparison Grid</b>					
	<u>Subject</u>	<u>Sale 1</u>	<u>Sale 2</u>	<u>Sale 3</u>	<u>Sale 4</u>
Tax ID	Multiple	1-39-13-015.00	1-44-00-071.00	1-44-02-083.00	1-07-00-030.00
Location (Address)	710 & 722 S. Bomar Avenue Landrum, SC	119 Robin Hill Drive Inman, SC	95 Blackstock Road Inman, SC	9 Bishop Street Inman, SC	127 Scenic Lane Landrum, SC
Building Type	Single Family	Single Family	Single Family	Single Family	Single Family
Date of Sale		4/19/2021	1/7/2021	3/16/2020	3/20/2020
Sales Price		\$305,000	\$295,000	\$295,000	\$330,000
GLA	3,103	2,680	3,083	3,055	2,609
Price per SF		\$113.81	\$95.69	\$96.56	\$126.49
Effective Age	20-Years	20-Years	20-Years	20-Years	20-Years
Site Area (Effective)	1.20-Acres & 1.30-Acres	2.30	1.40	0.65	7.96
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing		Typical	Typical	Typical	Typical
Expenditures		Typical	Typical	Typical	Typical
Conditions of Sale		Typical	<u>(\$5,000)</u>	<u>(\$4,000)</u>	Typical
Adjusted Price		\$305,000	\$290,000	\$291,000	\$330,000
Market Conditions		<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Adjusted Price		\$305,000	\$290,000	\$291,000	\$330,000
Physical Characteristics					
Location/Acreage		-\$10,000	\$0	\$0	-\$50,000
Room Count		-\$1,500	-\$4,500	-\$1,500	\$1,500
Size		\$14,805	\$0	\$0	\$17,290
Age		\$0	\$0	\$0	\$0
Basement		-\$3,000	-\$3,000	-\$3,000	-\$3,000
Condition		\$0	\$0	\$0	\$0
Quality/Appeal		-\$25,000	-\$15,000	-\$25,000	-\$25,000
Garage/Carport		\$3,000	\$0	\$3,000	-\$2,000
Porch/Patio/Deck		\$0	\$0	\$0	\$0
Fireplace		-\$2,000	-\$4,000	-\$2,000	-\$2,000
Additional/Exterior Features		<u>\$0</u>	<u>-\$15,000</u>	<u>\$0</u>	<u>-\$10,000</u>
Total Adjustments %		-\$23,695	-\$41,500	-\$28,500	-\$63,210
Final Indication		<b>\$283,305</b>	<b>\$267,500</b>	<b>\$264,500</b>	<b>\$268,790</b>

## ***EXPLANATION OF ADJUSTMENTS***

### **TRANSACTIONAL ADJUSTMENTS:**

#### **REAL PROPERTY RIGHTS CONVEYED**

The subject property is being appraised in the Fee Simple Estate. The comparables all transferred in the Fee Simple Estate. There were no adjustments warranted in this category.

#### **FINANCING**

The adjustment for financing analyzes whether atypical funding was available for the purchaser and in turn would affect the total transaction price as a result. There was no unusual or atypical financing reported during the data collection process of this assignment. There were no adjustments warranted in this category.

#### **EXPENDITURES**

Expenditures are items that both buyer and seller are aware that must be corrected immediately after purchase. There were no expenditures reported during the data collection process for this assignment.

#### **CONDITIONS OF SALE**

Conditions of Sale represent any adjustment made for criteria of market value that was not met during the transaction. There were no unusual or atypical conditions reported during the data collection phase of this assignment; however, the seller paid closing costs on behalf the purchaser for Sales 2 and 3. These amounts were removed from the purchase prices.

#### **MARKET CONDITIONS**

Since real estate is a changing market, an adjustment for time of sale may apply depending on the rise or fall of a specific property type. The report has analyzed four sales that have occurred from March 2020 – April 2021. The grid does not illustrate a direct change related to market conditions. The sales are considered current and no adjustments for market conditions were applied.

## **PHYSICAL CHARACTERISTICS**

### **LOCATION/ACREAGE**

The subject improvements have an adequate location and lot sizes of 1.30-acres and 1.20-acres, respectively. After viewing the grid, Sales 2 and 3 are considered similar and no adjustment was warranted. Sales 1 and 4 contain superior acreage (over 2.00-acres) and were negatively adjusted in this category.

### **ROOM COUNT**

The subject improvements have 7-rooms, 4-bedrooms and 2.1-bathrooms. Sales 1, 2 and 3 all have superior bathroom counts and were negatively adjusted in this category. Sale 4 is inferior in bathroom count and was positively adjusted.

### **SIZE**

The subject has a size of 3,103 SF of above grade living area. The comparables range from 2,609 SF – 3,083 SF. Sales 2 and 3 are closely related in close to the subject and did not warrant an adjustment. Sales 1 and 4 are smaller than the subject and were adjusted positively at \$40 per SF.

### **AGE**

The subject was given an effective age of 20-years. All of the sales have a similar effective age and no adjustments were warranted in this category.

### **BASEMENT**

The subject residences were built on a concrete slab foundation. All of the comparables were built on crawl space foundations. A crawl space foundation is considered superior and all of the comparables were negatively adjusted in this category.

**CONDITION**

The subject and comparables are all in average type condition. There were no adjustments warranted in this category.

**QUALITY/APPEAL**

As stated throughout, the subject improvements do have an institutional appeal given their original intended use. The interior would require some renovation in terms of quality and appeal. Each of the comparables is superior and was negatively adjusted in this category.

**GARAGE/CARPORT**

The subject improvements contain a 2-car attached garage. Sales 1 and 3 have 2-car attached carports and each were positively adjusted in this category. Sale 2 is similar to the subject. Sale 4 has a 3-car attached garage and was negatively adjusted in this category.

**PORCH/PATIO/DECK**

The subject a front porch and rear porch. The comparables have similar exterior features. There were no adjustments warranted in this category.

**FIREPLACE**

The subject improvements do not contain a fireplace. All of the comparables contain one or more fireplaces. All of the comparables were negatively adjusted in this category.

**ADDITIONAL FEATURES/EXTERIOR FEATURES**

The subject improvements do have any additional features. Sale 2 has multiple garage type buildings and was negatively adjusted. Sale 4 has a garage building with living area on the second floor and was also negatively adjusted in this category.



***SALES COMPARISON APPROACH CONCLUSION – As Is (January 26, 2022)***

The grid for the Sales Comparison Approach that precedes this discussion features four closed transaction of similar facilities. All the comparables are single family residences. The adjusted range is reported as \$264,500 to \$283,305. All sales have been considered in the reconciliation.

Based on the preceding analysis of the sales, the report reconciles toward the lower end of the range at \$270,000. The market value for the subject property identified as 710 S. Bomar Avenue, Landrum, SC (1-08-10-010.00 & 1-08-10-011.00), by the Sales Comparison Approach is \$270,000. The As Is, Fee Simple market value of the subject property via the Sales Comparison Approach, as of January 26, 2022, is rounded to:

**TWO HUNDRED SEVENTY THOUSAND DOLLARS**

**\$270,000**

***SALES COMPARISON APPROACH CONCLUSION – As Is (January 26, 2022)***

The grid for the Sales Comparison Approach that precedes this discussion features four closed transaction of similar facilities. All the comparables are single family residences. The adjusted range is reported as \$264,500 to \$283,305. All sales have been considered in the reconciliation.

Based on the preceding analysis of the sales, the report reconciles toward the lower end of the range at \$270,000. The market value for the subject property identified as 722 S. Bomar Avenue, Landrum, SC (1-08-10-008.00 & 1-08-10-009.00), by the Sales Comparison Approach is \$270,000. The As Is, Fee Simple market value of the subject property via the Sales Comparison Approach, as of January 26, 2022, is rounded to:

**TWO HUNDRED SEVENTY THOUSAND DOLLARS**

**\$270,000**

**FINAL RECONCILIATION**

The report has determined the market value of the subject property for the following: Fee Simple, As Is. The report employed the use of the Sales Comparison Approach. The findings of these approaches for each type value requested is located below.

**As Is Market Value (Fee Simple) – January 26, 2022 (710 S. Bomar Avenue)**

<b>Cost Less Depreciation Approach</b>	N/A
<b>Sales Comparison Approach</b>	\$270,000
<b>Income Capitalization Approach</b>	N/A

**As Is Market Value (Fee Simple) – January 26, 2022 (722 S. Bomar Avenue)**

<b>Cost Less Depreciation Approach</b>	N/A
<b>Sales Comparison Approach</b>	\$270,000
<b>Income Capitalization Approach</b>	N/A

The Cost Approach was not completed for this assignment. The subject improvements were built in 1991 and measuring the long-lived items for depreciation would be difficult. An investor would not rely on cost when making a purchase decision. For these reasons, the Cost Approach was not applied. Please note that the exclusion of this approach does not lessen the credibility of this report.

The Sales Comparison Approach utilized four improved sales and three residential lot sales for the excess land. These sales were similar in functional utility of the subject and represented a similar transaction in each instance. The sales were adjusted based on market actions. The Sales Comparison Approach to value did yield credible assignment results. This approach is given all the weight in the final reconciliation.

The final approach considered and but not performed is the Income Approach. The report did research sales and rents for duplex facilities in Spartanburg County. The report determined through the highest and best use that the subject improvements yield a higher value to be marketed individually as single family homes rather than as a duplex type facility. The Income Approach was not necessary for the purpose of this assignment. The exclusion of this approach does not lessen the credibility of this report.

**RECONCILIATION OF CONCLUDED VALUES**

Based on all the analysis and conclusions in this report, the appraiser estimates that the "**As Is**" Market Value of the Fee Simple Estate for the subject property, identified as 710 S. Bomar Avenue, Landrum, SC 29356 (1-08-10-011.00 & 1-08-10-010.00), subject to the Extraordinary Assumptions, General Assumptions and General Limiting Conditions, as of January 26, 2022, is:

**TWO HUNDRED SEVENTY THOUSAND DOLLARS**

**\$270,000**

Based on all the analysis and conclusions in this report, the appraiser estimates that the "**As Is**" Market Value of the Fee Simple Estate for the subject property, identified as 722 S. Bomar Avenue, Landrum, SC 29356 (1-08-10-009.00 & P/O 1-08-10-008.00), subject to the Extraordinary Assumptions, General Assumptions and General Limiting Conditions, as of January 26, 2022, is:

**TWO HUNDRED SEVENTY THOUSAND DOLLARS**

**\$270,000**

Respectfully submitted,



---

**Robert R. Elliott, Jr., MAI, SRA  
South Carolina CG 4745**

**Extraordinary Assumptions:**

- The subject is comprised of four tax map numbers. The client provided a plat map dated June 6, 1974. The report assumes this document remains accurate and correct. If this is found to be untrue, it could alter the results stated in this report.
- The highest and best use later in the report determines that the property is best served to be offered as two individual homes rather than as a package multi-family application. Each of the improvements is accessed through 1-08-10-010.00. The client has requested that this parcel be attributed to 710 S. Bomar Avenue. The report assumes that an easement or access agreement would be recorded for 722 S. Bomar Avenue. If this is found to be untrue, it could alter the results stated in this report.
- The client has provided the original site plan that illustrates the improvement of 722 S. Bomar Avenue is located on 1-08-10-008.00 and 1-08-10-009.00. Spartanburg County GIS illustrates that parcel 1-08-10-008.00 is a vacant lot. The report has relied on the information sent by the client and this parcel is not considered excess land. If this is found to be untrue, it could alter the results stated in this report.

**ADDENDA**

**ENGAGEMENT LETTER**

ELLIOTT VALUATION & CONSULTING SERVICES, LLC

Rob Elliott, MAI, SRA  
Certified General  
Real Property Appraiser

P.O. Box 5022  
Spartanburg, SC 29304  
Phone: (864) 707-5200

January 18, 2022

SCDDSN  
Attn: Ms. Vicki Wilkes, Capital Contracts Director  
3440 Harden Street Extension  
Columbia, SC 29203

RE: Appraisal Engagement Letter for 720/722 Bomar Avenue, Landrum, SC

Ms. Wilkes:

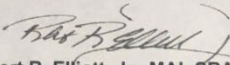
Per our conversation on January 18, 2022, I have prepared an agreement for a market value appraisal report for the properties located at 720/722 Bomar Avenue, Landrum, SC. The following is my understanding of the services needed and the scope of work necessary to achieve credible assignment results.

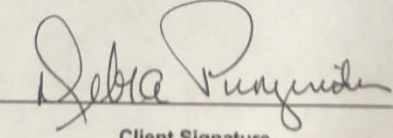
- **Problem Identification:** determine the market value of the subject property from the basis of a fee simple interest.
- **Intended Use of the Report:** the intended use of the appraisal report is to determine market value of the subject properties for the potential of disposition.
- **Client:** SCDDSN
- **Intended Users:** SCDDSN
- **Approaches Developed:** in determining the market value of the subject property, the report will employ the use of the Sales Comparison Approach and potentially the Income Approach.
- **Other Pertinent Data Analyzed:** in addition to the valuation sections, the report will also analyze the subject's historical tax burden, zoning designation(s), the site as vacant, the present improvements, demographic and economic data within the market area, property type market trends and perform a highest and best use analysis of the property as vacant and improved.

The fee for this assignment is \$3,000 and would be completed in 30-days from the date of acceptance.

Please do not hesitate to contact me directly with any questions. I thank you for the opportunity and look forward to working with you in the near future.

Respectfully submitted,

  
Robert R. Elliott, Jr., MAI, SRA

  
Client Signature

**SUBJECT DEED**

DEEDS b-K PG 371

Address of Grantee: P. O. Box 4706  
Columbia, SC 29240

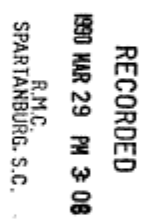
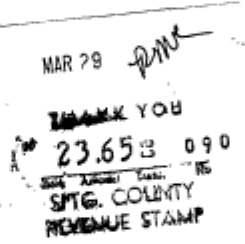
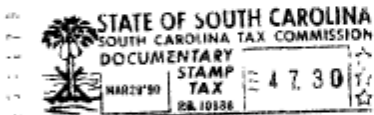
STATE OF SOUTH CAROLINA }  
COUNTY OF SPARTANBURG }

KNOW ALL MEN BY THESE PRESENTS, that we, Thomas P. Johnson, Jr., Ronald H. Johnson and Martha J. Walker

in consideration of Twenty-One Thousand Five-Hundred & No/100 (\$21,500.00) -----

the receipt of which is hereby acknowledged, have granted, bargained, sold and released, and by these presents do grant, bargain, sell and release unto South Carolina Department of Mental Retardation, its Successors and/or Assigns forever:

All Those certain pieces, tracts, or parcels of land lying and being situate in the State of South Carolina, County of Spartanburg, Town of Landrum shown and designated as Lots 15, 16, 17 and 18 located in Heritage Estates Sub Division as shown in Plat Book 73, Pages 468-470 as recorded in R.M.C. Office for Spartanburg County, Spartanburg, South Carolina. These lots are a part of a 17.3 acre tract of the A.B. Turner Estate purchased by Thomas P. Johnson, Jr., Ronald H. Johnson and Martha J. Walker as recorded in R.M.C. Office in Deed Book 39, Page 075, dated July 29, 1972. Reference: Block Maps 1-08-10-8, 1-08-10-9, 1-08-10-10, 1-08-10-11.



together with all and singular the rights, members, hereditaments and appurtenances to said premises belonging or in anywise incident or appertaining, to have and to hold all and singular the premises before mentioned unto the grantee(s), and the grantee(s)'s heirs (or successors) and assigns forever. And the grantor(s) do(es) hereby bind the grantor(s) and the grantor(s)'s heirs (or successors), executors and administrators to warrant and forever defend all and singular said premises unto the grantee(s) and the grantee(s)'s heirs (or successors) and assigns against the grantor(s) and the grantor(s)'s heirs (or successors) and against every person whomsoever lawfully claiming or to claim the same or any part thereof, except as to restrictions and easements of record, if any.

WITNESS the grantor(s)'s hand(s) and seal(s) this 16th day of January 1990

SIGNED, sealed and delivered in the presence of:

Mary H. Johnson  
Thomas P. Johnson, Jr.

Thomas P. Johnson (SEAL)  
Ronald H. Johnson (SEAL)  
Martha J. Walker (SEAL)

STATE OF SOUTH CAROLINA  
COUNTY OF SPARTANBURG

PROBATE

Personally appeared the undersigned witness and made oath that (s)he saw the within named grantor(s) sign, seal and as the grantor(s) did and did deliver the within written deed and that (s)he with the other witness subscribed above witnessed the execution thereof.

SWORN to before me this January 31st. 19 90

[Signature] (SEAL)  
Notary Public for South Carolina

Mary H. Johnson

My commission expires 7-79 PD 050 40000 3296R



DEED5b-K PG 372

STATE OF SOUTH CAROLINA  
State Budget and Control Board  
OFFICE OF THE EXECUTIVE DIRECTOR



CARROLL A. CAMPBELL, JR., CHAIRMAN  
GOVERNOR

GRADY L. PATTERSON, JR.  
STATE TREASURER

EARLE E. MORRIS, JR.  
COMPTROLLER GENERAL

P.O. BOX 1244  
COLUMBIA, SOUTH CAROLINA 29211  
(803) 734-3326

JAMES N. WADDELL, JR.  
CHAIRMAN, SENATE FINANCE COMMITTEE

ROBERT N. McLELLAN  
CHAIRMAN, WAYS AND MEANS COMMITTEE

JESSE A. COLES, JR., Ph.D.  
EXECUTIVE DIRECTOR

CERTIFICATE OF ACCEPTANCE OF INTEREST IN REAL PROPERTY

CERTIFICATE NUMBER 26 DATED December 19, 1989

Grantor:

Thomas P. Johnson et al  
104 S. Shamrock Avenue  
Landrum, SC 29356

Grantee:

SC Department of Mental Retardation  
P. O. Box 4706  
Columbia, SC 29240

General Description of Transaction:

County Location:

Spartanburg

Acreage:

2.13 acres located on Bomar Avenue in Landrum

Purpose/project:

For site for two 8-bed community residences; project J16-9542.

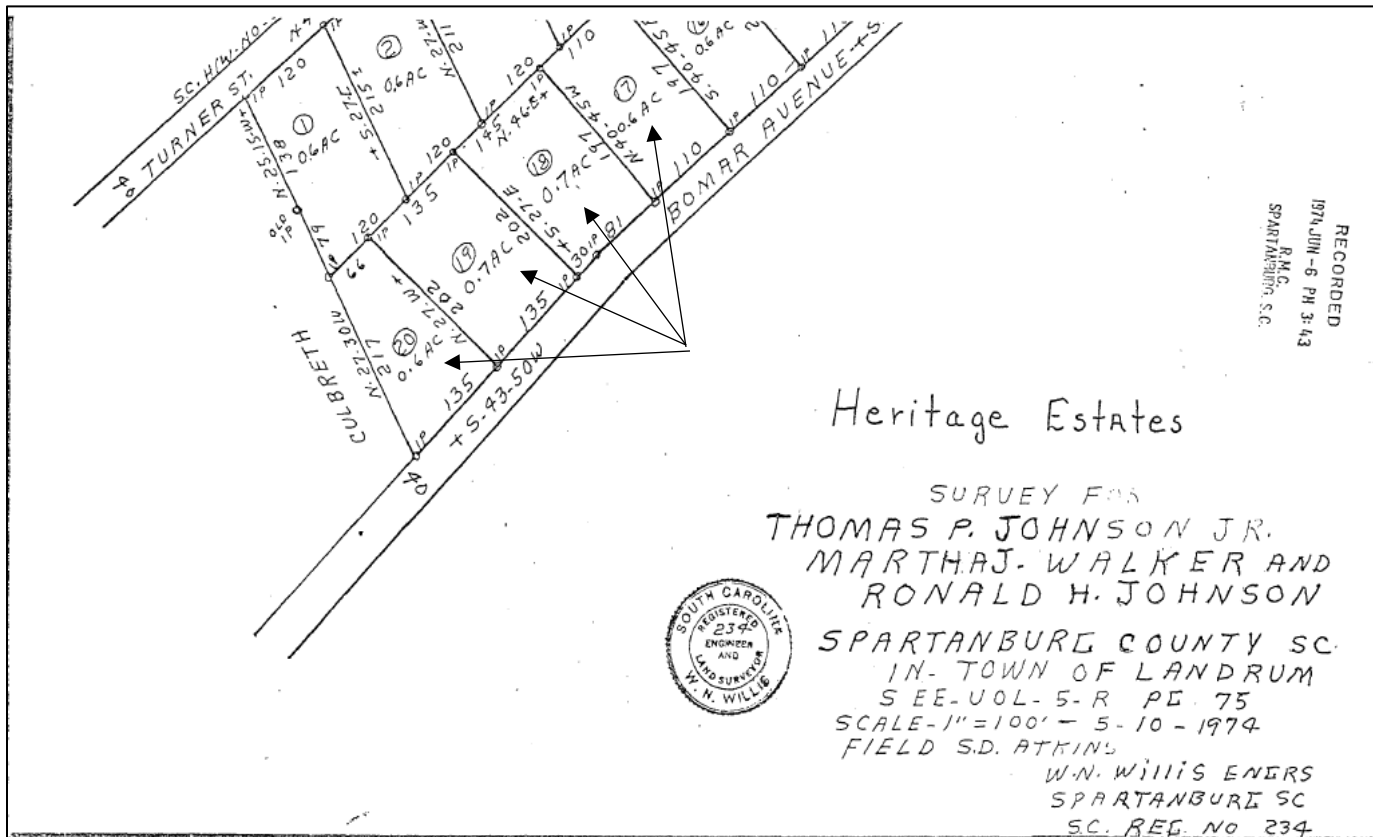
In accordance with the provisions of §1-11-65, Code of Laws of South Carolina, the State Budget and Control Board approved the acceptance of the transfer of interest in the real property described in the documents attached from the referenced grantor to the referenced grantee at its meeting held on December 5, 1989.



*William A. McInnis*

William A. McInnis, Secretary

SUBJECT PLAT



APPRAISER LICENSE



**APPRAISER QUALIFICATIONS****APPRAISER'S QUALIFICATIONS****ROBERT R. ELLIOTT, JR., MAI, SRA****Elliott Valuation and Consulting Services, LLC**

South Carolina Certified General Real Estate Appraiser # 4745

Georgia Certified General Real Estate Appraiser #347035

North Carolina Certified General Real Estate Appraiser #A7536

Virginia Certified General Real Estate Appraiser #015749

Maryland Certified General Real Estate Appraiser #32076

West Virginia Certified General Real Estate Appraiser #515

**Education****Formal:**

- Graduate, the Citadel, the Military College of South Carolina, Charleston Bachelor of Science Degree, May 2002

**Appraisal Institute Courses/Seminars & Pertinent Coursework:**

- Course 410, National Uniform Standards of Professional Appraisal Practice, 15 Hour, November 2006 (AI)
- Course 420, Business Practice and Ethics, December 2006 (AI)
- The FHA Appraisal Process, February 2007 (AI)
- Course 310, Basic Income Capitalization, March 2007 (AI)
- Worldwide ERC Online Seminar, June 2007 (AI)
- Course 330, Apartment Appraisal, August 2007 (AI)
- Course 520, General Market Analysis and Highest & Best Use, March 2008 (AI)
- Course 510, Advanced Income Capitalization, December 2008 (AI)
- Course 300, Real Estate Finance, Statistics & Valuation Modeling, February 2009 (AI)
- Course 401G, General Sales Comparison Approach, March 2009 (AI)
- Course 402G, General Site Valuation & Cost Approach, May 2009 (AI)
- Course 405G, General Appraiser Report Writing & Case Studies, October 2009 (AI)
- Course N404G – General Appraiser Income Approach, Part 2, March 2010 (AI)
- USPAP Update, CE1032, September 2010 (AI)
- Course 503GD – Advanced Concepts and Case Studies, December 2010 (AI)
- Residential Appraisal Update 2010: Staying Competent in a New Decade, CE-1137, January 2011 (AI)
- Eminent Domain: Appraisal of Partial Acquisitions, CE-1030, March 2011
- 7-Hour USPAP Update Course, March 2012
- Complex Litigation Appraisal Studies, CE-1273, April 2013 (AI)
- Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets, CE-1202, May 2013 (AI)
- Business Practice & Ethics, May 2013 (AI)
- "Excel as an Appraisal Professional," Webinar, June 2013 (AI)
- Marina Valuation Overview, Webinar, July 2013 (AI)
- Spotlight on USPAP: Common Errors and Issues, July 2013 (AI)

- Drone Technology and Its Impact on the Appraisal Industry, November 2014 (AI)
- A Picture is Worth a Thousand Words: Data Visualization in Appraisal, November 2014 (AI)
- Special Use Properties: Hospitality and Senior Housing, January 2015 (AI)
- Supervisory Appraiser/Trainee Appraiser Course, April 2015 (AI)
- The Lender Client and the Appraiser: You are on the Same Team, July 2015 (AI)
- Technology Tips for Real Estate Appraisers, October 2015 (AI)
- Case Studies for Complex Valuation, January 2016 (AI)
- Contract or Effective Rent: Finding the Real Rent, April 2016 (AI)

#### **Professional Affiliations/Service**

- Member of the Appraisal Institute
- 2011 SC Chapter of the Appraisal Institute Chair of Associate Members
- 2010 SC Chapter of the Appraisal Institute Vice Chair of Associate Members
- 2012 LDAC Representative for South Carolina Chapter
- 2013 LDAC Representative for South Carolina Chapter
- 2013 SC Chapter Candidate Guidance Committee Chair
- Appraisal Institute – Demonstration Appraisal Grading Panel; General
- 2014 SC Chapter Education Committee Chair
- 2014 LDAC Discussion Leader
- 2014 – Presenter at AI Connect Concerning Benefits and Damages
- Appraisal Institute’s Capstone Program Facilitator
- 2015 SC Chapter Officer – Secretary
- 2015 SC Chapter Education Committee Chair
- 2015 SC Chapter Alternate Regional Representative
- 2015 Member of Admissions, Designations & Qualifications Committee (National)
- 2016 SC Chapter Officer – Treasurer
- 2016 SC Chapter Education Committee Chair
- 2016 SC Chapter Finance Committee Chair
- 2016 SC Chapter Regional Representative
- 2016 Vice Chair of Admissions, Designations & Qualifications Committee (National)
- 2017 SC Chapter Officer – Vice President
- 2017 SC Chapter – Finance Committee Member
- 2017 SC Chapter – Regional Representative
- 2017-2018 Finance Committee Member (National)
- 2017-2020 Chair of Admissions, Designations & Qualifications Committee (National)
- 2018 SC Chapter Officer – President
- 2019 SC Chapter Immediate Past President
- 2019 Strategic Planning Committee Member (National)
- 2020 Strategic Planning Committee Vice Chair (National)
- 2020 Region IX 3<sup>rd</sup> Director
- 2021 - 2022 Region IX Vice Chair (Member of the National Board of Directors)
- 2021 - 2022 Strategic Planning Committee Chair (National)

## Consideration of Interim CPIP Projects

In recent efforts to improve and beautify our facilities the 5-Year CPIP plan, as well as other potential projects, were reviewed in order to identify items that could be moved up in the process. The following projects were selected as has high priority projects that would provide needed repairs and improvements for the individuals who live and work at our Regional Centers:

- 1) **Pee Dee Center Mulberry and Pecan Roof Replacements** – The scope of this project is to provide complete roof replacement to the Mulberry Dorms (seven buildings), and replacement of the shingle portions of the roofs on the Pecan Dorms (five buildings). Pee Dee Center has many roofs approaching 20-years-old on buildings throughout campus, and we expect to see many roofing replacements there in the next couple of years. These particular roofs were last replaced in 2002, and are in need of replacement. Due to ongoing maintenance issues they were identified as a project to prioritize in order to address these existing problems and get a good jump on roof replacements at Pee Dee which will be a need over the next several years. **Estimated Cost: \$850,000 - \$950,000.**
  
- 2) **Pee Dee-Pecan Dorms-Bathroom Renovations** – The scope of this project is to perform a large scale bathroom renovation to the Pecan Dorms. There are five Pecan Dorms that consist of nine large gang bathrooms, ten individual bathrooms, and five staff bathrooms. Due to outdated and deteriorated conditions, these bathrooms will be demo'ed down to the block walls and slabs and be provided with complete new finishes, plumbing fixtures, ceiling grids, and toilet partitions. This project was identified in order to aid in our efforts to beautify our facilities. We also expect to see many similar projects at other Regional Centers in the Near future. **Estimated Cost: \$750,000 - \$950,000.**
  
- 3) **Midlands-Walnut Bathroom Renovations** – The scope for this project includes the complete renovation of three resident bathrooms and three staff bathrooms. Walnut has a total of four resident bathrooms. One of the resident bathrooms has been bid out in a separate project and is not included in this scope. The bathrooms included in this project will be demo'ed down to the block walls and slabs and be provided with complete new finishes, plumbing fixtures, doors, paint, and toilet partitions. This project was identified in order to prepare Walnut as a new triage facility. **Estimated Cost: \$200,000 - \$245,000.**

Mary Poole  
State Director  
Patrick Maley  
Deputy Director  
Rufus Britt  
Associate State Director  
Operations  
Susan Kreh Beck  
Associate State Director  
Policy  
W. Chris Clark  
Chief Financial Officer



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COMMISSION  
Gary C. Lemel  
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Barry D. Malphrus  
Vice Chairman  
Robin B. Blackwood  
Secretary  
Eddie L. Miller  
Stephanie M. Rawlinson  
David L. Thomas

Reference Number: 275-05-DD

Title of Document: General Duties of the South Carolina Department of Disabilities and Special Needs (DDSN) Internal Audit Division

Date of Issue: February 14, 2002

~~Last Review: November 19, 2020~~

Date of Last Revision: ~~November 19, 2020~~ XXXX, 2022 (REVISED)

Effective Date: ~~April 16, 2017~~ XXXX, 2022

Applicability: DDSN Central Office, DDSN Regional Centers ~~and all providers of DDSN Sponsored Services including: Adult Companion Providers, Case Management Providers, Day Service Providers (i.e., career prep, day activity, community services, support center), Early Intervention Providers, Employment Services Providers, Financial Management Providers, HASCI Rehabilitation Support Providers, Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IID) Providers, Intake Providers, Residential Habilitation Providers and Respite Providers. DDSN-Operated Community Settings, DSN Boards and Contracted Service Providers of all Service Programs~~

**Purpose and Mission**

The purpose of the South Carolina Department of Disabilities and Special Needs (DDSN's) Internal ~~Auditing~~ Audit Division (IA) is to provide an independent, objective assurance and consulting activity services designed to add value and improve the agency's ~~service providers'~~ operations. The mission of internal audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. It IA helps the organization DDSN accomplish ~~their~~ its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control, governance, and the implementation of best practices processes.

**Standards for the Professional Practice of Internal Auditing**

IA will govern itself by adherence to the mandatory elements ~~to of~~ The Institute of Internal Auditors' (IIA) International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the *International Standards for the Professional Practice of Internal Auditing*, and the Definition of Internal Auditing. The Internal Audit Director will report periodically to senior management and the Finance and Audit Committee regarding the Internal Audit Division's conformance to the Code of Ethics and the Standards.

**Authority**

It is the policy of DDSN to establish and support an Internal Audit Division as an independent appraisal function to examine and evaluate DDSN and provider activities as a service to Executive Management and the DDSN Commission.

The State Director shall appoint the Director of Internal Audit, subject to the approval of the full DDSN Commission. The Director of Internal Audit shall be responsible for the day-to-day administration and operation of the Internal Audit Division, subject to policies, rules and regulations adopted by the DDSN Commission.

Subject to the approval of the State Director, the Director of Internal Audit shall prescribe the organizational structure and the personnel necessary to carry out the Internal Audit function.

The Director of Internal Audit reports administratively to the State Director and functionally to the Finance and Audit Committee Chair of the DDSN Commission.

~~An annual audit plan will be developed by the Director of Internal Audit and submitted for review to the State Director, reviewed and approved by the Finance/Audit Committee, with final approval by the DDSN Commission. If adjustments are necessary due to changes in needs or priorities of DDSN, the changes will be coordinated with affected personnel.~~

~~In carrying out their responsibilities, members of the Internal Audit Division will have full, free, and unrestricted access to all DDSN funded service provider organizations' activities, records (manual and electronic), property, and personnel, and to the Finance/Audit Committee of the Commission, as necessary.~~

The Director of Internal Audit will have unrestricted access to, and communicate and interact directly with, the Finance and Audit Committee, and DDSN Commission, as necessary, including in private meetings without management present.

To establish, maintain, and assure that DDSN IA has sufficient authority to fulfill its duties, the Finance and Audit Committee will:

- Approve the IA Division's internal audit charter;
- Approve the Internal Audit Committee Charter;
- Approve the risk-based internal audit plan;
- Approve the internal audit Internal Audit Division's budget and resource plan;
- Receive communications from the Director of Internal Audit on the Internal Audit

**Commented [CC1]:** Included in the SCDDSN Finance Audit Committee Charter



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Division's performance relative to ~~the~~ its plan and other matters;

- Approve decisions regarding the appointment and removal of the Director of Internal Audit;
- Approve the remuneration of the Director of Internal Audit; and
- Make appropriate inquiries of management and the Director of Internal Audit to determine whether there is inappropriate scope or resource limitations.

IA is authorized to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any DDSN, DSN Board or Contracted Service Provider engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of DDSN, as well as other specialized services from within or outside DDSN, in order to complete the engagement.

**Independence and Objectivity**

~~The DDSN Internal Audit Division is a staff function, and as such, does not have any responsibility or authority over areas that are being audited; therefore, any review or recommendation by Internal Audit will not in any way relieve the supervisor of the assigned responsibilities inherent with his/her position.~~

The Director of Internal Audit will ensure that the IA Division remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Director of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to ~~the~~ appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, Internal Auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing any operational duties for DDSN or its contracted service providers.
- Initiating or approving transactions external to the Internal Audit Division.
- Directing the activities of any DDSN employee not employed by the Internal Audit Division, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

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Where the Internal Audit Director has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity.

Internal Auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The Director of Internal Audit will confirm to the Finance and Audit Committee, at least annually, the organizational independence of the Internal Audit Division.

The Director of Internal Audit will disclose to the Finance and Audit Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

#### **Scope of Internal Audit Activities**

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the DDSN Commission and management on the adequacy and effectiveness of governance, risk management, and control processes for DDSN. Internal audit assessments include evaluating whether:

- Risks relating to the achievement of DDSN's strategic objectives are appropriately identified and managed.
- The actions of DDSN's commissioners, executive management, employees and contractors are in compliance with DDSN's directives, standards, policies, procedures and applicable laws and regulations.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the directives, standards, policies, procedures, laws and regulations that could significantly impact DDSN.
- Information and the means used to identify, measure, analyze, classify and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Director of Internal Audit will report periodically to senior management and the Finance and Audit Committee regarding:

- The Internal Audit Division's purpose, authority, and responsibility.
- The Internal Audit Division's plan and performance relative to its plan.

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- The Internal Audit Division's conformance with the IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or request by, the Finance and Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to DDSN.

The Internal Audit Director also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Audit Division may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit Division does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

### **Responsibility**

The Internal Audit Director has the responsibility to:

- Submit an annual risk-based internal audit plan to the State Director, Finance and Audit Committee, and DDSN Commission for review and approval.
- Communicate to the State Director and the Finance and Audit Committee the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in DDSN's priorities, risks, operations, programs, systems and controls.
- Communicate to the State Director and the Finance and Audit Committee any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings/observations and corrective actions, and report periodically to senior management and the Finance and Audit Committee any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Maintain a professional audit staff that collectively possesses or obtains the knowledge, skills, experience, professional certifications, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure emerging trends and successful practices in internal auditing are considered.

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- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit Division.
- Ensure adherence to DDSN's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Finance and Audit Committee.
- Ensure conformance of the Internal Audit Division with the *Standards*, with the following qualification:
  - If the Internal Audit Division is prohibited by law or regulation from conformance with certain parts of the *Standards*, the Internal Audit Director will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.

The primary objective of the Internal Audit Division is to assist members of management in the effective discharge of their responsibilities by reviewing activities/programs and providing analyses, recommendations, and information regarding the activities/programs reviewed. The reviews are conducted to assure DDSN and its provider organizations comply with applicable State/Federal laws, standards, directives, policies, procedures and regulations. As such, the DDSN Internal Audit Division is concerned with all phases of DDSN and its provider organizations' operations. To this end, the Internal Audit Division will:

- 1) — Determine the adequacy, efficiency, and effectiveness of systems of internal accounting and operating controls;
- 2) — Determine the accomplishment of established goals and objectives;
- 3) — Review and determine the reliability and integrity of financial information;
- 4) — Determine the means of safeguarding assets and consumer funds;
- 5) — Review and determine compliance with policies, procedures, laws, and regulations; and
- 6) — Should Internal Audit discover a conflict of interest regarding any DDSN staff, the Audit Director will report such conflict to the Finance Audit Committee in Executive Session.

#### Activities

Specific internal audit responsibilities are as follows:

1. — Perform scheduled audits of service provider organizations, DDSN Regional Centers, and DDSN Central Office for the effectiveness of operations and compliance with established standards and policies.
2. — Perform special request audits in response to allegations/complaints/concerns of a financial or programmatic nature.
3. — Provide consultation, technical assistance, and training to DDSN Divisions, DDSN Regional Centers and the service provider organizations.

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4. ~~Review, evaluate, and follow up on internal audit findings and recommendations with appropriate management staff.~~
5. ~~Coordinate internal audit efforts with external auditors/reviewers.~~
6. ~~Report to the DDSN Commission as requested to outline internal audit activities and review completed reports.~~

#### **Audit Process/Steps**

~~DDSN Internal audits will be conducted in accordance with this policy and with the procedures outlined in the DDSN *Audit Procedures Manual*. Generally, an audit of any activity or facility will consist of the following steps with the exception for a special audit (i.e., cash related, suspected fraud, etc.) which will be conducted on a no notice or short notice basis.~~

1. ~~When practical (i.e., time or type of audit), an engagement memo will be issued prior to a scheduled audit. The purpose of the engagement memo is to notify management of the area to be reviewed, describe the audit to be performed, and to request items needed at the onset of the review. If time does not permit, management will be notified by telephone and/or e-mail as soon as possible.~~
2. ~~Preliminary planning consists of consideration being given to: any prior audit results (if applicable); internal controls; record keeping employed; documentary evidence required (i.e., required by policy, procedure, law, regulation, etc.); applicable policies and procedures; prior reviews by external and internal parties; and the type of report to be issued.~~
3. ~~An audit program will be developed based on decisions reached during the preliminary planning. The program will be modified as dictated by discoveries made during the audit.~~
4. ~~An entrance conference will be conducted between the auditor and management of the work unit(s) to be reviewed to discuss the nature of the audit, the areas to be audited, and the support required.~~
5. ~~Fieldwork will consist of inquiry of appropriate personnel, observation of applicable activities, and examination of applicable records and documents. Fieldwork will depend on the type of audit being performed as well as the type of activity, operation, or program being reviewed.~~
6. ~~The auditor will conduct an exit conference with management at the conclusion of the fieldwork to discuss the results of the audit. The exit conference should be a summary of concerns noted during the review that were communicated to auditee management throughout the engagement.~~
7. ~~Findings will be documented after the completion of the fieldwork. These draft findings will be sent to the appropriate manager for the area being audited with a request that the findings be reviewed and corrective action plans be submitted to DDSN Internal Audit within 30 calendar days, or less, per DDSN Internal Audit's request.~~

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**Reporting**

~~A draft report will be issued upon receipt of an acceptable corrective action plan; the draft will then be forwarded to the auditee for a final review for completeness and accuracy with follow-up to Internal Audit staff regarding any corrections/concerns detailed in the draft report.~~

~~Upon receiving the auditee's corrective action plan, Internal Audit staff will review actions to ensure satisfactory disposition of the audit findings and recommendations. If a corrective action plan is considered unsatisfactory, DDSN Internal Audit staff will hold further discussions to achieve acceptable disposition. If a mutually acceptable corrective action plan cannot be attained, an auditor's comment may be noted in the final report.~~

~~Once the draft report is accepted by both parties, a final report will be issued which incorporates the findings and submitted corrective action plans.~~

~~The results of formal audits and/or investigations will be reported to appropriate management based on the entity reviewed. In almost all cases (exceptions being criminal cases where DDSN Internal Audit staff is assisting law enforcement and is precluded from discussing the review based on the signing of non-disclosure statements), audit reports will be shared with the DDSN State Director, DDSN Commissioners, appropriate DDSN management levels, and in the case of provider organizations, the Executive Director and members of the organizations' governing board.~~

**Financial Sanctions**

A financial sanction, ~~by way of a contract withhold,~~ is only applicable to repeat [internal audit findings/observations](#) as they relate to the health, safety and/or welfare of individuals being served.

The sanction will only apply when ~~a~~ follow-up ~~audit is~~ [procedures are](#) conducted and ~~finds~~ the accepted corrective action from the initial audit was not implemented. The Provider will then be given notice and be allowed 90 days to implement the agreed upon corrective action. If in the subsequent visit (i.e., the third visit), the corrective action plan was not implemented, the Provider will receive a financial sanction in the amount of a minimum of \$1,000 with a potential increase based on the discretion of the Finance ~~and~~ Audit Committee.

An appeals process will be available to any Provider who is assessed a financial sanction [for repeat internal audit findings/observations as they relate to the health, safety, and/or welfare of individuals being served](#). The appeal shall be requested within 30 days of notice of the sanction. The Appeals Committee membership will include: two (2) DDSN staff members; two (2) community provider members from each provider association; and one (1) consumer or family member. Once appointed, the Appeals Committee shall decide among the membership who shall be named as chair. Once appointed, the members shall serve for two (2) years.

[Internal Audit is responsible for monitoring compliance with reporting deadlines established in DDSN directive 275-04-DD, Procedures for Implementation of DDSN Audit Policy for DSN Boards, and 275-06-DD, Procedures for Implementation of DDSN Audit Policy for Contracted](#)

**Commented [CC2]:** To align DDSN IA Charter with IIA Model Internal Audit Activity Charter, remove Audit Process/Steps and Reporting from directive and include on DDSN website for Internal Audit Division.

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Service Providers, and reporting the results of monitoring to the Finance Division for invoicing of financial sanctions, where required by policy.

**Statement on Fraud**

~~Auditors should be alert to situations (i.e., observations, informants) or transactions that could indicate actual or potential fraud or abuse, and consider extending audit steps and procedures, as necessary, to determine the effect of fraud on the audit results. The Audit Director should be made aware as soon as the auditor discovers potential or suspected fraud.~~

~~Auditors should exercise due professional care in pursuing indications of suspected fraudulent activity so as to avoid mistaken accusations or alerting suspected individuals and to not interfere with potential investigations or legal proceedings. If an auditor suspects fraud, embezzlement, or other possible criminal conduct, this should be discussed with the Auditor In Charge before proceeding further. The Auditor In Charge will in turn initiate a conference with the DDSN Audit Director and any other parties deemed appropriate (i.e., DDSN General Counsel). Depending on the extent and severity of the suspected fraud, appropriate reporting to the responsible entity (i.e., local law enforcement, SLED, etc.) will take place, and fieldwork in the area may be discontinued temporarily.~~

~~If the findings from an audit give the auditor reason to believe that fraud may have occurred in the Medicaid program, under the Code of Federal Regulations, 42 CFR §455.15, then the case must be referred to the Medicaid Fraud Control Unit (MFCU) in the South Carolina State Attorney General's Office.~~

**Commented [CC3]:** To align DDSN IA Charter with IIA Model Internal Audit Activity Charter, remove Statement on Fraud from directive and include in DDSN Audit Procedures Manual.

**Quality Assurance and Improvement Program**

IA will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the ~~internal audit activity's~~ Internal Audit Division's conformance with the *Standards* and an evaluation of whether ~~the~~ Internal Auditors apply the IIA's Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and ~~identifies~~ identify opportunities for improvement.

The Director of Internal Audit will communicate to senior management and the Commission Finance and Audit Committee on the internal audit activity's quality assurance and improvement program, including results of ongoing internal assessments; and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside DDSN.

Barry D. Malphrus  
Vice Chairman

~~Gary C. Lemel~~ Stephanie M. Rawlinson  
Chairman

### FY 23 Spending Plan VS Actual Expenditures - 09/30/2022

Category	Approved Spending Plan	Cash Expenditures YTD	SCDHHS Monthly "Wash" Expenditures with Revenue YTD *	Total Monthly Expenditures YTD	Remaining Spending Plan	Spending Plan Deviation with Actual
DDSN spending plan budget	\$ 938,535,153	\$ 78,384,831	\$ 153,849,763	\$ 232,234,594	\$ 706,300,559	REASONABLE
Percent of total spending plan remaining	100.00%	8.35%	16.39%	24.74%	75.26%	
% of FY Remaining					75.00%	
Difference % - over (under) budgeted expenditures					-0.26%	

\* In September 2022, providers billed & paid by SCDHHS an estimate of \$153.8 million in services (waiver services + state plan services).

Methodology & Report Owner: DDSN Budget Division