TOWN OF SIX MILE

SOUTH CAROLINA

BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

TOWN OF SIX MILE, SOUTH CAROLINA
ANNUAL FINANICAL STATEMENTS
JUNE 30, 2022

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LOVE BAILEY

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of Town Council
Town of Six Mile
Six Mile, South Carolina

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Six Mile, South Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Six Mile, South Carolina's basic financial statements as listed in the table of contents

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Six Mile, South Carolina, as of June 30, 2022, and the respective changes in financial for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Six Mile, South Carolina, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Six Mile, South Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Six Mile, South Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Six Mile, South Carolina's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, and the pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2022 on our consideration of the Town of Six Mile, South Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Six Mile, South Carolina's internal control over financial reporting and compliance.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
September 8, 2022

As management of the Town of Six Mile, South Carolina (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2022.

Financial Highlights

- The net position of the Town exceeded its liabilities at June 30, 2022 by $1,722,894. Of this amount, $1,093,084 was unrestricted and can be used to meet the Town's ongoing obligations.
- The Town's total net position Increased $197,328 from the prior year net position.
- The Town received $105,894 in American Rescue Act Plan funds and used $14,395 of the ARPA funds leaving $91,499 in restricted cash.
- At June 30, 2022, the Town's governmental fund balance sheet reported a combined ending fund balance of $1,295,307, an increase of $196,074 from the previous fiscal year. Of this amount, $91,499 is restricted for APRA funds, $30,922 is committed and $1,180,005 was unassigned.
- At June 30, 2022, the Town's net pension liability was $103,507

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned by unused vacation leave).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are classified as governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town adopts a budget for each Fiscal Year. A budgetary comparison schedule has been provided for the general fund and other budgeted funds to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 to 29 of this report.

Government Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2022, the Town's assets and deferred outflows exceeded liabilities and deferred inflows by $1,722,894 with more than 75 percent of the Town's assets representing cash and cash equivalents.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the Town. They are also able to determine how much the Town owes vendors. Finally, the Statement of Net Position provides a picture of the net position (assets and deferred outflows minus liabilities and deferred inflows) and their availability for expenditure by the Town.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

The Statement of Net Position presents information on all of the Town's assets and liabilities and provides information about the nature and the amounts of investments in resources and the obligations to the Town's creditors. It provides one way to measure the financial health of the Town by providing the basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the Town.

Net position is divided into two categories. The first category, net investment in capital assets provides the Town equity in equipment owned by the Town and the second category is unrestricted which are available to the Town for any lawful purpose of the Town. The following table presents a summary of the Town's net position for the fiscal years ended June 30, 2022 and 2021:

Condensed Statement of Net Position
June 30, 2022 and 2021

Assets	**2022**	**2021**
Current assets	$ 1,323,413	$ 1,111,501
Capital assets, net of accumulated depreciation	538,311	538,766
Total assets	1,861,724	1,650,267
Deferred Outflows	47,213	59,097
Liabilities		
Current liabilities	28,106	12,268
Non-current liabilities	110,243	155,498
Total Liabilities	138,349	167,766
Deferred Inflows	47,694	14,439
Net Position		
Net investment in capital assets	538,311	538,766
Restricted	91,499	-
Unrestricted	1,093,084	986,800
Total net position	$ 1,722,894	$ 1,525,566

Statement of Activities

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Activities. The purpose of the statement is to present the revenues received by the Town, and the expenses paid by the Town, and any other revenue, expenses, gains, and losses received or spent by the Town.

The Statement of Activities is prepared on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The following table presents a summary of the activity that resulted in changes in net position for the fiscal years ended June 30, 2022 and 2021.

Condensed Statement of Activities
Years Ended June 30, 2022 and 2021

	2022	2021
Revenues:		
Program revenues		
Charges for services	$ 137,052	$ 123,650
Operating grants and contributions	116,372	43,466
General revenue		
State aid and shares revenues	152,711	139,046
Franchise Fees	67,115	58,606
Interest revenue	3,389	8,993
Miscellaneous revenues	53,216	29,112
Total revenues	529,855	402,873
Expenses and transfers:		
Administrative department	197,436	210,931
Sanitation department	19,093	18,289
Recreation department	61,162	46,172
Highways and streets	40,441	35,748
ARPA fund	14,395	-
Total expenses	332,527	311,140
Increase in net position	197,328	91,733
Net position, beginning	1,525,566	1,433,833
Net position, ending	$ 1,722,894	$ 1,525,566

Financial Analysis of the Government's Funds

As noted earlier, the Town uses funds accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the fund balance of $1,295,307, an increase of $196,074 from the previous fiscal year. Of this amount, $91,499 is restricted for APRA funds, $30,922 is committed and $1,172,886 was unassigned.

The fund balance of the Town's general fund increased by $196,074 during the current fiscal year.

- Total revenues increased from prior year by $112,682. The majority of the revenue increase is due to the $105,894 in American Rescue Plan Act funds.
- Total expenditures increased by $14,713 from prior year due primarily the ARPA expenses.

Budgeting Highlights
The Town's general fund had a positive fund balance change of $196,074 due to significantly higher revenues from ARPA funds and franchise fees.

Actual revenues exceeded budgeted revenues by $65,603 for the year ended June 30, 2022.

Budgeted expenditures exceeded actual expenditures by $130,471 due to not using the ARPA funds before year-end.

A more complete report of the budgeted vs. actual revenues and expenditures for the General Fund is included in this report as required supplementary information.

Capital Assets and Debt Administration
The Town's investment in capital assets for its governmental activities as of June 30, 2022 was $538,311 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, machinery, and equipment. The total decrease of $455 in net capital assets is due asset additions of $34,421 and depreciation expense of $34,876.

The following schedule presents capital asset balances net of depreciation for the fiscal years ended June 30, 2022 and June 30, 2021.

	2022	2021
Land	$ 131,867	$ 131,867
Construction in Progress	29,966	20,890
Buildings and improvements	648,891	639,191
Equipment	104,055	88,410
Furniture and fixtures	10,517	10,517
	$ 925,296	$ 890,875

Economic Outlook
Inflationary trends in the region compare favorably to national indices.

Requests for Information
This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Six Mile, Post Office Box 429, Six Mile, South Carolina 29682.

TOWN OF SIX MILE,
SOUTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
ASSETS	
Current assets	
Cash and cash equivalents	$ 1,199,246
Restricted cash	91,499
Accounts receivable	31,064
Prepaids	1,604
Total current assets	1,323,413
Non-current assets	
Capital assets, net of accumulated depreciation	538,311
Total non-current assets	538,311
Total assets	1,861,724
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	47,213
Total deferred outflows of resources	47,213
LIABILITIES	
Current liabilities	
Accounts payable and other current liabilities	28,106
Total current liabilities	28,106
Non-current liabilities	
Accrued compensated absences	6,736
Net pension liability	103,507
Total non-current liabilities	110,243
Total liabilities	138,349
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	47,694
Total deferred inflows of resources	47,694
NET POSITION	
Invested in capital assets, net of related debt	538,311
Restricted	91,499
Unrestricted	1,093,084
Total net position	$ 1,722,894

The accompanying notes are an integral part of the financial statements.

TOWN OF SIX MILE, SOUTH CAROLINA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges	Grants and Contributions		Governmental
	Expenses	for Services	Operating	Capital	Activities
PRIMARY GOVERNMENT					
Governmental activities					
Administrative department	$ 197,436	$ 118,022	$ -	$ -	$ (79,414)
Sanitation department	19,093	-	-	-	(19,093)
Recreation department	61,162	19,030	-	10,478	(31,654)
Highways and streets	40,441	-	-	-	(40,441)
ARPA funds	14,395	-	105,894	-	91,499
Total governmental activities	$ 332,527	$ 137,052	$ 105,894	$ 10,478	(79,103)
GENERAL REVENUES					
Taxes					130,810
Shared revenues - State					21,901
Franchise fees					67,115
Interest earned					3,389
Other revenues					53,216
Total general revenues					276,431
Change in net position					197,328
Net position, beginning of year					1,525,566
Net position, end of year					$ 1,722,894

The accompanying notes are an integral part of the financial statements.

TOWN OF SIX MILE, SOUTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022

	Total Governmental Funds
ASSETS	
Cash and cash equivalents	$ 1,199,246
Restricted cash	91,499
Receivables	
Shared revenues	27,025
Other	4,039
Prepaids	1,604
Total assets	$ 1,323,413
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and accrued liabilities	$ 28,106
Total liabilities	28,106
FUND BALANCES	
Restricted	91,499
Committed	30,922
Unassigned	1,172,886
Total fund balances	1,295,307
Total liabilities and fund balances	$ 1,323,413

The accompanying notes are an integral part of these financial statements.

TOWN OF SIX MILE, SOUTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Fund Balances - Total Governmental Fund		$ 1,295,307
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and; therefore, are not reported in the funds.		538,311
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund. This is the accrued compensated absence liability and net pension liability.		(110,243)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and are not reported in the funds.		
Deferred outflows of resources related to pensions	$ 47,213	
Deferred inflows of resources related to pensions	(47,694)	(481)
Total net position		$ 1,722,894

The accompanying notes are an integral part of these financial statements.

TOWN OF SIX MILE, SOUTH CAROLINA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	General
REVENUE	
Taxes	$ 130,810
Permits and fees	185,136
Shared revenues - State	21,901
Rec department income	24,513
Grant income	10,478
ARPA funds	105,894
Rental income	25,815
Miscellaneous	25,307
Total revenues	529,854
EXPENDITURES	
Administrative department	164,268
Sanitation department	19,093
Recreation department	61,162
Highways and streets	40,441
ARPA expenses	14,395
Capital outlay	34,421
Total expenditures	333,780
Excess of revenues over expenditures	196,074
Fund balances, beginning of year	1,099,233
Fund balances, end of year	$ 1,295,307

The accompanying notes are an integral part of these financial statements.

TOWN OF SIX MILE, SOUTH CAROLINA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Net change in fund balance - total governmental fund	$	196,074
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		(455)
Changes in the Town's proportionate share of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the statement of activities.		1,708
Revenues in the statement of revenues, expenses, and net assets that were unavailable in the prior year because they did not provide current financial resources		(14,300)
Change in net position	$	183,027

The accompanying notes are an integral part of these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Six Mile, South Carolina (the "Town") have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the standard-setting body for governmental accounting and financial reporting. The Town follows and implements all applicable GASB standards. The following is a summary of the more significant accounting policies:

Reporting Entity
The Town was incorporated in 1910 under the laws of the State of South Carolina. The Town's governing body consists of an elected mayor and four-member council.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by GAAP. The criteria used to determine whether or not an organization is included in the financial statements are financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service, and financing relationships. Based upon the application of these criteria, there are no component units that should be included along with the Town of Six Mile as part of the reporting entity.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expense allocations are eliminated for the statement of activities. Program revenues include, 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

The Town reports the following major governmental fund:

General Fund – The general fund is the primary operating fund of the Town. The general fund accounts for all financial resources except those that are required to be reported in another fund.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents and Investments
The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables
Property taxes, other than vehicle taxes are normally levied in October and are payable without penalty through the following January 15th. Vehicle taxes are assessed and collected on a monthly, cyclical basis. By contract, the Town has authorized Pickens County to assess and collect all vehicle and property taxes. These collections are remitted to the Town of Six Mile by the Pickens County Treasurer.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Prepaid Items
Payments made to vendors for services that will benefit periods beyond the end of the fiscal year are recorded as prepaid items.

Capital Assets
Capital assets, which include property, vehicles, equipment, and furniture are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives:

Asset		Years
Buildings		40
Building Improvements		15
Machinery and Equipment		3 – 20
Furniture and Fixtures		3 – 15

Compensated Absences
It is the Town's policy to permit full-time employees to accumulate limited amounts of earned vacation leave. Upon separation of service, employees receive payment for a portion of unused vacation leave subject to length of service and contract classification. All vacation pay is accrued when incurred in the government-wide financial statements.

Long-term Obligations
In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Premiums and discounts, are deferred and amortized over the life of the related obligations. Obligations are reported net of applicable premiums or discounts. Issuance costs are expensed as incurred. In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Balance

Non-spendable – This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) are legally or contractually required to be maintained intact.

Restricted – This classification includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – This classification includes amounts that can be spent only for specific purposes pursuant to constraints imposed by formal action of the Town. Such formal action may be in the form of an ordinance or resolution and may be modified or rescinded by subsequent formal action.

Assigned – This classification includes amounts that are intended by the Town to be used for specific purposes, but are neither restricted nor committed. Assignments may be made only by the governing body or official.

Unassigned – This classification represents the residual balance with the General Fund, which has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

Unless specifically designated otherwise, fund expenditures and encumbrances are from restricted fund balances to the extent of restricted fund balance revenue, followed by committed fund balance, assigned fund balance, and unassigned fund balance, respectively.

Below are the fund balance classifications for the governmental funds at June 30, 2022:

Fund Balances	Total Governmental Funds
Restricted	$ 91,499
Committed	30,922
Other	1,180,005
Total Fund Balances	$ 1,302,426

At of June 30, 2022, the Town of Six Mile had $91,499 in restricted American Rescue Plan Act funds. Also, the Town had committed funds of $150 for the annual Independence Day Festival and $30,772 in recreation funds.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Position
Classifications of net position in government-wide statements are net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through state statute.

New Accounting Pronouncements
GASB Statement No. 87, *Leases,* requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this statement were effective for fiscal years beginning after June 15, 2021, and all reporting periods there-after. The Town did not have any leases that were effected by GASB 87.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

As set forth in the Town Charter, the Town Council adopts an annual budget prepared in accordance with the basis of accounting utilized by the Town's operating fund. Additionally, cash outlays for debt principal and fixed assets funded by operations are budgeted, but treated differently in accordance with generally accepted accounting principles. After joint workshops with the Town Council, the Mayor submits to the Town Council a proposed operating budget covering the general fund for the fiscal year commencing the following July 1.

These workshops and hearings are open to the public. The operating budget includes proposed expenditures and the means for financing them. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of an ordinance. Appropriations lapse at the end of each fiscal year.

The Mayor is authorized to transfer budgeted amounts within departments within any fund; however, any revisions that alter the total expenditures of any fund or transfer amounts between departments must be approved by the Town Council. The presented budgeted amounts are as originally adopted, or as last amended by the Town Council.

NOTE 3 – CASH AND INVESTMENTS

Deposits and Investments
The State of South Carolina General Statutes permit the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Cash is maintained in FDIC or NCUA insured demand deposits or savings accounts. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Town.

(Continued)

NOTE 3 – CASH AND INVESTMENTS, Continued

Concentration of credit risk – The Town's investment policy currently does not involve investment in any individual issuers.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy is that all deposits in excess of federal insurance amounts be collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

The Town follows the investment policy statutes of the State of South Carolina. As of June 30, 2022, of the total deposits with financial institutions of $1,292,660, the Federal Deposit Insurance Corporation (FDIC) or U.S. government backed securities covers the total deposits. The Town has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on cash and cash equivalents.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2022 for the government's individual major funds in the aggregate are as follows:

Receivables:		
State shared revenues	$	10,911
Franchise fees		14,806
Other		5,347
Total Receivables	$	31,064

NOTE 5 – CAPITAL ASSETS

Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

Primary Government Activities	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2021
Non-depreciable assets:				
Land	$ 131,867	$ -	$ -	$ 131,867
Construction in progress	20,890	9,076	-	29,966
Total non-depreciable assets	152,757	9,076	-	161,833
Depreciable capital assets:				
Buildings and Improvements	639,191	9,700	-	648,891
Equipment	88,410	15,645	-	104,055
Furniture and Fixtures	10,517	-	-	10,517
Total depreciable capital assets	738,118	25,345	-	763,463
Less accumulated depreciation:				
Buildings and Improvements	263,918	32,073	-	295,991
Equipment	77,674	2,803	-	80,477
Furniture and Fixtures	10,517	-	-	10,517
	352,109	34,876	-	386,985
Total depreciable capital assets, net	386,009	(9,531)	-	376,478
Total capital assets, net	$ 538,766	$ (455)	$ -	$ 538,311

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Administrative Department	$ 20,873
Recreation Department	14,003
Total Depreciation Expense – Governmental Activities	$ 34,876

Included in capital assets is land with a book value of $5,500 and building with a net book value of $58,229 that were donated to the Town with the stipulation that a bank occupy the property (see Note 8).

NOTE 6 – EMPLOYEE BENEFITS

Insurance
The Town offers medical and life insurance through the State of South Carolina. Medical and life insurance totaled $5,789 for the year ended June 30, 2022.

Employee Retirement Systems
The Town participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA").

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The CAFR is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

(Continued)

NOTE 6 – EMPLOYEE BENEFITS, Continued

Plan Descriptions

- The South Carolina Retirement System (SCRS), a cost–sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to certain newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

SCRS – Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP – As an alternative to membership in SCRS, certain newly hired state, public school, and higher education employees and individuals first elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of the benefit terms for each system is presented below.

(Continued)

NOTE 6 – EMPLOYEE BENEFITS, Continued

SCRS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions
Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS. The legislation also increased employer contribution rates beginning July 1, 2017 for SCRS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

The maximum funding period of SCRS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

(Continued)

NOTE 6 – EMPLOYEE BENEFITS, Continued

Additionally, the Board is prohibited from decreasing the SCRS contribution rates until the funded ratio is at least 85 percent. If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July 1, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

Required employee contribution rates[1] are as follows:

	Fiscal Year 2022	Fiscal Year 2021
SCRS		
Employee Class Two	9.00%	9.00%
Employee Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%

Required employer contribution rates (1) are as follows:

	Fiscal Year 2022	Fiscal Year 2021
SCRS		
Employee Class Two	16.41%	15.41%
Employee Class Three	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%
State ORP		
Employer Contribution (2)	16.41%	15.41%
Employer Incidental Death Benefit	0.15%	0.15%

(1) Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.
(2) Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

(Continued)

NOTE 6 – EMPLOYEE BENEFITS, Continued

The June 30, 2021, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles.

The following provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2021.

	SCRS
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.0%
Projected Salary Increases	3.0% to 11.0% (varies by service)[1]
Benefit Adjustments	Lesser of 1% or $500 annually
[1] Includes Inflation at 2.25%	

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the System's mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2020.

Assumptions used in the determination of the June 30, 2021, TLP are as follows:

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability

The net pension liability (NLP) represents the total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. SPL totals, as of June 30, 2021, for SCRS is presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
SCRS	$ 55,131,579,363	$ 33,490,305,970	$ 21,641,273,393	60.7%

(Continued)

NOTE 6 – EMPLOYEE BENEFITS, Continued

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table on the following page. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Asset Class	Total Asset Allocation	Expected Arithmetic Real Rate of Return	Long-term Expected Portfolio Real Rate of Return
Bond Equity	**46.0%**	6.87%	3.16%
Bonds	**26.0%**	0.27%	0.07%
Private Equity	**9.0%**	9.68%	0.87%
Private Debt	**7.0%**	5.47%	0.39%
Real Assets	**12.0%**		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
Total Expected Real Return	100%		5.18%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.43%

Pensions

At June 30, 2022, the Town reported a liability of $103,507 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

(Continued)

NOTE 6 – EMPLOYEE BENEFITS, Continued

For the year ended June 30, 2022, the Town recognized pension expense of $8,051. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	
SCRS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 140
Changes of assumptions:		
Net difference between projected and actual earnings on pension plan investments	7,429	-
Investment experience changes	7,630	22,666
Changes in proportion and differences between:		
Town contributions and proportionate share of contributions	24,103	24,888
Town contributions subsequent to the measurement date	8,051	-
Total	$ 47,213	$ 47,694

An amount of $8,051 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

The following schedule reflects the amortization of the net balance of remaining deferred outflows/(inflows) of resources at the measurement date. Average remaining service lives of all employees provided with pensions through the pension plan at the measurement date was 4 years for SCRS:

Measurement Period Ending June 30	
2022	$ (1,215)
2023	5,284
2024	(6,974)
2025	(5,627)
Net Balance of Deferred Outflow/(Inflow) of Resources	$ (8,532)

Discount Rate

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

(Continued)

NOTE 6 – EMPLOYEE BENEFITS, Continued

Sensitivity Analysis

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.00 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower or (6.00 percent) or 1.00 percent higher (8.00 percent) than the current rate.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
SCRS	$ 135,581	$ 103,507	$ 76,846

Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2021, and the accounting valuation report as of June 30, 2021. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' CAFR.

Other Post-employment Benefits

As of June 30, 2022, the Town does not provide employees with any post-employment benefits other than retirement.

NOTE 7 – OTHER INFORMATION

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has joined together with other municipalities in the state to form the South Carolina Local Government Assurance Group (SCLGAG), which is a public entity pool currently operating as a common risk management and insurance program.

The Town pays a monthly premium to SCLGAG for its employee health, life, and dental insurance coverage. The SCLGAG is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $100,000 for each insured event. For claims in excess of $40,000 but less than $100,000, the "stop loss" insurance is pooled with other members.

The Town also carries commercial insurance through the State of South Carolina Municipal Insurance Reserve Fund (SCMIRF) for its general liability insurance and through the South Carolina Municipal Insurance Trust (SCMIT) for its workers' compensation insurance. The Town pays annual premiums for these coverages. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three years.

NOTE 8 – COMMITMENTS

Donated Property and Building Leases
On October 30, 2013, the Town was transferred the title of property located in Six Mile, SC from First Citizens Bank and Trust Company, Inc. for the consideration of $10. The fair value of the property, determined to be $80,500 by the title insurance company, is considered a property donation to the Town from First Citizens, with the initial stipulation that the Town utilize the property for banking operations with an FDIC-regulated third-party banking institution. This initial stipulation was fulfilled with Carolina Premier Bank. Most recently, the Town entered into a lease agreement with a financial institution which commenced on November 15, 2019 for three years, ending on November 22, 2022 and automatically renewing for an additional three years unless the Town or financial institution exercises the termination provisions as outlined in the lease agreement. The monthly rent payments are $875 through the term of the lease. The financial institution is responsible for all utilities, maintenance, improvements, equipment, and furnishing expenditures. For the year-end June 30, 2022, the Town had rental income of $10,500 with respect to the building.

On February 1, 2021, the Town entered into a lease agreement with a local coffee shop. The lease term ends on February 1, 2024 and automatically renews for an additional three years unless the Town or coffee shop exercises the termination provisions as outlined in the lease agreement. Lease payments are expected to be $800 per month for the first year, $1,050 per month for the second year, and $1,200 per month for the third year. The coffee shop is responsible for all utilities, maintenance, improvements, equipment, and furnishing expenditures. For the year-end June 30, 2022, the Town had rental income of $12,450 with respect to the building.

Expected rental income for the year ending June 30, 2023 is $17,725.

NOTE 9 – SUBSEQUENTS EVENTS

Subsequent to yearend the Town received a 64-acre land donation known as the Bryson Children's Nature Walk. The land transfer and conservation easement is expected to be complete by December 31, 2022.

The Town renewed the bank lease for an additional three years at $1,000 per month.

Subsequent events have been evaluated through September 8, 2022, which is the date the financial statements were available to be issued.

TOWN OF SIX MILE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN OF SIX MILE'S PENSION PLAN CONTRIBUTIONS
SOUTH CAROLINA RETIRMENT SYSTEM

Only eight years of information is presented as only eight years of data were available.

SCRS	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 8,051	$ 8,412	$ 8,234	$ 7,489	$ 6,872	$ 5,835	$ 5,500	$ 5,636
Contributions in relation to the contractually required contribution	8,051	8,412	8,234	7,489	6,872	5,835	5,500	5,636
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town's covered-employee payroll	$ 48,614	$ 54,064	$ 52,918	$ 51,438	$ 50,679	$ 50,475	$ 49,736	$ 51,713
Contributions as a percentage of covered-employee payroll	16.56%	15.56%	15.56%	14.56%	13.56%	11.56%	11.06%	10.90%

TOWN OF SIX MILE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE TOWN OF SIX MILE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIRMENT SYSTEM

Only eight years of information is presented as only eight years of data were available.

SCRS	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.0005%	0.0005%	0.0004%	0.0005%	0.0005%	0.0005%	0.0006%	0.0001%
Town's proportionate share of the net pension liability	$ 103,507	$ 148,762	$ 83,423	$ 109,582	$ 112,558	$ 109,790	$ 104,690	$ 99,512
Town's covered-employee payroll	$ 48,614	$ 54,064	$ 52,918	$ 51,438	$ 50,679	$ 50,475	$ 49,736	$ 51,713
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	212.9%	275.2%	157.6%	213.0%	222.1%	217.5%	210.5%	192.4%
Plan fiduciary net position as a percentage of the total pension liability	60.7%	50.7%	54.4%	54.1%	53.3%	52.9%	57.0%	59.9%

Notes to schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

TOWN OF SIX MILE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
TAXES				
Local				
County	$ 5,000	$ 5,000	$ 1,354	$ (3,646)
State				
Accommodations tax	3,200	3,200	6,321	3,121
Homestead exemption	4,200	4,200	8,271	4,071
1% lost property tax credit	51,000	51,000	67,086	16,086
1% lost revenue tax	25,000	25,000	37,681	12,681
Merchants inventory	305	305	316	11
Other	-	-	9,781	9,781
Total taxes revenues	88,705	88,705	130,810	42,105
PERMITS AND FEES				
Business license	11,000	11,000	18,615	7,615
Municipal Association of SC				
Telecommunications	2,000	2,000	1,232	(768)
Insurance	60,000	60,000	95,795	35,795
Brokers	1,200	1,200	2,379	1,179
Franchise fees				
Blue Ridge Electric	750	750	772	22
Charter Communications	22,000	22,000	24,140	2,140
Duke Energy	21,000	21,000	25,629	4,629
Fort Hill Natural Gas	10,000	10,000	9,206	(794)
Northland Cable	500	500	399	(101)
AT&T	3,800	3,800	6,969	3,169
Total permits and fees revenues	132,250	132,250	185,136	52,886
SHARED REVENUES				
Local governments	16,000	16,000	21,901	5,901
Total shared revenues	16,000	16,000	21,901	5,901
MISCELLANEOUS				
Community building rental	1,500	1,500	2,865	1,365
Bank building rental	10,500	10,500	10,500	-
102 S Main rental	11,100	11,100	12,450	1,350
Farmers Depot	500	500	869	369
Interest	1,000	1,000	3,389	2,389
Miscellaneous	1,000	1,000	7,443	6,443
Issaqueena Festival	1,500	1,500	13,586	12,086
Recreation	30,500	30,500	24,513	(5,987)
PARD Grant	40,994	40,994	10,478	(30,516)
MASC economic development grant	23,000	23,000	-	(23,000)
ARPA funds	105,702	105,702	105,894	192
Donation	-	-	20	20
Total miscellaneous revenues	227,296	227,296	192,007	(35,289)
Total revenues	464,251	464,251	529,854	65,603
ADMINISTRATIVE DEPARTMENT				
Clerks salary	38,923	38,923	38,923	-
Assistant Clerk's salary	11,220	11,220	10,795	425
Mayor's salary	2,000	2,000	2,000	-
Council's salaries	4,000	4,000	4,000	-

TOWN OF SIX MILE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
Zoning admin salaries	2,000	2,000	-	2,000
Payroll taxes and retirement	15,500	15,500	13,223	2,277
Workers' compensation	2,000	2,000	1,438	562
Property/liability insurance	4,000	4,000	3,455	545
Clerk's insurance	8,000	8,000	5,789	2,211
Clerk's training	400	400	-	400
Council's training	500	500	-	500
Farmer's Market manager	750	750	750	-
Janitorial service	3,000	3,000	2,010	990
Attorney fees	2,750	2,750	3,548	(798)
Accounting	-	-	321	(321)
Auditor fees	8,500	8,500	7,500	1,000
Other professional fees	150	150	-	150
Planning and economic development	400	400	5	395
Office supplies and expenditures	5,700	5,700	5,171	529
Telephone and internet service	-	-	3,403	(3,403)
Utilities	9,050	9,050	10,027	(977)
Landscaping and beautification	900	900	583	317
Professional dues	1,500	1,500	2,785	(1,285)
Repairs and maintenance	33,737	33,737	15,890	17,847
Gifts	200	200	550	(350)
Donations	2,150	2,150	2,150	-
Christmas dinner, parade, and lights	10,300	10,300	13,429	(3,129)
Issaqueena Festival	7,000	7,000	13,854	(6,854)
Other celebrations	1,225	1,225	1,066	159
Farmers Depot	400	400	549	(149)
Miscellaneous	2,500	2,500	2,375	125
Travel	1,850	1,850	122	1,728
Advertising	500	500	588	(88)
Contingency - fundraising	-	-	325	(325)
Capital outlay	28,000	28,000	4,500	23,500
Total administrative department expenditures	209,105	209,105	171,124	37,981
SANITATION DEPARTMENT				
Garbage collection	16,100	16,100	15,993	107
Recycling	2,400	2,400	3,100	(700)
Total sanitation department expenditures	18,500	18,500	19,093	(593)
RECREATION DEPARTMENT				
Salaries and other labor	19,000	19,000	19,000	-
Utilities	-	-	654	(654)
Telephone	-	-	1,177	(1,177)
Participant	-	-	9,008	(9,008)
Participant insurance	-	-	1,013	(1,013)
Game officials	-	-	3,475	(3,475)
Street lights-ballpark and trail	7,950	7,950	6,920	1,030
Recreation supplies and maintenance	8,250	8,250	10,773	(2,523)
Capital outlay	14,500	14,500	20,335	(5,835)
Total recreation department expenditures	49,700	49,700	72,355	(22,655)
HIGHWAYS AND STREETS				
Downtown development	250	250	250	-
Street lights	24,000	24,000	25,636	(1,636)

TOWN OF SIX MILE, SOUTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance
Street lights - subdivision	1,000	1,000	535	465
Street maintenance	15,000	15,000	14,020	980
Total highways and streets expenditures	40,250	40,250	40,441	(191)
PARD GRANT				
PARD grant expenditures	40,994	40,994	16,372	24,622
ARPA EXPENSES	105,702	105,702	14,395	91,307
Total expenditures	464,251	464,251	333,780	130,471
Excess of revenue over expenditures	-	-	196,074	196,074
FUND BALANCES, BEGINNING OF YEAR	1,099,233	1,099,233	1,099,233	-
FUND BALANCES, END OF YEAR	$ 1,099,233	$ 1,099,233	$ 1,295,307	$ 196,074

LOVE BAILEY

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of Town Council
Town of Six Mile
Six Mile, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Six Mile, South Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Six Mile, South Carolina's basic financial statements, and have issued our report thereon dated September 8, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Six Mile, South Carolina's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Six Mile, South Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Six Mile, South Carolina's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Six Mile, South Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Love Bailey & Associates, LLC

Love Bailey & Associates, LLC
Laurens, South Carolina
September 8, 2022