



Town of Micro
Board of Commissioners Meeting AGENDA
Tuesday – March 12, 2024
7:00 p.m.
Micro Town Hall

1. CALL TO ORDER

- Call to Order
- Pledge of Allegiance
- Invocation

2. PUBLIC COMMENT

3. ADJUSTMENT/ADOPTION OF THE AGENDA

- a. Adjustments to the Agenda
- b. Adoption of the Agenda

POTENTIAL ACTION: Adoption of Agenda

4. CONSENT AGENDA

(Items on the consent agenda are considered routine in nature or have been thoroughly discussed at previous meetings. Any member of the Board may request to have an item removed from the consent agenda for further discussion.)

- a. Draft Minutes
 - *February 13, 2024 – Regular Meeting*
 - *February 21, 2024 – Special Meeting*
 - *February 21, 2024 – Closed Session * Sent under separate cover*

POTENTIAL ACTION: Adoption of Consent Agenda as Presented

5. SPECIAL PRESENTATION/INTRODUCTIONS

6. FINANCIAL REPORT

- a. FY'21-'22 Audit Report
Presenters: Lee Grisson, S. Preston Douglas & Associates, LLP
 - *Graphs for Presentation*
 - *Audited Financial Statements – Year Ending 6/30/22*
 - *Audit Report*

POTENTIAL ACTION: None – Informational Only

- b. Financial Update as of February 29, 2024
Presenter: Nancy Medlin, Central Pines COG
 - *Financial Update Report*

POTENTIAL ACTION: None – Informational Only

7. PLANNING BOARD REPORT

- a. Planning Board/BOA Report
Presenter: Garrett Mitchell, Planning Board Chair

POTENTIAL ACTION: None - Informational Only

8. POLICE REPORT

9. OLD BUSINESS

10. PUBLIC HEARINGS

- a. 2024-07-SUP – Pate Doublewide Mobile Home @405 W. Main Street (R-10) *(Quasi-Judicial)*
Presenter(s): Kimberly Moffett, Interim Town Clerk & Stephen Pate, Applicant

- *Application*
- *Public Hearing Notice Letter*
- *Certification of Mailing*
- *DRAFT Approval*
- *Ordinance*

POTENTIAL ACTION:

Approval of Special Use Permit #2024-07

A Quasi-Judicial hearing resembles a court trial where testimony is presented. Citizens may give testimony in a quasi-judicial hearing after they have taken an oath. The Board of Commissioners acts like a court of law and receives only sworn testimony and other credible evidence. In addition, the Board must make findings of fact based upon the evidence presented. The Board refrains from “ex parte communication” about these cases, as the Board must decide based SOLELY on the evidence presented at the hearing.

11. NEW BUSINESS

- a. Comprehensive List of Fees & Charges Amendments

Presenter: Marty Parnell, Mayor

- *Right of Way/Encroachment Application Fee – NEW - \$300*
- *Water & Sewer Taps - AMENDED*

POTENTIAL ACTION:

Adoption of Ordinance #2024-03-01

- b. Resolution - Disposal/Sale Via Public Auction of Town Vehicle

Presenter: Kimberly A. Moffett, Interim Town Clerk

- *Resolution*

POTENTIAL ACTION:

Adoption of Resolution #2024-02

12. COMMISSIONER REPORTS

- a. Special Events Report

Presenter: Katy Garcia, Commissioner

POTENTIAL ACTION:

None - Informational Only

13. CLOSED SESSION

14. ADJOURNMENT

- a. Adjourn the Meeting

POTENTIAL ACTION:

Motion to Adjourn



Town of Micro
Board of Commissioners Meeting MINUTES
Tuesday -February 13, 2024
7:00 p.m.
Micro Town Hall

BOARD MEMBERS PRESENT:

Marty Parnell, Mayor
Kevin Worley, Mayor Pro Tem
Tim Earp, Commissioner

OTHERS PRESENT:

Kimberly Moffett, Interim Town Clerk
Tyler Queen, Central Pines Regional COG
Jason Banks, Public Works Director

BOARD MEMBERS ABSENT:

Katy Garcia, Commissioner

1. CALL TO ORDER

- Call to Order
- Pledge of Allegiance
- Invocation

Mayor Parnell called the meeting to order at 7:00 p.m. He led everyone in the Pledge of Allegiance and Commissioner Earp offered the Invocation.

2. PUBLIC COMMENT

3. ADJUSTMENT/ADOPTION OF THE AGENDA

- a. Adjustments to the Agenda

It was requested that Item 10b be added regarding Resolution reference Johnston County Water Sewer Authority Steering Committee.

- b. Adoption of the Agenda

ACTION: Adoption of Agenda

Motion: Mayor Pro Tem Worley

Second: Commissioner Earp

Vote: Unanimous

4. CONSENT AGENDA

(Items on the consent agenda are considered routine in nature or have been thoroughly discussed at previous meetings. Any member of the Board may request to have an item removed from the consent agenda for further discussion.)

- a. Draft Minutes

ACTION: Adoption of Consent Agenda as Presented

Motion: Commissioner Earp

Second: Mayor Pro Tem Worley

Vote: Unanimous

5. SPECIAL PRESENTATION/INTRODUCTIONS

- a. Introduction of New Employee – Jason Banks, Public Works Director
Presenter: Marty Parnell, Mayor

Mayor Parnell introduced Jason Banks who was recently hired as the new Public Works Director. Mr. Banks stated he was happy to part of the Micro team. Everyone welcomed him to the town.

6. FINANCIAL REPORT

- a. Mayor Parnell stated the '21-'22 audit was recently completed and is scheduled for presentation at the March Board of Commissioners meeting.

7. PLANNING BOARD REPORT

- a. Planning Board/BOA Report
Presenter: Kimberly A. Moffett, Interim Town Clerk

Ms. Moffett reported the Planning Board/Board of Adjustment met in January. She stated there was discussion regarding current zoning ordinance not allowing singlewide mobile homes in any zoning area other than RA. One of the board members stated at one time there was language included that gave folks who owned a singlewide a certain amount of time to replace it with another singlewide. However, that language is no longer in the zoning ordinance. The Planning Board discussed this topic at length and stated they would like to gather additional information and come up with language that would protect/grandfather current owners of singlewide mobile homes. This item will be discussed again at their February meeting.

8. POLICE REPORT

- a. Police Department Monthly Update
Presenter: Macon Jones, Police Chief

Chief Jones was called out on an emergency and unable to provide a report.

9. OLD BUSINESS

10. PUBLIC HEARINGS

11. NEW BUSINESS

- a. NCDOT Projects
Presenter: Marty Parnell, Mayor

Mayor Parnell provided information about the above items. It was stated that all required paperwork for the above items had been completed and submitted to NCDOT. The no parking signage was requested for the corner of Main Street & Railroad Streets. The speed limit signage would be moved as well as the town limit sign as they related to the recent annexation of Maci Creek.

<u>ACTION:</u>	Adoption of Ordinance #2024-02-01
Motion:	Commissioner Earp
Second:	Mayor Pro Tem Worley
Vote:	Unanimous

- b. Resolution for Johnston County Water Sewer Authority Steering Committee
Presenters: Kimberly A. Moffett, Interim Town Clerk & Tyler Queen, Central Pines COG

Ms. Moffett provided information about a Resolution that would offer the town's support researching the development of a countywide water and sewer authority. Additionally, the Resolution supported Central Pines Regional Council of Government facilitating a Johnston County Water/Sewer Authority Steering Committee, which would include one elected official from each participating community. It was the desire of the town to appoint Mayor Parnell as the town's representative and Tim Earp as the alternate representative.

Mr. Queen provided an overview of the steering committee and upcoming meetings.

ACTION: Adoption of Resolution #2024-01

Motion: Commissioner Earp
Second: Mayor Pro Tem Worley
Vote: Unanimous

12. COMMISSIONER REPORTS

- a. Special Events Report
Presenter: Marty Parnell, Mayor

Mayor Parnell stated the 2024 Easter Egg Hunt is scheduled for Saturday, March 16, 2024.

13. CLOSED SESSION

- a. Closed Session Pursuant to NCGS 143-318-11.(a)(6) (Personnel)

No closed session was held.

14. ADJOURNMENT

- a. Adjourn the Meeting

With there being nothing further, the meeting was adjourned at 7:40 p.m.

ACTION: Motion to Adjourn

Motion: Mayor Pro Tem Worley
Second: Commissioner Earp
Vote: Unanimous

Duly adopted this the 12th day of March, 2024 while in regular session.

ATTEST:

Marty Parnell, Mayor

Kimberly A. Moffett, CMC, NCCMC
Interim Town Clerk



Town of Micro
Board of Commissioners SPECIAL Meeting MINUTES
Wednesday – February 21, 2024
7:00 p.m.
Micro Town Hall

1. CALL TO ORDER

- Call to Order
- Pledge of Allegiance
- Invocation
-

Mayor Parnell called the meeting to order at 7:15 p.m.

2. ADJUSTMENT/ADOPTION OF THE AGENDA

- a. Adjustments to the Agenda
- b. Adoption of the Agenda

ACTION: Adoption of Agenda

Motion: Commissioner Garcia
Second: Mayor Pro Tem Worley
Vote: Unanimous

3. NEW BUSINESS

- a. Discussion of Sale of Town Vehicle
Presenter: Kevin Worley, Mayor Pro Tem

There was discussion regarding possible sale of town vehicle(s). Mayor Parnell provided information regarding all vehicles belonging to the town. Ms. Moffett provided information regarding options for selling personal property belonging to a municipality. It was decided a Resolution would be prepared to deem the town's F-250 as surplus and sell it on Gov Deals. The Resolution will be prepared and presented at the March 2024 Board of Commissioners meeting.

4. CLOSED SESSION

- a. Closed Session Pursuant to NCGS 143-318-11.(a)(6)

ACTION: Motion to Go Into Closed Session at 7:35 p.m.

Motion: Commissioner Earp
Second: Commissioner Garcia
Vote: Unanimous

ACTION: Return from Closed Session at 8:27 p.m.

Motion: Commissioner Garcia
Second: Mayor Pro Tem Worley
Vote: Unanimous

14. ADJOURNMENT

- a. Adjourn the Meeting

With there being nothing further, the meeting was adjourned at 8:30 p.m.

ACTION: Motion to Adjourn

Motion: Mayor Pro Tem Worley

Second: Commissioner Garcia

Vote: Unanimous

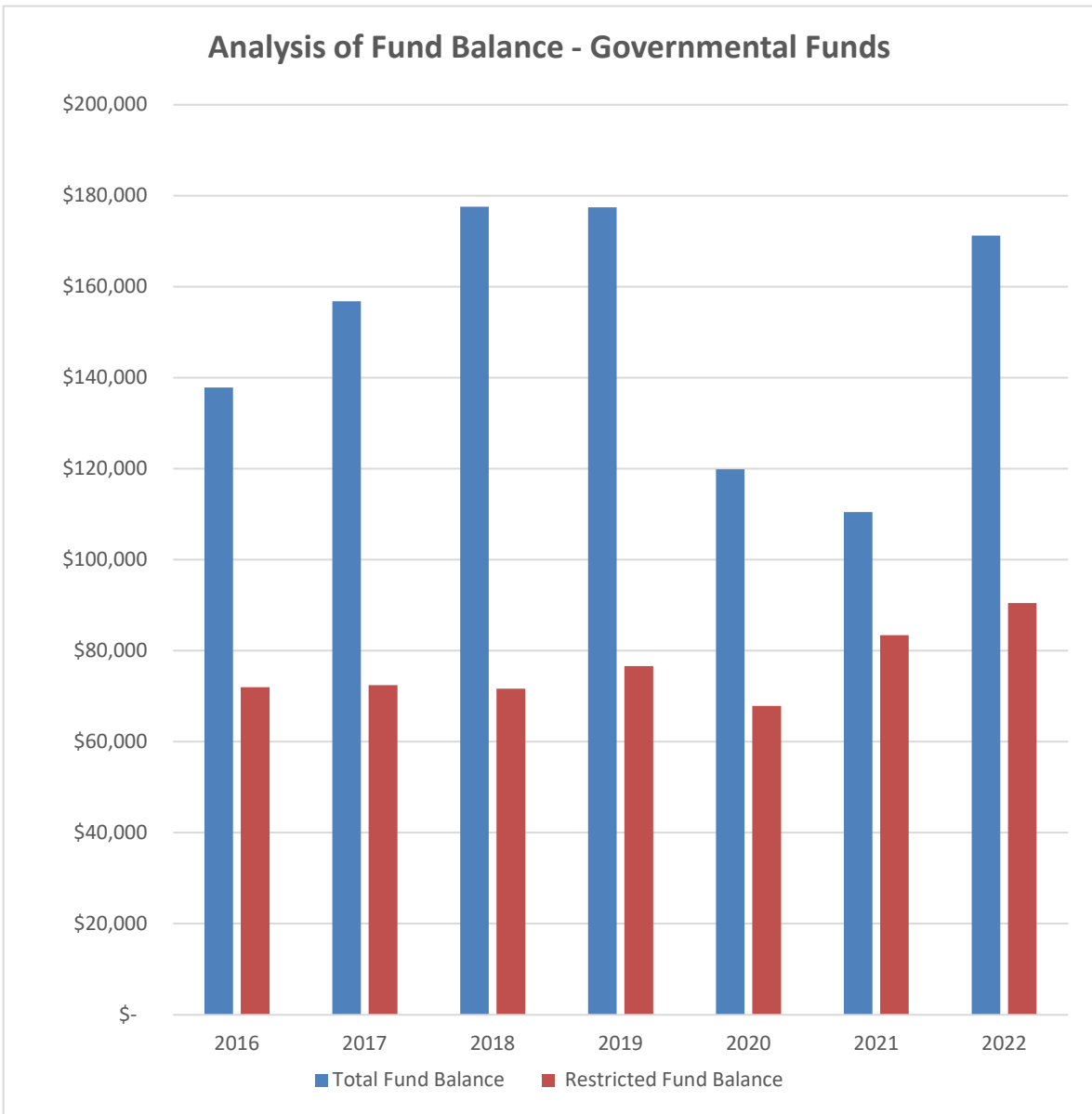
Duly adopted this the 12th day of March, 2024 while in regular session.

Marty Parnell
Mayor

ATTEST:

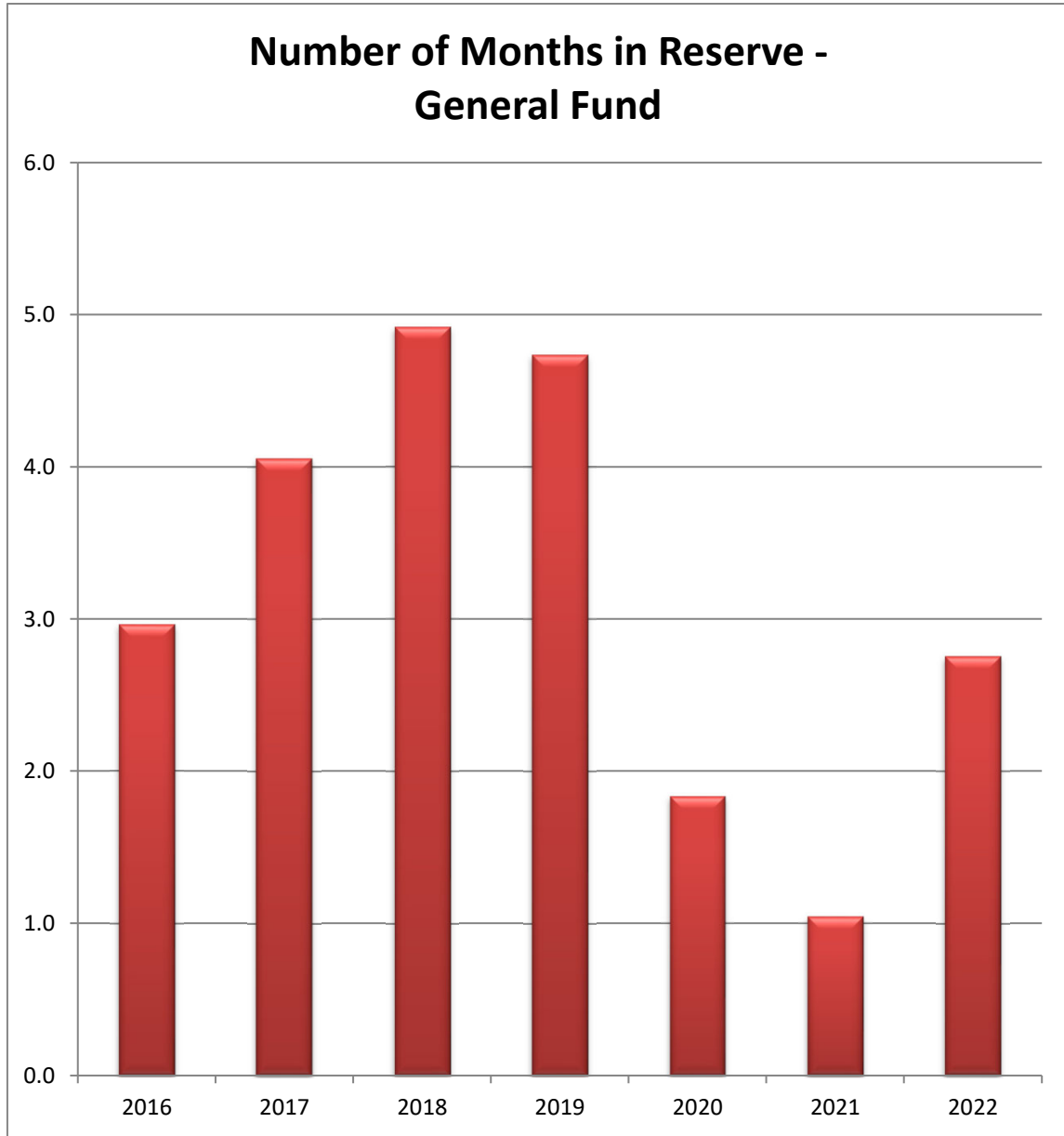
Kimberly A. Moffett, CMC, NCCMC
Interim Town Clerk

Town of Micro



	Total Fund Balance	Restricted Fund Balance
2016	\$ 137,832	\$ 71,954
2017	\$ 156,791	\$ 72,417
2018	\$ 177,587	\$ 71,658
2019	\$ 177,436	\$ 76,607
2020	\$ 119,875	\$ 67,857
2021	\$ 110,441	\$ 83,382
2022	\$ 171,250	\$ 90,466

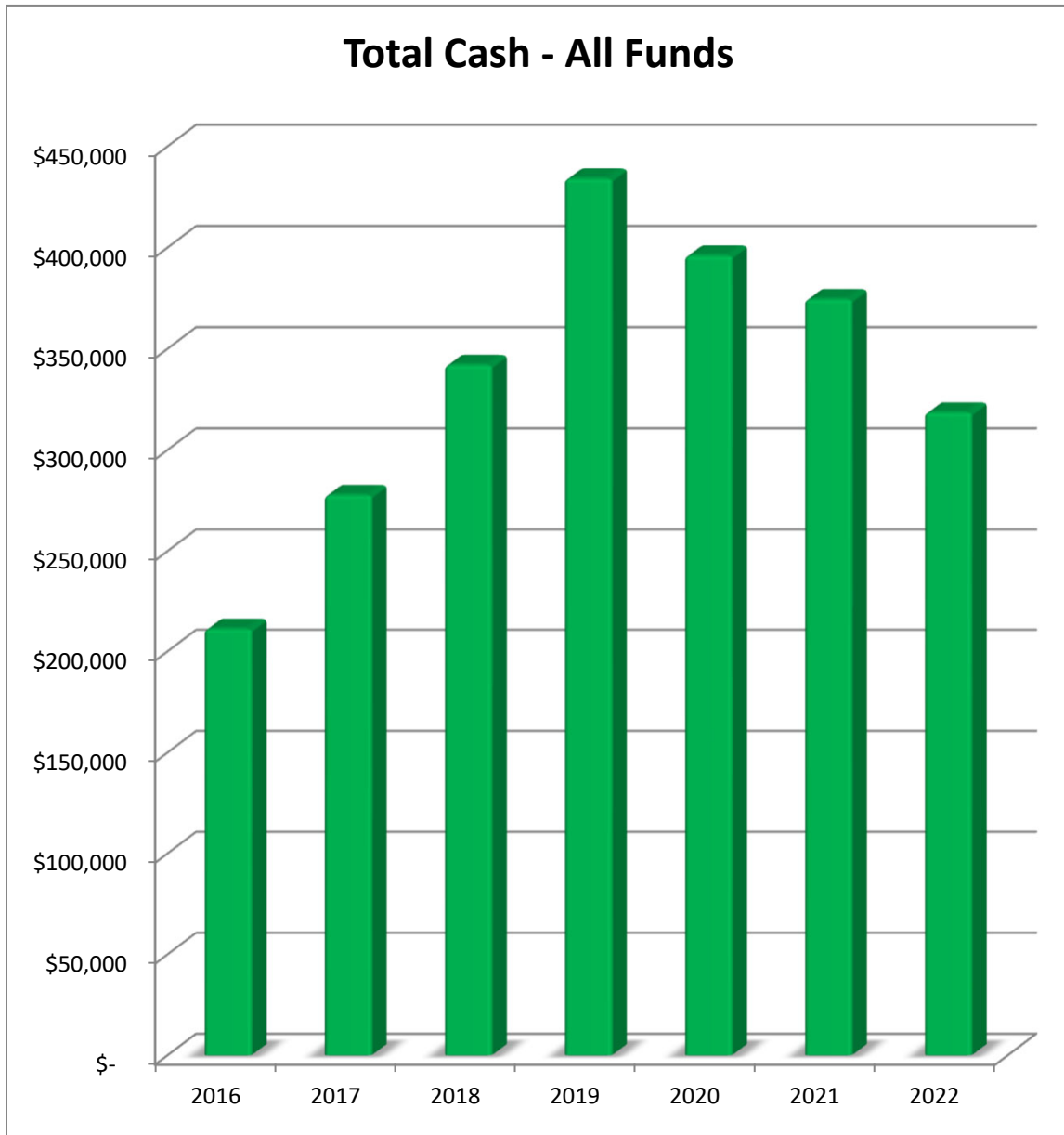
Town of Micro



	<u># Months in Reserve</u>	<u>As % of Expenditures</u>
2016	3.0	24.66%
2017	4.1	33.79%
2018	4.9	40.97%
2019	4.7	39.46%
2020	1.8	15.25%
2021	1.0	8.69%
2022	2.8	22.95%

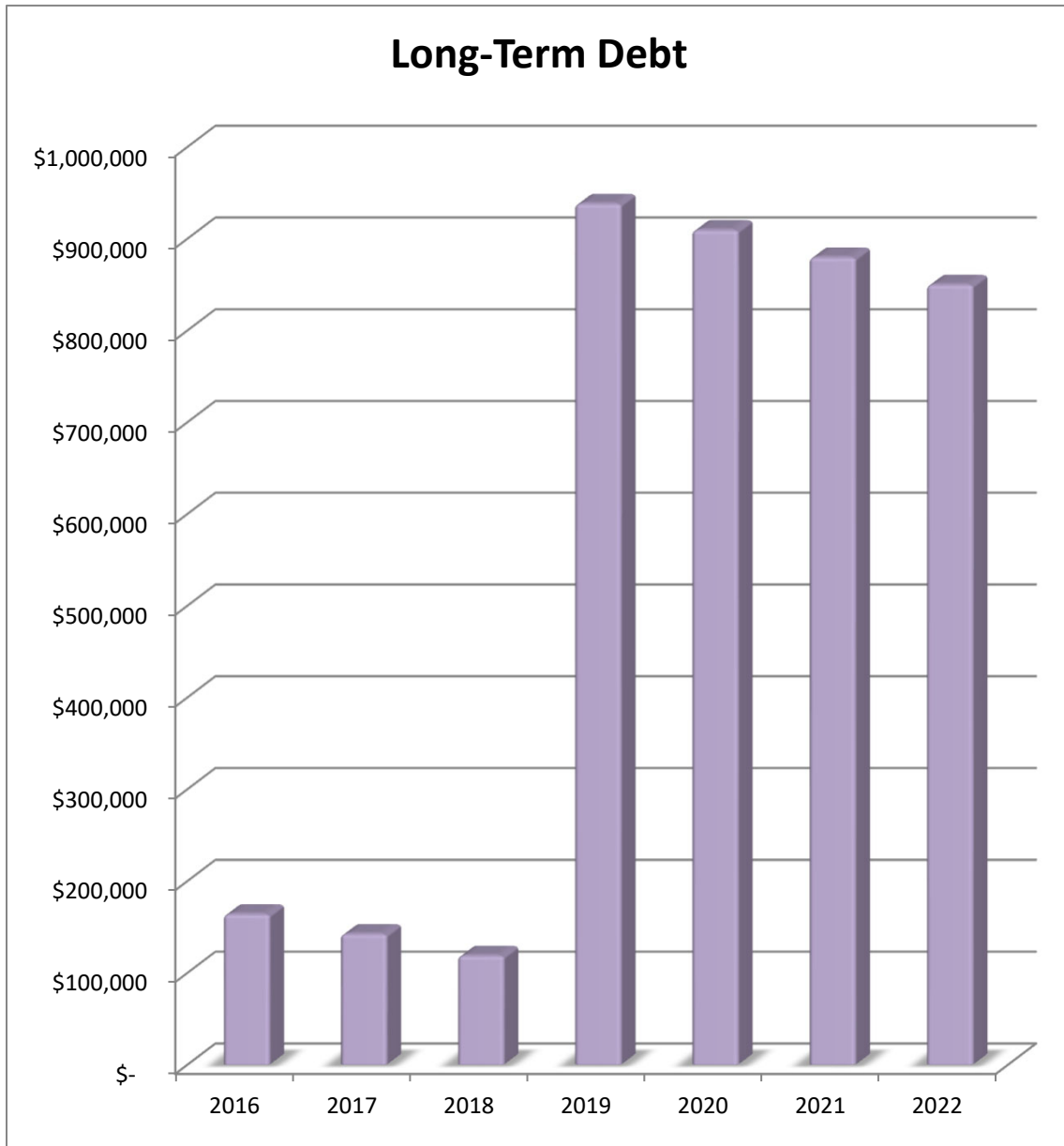
*8.33% equals one month of General Fund expenditures in the unassigned category of fund balance.

Town of Micro



2016	\$	211,173
2017	\$	277,762
2018	\$	342,018
2019	\$	434,135
2020	\$	396,076
2021	\$	374,508
2022	\$	318,560

Town of Micro

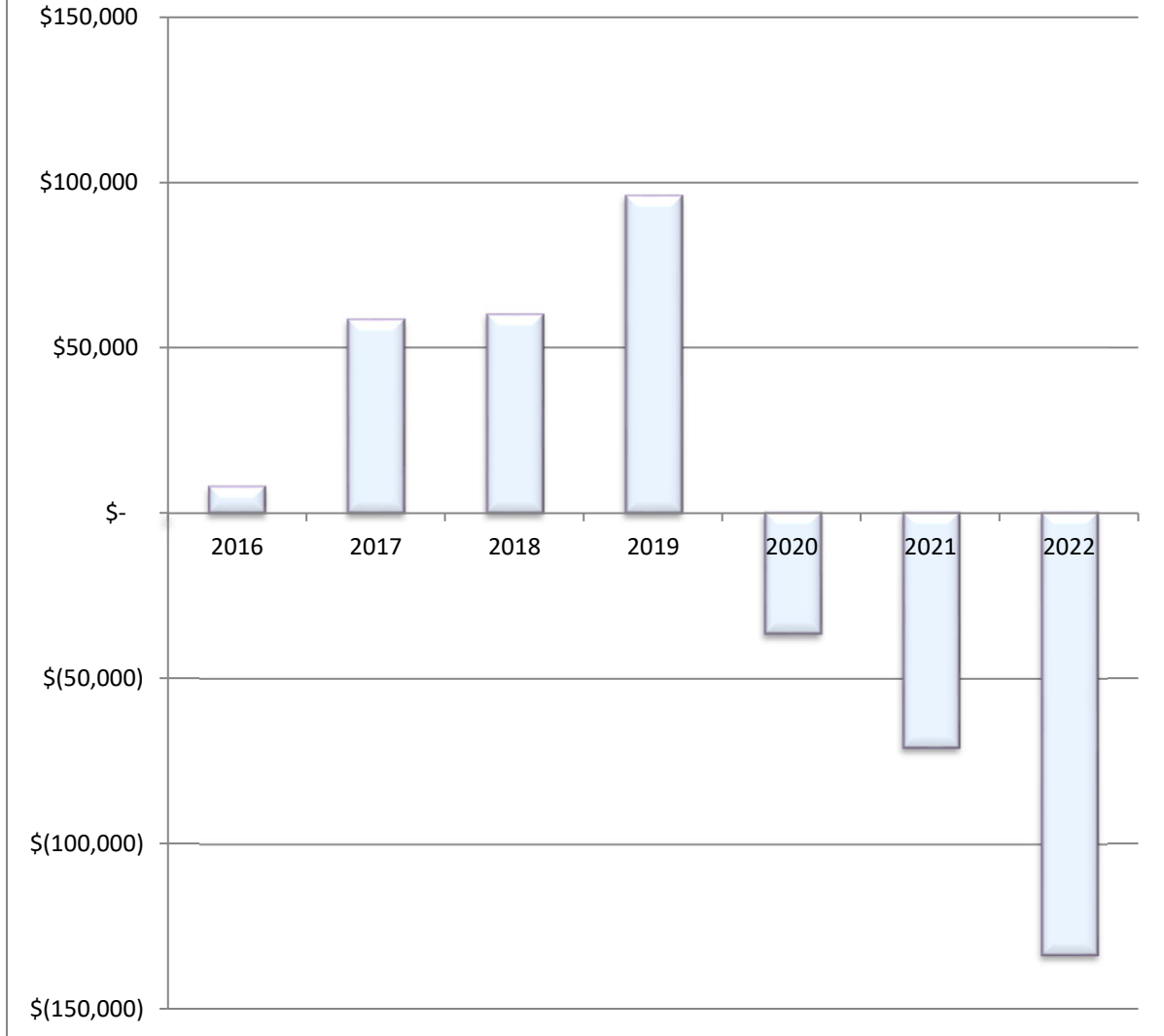


2016	\$	163,922
2017	\$	142,370
2018	\$	118,770
2019	\$	938,120
2020	\$	909,419
2021	\$	879,664
2022	\$	849,855

*Excludes pension liabilities and compensated absences.

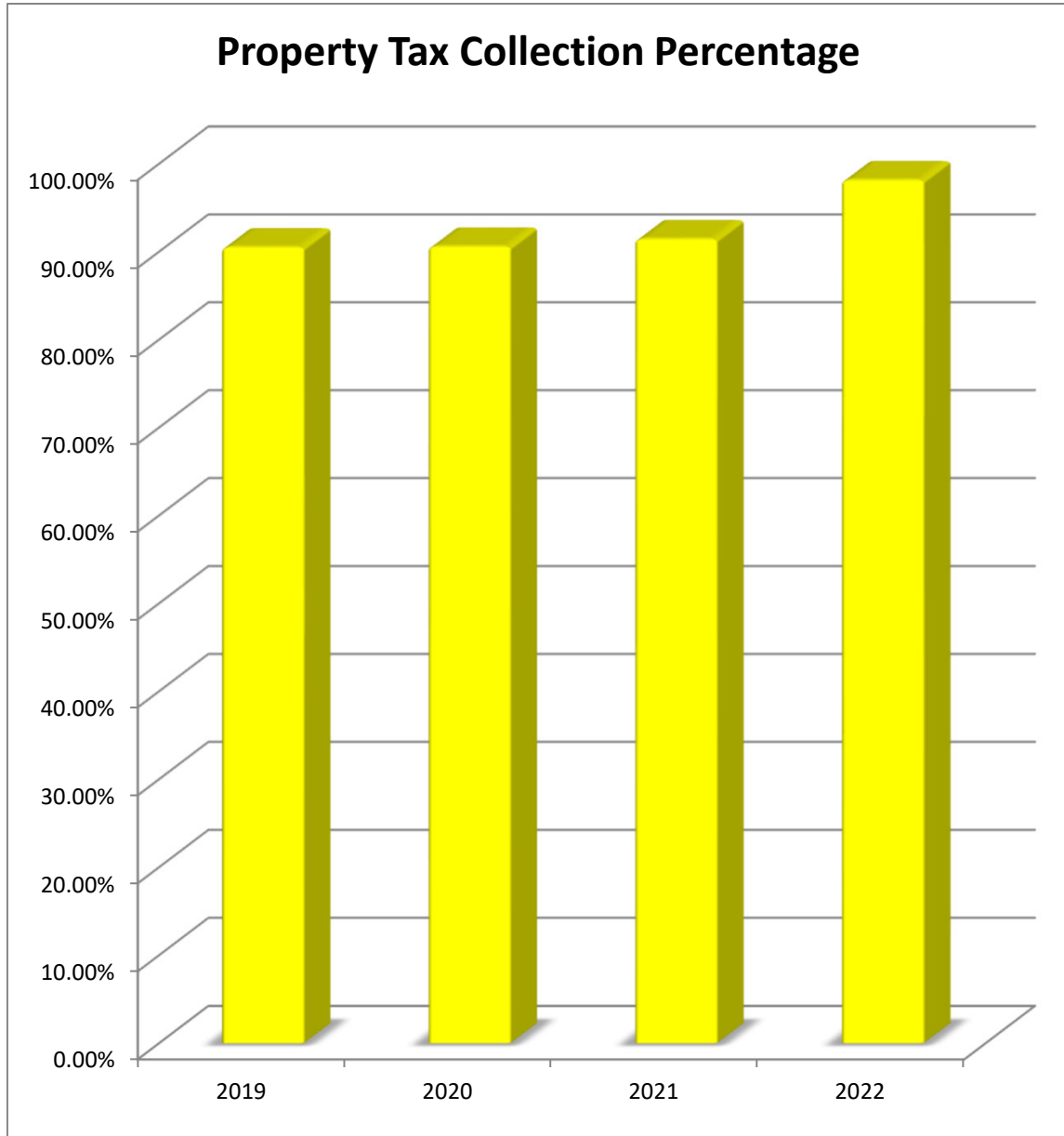
Town of Micro

Water and Sewer Fund Income (Loss) before Contributions/Transfers



	Income (Loss)	(noncash expense) Depreciation
2016	\$ 7,785	\$ 39,841
2017	\$ 58,284	\$ 39,572
2018	\$ 59,850	\$ 41,359
2019	\$ 95,687	\$ 44,325
2020	\$ (36,417)	\$ 47,445
2021	\$ (70,929)	\$ 85,466
2022	\$ (133,424)	\$ 91,171

Town of Micro



2019	90.49%
2020	90.57%
2021	91.42%
2022	98.13%

Note: statewide average is estimated to be between 98-99%

**Town of Micro
Micro, North Carolina**

Audited Financial Statements

Year Ended June 30, 2022

Town of Micro, North Carolina
Audited Financial Statements
For the Year Ended June 30, 2022

Board of Commissioners

Eric Christiansen, Mayor

Mary Parnell, Mayor Pro Tem

Kevin Worley, Commissioner

Coy Stanley, Commissioner

Town of Micro, North Carolina
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June 30, 2022

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Financial Section



S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
American Institute of CPAs
N. C. Association of CPAs

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Commissioners
Micro, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information of the Town of Micro, North Carolina as of June 30, 2022, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10, the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 47 and 48, respectively, the Law Enforcement Officers' Special Separation Allowance schedules of the changes in total Pension Liability and Total Pension Liability as a Percentage of covered Payroll on pages 49 and 50 be presented to supplement the basic financial statements. Such information, although not a required 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Micro, North Carolina. The individual fund statements, budget and actual schedules, and supplemental ad valorem tax schedules, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the individual fund financial statements, budgetary schedules, and other schedules are fairly stated in, all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2024 on our consideration of the Town of Micro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, and other matters. The purpose of the 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 Town of Micro's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "S. Preston Douglas, Esq." followed by a stylized flourish.

Lumberton, North Carolina
January 16, 2024

Management's Discussion and Analysis

Town of Micro, North Carolina
Management's Discussion and Analysis
June 30, 2022

As management of the Town of Micro, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Micro for the fiscal year ending June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

The assets and deferred outflows of resources of the Town of Micro exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,753,254 (net position).

At the end of the current fiscal year, the Town's change in net position was a negative \$154,767 of which a negative \$133,424 was from business-type activities and a negative \$21,343 was from governmental activities.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$171,250. Approximately 47.17% of this total amount, or \$80,784, is available for spending at the government's discretion (unassigned fund balance).

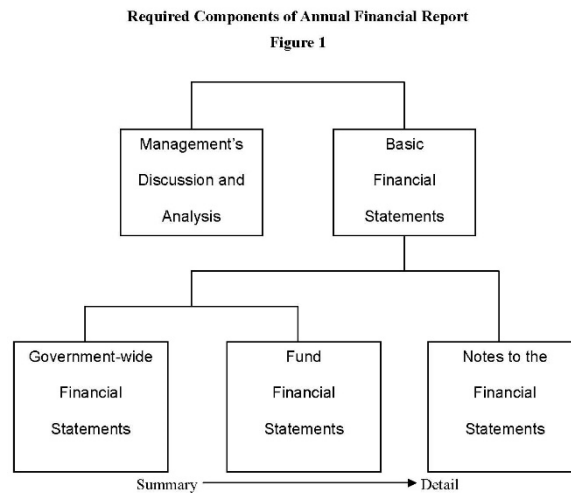
At the end of the current fiscal year, unassigned fund balance for the General Fund was \$80,784 or 22.94% of total General Fund expenditures.

At the end of the current fiscal year, the Town's Business-Type activities reported an ending net position of \$1,503,678, a decrease of \$134,424 over prior year.

The Town of Micro's total debt decreased by \$38,734 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Micro'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 the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report also contains other supplementary information that will enhance the reader's understanding of the financial condition of the Town of Micro.



Town of Micro, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022

Financial Statements

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the Town's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements.

There are three parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes explain in detail some of the data contained in those statements. After the notes, additional information is provided to show details about the Town's individual funds. Budgetary information required by the N.C. General Statutes can also be found in this part of the statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, in a manner similar of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities, and 2) business-type activities. The governmental activities include most of the Town's basic services such as general government, public safety, highways/streets, sanitation, economic development, culture and recreation, and debt service. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer services offered by the Town of Micro.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements. The fund financial statements provide a more detailed look at the Town's most significant activities. 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 of Micro, like other state and local governments, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories, governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies that are unexpended at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Micro adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them.

Town of Micro, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022

Governmental Funds (continued). It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. The Town of Micro maintains one type of proprietary fund called an Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its water and sewer activity. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Funds, which are considered major funds of the Town.

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 21-46 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Micro's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 47 of this report.

Government-Wide Financial Analysis

The Town of Micro's Net Position
Figure 2

	Governmental Activities 2022	Governmental Activities 2021	Business-type Activities 2022	Business-type Activities 2021	Totals 2022	Totals 2021
Current and other assets	\$ 218,188	\$ 200,337	\$ 183,638	\$ 277,154	\$ 401,826	\$ 477,491
Capital assets	97,879	108,645	2,220,573	2,292,034	2,318,452	2,400,679
Deferred Outflows of Resources	62,301	39,988	31,169	21,538	93,470	61,526
Total assets and deferred outflows	378,368	348,970	2,435,380	2,590,726	2,813,748	2,939,696
Long-term liabilities	52,439	53,592	864,535	902,116	916,974	955,708
Other liabilities	44,068	58,700	47,684	51,508	91,752	110,208
Deferred Inflows of Resources	32,285	5,682	19,483	-	51,768	5,682
Total liabilities and deferred inflows	128,792	117,974	931,702	953,624	1,060,494	1,071,598
Net position						
Net investment in capital assets	96,024	104,981	1,372,573	1,416,034	1,468,597	1,521,015
Restricted	90,466	83,382	9,126	6,084	99,592	89,466
Unrestricted	63,086	42,633	121,979	214,984	185,065	257,617
Total net position	\$ 249,576	\$ 230,996	\$ 1,503,678	\$ 1,637,102	\$ 1,753,254	\$ 1,868,098
Prior period restatement	\$ -	\$ 39,923	\$ -	\$ -	\$ -	\$ 39,923
Total net position restated	\$ 249,576	\$ 270,919	\$ 1,503,678	\$ 1,637,102	\$ 1,753,254	\$ 1,908,021

Town of Micro, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022

Government-Wide Financial Analysis (continued)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources of the Town exceeded liabilities and deferred inflows of resources by \$1,753,254 at the close of the current fiscal year.

By far the largest portion of the Town's net position, 83.76%, reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should note that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of net position, 5.68%, represents the Town's resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$185,065 or 10.55% of the total.

Town of Micro's Changes in Net Position
Figure 3

	Governmental Activities 2022	Governmental Activities 2021	Business-type Activities 2022	Business-type Activities 2021	Totals 2022	Totals 2021
Revenues:						
Program revenues						
Charges for services	\$ 47,913	\$ 43,350	\$ 331,331	\$ 301,057	\$ 379,244	\$ 344,407
Operating grants and contributions	15,083	13,880	-	-	15,083	13,880
Capital grants and contributions	-	-	-	-	-	-
General revenues						
Property taxes	161,353	142,158	-	-	161,353	142,158
Other taxes	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	106,167	88,694	-	-	106,167	88,694
Other	14,095	24,525	44,794	8,327	58,889	32,852
Total revenues	344,611	312,607	376,125	309,384	720,736	621,991
Expenses:						
General government	104,830	65,188	-	-	104,830	65,188
Public safety	168,572	171,694	-	-	168,572	171,694
Transportation	20,480	19,632	-	-	20,480	19,632
Environmental protection	66,630	63,299	-	-	66,630	63,299
Cultural and recreation	5,327	3,569	-	-	5,327	3,569
Interest on long-term debt	115	169	-	-	115	169
Water and Sewer	-	-	509,549	390,634	509,549	390,634
Total expenses	365,954	323,551	509,549	390,634	875,503	714,185
Change in net position	(21,343)	(10,944)	(133,424)	(81,250)	(154,767)	(92,194)
Net position, beginning	270,919	241,940	1,637,102	1,718,352	1,908,021	1,960,292
Prior period restatement	-	39,923	-	-	-	39,923
Net position - June 30	\$ 249,576	\$ 270,919	\$ 1,503,678	\$ 1,637,102	\$ 1,753,254	\$ 1,908,021

Town of Micro, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022

Government-Wide Financial Analysis (continued)

Ad valorem taxes were the largest revenue contributor for the governmental funds with 46.82% of total revenues. Grants and other contributions not restricted to specific programs were the next largest at 30.81%.

Capital and operating grants for governmental activities furnished resources to support the five functions of the Town: general government, public safety, transportation, environmental protection, and cultural and recreation.

Business-type activities. Business-type activities decreased the Town's net position by \$133,424. Key elements of the change in net position compared to prior year are as follows:

- The Town did not receive any grant revenue in this fiscal year, or last year fiscal year.
- Charges for services have increased from last year by \$30,274.
- Total expenses increased by \$118,915.

Financial Analysis of the Government's Funds

As noted earlier, the Town of Micro uses fund 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 usable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported a combined fund balance of \$171,250. Of this total amount, \$80,784 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that funds are not available for spending because these funds have already been committed 1) to liquidate contracts and purchase orders of the prior year, or 2) for a variety of other restricted purposes.

The General Fund is the principal operating fund of the Town of Micro. At the end of the fiscal year, unassigned fund balance for the general fund was \$80,784 with a total fund balance of \$171,250. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22.94% of total General Fund expenditures.

Proprietary Funds. The Town of Micro's proprietary fund provides the same type of information found in the governmental-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Funds at the end of the fiscal year amounted to \$121,979. Other factors concerning these funds have been discussed in the Town's business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories:

- Amendments that adjust for the estimates that are prepared for the original budget ordinance, which reflect actual cost.
- Amendments that recognize new funding from external sources, such as federal and State grants.
- Amendments that appropriate increases that becomes necessary to maintain services and obligations from prior years not completed.

Town of Micro, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022

Capital Assets and Debt Administration

Capital assets. The Town of Micro's investments in capital assets for its governmental and business-type activities as of June 30, 2022, totals \$2,318,452 (net of accumulated depreciation). The investments in capital assets includes buildings, construction in progress, buildings and systems, machinery and equipment, infrastructure, and vehicles and equipment.

Town of Micro's Capital Assets
(net of depreciation)
Figure 4

	Governmental Activities 2022	Governmental Activities 2021	Business-type Activities 2022	Business-type Activities 2021	Totals 2022	Totals 2021
Land	\$ 39,500	\$ 39,500	\$ 59,093	\$ 59,093	\$ 98,593	\$ 98,593
Construction in progress		-	-	-	-	-
Buildings and systems	37,781	41,971	2,084,618	2,144,943	2,122,399	2,186,914
Machinery and equipment	4,363	8,116	56,562	53,520	60,925	61,636
Infrastructure	664	1,331	-	-	664	1,331
Vehicles and motorized equipment	15,571	17,727	20,300	34,478	35,871	52,205
Total capital assets, net	\$ 97,879	\$ 108,645	\$ 2,220,573	\$ 2,292,034	\$ 2,318,452	\$ 2,400,679

Additional information on the Town's capital assets can be found in the notes on page 30 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Micro had total bonded and installment debt outstanding of \$848,000.

Town of Micro's Outstanding Debt
Figure 5

	Governmental Activities 2022	Governmental Activities 2021	Business-type Activities 2022	Business-type Activities 2021	Totals 2022	Totals 2021
Installment debt	\$ 1,855	\$ 3,664	\$ -	\$ -	\$ 1,855	\$ 3,664
General obligation bonds	-	-	61,000	74,000	61,000	74,000
Direct placement bond anticipation notes	-	-	787,000	802,000	787,000	802,000
Compensated absences	7,947	2,624	2,898	2,624	10,845	5,248
Net pension obligation (LGERS)	22,249	38,328	13,637	23,492	35,886	61,820
Total pension obligation (LEO)	20,388	8,976	-	-	20,388	8,976
Total outstanding debt	\$ 52,439	\$ 53,592	\$ 864,535	\$ 902,116	\$ 916,974	\$ 955,708

Town of Micro, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2022

North Carolina's General Statutes limit the amount of general obligation debt that a governmental unit can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Micro is presently at \$2,229,251 (the amount of additional debt the town could obligate itself to under NC General Statute).

Additional information pertaining to the Town of Micro's long-term debt can be found in the notes on page 42 of this report.

Economic Factors and Next Year's Budgets and Rates

With the close proximity of Micro to I-95, we are hopeful that will assist in the town's future growth with commercial and residential. The extension of water and sewer services are continuing.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities: There were no significant changes from the 21-22 budget.

Business-type Activities: There were no significant changes from the 21-22 budget.

Request for Information

This financial report is designed to provide a general overview of the Town of Micro'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 Office of the Director of Finance, Town of Micro, Post Office Box 9, Micro, North Carolina 27555.

Basic Financial Statements

Town of Micro, North Carolina
Statement of Net Position
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 124,852	\$ 77,824	\$ 202,676
Receivables:			
Taxes receivable (net)	2,870	-	2,870
Accounts receivable (net)	-	60,701	60,701
Inventory	-	2,046	2,046
Due from other governments	17,649	-	17,649
Cash and cash equivalents - restricted	72,817	43,067	115,884
Total current assets	218,188	183,638	401,826
Non-current assets:			
Capital assets (Note 3):			
Non-depreciable improvements	39,500	59,093	98,593
Other capital assets, net of depreciation	58,379	2,161,480	2,219,859
Total capital assets	97,879	2,220,573	2,318,452
Total assets	316,067	2,404,211	2,720,278
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	62,301	31,169	93,470
Total deferred outflows of resources	62,301	31,169	93,470
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	9,259	13,743	23,002
Current portion of long-term liabilities	1,855	28,000	29,855
Due from other governments	34,809	-	34,809
Customer deposits	-	33,941	33,941
Total current liabilities	45,923	75,684	121,607
Long-term liabilities:			
Non-current portion of long-term debt	-	820,000	820,000
Non-current portion of compensated absences	7,947	2,898	10,845
Total pension liability (LEO)	20,388	-	20,388
Net pension liability (LGERS)	22,249	13,637	35,886
Total liabilities	96,507	912,219	1,008,726
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	32,285	19,483	51,768
Total deferred inflows of resources	32,285	19,483	51,768
NET POSITION			
Net investment in capital assets	96,024	1,372,573	1,468,597
Restricted for:			
Stabilization by State Statute	17,649	-	17,649
Streets	72,817	-	72,817
Pursuant to loan requirements	-	9,126	9,126
Unrestricted	63,086	121,979	185,065
Total net position	\$ 249,576	\$ 1,503,678	\$ 1,753,254

The notes to the financial statements are an integral part of this statement.

Town of Micro, North Carolina
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 104,830	\$ -	\$ 349	\$ -	\$ (104,481)	\$ -	\$ (104,481)
Public safety	168,572	-	-	-	(168,572)	-	(168,572)
Transportation	20,480	-	14,734	-	(5,746)	-	(5,746)
Environmental protection	66,630	47,913	-	-	(18,717)	-	(18,717)
Cultural and recreation	5,327	-	-	-	(5,327)	-	(5,327)
Interest on long-term debt	115	-	-	-	(115)	-	(115)
Total governmental activities	365,954	47,913	15,083	-	(302,958)	-	(302,958)
Business-type activities:							
Water and Sewer	509,549	331,331	-	-	-	(178,218)	(178,218)
Total business-type activities	509,549	331,331	-	-	-	(178,218)	(178,218)
Total primary government	\$ 875,503	\$ 379,244	\$ 15,083	\$ -	(302,958)	(178,218)	(481,176)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					161,353	-	161,353
Unrestricted intergovernmental					106,167	-	106,167
Miscellaneous					13,809	43,978	57,787
Investment earnings					286	816	1,102
Total general revenues and transfers					281,615	44,794	326,409
Change in net position					(21,343)	(133,424)	(154,767)
Net position, beginning, as previously reported					230,996	1,637,102	1,868,098
Prior period restatement					39,923	-	39,923
Net position, beginning, as restated					270,919	1,637,102	1,908,021
Net position, ending					\$ 249,576	\$ 1,503,678	\$ 1,753,254

The notes to the financial statements are an integral part of this statement.

Town of Micro, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

	Major General Fund	Total Governmental Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 124,852	\$ 124,852
Taxes receivable, net	2,870	2,870
Due from other governments	17,649	17,649
Restricted cash and cash equivalents	72,817	72,817
Total assets	\$ 218,188	\$ 218,188
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 9,259	\$ 9,259
Due to other governments	34,809	34,809
Total liabilities	44,068	44,068
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Property taxes receivable	2,870	2,870
Total deferred inflows of resources	2,870	2,870
<u>FUND BALANCE</u>		
Restricted:		
Stabilization by State Statute	17,649	17,649
Streets	72,817	72,817
Unassigned	80,784	80,784
Total fund balance	171,250	171,250
Total liabilities, deferred inflows of resources, and fund balances	\$ 218,188	\$ 218,188

The notes to the financial statements are an integral part of this statement.

Town of Micro, North Carolina
Balance Sheet
Governmental Funds (continued)
June 30, 2022

Amounts reported for governmental activities in the Statement of Net Position are different because:

	\$	171,250
Total fund balances, governmental funds		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		
Gross capital assets at historical cost	\$ 472,162	
Accumulated depreciation	<u>(374,283)</u>	97,879
Deferred outflows of resources related to pensions are not reported in the funds		62,301
Earned revenues are considered deferred inflows of resources in fund statements		2,870
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt	(1,855)	
Net pension liability	(22,249)	
Total pension liability	(20,388)	
Compensated absences	<u>(7,947)</u>	(52,439)
Pension related deferrals		<u>(32,285)</u>
Net position of governmental activities	\$	<u>249,576</u>

The notes to the financial statements are an integral part of this statement.

Town of Micro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2022

	<u>Major Fund</u> <u>General</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:		
Ad valorem taxes	\$ 189,678	\$ 189,678
Unrestricted intergovernmental	106,167	106,167
Restricted intergovernmental	15,083	15,083
Sales and services	47,913	47,913
Investment earnings	286	286
Miscellaneous	13,809	13,809
Total revenues	<u>372,936</u>	<u>372,936</u>
Expenditures:		
Current:		
General government	99,640	99,640
Public safety	163,471	163,471
Transportation	19,814	19,814
Environmental protection	62,828	62,828
Cultural and recreational	4,373	4,373
Debt service:		
Principal	1,809	1,809
Interest and other charges	115	115
Total expenditures	<u>352,050</u>	<u>352,050</u>
Net change in fund balance	20,886	20,886
Fund balance, beginning, as previously reported	110,441	110,441
Prior period restatement	39,923	39,923
Fund balance, beginning, as restated	<u>150,364</u>	<u>150,364</u>
Fund balance, ending	<u>\$ 171,250</u>	<u>\$ 171,250</u>

The notes to the financial statements are an integral part of this statement.

Town of Micro, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	20,886
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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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures which were capitalized	\$	-	
Depreciation expense for governmental assets		(14,766)	
Other adjustment		<u>4,000</u>	(10,766)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		15,728
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues		(28,326)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
Change in compensated absences		(5,323)	
Principal payments on long-term debt		<u>1,809</u>	(3,514)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expense		<u>(15,351)</u>

Total changes in net position of governmental activities	\$	<u>(21,343)</u>
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Town of Micro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2022

Town of Micro, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 20XX

	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 131,000	\$ 153,492	\$ 189,678	\$ 36,186
Unrestricted intergovernmental	98,800	104,900	106,167	1,267
Restricted intergovernmental	13,100	13,400	15,083	1,683
Sales and services	44,000	46,000	47,913	1,913
Investment earnings	-	60	286	226
Miscellaneous	15,740	14,000	13,809	(191)
Total revenues	302,640	331,852	372,936	41,084
Expenditures:				
Current:				
General government	57,974	65,649	99,640	(33,991)
Public safety	140,325	163,552	163,471	81
Transportation	10,000	10,000	19,814	(9,814)
Environmental protection	91,841	81,301	62,828	18,473
Culture and recreation	2,500	11,350	4,373	6,977
Debt service:				
Principal retirement	-	-	1,809	(1,809)
Interest and other charges	-	-	115	(115)
Total expenditures	302,640	331,852	352,050	(20,198)
Revenues over (under) expenditures	-	-	20,886	20,886
Fund balance appropriated	-	-	-	-
Net change in fund balance	\$ -	\$ -	20,886	\$ 20,886
Fund balance, beginning, as previously reported			110,441	
Prior period restatement			39,923	
Fund balance, beginning, as restated			150,364	
Fund balance, ending			\$ 171,250	

The notes to the financial statements are an integral part of this statement.

Town of Micro, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2022

<u>ASSETS</u>	<u>Sewer Fund</u>
Current assets:	
Cash and cash equivalents	\$ 77,824
Accounts receivable (net)	60,701
Inventory	2,046
Restricted cash	43,067
Total current assets	<u>183,638</u>
Non-current assets:	
Capital assets:	
Land and other non-depreciable assets	59,093
Other capital assets, net of depreciation	2,161,480
Capital assets (net)	<u>2,220,573</u>
Total noncurrent assets	<u>2,220,573</u>
Total assets	<u>2,404,211</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension deferrals	31,169
Total deferred outflows of resources	<u>31,169</u>
 <u>LIABILITIES</u>	
Current liabilities:	
Accounts payable and accrued liabilities	13,743
Current portion of long-term debt	28,000
Liabilities payable from restricted assets:	
Customer deposits	33,941
Total current liabilities	<u>75,684</u>
Noncurrent liabilities:	
Compensated absences	2,898
Net pension liability	13,637
Noncurrent portion of long-term debt	820,000
Total noncurrent liabilities	<u>836,535</u>
Total liabilities	<u>912,219</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension deferrals	19,483
Total deferred inflows of resources	<u>19,483</u>
 <u>NET POSITION</u>	
Net investment in capital assets	1,372,573
Restricted for:	
Pursuant to loan requirements	9,126
Unrestricted	121,979
Total net position	<u>\$ 1,503,678</u>

The notes to the financial statements are an integral part of this statement.

Town of Micro, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Water and Sewer Fund
Operating revenues:	
Charges for services	\$ 322,701
Other operating revenues	8,630
Total operating revenues	331,331
Operating expenses:	
Water and Sewer Administration	69,213
Water Distribution	164,475
Water Collection and Treatment	167,990
Depreciation	91,171
Total operating expenses	492,849
Operating income (loss)	(161,518)
Nonoperating revenues (expenses):	
Investment earnings	816
Other	43,978
Interest and other charges	(16,700)
Total nonoperating revenue (expenses)	28,094
Change in net position	(133,424)
Net position, beginning	1,637,102
Total net position, ending	\$ 1,503,678

The notes to the financial statements are an integral part of this statement.

Town of Micro, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	<u>Water and Sewer Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 324,439
Cash paid for goods and services	(259,366)
Cash paid to employees for services	(145,306)
Net cash provided (used) by operating activities	<u>(80,233)</u>
Cash flows from noncapital financing activities:	
Decrease in due from other funds	11,141
Total cash flows provided (used) by noncapital financing activities	<u>11,141</u>
Cash flows from capital and related financing activities:	
Principal paid on bonds and installment notes	(28,000)
Interest paid on bonds and installment notes	(16,700)
Acquisition and construction of capital assets	(20,000)
Net cash provided (used) by capital and related financing activities	<u>(64,700)</u>
Cash flows from investing activities:	
Nonoperating revenue	43,978
Investment earnings	816
Net cash provided (used) by investing activities	<u>44,794</u>
Net increase (decrease) in cash and cash equivalents	(88,998)
Cash and cash equivalents - beginning of year	<u>209,889</u>
Cash and cash equivalents - end of year	<u>\$ 120,891</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (161,518)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities :	
Depreciation	91,171
Change in assets, deferred outflows of resources, and liabilities:	
(Increase) decrease in accounts receivable	(6,892)
Increase (decrease) in accounts payable and accrued liabilities	5,445
Increase (decrease) in deposits	(10,072)
(Increase) decrease in deferred outflows of resources - pensions	(9,631)
Increase (decrease) in net pension liability	(9,855)
Increase (decrease) in deferred inflows of resources - pensions	19,483
Total adjustments	<u>81,285</u>
Net cash provided (used) by operating activities	<u>\$ (80,233)</u>

The notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statement themselves. The notes supplement the financial statements, and are an integral part thereof, and are intended to be read in conjunction with the financial statements.

Town of Micro, North Carolina
Notes to the Financial Statements
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Micro, North Carolina (“the Town”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A - Reporting Entity

The Town of Micro is a municipal corporation that is governed by an elected mayor and a four-member Council. As required by generally accepted accounting principles, these financial statements include all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or are financially independent upon the Town.

B - Basis of Presentation

Government-wide Statements: The statement of net position and statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods and services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town’s funds. Separate statements for each fund category – government and proprietary – are presented. The emphasis of the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The Town has no fiduciary funds to report. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from the exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, state grants, and various other taxes and licenses. The primary expenditures are for general government, public safety, street maintenance and construction, and sanitation services.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B - Basis of Presentation - Fund Accounting (continued)

The Town reports the following major enterprise funds:

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations. A USDA Water and Wastewater Collection Systems Improvement Fund has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the USDA Water and Wastewater Collection Systems Improvement Fund has been included in the supplemental information.

C - Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C - Measurement Focus and Basis of Accounting (continued)

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts.

Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered shared revenue for the Town of Micro because the tax is levied by Johnston County and then remitted to and distributed by the State. Most intergovernmental revenue and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D - Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the USDA Water and Wastewater Collection Systems Improvement Fund. The USDA Water and Wastewater Collection Systems Improvement Fund are consolidated with the respective operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances and the North Carolina Capital Management Trust (NCCMT).

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

1. Deposits and Investments (continued)

The Town of Micro’s investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT’s share price. The NCCMT Term Portfolio’s securities are valued at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2022, The Term Portfolios has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

In accordance with State law, the Town of Micro has invested in securities that are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. The USDA requires the Town to establish a Debt Service Reserve account. This account was established for the payment of debt service if revenues are insufficient and is represented as a restricted asset.

Town of Micro's Restricted Cash

Governmental Activities:

General Fund

Streets	\$ 72,817
Total Governmental activities	72,817

Business-type activities:

Water and Sewer Fund

Customer deposits	33,941
Debt service reserve	9,126
Total business-type activities	43,067

Total restricted cash	\$ 115,884
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Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2021. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenue is reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain threshold and an estimated life in excess of one year. Minimum capitalization costs are \$5,000 for all asset categories. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. All other purchased or constructed capital assets are reported at estimated historical cost using deflated replacement cost. The cost 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 are depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Improvements	10-25
Vehicles	6
Furniture and equipment	10
Computer equipment	3

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meet this criterion – pension related deferrals for the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criteria for this category – property taxes receivable and pension related deferrals.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is 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.

9. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days of earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense is recorded and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designed as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Position / Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

10. Net Position / Fund Balances (continued)

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted fund balance on the face of the balance sheet.

Restricted for Streets - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's governing body. The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned Fund Balance - portion of fund balance that the Town intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

Fund Balances (continued)

10. Net Position / Fund Balances (continued)

The Town of Micro has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is in the best interest of the Town.

The Town of Micro has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of the General Fund balance in excess of \$10 of budgeted expenditures may be appropriated for one-time expenditures that may not be used for any purpose that would obligate the Town in a future budget.

11. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Micro's employer contributions are recognized when due and the Town of Micro has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A – Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with North Carolina General Statutes

N.C. General Statute 159-34(a) states the Board should have its accounts audited as soon as possible after the close of each fiscal year by a certified public accountant. The deadline to submit June 30 year end audits to the Local Government Commission is October 31. The October 31 deadline includes a grace period from November 1 to December 1, in which there are no additional documents or notifications needed. The June 30, 2022 audit was submitted after January 18, 2023. Management will consider hiring additional resources to support the Finance Officer and other business staff in order to submit the audit on time in the future.

2. Contractual Violations

The Town was not in compliance with Revenue Bonds debt service coverage ratio requirements for the year ended June 30, 2022. The Bond Order requires the debt service ratio to be no less than 110%. The Town's debt service ratio was 143% for the year ended June 30, 2022.

C - Deficit in Fund Balance or Net Position of Individual Funds

None

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

D - Excess of Expenditures over Appropriations

	<u>Budget</u>	<u>Actual</u>	<u>(Negative) Variance</u>
General Fund:			
General government	\$ 65,649	\$ 99,640	\$ (33,991)
Transportation	10,000	19,814	(9,814)
Debt service:			
Principal	-	1,809	
Interest and other charges	-	115	
Total	<u>\$ 75,649</u>	<u>\$ 119,454</u>	<u>\$ (43,805)</u>

These over-expenditures occurred because of unplanned operating expenditures. Management and the Board will more closely review the budget reports to ensure compliance in future years.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A - Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the Federal Deposit Insurance Coverage level are collateralized with securities held by the Town's agents in this unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2022, the Town's deposits had a carrying amount of \$309,334 and a bank balance of \$374,508. Of the bank balance, \$750,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2022, the Town's petty cash amounted to \$100.

2. Investments

At June 30, 2022, the Town of Micro had \$9,126 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAA by Standard and Poor's. The Town has no policy regarding credit risk.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

A - Assets (continued)

4. Capital Assets

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

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

Note 3 - A - Assets

Governmental activities:	Beginning Balances	Increases	Decreases	Adjustments	Ending Balances
Capital assets not being depreciated:					
Land	\$ 39,500	\$ -	\$ -	\$ -	\$ 39,500
Total capital assets not being depreciated	39,500	-	-	-	39,500
Capital assets being depreciated:					
Buildings	134,097	-	4,400	-	129,697
Equipment	218,176	-	112,081	25,000	131,095
Vehicles and motorized equipment	148,015	-	51,145	65,000	161,870
Infrastructure	10,000	-	-	-	10,000
Total capital assets being depreciated	510,288	-	167,626	90,000	432,662
Less accumulated depreciation for:					
Buildings	92,126	4,190	4,400	-	91,916
Equipment	210,060	3,753	112,081	25,000	126,732
Vehicles and motorized equipment	130,288	6,156	51,145	61,000	146,299
Infrastructure	8,669	667	-	-	9,336
Total accumulated depreciation	441,143	14,766	167,626	86,000	374,283
Total capital assets being depreciated, net	69,145				58,379
Governmental activities capital assets, net	\$ 108,645				\$ 97,879

General government	\$ 4,191
Public safety	5,475
Transportation	666
Environmental protection	3,480
Cultural and recreation	954
Total depreciation expense	<u>\$ 14,766</u>

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

A - Assets (continued)

4. Capital Assets (continued)

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

Water and Sewer Fund	Beginning			Ending
	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 59,093	\$ -	\$ -	\$ 59,093
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>59,093</u>	<u>-</u>	<u>-</u>	<u>59,093</u>
Capital assets being depreciated:				
Plant and distribution systems	3,385,906	-	500	3,385,406
Furniture and maintenance equipment	118,499	20,000	17,406	121,093
Vehicles	104,188	-	6,300	97,888
Total capital assets being depreciated	<u>3,608,593</u>	<u>20,000</u>	<u>24,206</u>	<u>3,604,387</u>
Less accumulated depreciation for:				
Plant and distribution systems	1,233,233	67,765	210	1,300,788
Furniture and maintenance equipment	66,406	15,531	17,406	64,531
Vehicles	76,013	7,875	6,300	77,588
Total accumulated depreciation	<u>1,375,652</u>	<u>91,171</u>	<u>23,916</u>	<u>1,442,907</u>
Total capital assets being depreciated, net	<u>2,232,941</u>			<u>2,161,480</u>
Business-type Activities capital assets, net	<u>2,292,034</u>			<u>2,220,573</u>

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Micro is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Micro employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Micro's contractually required contribution rate for the year ended June 30, 2022, was 9.70% of compensation for law enforcement officers and 11.32% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Micro were \$25,367 for the year ended June 30, 2022.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

Refunds of Contributions. Town employees, who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Town reported a liability of \$35,886 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of December 31, 2021, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the Town's proportion was 0.00234%, which was an increase of 0.00061% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2022, the Town recognized pension expense of \$25,358. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,417	\$ -
Changes of assumptions	22,546	-
Net difference between projected and actual earnings on pension plan investments		51,271
Changes in proportion and differences between Town contributions and proportionate share of contributions	22,693	-
Town contributions subsequent to the measurement date	25,367	-
Total	\$ 82,023	\$ 51,271

\$25,367 resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 12,460
2023	7,742
2024	873
2025	(15,689)
2026	-
Thereafter	-

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. *Local Governmental Employees' Retirement System (continued)*

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the 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 total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 139,307	\$ 35,886	\$ (49,223)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description.

The Town of Micro administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

b. Law Enforcement Officers' Special Separation Allowance (continued)

1. Plan Description (continued).

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees and dependents receiving benefits	1
Active plan members	2
Total	3

2. Summary of Significant Accounting Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 73:

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2020, valuation. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020. Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$1,126 as benefits came due for the reporting period.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

b. Law Enforcement Officers' Special Separation Allowance (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Town reported a total pension liability of \$20,338. The total pension liability was measured as of December 31, 2021, based on a December 31, 2020, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$754.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,693	\$ -
Changes of assumptions	1,754	497
Total	\$ 11,447	\$ 497

\$0 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	3,932
2024	3,055
2025	-
2026	-
Thereafter	-

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 2.25 %, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 %) or 1-percentage-point higher (3.25 %) than the current rate:

	1% Decrease (1.25%)	Discount rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 22,273	\$ 20,388	\$ 18,612

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

b. Law Enforcement Officers' Special Separation Allowance (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	2022
Beginning balance	\$ 8,976
Service Cost	947
Interest on the total pension liability	162
Differences between expected and actual experience in the measurement of the total pension liability	12,020
Changes of assumptions or other inputs	(591)
Benefits payments	(1,126)
Ending balance of the total pension liability	\$ 20,388

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions

The following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 25,358	\$ 754	\$ 26,112
Pension Liability	35,886	20,388	56,274
Proportionate share of the net pension liability	0.00234%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	11,417	9,693	21,110
Changes of assumptions	22,546	1,754	24,300
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	22,693	-	22,693
Benefit payments and administrative costs paid subsequent to the measurement date	25,367	-	25,367
Deferred of Inflows of Resources			
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	497	497
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Net difference between projected and actual earnings on pension plan investments	51,271	-	51,271

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multi-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits, Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employees death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan.

The Town has no liability beyond the payment of the contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources are comprised of the following:

Contributions to pension plan in current fiscal year	\$	25,367
Differences between expected and actual experience		21,110
Changes of assumptions		24,300
Net difference between projected and actual		-
Changes in proportion and differences between Town contributions and proportionate share of contributions		22,693
Total	\$	93,470

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

3. Deferred Outflows and Inflows of Resources (continued)

Deferred inflows of resources at year-end are comprised of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes Receivable, less penalties (General Fund)	\$ -	\$ 2,870
Changes in assumptions	51,768	-
Differences between expected and actual experience	-	
Total	\$ 51,768	\$ 2,870

4. 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 participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels.

Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Finance Director is individually bonded for \$60,000. The remaining employees that have access to cash are covered under a blanket insurance policy for \$50,000.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town does not carry flood insurance, as the Town does not feel that, based on the location of their assets, the added cost of flood insurance is justifiable.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

5. Long-Term Obligations

a. Installment Purchase

The Town has entered a direct placement installment purchase contract, the terms of these installment purchases are as follows:

Governmental Activities:

Annual debt service payments of the installment purchase as of June 30, 2022, including \$58 of interest, are as follows:

Years Ending <u>June 30:</u>	Governmental Activities	
	Installment Purchases	
	Principal	Interest
2023	1,855	58
	\$ 1,855	\$ 58

b. General Obligation Indebtedness

The Town’s general obligation bonds serviced by the governmental funds were issued for the acquisition of public safety equipment. Those general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

6. Long-Term Obligations (continued)

Bonds payable at June 30, 2022 are comprised of the following individual issues:

c. General Obligation Bonds

Years Ending	<u>Business-type Activities</u>	
	Notes Payable	
	<u>Principal</u>	<u>Interest</u>
<u>June 30:</u>		
2023	14,000	3,600
2024	14,000	2,900
2025	14,000	2,350
2026	14,000	950
2027	5,000	650
	<u>\$ 61,000</u>	<u>\$ 10,450</u>

d. Revenue Bond

The Town entered into a revenue bond anticipation note with USDA on November 19, 2019 to help with improvements on the Town's Water and Wastewater systems. The note will be paid in 40 annual payments with an interest rate of 1.75%.

Years Ending	<u>Business-type Activities</u>	
	Notes Payable	
	<u>Principal</u>	<u>Interest</u>
<u>June 30:</u>		
2023	\$ 15,000	\$ 13,772
2024	16,000	13,510
2025	16,000	13,230
2026	16,000	12,950
2027	16,000	12,390
2028-2033	87,000	58,957
2033-2037	95,000	49,420
2038-2042	103,000	40,670
2043-2047	112,000	31,185
2048-2052	106,000	20,860
2053-2057	83,000	8,627
2058-2059	55,000	1,542
	<u>\$ 720,000</u>	<u>\$ 277,113</u>

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

6. Long-Term Obligations (continued)

d. Revenue Bond (continued)

The Town was not in compliance with the covenants as to rates, fees, rentals and charges in Section 3.04 of the Bond Order, authorizing the issue of the Water and Sewer Revenue Bonds, Series 2011. Section 3.04 of the Bond Order requires the debt service coverage ratio to be no less than 110%.

Operating revenues	\$ 331,331
Operating expenses*	401,678
Operating income	(70,347)
Nonoperating revenues (expenses)**	28,904
Income available for debt service	\$ (41,443)

Net revenues must be no less than 110% for current year debt service requirement:

Debt service, principal and interest paid (revenue bond only)	29,035
Debt service ratio	-143%

Net revenues must be no less than 110% of the amount necessary to pay annual debt service obligation on subordinated indebtedness

Debt service on subordinated indebtedness	None
Debt service on subordinated indebtedness percent coverage	-

* Per rate covenants, this does not include the depreciation expense of \$91,171.

** Per rate covenants, this does not include interest paid of \$16,700.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

e. Changes in Long-Term Liabilities

The following is a summary of changes in the Town's long-term obligations as of June 30, 2022.

	Beginning			Ending	Current
	Balances	Increases	Decreases	Balances	Portion
Governmental activities:					
Installment purchase	\$ 3,664	\$ -	\$ 1,809	\$ 1,855	\$ 1,855
Net pension obligation (LGERS)	38,328	-	16,079	22,249	-
Total pension obligation (LEO)	8,976	11,412	-	20,388	-
Compensated absences	2,624	5,323	-	7,947	-
Governmental activity					
long-term liabilities	<u>\$ 53,592</u>	<u>\$ 16,735</u>	<u>\$ 17,888</u>	<u>\$ 52,439</u>	<u>\$ 1,855</u>
	Beginning			Ending	Current
	Balances	Increases	Decreases	Balances	Portion
Business-type activities:					
General obligation bonds	\$ 74,000	\$ -	\$ 13,000	\$ 61,000	\$ 13,000
Revenue bonds	802,000	-	15,000	787,000	15,000
Net pension obligation (LGERS)	23,492	-	9,855	13,637	-
Compensated absences	2,624	274	-	2,898	-
Business-type activity					
long-term liabilities	<u>\$ 902,116</u>	<u>\$ 274</u>	<u>\$ 37,855</u>	<u>\$ 864,535</u>	<u>\$ 28,000</u>

The General Fund provides the resources for the retirement of compensated absences payable. The Town's legal debt limit is 8.0% of the Town's assessed value of taxable property. The Town's legal debt margin as of June 30, 2022, amounts to approximately \$2,114,516.

Town of Micro, North Carolina
Notes to the Financial Statements (continued)
June 30, 2022

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

D - Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

<i>Total fund balance - General Fund</i>	\$	171,250
Less:		
Stabilization by State Statute		17,649
Streets		72,817
Remaining fund balance		80,784

There were no outstanding encumbrances at June 30, 2022.

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

NOTE 5 - SUBSEQUENT EVENTS

Subsequent events were evaluated through January 16, 2024, which is the date the financial statements were available to be issued.

Required Supplementary Financial Data

Required Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System.
- Schedule of Contributions to Local Government Employees' Retirement System.
- Schedule of Changes in Total Pension Liability.
- Schedule of Total Pension Liability as a Percentage of Covered Payroll.

Town of Micro, North Carolina
Town of Micro's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years*

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Micro's proportionate share of the net pension liability (%)	0.00234%	0.00173%	0.00154%	0.00066%	0.06500%	0.00028%	0.00033%	0.00049%
Micro's proportionate share of the net pension liability (\$)	\$ 35,886	\$ 61,820	\$ 42,056	\$ 15,657	\$ 9,930	\$ 5,944	\$ 1,481	\$ (2,123)
Micro's covered payroll	\$ 195,844	\$ 120,482	\$ 118,518	\$ 50,340	\$ 30,567	\$ 28,934	\$ 26,999	\$ 201,519
Micro's proportionate share of the net pension liability as a percentage of its covered-employee payroll	18.32%	51.31%	35.48%	31.10%	32.49%	20.54%	5.49%	-1.05%
Plan fiduciary net position as a percentage of the total pension liability**	96.45%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

* The amounts presented are for the prior fiscal year.

** This will be the same percentage for all participant employers in the LGERS plan

Town of Micro, North Carolina
Town of Micro's Contributions
Required Supplementary Information
Last Eight Fiscal Years

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 25,367	\$ 22,176	\$ 10,783	\$ 9,903	\$ 4,636	\$ 3,148	\$ 2,783	\$ 2,442
Contributions in relation to the contractually required contribution	25,367	22,176	10,783	9,903	4,636	3,148	2,783	2,442
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Micro's covered-employee payroll	\$ 201,519	\$ 195,844	\$ 120,482	\$ 118,518	\$ 50,340	\$ 30,567	\$ 28,934	\$ 26,999
Contributions as a percentage of covered-employee payroll	12.59%	11.32%	8.95%	8.36%	9.21%	10.30%	9.62%	9.04%

Town of Micro, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officer's Special Separation Allowance
June 30, 2022

	2022	2021	2020	2019	2018
Beginning balance	\$ 8,976	\$ 5,124	\$ 21,783	\$ 20,398	\$ 1,853
Service Cost	947	413	920	1,184	915
Interest on the total pension liability	162	149	772	627	50
Differences between expected and actual experience in the measurement of the total pension liability	12,020	1,226	(17,278)	1,969	17,125
Changes of assumptions or other inputs	(591)	3,190	53	(1,269)	1,581
Benefit payments	(1,126)	(1,126)	(1,126)	(1,126)	(1,126)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 20,388</u>	<u>\$ 8,976</u>	<u>\$ 5,124</u>	<u>\$ 21,783</u>	<u>\$ 20,398</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Town of Micro, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officer's Special Separation Allowance
June 30, 2022

	2022	2021	2020	2019	2018
Total pension liability	\$ 20,388	\$ 8,976	\$ 5,124	\$ 21,783	\$ 20,398
Covered payroll	61,612	23,240	41,412	31,956	26,633
Total pension liability as a percentage of covered payroll	33.09%	38.62%	12.37%	68.17%	76.59%

Notes to the schedules:

Town of Carthage has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Individual Fund Statements and Schedules

Governmental Funds

General Fund – This fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Town of Micro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 189,678	\$
Total	<u>153,492</u>	<u>189,678</u>	<u>36,186</u>
Unrestricted intergovernmental:			
Local option sales tax		67,822	
Telecommunications sales tax		1,224	
Video programming tax		731	
Utilities sales tax		21,152	
Beer and wine tax		1,834	
ABC profit distribution		2,304	
Zoning permits		11,100	
Total	<u>104,900</u>	<u>106,167</u>	<u>1,267</u>
Restricted intergovernmental:			
Powell bill allocation		14,734	
Solid waste disposal tax		349	
Total	<u>13,400</u>	<u>15,083</u>	<u>1,683</u>
Sales and services:			
Garbage fees		47,913	
Total	<u>46,000</u>	<u>47,913</u>	<u>1,913</u>
Investment earnings	<u>60</u>	<u>286</u>	<u>226</u>
Miscellaneous:			
Rent		9,854	
Miscellaneous		3,955	
Total	<u>14,000</u>	<u>13,809</u>	<u>(191)</u>
Total revenues	<u>\$ 331,852</u>	<u>\$ 372,936</u>	<u>\$ 41,084</u>

Town of Micro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	\$	\$ 1,830	\$
Other operating expenditures		2,398	
Total	<u>2,231</u>	<u>4,228</u>	<u>(1,997)</u>
Administration:			
Salaries and employee benefits		14,194	
Other operating expenditures		74,401	
Total	<u>61,264</u>	<u>88,595</u>	<u>(27,331)</u>
Elections			
Other operating expenditures		6,817	
Total	<u>2,154</u>	<u>6,817</u>	
Total general government	<u>65,649</u>	<u>99,640</u>	<u>(29,328)</u>
Public safety:			
Police department:			
Salaries and employee benefits		115,736	
Other operating expenditures		12,926	
Total	<u>139,552</u>	<u>128,662</u>	<u>10,890</u>
Fire:			
Other operating expenditures		34,809	
Total	<u>24,000</u>	<u>34,809</u>	<u>(10,809)</u>
Total public safety	<u>163,552</u>	<u>163,471</u>	<u>81</u>
Transportation:			
Streets and highways:			
Other operating expenditures		19,814	
Total transportation	<u>\$ 10,000</u>	<u>\$ 19,814</u>	<u>\$ (9,814)</u>

Town of Micro, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Environmental protection:			
Salaries and employee benefits	\$	\$ 16,066	\$
Other operating expenditures		46,762	
Total	<u>81,301</u>	<u>62,828</u>	<u>18,473</u>
Cultural and recreation:			
Operating expenditures		4,373	
Total	<u>11,350</u>	<u>4,373</u>	<u>6,977</u>
Debt service:			
Principal retirement		1,809	
Interest and other charges		115	
Total		<u>1,924</u>	<u>(1,924)</u>
Total expenditures	<u>331,852</u>	<u>352,050</u>	<u>(20,198)</u>
Revenues over (under) expenditures	<u>-</u>	<u>20,886</u>	<u>20,886</u>
Fund balance appropriated	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>20,886</u>	<u>\$ 20,886</u>
Fund balance, beginning, as previously reported		110,441	
Prior period restatement		<u>39,923</u>	
Fund balance, beginning, as restated		<u>150,364</u>	
Fund balance, ending		<u>\$ 171,250</u>	

Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations.

Town of Micro, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures, and Changes in Fund Balances -
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Water sales	\$	\$ 141,947	\$
Sewer sales		180,754	
Water and sewer taps		8,630	
Total	<u>393,200</u>	<u>331,331</u>	<u>(61,869)</u>
Non-operating revenues:			
Interest income		816	
Other		43,978	
Total	<u>57,675</u>	<u>44,794</u>	<u>(12,881)</u>
Total revenues	<u>450,875</u>	<u>376,125</u>	<u>(74,750)</u>
Expenditures:			
Water and Sewer Administration:			
Water salaries and benefits		2,614	
Other operating expenditures		66,328	
Total	<u>38,392</u>	<u>68,942</u>	<u>(30,550)</u>
Water Distribution:			
Water salaries and benefits		142,692	
Other operating expenditures		21,493	
Total	<u>171,345</u>	<u>164,185</u>	<u>7,160</u>
Water Collection and Treatment			
Treatment charges		93,502	
Electricity - lift station		15,966	
Maintenance and repair system		56,321	
Other operating expenditures		2,201	
Capital Outlay		20,000	
Total	<u>\$ 241,138</u>	<u>\$ 187,990</u>	<u>\$ 53,148</u>

Town of Micro, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures, and Changes in Fund Balances -
Budget and Actual (Non-GAAP) (continued)
For the Year Ended June 30, 2022

	Budget	Actual	Variance Positive (Negative)
Debt service:			
Principal payments		\$ 28,000	
Interest and other charges		16,700	
Total	38,392	44,700	(6,308)
 Total expenditures	 450,875	 465,817	 (14,942)
 Revenues over (under) expenditures	 -	 (89,692)	 (89,692)
 Revenues, other financing sources (uses) over (under) expenditures	 \$ -	 (89,692)	 \$ (89,692)
 Reconciling items:			
Depreciation		(91,171)	
Capital outlay		20,000	
Loss on disposal of assets		(290)	
Principal payments		28,000	
Increase in accrued compensated absences		(274)	
Increase in outflows of resources - pensions		9,631	
Decrease in net pension liability		9,855	
Increase in inflows of resources - pensions		(19,483)	
Total reconciling items		(43,732)	
 Change in net position		 \$ (133,424)	

Other Schedules

This section contains additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

Town of Micro, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

<u>Fiscal Year</u>	<u>Uncollected Balances June 30, 2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balances June 30, 2022</u>
2021-2022	\$ -	\$ 153,261	\$ 150,391	\$ 2,870
2020-2021	12,472	-	12,472	-
2019-2020	12,364	-	12,364	-
2018-2019	7,476	-	7,476	-
2017-2018	-	-	-	-
2016-2017	-	-	-	-
2015-2016	-	-	-	-
2014-2015	83	-	83	-
2013-2014	332	-	332	-
2012-2013	-	-	-	-
	<u>\$ 32,727</u>	<u>\$ 153,261</u>	<u>\$ 183,118</u>	<u>2,870</u>

Less: allowance for uncollectible accounts - General Fund -

Ad valorem taxes receivable - net \$ 2,870

Reconciliation with revenues:

Ad valorem taxes - General Fund \$ 189,678

Reconciling items:

Interest and lien advertising collected (5,517)

Other (1,043)

Total collections and credits \$ 183,118

Town of Micro, North Carolina
Analysis of Current Year Tax Levy
June 30, 2022

	Town-Wide Levy		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Original levy:				
Property Tax	\$ 27,865,636	0.55	\$ 153,261	\$ 134,083	\$ 19,178
Total	27,865,636		153,261	134,083	19,178
Total property valuation	\$ 27,865,636				
Net levy			153,261	134,083	19,178
Uncollected taxes at June 30, 2022			(2,870)	(2,870)	-
Current year's taxes collected			\$ 150,391	\$ 131,213	\$ 19,178
Current levy collection percentage			98.13%	97.86%	100.00%

Compliance Section



S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
American Institute of CPAs
N. C. Association of CPAs

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 the Board of commissioners
Micro, North Carolina

We have audited, in accordance with 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 accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Micro, North 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 Micro's basic financial statements and have issued our report thereon dated January 16, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Micro'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 Micro's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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.

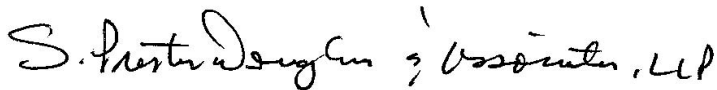
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses (items 2022-001, 2022-002, 2022-003, 2022-004, 2022-005, 2022-006).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Micro'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 of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2022-003 and 2022-004.

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.

Handwritten signature of S. Preston Douglas, III, followed by the text "S. Preston Douglas, III" in a cursive script.

Lumberton, North Carolina
January 16, 2024

Town of Micro, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I. Summary of Auditor's Results
--

Financial Statements

Type of auditor's report issued:	Unmodified.
Internal control over financial reporting:	
• Material weakness(es) identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
• Significant deficiency(s) identified that are not considered to be material weaknesses	<input type="checkbox"/> yes <input checked="" type="checkbox"/> none reported
• Noncompliance material to financial statements	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

Town of Micro, North Carolina
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2022

Section II. Financial Statement Findings

MATERIAL WEAKNESS

Finding: 2022 - 001 Bank Reconciliations

Criteria: All bank accounts should be reconciled monthly to ensure proper internal controls over cash are maintained, and to ensure that management receives accurate and timely financial reports to make decisions with during the year.

Condition: For all twelve months of the fiscal year and the previous fiscal year, the Town’s main operating bank account was not reconciled in a timely manner. Therefore, accounting personnel could not provide management with financial reports that were accurate and timely.

Effect: Bank reconciliations serve as an important internal control over cash and can identify errors, irregularities, and other adjustments to improve accuracy of accounting records. When bank reconciliations are not performed on a timely basis there is a potential that the Town does not identify errors, irregularities, and other adjustments to accounting records on a timely basis.

Cause: During FY21/22, the Town Clerk/Finance Officer was the only person in the office to handle all the duties of both the Town Clerk and the Finance Officer, as well as the Utility Clerk taking in utility payments and assisting customers. As a result, some work was not completed in a timely manner, such as the monthly bank reconciliations.

Repeat Finding: This is a repeat finding from the immediate previous audit, 2021.

Recommendation: We recommend that the Town implement procedures to ensure proper reconciliation of all bank accounts in an accurate and timely manner in future years.

View of responsible officials and planned corrective actions:

The Town agrees with the finding and agrees to adhere to the correction action plan on page 67.

Town of Micro, North Carolina
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2022

Section II. Financial Statement Findings (continued)

MATERIAL WEAKNESS

Finding: 2022 - 002 Segregation of Duties

Criteria: Segregation of duties provide checks and balances to reduce possibilities for misstatements resulting from errors in judgements, dishonesty, personal carelessness, distraction, and fatigue.

Condition: The Town has a limited number of personnel for accounting functions which creates inherent limitations on the effectiveness of certain controls due to the lack of segregation of duties among the Town's personnel.

Effect: Potential misstatement of financial statements

Cause: The Town has a limited number of personnel for accounting functions which creates inherent limitations on the effectiveness of certain controls due to the lack of segregation of duties among the Town's personnel.

Repeat Finding: This is a repeat finding from the immediate previous audit, 2020-002.

Recommendation: The board should continually keep in mind that internal controls are limited due to the size of the Town's staff.

Views of responsible officials and planned corrective actions:

The Town agrees with the finding and agrees to adhere to the correction action plan on page 67.

Town of Micro, North Carolina
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2022

Section II. Financial Statement Findings (continued)

MATERIAL WEAKNESS/MATERIAL NONCOMPLIANCE

Finding: 2022 - 003 Excess of Expenditures over Appropriations

Criteria: N.C. General Statute 159-8(a) states that all moneys received and expended by a local government should be included in the budget ordinance.

Condition: The Town expended more than appropriated in the annual budget ordinance in multiple departments in the General Fund. The number of expenditures that exceeded appropriations were \$2,183, \$30,733, \$5,599, \$1,924, in the general government, public safety, transportation, and debt service department line items, respectively.

Effect: Expenditures were incurred that had not been budgeted.

Cause: Excess of expenditures were a result of financial records not being entered into the financial system in a timely manner so that the Town could not monitor reports at frequent intervals to ensure budgetary compliance.

Repeat Finding: This is a repeat finding from the immediate previous audit, 2020-003.

Recommendation: Management should closely monitor the budget versus actual statements to ensure actual expenditures are within budgetary constraints.

Views of responsible officials and planned corrective actions:

The Town agrees with the finding and agrees to adhere to the correction action plan on page 68.

Town of Micro, North Carolina
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2022

Section II. Financial Statement Findings (continued)

MATERIAL WEAKNESS/MATERIAL NONCOMPLIANCE

Finding: 2022 - 004 Late Audit Submission

Criteria: N.C. General Statute 159-34(a) states the Town should have its accounts audited as soon as possible after the close of each fiscal year by a certified public accountant. The deadline to submit June 30 year end audits to the Local Government Commission is October 31. The October 31 deadline includes a grace period from November 1 to December 1, in which there are no additional documents or notifications needed.

Condition: The June 30, 2022 audit which was due October 31, 2022, was submitted on January 16, 2024.

Effect: The governing body of the Board, management, and other cognitive agencies did not receive the results of the audit in a timely manner. Particularly in situations where the independent audit identifies any of the following: 1) findings 2) management letter comments for improvements 3) negative financial trends that need to disclose and addressed, a late audit would potentially delay timely and appropriate corrective actions.

Cause: Management and the board did not prioritize the timely submission of the audit.

Repeat Finding: This is a repeat finding from the immediate previous audit, 2021-004.

Recommendation: We recommend that the Board considers hiring additional resources to support the Finance Officer and other business office staff.

Views of responsible officials and planned corrective actions:

The Town agrees with the finding and agrees to adhere to the correction action plan on page 68.

Town of Micro, North Carolina
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2022

Section II. Financial Statement Findings (continued)

MATERIAL WEAKNESS

Finding: 2022 - 005 Financial Reporting and Record Keeping

Criteria: Accrued liability accounts should be accurate and reviewed monthly to ensure that financial reporting is accurate and reliable.

Condition: The Town did not properly account for accrued FICA and ORBIT retirement liability accounts and the related payroll expenditures accounts during the fiscal year ended June 30, 2022.

Effect: By not properly recording the financial transactions, this decreases the accuracy and reliability of the financial information provided to the Town’s Board of Commissioners who require an accurate assessment of the Town’s financial position on a routine basis.

Cause: Lack of management oversight and expertise in financial recording.

Repeat Finding: This is not a repeat finding

Recommendation: We recommend that the Board considers hiring financial staff with the necessary skills, knowledge, and experience to maintain these accounts.

View of responsible officials and planned corrective actions:

The Town agrees with the finding and agrees to adhere to the correction action plan on page 69.

Town of Micro, North Carolina
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2022

Section II. Financial Statement Findings (continued)

MATERIAL WEAKNESS

Finding 2022-006 Noncompliance with Debt Service Coverage Ratio Requirements

Criteria: In accordance with Water and Sewer Revenue Bonds, Series 2011, Section 3.04 of the Bond Order requires the debt service coverage ratio to be no less than 110%.

Condition: The debt service coverage ratio was 78% during the year ended June 30, 2022.

Effect: The Town is not in compliance with the debt covenants.

Cause: The Finance Director and Town Manager did not review the debt service coverage ratio during the year to anticipate this finding.

Repeat Finding: This was not a repeat finding.

Recommendation: We recommend that the Finance Director perform a careful review of the debt service coverage ratio on a quarterly basis.

Views of responsible officials and planned corrective actions:

The Town agrees with the finding and agrees to adhere to the correction action plan on page 69.



TOWN OF MICRO, NORTH **CAROLINA**

P.O. Box 9

450 US Hwy 301 N.
Micro, NC 27555

Office: 919-284-2572
Police: 919-284-1355

Correction Action Plan

MATERIAL WEAKNESS

Finding: 2022 – 001 Bank Reconciliation

Name of Contact Person: Marty Parnell, Mayor (supported by Triangle J Council of Government)

Corrective Action: The Town is in process of adding another qualified accounting personnel who is qualified to perform bank reconciliation duties in a timely manner. The position has been advertised and we hope to have someone hired soon. As of the issuance date of these audited financial statements, staff from the Triangle J Council of Governmental are providing support and financial assistance.

Proposed Completion Date: Immediately and ongoing.

SIGNIFICANT DEFICIENCY

Finding 2022 – 002 Segregation of Duties

Name of contact person: Marty Parnell, Mayor (supported by Triangle J Council of Government)

Corrective Action: The Town is in process of adding another qualified accounting personnel to separate the business office duties and to have a separate Finance Officer. The position has been advertised and we hope to have someone hired soon. As of the issuance date of these audited financial statements, staff from the Triangle J Council of Governmental are providing support and financial assistance.

Proposed Completion Date: Immediately and ongoing.



TOWN OF MICRO, NORTH
CAROLINA

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Correction Action Plan (continued)

MATERIAL WEAKNESS/MATERIAL NONCOMPLIANCE

Finding: 2022 – 003 Excess of Expenditures over Appropriations

Name of Contact Person: Marty Parnell, Mayor (supported by Triangle J Council of Government)

Corrective Action Plan: The Town is in process of adding another qualified accounting personnel to ensure adherence to approved budgets. The position has been advertised and we hope to have someone hired soon. As of the issuance date of these audited financial statements, staff from the Triangle J Council of Governmental have been providing support and financial assistance.

Proposed Completion Date: Immediately and ongoing.

MATERIAL WEAKNESS/MATERIAL NONCOMPLIANCE

Finding: 2022 – 004 Late Audit Submission

Name of Contact Person: Marty Parnell, Mayor (supported by Triangle J Council of Government)

Corrective Action: The Town is in process of adding another qualified accounting personnel to ensure adherence to the timely audit submission requirements. The position has been advertised and we hope to have someone hired soon. As of the issuance date of these audited financial statements, staff from the Triangle J Council of Governmental have been providing support and financial assistance.

Proposed Completion Date: Immediately and ongoing.



TOWN OF MICRO, NORTH
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Correction Action Plan (continued)

MATERIAL WEAKNESS/MATERIAL NONCOMPLIANCE

Finding: 2022 – 005 Financial Reporting and Record Keeping

Name of Contact Person: Marty Parnell, Mayor (supported by Triangle J Council of Government)

Corrective Action: The Town is in process of adding another qualified accounting personnel who can provide the necessary skills, knowledge, and experience to maintain the accounting records accurately. The position has been advertised and we hope to have someone hired soon. As of the issuance date of these audited financial statements, staff from the Triangle J Council of Governmental have been providing support and financial assistance.

Proposed Completion Date: Immediately and ongoing.

MATERIAL WEAKNESS

Finding: 2022 – 006 Noncompliance with Debt Service Coverage Ratio Requirements

Name of Contact Person: Marty Parnell, Mayor (supported by Triangle J Council of Government)

Corrective Action: The Town is in process of adding another qualified accounting personnel who can provide the necessary skills, knowledge, and experience to make the appropriate adjustments to comply with debt service coverage ratio requirements. The position has been advertised and we hope to have someone hired soon. As of the issuance date of these audited financial statements, staff from the Triangle J Council of Governmental have been providing support and financial assistance.

Proposed Completion Date: Immediately and ongoing.

Town of Micro, North Carolina
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

Finding:	2021-001
Status:	The finding has not been corrected. Similar comment in current year, see Finding 2021-001.
Finding:	2021-002
Status:	The finding has not been corrected. Similar comment in current year, see Finding 2021-002
Finding:	2021-003
Status:	The finding has not been corrected. Similar comment in current year, see Finding 2021-003.
Finding:	2021-004
Status:	The finding has not been corrected. Similar comment in current year, see Finding 2021-004.
Finding:	2021-005
Status:	The finding has not been corrected. Similar comment in current year, see Finding 2021-005.
Finding:	2021-006
Status:	The finding has not been corrected. Similar comment in current year, see Finding 2021-006.
Finding:	2020-001
Status:	The finding has not been corrected. Similar comment in current year, see Finding 2022-001.
Finding:	2020-002
Status:	The finding has not been corrected. Similar comment in current year, see Finding 2022-002.
Finding:	2020-003
Status:	The finding has not been corrected. Similar comment in current year, see Finding 2022-003.
Finding:	2020-004
Status:	The finding has not been corrected. Similar comment in current year, see Finding 2022-004.
Finding:	2020-005
Status:	The finding has been corrected.
Finding:	2019-001
Status:	The finding has been corrected.
Finding:	2019-002
Status:	The finding has not been corrected. Similar comment in current year, see Finding 2022-002.
Finding:	2019-003
Status:	The finding has not been corrected. Similar comment in current year, see Finding 2022-003.

SPD&A

S. Preston Douglas & Associates, LLP
Certified Public Accountants

Town of Micro, North Carolina

**Report to the Mayor and
Members of the Board of Commissioners**

Year Ended June 30, 2022



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Contacts

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Partner

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lgrissom@spdouglas.com



S. Preston Douglas & Associates, LLP
Certified Public Accountants

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Micro, North Carolina

We have audited the financial statements of the Town of Micro for the year ended June 30, 2022, and have issued our report thereon dated January 16, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 10, 2023. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Micro are described in the first note to the financial statements. No new accounting policies were adopted and the application of existing policies did not change during 2021-2022. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about the past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Allowance for doubtful accounts,
- Depreciable lives used for depreciation,
- Pension liabilities and
- Deferred outflows and inflows of resources

Management's estimates are based on an analysis of historical collection trends, industry factors, and current and anticipated economic conditions, the category of individual capital assets, and the actuarial reports by independent third parties.

We evaluated the key factors and assumptions used to develop these estimates to determine that they seemed reasonable in relation to the financial statements of the Town for the year ended June 30, 2022, taken as a whole. While the procedures used by management and the amount of these estimates seem reasonable at this time, there will usually be differences between the estimates and actual results and these differences may be material.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We did not propose any adjusting journal entries nor did we have any passed adjusting journal entries.



S. Preston Douglas & Associates, LLP
Certified Public Accountants

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 16, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Town's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Finding: 2022 - 001 Bank Reconciliations

For all twelve months of the fiscal year, the Town's main operating bank account was not reconciled in a timely manner. Therefore, accounting personnel could not provide management with financial reports that were accurate and timely. We recommend that the Town implement procedures to ensure proper reconciliation of all bank accounts in an accurate and timely manner in future years.

Finding: 2022 - 002 Segregation of Duties

The Town has a limited number of personnel for accounting functions which creates inherent limitations on the effectiveness of certain controls due to the lack of segregation of duties among the Town's personnel. The board should continually keep in mind that internal controls are limited due to the size of the Town's staff.

Finding: 2022 - 003 Excess of Expenditures over Appropriations (Budget Overage)

The Town expended more than appropriated in the annual budget ordinance in multiple departments in the General Fund. The amount of expenditures that exceeded appropriations in the General Fund were \$29,328, \$9,814, and \$1,924 in the general government, transportation, and debt service department line items, respectively. The amount of expenditures that exceeded appropriations in the Water and Sewer Fund were \$30,550 and \$6,308, in the Water and Sewer Administration and debt service department line items, respectively. Management should closely monitor the budget versus actual statements to ensure actual expenditures are within budgetary constraints.

Finding: 2022 - 004 Late Audit

The June 30, 2022 audit which was due October 31, 2022, was submitted late on January 24, 2024. N.C. General Statute 159-34(a) states the Town should have its accounts audited as soon as possible after the close of each fiscal year by a certified public accountant. The deadline to submit June 30 year end audits to the Local Government Commission is October 31. The October 31 deadline includes a grace period from November 1 to December 1, in which there are no additional documents or notifications needed. We recommend that the Board considers hiring additional resources to support the Finance Officer and other business office staff.



S. Preston Douglas & Associates, LLP
Certified Public Accountants

Other Audit Findings or Issues (continued)

Finding: 2022 - 005 Financial Reporting and Record Keeping

The Town did not properly account for accrued FICA and ORBIT retirement liability accounts and the related payroll expenditures accounts during the fiscal year ended June 30, 2022. By not properly recording the financial transactions, this decreases the accuracy and reliability of the financial information provided to the Town's Board of Commissioners who require an accurate assessment of the Town's financial position on a routine basis. We recommend that the Board implement procedures to ensure compliance with this regulation in future years and for management and financial officers to attend governmental continuing education trainings to gain the expertise needed.

Finding: 2022 - 006 Noncompliance with Debt Service Coverage Ratio Requirements

In accordance with Water and Sewer Revenue Bonds, Series 2011, Section 3.04 of the Bond Order requires the debt service coverage ratio to be no less than 110%. The debt service coverage ratio was negative <143%> during the year ended June 30, 2022. We recommend that the Finance Director performs a careful review of the debt service coverage ratio on a quarterly basis.

OTHER MATTERS

We applied certain limited procedures to the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions (LGERS), the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll (LEO), which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

RESTRICTION ON USE

This information is intended solely for the use of the Board of Commissioners and management of the Town of Micro, other cognizant agencies, and the North Carolina Department of State Treasurer and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully yours,

S. Preston Douglas & Associates, LLP
Lumberton, North Carolina
March 12, 2024

TOWN OF MICRO

FINANCIAL REPORT

FOR PERIOD ENDED 2/29/2024

Nancy Medlin

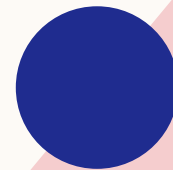
Central Pines Regional Council

UPDATES SINCE LAST REPORT

Bank Account Reconciliations

FY 21-22 Audit Completion

FY 22-23 Audit Preparation



BANK RECONCILIATIONS

We have begun work on the FY 22-23 bank reconciliations. Currently we are reconciled through July 31, 2023.

FY 21-22 AUDIT COMPLETION

The FY 21-22 audit has been completed, the audit report has been issued and accepted by the Local Government Commission.

FY 22-23 AUDIT PREPARATION

Preparations for the FY 22-23 audit have begun via the bank reconciliation process. The reconciliation process will likely take several months to complete. A summer completion is anticipated, assuming no major issues are discovered.

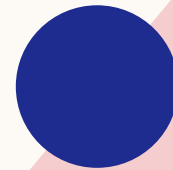
FINANCIAL REPORTS

General Fund

Water/Sewer Fund

AIA Grant

Community Building



GENERAL FUND

Revenues

- Revenues are at 72% YTD. Tax collections are at 94% for Ad Valorem and 81% for Motor Vehicles. Revenues are tracking nicely YTD.

Expenditures

- YTD expenditures are at 82%, however, encumbrances recorded are for 12 months.
- Some expenditures are paid at the beginning of the fiscal year. Examples are insurance and fire department tax.
- Currently, revenues exceed expenditures by \$18,836. General Fund is tracking in the black currently, but the budget must continue to be monitored closely to ensure that actual expenditures remain within budget.

WATER/SEWER FUND

Revenues

- Revenues are at 79% YTD. Since revenues are evenly spread throughout the year, we are looking for at least 75% at this time of year, so the Town is trending on track for water/sewer revenues.

Expenditures

- YTD expenditures are at 87%, however, encumbrances recorded are for 12 months.
- There are several expenditure line items that are significantly over budget and will likely result in losses in the Water/Sewer Fund if budget cuts are not made. Most of the overages are due to unexpected emergency system repairs.

WATER/SEWER FUND

Expenditure Overages:

31-710-2920 Contracted Services – over budget by \$30,688

31-730-2500 Gas & Fuel Oil – Equipment – over budget by \$4,143

31-730-2900 Departmental Supplies – over budget by \$6,677

31-730-3550 Repairs & Maintenance – Equipment – over budget by \$2,332

31-730-3580 Repairs & Maintenance – Water Lines – over budget by \$41,688

31-740-3550 Repairs & Maintenance – Equipment – over budget by \$5,059

Total overages - \$90,587

WATER/SEWER FUND

Budget Projection

-If we assume that all other expenditure line items will track at 100% of budget, AND

-If we assume that the lines items that are already over budget will NOT increase, AND

-If we assume that revenues will come it at 95% of budget (conservatively), THEN

-The Water/Sewer Fund will report a loss exceeding \$100,000.

WATER/SEWER FUND

Recommendations:

-Immediately freeze all spending not operationally imperative.

-Defer all maintenance items not essential to FY 24-25.

-Review Comprehensive List of Fees to determine if fee structure supports the Town's operations, and consider implementing fee changes before June 30, 2024.

AIA GRANT

Revenues

- YTD the Town has drawn down \$32,500 or 11% of available grant funds.

Expenditures

- YTD the Town has spent \$8,500, which was paid to Municipal Engineering Services.
- Currently, there are invoices totaling \$38,000 pending, however, the Town has only received \$24,000 in grant funds to cover the expenditures.
- The Town has requested more information from Municipal Engineering, but is awaiting a response.

COMMUNITY BUILDING

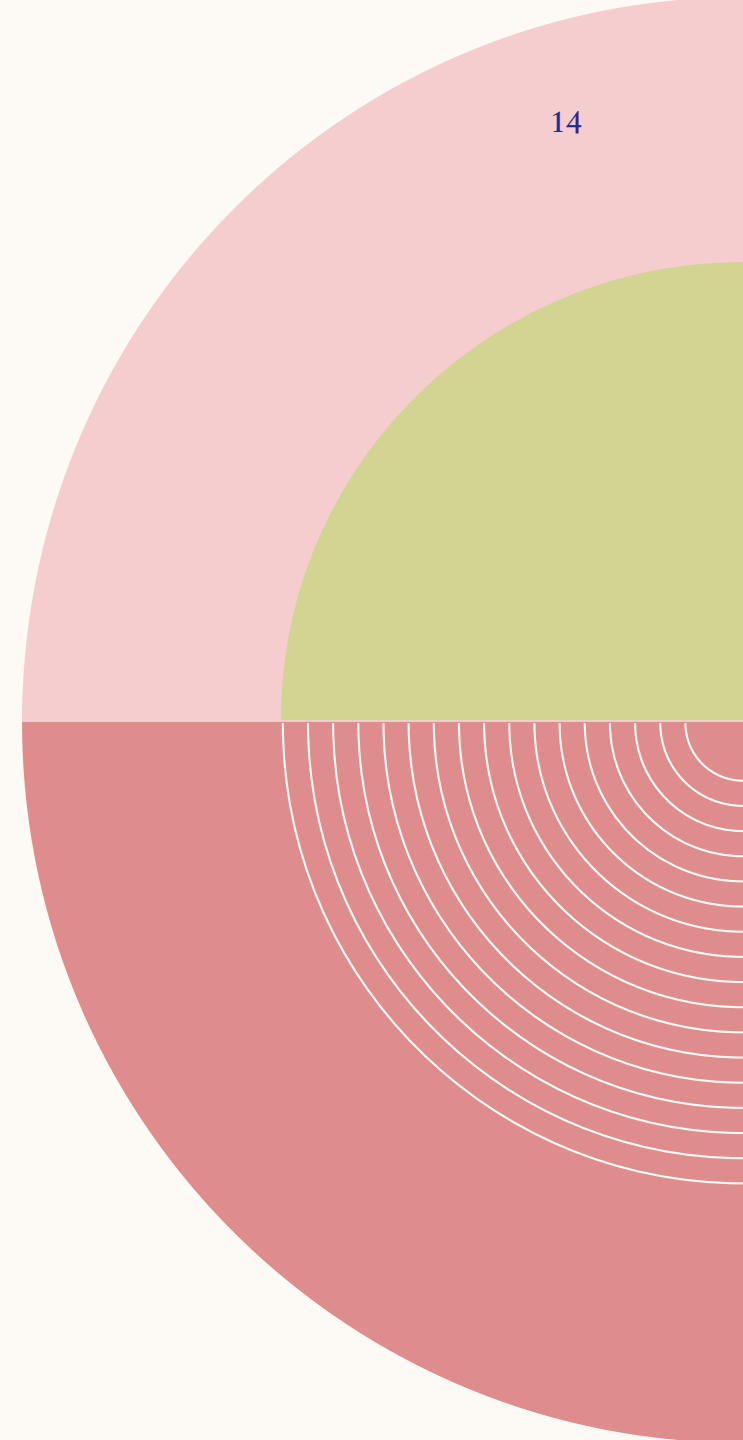
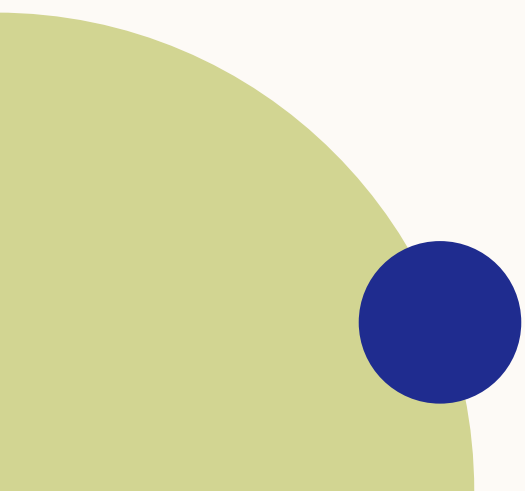
Revenues

- From inception to February 27, 2024, the Town has received \$530,000 in revenue. \$350,000 was from an appropriation from the NC General Assembly, and \$180,000 was from an appropriation from Johnston County.

Expenditures

- Inception to date the Town has spent \$141,931, \$90,000 of which was paid to Municipal Engineering Services, and the balance to Carolina Bay Construction.

QUESTIONS?





TOWN OF MICRO
PO Box 9
450 US Highway 301 N
Micro, NC 27555
Office: 919-284-2572

SPECIAL USE PERMIT APPLICATION

\$50 fee + any applicable zoning fee(s)

New Special Use Permit

Modification to Previously Approved SUP

SITE INFORMATION:

Name of Project: Pate - ~~Sign~~ Double Wide

Acreage of Property: 1.000 Zoning District: R10

County Tag #: 10011027B NC Pin #: 263619-51-8990

Address/Location: 405 W. MAIN Street

Existing Use: Storage

APPLICANT INFORMATION:

Applicant: Stephen Harold Pate

Mailing Address: 403 W. MAIN ST. SELMA N.C. 27576

Phone: 919 464 9436

Contact Person Name: Steve Pate Phone: 919-464-9436

Email: _____

OFFICE USE ONLY:

Date Received: 2/13/24 Amount Paid: \$50⁰⁰ File Number: 2024-07-SUP
Cash

REQUIRED FINDINGS OF FACT:

Section 2-105-6 of the Town of Micro Zoning Ordinance requires applications for a Special Use Permit address the following findings. The burden is on the applicant and failure to adequately address the findings may result in denial of the application. Please attach additional sheets if necessary.

1. The proposed use and development comply with the applicable regulations of this Ordinance.

Use of a double wide via SUP would be in full compliance w/Town of Micro Zoning Ordinance.

2. The proposed use and improvements are compatible with the character of the surrounding area and the capacity of neighboring lands to develop as permitted in the applicable zoning district.

New double wide be completely compatible with residential setting.

3. The proposed use will have minimal adverse impact on surrounding land with regard to service delivery, traffic circulation, aesthetics, odor, noise, glare, and vibration.

Will not impact traffic in any way. Traffic would be same as for any single family residence.

4. The use will not deteriorate or otherwise adversely impact water, air, scenic, and other natural resources.

Double wide will not no adverse impact in any way.

5. The use will maintain safe ingress and egress to the site.

a driveway will be installed and will allow for both safe ingress + egress.

6. The use will be served by adequate road and infrastructure to support development of the site.

Yes - no additional infrastructure will be required.

7. The use will protect property values and preserve public safety and welfare of the surrounding area and community at-large.

Yes new residence will enhance property value

8. The use complies with other applicable town, state, and federal laws regulating development of land within the Town's jurisdiction.

Yes - use is in compliance with all
town, state + federal regulations

PROCEDURE INFORMATION:

Applications for Special Use Permits shall be referred to the Planning Board. The Planning Board will report on its recommendation to the Board of Commissioners. After notice has been given pursuant to Section 2-103-2, a **quasi-judicial*** hearing shall be held pursuant to Section 2-104. Required mailed notice shall be sent to the owners of property within a 100' radius subject parcel boundary lines. A simple majority of the Board of Commissioners is required for approval of a Special Use Permit. Conditions for approval, if any, shall be specified in the motion and on the permit.

**A quasi-judicial hearing resembles a court trial where testimony is presented. Citizens may give testimony in a quasi-judicial hearing after they have taken an oath. The Board of Commissioners acts like a court of law and receives only sworn testimony and other credible evidence. In addition, the Board of Commissioners must make findings of fact based upon the evidence presented. The Board of Commissioners refrains from "ex parte communication" about these cases, as the Town Council must decide based solely on the evidence presented at the hearing itself.*

APPLICANT AFFIDAVIT:

I/We, the undersigned, do hereby make application and petition to the Board of Commissioners of the Town of Micro to approve the Special Use Permit. I hereby certify that I have full legal right to request such action and that the statements and/or information made herein or any plans submitted are true and correct to the best of my knowledge. I understand this application and any related material become official records of the Town of Micro, North Carolina.

Stephen Harold Pate Stephen Harold Pate 2-13-2024
Print Name Signature Date

PATE, STEPHEN HAROLD
PATE, ANNA MAY
403 W MAIN STREET MICRO
SELMA, NC 27576-0000



CARLSON, BRANDY PEEDIN
1394 CAMPGROUND RD
SELMA, NC 27576

PATE, STEPHEN HAROLD
PATE, ANNA MAY
403 W MAIN STREET MICRO
SELMA, NC 27576-0000



STIERS, JOSEPH JOHN
586 HOLLY BERRY LN
SELMA, NC 27576-5515

PATE, STEPHEN HAROLD
PATE, ANNA M
403 W MAIN ST MICRO
SELMA, NC 27576-0000



SPEARS, RANDALL J. CUSTODIAN
LONDAN, HEATHER DENISE CUSTODIAN
NW 21ST TERRACE
FT LAUDERDALE, FL 33309

CAMPBELL, FRANCES LIFE ESTATE
CAMPBELL, TIMOTHY REMAINDER
12636 VAN WYCK EXPY
JAMAICA, NY 11420-3036

POLLOCK, JAVELLE A
115 DWIGHT DR
MICRO, NC 27555

KUSZMAUL, BENTON
KUSZMAUL, STEFANIE
67 MEREDITH CT
DUNN, NC 28334-9222

LANGSTON, JOSEPH BENJAMIN JR
LANGSTON, WENDY M
260 FITZGERALD RD
SELMA, NC 27576-0000

EMC HOLDINGS LLC
PO BOX 339
GASTONIA, NC 28053-0339

HARRIS, JOHNNY ANDREW
HARRIS, GAIL
P O BOX 232
MICRO, NC 27555-0000

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OWNERS CONSENT FORM

Consent is required from the property owner(s) if an agent/applicant will act on their behalf. A separate form is required for each owner.

Project Name: _____ Address or PIN#: _____

AGENT/APPLICATION INFORMATION:

(Name - please type or print clearly) (Address)

(City, State & Zip)

I hereby give CONSENT to the above referenced agent/applicant to act on my behalf, to submit applications and all required documents and materials, and to attend and represent me at all meetings and public hearings pertaining to the following process:

Special Use Permit Other If Other Indicate: _____

Furthermore, I hereby give consent to the party designated above to agree to all terms and conditions which may arise as part of the approval of this application.

I hereby certify that I have authority to execute this consent form as/on behalf of the property owner. I understand that any false, inaccurate or incomplete information provided by me, or my agent will result in the denial, revocation or administrative withdrawal of the application, request, approval or permit. I further agree to all terms and conditions that may be imposed as part of the approval process of this application.

OWNER AUTHORIZATION:

(Name - please type or print clearly) (Address)

(Signature) (City, State & Zip)

NOTARY:

STATE OF _____ COUNTY OF _____

Sworn to and subscribed before me _____, a Notary Public for the above State and County, this the _____ day of _____, 2022.

SEAL

Notary Public Signature
My Commission Expires:



***** DISCLAIMER *****

Johnston County assumes no legal responsibility for the information represented here.

Result

id: 10011027B

Tag: 10011027B

NCPin: 263619-51-8990

Mapsheet No: 263619

Owner Name 1: PATE, STEPHEN HAROLD

Owner Name 2: PATE, ANNA MAY

Mail Address 1: 403 W MAIN STREET MICRO

Mail Address 2:

Mail Address 3: SELMA, NC 27576-0000

Site Address 1: 405 W MAIN ST

Site Address 2: MICRO, NC 27555-

Book: 02842

Page: 0146

Market Value: 25000

Assessed Acreage: 1.000

Calc. Acreage: 0.336

Sales Price: 12000

Sale Date: 2005-02-10

GL Cash Receipt Entries

Special Use Permit

TOWN OF MICRO
2/13/2024 2:20:47 PM

Page 1 Of 1

Batch: 134646

Operator: 3

Description:	Date	Reference	Bank	Cash Receipt Amount
SUP- Steve Pate	02/13/2024	2024-07-SUP	2	\$50.00
Account Distributions:				
			Debit	Credit
11-100-0000	Cash - KS Bank General	Cash Receipt	\$50.00	
11-330-3345	Zoning Permit	405 W Main St- SUP		\$50.00
Distribution Totals:			\$50.00	\$50.00
Total Distributed:				\$50.00
Batch Totals:			\$50.00	\$50.00

TOWN OF MICRO
2/13/2024

Fund Totals	Debits	Credits
11	\$50.00	\$50.00

\$50.00
\$50.00
\$50.00
\$50.00



Town of Micro
P.O. Box 9
450 US Highway 301 N.
Micro, NC 27555
Office: 919-284-2572
Police: 919-284-1355

March 1, 2024

Dear Micro Area Property Owner:

The purpose of this letter is to notify you of an application filed with the Town of Micro for a land use change proposal involving property adjacent to, or in close proximity to, property shown in your ownership according to Johnston County tax records.

The proposed application is for a Special Use Permit for a double-wide mobile home to be located at 405 W. Main Street.

This will be a quasi-judicial proceeding, which means this type of hearing resembles a court trial where testimony presented must be done so after taking an oath. The Board of Commissioners acts like a court of law and receives only sworn testimony and other credible evidence. Additionally, the Board of Commissioners must make findings of fact based upon the evidence presented. The Board refrains from “ex-parte communication” about these types of cases, as the board must decide each case based solely on the evidence presented at the hearing itself. *As a neighbor, you are NOT required to attend the meeting, this notification is simply being sent in accordance with the North Carolina General Statutes.*

The public hearing will be held on **Tuesday, March 12, 2024**. The meeting will be held at the Town of Micro Public Works/Business Center Building located at 450 US Highway 301 N. and will begin at 7:00 p.m.

As per NCGS § 143-318.10 all meetings are open to the public.

Should you have any questions or concerns, please do not hesitate to contact the office at 919-284-2572.

Sincerely,

Kimberly A. Moffett

Kimberly A. Moffett, CMC, NCCMC
Interim Town Clerk

CERTIFICATION OF MAILING NOTICES TO PROPERTY OWNERS
SPECIAL USE PERMIT
PATE – PLACEMENT OF DOUBLEWIDE – 405 W. MAIN STREET

I, Kimberly A. Moffett, serving as Interim Town Clerk for the Town of Micro do hereby certify that per the Town of Micro Zoning Ordinance, Section 2-103-2 required Mailed Notices of a Public Hearing (Quasi-Judicial) for the above were mailed via First Class Mail to property owners in accordance with Town of Micro Zoning Ordinance, Section 2-105-4.

Further, certificates of proof are included in the corresponding SUP folder.

Kimberly A. Moffett

Kimberly A. Moffett, CMC, NCCMC
Interim Town Clerk
Town of Micro

**TOWN OF MICRO
SPECIAL USE PERMIT
PATE DOUBLE WIDE MOBILE HOME @ 405 W. Main Street
GRANTED**

On the date listed below, the Board of Commissioners for the Town of Micro met and held an evidentiary hearing to consider the following application:

Applicant: Stephen Harold Pate

Property Owner: Stephen Harold Pate

Property Location: 405 W. Main Street

Brief Property Description: Storage (+/- 1.00 acre)

Tax Parcel Number: 1011027B/263619-51-8990

Proposed Use: Double Wide Mobile Home

Hearing Date: March 12, 2024

Having heard all the evidence and argument presented at the hearing, the Board of Commissioners makes the following findings:

- a) The proposed use and development comply with the applicable regulations of this Ordinance.
- b) The proposed use and improvements are compatible with the character of the surrounding area and the capacity of neighboring lands to develop as permitted in the applicable zoning district.
- c) The proposed use will have minimal adverse impact on surrounding land with regard to service delivery, traffic circulation, aesthetics, odor, noise, glare, and vibration.
- d) The use will not deteriorate or otherwise adversely impact water, air, scenic, and other natural resources.
- e) The use will maintain safe ingress and egress to the site.
- f) The use will be served by adequate road and infrastructure to support development of the site.
- g) The use will protect property values and preserve public safety and welfare of the surrounding area and community at-large.
- h) The use complies with other applicable town, state, and federal laws regulating development of land within the Town's jurisdiction.

CONDITIONS:

None added.

TOWN OF MICRO

BY: _____
Marty Parnell
Mayor

DATE: _____

[Note: Notice of Decision must be sent within 10
business days following effective date of decision per
Code Section 2-104-2(D)]

ATTEST:

_____(SEAL)
Kimberly A. Moffett, CMC, NCCMC
Interim Town Clerk



TOWN OF MICRO
COMPREHENSIVE LIST OF FEES & CHARGES

Effective March 12, 2024

Administration - Water/Sewer/Trash Account Set Up & Late Fees	
Water Deposit – Renter	\$175.00
Water Deposit – Owner	\$100.00
New Customer Account (Administrative Fee)	\$75.00
Extra Trash Can	\$10.00
Extra Recycling Can	\$5.00
Late Fee	\$50.00
Reconnection Fee	\$50.00
Administration - Permits/Applications & Misc. Fees	
Residential Zoning Permit	\$75.00 Flat Fee PLUS following based on square footage of home: 1-1200 SF - \$25.00 1201-1900 - \$50.00 1901-1999 - \$75.00 2000 – 2999 - \$100.00 3000 and over - \$150.00
Decks, Storage Buildings Permit	\$30.00
Duplex Permit	\$150.00
Commercial Permit	\$400.00
Signage Permit	\$30.00
Fence Permit	\$30.00
Rezoning Application	\$250.00 PLUS Following based on acreage as listed below: Up to 2 acres - \$25.00 2.1 – 4 acres - \$50.00 4.1 – 7 acres - \$75.00 7.1 – 12 acres - \$100.00 12 acres and above - \$200 PLUS \$25.00 per acre



TOWN OF MICRO COMPREHENSIVE LIST OF FEES & CHARGES

Effective March 12, 2024

Special Use Permit Application	\$50.00 PLUS any required Rezoning/Zoning Fees
Major & Minor Subdivision Application(s)	Major - \$100.00 PLUS \$10.00 per lot Minor - \$50.00
Peddler/Solicitor Permit	\$25.00/monthly vendor permit PLUS Zoning Permit Fee of \$25.00 for homeowner
Zoning Verification Letter	\$50.00
Annexation Application	\$100.00 PLUS cost of Newspaper Advertisement as required by NCGS
Recombination/Map Review Signature Fees	\$50.00
Right of Way/Encroachment Application	\$300.00
Copies	\$.25 per page
Fax	\$3.00
Notary Fee	\$10.00 per NCGS
Nonsufficient Funds Check Fee	\$35.00
TAP FEES * for water & sewer lines owned by the town	
<i>Water Tap – Inside & Outside Town Limits:</i>	
3/4 inch ALL TAPS <i>*All tap installations must be inspected by Town of Micro Public Works.</i>	\$3,150.00* Applicant must hire their own contractor. A preferred list is available from the Town of Micro.*
1 inch	\$3,575.00*
Larger than 1 inch	Cost plus 15%
<i>Water Tap – Outside Town Limits:</i>	
3/4 inch	\$3,550.00*
1 inch	\$3,950.00*
Larger than 1 inch	Cost plus 15%
<i>Sewer Tap Inside & Outside Town Limits:</i>	
4 inch ALL TAPS <i>*All tap installations must be inspected by Town of Micro Public Works.</i>	\$4,550.00* includes a tank Applicant must hire their own

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TOWN OF MICRO
COMPREHENSIVE LIST OF FEES & CHARGES

Effective March 12, 2024

	contractor. A preferred list is available from the Town of Micro.*
<i>Sewer Tap Outside Town Limits:</i>	
4-inch	\$4,950.00 *includes a tank
*Any other expenses, i.e., bores, cutting concrete and/or asphalt will be additional	
<i>Water Meter Charges & Tap Inspection Fees</i>	
<u>Meter Charge (In & Out of Town)</u>	\$350.00
<u>Inspection Fee – In Town</u>	\$600.00
<u>Inspection Fee – Out of Town</u>	\$1,000.00
<i>Sewer Tap Inspection Fees</i>	
<u>Inspection Fee – In Town</u>	\$600.00
<u>Inspection Fee – Out of Town</u>	\$1,000.00

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TOWN OF MICRO
COMPREHENSIVE LIST OF FEES & CHARGES

Effective March 12, 2024

Bulk Pick-Up Fees	
White Goods/Appliances	At Town Discretion - Call for Fee
Mattress/Box Spring Set	\$25.00
Carpet (Room Sized)	\$15.00
Table (Large - i.e., Dining Room)	\$15.00
Table (Small - i.e., Kitchen)	\$10.00
Bedframe	\$20.00
Couch/Sofa * <i>Standard Size - Sectional Sofa may be higher</i>	\$30.00
Chair (Large - i.e., Recliner)	\$15.00
Chair (Small)	\$10.00
Household Misc. Items	At Town Discretion - Call for Fee
Bulk Items - Misc.	At Town Discretion - Call for Fee
Construction Material	At Town Discretion - Call for Fee
Truck Use	\$100.00 PLUS Dump Fee
Rental Fees	
Park/Shelter	\$25.00 for every 2 hours
Community Building	\$75.00 per hour



TOWN OF MICRO
COMPREHENSIVE LIST OF FEES & CHARGES

DRAFT - Effective March 12, 2024

Administration – Water/Sewer/Trash Account Set Up & Late Fees	
Water Deposit – Renter	\$175.00
Water Deposit – Owner	\$100.00
New Customer Account (Administrative Fee)	\$75.00
Extra Trash Can	\$10.00
Extra Recycling Can	\$5.00
Late Fee	\$50.00
Reconnection Fee	\$50.00
Administration – Permits/Applications & Misc. Fees	
Residential Zoning Permit	\$75.00 Flat Fee PLUS following based on square footage of home: 1-1200 SF - \$25.00 1201-1900 - \$50.00 1901-1999 - \$75.00 2000 – 2999 - \$100.00 3000 and over - \$150.00
Decks, Storage Buildings Permit	\$30.00
Duplex Permit	\$150.00
Commercial Permit	\$400.00
Signage Permit	\$30.00
Fence Permit	\$30.00
Rezoning Application	\$250.00 PLUS Following based on acreage as listed below: Up to 2 acres - \$25.00 2.1 – 4 acres - \$50.00 4.1 – 7 acres - \$75.00 7.1 – 12 acres - \$100.00 12 acres and above - \$200 PLUS \$25.00 per acre



TOWN OF MICRO

COMPREHENSIVE LIST OF FEES & CHARGES

DRAFT - Effective March 12, 2024

Special Use Permit Application	\$50.00 PLUS any required Rezoning/Zoning Fees
Major & Minor Subdivision Application(s)	Major - \$100.00 PLUS \$10.00 per lot Minor - \$50.00
Peddler/Solicitor Permit	\$25.00/monthly vendor permit PLUS Zoning Permit Fee of \$25.00 for homeowner
Zoning Verification Letter	\$50.00
Annexation Application	\$100.00 PLUS cost of Newspaper Advertisement as required by NCGS
Recombination/Map Review Signature Fees	\$50.00
Right of Way/Encroachment Application	\$300.00
Copies	\$.25 per page
Fax	\$3.00
Notary Fee	\$10.00 per NCGS
Nonsufficient Funds Check Fee	\$35.00
TAP FEES * for water & sewer lines owned by the town	
<i>Water Tap – Inside & Outside Town Limits:</i>	
ALL TAPS <i>*All tap installations must be inspected by Town of Micro Public Works.</i>	Applicant must hire their own contractor. A preferred list is available from the Town of Micro.*
<i>Sewer Tap Inside & Outside Town Limits:</i>	
ALL TAPS <i>*All tap installations must be inspected by Town of Micro Public Works.</i>	Applicant must hire their own contractor. A preferred list is available from the Town of Micro.*
<i>Water Meter Charges & Tap Installation Inspection Fees</i>	
Meter Charge (In & Out of Town)	\$350.00
Inspection Fee – In Town	\$600.00



TOWN OF MICRO

COMPREHENSIVE LIST OF FEES & CHARGES

DRAFT - Effective March 12, 2024

Inspection Fee – Out of Town	\$1,000.00
<i>Sewer Tap Installation Inspection Fees</i>	
Inspection Fee – In Town	\$600.00
Inspection Fee – Out of Town	\$1,000.00
Bulk Pick-Up Fees	
White Goods/Appliances	At Town Discretion - Call for Fee
Mattress/Box Spring Set	\$25.00
Carpet (Room Sized)	\$15.00
Table (Large – i.e., Dining Room)	\$15.00
Table (Small – i.e., Kitchen)	\$10.00
Bedframe	\$20.00
Couch/Sofa * <i>Standard Size – Sectional Sofa may be higher</i>	\$30.00
Chair (Large – i.e., Recliner)	\$15.00
Chair (Small)	\$10.00
Household Misc. Items	At Town Discretion - Call for Fee
Bulk Items – Misc.	At Town Discretion - Call for Fee
Construction Material	At Town Discretion - Call for Fee
Truck Use	\$100.00 PLUS Dump Fee
Rental Fees	
Park/Shelter	\$25.00 for every 2 hours
Community Building	\$75.00 per hour

Town of Micro Ordinance Amending Comprehensive List of Fees & Charges

Be it hereby adopted by the Board of Commissioners for the Town of Micro, North Carolina that the Schedule of Fees and Charges is hereby amended as follows as indicated on Attachment "A" Updated Comprehensive List of Fees & Charges.

1. Addition of Right of Way/Encroachment Application fee of \$300.00
2. Water & Sewer Tap & Meter Fees to read as follows:
 - **Water** Tap Inside & Outside Town Limits:
 - *All water tap installations must be inspected by Town of Micro Public Works. *Applicant must hire their own contractor. A preferred list is available from the Town of Micro.**
 - **Sewer** Tap Inside & Outside Town Limits:
 - *All tap installations must be inspected by Town of Micro Public Works. *Applicant must hire their own contractor. A preferred list is available from the Town of Micro.**
 - **Water** Meter Charges & Tap Installation Inspection Fees:
 - Water Meter Charge (In & Out of Town) \$350.00
 - Inspection Fee – In Town \$600.00
 - Inspection Fee – Out of Town \$1,000.00
 - **Sewer** Tap Installation Inspection Fees:
 - Inspection Fee – In Town \$ 600.00
 - Inspection Fee – Out of Town \$1,000.00

Duly adopted this 12th day of March, 2024 while in regular session.

Marty Parnell
Mayor

ATTEST:

Kimberly A. Moffett, CMC, NCCMC
Interim Town Clerk

**TOWN OF MICRO
RESOLUTION AUTHORIZING THE SALE OF
CERTAIN PERSONAL PROPERTY AT PUBLIC AUCTION**

WHEREAS, the Board of Commissioners of the Town of Micro desires to dispose of certain surplus property of the Town; and

WHEREAS, the Board of Commissioners of the Town of Micro desires to utilize the auction services of a live auction or an Internet-based auction system

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners that:

1. The following described property is hereby declared to be surplus to the needs of the Town:

Vehicle Description	Vehicle Identification Number
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2. The Finance Director or his designee is authorized to receive, on behalf of the Board of Commissioners, bids via public electronic auction for the purchase of the described property.

3. The public electronic auction will be held beginning no earlier than December 18, 2017 [resolution shall be published at least 10 days before the date of auction].

4. The Board of Commissioners further authorizes the disposal of the surplus property by use of a public auction system provided by Insurance Auto Auctions, Inc. ("IAA") or GovDeals. The property listed for sale can be viewed at www.iaai.com or www.govdeals.com. Citizens will have an opportunity to bid on the property by registering at the above listed websites. The terms of the sale shall be: All items are sold as is, where is, with no express or implied warranties; All items will be sold for cash or certified check only; Payment must be received for all items sold before they may be removed from the premises, which must occur within 5 business days of the sale or the item will be subject to resale.

5. The Town Clerk shall cause a notice of the public auction for surplus property to be noticed by electronic means in accordance with NC G.S. 160A-270(c), available on the Town of Micro website: www.townofmicro.org.

6. The highest bid, if it complies with the terms of the sale, may be accepted by the Finance Director or his designee and the sale consummated.

Duly adopted by the Micro Board of Commissioners this 12th day of March, 2024 while in regular session.

Marty Parnell
Mayor

ATTEST:

Kimberly A. Moffett, CMC, NCCMC
Interim Town Clerk