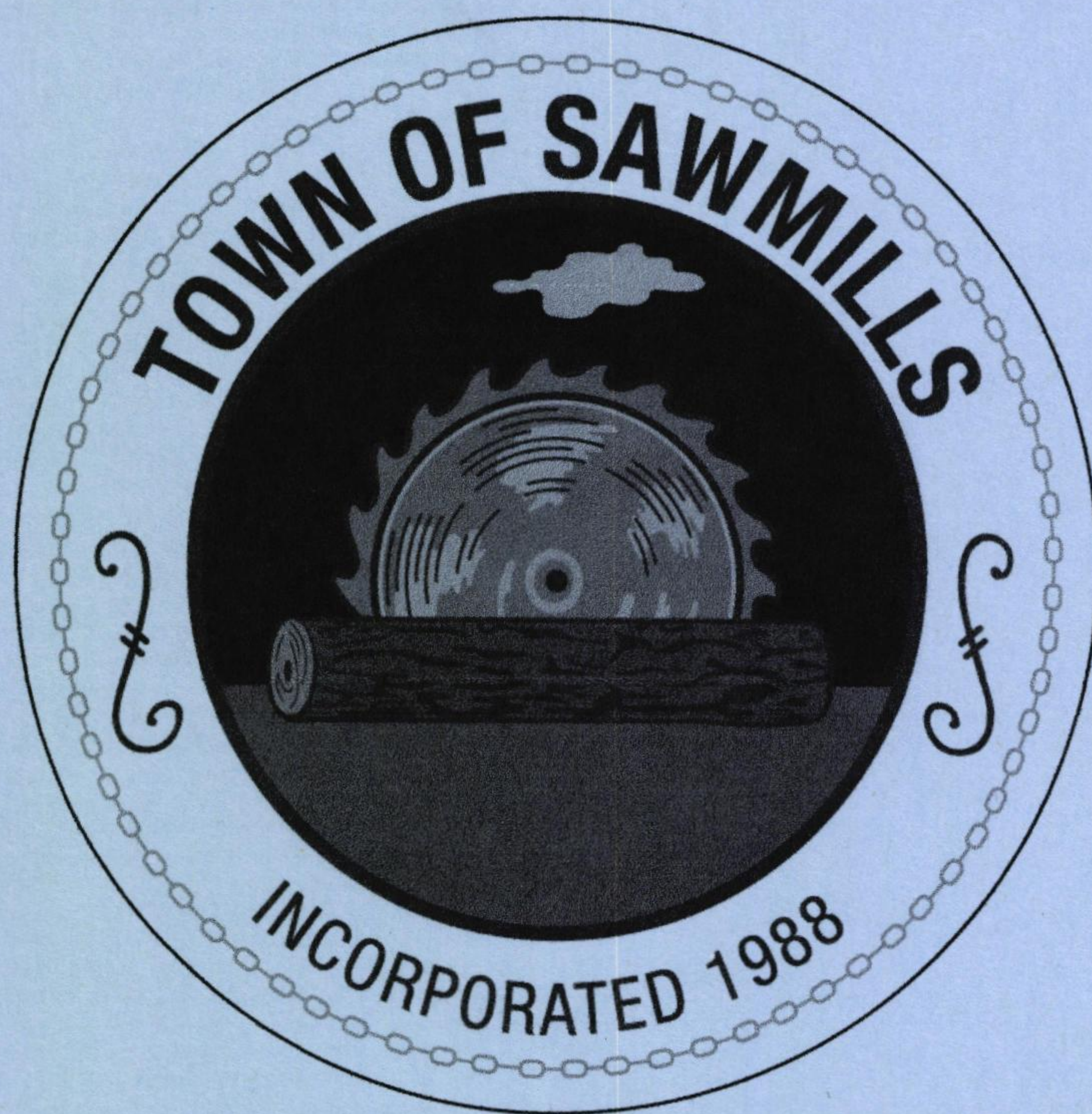




TOWN OF SAWMILLS

TOWN COUNCIL MINUTES

2012

**TUESDAY, JANUARY 17, 2012
TOWN OF SAWMILLS REGULAR COUNCIL MEETING
6:00 P.M.**

COUNCIL PRESENT

Bob Gibbs
Trena McRary Kirby
Donnie Potter
Joe Wesson
Jeff Wilson
Johnny Wilson

STAFF PRESENT

Seth Eckard
Susan Nagle
Terry Taylor

CALL TO ORDER: Mayor Bob Gibbs called the meeting to order.

INVOCATION: Mayor Bob Gibbs gave the invocation.

PLEDGE OF ALLEGIANCE: Mayor Bob Gibbs led the Pledge of Allegiance.

APPROVAL OF DECEMBER 20th REGULAR MEETING MINUTES: Mayor Gibbs asked for a motion to approve the December 20, 2011 regular meeting minutes.

On a motion made by Jeff Wilson, and seconded by Donnie Potter, the minutes were approved. All were in favor.

RECOGNITIONS:

RECYCLE REWARDS PROGRAM WINNER: Town Administrator Seth Eckard would like to congratulate Glenn Greer on winning the Recycle Rewards Program for January. Administrator Eckard stated a twenty-eight dollar (\$28.00) credit will be added to Mr. Greer's sanitation bill and he may pick up the certificate at the Town Hall at their convenience.

No Council action is required.

PUBLIC HEARING: PROPOSED COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) APPLICATION FOR A SEWER PROJECT:

OPEN PUBLIC HEARING: Mayor Gibbs asked for a motion to open the public hearing.

On a motion made by Joe Wesson, and seconded by Donnie Potter, the public hearing was opened. All were in favor.

STAFF COMMENTS: Mayor Gibbs introduced Lisa Helton with the WPCOG (Western Piedmont Council of Governments).

Lisa stated the North Carolina Department of Commerce has funding available in the following categories:

- Small Business and Entrepreneurial Assistance
- Infrastructure and Infrastructure Hook-Up
- NC Catalyst

Lisa stated the funding under the Infrastructure and Infrastructure Hook-Up category would be able to help with a sewer project that the Town is currently discussing. The maximum grant amount for the project is \$750,000.00 with a required five percent (5%) match and three steps that would need to be followed.

- Step 1- The Town would submit a letter of interest, to the NC Department of Commerce, for the CDBG funding.
- Step 2- A survey of the homeowners and renters of the affected area will need to be conducted. This will determine if seventy percent (70%) of every household qualifies as low to moderate income and eighty percent (80%) are below the HUD median income. If the Town prefers, the WPCOG will do the survey work with assistance from the Public Works staff.
- Step 3- An application would be submitted to the Department of Commerce.

The purpose of the grant is to provide financial aid to citizens who are experiencing septic tank failure and cannot afford to repair, or replace, the septic tank. The grant money would also include the cost of the tap and connection fees.

Jerry Twiggs, with West Consultants, will verify with the Caldwell County Health Department to see if there are reports of septic tank issues being reported from the area. This will validate to the State a need for a sewer line.

PUBLIC COMMENTS: Mayor Gibbs asked if anyone had any comments or questions at this time.

A citizen asked, "What the cost is for a tap if a person were to do all this on their own?" Public Works Supervisor Ronnie Coffey stated the cost for a tap is five-hundred dollars (\$500.00). The cost could be more, depending on the location and the work required to install the tap. This does not include any lines needed to the residence.

A citizen asked, "Will the grant cover the cost of hook-up on rental property or would the owner of the rental property would be responsible for that?" Lisa stated the grant would cover the cost as long as the person renting that property qualifies as low to moderate income.

A citizen asked, "If there is going to be any additional charge on the water bill?" Mayor Gibbs stated, yes, there would be a charge for sewer.

A citizen asked, "If you have a renter that refuses to hook-up, can the property owner still allow the hook-up?" Lisa stated, no, the renter could not refuse.

A citizen asked, "How are you going to determine if there are enough people to do this?" Lisa stated the survey, conducted by the WPCOG will make that determination.

CLOSE PUBLIC HEARING: Mayor Gibbs asked for a motion to close the public hearing.

On a motion made by Joe Wesson, and seconded by Donnie Potter, the public hearing was closed. All were in favor.

COUNCIL ACTION: No Council action is required.

FINANCIAL MATTERS:

BANK SIGNATURE CARDS: Mayor Gibbs stated due to the election of the new Council members new signature cards need to be on file with the bank for Mayor Bob Gibbs, Mayor Pro-Tem Johnny Wilson, Town Administrator Seth Eckard, and Finance Officer Karen Clontz. The signature cards give them the authority to sign banking transactions, purchase CD's, complete credit card transactions & to allow for future borrowing on behalf of the Town.

On a motion made by Joe Wesson, and seconded by Jeff Wilson, the new signature cards were approved. All were in favor.

APPROVAL OF AUDITORS CONTRACT RENEWAL: Town Administrator Seth Eckard stated the current contract with the Town auditors Lowdermilk Church & Co., L.L.P. needs to be renewed. The renewal contract will cover the period of July 1, 2011 to June 30, 2012.

After much discussion, a motion was made by Trena McRary Kirby, and seconded by Donnie Potter, to approve a renewal contract with the Town auditors Lowdermilk Church & Co., L.L.P. in the amount of \$9,690.00. All were in favor.

ADOPT PROPOSED FY 2012-2013 BUDGET WORKSHOP SCHEDULES: Mayor Gibbs asked for a motion to adopt the enclosed FY 2012-2013 budget workshop schedule. Mayor Gibbs also stated that the budget workshops will be held at the Sawmills Town Hall and are open to the public.

On a motion made by Trena McRary Kirby, and seconded by Joe Wesson, the FY 2012-2013 budget workshop schedules was adopted. After discussion, that motion was rescinded. A new motion was made by Johnny Wilson, and seconded by Donnie Potter, to change the time from 3:00 p.m. - 5:00 p.m. to 6:00 p.m. - 8:00 p.m. and leave all dates the same. All were in favor.

PLANNING MATTERS: ALTERNATE PLANNING COMMISSION APPOINTMENT: Mayor Gibbs asked Council if anyone had any recommendations for an alternate member to serve on the Planning Commission who lives within the E.T.J. (Extra-Territorial Jurisdiction).

Mayor Pro-Tem Johnny Wilson recommended Ryan Wilson. Town Clerk Susan Nagle has contacted Mr. Wilson and he has given consent to serve. Mayor Gibbs asked if there were any other recommendations at this time. There were no other recommendations.

On a motion made by Johnny Wilson, and seconded by Joe Wesson, Council appointed Ryan Wilson to serve as the alternate Planning Commission member from the Town's E.T.J. (Extra-Territorial Jurisdiction).

DISCUSSION:

APPROVE RECODIFICATION OF THE TOWN ORDINANCES: Administrator Seth Eckard stated that American Legal Publishing has finished the recodification of the Town's Code of Ordinance's and Council will need to approve the attached Resolution Amending the Code of Ordinances.

On a motion made by Donnie Potter, and seconded by Joe Wesson, Council approved the Resolution to Amend the Code of Ordinances. All were in favor.

ADOPT AMENDMENT TO SMOKING IN MUNICIPAL BUILDINGS AND VEHICLES ORDINANCE: Administrator Eckard stated an ordinance regulating smoking in Municipal buildings and vehicles was adopted on October 5, 1993. The attached is an Amendment to the Ordinance, which also prohibits smoking and the use of other tobacco products at the Town's parks system and other Town maintained facilities. Administrator Eckard stated the wording has changed for the definition of smoking. The following definitions are added to the current ordinance; "grounds", "parks system," and "universal 'no smoking and use of tobacco products prohibited' symbol".

On a motion made by Johnny Wilson, and seconded by Donnie Potter, the Amendment to the Smoking in Municipal Buildings and Vehicles Ordinance was adopted. All were in favor.

CODE ENFORCEMENT: Council discussed the possibility of giving a thirty (30) day written notice to Benchmark CMR, Inc. terminating the current code enforcement services contract and possibly contracting with the Western Piedmont Council of Governments (W.P.C.O.G.) for this service.

After much discussion, a motion was made by Johnny Wilson, and seconded by Jeff Wilson to table this matter and suspend any action from Code Enforcement Officer Tony Cline until the next regularly scheduled Council meeting February 21, 2012. All were in favor.

UPDATES:

CODE ENFORCEMENT MONTHLY REPORT: The enclosed report shows the updated progress continuously made throughout the town by Code Enforcement Officer Tony Cline.

No Council action is required.

ADMINISTRATORS REPORT: Town Administrator Seth Eckard stated he does not have anything to report at this time.

PUBLIC COMMENT: Mayor Gibbs asked if there was anyone wishing to speak during public comment.

Gerelene Blevins stated that Tony is from out of town and does not know anyone in Sawmills so he cannot play favorites. Gerelene also stated, that in previous years the Town had a committee and they would send out enforcement letters, but that did not work. The Town needs to keep code enforcement.

Clyde Miller stated that he thinks there is too much government and they need to leave private stuff alone.

Todd Winkler stated that he had a neighbor who did not want to clean up his property and was told by previous administration that they would go look at it and when they called, that person stated he was not going to do anything. Tony came over and explained in great detail what the procedures are and how things have to be done and took care of something that nobody else could and I appreciate it.

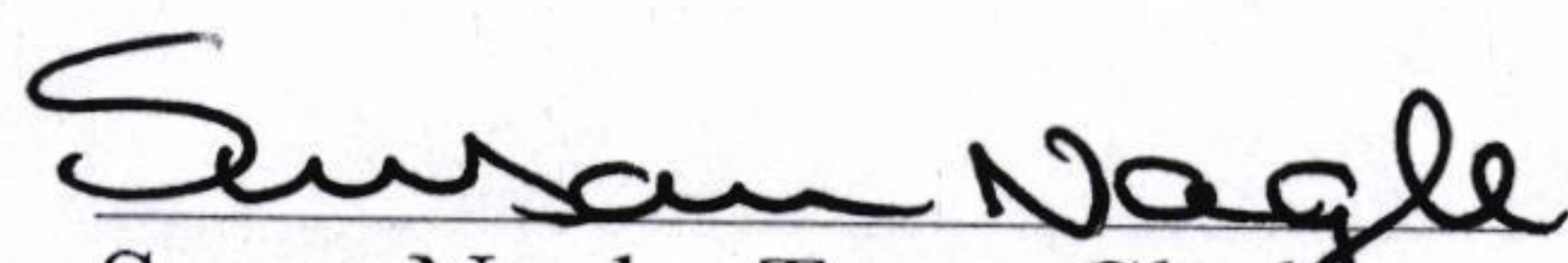
Mike Harris stated there is nothing that Benchmark can do that the WPCOG cannot do.

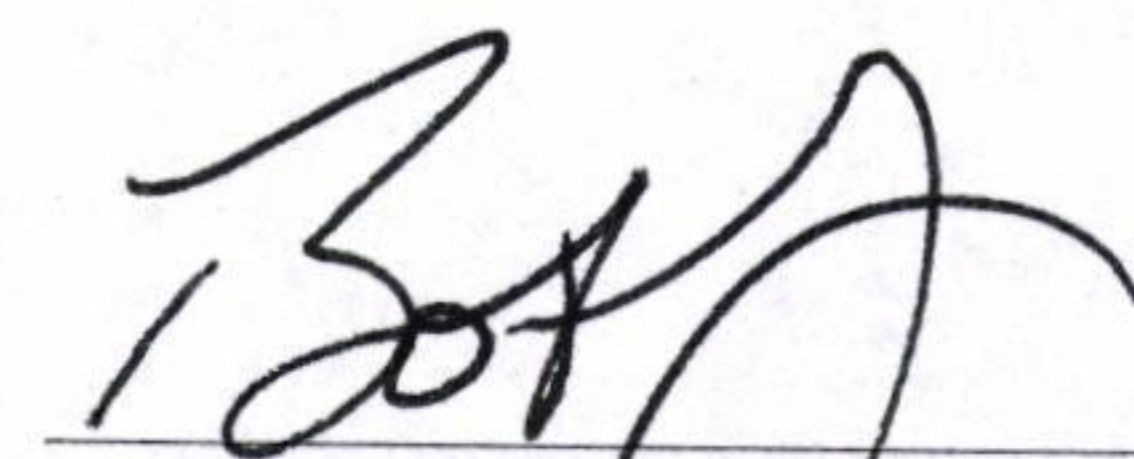
Olivia Ford stated there is no "I" in team. "Tonight there was a lot of 'I...I...I...' but there was no team. When you are sitting out in the audience and you all are up there bickering, it looks bad to the audience. Sawmills will be a great place as long as you work as a team."

Mayor Gibbs made a final statement saying, "It is hard to sit here as a Mayor and not give my opinion. We are a small town of 5,500 people, or so, and we are family. Olivia, you are correct, and we will continue to keep our small town growing, progressing, and moving forward."

ADJOURN: Mayor Gibbs asked for a motion to adjourn.

On a motion made by Donnie Potter, and seconded by Joe Wesson, the meeting was adjourned. All were in favor.


Susan Nagle, Town Clerk


Bob Gibbs, Mayor



**First Citizens
Bank**

ACCOUNT SIGNATURE CARD



Acct # 007471302369 Acct Type DDA-checking/Savings

Date Opened 07/01/1971

Branch 74 Assoc Name SANDRA J BRYANT

Current Date 12/21/2011

TOWN OF SAWMILLS

Account Ownership Designation (check all that apply):

- | | |
|---|--|
| ☒ Corporation | ☐ Limited Liability Company |
| ☐ Joint Venture | ☐ Registered Limited Liability Partnership |
| ☐ General Partnership | ☐ Unincorporated Business Owned By More than One Individual |
| ☐ Limited Partnership | |
| ☐ Fiduciary (Specify) _____ | |
| ☐ Non-Profit Organization (Specify Type) _____
(e.g. religious, charitable, educational, scientific, literary, civic) | |
| ☐ Other (Specify) _____ | |

This account is subject to the provisions of the First Citizens Bank Deposit Account Agreement, as the same may be amended from time to time, and to applicable state and federal law, as the same may be amended from time to time. The undersigned acknowledge(s) receipt of the First Citizens Bank Deposit Account Agreement and confirm(s) that this is not a consumer account.

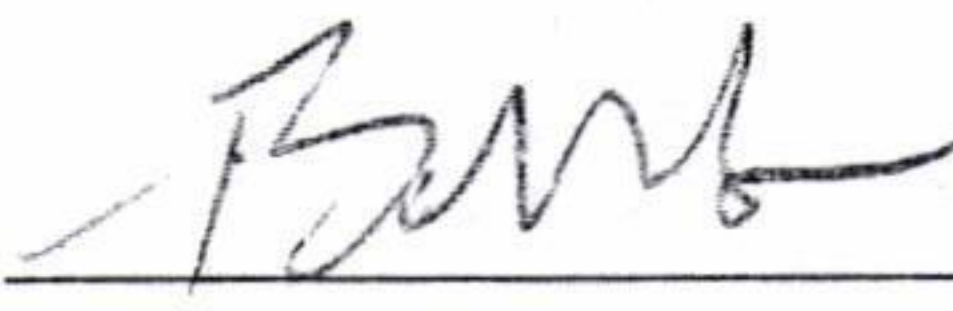
Each individual who signs below as Account Owner represents that he or she is the owner of this account (as in the case, for example, of a fiduciary account), or the duly authorized officer or representative of the Account Owner authorized to act on behalf of the Account Owner (if the Account Owner is not an individual).

Under penalties of perjury, I (the first signer below) certify that: (1) the number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); (2) I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; (3) I am a U.S. person (including a U.S. resident alien). (IRS regulations require you to strike out the wording in item (2) if you have been notified by the IRS that you are currently subject to backup withholding for failure to report all interest and dividends on your tax return.

NOTE: The Internal Revenue Service does not require your consent to any provision of this document other than the certification required to avoid backup withholding.

Account Owner(s):

EIN 561-60-9679

Signature: 

Date: 1-17-12

Signature: _____

Date: _____

Signature: _____

Date: _____

Authorized Signers:

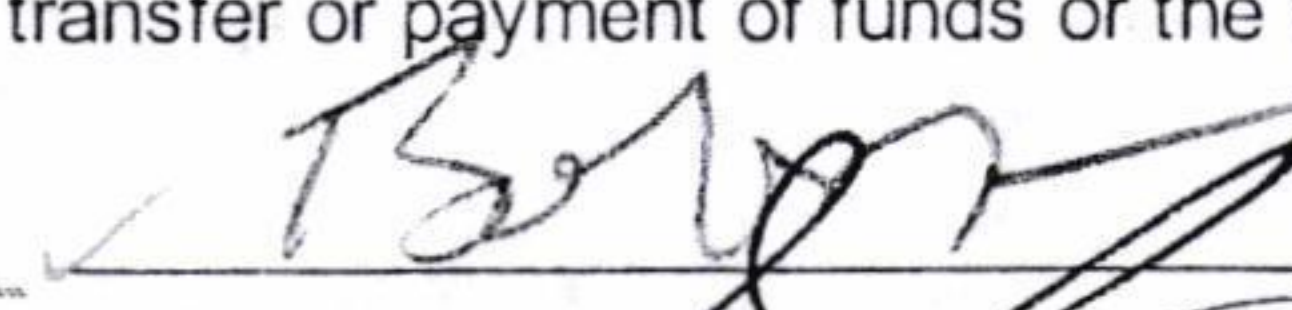
The Authorized Signers identified below are authorized signers only and have no ownership interest in this account. The Bank may honor the signature of any Account Owner or Authorized Signer in the transfer or payment of funds or the transaction of any business relating to this account.

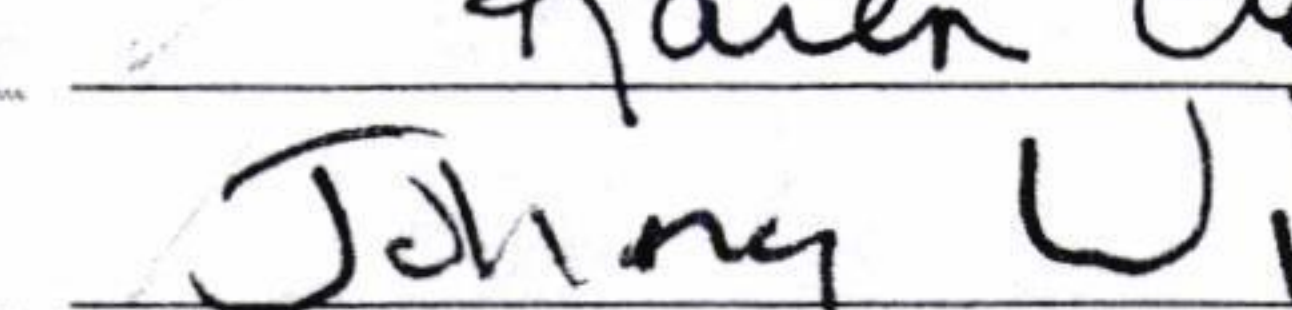
Bob Gibbs

Seth B Eckard

Karen Clontz

Johnny Wilson






RESOLUTION OF LODGE, ASSOCIATION OR OTHER SIMILAR ORGANIZATION

BANK OF GRANITE
PO BOX 720
LENOIR, NC 28645-0720

By: TOWN OF SAWMILLS
4076 US HIGHWAY 321A
SAWMILLS NC 28630-9497

Referred to in this document as "Financial Institution"

Referred to in this document as "Association"

I, KAREN CLONTZ-FINANCE OFFICER, certify that I am Secretary (clerk) of the above named association organized under the laws of NORTH CAROLINA, Federal Employer I.D. Number 56-1609679, and that the resolutions on this document are a correct copy of the resolutions adopted at a meeting of the Association duly and properly called and held on 01/13/12 (date). These resolutions appear in the minutes of this meeting and have not been rescinded or modified.

AGENTS Any Agent listed below, subject to any written limitations, is authorized to exercise the powers granted as indicated below:

Name and Title or Position	Signature	Facsimile Signature (if used)
A. <u>BOB GIBBS-MAYOR</u>	X <u>[Signature]</u>	X
B. <u>JOHNNY WILSON-MAYOR PRO-TERM</u>	X <u>[Signature]</u>	X
C. <u>SETH ECKARD-TOWN ADMINISTRATOR</u>	X <u>[Signature]</u>	X
D. <u>KAREN CLONTZ-FINANCE OFFICER</u>	X <u>[Signature]</u>	X
E. _____	X _____	X
F. _____	X _____	X

POWERS GRANTED (Attach one or more Agents to each power by placing the letter corresponding to their name in the area before each power. Following each power indicate the number of Agent signatures required to exercise the power.)

Indicate A, B, C, D, E, and/or F	Description of Power	Indicate number of signatures required
_____	(1) Exercise all of the powers listed in this resolution.	_____
_____	(2) Open any deposit or share account(s) in the name of the Association.	_____
_____	(3) Endorse checks and orders for the payment of money or otherwise withdraw or transfer funds on deposit with this Financial Institution.	_____
_____	(4) Borrow money on behalf and in the name of the Association, sign, execute and deliver promissory notes or other evidences of indebtedness.	_____
_____	(5) Endorse, assign, transfer, mortgage or pledge bills receivable, warehouse receipts, bills of lading, stocks, bonds, real estate or other property now owned or hereafter owned or acquired by the Association as security for sums borrowed, and to discount the same, unconditionally guarantee payment of all bills received, negotiated or discounted and to waive demand, presentment, protest, notice of protest and notice of non-payment.	_____
_____	(6) Enter into a written lease for the purpose of renting, maintaining, accessing and terminating a Safe Deposit Box in this Financial Institution.	_____
_____	(7) Other _____	_____

LIMITATIONS ON POWERS The following are the Association's express limitations on the powers granted under this resolution.

EFFECT ON PREVIOUS RESOLUTIONS This resolution supersedes resolution dated _____. If not completed, all resolutions remain in effect.

CERTIFICATION OF AUTHORITY

I further certify that the Association has, and at the time of adoption of this resolution had, full power and lawful authority to adopt the resolutions on page 2 and to confer the powers granted above to the persons named who have full power and lawful authority to exercise the same. (Apply seal below where appropriate.)

☒ If checked, the Association is a non-profit lodge, association or similar organization.

X [Signature] (Secretary)
X [Signature] (Attest by Other Officer)
X _____ (Attest by Other Officer)

RESOLUTIONS

The Association named on this resolution resolves that,

- (1) The Financial Institution is designated as a depository for the funds of the Association and to provide other financial accommodations indicated in this resolution.
- (2) This resolution shall continue to have effect until express written notice of its rescission or modification has been received and recorded by the Financial Institution. Any and all prior resolutions adopted by the Association and certified to the Financial Institution as governing the operation of this association's account(s), are in full force and effect, until the Financial Institution receives and acknowledges an express written notice of its revocation, modification or replacement. Any revocation, modification or replacement of a resolution must be accompanied by documentation, satisfactory to the Financial Institution, establishing the authority for the changes.
- (3) The signature of an Agent on this resolution is conclusive evidence of their authority to act on behalf of the Association. Any Agent, so long as they act in a representative capacity as an Agent of the Association, is authorized to make any and all other contracts, agreements, stipulations and orders which they may deem advisable for the effective exercise of the powers indicated on page one, from time to time with the Financial Institution, subject to any restrictions on this resolution or otherwise agreed to in writing.
- (4) All transactions, if any, with respect to any deposits, withdrawals, rediscounts and borrowings by or on behalf of the Association with the Financial Institution prior to the adoption of this resolution are hereby ratified, approved and confirmed.
- (5) The Association agrees to the terms and conditions of any account agreement, properly opened by any Agent of the Association. The Association authorizes the Financial Institution, at any time, to charge the Association for all checks, drafts, or other orders, for the payment of money, that are drawn on the Financial Institution, so long as they contain the required number of signatures for this purpose.
- (6) The Association acknowledges and agrees that the Financial Institution may furnish at its discretion automated access devices to Agents of the Association to facilitate those powers authorized by this resolution or other resolutions in effect at the time of issuance. The term "automated access device" includes, but is not limited to, credit cards, automated teller machines (ATM), and debit cards.
- (7) The Association acknowledges and agrees that the Financial Institution may rely on alternative signature and verification codes issued to or obtained from the Agent named on this resolution. The term "alternative signature and verification codes" includes, but is not limited to, facsimile signatures on file with the Financial Institution, personal identification numbers (PIN), and digital signatures. If a facsimile signature specimen has been provided on this resolution, (or that are filed separately by the Association with the Financial Institution from time to time) the Financial Institution is authorized to treat the facsimile signature as the signature of the Agent(s) regardless of by whom or by what means the facsimile signature may have been affixed so long as it resembles the facsimile signature specimen on file. The Association authorizes each Agent to have custody of the Association's private key used to create a digital signature and to request issuance of a certificate listing the corresponding public key. The Financial Institution shall have no responsibility or liability for unauthorized use of alternative signature and verification codes unless otherwise agreed in writing.

Pennsylvania. The designation of an Agent does not create a power of attorney; therefore, Agents are not subject to the provisions of 20 Pa.C.S.A. Section 5601 et seq. (Chapter 56; Decedents, Estates and Fiduciaries Code) unless the agency was created by a separate power of attorney. Any provision that assigns Financial Institution rights to act on behalf of any person or entity is not subject to the provisions of 20 Pa.C.S.A. Section 5601 et seq. (Chapter 56; Decedents, Estates and Fiduciaries Code).

FOR FINANCIAL INSTITUTION USE ONLY

Acknowledged and received on _____ (date) by _____ (initials) ☐ This resolution is superseded by resolution dated _____.

Comments:

CONTRACT TO AUDIT ACCOUNTS

of Town of Sawmills
Governmental Unit

On this 16th day of December, 2011, Lowdermilk Church & Co., L.L.P.

Auditor

121 North Sterling Street, Morganton, NC 28655

Mailing Address

_____, hereinafter referred to as

the Auditor, and Town Council of Town of Sawmills, hereinafter referred
Governing Board Governmental Unit

to as the Governmental Unit, agree as follows:

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit for the period beginning July 1, 2011, and ending June 30, 2012. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate discretely presented component units, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 and the State Single Audit Implementation Act, the auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the LGC. If the audit and/or workpapers are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners.
3. This contract contemplates an unqualified opinion being rendered. If financial statements are not prepared in accordance with generally accepted accounting principles (GAAP), or the statements fail to include all disclosures required by GAAP, please provide an explanation for that departure from GAAP in an attachment.
4. This contract contemplates an unqualified opinion being rendered. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, July 2007 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the Local Government Commission prior to the execution of the audit contract. (See Item 21) If the audit firm received a peer review rating other than pass, the auditor shall not contract with any Local Government Units without first contacting the Secretary of the Local Government Commission for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Accounting Standards*, the Auditor shall provide an explanation as to why in an attachment.
6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the SLGFD within four months of fiscal year end. audit report is due on: October 31, 2012. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the Secretary of the Local Government Commission for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as the systems relate to accountability of funds, adherence to budget requirements, and adherence to law requirements. In addition, the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as "significant deficiencies and material weaknesses" in AU 325 of the *AICPA Professional Standards*. The Auditor shall file a copy of that report with the Secretary of the Local Government Commission.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the Local Government Commission. This includes annual or special audits, agreed upon procedures related to Internal Control, bookkeeping or other assistance necessary to prepare the Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts

shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the Local Government Commission. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] The process for invoice approval has changed. All invoices for Audit work must be submitted by email in PDF format to the Secretary of the Local Government Commission for approval. The invoices must be emailed to: lge.invoice@nctreasurer.com Email Subject line should read "unit name – invoice. The PDF invoice marked approved with approval date will be returned by email to the Auditor for them to present to the Local Government Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this agreement, the Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the Local Government Commission, the following fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts:

Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards] \$ -

Audit 6,330

Preparation of the annual financial statements 3,360
\$9,690

10. The auditor working with a local governmental unit that has outstanding revenue bonds will include in the notes to the audited financial statements, whether or not required by the revenue bond documents, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the Local Government Commission simultaneously with the local government's audited financial statements unless otherwise specified in the bond documents.
11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include but not be limited to the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the governmental unit and all of its component units prepared in accordance with generally accepted accounting principles, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.
12. If the audit firm is required by the NC CPA Board or the Secretary of the Local Government Commission to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Unit of Government will not be billed for the pre-issuance review. The pre-issuance review must be performed **prior** to the completed Audit being submitted to the Local Government Commission. The pre-issuance report must accompany the audit report upon submission to the Local Government Commission.
13. The Auditor shall electronically submit the report of audit to the Local Government Commission when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the Local Government Commission, becomes a matter of public record for inspection and review in the offices of the Secretary by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the Local Government Commission. These audited financial statements are used in the preparation of Official Statements for debt offerings (the auditors' opinion is not included), by municipal bond rating services, to fulfill secondary market disclosure requirements of the Securities and Exchange Commission, and other lawful purposes of the government, without subsequent consent of the auditor. If it is determined by the Local Government Commission that corrections need to be made to the unit's financial statements they should be provided within three days of notification unless, another time frame is agreed to by the Local Government Commission.

The Local Government Commission's process for submitting audit reports is subject to change. Auditors should use the submission process in effect at the time of submission.

In addition, if the North Carolina Office of the State Auditor designates certain programs to be audited as major programs, a turnaround document and a representation letter addressed to the State Auditor shall be submitted to the Local Government Commission.

14. The auditor can be reached for matters concerning this contract at the following email address: jimlcpa@bellsouth.net

The finance officer or other responsible employee/official can be reached for matters concerning this contract at the following email address: kclontz@townofsawmills.com

15. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the Local Government Commission, this agreement

Contract to Audit Accounts (cont.) Town of Sawmills

(Name of unit)

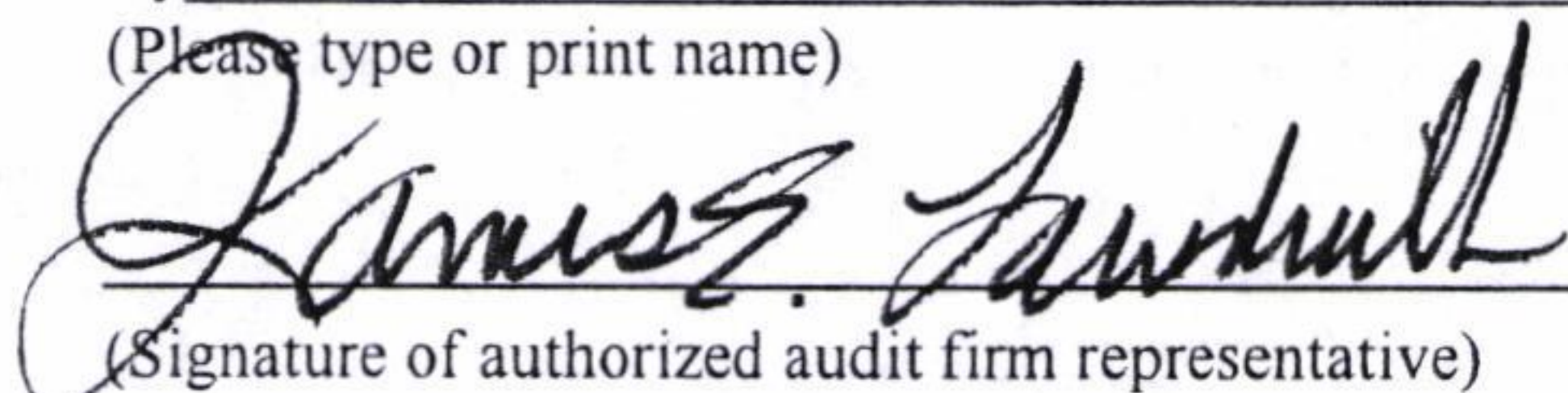
may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor.

16. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, signed and dated by all parties and pre-audited if the change includes a change in audit fee. This document and a written explanation of the change must be submitted by email in PDF format to the Secretary of the Local Government Commission for approval. The portal address to upload your amended contract and Letter of explanation documents is <http://nctreasurer.slgfd.leapfile.net> No change shall be effective unless approved by the Secretary of the Local Government Commission, the Governing Board, and the Auditor.
17. Whenever the Auditor uses an engagement letter with the client, Item 18 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 23 of this contract. Engagement letters containing indemnification clauses will not be approved by the Local Government Commission.
18. Special provisions should be limited. Please list any special provisions in an attachment.
See attached engagement letter.
19. A separate contract should not be made for each division to be audited or report to be submitted. A separate contract must be executed for each component unit which is a local government and for which a separate audit report is issued.
20. The contract must be executed, pre-audited, physically signed by all parties and submitted in PDF format including unit and auditor signatures to the Secretary of the Local Government Commission. The portal address to upload your contractual documents is <http://nctreasurer.slgfd.leapfile.net> Electronic signatures are not accepted at this time.
21. The contract is not valid until it is approved by the Local Government Commission. The staff of the Local Government Commission shall notify the unit and auditor of contract approval by email. The audit should not be started before the contract is approved.
22. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the Local Government Commission.
23. All of the above paragraphs are understood and shall apply to this agreement, except the following numbered paragraphs shall be deleted: (See Item 17.)

Audit Firm Signature:

Firm Lowdermilk Church & Co., L.L.P.

By James E. Lowdermilk, Partner
(Please type or print name)

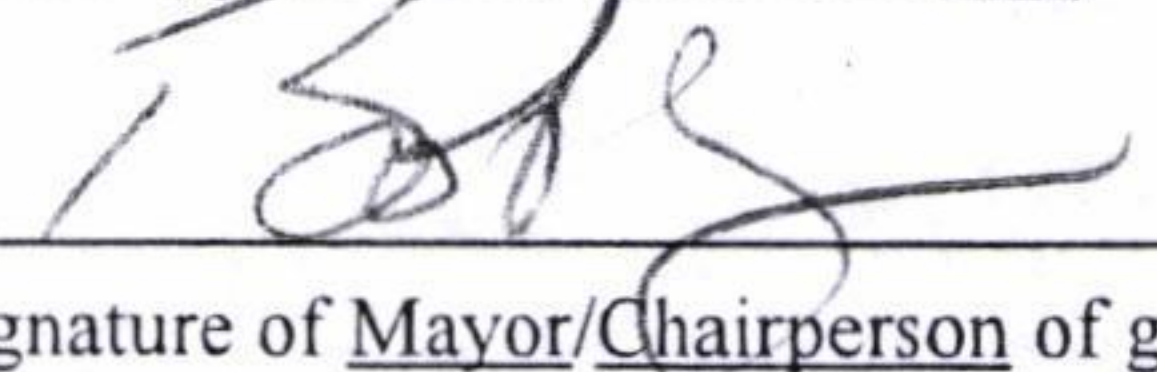

(Signature of authorized audit firm representative)

Email Address: jimlcpa@bellsouth.net

Date 12-22-11

Unit Signatures:

By Bob Gibbs - Mayor
(Please type or print name and title)


(Signature of Mayor/Chairperson of governing board)

Date 1-17-2012

Email Address bgibbs@townofsawmills.com

Date Governing Body Approved Audit Contract

JANUARY 17, 2012

Unit Signatures (continued):

By N/A
(Chair of Audit Committee- please type or print name)

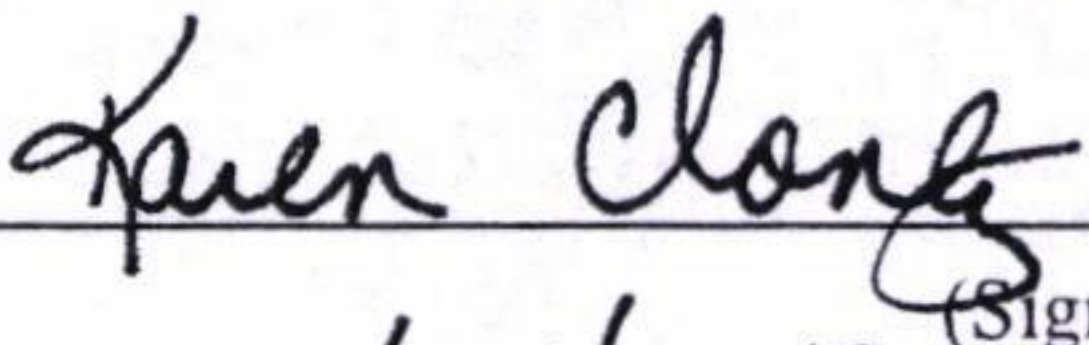
(Signature of Audit Committee Chairperson)

Date N/A
(If unit has no audit committee, this section should be marked "N/A.")

Email address N/A

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.

Karen Clontz
Governmental Unit Finance Officer (Please type or print name)


(Signature)

Date 1/18/2012
(Preaudit Certificate must be dated.)

Email address kclontz@townofsawmills.com

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

121 N. Sterling Street
Morganton, North Carolina 28655
Phone: (828) 433-1226
Fax: (828) 433-1230

Town of Sawmills
4076 US Highway 321-A
Sawmills, North Carolina 28630

December 16, 2011

We are pleased to confirm our understanding of the services we are to provide Town of Sawmills for the year ended June 30, 2012. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements of Town of Sawmills as of and for the year ended June 30, 2012. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Town of Sawmills' basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Town of Sawmills' RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

1. Management's Discussion and Analysis.

We have also been engaged to report on supplementary information other than RSI that accompanies Town of Sawmills' financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

1. Individual Fund Schedules
2. Schedule of Ad Valorem Taxes Receivable
3. Schedule of Current Year Tax Levy

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and will include tests of the accounting records of Town of Sawmills and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that Town of Sawmills is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Sawmills and the respective changes in financial position and cash flows, where applicable, in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants, for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on the Town's website, management understands that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures--General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures--Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to Government Auditing Standards.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and Government Auditing Standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Town of Sawmills' compliance with the provisions of applicable laws, regulations, contracts, agreements and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to Government Auditing Standards.

Engagement Administration, Fees, and Other

We will provide copies of our reports to the Town however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Lowdermilk Church & Co., L.L.P. and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Local Government Commission or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Lowdermilk Church & Co., L.L.P. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Local Government Commission. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

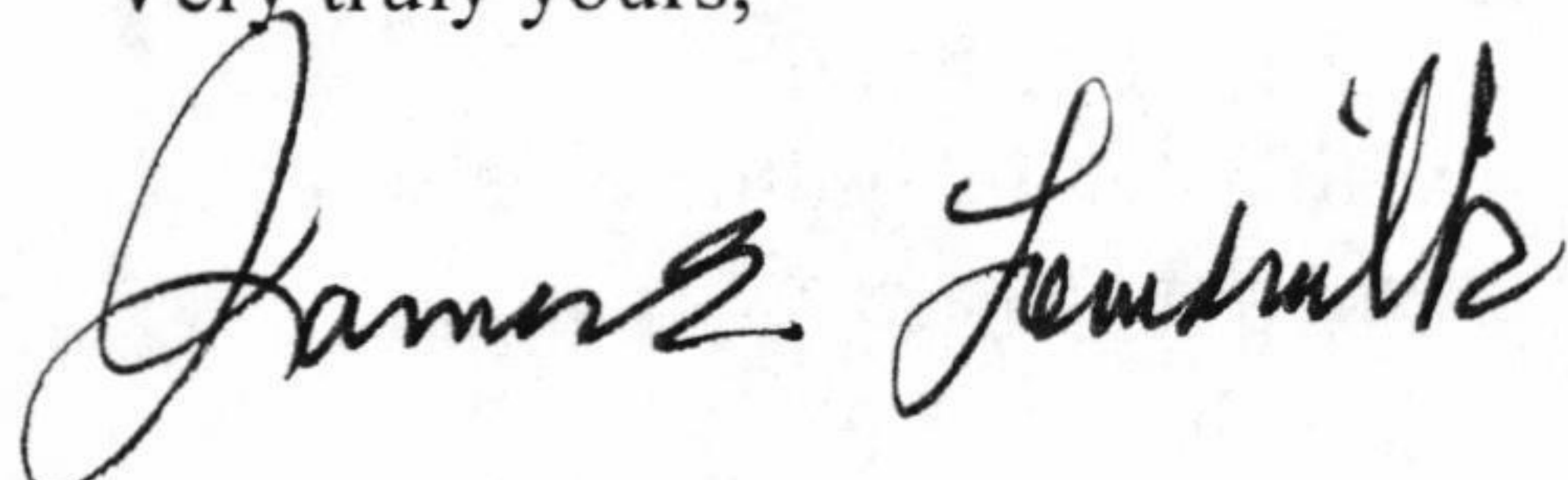
James E. Lowdermilk is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will be \$9,690. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on

presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2009 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Town of Sawmills and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



James E. Lowdermilk
Partner

RESPONSE:

This letter correctly sets forth the understanding of Town of Sawmills.

By: _____

Title: _____

MAYOR

System Review Report

September 24, 2009

To the Partners of Lowdermilk Church & Co., L.L.P.
and the Peer Review Committee of the North Carolina
Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Lowdermilk Church & Co., L.L.P. (the firm) in effect for the year ended May 31, 2009. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Lowdermilk Church & Co., L.L.P. in effect for the year ended May 31, 2009, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Lowdermilk Church & Co., L.L.P. has received a peer review rating of *pass*.

Bernard Robinson & Company, LLP

BERNARD ROBINSON & COMPANY, L.L.P.

TENTATIVE BUDGET SCHEDULE FY 2012-2013
(Adopted January 17, 2012)

January 17th

(Regular Council Meeting)

Adoption of the Budget Schedule

March 8th

(Special Council Meeting)

Budget Workshop Number 1

Thursday Afternoon

6:00-8:00

April 5th

(Special Council Meeting)

Budget Workshop Number 2

Thursday Afternoon

6:00-8:00

April 26th

(Special Council Meeting)

Budget Workshop Number 3

Thursday Afternoon

6:00-8:00

May 3rd

(Special Council Meeting)

Budget Workshop Number 4 (If Needed)

Thursday Afternoon

6:00-8:00

May 15th

(Regular Council Meeting)

Presentation of the FY 2012-2013 Budget

June 19th

(Regular Council Meeting)

Hold Public Hearing on the FY 2012-2013 Budget

June 19th

(Regular Council Meeting)

Adopt the FY 2012-2013 Budget

**TOWN OF SAWMILLS, NORTH CAROLINA
RESOLUTION TO AMEND THE CODE OF ORDINANCES**

A RESOLUTION ENACTING A CODE OF ORDINANCES FOR THE TOWN OF SAWMILLS AMENDING, RESTATING, CODIFYING AND COMPILING CERTAIN EXISTING GENERAL ORDINANCES OF THE POLITICAL SUBDIVISION DEALING WITH SUBJECTS EMBRACED IN SUCH CODE OF ORDINANCES.

WHEREAS, the present general and permanent ordinances of the Town of Sawmills need to be updated and classified in form and substance for the complete preservation of the public peace, health, safety and general welfare of the municipality and for the proper conduct of its affairs; and

WHEREAS, the Acts of the Legislature of the State of North Carolina empower and authorize the Town of Sawmills to revise, amend, restate, codify and compile any existing ordinances and all new ordinances not heretofore adopted or published and to incorporate such ordinances into one ordinance in book form; and

WHEREAS, the Town Council of the Town of Sawmills has authorized a general compilation, revision and codification of the ordinances of the Town of Sawmills of a general and permanent nature and publication of such ordinance in book form; and

WHEREAS, it is necessary to provide for the usual daily operation of the municipality and for the immediate preservation of the public peace, health, safety and general welfare of the municipality that this ordinance now take effect.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF SAWMILLS AS FOLLOWS:

- Section 1. The general ordinances of the Town of Sawmills as revised, amended, restated, codified, and compiled in the updated book form are hereby adopted as and shall constitute the "Code of Ordinances of the Town of Sawmills, North Carolina".
- Section 2. Such Code of Ordinances as adopted in Section 1 shall consist of the Titles and Sections as set forth in the complete Code of Ordinance Book as attached hereto.
- Section 3. All prior ordinances pertaining to the subjects treated in such Code of Ordinances shall be deemed repealed from and after the effective date of this ordinance except as they are included and reordained in whole or in part in such Code of Ordinances; provided, such repeal shall not effect any offense committed or penalty incurred or any right established prior to the effective date of this ordinance, nor shall such repeal affect the provisions of ordinances levying taxes,

appropriating money, annexing or detaching territory, establishing franchises, or granting special rights to certain persons, authorizing public improvements, authorizing the issuance of bonds or borrowing of money, authorizing the purchase or sale of real or personal property, granting or accepting easements, plat or dedication of land to public use, vacating or setting the boundaries of streets or other public places not shall such repeal affect any other ordinance of a temporary or special nature or pertaining to subjects not contained in or covered by the Code.

Section 4. Such Code shall be deemed published as of the day of its adoption and approval by the Town Council and the Clerk of the Town of Sawmills is hereby authorized and ordered to file a copy of such Code of Ordinances in the Office of the Clerk.

Section 5. Such Code shall be in full force and effect as provided in Section 6, and such Code shall be presumptive evidence in all courts and places of the ordinance and all provisions, sections, penalties and regulations therein contained and of the date of passage, and that the same is properly signed, attested, recorded, and approved and that any public hearings and notices thereof as required by law have been given.

Section 6. This ordinance is declared to be necessary for the immediate preservation of the peace, health, safety and general welfare of the people of this municipality, and shall take effect as of the date of adoption of this Resolution.

This the 17th day of January, 2012.

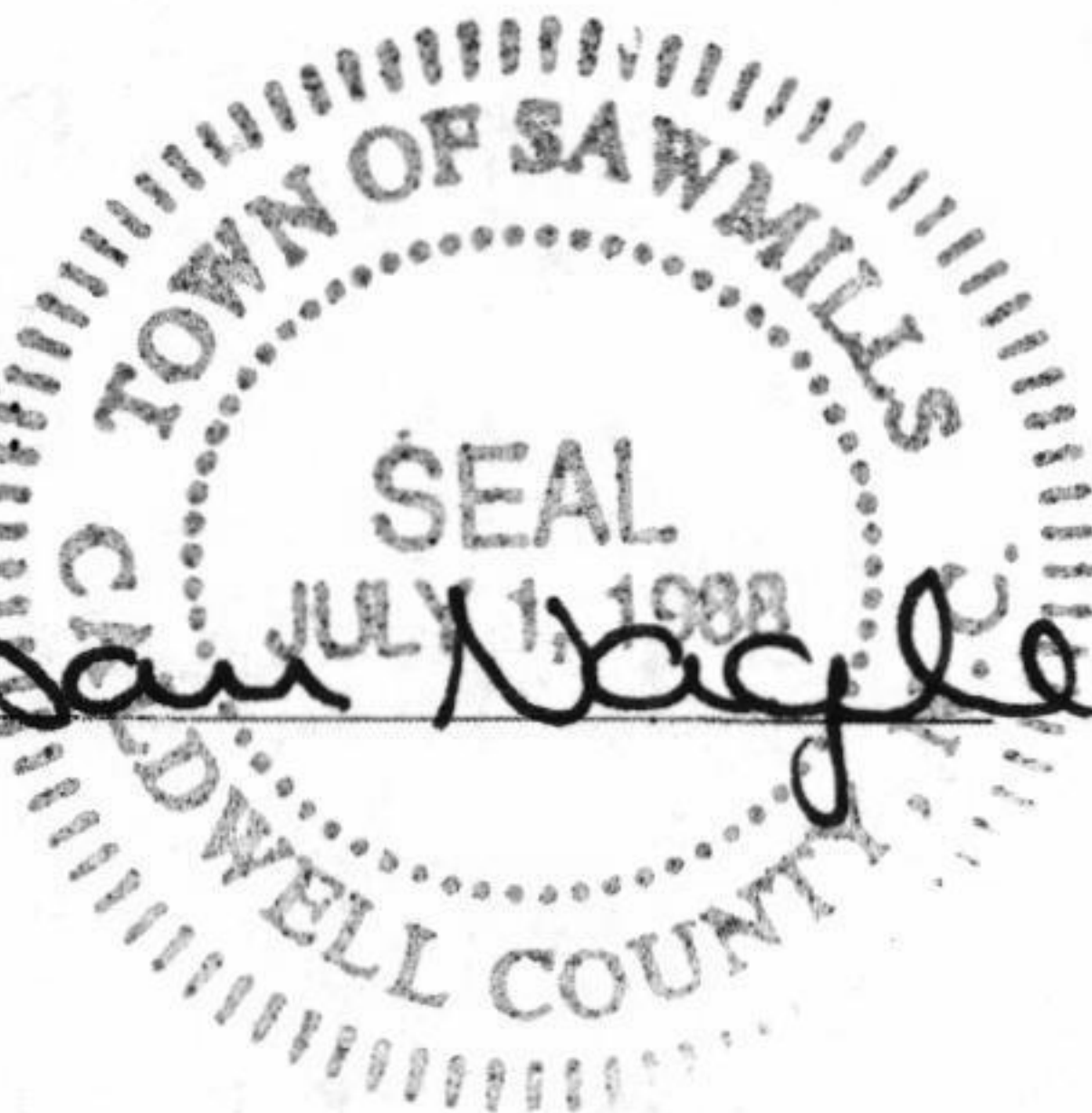
TOWN OF SAWMILLS

BY: _____

Mayor

ATTEST

Susan Nagle
Clerk



**TOWN OF SAWMILLS
AMENDMENT TO SMOKING IN MUNICIPAL BUILDING
AND VEHICLES ORDINANCE**

**TO ALSO PROHIBIT SMOKING AND THE USE OF OTHER TOBACCO
PRODUCTS ON GROUNDS OF THE TOWN'S PARKS SYSTEM AND IN
BUILDINGS LOCATED IN THE TOWN'S PARKS SYSTEM**

WHEREAS, according to the Centers for Disease Control and Prevention (CDC), tobacco use and secondhand smoke exposure are leading preventable causes of illness and premature death in North Carolina and the nation; and

WHEREAS, in 2006, the United States Surgeon General determined that secondhand smoke exposure causes disease and premature death in children and adults who do not smoke; that children exposed to secondhand smoke are at an increased risk for sudden infant death syndrome (SIDS), acute respiratory infections, ear problems, and more severe asthma; that smoking by parents causes respiratory symptoms and slows lung growth in their children; and that scientific evidence indicates that there is no risk-free level of exposure to secondhand smoke; and

WHEREAS, tobacco is a recognized carcinogen in humans, and health risks associated with the use of tobacco products include myocardial infarction, stroke, and adverse reproductive outcomes; and

WHEREAS, research indicates that, during active smoking, outdoor levels of secondhand smoke may be as high as indoor levels and may pose a health risk for people in close proximity (such as sitting next to someone on a park bench, or children accompanying a smoking parent or guardian); and

WHEREAS, the American Nonsmokers' Rights Foundation reports close to 500 municipalities have eliminated exposure to secondhand smoke with 100% Smoke Free Parks, and 100 municipalities have eliminated exposure to secondhand smoke with 100% Smoke Free Beaches; and

WHEREAS, the CDC reports that smoking and smokeless tobacco use are almost always initiated and established during adolescence, that most people who begin smoking during adolescence are addicted by the age of 20, and that adolescent smokeless tobacco users are more likely than nonusers to become adult cigarette smokers; and

WHEREAS, everyday an estimated 3,900 young people between 12 and 17 years of age try their first cigarette and an estimated 1,000 youth become daily cigarette smokers; and

WHEREAS, children model adult behavior and benefit from positive models of non-smoking behavior and positive reinforcement of healthy lifestyle messages through exposure to smoke and tobacco free public areas; and

WHEREAS, environmental organizations, including Keep America Beautiful, the Ocean Conservancy, and NC Big Sweep, consistently report cigarette butts as a leading cause of litter; and

WHEREAS, small children playing on the grounds of the Town's parks system and in buildings located in the Town's parks system are more likely to ingest cigarette butts if they are discarded and accessible; and

WHEREAS, in 2008, American Poison Control Centers received over 7,000 reports of children under the age of 6 being poisoned by contact with tobacco products; and

WHEREAS, on January 2, 2010, "An Act To Prohibit Smoking In Certain Public Places And Certain Places Of Employment," North Carolina Session Law 2009-27, became effective, authorizing local governments to adopt and enforce ordinances "that are more restrictive than State law and that apply in local government buildings, on local government grounds, in local vehicles, or in public places;" and

WHEREAS, the Town of Sawmills is committed to protecting the health of individuals on grounds of the Town's parks system and in buildings located in the Town's parks system by eliminating exposure to secondhand smoke; and

WHEREAS, the Town of Sawmills is committed to protecting the health of small children on grounds of the Town's parks system and in buildings located in the Town's parks system by eliminating the amount of litter caused by discarded cigarette butts; and

WHEREAS, the Town of Sawmills is committed to protecting the environment of the grounds of its parks system and the buildings located in its parks system by eliminating the amount of litter caused by discarded cigarette butts; and

WHEREAS, the Town of Sawmills is committed to protecting the health of children by providing an environment on the grounds of the Town's parks system and in the buildings located in the Town's parks system that promotes healthy messages about refraining from smoking and using other tobacco products; and

WHEREAS, the Town of Sawmills wishes to minimize the harmful effects of tobacco use among Town employees and eliminate secondhand smoke exposure for employees and the public on grounds of the Town's parks system and in the buildings located in the Town's parks system;

WHEREAS, this Council finds and declares that, in order to protect the public health and welfare, it is in the best interest of the citizens of the Town to amend its current ordinance prohibiting smoking and to also prohibit the use of tobacco on grounds of the Town's parks system and in buildings located on the Town's parks system.

NOW, THEREFORE, BE IT ORDAINED by the *Town Council* of the Town of Sawmills, North Carolina, that:

Section 1. Authority.

This ordinance amendment is enacted pursuant to North Carolina General Statutes 130A-498 and 160A-174.¹

Section 2. Definitions

(a) The following definitions are added to the current ordinance.

1. "Grounds". – An unenclosed area owned, leased, or occupied by the Town. [G.S. 130A-492].
2. "Parks System". – any tract of land or body of water comprising part of the Town's parks, playgrounds, natural areas, recreation areas, trails and greenways, and streams or other bodies of water.
3. "Universal 'No Smoking and Use of Tobacco Products Prohibited' Symbol" – Symbol consisting of a pictorial representation of a burning cigarette and a tobacco product enclosed in a red circle with a red bar across it.
4. "Smoking". – The use or possession of a lighted cigarette, lighted cigar, lighted pipe, or any other lighted tobacco product. [G.S. 130A-492]
5. "Tobacco product". – Any product containing, made, or derived from tobacco that is intended for human consumption, whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or any component part or accessory of a tobacco product, including but not limited to cigarettes; cigars; little cigars; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour;

¹ G.S. 130A-498 grants a Town the authority to adopt and enforce ordinances that restrict or prohibit *smoking*. However, the authority to regulate all tobacco products is not contained in this section. Instead, this authority would fall under the Town's general police power granted under G.S. 160A-174. If the ordinance is going to regulate all tobacco products, it is necessary to include reference to G.S. 160A-174 as authority for this action.

Cavendish; plug and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings, cutting and sweepings of tobacco; and other kinds and forms of tobacco. A tobacco product excludes any product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for such an approved purpose.

Section 3. Areas in Which Smoking and Tobacco Products are Prohibited

- (a) Smoking and the use of tobacco products are prohibited:
 - (1) On Town grounds of the Town's parks system.
 - (2) In Town buildings located in the Town's parks system.
 - (3) In Municipal buildings; and
 - (4) In any vehicle owned or leased by the Town.
- (b) Smoking and the use of tobacco products are prohibited on grounds of the Town's parks system and in buildings located in the Town's parks system being used for private events.

Section 4. Actions to Implement Required

- (a) The Town shall post signs that meet all the requirements in Section 4 of this ordinance.
- (b) The Town shall remove all ashtrays and other smoking receptacles from the grounds of Town's parks system and the buildings located in the Town's parks system.
- (c) The person in charge of the grounds of the Town's parks system or the buildings located in the Town's parks system, or his or her designee, shall direct a person who is smoking or using a tobacco product in a prohibited area to cease and, if the person does not comply, shall contact the appropriate law enforcement officer.

Section 5. Signage

The signs required by Section 3 must:

- (a) State in English and Spanish that smoking and the use of tobacco products are prohibited and include the universal "No Smoking and Use of Tobacco Products Prohibited" symbol.
- (b) Be of sufficient size to be clearly legible to a person of normal vision, and be conspicuously posted.
- (c) Be posted at each entrance of the buildings located in the Town's parks system and in other locations within the buildings reasonably calculated to inform employees and the public of the prohibition.

(d) Be posted on the grounds of the Town's parks system in locations and at intervals reasonably calculated to inform employees and the public of the prohibition.

Section 6. Enforcement and Penalties

(a) *Penalty for Violation.* Following oral or written notice by the person in charge of an area described in this ordinance, or his or her designee, failure to cease smoking or using tobacco products constitutes an infraction punishable by a fine of not more than fifty dollars (\$50.00). A citation may be issued by a sworn law enforcement officer. Conviction of an infraction under this section has no consequence other than payment of a penalty, and no court costs may be assessed.

Section 7. Public Education

The Town of Sawmills shall engage in a continuing program to explain and clarify the purposes and requirements of this ordinance to citizens affected by it, and to guide operators and managers in their compliance with it. In doing so, the Town of Sawmills may rely upon materials and information provided by the local health department.

Section 8. Severability; Conflict of Laws.

If this ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a court of competent jurisdiction, such invalidity shall not affect other provisions or applications of the ordinance that can be given separate effect and to that end the provisions of this ordinance are declared to be severable. Whenever the provisions of this ordinance conflict with other ordinances of the Town of Sawmills, this ordinance shall govern.

Section 9. Effective Date.

This ordinance shall be effective on *the date of its adoption.*

Adopted this 17th day of JANUARY, 2012.



Mayor

ATTEST:



Susan Eagle Town Clerk

Approved as to Form:

Guy M. Joffe Town Attorney²

² The Division of Public Health, Tobacco Prevention and Control Branch chose not to provide a provision in this model ordinance related to the use of e-cigarettes in local government buildings or on local government grounds. This is largely due to the lack of information about the effects of these products.

However, the FDA has recently taken action surrounding e-cigarettes. In an evaluation of samples of e-cigarettes, the FDA found that these products contained not only nicotine but also detectable levels of known carcinogens and toxic chemicals, including tobacco-specific nitrosamines and diethylene glycol, a toxic chemical used in antifreeze. The FDA also noted that the quality control processes for the manufacture of these products are either inconsistent or non-existent. Food and Drug Administration, *Summary of results: laboratory analysis of electronic cigarettes conducted by FDA*, July 22, 2009, <http://fda.gov/NewsEvents/PublicHealthFocus/ucm173146.htm> (lasted visited September 27, 2010). Thus, the vapor omitted by e-cigarettes is potentially harmful to not only the users but quite possibly others around them. There is also concern surrounding the ability to effectively enforce smoke-free laws due to the similar appearance of these products to traditional cigarettes. Thus, the branch will continue to monitor the FDA's action regarding these products, and will update this model if necessary.

For your reference, the following is a definition of e-cigarettes: Any electronic oral device, such as one composed of a heating element, battery, and/or electronic circuit, which provides a vapor of nicotine or any other substances, and the use or inhalation of which simulates smoking. The term shall include any such device, whether manufactured, distributed, marketed, or sold as an e-cigarette, e-cigar, e-pipe, or under any other product name or descriptor. An e-cigarette does not include any product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for such an approved purpose.

Code Enforcement Monthly Report

Opened	Case Number	Property Address	Owner or Occupant	Status or Comments
10/28/2010	PN11-03	4455 Rual Drive	William Miller	Civil Citations in the amount of \$600 have been issued. Collection of the citations and obtaining a judges order could be sought in the coming weeks due to lack of clean-up at the property.
11/1/2010	HC11-03	4476 Sawmills Sch. Rd.	Jerry Hatchings	Owner has realized that demolition of the house is most feasible, but plans to meet with the Building Inspector before decided to demolish. No change in this case status in over 4 weeks.
11/1/2010	Z11-02	1625 Cajah Mtn. Rd.	Ray and Betty Philyaw	Elderly owner continues to remove property from mobile home that must be removed. He hopes his brother will remove the mobile home for the metal cost but has not been able to get in touch with his brother.
11/1/2010	Z11-01	4141 Duff Drive	Clarks Auto	This case on hold as the owners health has not been good in recent months. Removal of junk cars suspended at this time. Monitor.
1-Dec	PN11-09	Crotts Mobile Home	Charles and Pansey Crotts	The owner of the property has gotten a contractor to remove all mobile homes from the property. Associated debris still being removed. Monitor.
2/25/2011	PN11-16	2511 Baker Circle	Steve and Mary Hand	Owner has made recent progress in cleaning trash from the property but this case has been opened so long alternate enforcement options may be implemented soon. Monitor.
2/23/2011	PN11-19	4100 Farr MHP	Owen Farr-Deceased	Clean-up at the property has once again slowed. Attempts to assist the owner with reasonable ways of cleaning the property for less cost are underway. Monitor.

Code Enforcement Monthly Report

Opened	Case Number	Property Address	Owner or Occupant	Status or Comments
6/15/2011	PN11-43	Crotts Mobile Home Park	Elizabeth Palmer	Property owner authorized to allow cleaning of property by person recommended by code enforcement to be cleaned of metal and trash (Clean-up free to the owner). Not completely cleaned of trash yet but good progress. Monitor.
14-Sep	PN12-24	4388 Duncan	Renneth Minton	Deadline to remove dilapidated out-building and complete clean-up was 10/12/11. \$600 in Civil Citations issued. Court action could be sought in the coming weeks. Monitor.