

City of Mackay  
Special Meeting of the City Council  
Tuesday, December 10, 2024

CALL TO ORDER - Mayor Mangum called the meeting to order at 5:00 p.m.

ROLL CALL - Richard Mangum, Dean Wall, Karen Hames, Mike Foster, Suzanne Whitworth and Cynthia Smith.

DORAN LAMBSON – DEATON & CO - AUDITOR'S REPORT – Informed Mayor and City Council that they did perform the audit ending September 30, 2023 in accordance with government auditing standards. Management's responsible for the financial statements. Did propose various adjustments. There were no disagreements from management. If ever a disagreement management has the right and ability to get second opinion from another auditing firm.

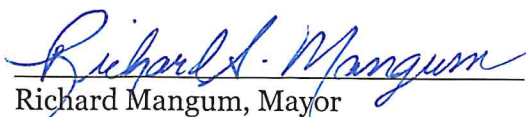
Did disclose some material weaknesses, some significant deficiencies and just some areas that could be strengthened. Material weaknesses, if not corrected, could have a material impact on the financial statements and a significant deficiency is just slightly below a material weakness in that it can also have an issue with the financials. Expenses or expenditures were recorded between various funds without the proper allocation. Could create a misrepresentation of how much money each fund really has. Could find out you are spending money without budget authority.

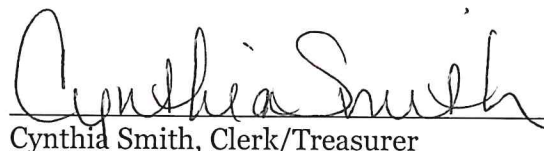
Significant deficiencies. There is a bank account that was not correctly reconciled to the City's books. Although this account is handled by a third party it should still be reconciled to the City's standards. We do recognize there was changing of the guards but still required to disclose issues. Utility receivable software is now at a level of significant deficiencies. No way of knowing how old these accounts are. For the city there are a larger number of pre-payer's so it makes it difficult to determine accrued balances. It is important that there are controls in place as there were transactions that we were not able to find supporting documents for some transactions. The last thing is that the City does not have a CPA on record to prepare financial statements, so they have asked Deaton and Company to assist with the preparation of those. In the bond requirement you are supposed to have one annual payment restricted and you are to fund that account to cover that restriction until you have a full annual payment and we were short \$1,000.00.

Auditor's reports – what we have done is taken additional time, we did not do a forensic audit, we evaluated internal controls and perform our procedures on those risks. We feel our audit procedures were sufficient to provide this opinion. Pages 5 & 6 are full accrual accounting but for the most part people want to know about there budget accounting. Pages 7-10 are more of a budget accounting. Page 7 we have \$368,000.00 in cash but remember \$250,000.00 is a grant for sidewalks/crosswalks. Page 8 is revenues and expenditures. We felt like things were quite consistent. For accounting purposes the \$250,000.00 is unearned revenue. Expenditures are then broken out by group. Capital outlays are all the new equipment. Page 10 is enterprise funds which is your water/sewer. The issue on page 10 is your cash under sewer is zero. Sewer is struggling. Zero amount under sewer was that caused by revenue not being put under the sewer account or was it caused by more being charged than what was being collected. Page 11 is revenues coming from water & sewer. Allocations were not being done 100% accurately. What would be our cost/revenue to operate our systems.

Where we are about to start 2024 and hope we will have more input and information. City can be strengthened by have a change in chart of accounts and procedures.

ADJOURN - Councilman Wall made a motion to adjourn the meeting. Councilwoman Hames 2nd. Motion passed. The meeting was adjourned at 5:45 PM.

  
Richard Mangum, Mayor

  
Cynthia Smith, Clerk/Treasurer

City of Mackay  
Regular Meeting of the City Council  
Tuesday, December 10, 2024

CALL TO ORDER - Mayor Mangum called the meeting to order at 6:00 p.m. Recited the Pledge of Allegiance.

ROLL CALL - Richard Mangum, Dean Wall, Karen Hames, Mike Foster, Suzanne Whitworth and Cynthia Smith.

RECOGNITION OF VISITORS – No visitors for three minutes at this time.

SHERIFF'S REPORT – Dave Wallace. New body cameras. Went with a industry standard brand Axon with cloud storage. Uniforms are changing to a tan shirt. Graphics on patrol cars are changing.

LRED – No report.

Waiver Request Update – They have the two lots and if they were to put w/s on the vacant lot they could put an rv on that lot. One rv on lot 209 and pay utility bill there. They wanted two rv's on 209 and they would need to have one of them would need to be temporary. They want to use 211 as a storage lot. One full time rv on lot 209 and a temporary rv on 211 or use as a storage lot. Can put a shipping container on lot for storage but would need to go through P&Z. Lot 209 has been approved, however, for lot 211 they need to fill out paperwork and send it through P&Z.

Ordinance 452/453 – Used Idaho Cities ordinance to see how other cities did their ordinances. This is a pretty well written ordinance. I'm suggesting that the changes in red are the changes that need to be made. This is just a first cut. The City requires you to hook up to water and sewer as opposed to drilling your own well or septic if it is within 250 feet of the w/s line. My recommendation is that any lot or parcel or ground that meet the distance criteria they pay the base rate for sewer service even if they are not connected and my rationale for that is that the infrastructure is there. Eventually, if someone buys a lot for an investment and they sell then someone will eventually put a house on the lot. In the meantime, that sewer line has depreciated, and it will need to be replace at some point. By charging the base rate the people that live here aren't subsidizing those folks that own property that are just paying property taxes. There is other wording in here that I had to go look up. Equivalent connection is basically a single family dwelling so that is what you are the base rate on. Let's relate that to a hotel with 10 rooms. Each room would be an equivalent connection. I think it would be reasonable in this country to reduce that rate for the period of use maybe for eight months out of the year instead of four. I put wording in there that you can read that may be a little too mumbled engineering. I tried to explain that and that may need to be edited or simplified or even taken out. I think duplexes should pay a base rate because of the volume of sewage. We probably need to look through it and raise concerns and I can redo it if necessary and maybe adopt a new ordinance at the next meeting.

Water/Sewer Commercial rates – All your residential and commercial 1 rates are the same. Residential rates are \$44.65 which is what commercial 1 pays. This is just a small snapshot. I don't know why Sammy's is different as they are commercial 1. I don't know how they came up with these rates. Commercial 2, 3 and 4, because they have their meters read, they do not get the \$15.00 per month meter charge. The thought was that everyone got the \$15.00 meter charge. Commercial property needs to have their meters changed. The \$15.00 barely covers what their usage was let alone buy new meters. I think this is another water headache that we need to address is how we get out from under this conundrum with these water meters. Mike- that is part of the reason I have to go through the water ordinance because all of this stuff is linked together. It is going to take some thought to figure out. Dean – are you saying that we should be reading the old meters which we cannot do because we do not have the software and a new wand is \$8,000.00. We don't even have the software. New ones have a battery that lasts

20 years. Black Mountain will read the new meters. Here is another thought maybe we bond and buy all the meters needed and pay the loan back. In five years are going to be non existent. What happens if this system doesn't work and we are out all this money. It might not be a real bad idea to bond and get these in. It has been three years since we have been doing this. We have about 25% of the town done. Is there a grant out there with water resources to conserve water. We need to get ahead of this situation. To read meters we would need to open each box and read them manually then Jennifer would need to input the numbers manually. I am under the assumption that if I use the water I will pay for it. There is a report on IworQ that we can print that may not be 100% accurate so that we can start collecting on delinquent accounts. Meeting with Black Mountain Software in January to determine how they will upload utility accounts and how they will work with delinquent accounts. Are we still going to try and collect on accounts that are inactive that have amounts due and the answer is yes. Need to have a list of all delinquent accounts. All current accounts are up to date. Need name of gentleman who helped install meters so we can look at his bill. Cannot go after a new owner if a property has sold and we did not file a lien on the property prior to sale.

Water/Sewer Expenditures – I ran reports for what we took in for water and sewer and expense reports for what we spent for each category so you would see what we did. For sewer cash receipts for 2023 was \$123,000 and for 2024 it was \$93,000. All items in QuickBooks should now be classified correctly, however, there may be a few that we still need to catch. Not hard to do the math to figure out that we are not generating enough income.

City of Mackay Fees – Page 2 thaw frozen meters. Planning and zoning thought it was \$35.00 per hour and we have it as \$35.00 plus parts. Dean was thinking it was \$35.00 per hour plus parts as well. Water meter and vault we had it as \$852.00 and Resolution 2022-10 to be TBD – Current Cost as we do not know what the new costs are. Customers are ok with a water turn on/off fee but they feel that the \$45.00 is too high. What do they really need to do to shut the water off or turn it on. It is labor intensive. It is a little costly, but it is time consuming. They are supposed to call in with advance notice but normally do not, so it is kind of a nuisance fee as well. They disconnect the meter on both sides so that there is no water going into the meter or into the house. Meters in the past have not been disconnected correctly, and water has gotten into the house and we have had to pay for repair. The \$35.00 deposit for service, do we know what that is? We are not currently paying a \$35.00 deposit fee. Homeowner pays \$45.00 transfer fee and we should be charging a \$35.00 service fee as well. We need to do exactly what the ordinance says which is that they should be paying a year in advance. Will need to research the ordinance to figure out exactly what we should be charging the citizens when they come in for a new water/sewer account.

Bill Pay Approval – City of Ketchum is resort city coalition. City of Shelley is \$500.00 and truck is paid off. Mayor following along with coalition they can be an asset to us and they are putting a bill to legislation in January to make resort tax permanent and then we wouldn't need to go back to the public for this. Salmon River Propane shows over due. Can we approve that any bill that would be past due council approve to pay bill before council meeting to go ahead and pay and let council know at meeting what was paid and they will sign off. Motion to pay bill by Councilman Wall, 2<sup>nd</sup> by Councilwoman Whitworth, council passed.

Review To Do List – Mayor – close Main St for Winterfest, pothole mix is too hard to work with. Has fixed some potholes but will need to finish in the spring. By the school it has settled pretty bad. Maybe put gravel in some of these spots that are really bad until we can get the pothole mix done. Trying to set up meeting with Jake Tracy regarding the cuts over by the school. Bridge update has been bid out and someone has been awarded the contract and will start after next Mackay BBQ. Lights on the highway should be fixed hopefully by the end of December. Councilwoman Whitworth asked about the light at Mackay Lumber and why it was taken out. Lumber company said if it falls over we would be liable. At first we were told the City owned it but about two weeks ago we found out the State owns the lights and will sub it out to get all lights fixed and/or replaced. Lights are responsibility of ITD and will be changed over to LED lights. Can we have Chardon do a monthly report for what has been completed and what is

coming up. Is Chardon going to be doing his training this winter so that he has all of his licenses.

### COUNCIL MEMBER REPORTS

**Karen Hames - Parks & Recreation** – Grant process has started. Ryan is supposed to drive here and help me put together what I actually need. Question for him would be is are we going to have to do any excavation or concrete work? He was trying to do it over the phone but not compatible and he cannot be here in December but will be here in January. Need information as to what was put in and the dates. State Parks and Rec will have a copy of the original grant.

**Mike Foster – Sewer & Water** – Touched base on the w/s. Sewer I believe is ready to go and hopefully can be passed next month.

**Dean Wall – Streets** – Gutters, heat tape and final inspections have been done. Waiting for bill. Section on the gym side they could not do the full length. They did the doors and went past the entrances. Seal the seams because they leak. They are seamless gutters so they should not be leaking. Dean will need to look and make for sure. Guy regarding the street light he is back to work and will get back to work on the light. No power to light by Ivie's. Bulbs for light by Leanord's place and will be replaced to see if they will work. Is there a guarantee on the gutters? Yes, it is a year which is a state requirement. School street bidding. Harper Leavitt will do some drawings and will need to find out when the money becomes available for school street. It will be one block for \$100,000.00. Talk about Christmas bonuses – pro rate some. Do not pro rate Cindy's.

**Suzanne Whitworth – O.W. Business Park** – I have nothing right now. Will need to wait until the dental office vacates the spot at the end of January to proceed further.


### CLERK/TREASURERS REPORTS


Business accounts list will need to be completed and it will be emailed to Jennifer so she can complete it. Will need to have her and Chardon write up a monthly report of work completed. Treasurer's Report – SW – this is great but I see that the license was not added in. These just need to be accurate so that we know what we have. All of them are above except for the parks. Everything else looks great. Persi, health insurance and taxes should already be in the budgeted amounts.

Motion to approve December 10<sup>th</sup> minutes Councilwoman Whitworth, 2<sup>nd</sup> by Councilwoman Hames, Council approved.

MAYORS REPORT – S & A Engineering would like to schedule a meeting with us to go over the water study that they did. Our grant is almost paid. They are going to tell us our rates are not high enough to get money. Will their report tell us what surplus capacity we have and yes it will. They will explain all that to us. Would you like me to proceed with a letter of interest to DEQ about money in the future. If we submit no letter at all we do not know where we are at. If we at least submit a letter they can tell us, for example, out of 100 we are 76. The money we are asking for would it be for meters. Usually it would be for system improvements. Should we be conservative of what we ask for and not ask for money that we do not need. We have a few hydrants that are antiquated but overall we are in good shape. If we don't put a letter in we do not get put in the system. The line on Greenway needs to be done. Put us in for some more grants LHTAC from Hiatus for another \$100,000.00 grant to finish sidewalk to school and \$30,000.00 for a study. Did receive \$1,000.00 for Mayor's walk from BCBS. The \$100,000.00 that we put in will be for seal coating as well. Sampling tap on the UV system. Winter party cancelled as there are too many people not attending.

ADJOURN - Councilwoman Hames made a motion to adjourn the meeting. Councilwoman Whitworth 2nd. Motion passed. The meeting was adjourned.

  
Richard Mangum, Mayor

  
Cynthia Smith, Clerk/Treasurer