

Special Meeting of the Burt Township Board

Burt Township Community Center

Grand Marais, Michigan

May 4, 2006 – 1:30 p.m.

Board Members Present: Lee Durrwachter, Kay Wampler, James Seibert, Gordon Kniss, Lois Leavenworth

Guests: Lori Hill, IRS & Claudia Brain, IRS Revenue Dept., Mike Grentz (Auditing Firm)

Citizen Attendance: approx 40

Public Comment: Opened at 1:33 p.m. Evelyn Morrison/Steve Bell both requested public comment at the end of the meeting so they knew what to ask about. Closed at 1:37 p.m.

Approval of the Agenda: Motion by James Seibert and seconded by Lois Leavenworth to approve the agenda as revised. 5 – ayes. Motion carried.

6) Current Business:

- a) **Discussion on payroll taxes with IRS:** Motion by James Seibert, Second by Gordon Kniss to grant power of attorney to Mike Grentz to enable him to discuss the issues with the IRS on our behalf – 5 ayes – IRS, represented by Lori Hill and Claudia Brain, presented information regarding penalties and interest for failure to file Employer Payroll Tax Returns and/or pay Federal Withholdings, Social Security and Medicare liabilities. They reported on failures in filing for 2002, 2003, 2004, 2005 and first quarter 2006 with penalties and interest accruing on the unpaid taxes. They indicated that continued failures can result in IRS levying against township bank accounts & accounts receivable; they can file a Federal Tax Lien at the County, and the Board can be held personally responsible for ½ the Social Security and Medicare and all of the federal withholdings (representing the employees withholdings). At this time, they reported that in order to reduce penalties, reasonable cause for failure must be present – since this has been an ongoing problem, they don't see possibility of abating any of the penalties or interest. Current balance due after paying 22,648.02 on April 17 is estimated to be \$43,805.44 plus any penalties and interest in regard to the 3rd quarter 2002 941 Report that was recently discovered not to have been filed either. (Estimated to be in the neighborhood of \$25,000 additional due.) Motion by Wampler, Second by Seibert to pay \$39,031.94 to represent current obligations per the payroll system and allow the IRS to apply as needed to the oldest items. To be taken out of the RLF as a loan to be repaid ASAP – 5 ayes.
- b) **Fitness Center:** Evelyn Morrison requested the board consider increasing funds to allow the purchase of rubber mats as opposed to carpeting – tabled until the regular meeting.
- c) **Public comment:** 2:42 p.m. to 3:11 p.m. There were many concerns raised by the audience as to how this happened, why it wasn't brought out in the audit(s), who was responsible, and how do we proceed to ensure it doesn't repeat. Some expressed shock at the extent of the problem expecting it to be in the couple thousand dollar range at first.

Adjournment: Motion by Leavenworth and seconded by Wampler to adjourn the meeting at 3:11 p.m. – 5 ayes

Respectfully submitted: May 8, 2006, Revised May 12, 2006 as approved by Board Action

Kay L. Wampler, Township Clerk

Date Approved: _____, 2006

Lee Durrwachter, Township Supervisor

These minutes are proposed until approved by the board and signed by the Township Supervisor.