



Douglas Soil and Water Conservation District
Board of Directors Meeting - Tax Discussion
Monday, August 12th 2024

Attendees

Directors: Scott Hendy (D), Diana Woodward (D), David Briggs (D), Sean Negherbon (D), Brenda Epp (D) | **Employees:** Maggie Begoun |

Call to Order

The meeting was called to order by Board Chairman -Sean Negherbon @ 10:00am. Director roll call performed.

Discussion

Please see attached document: "IRS Payoff Calculator 2024"

Begoun explains that this meeting is to discuss any questions the board may have for the lawyer regarding this payoff document. After a list of questions is made, another meeting will be scheduled for the board to ask these questions directly to the lawyer.

Begoun presents some bullet point notes/questions that were already compiled regarding the district's case for having penalties/interested abated:

- **DSWCD has had complete board turnover – since 2020?**

Action Item: Begoun to find an accurate date.

- **DSWCD didn't have any full time employees until the end of 2021?**

Discussion: Dir. Epp suggests finding an exact date for Karina Winn's employment. Dir. Briggs explains that Winn was hired to take notes and make packets for board meetings. Winn only worked for a few months and was gone before Begoun/Bright was hired. Winn had nothing to do with any IRS issues. D&S Tax Preparers were in charge of the district's bookkeeping.

Dir. Epp asks if the problem started in 2015, to which Begoun replies yes and at that point the district was doing its own bookkeeping. Dir. Epp asks if the D&S and the one Winn employee came onboard after the payroll issues began, to which Begoun replies yes. Dir. Briggs believes that D&S may have come into the picture in 2018. Dir. Epp asks if a timeline could be made to show all this information. She states it seems like



the board didn't find out about the problem until 2019 according to the minutes she read.

Dir. Epp states that the minutes show that shortly after the board learned about the payroll issues, Barton was made to retire and a realtor was found to sell the office building. The offer at the time just fell through so things slowed down. This should show that the board was proactive almost immediately in trying to solve the issue. This is the story that should be told to the IRS, the board tried to liquidate the only asset they had to give to the IRS and it can be proven with the minutes. The minutes show that the board was not negligent, they were attempting to solve the issue.

Action Item: Begoun to find accurate date for F/T employees start, D&S bookkeeping, + dates of Winn employment. Begoun to create a timeline to show this information Begoun to compile minutes that prove timeline and board's proactiveness.

- Why is the district's IRS account coded to not accept deposits/not be in collections? What is the history of how that got there? How many notices did the district receive since 2015?

Dir. Epp would like to know when the IRS did this as it directly affects how the board could repay the debt. If the account was set to stay out of collection, how was the board supposed to do anything about it? That helps our case as well. Begoun thinks that maybe Barton had called the IRS and asked the IRS to do so.

Begoun also notes that there are seemingly delinquent payments in 2022 and 2023 that need to be proven aren't related to the real issue, so that is priority number one for Begoun and the lawyer. The funds sent in at those times were misallocated toward the old debt, even though it wasn't in collections.

Begoun asks Dir. Briggs if mail was being picked up by Barton throughout the 2020 and if he was bringing IRS notices to the board. Dir. Briggs remembers Barton giving some reports but not presenting the actual mail. Dir. Epp says that again, how could the board do anything if they weren't getting the mail. Begoun thinks this may not help the case as it still sounds like negligence. Dir. Epp thinks that the IRS should have a list of all notices that were sent so the lawyer should be able to figure out if there was any gap where mail wasn't being sent.

- DSWCD is not for profit. What is their exact status?

Action Item: Begoun find exact document explaining DSWCD tax exempt status.



- DSWCD has been paying taxes and doing its duty to help local, state, and federal natural resource organizations as much as possible since employing staff. Can taxes owed be paid and then interest be put on a payment plan?

Dir. Epp notes that while the district will have to pay money and these are payroll taxes, we should be gathering as much information for our tax lawyer as possible. Dir. Briggs agrees and the opportunity to lower the tax bill may be an uphill battle, but if we could alleviate some of the interest – we should try. Dir. Briggs thinks it may be best to pay the actual taxes owed and then get the penalties/interest on a payment plan to allow for cushion to keep the district running. If everything is paid for at once, it will be very difficult to keep the district doors open. Reimbursement of grants is too hard without any wiggle room.

-What are the payroll issues in 2022-2023 and how do we solve them?

Dir. Hendy is wondering about what happened there. Begoun isn't sure about why the small amounts weren't corrected in 2022 by D&S. In 2023, those two quarters are the first two that Gilaine at PUR sent in through the mail because the district didn't have online payment set up. It seems like those checks were misallocated to our old debt – which may account for why one of the 2015 numbers is negative. Begoun has sent in two letters to correct this issue and the IRS has sent one back saying “they’re working on it.” Dir. Hendy would like to know when the district sent in the correction letters. Begoun answers she thinks it was November 2023 and then again April 2024. Begoun draws attention to the 2015 & 2016 “computational hold” which may be the IRS trying to fix the fund allocations.

Action Item: Include this in the timeline to show the district quickly tries to resolve these issues.

- Why does the fourth quarter of 2016 show up twice? Who was working still in 2020 and why are there big jumps in amounts owed?

Dir. Briggs finds this odd and wonders if it could have happened for 2015's fourth quarter as well. He is also wondering about the amount owed in 2020. When did the employees stop? Why are there jumps in amounts owed between quarters in 2020? Dir. Epps asks if Gilaine has the books going back to 2015 to which Begoun answers yes.

Action Item: Begoun to see if she can find who was employed at these times.

- What will our tax status be once we're in repayment? Will it affect our grant status from the federal gov?

Begoun notes the district can't have any status put on them that reflects poorly or else we will not be able to get grants to keep going.



Begoun also she will be putting together this timeline of events to show the district has been working on this problem since they learned of it. Begoun asks the board how much information they want shared with the tax lawyer before their next meeting. Dir. Epp answers that Begoun should give all the information and questions to the lawyer beforehand so she can prepare for our meeting. Begoun will also get a couple dates from the lawyers and set up the next meeting for late August or early September.

Conclusion of Meeting

The meeting was adjourned at 10:34am.

The September Board meeting is scheduled for **Wednesday, September 18th @ 5:00pm** at NRCS Roseburg.

A meeting between now and the September Board Meeting may be scheduled to speak with the district's lawyer.

Submitted by Maggie Begoun for Brenda Epp, District Secretary/Treasurer.

Payoff Calculator

Calculation Result Base on INTST

MFT	Tax Period	Assessed Tax/Penalty	Total FTP	Total Interest	08/09/2024			09/08/2024			IDRS Hold Conditions
					Balance	Total FTP	Total Interest	Balance	Total FTP	Total Interest	
01	201603	-4,180.56	1,530.47	3,529.64	879.55	1,530.47	3,535.42	885.33			
01	201606	2,372.41	328.49	1,534.47	4,235.37	328.49	1,562.33	4,263.23			
01	201609	2,767.80	255.49	1,581.40	4,604.69	255.49	1,611.69	4,634.98			
01	201612	2,445.40	109.50	1,211.01	3,765.91	109.50	1,235.78	3,790.68			
01	201706	11,156.94	2,028.53	5,101.66	78,287.13	2,028.53	5,217.42	18,402.89			
01	201709	19,558.44	3,556.08	8,614.74	31,729.26	3,556.08	8,814.11	31,928.63			
01	201712	13,906.99	2,614.09	5,905.70	22,426.78	2,614.09	6,045.32	22,566.40			
01	201803	8,839.80	2,209.95	3,685.28	14,735.03	2,209.95	3,774.65	14,824.40			
01	201903	9,757.98	1,991.42	3,163.45	14,912.85	1,991.42	3,251.59	15,000.99			
01	201906	16,683.91	3,136.07	4,981.34	24,801.32	3,136.07	5,127.57	24,947.55			
01	201909	15,257.40	3,191.92	4,297.81	22,747.13	3,191.92	4,428.97	22,878.29			
01	201912	8,999.07	1,956.32	2,359.36	13,314.75	1,956.32	2,434.85	13,390.24			
01	202006	696.92	158.95	201.42	1,057.29	160.62	207.51	1,065.05			
01	202009	4,195.29	781.44	930.52	5,907.25	799.61	965.32	5,960.22			
01	202012	2,792.14	504.46	603.72	3,900.32	516.19	626.52	3,934.85			
01	202206	16.08	2.01	2.53	20.62	2.09	2.66	20.83			
01	202209	21.42	2.36	3.07	26.35	2.46	3.24	27.12			
01	202306	8,297.75	469.00	685.30	9,452.05	505.08	745.34	9,548.17			
01	202309	6,974.81	298.07	419.89	7,692.77	327.88	469.71	7,772.40			
13	201512	13,087.45	0.00	4,572.58	17,660.03	0.00	4,688.76	17,776.21	COMPUTATION HOLD ON F MFT 13/55/03 MODULE 08		
13	201612	12,935.69	0.00	3,620.19	16,555.88	0.00	3,729.10	16,664.79	COMPUTATION HOLD ON F		

(Target Date)

{Target Date + 30 Days}