

# N. C. Local Government Debt Setoff Clearinghouse

## 2017 Training Workshop Information

<p style="text-align: center;"><b>LEGISLATION</b></p> <ul style="list-style-type: none"> <li>▪ North Carolina General Statute 105-A <a href="http://www.ncga.state.nc.us/gascripts/Statutes/StatutesTOC.pl?Chapter=0105A">http://www.ncga.state.nc.us/gascripts/Statutes/StatutesTOC.pl?Chapter=0105A</a></li> </ul> <p style="text-align: center;"><b>ELIGIBLE PARTICIPANTS</b></p> <ul style="list-style-type: none"> <li>▪ County (not considered a state agency)</li> <li>▪ Municipality</li> <li>▪ Water &amp; Sewer Authority (Article 1 of Chapter 162)</li> <li>▪ Regional Joint Agency (Article 20 of Chapter 160A)</li> <li>▪ Public Health Authority (Part 1B of Art. 2 of Ch. 130A)</li> <li>▪ Metropolitan Sewerage District (Article 5 of Chapter 162A)</li> <li>▪ Sanitary District (Article 2, Part 2 of Chapter 130A)</li> <li>▪ Housing Authority (Chapter 157)</li> <li>▪ Regional Solid Waste Auth. (Art. 22 of Ch. 153A)</li> </ul>	<p style="text-align: center;"><b>REQUIREMENTS FOR NEW PARTICIPATION</b></p> <ul style="list-style-type: none"> <li>▪ Set-up account with N.C. Capital Management of the Carolinas</li> <li>▪ Process all of the following and send to either the N.C. Association of County Commissioners or the N.C. League of Municipalities:             <ol style="list-style-type: none"> <li>1) Sign and mail the Memorandum of Understanding <a href="http://www.ncsetoff.org/MemorandumofUnderstanding.pdf">http://www.ncsetoff.org/MemorandumofUnderstanding.pdf</a></li> <li>2) Sign and mail the Local Agency Certification <a href="http://www.ncsetoff.org/LocalAgencyCertification.pdf">http://www.ncsetoff.org/LocalAgencyCertification.pdf</a></li> <li>3) Sign and mail the Multiple Unit Collection Rider (if applicable) <a href="http://www.ncsetoff.org/MultipleUnitCollection.pdf">http://www.ncsetoff.org/MultipleUnitCollection.pdf</a></li> <li>4) Sample Board Resolution <a href="http://www.ncsetoff.org/SampleResolutionBoardAdoption.pdf">http://www.ncsetoff.org/SampleResolutionBoardAdoption.pdf</a></li> <li>5) Complete, print, submit and sign the online 2018 Part. Form <a href="http://www.ncsetoff.org/2018ParticipationForm.htm">http://www.ncsetoff.org/2018ParticipationForm.htm</a></li> <li>6) Housing Authority Rider <a href="http://www.ncsetoff.org/HousingAuthorityRider.pdf">http://www.ncsetoff.org/HousingAuthorityRider.pdf</a></li> </ol> </li> </ul>
<p style="text-align: center;"><b>REQUIREMENTS FOR PARTICIPATION</b> <i>(Annual Renewal)</i></p> <ul style="list-style-type: none"> <li>▪ Complete online, print, submit, sign and mail original (do not fax) the online 2018 Participation Form <a href="http://www.ncsetoff.org/2018ParticipationForm.htm">http://www.ncsetoff.org/2018ParticipationForm.htm</a> <ul style="list-style-type: none"> <li>○ Review the 2018 Participation form instruction guide</li> <li>○ <a href="http://www.ncsetoff.org/2018ParticipationForm-InstructionGuide.pdf">http://www.ncsetoff.org/2018ParticipationForm-InstructionGuide.pdf</a></li> </ul> </li> <li>▪ Sign, and mail (do not fax) , the Multiple Unit Collection Rider (if applicable) <a href="http://www.ncsetoff.org/MultipleUnitCollection.pdf">http://www.ncsetoff.org/MultipleUnitCollection.pdf</a></li> <li>▪ Checklist for new Participants: <a href="http://www.ncsetoff.org/NewParticipantChecklist.pdf">http://www.ncsetoff.org/NewParticipantChecklist.pdf</a></li> </ul>	<p style="text-align: center;"><b>DEBT REQUIREMENTS</b></p> <ul style="list-style-type: none"> <li>▪ Debts must be at least 60 days delinquent</li> <li>▪ Debts must be \$50 or greater</li> <li>▪ Debts may be combined to meet the required \$50 minimum if they are for the same debtor with same social security number</li> <li>▪ Different types of debts can be combined. (i.e. utilities, health dept, EMS, parking tickets, fees, etc.)</li> <li>▪ Tax debts must stand alone, however, they can be combined with other tax debts but not any other type of debt</li> <li>▪ Must give proper notice (due process) of the debt to the debtor and the right of appeal</li> <li>▪ Statute of Limitations – Since <b>last contact/activity</b> - 10 years for taxes, 3 years for others but consult your attorney</li> <li>▪ Housing Authority debts must be reduced to final judgment</li> </ul>
<p style="text-align: center;"><b>DUE PROCESS</b></p> <ul style="list-style-type: none"> <li>▪ Send letters to last known address, even if not accurate</li> <li>▪ Does not have to be certified mail or in Spanish</li> <li>▪ Retain a manifest report of all notification letters for duration according to retention records</li> <li>▪ Do NOT send letters BEFORE debt is delinquent 60 days</li> <li>▪ Allow 30 days before sending to Clearinghouse or set the Compliance Date to 30+ days from date letters sent</li> <li>▪ Establish a Hearing Officer, someone not in Billing area</li> <li>▪ Have your attorney review your process</li> <li>▪ Sample Notification Letters <a href="http://www.ncsetoff.org/forms.htm">http://www.ncsetoff.org/forms.htm</a></li> <li>▪ Sample Hearing documents <a href="http://www.ncsetoff.org/SampleNotification-Appeals-Tracking.pdf">http://www.ncsetoff.org/SampleNotification-Appeals-Tracking.pdf</a></li> </ul>	<p style="text-align: center;"><b>COSTS/FEES</b></p> <p>To Local Governments:</p> <ul style="list-style-type: none"> <li>▪ No cost for any service or support other than optional data entry from hard copy forms – no charge except for large groups of faxes and substantial regular additions – contact the Clearinghouse to discuss</li> </ul> <p>To Debtors:</p> <ul style="list-style-type: none"> <li>▪ A Legislated \$15 Clearinghouse fee is added to each debt of \$50 or more for each refund setoff of at least \$50             <ul style="list-style-type: none"> <li>○ Maximum one \$15 fee per debt, per local govt. per year</li> </ul> </li> <li>▪ A Legislated \$5 fee is added by Department of Revenue for each tax refund setoff</li> <li>▪ A Legislated \$5 fee is added by the Lottery for each lottery setoff</li> <li>▪ Debtors filing amended returns or for multiple years separately are setoff each time and charged the Dept. of Revenue and Lottery fees each time but only one Clearinghouse fee per debt per year</li> </ul>
<p style="text-align: center;"><b>EDUCATION LOTTERY</b></p> <ul style="list-style-type: none"> <li>▪ Debtors winning \$600 or more are subject to setoff. Funds also processed with Capital Management of the Carolinas</li> <li>▪ Notification letters should be modified with “Additionally, as authorized by North Carolina General Statute 18C-134, if applicable, the local agency intends to submit the above (<i>debt/debts</i>) against certain lottery prizes to which you may become entitled”</li> </ul>	<p style="text-align: center;"><b>HIPAA</b></p> <ul style="list-style-type: none"> <li>▪ Due to HIPAA regulations, participating counties are required to complete a Business Associate Agreements             <ul style="list-style-type: none"> <li>○ Contact Matt Gunnet at (919) 715-2354 or <a href="mailto:matt.gunnet@ncacc.org">matt.gunnet@ncacc.org</a></li> </ul> </li> <li>▪ The debts in question flow from county health departments and public health authorities</li> </ul>

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<p><b><i>SOCIAL SECURITY NUMBERS (SSNs)</i></b></p> <ul style="list-style-type: none"> <li>▪ There are federal regulations for the collection and use of SSNs, local govt. entities are authorized</li> <li>▪ Must inform debtor of reason for requesting, cannot refuse service if not provided. Inform them only use in the event of non-payment</li> <li>▪ SSNs or ITINs cannot be printed on mailed documents</li> <li>▪ SSNs can be obtained by various SSN providers or collection agency service providers</li> </ul>	<p><b><i>METHODS FOR SUBMITTING DEBTS</i></b></p> <ul style="list-style-type: none"> <li>▪ Clearinghouse Client Software</li> <li>▪ ASCII <a href="http://www.ncsetoff.org/ASCIILayout.htm">http://www.ncsetoff.org/ASCIILayout.htm</a></li> <li>▪ Excel <a href="http://www.ncsetoff.org/ExcelSample.xls">http://www.ncsetoff.org/ExcelSample.xls</a> (review ASCII)</li> <li>▪ Data Entry Fax Form: Non-Tax and Tax: <a href="http://www.ncsetoff.org/HardcopyDebtSubmission-NonTax.pdf">http://www.ncsetoff.org/HardcopyDebtSubmission-NonTax.pdf</a> <a href="http://www.ncsetoff.org/HardcopyDebtSubmission-Tax.pdf">http://www.ncsetoff.org/HardcopyDebtSubmission-Tax.pdf</a></li> <li>▪ Data Entry Guide: <a href="http://www.ncsetoff.org/DataEntryParticipantGuide-January2014.pdf">http://www.ncsetoff.org/DataEntryParticipantGuide-January2014.pdf</a></li> </ul>
<p><b><i>DEBTOR FILE DETAILS</i></b></p> <ul style="list-style-type: none"> <li>▪ Options once first data file transmitted to the Clearinghouse (ASCII/Excel): <ul style="list-style-type: none"> <li>○ Transmit all debtors/debts each time</li> <li>○ Transmit only additional debtors/debts</li> <li>○ Transmit only updated debtors/debts*</li> </ul> </li> <li>▪ Allowable at any time: <ul style="list-style-type: none"> <li>○ Switch from ASCII/EXCEL to Client software or vice-versa</li> <li>○ Request all current debtors and debts be removed and a substitute data file to replace</li> <li>○ Request a specific type of debt or department be removed or set to \$0.00</li> <li>○ We can set automatic purge/replace for every submission</li> </ul> </li> </ul> <p>* Unique Key must match debt exactly as originally submitted</p>	<p><b><i>FILE ACCESS/SHARING/COMBINING</i></b></p> <ul style="list-style-type: none"> <li>▪ Client Software Users: <ul style="list-style-type: none"> <li>○ Operates on a single workstation or network for multiple, simultaneous users</li> <li>○ If networked, an unlimited number of users can access Client software (must be one shared file/database, file server recommended)</li> </ul> </li> <li>▪ Can have a third-party vendor create all or single department</li> <li>▪ All local governments , whether sending ASCII or Excel files; or via client software, can create separate files by department</li> <li>▪ Client software users can import ASCII and/or Excel files</li> <li>▪ Clearinghouse will transmit only one file of setoffs to the local government regardless of the number of departments</li> <li>▪ Sending separate debt files can corrupt existing debt amounts!</li> </ul>
<p><b><i>DEBT PRIORITY STRUCTURE</i></b></p> <ul style="list-style-type: none"> <li>▪ Each debt associated with a debtor is time and date stamped as it is processed by the Clearinghouse</li> <li>▪ When a debtor's refund is setoff it is applied against the debts based on the date/time stamp received at the Clearinghouse</li> <li>▪ Priority is retained until debt amount is \$0.00 before moving to next debt based on date/time received at the Clearinghouse</li> <li>▪ It may take several years before a debt is setoff due to other local governments having the priority</li> <li>▪ Debts can expire while awaiting to be setoff</li> <li>▪ RANDOM TIP: use mm/dd/yyyy for Compliance and Expiration Dates</li> </ul>	<p><b><i>DEBT DETAILS</i></b></p> <ul style="list-style-type: none"> <li>▪ Must provide to the Clearinghouse: <ul style="list-style-type: none"> <li>○ Social Security Number or Dept. of the Treasury IRS Individual Taxpayer Identification Number (ITIN) <a href="http://www.irs.gov/Individuals/General-ITIN-Information">http://www.irs.gov/Individuals/General-ITIN-Information</a></li> <li>○ Names: First AND Last (no business/corporations)*</li> <li>○ Current Debt Amount</li> <li>○ Dates: Compliance (start) and Expiration (end)</li> <li>○ Unique Key</li> </ul> </li> </ul>
<p><b><i>DEBT DETAILS (cont.)</i></b></p> <ul style="list-style-type: none"> <li>▪ Compliance Date: beginning date that a debt is eligible to be sent to the Department of Revenue and Education Lottery for setoff</li> <li>▪ Expiration Date: ending date that a debt is eligible to be sent to the Department of Revenue and Education Lottery for setoff</li> <li>▪ Unique Key: each debt for each SSN must have a Unique Key that does not change</li> <li>▪ Unique Key: ASCII (8 + 12), Excel &amp; Client Software (20 max.)</li> <li>▪ Account Number: optional – but strongly recommended</li> <li>▪ Account Number: cannot be SSN, inform your vendors/third-party companies that is not allowed</li> <li>▪ If a debt is setoff and balance is below \$50, it is no longer sent to Department of Revenue</li> <li>▪ Account Code (Department) : optional – but recommended</li> <li>▪ TIP: when debtor pays a debt in full, send a \$0.00 debt amount, don't delete or remove, unless an ASCII/Excel and set for purge/replace</li> </ul>	<p><b><i>REFUND FEES</i></b></p> <ul style="list-style-type: none"> <li>▪ Recommend no return of the \$15 Clearinghouse fee nor the \$5 Dept. or Revenue or Education Lottery fee if debtor did not pay entire debt prior to the Compliance Date, regardless of the timing issues (unless you made an error and should not have been submitted to the Clearinghouse)</li> <li>▪ If the Department of Revenue requests a refund, the local government returns the amount the Clearinghouse deposited into the local government account and the Clearinghouse returns the \$15 fee (if taken)</li> <li>▪ If fees were taken from multiple collections means, i.e. Wage Garnishment and Debt Setoff <ul style="list-style-type: none"> <li>▪ The Clearinghouse does not refund fees unless required by the Dept. of Revenue</li> <li>▪ If an SSN is setoff at the Dept. of Revenue for a person whose name is different than you submitted you are required to refund the debtor plus all fees</li> </ul> </li> </ul>

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### ***INTERACTIVE VOICE RESPONSE (IVR)***

- Debtors setoff receive a letter from Dept. of Revenue with toll free number (877) 843-0330 to call to obtain information
- 8 telephone lines for 24 hours, 7 days per week automated system using a touch tone telephone
  - Asks the caller to enter their nine digit SSN
  - If not found asks caller if possibly a spouse or another SSN from a joint return
- Responds with a random listing of all submitting debts:
  - Local government entity name
  - Contact name and/or department (from Participation form)
  - Contact Telephone Number (from Participation form)
- Can be configured to list different contact names per local government based on an identifying departmental code
- Will provide even if debt is currently \$0.00 from a current year setoff or adjustment
- Doesn't provide info if a debt is \$0.00 AND was setoff in a previous year (debtor need to call Clearinghouse for past years setoff history)
- Year-end process cleans off all debts less than \$50

### ***CLIENT SOFTWARE***

- Provided at no cost to any local government, not to third-party
- Imports ASCII or Excel files:
  - from other departments or vendors
  - replace all or just specific departments
  - add new debts, update existing debt balances
- Comprehensive online HELP system and pdf version (@300 pp)
- Integrated, secure encrypted electronic file transfers
- Detailed reports – prints to screen or printer
- Optional Interest Accrual
- Allows for separate user accounts for audit trails
- Create departmental/groups for separate reports of setoffs
- Creates letters (w/pdf option) for all or specific department, print all or just new or updated debtors
- Creates export file for importing into other systems or software
- Dept of Revenue address changes provided and can be automatically updated
- Security for access to only specific department codes
- Cleanup utilities – i.e. remove \$0.00, < \$50 and expired debts
- SSN masking options: all 9, only last four or none

### ***DEBTS REMINDERS***

- Client Users: do TRANSMIT-EXPORT-Debtor Information option immediately after you process a setoff file in order to update any prior balances you may have sent that same week. This will reduce the chance of debtor(s) being setoff again
- ASCII/Excel users should send updates after applying a setoff file, if sent a file earlier that same week
- Files sent to Department of Revenue each Tuesday morning, created from files received by Friday 5:00 p.m.
- Best day to send a file: Friday, since applied over weekend and then sent to Dept of Revenue on Tuesday
- Worst day to send: Monday, since will not be sent to Dept of Revenue for eight days (following Tuesdays)
- When debtor makes a direct payment to you, send an updated by the end of the week, don't delay, debtors often pay the debts then submit their refunds the same day or soon thereafter
- The Clearinghouse does NOT combine debts to meet \$50

### ***FUNDS TRANSFERS***

- Dept of Revenue deposits directly to Capital Management of the Carolinas – normally 3-5 days after setoff file provided
- Office of the Treasurer (Education Lottery) deposits directly to Capital Management of the Carolinas
- Clearinghouse provides Capital Management of the Carolinas with information on the amounts to deposit for each local government
- For bank statements, account access, etc. contact Capital Management of the Carolinas directly
- A Capital Management account is the only option – cannot receive a check or direct deposit into another account
- Each local government can have only one Capital Management Account for Debt Setoff deposit
- RANDOM TIP: each local government can have only one secure folder and one associated username and smart password.
- Can set-up separate folder for a third-party to send/receive

### ***REFUND REQUESTS***

- If the Dept. of Revenue requests a refund it is NOT optional:
  - Local government receives a copy of the official letter from Department of Revenue along with detailed instructions
  - Local government must return the amount the Clearinghouse deposited into the local government account
  - Clearinghouse will return the \$15 fee (if taken)
  - Department of Revenue returns their \$5 fee
  - Please expedite – 30 days or may have to pay interest, (current rate is 5%)

### ***Refunds/Surplus – Causes/Issues***

- Due to several timing issues:
  - Clearinghouse can only transmit once per week to the Dept. of Revenue (Tuesday morning)
  - Clearinghouse only receives two setoff files per month (Feb – Dec) from Dept. of Revenue
  - Debtor files multiple tax returns over a 1-3 week period
  - Debtor has a tax refund setoff and a lottery winning setoff

### ***Refunds/Surplus – Causes/Issues (cont.)***

- Local Governments didn't send a \$0.00 update
- Report is provided stating that a surplus setoff occurred and to initiate a refund, Excel file lists the addresses of all debtors as to where they filed their tax return. This report is only a guide to initiate the refund research to determine if a surplus did occur, the fees taken or not taken, and the actual amount to refund.
- Note: if a setoff occurs that reduced the debt amount below \$50.00 then the subsequent refund needs to be in full, due to the law that states that a debt cannot be submitted for less than \$50
- Note: a surplus amount may not be applied to a debt that the debtor has not yet been notified by mail to the last known address
- A file named surplus.xlsx is provided with each setoff file, if a surplus is determined by Clearinghouse. File contains:
  - SSN, Name, Dept of Revenue address, Unique Key
  - Surplus Amount, Clearinghouse fee

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<p style="text-align: center;"><b>SETOFF EXAMPLE</b></p> <p><b>1. Debtor from one local govt. setoff (1<sup>st</sup> setoff in calendar year)</b></p> <ul style="list-style-type: none"> <li>J \$ 150 Property tax debt* (\$15 fee)</li> <li>J \$ 300 Property tax debt* (\$15 fee)</li> <li>J \$ 100 Utilities debt* (\$15 fee)</li> <li>J \$ 50 Parking tickets (two \$25 tickets) (\$15 fee)</li> <li>J Total: \$600 in debts</li> <li>J Debtor had \$1000 tax refund <ul style="list-style-type: none"> <li>o \$ 600 returned to local government</li> <li>o \$ 60 fee to Clearinghouse</li> <li>o \$ 5 fee to Department of Revenue</li> <li>o \$335 returned to debtor by local government</li> </ul> </li> </ul>	<p style="text-align: center;"><b>SETOFF EXAMPLE</b></p> <p><b>2. Same debtor files amended refund two days after 1<sup>st</sup> refund</b></p> <ul style="list-style-type: none"> <li>J \$ 150 Property tax debt* (\$15 fee)</li> <li>J \$ 300 Property tax debt* (\$15 fee)</li> <li>J \$ 100 Utilities debt* (\$15 fee)</li> <li>J \$ 50 Parking tickets (two \$25 tickets) (\$15 fee)</li> <li>J Total: \$600 in debts</li> <li>J Debtor had \$1200 tax refund <ul style="list-style-type: none"> <li>o \$ 600 returned to local government</li> <li>o \$ 0 fee to Clearinghouse</li> <li>o \$5 fee to Department of Revenue - \$596 returned to debtor by local government</li> </ul> </li> </ul>
<p style="text-align: center;"><b>ASCII FILE NAMES</b></p> <ul style="list-style-type: none"> <li>▪ Good file names examples (prefer w/ agency code &amp; date) <ul style="list-style-type: none"> <li>o cl1603wfk0903.dat (use of the date-month and day)</li> <li>o M358trans-09152011.dat (agency code and date)</li> <li>o C001-Health.dat (agency code and type of debt)</li> <li>o C060-PurgeandReplace.txt (agency code and request)</li> </ul> </li> </ul>	<p style="text-align: center;"><b>EXCEL FILE NAMES</b></p> <ul style="list-style-type: none"> <li>▪ Good file names examples (prefer w/ agency code &amp; date) <ul style="list-style-type: none"> <li>o M001Debtsetoff.xls (agency code)</li> <li>o M073trans-updates.xls (agency code and request)</li> <li>o M358trans-09152011.xls (agency code and date)</li> <li>o C901-paid-0901thru0930.xls (agency code, type and date)</li> </ul> </li> </ul>
<p style="text-align: center;"><b>IMPORT STATUS REPORT</b></p> <ul style="list-style-type: none"> <li>▪ The following is provided via email on Monday in preparation for file to be sent Tuesday morning to Dept of Revenue: <ul style="list-style-type: none"> <li>o # of Debtors and Debts: added, updated</li> <li>o # of Debtors and Debts: rejected with amount</li> <li>o # of Debtors and Debts: expired or not date compliant</li> <li>o Debt Amounts; previous, current and net difference</li> </ul> </li> <li>▪ Check this information and contact Clearinghouse immediately if problem is discovered</li> </ul>	<p style="text-align: center;"><b>IMPORT STATUS ERRORS</b></p> <ul style="list-style-type: none"> <li>▪ Errors/rejections are identified: <ul style="list-style-type: none"> <li>o First and/or last name missing</li> <li>o Invalid SSNs</li> <li>o Debts Imported with Future Compliance dates</li> <li>o Debts Expired</li> <li>o Debt Amount \$50,000 or more</li> </ul> </li> <li>▪ Make corrections and re-submit as soon as possible</li> <li>▪ Contact the Clearinghouse for assistance</li> </ul>
<p style="text-align: center;"><b>COMBINE DEBT EXAMPLES</b></p> <p><b>1. Combine Debts (all less than \$50) for one department</b></p> <ul style="list-style-type: none"> <li>J Health Debt #1 - \$30</li> <li>J Health Debt #2 - \$20</li> <li>J Health Debt #3 - \$15</li> <li>J Health Debt #4 - \$15</li> <li>J Combine all four into one debt for \$80 – one \$15 fee would be added by the Clearinghouse for total of \$95</li> </ul>	<p style="text-align: center;"><b>COMBINE DEBT EXAMPLES</b></p> <p><b>2. Combine Debts (all less than \$50) for multiple departments</b></p> <ul style="list-style-type: none"> <li>J Health Debt #1 - \$30</li> <li>J Utilities Debt #2 - \$45</li> <li>J Parking Ticket Debt #3 - \$45</li> <li>J Library Fine Debt #4 - \$15</li> <li>J Combine all four into one debt for \$135 – one \$15 fee would be added by the Clearinghouse for total of \$150</li> </ul>
<p style="text-align: center;"><b>COMBINE DEBT EXAMPLES</b></p> <p><b>3. Combine Debts (all less than \$50) for one department</b></p> <ul style="list-style-type: none"> <li>J Tax Debt #1 - \$40</li> <li>J Tax Debt #2 - \$45</li> <li>J Tax Debt #3 - \$45</li> <li>J Combine all three into one debt for \$130 – one \$15 fee would be added by the Clearinghouse for total of \$145</li> </ul>	<p style="text-align: center;"><b>COMBINE DEBT EXAMPLES</b></p> <p><b>4. Combine (one \$50+ all others &lt; \$50) for multiple depts.</b></p> <ul style="list-style-type: none"> <li>J Utilities Debt #1 - \$70</li> <li>J Health Debt #2 - \$15</li> <li>J Parking Ticket Debt #3 - \$25</li> <li>J Combine all four into one debt for \$110 – one \$15 fee would be added by the Clearinghouse for total of \$125</li> </ul>
<p style="text-align: center;"><b>YEAR-END CLEANUP</b></p> <ul style="list-style-type: none"> <li>▪ November: Excel files provided of all: <ul style="list-style-type: none"> <li>o expired debts and rejected SSNs/Names from Dept. of Revenue</li> <li>o January: Removal of all \$0.00 debts and expired debts</li> </ul> </li> <li>▪ Client software has clean-up features: <ul style="list-style-type: none"> <li>o \$0.00 debts (all or setoff), &lt; \$50.00 (all or setoff)</li> <li>o Expired debts (all, \$0.00 or &lt; \$50.00)</li> <li>o Note: causes history of setoffs to be removed</li> </ul> </li> </ul>	<p style="text-align: center;"><b>SECURITY TIPS/REMINDERS</b></p> <ul style="list-style-type: none"> <li>▪ We can find with just last four SSN and last name</li> <li>▪ Never send debtor/debts with real SSNs via email</li> <li>▪ Never put an SSN in an email, we can find by name or other information such as account number</li> <li>▪ Call us for immediate information and safer than email also</li> <li>▪ Change your password in our software from the basic default one. Create one with strong security, combination characters (numbers, alphabetic, numbers)</li> <li>▪ Request a password change when a debt setoff user terminates</li> </ul>

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### **EMAIL**

- Several types of email distribution lists
  - Funds received/Import Status report (10 emails max.)
  - Upload/Download confirmations
  - Setoff files not downloaded reminder (Feb – May)
  - Information: instructions, newsletters, workshops, etc.
- Can selectively choose which list(s) to be included, update info at: <http://www.ncsetoff.org/NamesDepts&Email.htm>
- Call or email when someone retires or terminates and give any replacement name, phone and email information
- Contact us if you or anyone in your local government does not receive emails, especially the funds received email
- TIP: it could be a spam filter causing emails to be rejected, check with your I.T., especially if no one is receiving
- We can provide IP addresses to your I.T. staff to whitelist

### **STATUTE OF LIMITATIONS**

- N.C. Local Government Debt Setoff Clearinghouse cannot provide any laws or regulations as there are varying interpretations. Here are some issues to consider:
  - Statutes of Limitations are more concerned with how far back debt activity goes rather than how far into the future you can attempt to collect
  - Taxes: **Can go back 10 years since last activity** (bill/invoice sent) for taxes. Recommend not submitting to debt setoff if no invoice/bill has been sent in 10 or more years.
  - Non-taxes: **Can go back 3 years since last activity** (bill/invoice sent) for all other debts. Recommend not submitting to debt setoff if no invoice/bill has been sent in 3 or more years.
  - Once due process notification letters have been sent and there is no response/appeal from debtor, consider many years in the future as an expiration date
  - A legal reference from the N.C. Attorney General in 1996 before the Local Govt. Debt Setoff program that local government debts are not subject to the Statute of Limitations: <http://www.ncdoj.gov/about-DOJ/Legal-Services/Legal-Opinions/Opinions/270.aspx>

### **NEWSLETTERS**

- Seventeen Newsletters have been created and posted on the website Information/News page. The following are the past 12:
  - 2016 Pre-Workshop – July 29, 2016
  - 2016 Well Into Another Year – May 9, 2016
  - 2015 Year-end – December 28, 2015
  - 2015 Post-Workshop Edition – October 29, 2015
  - 2015 Pre-Workshop Edition – June 30, 2015
  - 2015 Beginning a New Tax Year – January 22, 2015
  - 2014 Year End Edition – December 18, 2014
  - 2014 Post-Workshop Edition – October 31, 2014
  - 2014 Pre-Workshop Edition – July 31, 2014
  - 2014 Early Summer Edition – June 16, 2014
  - 2014 Beginning A New Tax Year – February 3, 2014
  - 2013 Year-end Supplement – December 19, 2013
- Access all of the above: <http://www.ncsetoff.org/news.htm>

### **SETOFF PROCESS-BEHIND THE SCENES**

- Receive files on Tuesday, begin processing for distribution of reports/files to local with goal of completion by:
  - Thursday close of business for Friday a.m. (Feb-May)
  - Wednesday close of business (June-Dec)
- Verify Dept of Revenue files balance with Capital Mgt deposit
- Process Dept of Revenue and Education Lottery setoff files
- Ensure no fees taken if already taken this year
- Check different last name/first names for same SSN/ITIN and check with Dept. of Revenue on the correct name
- Check Expiration and Compliance dates and apply debts to local govt(s) with valid dates
- Apply setoff surpluses to other local government debts
- Create surplus (possible refunds) report and excel file
- Create excel file of all debts and relevant information

### **STATUTE OF LIMITATIONS (CONT.)**

- N. C. Local Government. Debt Setoff Clearinghouse suggests that all local governments discuss with their attorneys as to the expiration dates on debts as they need to feel comfortable in the defense of a debt setoff many years after the debt was delinquent.
- Many local governments adhere to the N.C. Attorney General opinion that these debts are not subjected to the statutes of limitations and place expiration dates far into the future
- As of this date, the Clearinghouse is unaware of any issues with expiration dates/statutes of limitations
- If a local govt. receives a complaint about a debt collected more than 10 years (taxes) or 3 years (non-taxes) after submitted to the debt setoff program, the local government may choose to refund the debtor, including all fees. However, the Clearinghouse not the Department of Revenue will refund their fees.
- We suggest contacting other local governments in your area to discuss how they are interpreting and applying the statute of limitations in determining the debts they submit and the expiration dates they use.

### **NEWSLETTERS HIGHLIGHTS**

- Security
- Importing Excel and ASCII Files from 3<sup>rd</sup> Parties
- Avoiding Disasters – What Others have Done
- Client Software - Updates/Tips/Reminders (each issue)
- Compliance and Expiration Dates
- Department of Revenue Setoff Calendar for Year
- Legislation Updates – Federal Tax
- Interactive Voice Response (IVR) - Uses and Benefits
- Notification Letters
- Refunds – Reasons and process
- Setoff Process – Files and Information Provided
- Statistics
- Statutes of Limitations
- Training Workshops – Schedule and Handouts
- Year-end Cleanup and Preparing for New Tax Year

## *N. C. Local Government Debt Setoff Clearinghouse 2017 Training Workshop Information*

### **HEARINGS**

- Notice of Hearing after Request by Debtor
  - Inform the debtor of the time, date and the place for the hearing
  - Inform the debtor who will hear the challenge
  - Provide the debtor with a pre-hearing contact person
  - Inform the debtor that after the hearing, the local government/agency will mail to the debtor's last known address, a written decision as to whether the debt is owed and the amount
- Post Hearing Procedure
  - Advise the debtor of the hearing decision
  - Inform the debtor that if the debtor disagrees with the decision of the governing body or the person designated by the governing body to hold the requested hearing, the debtor may file a petition for a contested case under Article 3 of Chapter 150B of the General Statutes (the Administrative Procedure Act)

### **HEARINGS (cont.)**

- Inform the debtor that the petition for a contested case must be filed within 30 days after the debtor receives a copy of the local government/agency decision.
- Note: While the statute does not require it, you should send this notification letter by certified mail/return receipt requested, since the appeal time runs from the date the debtor receives notification of the decision. Maintain a copy of any documents and dates along with any tracking documents
- Hearing Officer Requirements/Duties:
  - Knowledgeable about the debt
  - Authority to compromise the debt
  - No conflict – be impartial
  - Follow rules of procedure for all protests
  - May record proceedings
  - Consider only evidence presented at hearing to render decision

### **WEBSITE**

- <http://www.ncsetoff.org>
- Information
  - Legislation
  - Fees
  - Important Announcements
- News
  - Upcoming/Recent Events
  - Training Workshops
  - Past Items of Importance
  - Newsletters
- Forms
  - Annual Participation form
  - Memorandum of Understanding
  - Local Agency Certification
  - Multiple Unit Collection Rider
  - Sample Resolution for Board Adoption
  - Sample Notifications/Appeals Tracking
  - Sample Notification letters
  - Housing Authority Rider
  - New Participant Checklist
  - Social Security Number Guide
  - ASCII/Excel layouts
  - Inter Transfer Fund (Capital Management Account)
  - Hardcopy Data Entry Guide and Forms
    - ) Taxes
    - ) Non-taxes
- Dept of Revenue Setoff Calendar
- Setoff Process – status of upcoming/ongoing setoff file
- Client Software
  - Request for Training
- Frequently Asked Questions
- Participating Local Governments
- Statistics
  - Current Year, Past Years, Averages
- Support/Contact Information

### **CLEARINGHOUSE SUPPORT**

- Participation Form Submission
- Provide details on setoff history (2002 – present) to answer questions from debtors, local governments, Department of Revenue or Education Lottery
- Secure web browser interface for transmitting debts from external billing system(s) (ASCII or EXCEL)
- Consultation with your I.T. staff and third-party vendors
- Create excel file of all debtors and debts, even for one or more departments
- Password changes
- Restore past setoff files
- Data entry additions, updates and letter creation
- Email additions and updates for upload confirmations, import status reports, newsletters, workshop notices and software upgrades
- Remote support for installation, training and support of client software for servers and unlimited workstations
- Client Software support:
  - Assistance/training
  - Entering debtors and debts
  - Generation of notification letters
  - Creation of pdf files of notification letters
  - Create users and permissions
  - Create account codes and configure details for letters
  - Set years for expiration dates when adding debts
  - Import ASCII or Excel from external systems or manually created
  - Reports
  - Creation of Excel or ASCII exports
  - Year-end cleanup: remove \$0.00, less than \$50 and/or expired debts, setoff or not setoff
  - Restore debts/and or software in the event of a disaster or a new computer
- **RANDOM TIP: The Clearinghouse does NOT combine debts to meet the \$50, you must combine manually**

***N. C. Local Government Debt Setoff Clearinghouse  
2017 Training Workshop Information***

***CLEARINGHOUSE INFORMATION***

- N.C. Local Govt. Debt Setoff Clearinghouse: (866) 265-1668
  - Bill Walsh – President, Five Star Computing
  - Fran McClary, Billie Mills, Becca Walsh, Linda Kaneft, Marcia Padgett - Customer Services
  - Drew Bryant – Applications Programmer
  - Email: [ncsetoff@ncsetoff.org](mailto:ncsetoff@ncsetoff.org) or [customerservice@ncsetoff.org](mailto:customerservice@ncsetoff.org)
  - Fax: (803) 561-9680
  - Interactive Voice Response (IVR): (877) 843-0330

***OTHER CONTACT INFORMATION***

- NC Assoc. of County Commissioners: <http://www.ncacc.org>
  - Matt Gunnet (919) 715-2354  
    ) [matt.gunnet@ncacc.org](mailto:matt.gunnet@ncacc.org)
- NC League of Municipalities: <http://www.nclm.org>
  - Rob Shepherd (919) 715-9767  
    ) [rshepherd@nclm.org](mailto:rshepherd@nclm.org)
- Capital Management Trust of the Carolinas: (800) 222-3232
  - Contacts: Randy or Rebecca
- NC Department of Revenue Setoff Unit (919) 814-1119
- Education Lottery: contact Clearinghouse