

**Disclaimer**

- We recommend not printing this before October 9
- Some of the following slides may be changed or even removed before October 16 in order to fit the allowed timeframe of 2.5 hours
- Additional slides may be added prior to the workshops
- Some slides may appear in the actual presentation that are not in this document for security reasons – as presentations and pdfs are posted on the website

Date of this version – October 6, 2024

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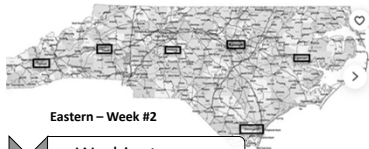

**2024 Debt Setoff Training Workshops (24rd Year)**

**Western – Week #1**

- Oct. 15 • Waynesville (cancelled)
- Oct. 16 • Newton
- Oct. 17 • Asheboro

**Eastern – Week #2**

- Oct. 29 • Washington
- Oct. 30 • Wilmington
- Oct. 31 • Raleigh


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**Tentative Schedule**

- 1) 9:30 – 10:50 a.m.
- 2) 10:50 – 11:00 a.m. (Break)
- 3) 11:00 – 12:00 noon

Will not go beyond 12:00 – but will stay for questions/conversation




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**Virtual Version of Today's Workshop**

- Online meeting for counties, agencies, municipalities, housing authorities and vendors
- **Wednesday, November 6, 2024: 9:30 – 11:30 a.m.**
  - Requires online registration

<http://www.ncsetoff.org/2024VirtualWorkshopRegistration.htm>

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**Excluded From Today's Agenda**

- Client Software
  - Special 1 ½ hour online meeting for counties, agencies, municipalities and housing authorities
  - **Wednesday, November 13: 10:00 – 11:30 a.m.**
    - Requires online registration

<http://www.ncsetoff.org/2024VirtualSoftwareRegistration.htm>

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**Detailed Agenda**

- Introduction of Presenters
- Purpose of Workshops
- New Participants
- Five Star Computing
  - Transition
  - Security
- Hearings
- Due Process
- Dept. of Revenue Requirements
- Debtors
- Debts
- Setoff Process

- Adjustments
- Year-end Cleanup
- Analytics
- 2025 Participation Form
- Avoiding Disaster/Refunds
- Avoiding Security Issues
- Avoiding Refunds
- Interactive Voice Response
- Dept. of Revenue Requests
- Refunds and Surpluses
- Email Types
- Support and Contact Information

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**Presenters**

- **NC Association of County Commissioners**
  - Matt Bigelow
- **SC Association of Counties**
  - Bill Walsh
  - Alex Smith

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**Training Workshop Purpose**

- Once a year opportunity for both new and returning users of debt setoff
  - Discuss security
  - Reiterate hearings, laws, regulations and requirements
  - Preparing for 2024 year-end
  - Preparing for upcoming 2025 tax year

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**New Participants (1 of 1)**

- **No Longer a Separate Workshop Session:**
  - Did for nearly 20 years – very few new municipalities, agencies and Housing Authorities remain
  - New Participant Checklist:  
<http://www.ncsetoff.org/NewParticipantChecklist.pdf>
  - Audio workshops on <http://www.ncsetoff.org/Training.htm>

2) New Participants - Startup (audio presentation 10:11 - 11/9/2020)     3) New Process (audio presentation 6:08 - 11/16/2020)  
 4) Status of Counties (audio presentation 6:04 - 11/14/2020)     5) Social Security Numbers (audio presentation 5:08 - 11/16/2020)

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**Security (1 of 1)**

- In depth security detail is not being provided in this workshop
- Five Star Computing's security has been detailed over past few years in these workshops and can be provided if requested. NCACC and NCLM are aware and are updated on security policies and procedures
- SCAC has transitioned to the I.T. and security company used by Five Star Computing. Intellisystems

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**Five Star Computing, Inc. (1 of 2)**

- Contracted administrators for the NC Local Government Debt Setoff Clearinghouse (since inception in 2002) for NCACC and NCLM
- Also contracted administrators for SC Counties Debt Setoff (since inception in 1992\*) for SC Association of Counties
- Located in Columbia, SC

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**Five Star Computing, Inc. (2 of 2)**

- Employees - Year Started / (Years Known)
  - Bill – 1997
  - Drew – 1997 (38 yrs.) - Business Partner
  - Becca – 2013 (33 yrs.) - Daughter
  - Marcia – 2012 (32 yrs.) - SC Dept. of Revenue
  - Fran – 2010 (24 yrs.) - State of SC I.T.
  - Billie – 2014 (11 yrs.) - Banking I.T. Security
  - Grace – 2019 (6 yrs.) - First Full-time job
  - Hannah – 2024 (28 yrs.) - Daughter of business partner
  - Stephanie – 2024 (9 yrs.) - Daughter of childhood neighbor

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**Five Star Computing to SCAC (1 of 4)**

- **Timeline**
  - **October 2023:**
    - Bill decides to announce plans to retire by 2026
    - Meets with SC Association of Counties (SCAC)
    - Informs NC Association of County Commissioners (NCACC) and NC League of Municipalities (NCLM)
  - **May 2024:**
    - SCAC assumes Five Star employees and business operations
  - **July 2024:**
    - NCACC and NCLM sign 3 year agreement with SCAC
  - **August 2024:**
    - Announcements via email to all NC debt setoff contacts

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**Five Star Computing to SCAC (2 of 4)**

- **Clearinghouse Transition**
  - **October 2024:**
    - SCAC explains in detail at the training workshops
    - **Changes:**
      - ✓ New branding
      - ✓ New client software update
      - ✓ Website changes
        - survey and analytics
      - ✓ Email addresses to change
  - **December 2024:**
    - Five Star Computing, Inc. ceases to exist

Monday – Thursday: 9:00 a.m. – 5:00 p.m.  
Friday: 9:00 a.m. – 1:00 p.m.

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**Five Star Computing to SCAC (3 of 4)**

- **Clearinghouse Transition – email addresses changing**

Name	Current	New
Bill Walsh	billwalsh@fivestarc computing.com	bwalsh@ncsetoff.org
Hannah Bryant	hannah@fivestarc computing.com	hbryant@ncsetoff.org
Fran McClary	franmcclary@fivestarc computing.com	fmccclary@ncsetoff.org
Grace Olkowski	grace@fivestarc computing.com	golkowski@ncsetoff.org
	ncsetoff@ncsetoff.org	
	customerservice@ncsetoff.org	

Expected to begin in December 2024 – notifications will be provided and short-term automatic forwarding will occur

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### Five Star Computing to SCAC (4 of 4)

- Movelt Transfer Site – eventually `fivestarcomputing` will be removed

<https://setoff.fivestarcomputing.com/>

Client software users don't actually go to this website. The software handles this automatically

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### New Clearinghouse - Branding

**N★C LOCAL GOVERNMENT DEBT SETOFF CLEARINGHOUSE**

**N★C LOCAL GOVERNMENT DEBT SETOFF CLEARINGHOUSE**

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### Security and Retention (1 of 1)

- **September 2024** the Clearinghouse deleted all submissions and setoffs prior to 2017
  - Includes backups and encrypted drives
- **Starting in December** the Clearinghouse is now requiring all participants to run year-end processes (instructions will be provided and assistance if necessary)

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**Hearings – Basics (1 of 3)**

- **Hearing Officer:**
  - Is rarely needed (most debtors do not receive and/or respond to letter)
  - Is required to be identified on the annual participation form
  - Can be the Debt setoff coordinator but an Attorney is recommended
  - Should be known to each participating department

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**Hearings – Basics (2 of 3)**

- **Hearing Officer:**
  - Must be Impartial
  - Knows the Procedures
  - Authority to compromise the debt
  - No conflict
  - Should not research the debtor or the debt
  - Consider only evidence presented at the hearing to render decision
  - Provide written decision to all parties

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**Hearings – Basics (3 of 3)**

**Hearing – Audio Presentation:**

- <http://www.ncsetoff.org/Training.htm>

4) Hearings (audio presentation 6:49 - 11/16/2020)

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**Due Process (1 of 6)**

- **Letters:**
  - Must be sent to last known address
    - Even if know letter will be returned
    - Should forward to new address if obtained
  - Does not have to be sent certified
  - Do NOT send BEFORE 60 days delinquent




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**Due Process (2 of 6)**

- **Letters:**
  - Only have to be sent ONCE
    - Regardless of time debt remains in for collection
    - Amount can change, due to interest/fees
    - If send again, or include with new debt, debtor may believe they have new appeal period

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**Due Process (3 of 6)**

- **Letters:**
  - Letterhead/envelope
    - Must be of local government's, not third-party
    - Contact information must be local government's
    - Local government can refer callers to third-party
  - Spanish version not required

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**Due Process (4 of 6)**

- **Letters:**
  - Retain a copy of the letter for future proof (even if using a vendor)
  - Pdf recommended and save to external media and save according to retention records (debtors may ask/demand proof once setoff)

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**Due Process (5 of 6)**

- **Letters:**
  - The Clearinghouse does NOT retain a copy of the due process letter, even if using our client software!
    - Generated pdf resides on the local government computer.
  - Local governments are responsible for the proof of due process!

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**Due Process (6 of 6)**

- **Due Process – Audio Presentation:**
  - <http://www.ncsetoff.org/Training.htm>

5) Due Process (audio presentation 6:30 - 11/16/2020)

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### Methods of Collection (1 of 1)

Can do multiples, even simultaneously. Be sure to modify balances in other methods if collect in any one.

Clearinghouse does NOT send information to any credit reporting entities.

Clearinghouse ONLY sends to the NC Department of Revenue who then shares with NC Education Lottery.

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### Department of Revenue - Requirements (1 of 1)

- **The accuracy of the data (debtor and debt) submitted to Department of Revenue is critical for the possibility of being setoff**
  - SSN (critical) Entire 9 digits and first four of Last Name must match – otherwise requires manual intervention to be setoff.
  - Last Name (critical) Cannot be blank – Suffix (Jr, Sr, III, etc.) also helps
  - First Name (important) Cannot be blank – Middle initial optional

Cannot collect on a business name, even though the law allows (ONE EXCEPTION – another local government previously submitted same SSN with Last and First Name)  
No Drivers License Numbers nor Business IDs will be setoff !

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### Debtors (1 of 3)

- **Only methods for collection:**
  - 1) Social Security Numbers
  - 2) Individual Tax Identification Numbers (ITINs)
    - Start with 9 and second section range of 70 – 88
    - i.e.: 9xx-70-xxxx or 9xx-88-xxxx
    - Currently 21,751 debtors for \$5,196,399 in debt with ITINs

Can't submit for owners in corporation, only individual owner against their SSN, not business ID number

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**Debtors (2 of 3)**

- **Statutes allow for collection against businesses:**
  - Department of Revenue’s legacy system does not setoff against business identification numbers
    - unlikely for a business to get a tax refund anyway
- **Clearinghouse no longer imports debtors into software without valid looking SSNs/ITINs**
- **Clearinghouse no longer generates due process letters without valid looking SSNs/ITINs**
  - Microsoft Word template available for local governments to send their own letters

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**Debtors (3 of 3)**

- **Acquiring Social Security Numbers (SSNs):**
  - Clearinghouse cannot assist in acquisition
  - Vendors available for acquisition (contact us for recommendations)
  - Many local governments, especially counties, have contracts (check with Finance, Tax, Police)

Local governments are allowed to acquire/contract to obtain SSNs.

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**Debts (1 of 17)**

- **Debt Requirements:**
  - ANY DEBT owed to a local government
  - Must be delinquent at least 60 days
  - Must be an individual debt, not corporate, etc.
    - Even though law allows for corporate – NC Dept. of Revenue’s legacy system does not
  - Must be \$50 or greater – no longer submitted if balance drops below \$50 – even if setoff caused balance to go below \$50

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### Debts (2 of 17)

- Debt Requirements:**
  - Debts \$50 or more need to be submitted separately
  - Debts can be combined to meet the \$50
    - Should not combine tax debts with non-tax debts, if accruing interest
    - Clearinghouse DOES NOT combine debts, all debts stand alone!

Over \$50 if combined - \$50.94

Original Account	Debt Amount	Setoff Amt	Setoff Date	Code	Account Number	Expiration Date	Compliance Date
45.00	45.00	0.00	11-21-2023	H/LT	896528-24	06-15-2021	06-15-2021

Will not go to Dept. of Revenue unless combined

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### Debts (3 of 17)

- Debt Requirements:**
  - Debts \$50 or more need to be submitted separately
  - Debts can be combined to meet the \$50
    - Should not combine tax debts with non-tax debts, if accruing interest
    - Clearinghouse DOES NOT combine debts, all debts stand alone!

Combined and made stand out with \*\*

Original Account	Debt Amount	Setoff Amt	Setoff Date	Code	Account Number	Expiration Date	Compliance Date
26.04	75.94	0.00	11-21-2023	H/LT	896528-11	06-15-2021	06-15-2021

Will go to Dept. of Revenue since combined

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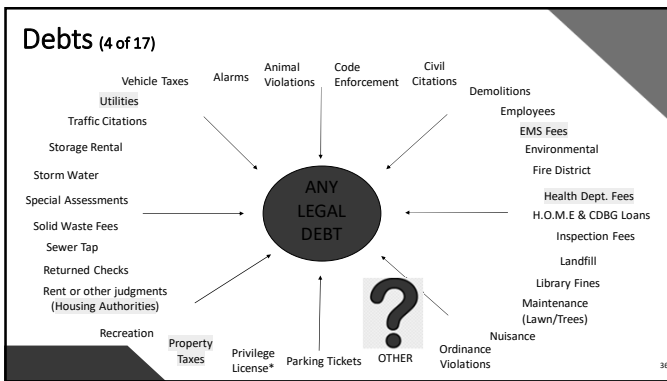
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**Debts (5 of 17)**

- **Debt Characteristics** (required for each debt):
  - Compliance Date (Start) – date local government certifies that due process letter generated/sent and at least 30 days passed
  - Expiration Date (End) – date local government chooses to cease the attempt to collect for this debt in the debt setoff program

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**Debts (6 of 17)**

- **Statute of Limitations:**
  - Clearinghouse requires that debts submitted to the debt setoff program adhere to the following:
    - When the due process letters are generated and sent, there is some type of proven activity (invoice/bill, payment) within 3 years for non-tax debts and 10 years for tax debts
    - If so, debt does not have to expire
  - Local government has discretion to be more restrictive and choose not to submit debts as far back or keep in for as long



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**Debts (7 of 17)**

- **Statute of Limitations – Audio Presentation:**
  - <http://www.ncsetoff.org/Training.htm>

6) Statute of Limitations (audio presentation 6:34 - 11/16/2020)

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**Debts (8 of 17)**

- Criteria for Sending Weekly to Dept. of Revenue

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    graph LR
      A["1) Debt Amount  
Must be $50  
or  
more"] --> B["2) Compliance Date  
Must  
have  
passed"]
      B --> C["3) Expiration Date  
Must  
not  
have  
passed"]
  
```

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**Debts (9 of 17)**

- Fees:**
  - Clearinghouse adds \$15 to EACH debt BEFORE sending weekly to the Dept. of Revenue (who forwards every two weeks to Education Lottery)
  - Once a \$15 fee has been taken in a calendar year, no additional fee is added (reset to \$15 next year)
  - DOR and Lottery legislated to take \$5 for EACH setoff
  - Local governments cannot add their own collection fee!

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**Debts (10 of 17)**

- Priority:**
  - New debts (by SSN/ITIN and Unique Id) are marked with date and time
  - Existing debts retain their priority order
    - Debts below \$50 and/or expired are deleted at year-end, losing priority

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### Debts (11 of 17)

Details for Debts at Dept. of Revenue and Lottery:

- Each SSN/ITIN sent with one combined debt amount, including fees
- ONLY ONE First Name, Middle Initial, Address and Debt Amount (no local govt. info provided)
  - Clearinghouse uses oldest CURRENT submission of the Full Name with SSN/ITIN
  - May not be the correct Name with this SSN/ITIN
  - Dept. of Revenue no longer provides rejected lists

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### Debts (12 of 17)

- Example of Debts for a Debtor:
  - 5 debts (2 counties, 2 municipalities)

SSN	LAST NAME	FIRST NAME	INIT	ADDRESS	CITY	STATE	ZIP	DEBT AMOUNT	DEPT TYPE	DATE LOADED	ENTITY
949-12-3456	STONE	MARTHA	E	1014 WEST SINGLE STREET	CENTRAL	NC	28991	100.00 TAX		5/1/2018	COUNTY 1
949-12-3456	STONE	MARTHA	E	1014 WEST SINGLE STREET	CENTRAL	NC	28991	100.00 UTL		7/30/2020	COUNTY 1
949-12-3456	STONE	MARTY		318 CIRCLE DRIVE	WESTERN	NC	28103	100.00 EMS		6/30/2022	COUNTY 2
949-12-3456	ARCHIBALD	MARTHA	S	980 BALMY BRUSH RD	FAR WESTERN	NC	28065	100.00 TAX		12/15/2023	CITY 1
949-12-3456	DAILY	EUGENE		19635 HWY 164 EAST	BRUSHTON	NC	28123	100.00 PUG		2/16/2024	CITY 2

Combined in preparation for Dept. of Revenue

SSN	LAST NAME	FIRST NAME	INIT	ADDRESS	CITY	STATE	ZIP	DEBT AMOUNT	DEPT TYPE	DATE LOADED
949-12-3456	STONE	MARTHA	E	1014 WEST SINGLE STREET	CENTRAL	NC	28991	100.00 TAX		5/1/2018

(5) \$100 debts

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### Debts (13 of 17)

- Example of Debts for a Debtor:
  - 5 debts (2 counties, 2 municipalities)

SSN	LAST NAME	FIRST NAME	INIT	ADDRESS	CITY	STATE	ZIP	DEBT AMOUNT	DEPT TYPE	DATE LOADED	ENTITY
949-12-3456	STONE	MARTHA	E	1014 WEST SINGLE STREET	CENTRAL	NC	28991	100.00 TAX		5/1/2018	COUNTY 1
949-12-3456	STONE	MARTHA	E	1014 WEST SINGLE STREET	CENTRAL	NC	28991	100.00 UTL		7/30/2020	COUNTY 1
949-12-3456	STONE	MARTY		318 CIRCLE DRIVE	WESTERN	NC	28103	100.00 EMS		6/30/2022	COUNTY 2
949-12-3456	ARCHIBALD	MARTHA	S	980 BALMY BRUSH RD	FAR WESTERN	NC	28065	100.00 TAX		12/15/2023	CITY 1
949-12-3456	DAILY	EUGENE		19635 HWY 164 EAST	BRUSHTON	NC	28123	100.00 PUG		2/16/2024	CITY 2

2) Same person? YES

3) Same person? HIGHLY LIKELY

4) Same person? PROBABLY (MARITAL STATUS CHANGE?)

5) Same person? HIGHLY DOUBTFUL (SSN ERROR?)

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### Debts (14 of 17)

- **Example of Debts for a Debtor:**
  - **Original debts**

SSN	LAST NAME	FIRST NAME	INIT	ADDRESS	CITY	STATE	ZIP	DEBT AMOUNT	DEPT TYPE	DATE LOADED	ENTITY
949-12-3456	STONE	MARTHA	E	1014 WEST SINGLE STREET	CENTRAL	NC	28991	100.00	TAX	5/1/2018	COUNTY 1
949-12-3456	STONE	MARTHA	E	1014 WEST SINGLE STREET	CENTRAL	NC	28991	100.00	UTL	7/20/2020	COUNTY 1
949-12-3456	STONE	MARTY		1018 CIRCLE DRIVE	WESTERN	NC	28103	100.00	SMS	6/18/2022	COUNTY 2
949-12-3456	ARCHIBALD	MARTHA	S	900 BALMY BRUSH RD	FAIR WESTERN	NC	28065	100.00	TAX	12/15/2023	CITY 1
949-12-3456	DALY	EUGENE		19635 HWY 164 EAST	BRUSHTON	NC	28123	100.00	PKG	2/16/2024	CITY 2

- **Combined debts and fees (5 x \$15) for Dept. of Revenue**

SSN	LAST NAME	FIRST NAME	INIT	ADDRESS	CITY	STATE	ZIP	DEBT AMOUNT (with fees)
949-12-3456	STONE	MARTHA	E	1014 WEST SINGLE STREET	CENTRAL	NC	28991	\$75.00

\$500 + (5) \$15 fees

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### Debts (15 of 17)

- **What Can Department of Revenue answer if called by Debtor?**

SSN	LAST NAME	FIRST NAME	INIT	ADDRESS	CITY	STATE	ZIP	DEBT AMOUNT (with fees)	AGENCY
949-12-3456	STONE	MARTHA	E	1014 WEST SINGLE STREET	CENTRAL	NC	28991	\$75.00	0159

Agency 0159 - Local Government debt setoff Clearinghouse

- Department of Revenue has no idea it is County 1 or 2, nor City 1 or 2
- They only know it is agency 0159 – local government Clearinghouse
- Cannot tell Martha Stone/Archibald any other details:
  - No way to know of a debt in name of Eugene Daly being taken

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### Debts (16 of 17)

- **Example of Debts for a Debtor:**
  - **Setoff occurs for \$500.00 from Dept of Revenue**

SSN	LAST NAME	FIRST NAME	DEBT AMOUNT	ACCOUNT NUMBER	ENTITY	Setoff		Balance after		Remains of Setoff
						Amount	Fee	Setoff	Setoff	
949-12-3456	STONE	MARTHA	100.00	PP-2017-981531	COUNTY 1	100.00	15.00	0	85.00	1
949-12-3456	STONE	MARTHA	100.00	W-1009713-N	COUNTY 1	100.00	15.00	0	270.00	2
949-12-3456	STONE	MARTY	100.00	E21-109876	COUNTY 2	100.00	15.00	0	155.00	3
949-12-3456	ARCHIBALD	MARTHA	100.00	T-10180-2022	CITY 1	100.00	15.00	0	40.00	4
949-12-3456	DALY	EUGENE	100.00	USP-1012	CITY 2	40.00	0.00	60	0.00	5

- **Remaining debts**

SSN	First Name	Mid Init	Last Name	Address	City	State	Zip	Debt Amount (w fees)
5 949-12-3456	Jane	Q	Public	101 Main St	Central	NC	28999	75.00 PKG 101021 01/13/2017 City 2

\$60 + \$15

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### Debts (17 of 17)

- **Submission to Clearinghouse:**
  - Can be submitted daily, file overwrites and remains on secure folder until Friday
  - Recommend at least weekly (Friday by 5 pm suggested)
  - Processed beginning Friday evening, ends Sunday
  - Status results provided by email by Monday
  - Changes at local government MUST be transmitted to Clearinghouse in order to be adjusted at Dept. of Revenue

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### Setoffs (1 of 10)

- Occur 21 – 22 times per year
- Usually 2<sup>nd</sup> and 4<sup>th</sup> Tuesdays
- Starts in February, ends mid-December
- Deposits from Department of Revenue and Education Lottery go directly into Capital Management
- Clearinghouse informs Capital Management how much to deposit into each local government account
- Must have a Capital Management account (starts with 47) in order to participate
  - Clearinghouse can only direct deposits into ONE Capital management account
  - Local governments can use reports and files to internally make deposits if multiple department/account codes

2024 DOR Setoff Calendar:  
<http://www.ncsetoff.org/DORCalendar.htm>

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### Setoffs (2 of 10)

- **Setoff Files Availability:**
  - When receive the following email:

ncsetoff@ncsetoff.org  
 NC Local Govt Debt Setoff Clearinghouse has processed a file from NCDOR & NCEL

• **Notes:**

- [1] Six attendees 2024 Workshops have been scheduled for October. There is also one virtual workshop on November 6 and one virtual on the client software on November 13.  
[Click here for more information and the links to register.](#)
- [2] The required 2025 ParticipationForm is ready. It must be completed by December 31.  
[Click here to submit the first of two steps.](#)

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### Setoffs (3 of 10)

- **Setoff Files Availability Email:**
  - REMINDERS:
    - Transmit Balance file
    - Other available files
      - Excel file of all setoffs
      - surplus (if any)
  - SECURITY REMINDERS
  - SURPLUS REMINDERS
  - PASSWORD REMINDERS
  - SETOFF IMPORT REMINDERS

**SECURITY REMINDERS:**

1. BE CAREFUL PRINTING REPORTS WITH FULL SOCIAL SECURITY NUMBERS (SSN)- OUR SOFTWARE HAS SETTINGS TO MASK SSN.
2. DO NOT SEND UNSECURED EMAILS WITH SOCIAL SECURITY NUMBERS, EVEN TO THE CLEARINGHOUSE!
3. VIOLATING THIS SECURITY MAY RESULT IN YOUR LOCAL GOVERNMENT BEING SUSPENDED FROM THE DEL SETOFF PROGRAM!

**PASSWORD REMINDERS:**

1. If the TRANSMIT IMPORT FROM CLEARINGHOUSE SETOFF option fails, it is probably the TRANSMIT password has expired.
2. None of the TRANSMIT menu options will function if the 7 day password warning message has been sent but the password was not changed.
3. Please change the TRANSMIT password, if these ADMIN user and password immediately upon receiving the expired warning message.
4. TRANSMIT password does NOT affect the user and password for signing on. ONLY the TRANSMIT menu.
5. Using the ADMIN user and password will allow for the changing of the expired TRANSMIT password.

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### Setoffs (4 of 10)

Change Started July 2024:  
All files have the date appended to the filename,  
except for setoff.txt

- **Setoff Files:**
  1. C/Mnnn.xlsx – all
  2. C/Mnnn.txt – non-client software users
  3. setoff.txt – client software ⚠ ⚠
  4. match.dat - ASCII users ⚠
  5. match-TAX.dat (if requested by local govts.) ⚠
  6. **surplus.xlsx (if any identified surpluses)**

Available Files: C999.xlsx  
Setoff.txt  
surplus.xlsx

Software users

⚠ contains full nine digit SSN    ⚠ deleted once processed

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### Setoffs (5 of 10)

- **C/Mnnn.xlsx:**
  - Contains each debt setoff
    - Identifies account number, department, amount setoff, remaining balance and fee
    - Shows multiple debts setoff for one person
    - Even debts deleted from local government
    - Shows surplus amount
    - Identifies if a different name was sent to Dept. of Revenue
    - Can sum setoff amount column to match Capital Mgt. deposit

SETOFF AMOUNT
110.00
65.00
40.00
108.50
320.00
51.50
<b>695.00</b>

matches Capital Mgt. deposit

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**Setoffs (6 of 10)**

• **C/Mnnn.xlsx:**

SSN	LAST NAME	FIRST NAME	INT	ADDRESS	CITY	STATE	ZIP	DEBT AMOUNT	SETOFF AMOUNT	SETOFF DATE	FEE AMOUNT	ACCOUNT	HEB	DEPT
***-7314	ALDEN	JOHN		1307 Christopher Ln	Cary	NC	27217	0.00	151.54	05/18/2021	0.00	151.54	EMS 80207713	EMA
***-2711	ALLERTON	BARINNER	L	9382 Percival Street	Hickory	NC	27601	166.23	127.77	05/18/2021	15.00	EMS 116547	EMA	
***-8096	ALLERTON	BRITTANY		1050 Bendley Road	Concord	NC	27217	0.00	295.46	05/18/2021	15.00	SR-DRG 09948021	TAX	
***-4096	BRADFORD	HEATHER		878 Elm Street	High Point	NC	27017	539.52	37.28	05/18/2021	15.00	20191801421	TAX	
***-1343	COOKE	HARRIETT		1624 W Oakland St	Chapel Hill	NC	27523	0.00	278.81	05/18/2021	15.00	501201260187	TAX	
***-7140	GARDNER	REBECCA		159 Berry Tree Ln	Statesville	NC	28106	91.88	47.00	05/18/2021	0.00	4302469.00	97	UTL
***-6371	WILLET	ALEXIA		1118 Sara Dr	Concord	NC	27203	428.31	92.69	05/18/2021	15.00	66496	HLT	

Dept. of Revenue no longer provides name and address

Above names are from public list from Mayflower

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**Setoffs (7 of 10)**

• **C/Mnnn.xlsx:**

SSN	LAST NAME	FIRST NAME	ACCOUNT NUMBER	DEPT	UNIQUE USER KEY	DATE	COMPLIANCE EXPIRATION DATE	SOURCE	CLEARINGHO USE SUBMITTED	LAST NAME	FIRST NAME	INT
***-3178	Alden	John	E17-212179	EMS	52867	E17-212179	11/05/2017	02/25/2027	Revenue	ALDEN	JOHN	
***-4140	Allerton	Isaac	06-9613	HLT	54826		11/27/2013	01/01/2099	Revenue			
***-4140	Allerton	Isaac	E12-815305	EMS	53297	E12-815305	08/15/2013	01/01/2099	Lottery			
***-1009	Bradford	Peter	2015-091214	TAX	69275	19002	11/21/2016	01/01/2099	Revenue			
***-0800	Cooke	Francis	E16-567187	EMS	71900	E16-567187	11/05/2017	06/12/2026	Revenue	EATON	FRANCIS	
***-4858	Gardner	Richard	D6609950	DAX	70227	D0000001	07/18/2017	01/01/2099	Revenue	BRACKEN	STEPHANIE	

Possibly wrong person setoff

Above names are from public list from Mayflower

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**Setoffs (8 of 10)**

• **Surplus Excel File:**

- Contains debts setoff identified as a surplus:
  - If recently paid and debt reduced to \$0.00
  - If debt recently deleted in client software
  - If debtor filed multiple refunds (amended/past years)
  - If debtor collected on multiple lottery tickets
  - If setoff by BOTH Dept. of Revenue and Lottery
  - If debt setoff but recently expired (review before refunding)

We DO NOT monitor if surplus files are downloaded

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**Setoffs (9 of 10)**

- **surplus.xlsx:**

All fees put in ONE surplus

SSN	LAST NAME	FIRST NAME	INIT	SURPLUS AMOUNT	FEES	UNIQUE KEY	ADDRESS	CITY	STATE	ZIP	Dept
***-**-3230	ANDERSEN	ALBERT	K	293.00	30.00 26099	3892	Hollow Drive	KNIGHTDALE	NC	27545	ANC
***-**-2133	CLARKE	ADA	E	130.00	63.00 94194	6459	Burling Crest Dr	RALPHIG	NC	27664	PHG
***-**-4223	WAELENS	ACHILLE		81.22	15.00 94017	1340	Barrineau Road	CHARLOTTE	NC	27615	UTL

Surpluses cannot be used for additional debts that have NOT had due process!

Disclaimer: due to manual adjustments between different local governments there may be debts in this file that are NOT actually surpluses. In addition, there may be surpluses NOT included. Research any debts included to determine if a refund for overages need to be returned to the debtor. In addition, check the fee for accuracy. Contact Clearinghouse for exact details.

Above names are from public list from Mayflower

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**Setoffs (10 of 10)**

- **Setoff Information timeline:**
  - File information provided by Dept. of Revenue and Education Lottery (Tuesday) – usually 2<sup>nd</sup> and 4<sup>th</sup> of the month
  - Setoff files and reports available to local governments (Tuesday)
    - Remain for 10 days – please download as same file names used for next setoff!
  - Deposit information provided to Capital Management (Wednesday)
  - Deposit from Dept. of Revenue and Lottery to Capital Mgt. (Friday)
  - Funds available to local governments from Capital Management – (following Tuesday)

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**Adjustments - Email (1 of 8)**

- **Notes and Major Topics:**

**\*\* October 6, 2024 - IMPORTANT INFORMATION \*\***

There are several links in this email. Your I.T. may be blocking links so go to our website to access.

**Announcements:**

1) Five attendee 2024 Workshops have been scheduled for October. Waynesville had been cancelled! There is also one virtual workshop on November 6 and one virtual on the client software on November 13. Click [here](#) for more information and the links to register.

2) The required 2025 Participation Form is ready. It must be completed by December 13. Click [here](#) to submit the first of two steps.

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## Adjustments - Email (2 of 8)

### Setoff Calendar and Deposits

- a) View the entire [2024 Dept. of Revenue Setoff Schedule](#)
- b) View your 2024 Capital Management deposits: [2024 Deposits for Counties and Agencies](#)
- c) View your 2024 Capital Management deposits: [2024 Deposits for Municipalities and Housing Authorities](#)

#### Be sure your information is accurate for debtors:

- we have updated our Interactive Voice Response unit (IVR) with the contact information you provided in the 2023 Participation form
- we suggest you call (877) 843-0330 and enter a social security number of an existing debtor, listen to the contact and phone number for accuracy
- if we set your local government to have different contacts for each department, call and enter a social security from each department and listen to the contact and phone number for accuracy
- email us any discrepancy and the correction and we quickly make the change

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## Adjustments - Email (3 of 8)

g) Please let your L.S. know to contact the Clearinghouse to schedule debt setoff database moves as the Clearinghouse must assist as their are certification keys needed to make debt setoff operational.

h) It is important for all local governments to send weekly balance updates. Every Friday afternoon is the recommendation.

— For those using our software, which is the majority, do the following: TRANSMIT EXPORT TO CLEARINGHOUSE DEBTOR INFORMATION. Then click EXPORT.

— We will process over the weekend and send an Import Status email reflecting the results. This email report identifies any expired or rejected debts along with debts that have a future Compliance Date.

— We send a file to the NC Dept. of Revenue every Tuesday by 10:00 a.m. and they forward to the NC Education Lottery every other Thursday.

— Due to privacy reasons, we no longer receive debtor name or address updates from the NC Dept of Revenue to assist in sending refunds and surpluses.

f) There are three criteria for debts to be sent each Tuesday to the NC Department of Revenue.

- the debt must be \$50.00 or more
- the Compliance Date must have passed
- the Expiration Date must not have passed

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## Adjustments - Email (4 of 8)

#### g) Tips/Reminders:

- the Clearinghouse does not have copies of your required due process letters. We may create them using our software but they are stored on your computer.
- be sure to copy to a more long term media periodically, in the event proof is needed in the future.
- we can only setoff against Social Security Numbers or Individual Tax Identification Numbers (ITIN). We cannot setoff against business tax numbers or drivers license numbers.
- even though the statutes allow for the setoff against businesses, the NC Department of Revenue is not yet capable.
- the NC Department of Revenue does setoffs based on two criteria: 1) the nine digit SSN or ITIN must match and 2) the first four characters of last name matching. If both criteria are met, the tax refund is setoff.
- However, sometimes the NC Department of Revenue does setoff an incorrect debtor and the local government is still responsible for the refund and the fees.

#### Clearinghouse Schedule and Hours of Operation:

- Monday - Thursday - 8:30 a.m. - 5:00 p.m.
- Friday: 8:30 a.m. - 3:00 p.m. - last file import with or without due process letters is 2:00 p.m.
- client software installations: Monday - Thursday - 8:30 a.m. - 4:00 p.m.
- database transfers Monday - Wednesday - 8:30 a.m. - 3:00 p.m.

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### Adjustments - Email (5 of 8)

**Needs Review**

Debtors Rejected:	10
Debts Rejected:	10
Debts Not Yet Compliant:	0
Debts Expired:	36

**Informational - May Need Review**

Debts Not Yet Compliant:	598
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**Perfect**

Debtors Rejected:	0
Debts Rejected:	0
Debts Not Yet Compliant:	0
Debts Expired:	0

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### Adjustments - Email (6 of 8)

#### Weekend Process

Previous Debt Amount  
Current Debt Amount  
Net Amount

Increases/Decreases result from imports and/or manual adjustments at local government. Setoffs offset if local govt. processed the setoff file. Large increases usually from Five Star or internal staff processed a departmental Excel/ASCII file.

Previous Debt Amount:	\$30,996,428.46	Previous Debt Amount:	\$1,844,780.65
Current Debt Amount:	\$84,116,461.71	Current Debt Amount:	\$1,760,073.53
Net Amount:	\$53,120,033.25	Net Amount:	\$64,707.12

3 Files Received

File Name: 03202407.04  
TAK\_ImportStatusList  
TAK\_Summary.pdf

3 Files Received

File Name: 03202407.04  
EMS\_ImportStatusList  
EMS\_Summary.pdf

Previous Debt Amount: \$406,968.97  
Current Debt Amount: \$406,968.97  
Net Amount: \$0.00

If no adds/adj at local govt.

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### Adjustments - Email (7 of 8)

**Errors:**

Reports Import/Export Transmit  
Import Status Error Report

Dept	ERROR	
6596	ANS	Debt Imported with future Compliance Date: 10/30/2022 Debt Amount: 100.00 Acct #: V18-014385
1641	ANS	Debt Imported with future Compliance Date: 10/30/2022 Debt Amount: 50.00 Acct #: V18-014359

Not an Error - but if many years in future, it would be

Dept	ERROR	
9153	EMS	Debt rejected: Expired: 7/3/2013 Debt Amount: 228.03 Acct #: E03-54348
9153	EMS	Compliance Date must be prior to Expiration Date Debt Amount: 228.03 Acct #:
9715	EMS	Debt rejected: Expired: 12/31/2013 Debt Amount: 358.50 Acct #: E03-141646
9715	EMS	Compliance Date must be prior to Expiration Date Debt Amount: 358.50 Acct #:
9785	EMS	Debt rejected: Expired: 11/16/2013 Debt Amount: 483.00 Acct #: E03-120327
9785	EMS	Compliance Date must be prior to Expiration Date Debt Amount: 483.00 Acct #:

Possibly reversed Compliance and Expiration Dates in Import

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### Adjustments - Email (8 of 8)

**Errors:**

Reports Import/Export Transmit  
Import Status Error Report

000-00-0700	HLT	ATTENTION: Debt rejected: Invalid SSN, begins with 0000	Acct #: 948927458
000-00-1343	HLT	ATTENTION: Debt rejected: Invalid SSN, begins with 0000	945227629
000-00-1470	HLT	ATTENTION: Debt rejected: Invalid SSN, begins with 0000	L Acct #: 952405507
000-00-1524	HLT	ATTENTION: Debt rejected: Invalid SSN, begins with 0000	T #: 948864087
000-00-1564	HLT	ATTENTION: Debt rejected: Invalid SSN, begins with 0000	Acct #: 945292952
999-99-0439	UTL	ATTENTION: Debt rejected: Invalid SSN, begins with 9999	Acct #: 1924763753
999-99-1863	UTL	ATTENTION: Debt rejected: Invalid SSN, begins with 9999	REGV Acct #: 8466748557
999-99-1205	UTL	ATTENTION: Debt rejected: Invalid SSN, begins with 9999	Acct #: 2651080237
0583	PKG	Debt rejected: Expired: 3/1/2022 Debt Amount: 50.00	Acct #: 104512841
1961	PKG	Debt rejected: Expired: 3/1/2022 Debt Amount: 50.00	Acct #: 104699055
0583	PKG	Debt rejected: Expired: 3/1/2022 Debt Amount: 100.00	Acct #: 101800000

Cannot begin with 000- or 999-

Not an Error - but consider extending or deleting

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### Year-end Clean-up/Expired Debts (1 of 4)

- Clearinghouse will provide an Excel file of already expired debts or those that will expire by 12/31/2024
  - Only last four of SSN/ITIN is provided
    - Client software users can view entire SSN/ITIN (with access rights) using Report-Expiration
  - We will send an email, with instructions, after placing in your secure folder (automatically deleted after 10 days but can be restored)
  - All Departments in same file
    - sort/separate/distribute if necessary
  - Estimated availability- Tuesday, Nov.5, 2024 (1 day prior to virtual software training)

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### Year-end/Expired Debts (2 of 4)

- Sample Excel file of already expired debts or those that will expire by 12/31/2024 (file available for 10 days)

SSN Last Name	First Name	Acct Nbr	Debt Amount	Expiration Date	Compliance Date	Unique Key	Street Address	City	State	Department
999-00-6518	Dick	Albert	7596771	176.97	12/31/2024	05/15/2019	7596771-404 Key St	ACUSHNET	MA	UTL
999-00-6454	Moran	Sigurd	6812141	2507.00	12/31/2024	05/15/2019	6812141-8003 Bloom Road	Alexandria	VA	TAX
999-00-3543	Bettes	Famous	5043990	203.00	10/12/2024	11/19/2009	5043990-1817 Dines Bay Road	ARCHDALE	NC	HLT
999-00-3914	Fendia	Ernest	7094255	665.90	12/31/2024	03/02/2019	7094255-9818 Clintons Road	ANGIER	NC	TAX
999-00-2626	Oblinoff	Bridget	7569580	859.86	12/31/2024	11/19/2009	7569580-9513 Water Gardens L	CHARLOTTE	NC	TAX
999-00-2839	Stone	Martha	8794565	183.18	12/31/2024	11/19/2009	8794565-404 Sims Way	RALEIGH	NC	EMS
999-00-4460	Dean	Elizabeth	6108159	110.59	12/31/2022	12/19/2009	6108159-21 Boudin St	WAKEFORD	NC	UTL
999-00-9115	Ekstrom	Johan	6757041	684.08	12/31/2024	05/15/2019	6757041-6210 Skinner Rd	ELIZABETHTOWN	NC	TAX
999-00-9027	Sundman	Johan	6758737	787.00	12/31/2024	05/15/2019	6758737-943 Kiley Ct	WINGATE	NC	TAX

SSN last four

By Dept

Above names are from public list from Mayflower

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### Year-end/Expired Debts (3 of 4)

- Avoid the need for a list from Clearinghouse. Run report to see debts expiring by end of this year (client software users)

Some expired debts may be \$0 (setoff or paid)

Select many years prior – to be sure. Recommend 1/1/2000 and go to end of this year 12/31/2024

Above names are from public list from Mayflower

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### Year-end/Expired Debts (4 of 4)

- Also run report to see debts expiring by next year major Tax season (client software users)

Select many years prior – to be sure. Recommend 1/1/2000 and go to end of major tax season 04/30/2025. Even consider choosing end of next year: 12/31/2025

Above names are from public list from Mayflower

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### Year-end Clean-up (1 of 1)

- Consider removing debts no longer attempting to collect on:
  - Debts \$0 not setoff (GOOD) – minimal recommendation
    - Debtors who paid, entered incorrectly, bankruptcy or deceased
    - Client software users can view entire SSN/TIN (with access rights) using Report-Expiration
  - All debts less than \$50 not setoff (GOOD)
  - All \$0 debts (BETTER)
  - All debts less than \$50 (BEST)

Our software has options for each of the above, BY DEPARTMENT

Create Excel export file PRIOR to any clean-up/deletion. Consider unmasking SSNs/TINs.

Setoff report history still retained

Import/Export | Transmit  
Excel File Export

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**Analytics (1 of 4)**  
**Setoffs in 2024 – By Year Debt Submitted**

Year Debt Submitted	Amount Collected in 2024	Year Debt Submitted	Amount Collected in 2024
2004	\$199	2015	\$461,407
2005	\$0	2016	\$836,281
2006	\$522	2017	\$560,647
2007	\$359	2018	\$921,044
2008	\$188	2019	\$1,503,424
2009	\$1,320	2020	\$1,579,704
2010	\$864	2021	\$1,918,748
2011	\$60,371	2022	\$2,605,433
2012	\$371,697	2023	\$4,366,888
2013	\$371,849	2024	\$3,724,543
2014	\$463,484	<b>Total:</b>	<b>\$20,120,821</b>

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**Analytics (2 of 4)**  
**Setoffs in 2024 – By Year Debt Submitted**

- Submitted w/in 3 Years: 2022 - 2024:
  - \$10,696,864 (53%)
- Submitted w/in 5 Years: 2020 - 2024:
  - \$14,195,316 (71%)
- Submitted w/in 10 Years: 2015 - 2024:
  - \$18,478,119 (92%)

**Total Collected in 2024:**

- \$20,120,821

Submitted 2002 - 2014:  
 • \$1,642,702 (8%)

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**Analytics (3 of 4)**

Total Setoffs: 973,248  
 Largest Setoff: \$23,196  
 4/17/2019

- All Setoffs (2017 - present):**
  - \$0.01 - \$49.99: 100,766
  - \$50 - \$199.99: 553,481
  - \$200 - \$999.99: 265,364
  - \$1,000 - \$4,999: 53,605 (2,166 paid in full)
  - \$5,000 - \$9,999: 23 setoffs (16 paid in full)
  - \$10,000+: 9 setoffs (5 paid in full)

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### Analytics (4 of 4)

- **Setoffs for 2024:** Average setoff for 2024: \$204.30
  - \$0.01 - \$49.99: 10,531
  - \$50 - \$199.99: 59,823 (27,342 paid in full)
  - \$200 - \$999: 34,573 (14,769 paid in full)
  - \$1,000 - \$4,999: 554 setoffs (335 paid in full)
  - \$5,000 - \$9,999: 5 setoffs (3 paid in full)
  - \$10,000+: 0 setoff

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### 2025 Participation Form (1 of 11)

[www.ncsetoff.org/2025ParticipationForm.htm](http://www.ncsetoff.org/2025ParticipationForm.htm)

**2025 Annual Participation Form**

2025 PARTICIPATION FORM ALSO REQUIRES COMPLETION OF AN ELECTRONIC SIGNATURE FORM - AN EMAIL WILL BE SENT WITHIN DAYS OF COMPLETION OF THE FORM BELOW

ALLOWS FOR DEBT SUBMISSION FROM DATE OF ELECTRONIC SIGNATURE COMPLETION THROUGH DECEMBER 31, 2025

ONLY ONE FORM NEEDED FOR A LOCAL GOVERNMENT ENTITY - COVERS ALL DEPARTMENTS

THE COORDINATOR AND CONTACT CAN BE THE SAME PERSON

CLICK HERE TO ENTER UP TO 10 NAMES AND EMAIL ADDRESSES - IF ANY CHANGES

CLICK HERE TO VIEW THE 2024 PARTICIPATION FORM INSTRUCTION GUIDE

1) Name

2) Local Government Name

3) Type of Participant

4) Coordinator Name

Main contact for the Clearinghouse

5) Coordinator Phone Number

6) Coordinator Email address

7) Coordinator Email address (re-enter for verifications)

8) Coordinator Mailing Address

9) Contact Name

Contact for debtors. May be the same person as Coordinator

10) Contact Phone Number

11) Contact Email Address

12) Contact email address (re-enter for verification)

13) Hearing Officer and Title/Position

Can have one Hearing Officer or separate ones for each department. Each department needs to know who the Hearing Officer is, in the event of an official hearing/appeal request.

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### 2025 Participation Form (2 of 11)

Can have separate contact (names or departments/groups) for each debt type. Will assist callers and each frustration if can't reach someone can answer questions about their debt.

14) Name and/or Department for Debtors to be referred to when calling the Interactive Voice Response (IVR)

15) Telephone Number for Debtors to be referred to when calling the Interactive Voice Response (IVR)

16) Would you like different contacts and phone numbers for different departments/types of debt?

No - just 1 needed

Yes- please contact Coordinator to discuss

Already Set-up-No changes needed at the time

Already Set-up-Have changes, please contact Coordinator

Phone Number must be to the local government, NOT the vendor!

EMS	Customer Services	919-555-1012
Tax	Tax Office	919-555-1014
HLT	Patient Billing	999-555-1061 ext. 345
UTL	Susan	919-555-1876

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### 2025 Participation Form (3 of 11)

**17) Current Method for Transmitting Debts (if already participating) or Choice (if not yet participating)**

- Client Software: Encrypted Data and Encrypted File Transfer (No Cost)
- Secure Web Access: Encrypted File Transfers: ASCII ONLY (No Cost)
- Hardcopy Forms by Secure Fax (No cost for 50 debtors or less)

Can start with data entry for 50 or less but MUST move to client software after exceeding.

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### 2025 Participation Form (4 of 11)

**18) Type of Debt(s) currently being submitted (for information only)**

- Taxes - Property
- Taxes - Vehicle
- Utilities
- EMS
- Health
- Alarms
- Animal violations
- Assessments
- Civil citations
- Code enforcement

- Demolitions
- Employees
- Environmental
- Fines (library/other)
- Housing
- Inspections
- Landfill
- Loans
- Maintenance (lawn,trees)
- Nuisance

- Ordinance violations
- Parking tickets
- Privilege license (debts prior to 6/30/2015)
- Recreation
- Returned checks
- Sewer tap
- Solid Waste
- Storage rental
- Storm water
- Traffic citations
- None (a new participant)

Check what currently being submitted or anticipated soon, no need to resubmit if add or delete before next year's participation form.

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### 2025 Participation Form (5 of 11)

**19) Other types of debts not listed above**

**20) Name of Person completing this form**  
**21) Title of Person completing this form**  
**22) Email Address of person completing this form**

This is step #1 of 2. The 2<sup>nd</sup> step is the electronic signature. A local government is not fully compliant to participate in 2025 until both steps are complete. However, 1<sup>st</sup> step guarantees debts will not be deleted at beginning of new year.

**Instructions for Completion and Submission:**

- a) Complete Items 1 - 22 above
- b) Click "Submit Form" (REQUIRED) which will submit and clear all entries. Clicking SUBMIT prior to PRINT requires a re-start.
- c) An official 2025 Participation Form will be electronically mailed to the email in #22. The form must be electronically signed by a local government official. A signed original NO LONGER needs to be mailed.

[Submit Form](#)

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### 2025 Participation Form (6 of 11)

**2025 Annual Participation Authorization Form**

I. Local Government Agency: \_\_\_\_\_ ("Local Agency")

II. Local Agency Authorized Official: \_\_\_\_\_ ("Authorized Official")

III. Authorized Official's Title: \_\_\_\_\_

The above named Authorized Official attests that the Local Agency named above will follow the written notice and hearing requirements pursuant to GS Chapter 105A and the Memorandum of Understanding prior to submitting any debts to the N.C. Local Government Debt Setoff Clearinghouse.

By electronically signing below, the Authorized Official is attesting that he/she understands the requirements of both the General Statutes and the Memorandum of Understanding. The Memorandum of Understanding has already been signed and submitted for participating members. The General Statutes are referenced on the Information webpage and the Memorandum of Understanding on the Information/Forms webpage. Included among the requirements in the General Statutes and the Memorandum of Understanding are the following matters to which we call your particular attention:

In 2018 a change went into affect that no longer required a "wet" signature that had to be mailed to NCACC or NCLM. Since original documentation/forms to participate may have been done as early as 2001 by a prior official, this is an affirmation of adherence to the rules and regulations.

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### 2025 Participation Form (7 of 11)

1. Due process notification letters are required. Complete information about these letters may be found on the Information/Forms webpage under "Sample Notification – Appeals – Tracking" and examples are provided. As reminders, the letters MUST:

- a. be a separate letter (cannot be part of a standard bill/invoice)
- b. be on Local Agency's letterhead, not a third-party vendor's
- c. contain contact information for the Local Agency, not a third-party vendor's
- d. reference the General Statutes and Clearinghouse fee
- e. provide details regarding the debt: total amount due and may accrue additional interest
- f. be sent to last known address (even if certain it will be returned)
- g. be saved as a hardcopies and/or electronic copies of letters sent
- h. be mailed at least 30 days before debt is sent to the Clearinghouse, unless Compliance Date on debt is 30 or more days from date letter was mailed
- i. NOT include Social Security Numbers (SSNs) or Individual Tax Identification Numbers (ITINs)

This is step #2 of 2. The 2<sup>nd</sup> step is the electronic signature. A local government is not fully compliant to participate until both steps are complete. However, 1<sup>st</sup> step guarantees debts will not be deleted at new year.

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### 2025 Participation Form (8 of 11)

2. Refund Requests from the Department of Revenue (through the NCACC/NCLM) are not optional or for consideration and must be processed expeditiously and according to instructions from NCACC/ NCLM.

3. Clearinghouse will have contact information for all local government departments participating

- a. Someone in administration/finance will process external vendor file imports if client software and/or a contact is not available or declines to assist
  - i. Ex: Clearinghouse will not import a vendor Tax file through the local government health department

4. Setoff files must be downloaded within 30 days after made available in order to: a) respond to debtor inquiries; b) provide surplus refunds for over payment collections; c) provide reporting support for deposits into Capital Management. Not doing so may result in temporary removal of all debts until setoff file downloads are current.

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### 2025 Participation Form (9 of 11)

5. You must ensure security procedures are in force:

- up-to-date virus protection, malware, etc. for servers and workstations
- files with Social Security Numbers must be protected
  - strongly recommended deleting import files once imported into client software encrypted database
- passwords will be controlled and changed due to staff changes
- unsecured emails to the Clearinghouse will not have any Social Security Numbers or ITINS, in full or partial, in the email or in an attachment
- be advised that the Clearinghouse provides security options:
  - free client software that encrypts social security number, userids and passwords
  - allows for masking of SSNs/ITINS (online and/or print)
  - free data entry options that accept fax forms with debtor information so Local Agency does not have to maintain electronic versions of social security numbers
    - available for local governments starting with 50 or less debtors/debts
    - once a local government has 100 or more debtors and/or debts they must convert to the free client software

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### 2025 Participation Form (10 of 11)

6. NEW for 2025: Year-end cleanup procedures for the purpose of Personal Identifiable Information (PII) are no longer optional (Can do manually as any User or via menu as Administrator)

- Client Software Users
  - DELETIONS:
    - DELETE ALL \$0.00 NOT SETOFF (minimum)
    - DELETE ALL \$0.00 (better)
    - DELETE ALL < \$50 (BEST)
  - EXPIRED DEBTS
    - EXTEND (BEST) OR
    - DELETE (minimum if don't extend)
      - \$0.00 EXPIRED DEBTS (minimum)
      - < \$50 EXPIRED DEBTS (better)
      - ALL EXPIRED DEBTS (BEST)
- Non-client software users
  - Done by Clearinghouse Year-end
  - Beginning January 1, 2025 do not send:
    - Debts below \$50
    - Debts Expired

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### 2025 Participation Form (11 of 11)

• Check the status of your 2025 Participation form

[www.ncsetoff.org/participants.htm](http://www.ncsetoff.org/participants.htm)

→ COUNTIES (99/62) ←

ALABAMA	CUNEIFERLAND (2025)	JOHNSON (2025)	MANCOURT (2025)
ALEXANDER	CURTISS	JONES (2025)	RICHMOND
ALLEGHANY (2025)	DARE (2025)	LEE (2025)	ROBEESON
ANSON	DAVIDSON (2025)	LENOIR (2025)	ROCKINGHAM (2025)
ASHE	DWIGHT (2025)	LINCOLN (2025)	ROWAN (2025)
AVERY (2025)	DYKIN (2025)	MALDEN	RUTHERFORD (2025)
BEAUFORT (2025)	DURHAM (2025)	MADISON	SAMPSON (2025)

Due by end of December or debts will be removed in early January and priority lost.

(2025) – 2 of 2 steps complete

(2025)\* only 1 of 2 steps complete

No year – 0 of 2 steps complete

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### Avoiding Disaster/Refunds (1 of 3)

- Check Weekly Import Status Reports
  - Contact us if a substantial increase or decrease
- Process your setoff files – check setoff calendar
- Transmit Updated Balances to Clearinghouse after Setoffs OR changes to balances
  - Export to Clearinghouse-Debtor Information
- Check/reconcile Capital Mgt. deposits with Setoff Reports

Changes in your client software DOES NOT update at Clearinghouse unless TRANSMIT executed

2021 version of the software automatically transmits after importing setoff.

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### Avoiding Disaster/Refunds (2 of 3)

- Ensure each setoff file is downloaded and processed
- Setoff Calendar:
 

Information	October	November	December
Information	8	5	3
News			
Forms			
Setoff Calendar	22	18	17
- Each 2024 deposit is on the Statistics page:
 

#	County	06-Feb	20-Feb	07-Apr	18-Apr	07-May	15-Sep	24-Sep
1	Alamance County	3,222.48	45.00	34,773.83	48,718.04	62,056.92	2,665.27	635.98
2	Alexander County	0.00	719.88	16,076.12	11,680.87	12,997.01	378.00	434.10
3	Allegany County	0.00	0.00	237.93	1,889.98	838.56	0.00	190.98
4	Anson County	285.18	30.00	11,701.29	8,995.08	8,114.74	388.48	192.70

Use to reconcile with Capital Mgt. statements – contact us if any 2024 setoffs need to be restored

A Setoff Report should exist for each deposit date (client software users).

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### Avoiding Disaster/Refunds (3 of 3)

- Ensure your I.T. is backing up your NCDebtsetoff database
- If lost or encrypted/locked via Ransomware
  - Clearinghouse can regenerate database with debtor balances currently at Clearinghouse
    - Un-recoverable data for local government:
      - Setoff history (Clearinghouse retains)
      - Debt history/adjustments
      - Users with logins and passwords
      - Letter settings

If new computer installed be sure to save NCDebtsetoff database (if used as server) AND pdfs of due process notification letters

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**Avoiding Security Issues (1 of 1)**

- Never send a file with SSN/ITINs and protected identifiable information via email to us
  - We have secure folders for each local government
  - We can connect to your computer and view/assist
- Do not send an email with full SSN/ITINs
  - Call us for inquiries
- Delete ASCII and Excel files once imported into our client software

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**Avoiding Refunds Scenario (1 of 2)**

- Day 1 • Debtor comes in to pay balance on a Monday
- Day 2 • Local government TRANSMITS balances to Clearinghouse next day (Tuesday)
- Day 5 • Clearinghouse processes local government balance file on Friday
- Day 7 • Clearinghouse creates weekly file for Dept. of Revenue on following Monday

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**\*\* Avoiding Refunds Scenario (2 of 2)**

- Day 8 • Clearinghouse transmits to Dept. of Revenue prior to the weekly Tuesday deadline (10 a.m.)
- Day 8 • Dept. of Revenue loads Clearinghouse file Tuesday evening
- Day 9 • Debtor who paid balance the previous Monday can now file tax refund (9 days later)
- Day 15 • Debtor who paid balance the previous Monday can now claim a \$600+ lottery ticket

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### Interactive Voice Response (IVR)

- Debtor receives letter from N.C. Department of Revenue with local government toll free number (877) 843-0330 to find out who has submitted debts
- Local governments can list as many contacts as have debt types
  - Suggest a department/section or just first name

Debtors often do not listen to entire recording (listed at random)

The organizational chart shows the hierarchy of the Department of Revenue, including various divisions and sections. The diagram below it shows a central box for 'Local government' connected to four surrounding boxes: 'ALL-Debt Setoff Coordinator', 'EMS-Billing', 'UTL-Mary', and 'TAX-Finance Department'.

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### Department of Revenue Refund Requests (1 of 4)

- **Why is a Local Government required to return funds to the Department of Revenue on a legitimate debt?**
  - Due to the General Statute (G.S. 105-259) regarding confidentiality, the Department of Revenue cannot disclose the reason(s) for the return of funds
  - Please return funds as soon as possible as interest may apply

Dept. of Revenue has the authority to instruct a local government to return setoff amount and fees.

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### Department of Revenue Refund Requests (2 of 4)

- **Reasons for Dept. of Revenue requesting funds be returned from local governments:**
  - Taxpayer and/or preparer filed fraudulent return
  - Joint return may have names reversed from first ever submission causing wrong person to be setoff
  - May not be a valid refund:
    - Garnishment overpayment
    - Bill overpayment

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## Department of Revenue Refund Requests (3 of 4)

### • If the Department of Revenue requests a refund:

- **NOT OPTIONAL or for investigation against other debts** Signed Participation form refers to this
- Department of Revenue cannot and will not explain due to privacy laws
- Local governments receive a copy of the official letter from Department of Revenue along with detailed instructions from NCACC or NCLM
- Local government must return the amount the Clearinghouse deposited into the local government account
- Department of Revenue returns their \$5 fee, Clearinghouse returns their fee (if taken)
- Outstanding refunds more than 30 days may be subject to interest fee

Debt can and should be restored for possible future collection. Must be done manually in client software.

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## Dept. of Revenue Refund Requests (4 of 4) NCACC/NCLM

### • NCLM and NCACC

- Emails information and instructions to local government from information provided by Department of Revenue and Clearinghouse
  - Once payment received from local government, NCACC/NCLM sends funds along with Clearinghouse fee (if any) to Department of Revenue

Year	Dept. Revenue Refund Requests (as of Sept. 30, 2024)	Number of Setoffs
2024	14	98,483
2023	26*	108,877
2022	14	96,219
2021	23	95,927
2020	43	115,566
2019	79	106,837

\* 2023 - Dept. of Revenue processed @ 150 fraudulent refunds

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## Refunds and Surpluses (1 of 2)

- **Refunds are requested through NCACC or NCLM on behalf of the Dept. of Revenue**
  - Local government returns amount received (can restore debt amount)
  - NCACC/NCLM returns fee (if taken)
  - Department of Revenue returns \$5.00 fee
- **Surpluses occur when more than amount owed by debtor was taken by Dept. of Revenue and/or Education Lottery – old legacy systems don't check to see if taken already**
  - Debtor files multiple tax refunds in short period of time
  - Debtor claims more than one lottery winning of \$600 or more in short period of time
  - Debtor pays debt too soon (even AFTER) filing tax refund/claiming lottery winning
  - Debt is setoff soon after debt expired (review before automatically refunding)
  - Surpluses (except \$15 fee only) provided in separate excel file with setoff information
    - No longer includes Department of Revenue name or address, although Lottery provides address
    - Verify before sending surpluses
    - Cannot apply surplus to other debts that haven't been given due process

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### Refunds and Surpluses (2 of 2)

- Clearinghouse provides information regarding surpluses
- Excel file: *C:\M-Surplus-yyyyymmdd.xlsx*

SN	LAST NAME	FIRST NAME	INVT	SURPLUS AMOUNT	FEE	UNIQUE KEY	ADDRESS	CITY	STATE	ZIP	INPT
***-**-3229	ANDERSEN	ALBERT	K	283.00	15.00	26399	3903 HOLLOW PINE DRIVE	WINSTONDALE	NC	27445	AKNC
***-**-8133	CLARKE	ADA	E	130.00	0.00	64194	6439 INDIGO BUNTING RD	RALEIGH	NC	27604	TAX
***-**-4223	WAELENS	ACHILLE		81.22	15.00	34017	1340 BARRISTER PASS RD	CHARLOTTE	NC	27813	UTL

↑  
If a Lottery surplus – the address provided by the NCEL

- If a surplus.xlsx is provided, be sure someone downloads and researches
- Probably no need to refund the fee, if timing. However, if local government made an error, probably also need to refund Dept. of Revenue or Lottery \$5 fee

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### Email (1 of 4)

- **Master:**
  - Setoff Notification (NCDOR and/or NCEL)
  - Weekly Import Status reports
  - Workshop Reminders
  - Participation Form Reminders
  - Expired Debts Notification
  - Year-end Instructions
- **MoveIt Transfer Folder:**
  - File Upload Confirmation
  - Transmit Password Expiration Notification

1 File Received

/Home/Sample NC Local Government

File Name

CH05047.M

Regards,  
NC Local Government Debt Setoff Clearinghouse

1 File Received

/Home/Sample NC Local Government

File Name

CH05047.M

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### Email (2 of 4)

- **MoveIt Transfer Folder:**
  - Password Expiration Warning (7 day warning before Locked, must be changed before able to connect)

**1 Your Password Has Expired and Must Be Changed Now**

We require that passwords be changed every 90 days and your password has now expired. Your "ncm355" account will not enjoy full access to our system until you sign on with your old credentials and change your password.

If you do not change your password using this procedure in the next 8 days your "ncm355" account will be automatically suspended and you will not be allowed to change your password using your old credentials.

If you need assistance, please contact Five Star Computing, Inc. at (800) 561-0056 / [scsrbuff@fivestar.org](mailto:scsrbuff@fivestar.org)

Client software users: Transmit password only – not login to software

Can change if sign on as admin within 7 days

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**Email (3 of 4)**

- **MoveIt Transfer Folder :**
  - Password Expiration Notification (7 day warning passed without change – account is locked and requires Clearinghouse reset)

**Password Expiration Notification**  
 Your "ncm200" account has been suspended because you have not changed your password in the last 97 days.  
 If you need to reactivate your account, you will need to contact Five Star Computing, Inc. at (800) 545-0056 / [ncsetoff@ncsetoff.org](mailto:ncsetoff@ncsetoff.org)

Client software users: Transmit password only – not login to software

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**Email (4 of 4)**

- **To update any or all three of these email lists:**
  - send email to [ncsetoff@ncsetoff.org](mailto:ncsetoff@ncsetoff.org) with additions, edits or deletions OR request a list of one or all three
  - If emails cease, ask your I.T. to whitelist :
    - [fivestarc computing.com](http://fivestarc computing.com)
    - [ncsetoff.org](http://ncsetoff.org)

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**Clearinghouse Technical Support**

- **Monday – Thursday: 8:30 a.m. to 5 p.m. - Fridays until 1 p.m.**
  - Live toll-free support: (866) 265-1668
  - Conference calls (3 way) with Dept. of Revenue, vendors, I.T., etc.
  - Free remote support using Cisco WebEx
  - Debtor Inquiries – current and past years (2017 – present)
  - Client Software Support includes these and more:
    - Change TRANSMIT password
    - Import ASCII/Excel files from internal and/or vendors
    - Generate notification letters and pdfs – STORED ONLY AT YOUR LOCATION!
    - Change Expiration and Compliance Dates, process Year-end clean-up
    - Install software, upgrades, provide instructions and training
    - Set-up and train new users
    - Transfer encrypted database to new server (certification keys maintained by Clearinghouse)

NC Staff
Bill
Billie
Fran
Grace
Hannah

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### Contact Information

Name	Contact Info
<b>Matt Bigelow</b> N.C. Association of County Commissioners Project Development Manager	<a href="mailto:matt.bigelow@ncacc.org">matt.bigelow@ncacc.org</a> <a href="http://www.ncacc.org">www.ncacc.org</a> (919) 715-4367
<b>Rick Whitener</b> N.C. League of Municipalities Chief Financial Officer	<a href="mailto:rwhitener@ncilm.org">rwhitener@ncilm.org</a> <a href="http://www.ncilm.org">www.ncilm.org</a> (919) 715-8719
<b>Bill Walsh</b> Operations Manager NC Local Government Debt Setoff Clearinghouse	<a href="mailto:ncsetoff@ncsetoff.org">ncsetoff@ncsetoff.org</a> <a href="http://www.ncsetoff.org">www.ncsetoff.org</a> (866) 265-1668
<b>Other Resources:</b> N.C. Department of Revenue	(919) 814-1120
NC Education Lottery	(919) 301-3531 or 301-3331
Capital Management	(800) 222-3232

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### Debts (14 of 14)

- **Import Status Report (combined for ALL departments):**
  - # of Debtors (added/updated/rejected\*)
  - # of Debts (added/updated/rejected\*)
  - # of Debts Non-compliant (removed once date passes)
  - # of Debts Expired (consider extending or deleting)
  - # of Debt Amount (previous/current/difference)

Invalid SSN(s) – not nine digits, or starts with 000- or 999-  
 Invalid Name(s) – blank first and/or last name

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