

Beginning the New Tax Year Edition

Reminders:

- 1st Setoff File of 2012 is Tuesday, February 7. Available to local governments Friday, February 10
- Status of the 1st Setoff File: <http://www.ncsetoff.org/setoffstatus.htm>
- The 2012 Department of Revenue Setoff Schedule: <http://www.ncsetoff.org/DORCalendar.htm>
- Now is a great time to call the Interactive Voice Response (877) 843-0330 and check the pronunciations and information for your local government
- Do NOT put the SSN in the Account Number

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Volume 2: Issue 1

January 27, 2012

The Clearinghouse is Ready for the New Tax Year — here is what we've done

Participation Forms: The required 2012 Participation Forms submission period has expired. There were 98 counties, 29 county agencies and 271 municipalities. Those few local governments with debts who did not submit a signed original 2012 form had their debts removed in early January. They will be restored once the form is submitted. Of course, local governments that have never submitted debts can submit their form anytime. But debts will not be sent to the Department of Revenue and Education Lottery until a signed original is submitted.

Names, Departments and Email address forms: Allows for the selection of four different types of email distribution groups:

1. Funds Received/Import Status Report
2. Upload/Download Confir-

3. Setoff Files Not Downloaded Reminder
4. Information/Newsletters/Workshops

Could be the most confusing request we've ever made. Many people thought they had submitted this form but it was actually their Participation Form. This form is very helpful and lets us know the types of emails to provide to those associated with Debt Setoff. Not everyone wants, or needs, all of the emails we provide. A County or Town Manager may not want to know when a file of debts has been uploaded to our secure site, but they may want to know when we have received funds from the Department of Revenue. And an administrative person who uses the debt setoff software may want to receive these newsletters or be notified of our training workshop sched-

ule.

We hope that our new client software will maintain this information rather than a web form like we required this year.

Year-end Clean-Up: The Clearinghouse provided excel files in November and December of Rejected SSNs from the Department of Revenue and Expired Debts. We have recently done the following::

- Delete all \$0.00 debts
- Delete all < \$40 debts
- Delete all expired debts
- Delete all Rejected SSNs/Names that weren't modified

What are the benefits of the above? Less calls to local governments from debtors. Our IVR references all debts for an SSN, regardless of the amount. But debts that have been deleted will not be able to provide

Department of Revenue Setoff Schedule Set for 2012

The Department of Revenue has set the schedule for the twenty-two setoff files for 2012. All dates are Tuesdays. The Clearinghouse will provide the information on Fridays (Feb.—May) and Thursdays (June—Dec.). The Lottery sends setoffs around the same time and is incorporated with the Dept. of Revenue setoff files.

Email notifications are sent only to those local governments who receive funds.

Dates for 2012:

- Feb: 7 and 21
- March: 6 and 20
- April: 3 and 17
- May: 1 and 15

- June: 5 and 19
- July: 10 and 24
- August: 7 and 21
- September: 4 and 18
- October: 2, 16 and 30
- November: 13 and 27
- December 13



One of our main goals is to provide the set-off information to local governments both accurately and timely.

Probably the best view of the setoffs from the Dept of Revenue and Lottery. We recommend you save all of these.

Be sure to download your Surplus.xlsx, if provided. Review these debtors and determine IF a check needs to be sent to them. Call us if you are not sure.

Setoff Process—what goes on behind the scenes

We get the file from the Department of Revenue on Tuesday but don't provide all the details to the local governments until Friday. Why the delay?

Early in the year these files from the Department of Revenue can have more than 40,000 debts and be more than \$6M. We have several steps to go through to be sure the report we provide to Capital Management for deposits is correct. More importantly we want to be sure we setoff the proper

persons and limit the number of refunds.

Rather than automatically put funds in a local government account that may need to be refunded we check if the funds can go to another local government. Often a debt is collected days or weeks after it expired so we try to place the funds with another local government.

We also verify that if a fee has been taken already for the debt this calendar year that another one is not taken.

To check the status of a setoff file go to: <http://www.ncsetoff.org/setoffstatus.htm>

This webpage shows all 15 steps and the status of each:

- IN PROGRESS
- ON SCHEDULE
- COMPLETED

If one or more is delayed an explanation and estimated completion date is provided.

Setoff Files—What is Provided to Local Governments?

Excel File— every local government that receives funds gets an excel file. This is a composite list of all debts and debts setoff, whether in full or just a partial. The information provided:

- SSN
- Last Name
- First Name
- Middle Initial

- Dept of Revenue Address, City, State and Zip
- Debt Amount after the Setoff
- Setoff Amount
- Setoff Fee
- Account Number
- Department Code
- Unique ID

- Compliance Date
- Expiration Date
- Source: Revenue (Dept of or Lottery (Education))
- Prior Filing Name: with this SSN at Dept of Revenue

Sum the Setoff Amount— it matches the deposit in your account at Capital Management.

Setoff Files—What else is Provided to Local Governments?

1. Agency Code Number.dat (ASCII/Excel Users)— a report file of all setoffs

2. Match.dat (ASCII/Excel Users)—an ASCII file that can be used by a programmer/vendor to automatically update another billing system. More info at: <http://www.ncsetoff.org/ASCIILayout.htm>

3. Agency Code Number + ME (ASCII/Excel Users)—only

created if any surplus amounts were taken from debtor(s)

4. Setoff.txt (2011 Client Users) or Match.zip (2007 Client Users)

5. Surplus.xlsx (ALL) —only created if any surplus amounts were taken from debtor(s)

- SSN
- Last Name, First Name,

Middle Initial

- Surplus Amount
- Unique Key
- Dept of Revenue Address, City, State and Zip
- Department Code (new)

Use this excel file to research and possibly send refund to the debtor. Use the Department of Revenue address.

Surpluses/Refunds Happen—Why and What to Do?

Refunds will always occur, especially with the fact we can only submit one file per week, each Tuesday, to the Dept of Revenue and Lottery. So as debtors pay you directly please send us an updated file as soon as possible, every Friday is recommended.

Thousands of debtors per year file more than one tax return per year, called amended returns, often within the same setoff file period or in the next one. The Dept. of Revenue will setoff their refund for

EACH tax return filed and assess a \$5 legislated fee. However, the Clearinghouse will assess only one \$15 legislated fee per debt per year.

Also, we do not recommend that you return any fees for debts that were setoff that were just recently paid directly to you. Often the debtors receive a letter in the mail from the Dept. of Revenue informing them that they were setoff. Some will rush to your office and pay expecting to get the surplus and the fees back. You

should only return the surplus unless they paid you weeks before the debt was setoff. Remember, the debts are at least 90 days delinquent when they are setoff.

You are required to refund surpluses, you cannot apply to another debt UNLESS the debt meets the setoff requirements.

TIP: Use the address for the refund check from the Surplus.xlsx file. It includes the address the debtor used on their tax return which is highly likely to be more accurate.

Local governments must send refunds/surpluses to the debtor. These funds are deposited into your Capital Management account.

Interactive Voice Response(IVR)—take Advantage of Departmentalization

Starting in January 2011 we allowed local governments to have a separate contact and phone number for each department rather than just one. As of this date 53 local governments are taking advantage of this:

Counties: 47

Agencies: 1

Municipalities: 5

There is still time to make

additions or changes. We suggest a department rather than a person's name. We can even specify both. Just send an email to ncsetoff@ncsetoff.org with the following:

- Local Govt. Name
- Department and/or Contact Name
- Phone Number
- Department Code (3 character identifier, such

as TAX, EMS, HLT, UTL)

Sample:

- Central County
- Customer Services
- (910) 555-1212
- TAX

This is optional, free to use one number for all debts. But if we can help with multiple numbers contact us at (866) 265-1668



Make it easier for debtors to reach the person who can answer their questions about their debt.

Interactive Voice Response (IVR) - be sure you're ready for 2012

In the last month we upgraded our IVR. It is much faster and can be upgraded to many more lines. It is a dedicated computer system and eight phone lines that allow debtors who have received a letter from the Dept. of Revenue to call and get information. The caller enters their SSN and hears, in random order, ALL local governments that have submitted debt against their SSN. If no information is given for the SSN it could be a spouse's

debt.

Reminders:

1. The IVR will not identify which local government received funds. We probably haven't even received the funds.
2. Local Governments are listed in random order.
3. We can set-up different contacts and phone numbers for local governments.

4. There is a special IVR (877) 582-0870 with 2 lines to access past setoff information all the way back to 2002. The debtor name, setoff date, account number, local government receiving funds, amount and fee is provided. DO NOT give this number to debtors, it is only for local government use. You are welcome to call us but may prefer this method. Try it!



Remember to call and check the IVR for pronunciation and accuracy. Check all departments if applicable ASAP. Contact us if we need to make modifications.

NORTH CAROLINA LOCAL GOVERNMENT
DEBT SETOFF
CLEARINGHOUSE

Website:
<http://www.ncsetoff.org>
 Toll-free Support:
 (866) 265-1668
 Interactive Voice Response
 (IVR): (877) 843-0330
 E-mail: ncsetoff@ncsetoff.org

N.C. Clearinghouse Staff:
 Bill Walsh
 (President/Operations Manager)
 Fran McClary
 (Customer Services)
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 (Customer Services)
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North Carolina Association of
 County Commissioners
 Website: <http://www.ncacc.org>
 Contact: Lisa Nolen
 Phone: (919) 715-4362
 E-mail: lisa.nolen@ncacc.org



North Carolina League of
 Municipalities
 Website: <http://www.nclm.org>
 Contact: Wanda Veasey
 Phone: (919) 715-2218
 E-mail: wveasey@nclm.org

N. C. Department of Revenue
 Tax Care Assistance
 (877) 252-3052

N. C. Capital
 Management Trust
 (800) 222-3232

Client Software Version 2011 Update

- **New Version Now Available—January 2012 (2012.01a) - those with version less than 2011.10 should contact us for assistance in updating**
- **Upgrade Status:**
 - # of Local Govts. Converted: 150 (Counties: 43; Agencies: 11; Municipalities: 95)
 - # of Local Govts. Requested/Awaiting: 58 (stopped until end of April)
 - # of Local Govts. Not Yet Requested: 150 (will need to in 2012)

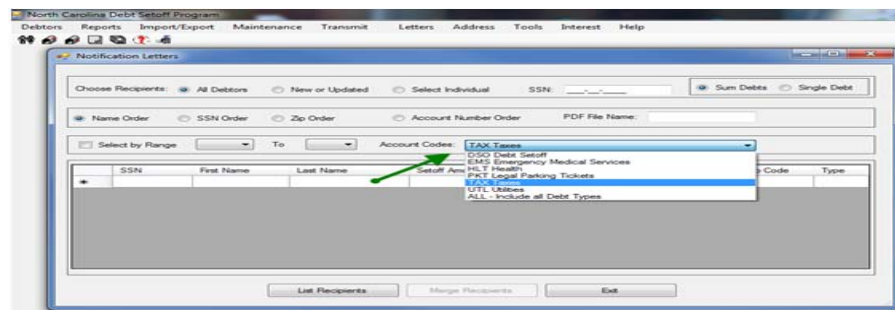
Reminders:

- Hopefully you took advantage of the Year-end Cleanup procedures. But **DO NOT** Delete Debtors since the new year has started. We may setoff their refund and they will appear on your Setoff Error report. Wait until the last setoff in December 2012 to do any year-end clean-up.
- Do **NOT** attempt to do an Import/Export of an ASCII or Excel file yourself. Let us connect remotely, check the file and assist you. You can cause severe damage unless done correctly. Let us assist, we've done it hundreds of times. And there is no charge!
- Those of you getting your 1st setoff file in 2012 should let us assist and train you. The email explains the process but contact us beginning Friday, February 10.

Letters:

The new software offers an easy method for generating the required 30 day due process letter with the details necessary to meet the statutes. The letter process can be run when one debt is added or after a group of debtors are added. Full instructions can be found in the Debt Setoff Manual. But contact us and let Fran assist you until you are an expert and feel comfortable. In addition, here are two important reminders:

- When creating notification letters, it is important that you select the appropriate Account Code from the drop down box. Letters can only be created for one account code at a time. If you select "ALL-Include all Debt Types" your letters will not contain all of the necessary debt information. An example of selecting a department, i.e.: TAX



- Upon completion and approval of letters, remember to do the option to Mark Letters as Printed. Again, only one account code can be Marked as Printed at a time. If you select "ALL-Include all Debt Types" your letters will not be marked as printed.
- After entering new debtors and printing notification letters be sure to "Mark as Printed" so you can print only new or updated debtors next time
- We can assist you in printing your letters and saving a pdf version

Data Entry and Imports:

- Do **NOT** use the apostrophe, also called single quote, in names or addresses as it can cause problems and is unnecessary. For example: O'Neal should be ONeal