

2012 Debt Setoff— Early Summer Edition

Reminders:

- 9th Setoff File of 2012 was received Tuesday, June 5 and available to local governments Thursday, June 7
- Next setoff file will be Tuesday, June 19, available June 21
- Status of the next Setoff File: <http://www.ncsetoff.org/setoffstatus.htm>
- The 2012 Department of Revenue Setoff Schedule: <http://www.ncsetoff.org/DORCalendar.htm>
- Want to view past newsletters? Go to <http://www.ncsetoff.org/news.htm>
- Free Training Workshops will be in six locations in September. Registration available in mid-July and documentation/handouts in mid-August.

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Setoffs through June 5, 2012 is the Best Start Ever—\$27,444,317.15

The first nine setoff files for 2012 is the best start for the N.C. Local Government Debt Setoff Clearinghouse.

1. **\$9.85M (Feb. 7)**
2. **\$5.35M (Feb. 21)**
3. **\$2.52M (Mar. 6)**
4. **\$1.71M (Mar. 20)**
5. **\$1.60M (Apr. 3)**
6. **\$1.98M (Apr. 17)**
7. **\$2.27M (May 1)**
8. **\$1.06M (May 15)**
9. **\$1.06M (June 5)**

- Increase over same time in 2011: \$1.97M (+7.74%)
- The total setoff since beginning in 2002 is now \$156,499,547.62

We now have 41 local governments recovering more than One Million dollars since starting in 2002:

- \$10M+ (2):
 - Mecklenbrg EMS: \$10,979,147
 - Gaston County: \$10,468,377
- \$5M+ (3):
 - Wake County: \$5,587,558
 - Mecklenburg Cty: \$5,390,524
 - Cleveland Cty: \$5,273,277
- \$4M+ (3):
 - Guilford County: \$4,690,275

- Forsyth County: \$4,354,780
- Robeson County: \$4,079,307
- \$3M+ (4):
 - Durham County: \$3,997,942
 - City of Charlotte: \$3,368,032
 - Rowan County: \$ 3,294,770
 - Wayne County: \$ 3,275,657

- \$2M+ (6):
 - City of Raleigh: \$2,849,290
 - City of Winston-Salem: \$2,476,627
 - Vance County: \$2,422,669
 - Rockingham Cty: \$2,277,288
 - Pitt County: \$2,166,641
 - Lincoln County: \$2,004,643

- \$1M+ (23):
 - City of High Point: \$1,998,469
 - Iredell County: \$1,885,001
 - Craven County: \$1,817,942
 - Duplin County: \$1,789,793
 - Randolph County: \$1,765,323
 - City of Durham: \$1,676,686
 - Catawba County: \$1,658,167
 - City of Wilson: \$1,653,779
 - Caldwell County: \$1,638,078
 - Johnston County: \$1,557,634

- Union County: \$1,517,996
- Wilson County: \$1,513,013
- City of Asheville: \$1,483,351
- Alamance Cty: \$ 1,472,855
- City of Gastonia: \$1,340,423
- Hertford County: \$1,277,065
- City of Lexington: \$1,258,855
- Surry County: \$1,162,262
- Onslow County: \$1,150,168
- Harnett County: \$1,113,545
- New Hanover Cty: \$1,037,668
- Nash County: \$1,036,132
- Martin County: \$1,002,381

Some Interesting Statistics:

- Amount Collected in 2012 from N.C. State Tax Refunds: \$27,283,877.02 on 160,278 setoffs
- Amount Collected in 2012 from N.C. Education Lottery: \$160,440.13 on 568 setoffs
- Number of Refunds requested in 2012 by the N.C. Department of Revenue: 74
- Number of Debts that are now \$0.00: 510,022
- Amount of Expired Debt: \$3,577,749.97



If a debtor pays it can take up to 8 days after you send to us before it is removed from our Dept. of Revenue file we send each Tuesday.



If the N.C. Department of Revenue sends a letter requesting a refund, it is MANDATORY, it must be returned! But you can restore the debt(s) and re-send for future setoff collection.

Refund/Fees Scenarios

1. A spouse owes a local government, however on her state tax refund she has no withholding (earnings) but the N.C. Dept. of Revenue setoff the funds. What happens?

The Dept. of Revenue will request the funds, including fees, be returned. Local government returns what they received, Clearinghouse returns their \$15.00 fee(s), Dept. of Revenue returns their \$5.00 fee.

2. A debtor once owed a debt to a local government but no longer owes, recently paid or recently expired, but the Dept. of Revenue setoff the funds. What happens?

The Dept. of Revenue will NOT request the funds. The Clearinghouse does NOT return their

\$15.00 fee(s). The local government should not return the fees unless the debtor paid but was weeks before sending the update.

3. A local government submits a debtor but the Dept. of Revenue sends more funds than the debtor owes. What happens?

The local government must send the surplus amount to the debtor. Only one fee per debt should've been applied by the Clearinghouse and just one Dept. of Revenue fee. These fees do NOT need to be returned to the debtor.

4. A local government submits a debtor with the wrong SSN and the Dept. of Revenue setoff the funds for the person who has that SSN. What happens?

The Dept. of Revenue may or may NOT request the funds. The Clearinghouse does NOT return their \$15.00 fee(s). Local government returns what they received, in addition to any Clearinghouse fees along with the Dept. of Revenue \$5.00 fee to the person set-off. Local government should find the correct SSN and resubmit the debt.

Still confused or have a different scenario OR unsure about how much to send to a debtor? Please contact the Debt Setoff Clearinghouse. We can verify the setoff amounts and fees so that a local government doesn't send too much or too little to the debtor.

Refunds Happen—What to Do?

What if you receive a notification from Lisa Nolen at the N.C. Association of County Commissioners or Wanda Veasey from the N.C. League of Municipalities with a letter from the N.C. Department of Revenue to return funds that were setoff for one of your debtors?

1. Investigate whether you have already processed a refund. Sometimes it was a debt that appeared as a surplus and you may have paid it already but the debtor called the N.C. Department of Revenue before they received your refund check. If already paid, just provide the date, check number and amount to Lisa or Wanda.

2. If not already paid, then initiate the refund quickly as there may be interest

charges. Currently 5.00%

3. This is NOT Optional! There is no need to determine whether the debtor owes the debt or even another debt, IT MUST BE REFUNDED! Refusal may result in your debts being removed, thus losing your priority once debts are restored.

4. Do NOT waive or write-off the debt. Restore the debt amount and send back to the Clearinghouse.

5. Do NOT send the refund to the Department of Revenue, send to your affiliation, Lisa Nolen for the NCACC or Wanda Veasey for the NCLM.

Why does the N.C. Department of Revenue request funds

back? They will not identify the reasons due to privacy issues. But it could be that another debt setoff program (there are more than 100 others) with a higher priority should've gotten the funds. Or perhaps there was a tax return issue regarding a joint return. Perhaps it was a joint return and the incomes were in the wrong order. Or there could have been an identity theft issue. There are many reasons but it doesn't matter as the funds must be returned regardless. We appreciate your cooperation.

Remember, this doesn't happen very often. Only 57 refund request in 2012, as of May 31, from more than 154,096 debts setoff. So its like one every 3,000+. Most local governments have never even seen one of these refund requests.

El Centro ofrecera letras en espanol?

Will the Clearinghouse provide letters in Spanish?

No, the N.C. Association of County Commissioners and N.C. League of Municipalities has decided that the software will ONLY generate letters in English. The debt setoff statutes do not require a Spanish version, it is completely optional.

Several local governments are sending the required due process debt setoff notification letters in both English and Spanish. We've heard that

some local governments have tried to determine whether to send an English or Spanish version based on the debtor name. At least one person with a Hispanic last name called to request an English version stating she did not speak Spanish.

If your local government chooses to send a Spanish letter and uses our software we suggest adding the Spanish version but not replacing or substituting the English version.

The Clearinghouse has received less than ten calls from debtors

asking "Hablas espanol?". We do not but the callers have been able to acquire someone to translate so we can provide their desired information.

ITIN (Individual Taxpayer Identification Number) is assigned by the Internal Revenue Service. It is a nine digit number beginning with '9' and has a '70' to '99', except for '89' and '93', in the fourth and fifth digit. A local government can submit this number to the Clearinghouse.

There is a growing Hispanic debt but the N.C. Debt Setoff Clearinghouse collects a substantial amount using either SSNs or ITINs.

Training Workshops Set for 2012

As normally occurs each September there will be six FREE training workshops. The dates and locations are as follows:

1. Tuesday, September 11—Town of Canton, Colonial Center, 52 Park Street
2. Wednesday, September 12—City of Hickory, Council Chambers
3. Thursday, September 13—City of High Point, Municipal Bldg, Council Chambers, 211 S. Hamilton Street
4. Tuesday, September 18—Village of Pinehurst, Assembly Hall, 395 Magnolia Road
5. Wednesday, September 19—City of Raleigh, Quorum Center, 323 West Jones Street
6. Thursday, September 20—City of Washington, Beaufort County Community College, Bldg. 8, 5537 Hwy 264 East

Online Registration (required) will be available by July 9
Documentation/handouts will be available by August 13

An upcoming newsletter this summer will focus on topics relevant to the workshops.

We welcome both new users of debt setoff along with those participating for years. Please attend!

Vendors and Third-Party Administrators

The Debt Setoff Clearinghouse accepts data from local governments in many ways. In some cases a vendor or third-party sends all debts for the local government. In that case we allow the vendor/third-party to have the Username and Password to the secure folder. This seems to provide a much better method for security rather than the vendor/third-party sending via unsecured email and the local government uploading it.

If the Clearinghouse is aware that a local government is using a vendor/third-party for only a portion of the debts, we have set-up a secure folder for the vendor/third-party. We then move the file to the appropriate local government secure folder. And when we recover funds we create a separate spreadsheet of just the department(s) that the vendor/third-party needs and places in their own secure folder.

We have just recently created an ASCII file for specific department(s) that the vendor/third-party can use to import into their own system. Let us know if your vendor/third-party is interested. If you are doing data entry into another system we may be able to help you automate the process. We can do this whether you use our old or new software or send ASCII or excel files. Contact Bill or Fran for more information.

If you use the same account number for multiple debts it makes it difficult for us to determine if we should not be taking the \$15 Clearinghouse fee. A unique Account Number is the best method.

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)
 Brandon Walsh
 (Customer Services)
 Drew Bryant
 (Software Developer)



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 (NCCMT)
 (800) 222-3232

Client Software Version 2011/2012 Information/Update

- **Number of Local Governments Now on Version 2011/2012**

Total: 157 - Counties: 46 Agencies: 12 Municipalities: 99

- **Local governments still using version 2007 that need to be converted to our 2011 version this year: 71**

- Counties (12): Caswell, Catawba, Columbus, Currituck, Granville, Halifax, Jackson, Madison, Mitchell, Nash, Pender and Wayne
- Agencies (3): Martin-Tyrell-Washington, South Granville Water and Tuckaseegee Water
- Municipalities (56)*: Asheboro, Belhaven, Belmont, Black Mountain, Boiling Springs, Canton, Carolina Beach, Cherryville, Columbia, Concord, Conover, Dallas, Eden, Elizabeth City, Elon, Farmville, Fayetteville, Graham, Greenville, Hertford, Hickory, Hillsborough, Holly Springs, Jacksonville, Kenly, King, Knightdale, LaGrange, Lauringburg, Liberty, Littleton, Louisburg, Lucama, Magnolia, Maiden, Morehead City, Mooresville, Mount Airy, Mount Gilead, Mount Olive, Randleman, Ranlo, Sanford, Scotland Neck, Shallotte, Southport, Statesville, Taylorsville, Troy, Vanceboro, Wake Forest, Waynesville, Wendell, Williamston, Windsor and Zebulon

* more than 100 debts—those with less should convert to excel or let Clearinghouse do data entry

- Why the requirement to convert? The Clearinghouse needs to make enhancements that the previous version of software is restricting. In addition, the old software will not operate on a Windows 7 64 bit computer

Announcements, Updates and Tips:

1. Windows 7—64bit users

We have a new version of the PDF Creator that removes the Demo Version message. Contact us and we will connect and install it

2. Do you use only one debt per account number? If so and you think you may have debtor(s) with the same account number more than once. If this is an error, we can connect to your workstations and run a process that will create an excel file of debtors with duplicate account numbers. Use it to review and manually correct. If a substantial number, we can run another process to change the duplicate(s) to \$0.00

3. Is it possible someone may have made a data entry error on a debt amount? For example, a debt that should have been 128.50 was entered without the decimal point and was entered as 12850. We will try and take as much as \$12,850.00 if the person's tax refund is large enough. And you will have a large refund to make and an upset person to deal with. To check for this scenario, go to the Reports menu, choose the Selective Reports, enter a beginning debt amount such as 500.00 and an ending debt amount of 99999.99 and click the Use Debt Amount Range and then Print. A sample:

A report of those debts in the selected range will print. Review those large debts for missing decimal points or an extra digit.

Got a suggestion for the software? Send to ncsetoff@ncsetoff.org. We are working on the first major upgrade and will demonstrate at the workshops in September.