

Well Into Another Tax Year—2016

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Reminders:

- Setoff files only stay in secure folders for 10 days.
- When email received regarding "Password Expiration in 14 days". It has already expired and secure folder cannot be accessed until changed.

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2016 Debt Setoff off to better start than 2015

2015—the first year setoff recovery decreased:

After twelve years of increasing our debt setoff recovery, 2015 was the first year with a decline. This was due to legislative changes that effected NC state tax refunds. Although the number of debtors and the amount of debt increased, as it always does, the collection rate was down 49% from 2014.

2016 off to a better start than 2015:

Through the end of April we have collected \$14,611,725 versus \$12,993,333 this time last April. This is an increase of 12.5%. Much of this increase does come from the fact that we've added more than 100,000 additional debtors and more than \$150M in additional debt since early 2015.

Recent Year Collections:

- 2016: \$14,611,725 (thru 4/30)
- 2015: \$17,102,409
- 2014: \$33,966,049
- 2013: \$32,632,424
- 2012: \$30,144,044
- 2011: \$27,420,057
- 2010: \$24,231,850

Changes for 2016 - A Security Protection Improvement

As part of our year-end process, we remove all debts less than \$50. On December 31, 2015 we removed debtor information on more than 750,000 debts of \$0.00 and 55,000 debts from \$0.01 to \$49.99. Then in January 2016 the Clearinghouse began excluding debts less than \$50 into the Clearinghouse database. One of the

main reasons is to not have people in our Interactive Voice Response system (IVR) that have debts less than \$50. The Department of Revenue only accepts between \$50 and \$99,999.99. But many local governments have these debts less than \$50 in their client software database, or in the files they send. It is fine for local governments to retain

this information but the Clearinghouse does not need. We do retain past setoff information, regardless of the current debt amount. For security reasons we do not want to maintain personal protected information on debts we cannot collect, which is those less than \$50. So, we see this as a security improvement.

Department Of Revenue (NCDOR) Setoff Schedule Set for 2016

NCDOR has set the schedule for the twenty-three setoff files for 2016. The Clearinghouse will download on these days and take Tuesday and Wednesday to process and ensure each debt is best applied to the proper local government. We hope to provide the information no later than Wednesday afternoon. The Lottery sends setoffs around the same time and is incorporated with the NCDOR setoff files. Email notifications

are sent only to those local governments who receive funds. Capital Management funds are normally available within five business days after these dates:

- Feb: 2 and 16
- March: 1, 15 and 29
- April: 12 and 29
- May: 10 and 24
- June: 7 and 21

- July: 12 and 26
- August: 9 and 23
- September: 6 and 20
- October: 4 and 18
- November: 1, 15 and 29
- December 13

Reminder: Housing Authority funds need to be removed within three business days of the deposit.

If using the client software, only the “admin” sign-on can change the Smart Password. The option is Tools-Administrator-Account Info.

Probably the best view of ALL setoffs from NCDOR and Lottery. We recommend you save all of these just rename with the setoff date.

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

Passwords—A Constant Process—Now and Forever

It seems like more frequently than every 76 days an email is generated to all email addresses stored in the secure folder account that the TRANSMIT password has expired.

The Clearinghouse assists most users of our client software as it only takes a few minutes.

However, since it must be done every 90 days we hope that users will be able to change themselves. We appreciate those few that have learned to change their own passwords.

Reminders:

- if not changed within 14 days after the warning email, the password expires and the account is locked. This requires Clearinghouse intervention to re-activate
- only ONE person needs to change the password, even though many may receive the email warning
- users of our client software, the “admin” account is the only one that can change the password by accessing Tools-Administrator-Account Information
- does NOT affect signing on to the client software, only the TRANSMIT menu options
- Once the password expiration warning email is sent, the TRANSMIT function is disabled in the software and “No files available” will appear
- You can learn to change it

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 debtors and debts setoff, whether in full or just a partial. The information provided:

- SSN (only last four digits)
- Name (from NCDOR - may not be person you submitted)
- NCDOR Address, City, State and Zip
- Debt Amount after Setoff
- Setoff Amount and Fee
- Account Number
- Department Code
- Unique ID/Import ID
- Compliance/Expiration
- Source: REV NCDOR or LOT (Educ. Lottery)

- Name Submitted by Clearinghouse for this SSN (Oldest Name ever submitted for this SSN)

Tip—convert Setoff Amount (column “J”) to numeric and sum at bottom— this total ALWAYS matches the deposit to your account at Capital Management. Even if errors on the Import Setoff reports (client software), debtors are ALWAYS in this Excel file.

Setoff Files—What Else Is Provided To Local Governments?

1. Agency Code Number.dat (ASCII/Excel Users)— a basic 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.
3. Setoff.txt (Client Software Users)
4. Surplus.xlsx (ALL) —only created if any surplus amounts were taken from

debtor(s) which occurs if: 1) submits more than one tax return; 2) timing (pays debt too close to tax refund submission); 3) refund and a lottery winning; 4) multiple lottery winnings

- SSN/ITIN (last four digits)
- Name (Last, First, MI)
- Surplus Amount
- Unique ID/Import ID

- NCDOR Address, City, State and Zip
- Dept./Account Code


Use this Surplus.xlsx to research and possibly send a refund to the debtor(s) using the NCDOR address provided. The Clearinghouse does not send refunds, the local government is required to do so. The funds, including surplus is put into your Capital Mgt. account.

Changes to Emails—Setoffs and Adjustments (Import Status Report)

Starting in April we modified two of our most frequent emails regarding formatting. We changed from basic text to html. Hopefully it is much easier to read and follow the instructions in the setoff email.

We also modified our emails to go through our Outlook and only send less than 100 emails per hour. We send so many emails, although only to NC local governments, we often get considered as spam and have often had email rejected or returned. This new change

of using Outlook and time-control seems to be working better. We are getting much less rejected/returned email. You may have noticed getting emails that you may not have been getting or were getting 2nd reminders or final reminders to do functions that you didn't even know about. Neither has changes other than formatting:

A partial view of the Import Status report email: 

Debtors Added:
Debtors Updated:
Debts Added:
Debts Updated:
Debtors Rejected:
Debts Rejected:
Debts Not Yet Compliant:
Debts Expired:
Amount Rejected:
Previous Debt Amount:
Current Debt Amount:
Net Amount:

If you have Expired Debts please contact us about assisting in extending. If any Debts Rejected, download and view, contact us if questions or assistance needed.

Interactive Voice Response (IVR)—take Advantage of Departmentalization

We allow local governments the OPTION of having separate contacts and phone numbers for each department rather than just one. As of this date more than 75 local governments are taking advantage of this.

You can always request additions or changes. We suggest using a department or section, rather than a person's full name. But we can even specify both if requested. Call us or

send an email to ncsetoff@ncsetoff.org with the following:

- Local Govt. Name
- Department and/or Contact Name
- Phone Number
- Department Code (type of debt: TAX, EMS, HLT, UTL, etc.)

Sample:

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

This is optional and feel free to use just one number for all debts. But if we can help with multiple contacts and phone numbers, let us know.



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

Interactive Voice Response (IVR) - be sure you updated for 2016

What does our IVR do? It is an efficient and cost-saving technology to provide information to callers who are anxious for answers. Ours is a dedicated computer system with ten phone lines operating 24 x 7. Debtors who receives a letter from the NC Department of Revenue can call toll free and let Heather (the voice of the text conversion) provide information. The caller enters their SSN/ITIN and hears, in RANDOM order, ALL local govern-

ments that have submitted debt against their SSN. If the SSN/ITIN is not found, it could be a spouse's debt or to one of the 100+ other agencies that submit to NCDOR for debt setoff.

Reminders:

1. The IVR will NOT identify which local government received funds. We probably haven't even received the funds when the debtor calls.
2. Local Governments are

listed in random order.

3. We can set-up different contacts and phone numbers for local governments.

If you have new or changes to your debt setoff contact(s) you should call (877) 843-0330 and enter an SSN for each debt type (TAX, UTL, EMS, etc.) to verify the information is accurate. We may be providing information on an employee that is no longer employed or a phone number that has been changed or disconnected.



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

If you DO NOT download your setoff files and send us updated balances without applying, we may setoff this person in the future! It happens every year.

Excel files sent to secure folders must have encryption passwords.

There are only a few who use our client software that have learned how to change their own passwords. We are happy to do so, but here is another “simple” guide.

Done for 2016 Monitoring Your Setoff Downloads

Up until the end of the major tax year (end of April), we do check our audit logs to see that local governments download their setoff information. If not, we send reminders and sometimes even call. We expect you are receiving calls from debtors even before we send you the setoff details. In addition, you will be receiving deposits into your Capital Management accounts and your financial staff and possibly auditors, will want to know who the funds apply to. When you realize a prior setoff file wasn't downloaded,

contact us and we can restore the setoff file(s). However, setoff files from 2015 or older have been archived to encrypted drives and take longer to make available.

Please make every effort to check for setoff files since they are removed every 10 days and are often replaced as soon as every 14 days with another setoff file. We hope that local governments have checks and balances to ensure that all setoff files are downloaded and reports printed. We suggest

that local governments check their Capital Management statements and ensure that reports were generated and match the deposit. Over the past few years we have relied on local governments to self-monitor by checking against their Capital Management statements to ensure all setoffs were downloaded.

Again, if you miss a setoff file and then transmit your database back to us, you are overwriting what we have and may setoff debtors in the future.

Data Entry—A Secure Alternative to Excel

We are currently doing data entry for 100 local governments:

- County Agencies: 2
- Municipalities: 84
- Housing Authorities: 14

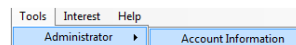
Most of these converted to data entry over the past years for security reasons. For less than 50 debts, as most of these are, it is more of a security risk to maintain an Excel file with social security numbers. With our data entry option there is a

form to print from our website to complete and fax to our secure fax location. We can even do monthly interest accrual. If you are Excel please contact us about this or using our free software.

Passwords—Instructions for Client Software Users

1. Login to the software with the “admin” Username and Password.

2. Take option:



3. All information to connect to the secure website is on this Account Information screen:

User ID: = Username

Smart Password: = Password

Internet Location: = Url (https://setoff...)

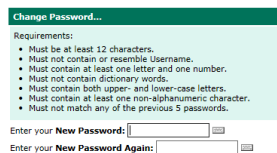
4. Note the User ID and Internet Location (write them down) and click

5. Copy-n-paste the Smart Password

6. With a web browser, go to the secure website, which is https://setoff... (from Internet Location above)

- Enter Username (User ID)
- Enter Password (copy-n-paste Smart Password)

7. If signed on successfully, the Change Password prompt appears:



8. Return to the Client Soft-

ware Account Information screen and modify several character to the same type (alpha to a different alpha, number to a different number, special character to a different special character)

9. Copy-n-paste the updated Smart Password into the

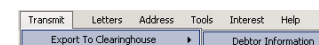
New Password: and again into

New Password Again:

click

10. Return to the Client Software and click

11. Exit the software, Login again and test the changes with this option:



Stopped receiving some or all emails from us? We send so many emails from several different methods that we often get treated as Spam.

Do not DELETE debts or debtors, wait until the end of the year. Change the debt balances to \$0.00 is the best method. Your Setoff will not balance if you DELETE.

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

Emails—We Do Our Best To Get Information To You

The N.C. Local Government Debt Setoff Clearinghouse sends lots of emails. And when we do, it can be to several hundred email addresses at one time. Although we only send to ONLY our local government participants in N.C., the spam monitors often don't like this. Our email provider monitors and has been helpful but sometimes it is out of our control. We hear sometimes that frequent users have stopped getting emails from us even though we made no changes.

Sometimes we get notifications that email was rejected and attempt to resolve. We have several methods for sending electronic mail:

1. When a file is uploaded to our secure site, directly or through our software.
2. When a setoff file from NCDOR/Education Lottery is available
3. From our Outlook email system via Address Books for Newsletters

Please notify your I.T. to request they "whitelist" emails from:

- 1) ncsetoff@ncsetoff.org
- 2) customerservice@ncsetoff.org
- 3) fivestar@fivestarcomputing.com

Contact us if you want to review all of the email addresses we have for your local governments to make additions, deletion or modifications. Our recent change of sending via Outlook with limits per hour may have taken care of some normal recipients not receiving.

This Happens All the Time—But It Shouldn't

An irate debtor calls or even worse, comes in and complains about debts that have been submitted. They may even pay for all of their outstanding debts. Management may even instruct you to DELETE the debt(s) and possibly even the entire debtor from your debt setoff system. Then days or weeks later you receive a setoff

file from the Clearinghouse and then the debts appear on the Error Report since they cannot be found.

Our recommendation is regardless of the situation, only edit the debt amounts. Change to \$0.00 but DO NOT delete debtors or debts. In most situations the debtor has already filed their tax refund and got-

ten the Department of Revenue letter stating funds were taken for a local government. They often come into pay and/or complain hoping for a return of the overage, including fees.

Remember, the debt was at least 90 days delinquent before we even attempted to collect. So do not return fees as the Clearinghouse does not.

Surpluses/Refunds Happen—Why and What to Do?

Refunds/surpluses will always occur, especially with the fact that we can ONLY submit one file per week, each Tuesday, to NCDOR. So as debtors pay you directly please send us an updated file, every Friday is recommended. Thousands of debtors file more than one tax return per year, often within the same setoff file period or within the next one. NCDOR 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 NCDOR informing them that they were setoff. They may then make payment expecting to get the surplus and the fees returned. You should only return the surplus unless they paid you weeks before the debt was setoff. The Clearinghouse does not refund fees unless

NCDOR provides an official letter.

You are required to refund surpluses, you cannot apply to other debt UNLESS the other debt meets the setoff requirements: the setoff notification letter must be sent to last known address and 30 days given to appeal. However, you can ask the debtor if they want to apply any surplus to another debt. Good luck! If they refuse you are required to return the funds.

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 and Becca Walsh

(Customer Services)

Billie Mills

(Installation Technical Support)

Drew Bryant

(Software Developer)

Linda Kaneft and Marcia Padgett

(Debtor Inquiries)

Rich Ware

(I.T. Support)



North Carolina Association of
County Commissioners

Website: <http://www.ncacc.org>

Contact: Matt Gunnet

Phone: (919) 715-2354

matt.gunnet@ncacc.org



North Carolina League of
Municipalities

Website: <http://www.nclm.org>

Contact: Wanda Veasey

Phone: (919) 715-2218

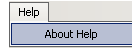
E-mail: wveasey@nclm.org

N C Department of Revenue
Debt Setoff Unit
(919) 814-1119

N C Capital
Management Trust
(800) 222-3232

Client Software Version 2016 Update and Reminders

• Latest Version Available to All — February 2016 (2016.02)

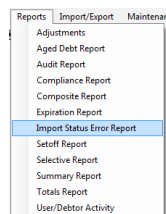
- Check your version by selecting: 
- There is no requirement to change, especially if you have a 2015 version. If you have a 2014 version you should contact us. The Clearinghouse staff will update you with a newer version when connecting remotely, if there is a need. We will let everyone know if there is ever a mandatory update.


NOTICES/REMINDERS:

- We have a one-time conversion and then a special update import for the users of the NC Property Tax (NCPTS). We have converted many of the other counties, if you are ready please contact Bill Walsh to assist and ensure the priority update on existing debts are retained.
- Many of you took one or more options of the Year-end Cleanup procedures. It is now too late to remove \$0.00 debts or debts less than \$50. DO NOT Delete Debtors until after importing the last setoff file in December 2016. If you delete and we setoff their refund or receive lottery winnings, they will appear on your Setoff Import Error report.
- We don't suggest you attempt to do an Import/Export of an ASCII or Excel file yourself unless we provided instructions. Perhaps you've watched us do it enough that you are confident, just be careful as you can cause severe damage at this critical time of the year. Let us connect remotely, check the file and assist you, we've done it hundreds of times. And there is no charge! We maintain a "RED BOOK" of the instructions and the dates and totals of each import in the past year or more.
- Review the 2016 calendar on the website so you are prepared for the setoff files. An email is sent once the setoff information is available for download. Download and print as soon as available in order to answer calls from debtors and in preparation for the deposit into your Capital Management account.
- If your password has expired, you CANNOT access the setoff files. In fact, you cannot do ANY of the TRANSMIT options.

Tip #1: Download the Import Status Error Report:

If your Import Status Report email lists that some debts were rejected you should view the report to identify the reason for the rejections. When receiving an email, as often as weekly, there is no need to sign-on to the secure website. This Error report can be downloaded, viewed, and printed simply using this software. It lists the errors for ALL department codes. To access it, choose this menu option (to the left):



Select  and the information appears. Print if necessary, but review the list and make any corrections, if applicable. It lists errors for ALL departments. Call the Clearinghouse if you are unsure of how to correct any errors. The most common rejections are: 1) invalid SSN (not nine digits, missing leading zeroes, starts with 000 or 999, or a Federal or State Business Number); 2) Missing First and/or Last Name (possible business name); 3) debt has expired; 4) Future Compliance Date (not an error unless the date is very far out in the future). We can guide you on Expired Debts and assist in globally extending them.

Thank you for using our software. Please feel free to email any suggestions or comments to ncsetoff@ncsetoff.org