

Fall 2014—Post-Workshop Edition

Volume 4, Issue 4

October 31, 2014

Reminders

- Submit your online 2015 Participation Form NOW
- Submit your online Names, Email Addresses and Notification list selections NOW if any changes
- Send Notification letters to new debtors if 60 days delinquent
- Start thinking about cleaning-up your data for the new year
- ASCII/Excel users can request an Excel file of all of your debts

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Seven Training Workshops Completed in September

359 people attended the annual September workshops:

- Washington (71)
- Whiteville (30)
- Raleigh (68)
- Asheboro (57)
- Hickory (89)
- Waynesville (44)

Presenters at one or more:

- N.C. League of Municipalities: Rob Shepherd, Melissa Smith & Wanda Veasey
- N.C. Association of County Commissioners: Scott Kauffman
- N.C. Dept. of Revenue: Cindy Honeycutt
- Five Star: Bill Walsh

Two sessions:

- 10:30—11:30: new attendees, new responsibilities or those needing a refresher course
- 1:00—3:00: all attendees

If you did not attend, there are handouts in pdf format at <http://www.ncsetoff.org/training.htm>:

1. New Attendees Start-up
2. New Attendees Technical
3. All Attendees
4. All Attendees Intro/Addendum—which covers items that were not discussed due to time constraints
5. New Attendees Start-up for Housing Authorities

The next training workshops will be in September 2015.

Dates and locations will be set by June 2015. However, if you need to set-up a conference call to discuss any issue please call us toll-free at (866) 265-1668.

Thanks again to the hundreds who attended again this year. There were many attending for the first time but most are already very knowledgeable and proficient with debt setoff and continue to attend each year. We know this program has been very important to your local government so we try to cover any changes and discuss future plans. We will always demonstrate new enhancements to our software. If you have any comments or suggestions please send an email to ncsetoff@ncsetoff.org

Recap of Important Workshop Agenda Items

- 2015 Participation Form is ready and must be submitted by mid-December to ensure your existing debts roll over and new debts are submitted in 2015 to Dept. of Revenue.
- Only one form is needed for each county, agency or municipality.
- Health Depts. and EMS participating for the first time need to complete the Business Associates Agreement.
- Housing Authorities can participate if submit a one-time Rider form (on the forms page of the website) and agree to remove their deposits within three days from Capital Management Trust.
- ASCII/Excel participants—click here to submit your names, depts., email addresses and requested email notifications, if new or changes.
- Client Software users can manage emails in the software in Tools-Administrator-User Setup. Remember to select Export Users and Transmit-Export-User Information.
- If submitting via Excel, consider moving to our software or let us do your data entry. Call us to discuss the best method as they are both more secure than submitting Excel files with Social Security Numbers.

Statutes are more involved with how far BACK to submit, not going forward! Debts remain active if continue to send invoice notices.

Two spouses filing a joint tax refund may result in a local government only receiving a partial amount of the debt.



Best method for verifying the Clearinghouse has only the debts you desire.

Statute of Limitations (Debt Expiration Date)

This topic is one of the most difficult in providing exact guidance. There are differing opinions. There are some local government attorneys that feel that the Statutes of Limitations do apply to state government but not to local governments. Most agree with a 1996 N. C. Attorney General opinion that the Statutes do not apply to local government debts under the Debt Setoff program. Click here for the link to the ruling. Other attorneys have opinions that if the debtor does not appeal within 30 days after receiving the required notification letter then debts will not

expire. But if appealed within 30 days then the statute may apply—can go 10 years back for taxes and 3 years back for any other type of debt.

Both the N.C. Association of County Commissioners and the League of Municipalities advise you to consult your attorney and be sure they feel comfortable defending their opinion of the Expiration Dates being submitted by your local government.

If it is determined that some or all of your existing debts can be extended, the Expiration Dates may need to be modified and

re-submitted. Let us know if we can assist as we can easily modify these dates with our software.

Don't just assume you have to expire all debts after 3 years! If a bill/invoice has been sent, or a payment was received within 3 years (10 years for taxes) from the time you sent the debtor a letter, it may never need to expire. We have many local governments using expiration dates of 2020, 2050 and even 2099.

We have collected thousands of debts older than three years.

N.C. Department of Revenue (NCDOR) Report

Cindy Honeycutt from the Department of Revenue provided the following updates:

- The contract with their vendor to develop a new tax software package was cancelled in early 2014 so the current processes will continue [Note: this may be good for debt setoff. The new process would've given refunds back to the debtor after a short set amount of

time if it couldn't be determined if the SSN and last four of last name didn't match].

- Obtaining Social Security Numbers: still a work in progress. The Clearinghouse is requesting that the Dept. of Revenue send a file to their SSN locator provider and return the results to the Clearinghouse. The Clearinghouse will not send to a SSN

locator service directly as we ONLY send to the Dept. of Revenue.

- If you receive a refund request, it is not optional. You must return the funds as does the Clearinghouse and Dept. of Revenue. But you can restore the debt and attempt to collect again. The Dept. of Revenue cannot disclose the reason for the request for privacy reasons.

Need an Excel File of All Debts? Just Make A Request

1) How would an excel file of all of your debts help?

It can be reviewed to ensure all desired debts are included and those no longer needed can be deleted.

2) What information is included? **SSN, Name, Address, City, State, Zip, Debt Amount, Compliance Date, Expiration Date, Account Number, Unique ID, Agency Code, Department, Set-**

off Amount and Setoff Date. Let us know if no SSN is needed or if last four is enough.

3) Is it in a format that can be re-submitted back to the Clearinghouse once edited? **It has all of the information but is in a different order and needs to be modified.**

4) Can an excel file of just one department be created? **Yes, let us know which one(s).**

5) Can the excel file be emailed? **No, it is uploaded to your secure folder.**

6) How to Request an Excel File? **Send an email request to: ncsetoff@ncsetoff.org**

Tip: our Client software can export your own Excel file, all or selected departments.

Reminders about Debtors and Debts

- Any debt owed to a local government can be submitted as long as delinquent 60 days. Don't forget about fines/fees for: alarms, animal control, code enforcement, demolitions, landfill, lawn maintenance, library, parking tickets, privilege licenses, recreation, sewer tap, traffic violations, solid waste, returned checks, Even prior employees can be submitted. Perhaps they didn't return equipment or had education/training that required them to work so many years.
- Even though the General Statutes allow, the Dept. of Revenue will not setoff Business ID numbers, only social security numbers. You need a business owners SSN and Name. Do not use the Business name.
- We DO NOT combine debts to reach the \$50 minimum. So each row in an Excel file, ASCII file and each debt in the software must be \$50 or more.
- A debt that has been setoff and the balance is less than \$50 is not resubmitted to Dept. of Revenue
- Debts must be combined by the local governments to reach \$50. Remember, debts over \$50 should stand alone. Only combine a debt less than \$50 to others to get to \$50 or one less than \$50 to one over \$50.
- Do not combine any non-tax debt to a tax debt, even if needed to reach the \$50 minimum.
- We suggest noting debts combined, using all account numbers or if not enough room, some kind of indicator such as “**” or “CMB”.
- Debtors with debt balances of \$.01 or higher, sent to us after January 1, 2015, will provide information to callers to our Interactive Voice Response (IVR) unit for the entire 2015 year.

Security Changes for 2014/2015

2014:

- Last few local governments using client software were encrypted
- Changed all Excel files to include only the last four of social security number
- Those that officially requested an exemption to include the full nine will no longer receive all nine digits beginning in 2015

2015:

- Only counties and large municipalities will receive the match.dat (ASCII import file) that includes full SSNs. We use history log files to determine who is currently using and will remove counties and large municipalities that haven't been accessing. If the need changes, a call or email can resume the availability of the match.dat file
- The setoff.txt file will only have the last four of SSN. The software will use the last four and Unique Id to match and apply the setoff. After implementation, there will be no files for client software users that contains the entire nine-digit SSN.

It's Not to Early to Get Ready for 2015

- Send required notification letters to debtors by Monday December 1, 2014 in order to be compliant for the start of tax refund processing in mid-January 2015
- Review the Excel file of Expired Debts coming Tuesday, November 4. An email will be provided to those that have already expired or will expire by January 1, 2015. These debts will be deleted by the Clearinghouse around December 29. This will cause the priority on these debts to be reset
- If you use our software there are options for:
 - Deleting Expired Debts
 - Extending Expiration Dates
- Review the Excel file of Rejected Social Security Numbers coming November 17, 2014. An email with instructions will be provided to

those with one or more Rejected SSNs. The Dept. of Revenue cannot match the SSN and the first four characters of the last name. These debts will be deleted by the Clearinghouse around December 29. This will cause the priority on these debts to be reset.

Beginning in 2015 the Clearinghouse will make the following security protection changes:

1) provide only last four digits of SSN in ALL Excel files after a setoff. No exemptions.

2) provide the entire nine digit SSN in only the match.dat file (ASCII) for counties and large municipalities.

Check with your I.T. and/or vendors/third parties to see if only the last four of SSN

can be provided from the match.dat file. Hopefully the last four of SSN, debtor name, account number and Unique ID enough to determine the proper debtor.

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, Billie Mills and

Becca Walsh

(Customer Services)

Drew Bryant

(Software Developer)

Linda Kanefit and Marcia Padgett

(Debtor Inquiries)

Rich Ware

(Network Admin./I.T Mgr.)



North Carolina Association of
County Commissioners

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

Contact: Scott Kauffman

Phone: (919) 715-2893

E-mail:

scott.kauffman@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 (NCCMT)
(800) 222-3232

Client Software Version 2014 Update

Reminders/Notifications:

- We can assist you in printing your notification letters and saving a pdf version
- We can assist with year-end clean-up functions (DO NOT DO BEFORE 12/19/2014):
 - ◊ extending or deleting expired debts
 - ◊ deleting debts \$0.00, and/or less than \$50.00

Items for Next Version Available by December 15:

- Import a letterhead logo for the notification letters
- Correct the creation of an Excel file after a setoff file is processed. Can be used to provide to a third-party vendor/I.T.
- Modify the Year-end clean-up options to select a particular account code, rather than do all account codes/departments

Getting Ready for 2015:

- Run Expiration Reports with the following criteria:

Expiration Start Date:	1/ 1/2000	▼
Expiration End Date:	12/31/2014	▼

- ◊ Select ALL account codes or the desired/allowed account code:
- ◊ The above dates will display any Expiration Dates that have already expired or will be expiring by the end of the year. Another suggestion is to see what debts will expire before the end of the next major tax season:

Expiration End Date:	4/15/2015	▼
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- ◊ Consider extending these dates for another year or more. To do so, do Tools-Users and select :

[Change Expiration Date](#)

- Run Selective Report with the following criteria:

Beginning Debt Amount:	0.01	
Ending Debt Amount:	49.99	
Start Date:	10/30/2014	▼
End Date:	10/30/2014	▼
Use Debt Amount Range	<input checked="" type="checkbox"/>	

- ◊ The above debt amount selections will display any debts from \$0.01 to \$49.99 which will are not being submitted to the Dept. of Revenue since they are less than \$50.
- ◊ Consider combining to meet the \$50 requirement.
- Run Setoff Reports **before** any year-end clean-up options are executed. These may be useful for auditors or financial reconciliation:
 - ◊ Run for each setoff file date, (see the 2014 Setoff Calendar on website) AND for the Past Fiscal Year date range.