NORTH CAROLINA LOCAL GOVERNMENT
DEBT SETOFF
CLEARINGHOUSE

Beginning a New Tax Year—2013

Reminders:

- N.C. Dept. of Revenue delays start of refunds to January 30 to correspond with IRS start date. First setoff file will be much smaller than in the past.

- 1st Setoff File of 2013 is Tuesday, February 5. Available to local governments Friday, February 8

- Status of the 1st Setoff File

- The 2013 Department of Revenue Setoff Schedule

- Now is a great time to call the Interactive Voice Response (877) 843-0330 and check the pronunciations and information for your local government

Clearinghouse is Ready for the 2013 Tax Year

N.C. Tax Refund Process to Start Later than Normal:

Normally, the N.C. Dept of Revenue would begin processing state tax refunds around January 15th. However, it has chosen to follow a start date similar to the I.R.S., which announced it will not begin accepting federal refunds until around January 30. This delay is due to changes that weren't announced until the beginning of January. So the first setoff file available Feb. 5 will be much smaller than in previous years. Expect the first large setoff file to be February 19.

Got a Surprise: on Friday, December 21, the Clearinghouse received a call from Capital Management Trust that they had received a deposit from the Department of Revenue. Our schedule showed Dec. 11 as the last setoff file. So we processed it on December 26 and sent the information later that same day.

We have since received three files from the Education Lottery. We are holding those and will include with the first Dept. of Revenue setoff file on Feb. 5.

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

This form began with the 2012 tax year and should be used for ALL ASCII/Excel users. We only received about 90 (of a possible 210) electronic forms from this group, but it is not too late.

The 2012.11 client software has this functionality built-in. (see page 4 to learn how). We received 49 (of a possible 221). This information 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 deposited funds. And an administrative person who uses the debt setoff software may want to receive these newsletters or be notified of our training workshop schedule.

If you are not sure if you sent us your list of updated email names and addresses, click here to complete it. Users of our software can also do this but we prefer using the software. We really need this information !

Department of Revenue Setoff Schedule Set for 2013

The Department of Revenue has set the schedule for the twenty-two setoff files for 2013. All dates are Tuesdays, unless a holiday week. 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 set-

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

Dates for 2013:

- Feb: 5 and 19
- March: 5 and 19
- April: 2 and 16
- May: 7 and 21

- June: 45 and 18
- July: 9 and 23
- August: 6 and 20
- September: 4 and 17
- October: 1, 15 and 29
- November: 13 and 26
- December 10

Each of the past ten years has been better than the prior year. We expect 2013 to be even better!

2012—the Best Year Ever!

Total Amount Received: $30,144,043.59

Total Amount from Dept. of Revenue: $29,761,327.80

Total Amount from Education Lottery: $382,715.79

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# of Debts Setoff:

174,031

# of Dept. of Revenue setoffs: 172,585

# of Education Lottery setoffs: 1,446

# of Counties Receiving Funds: 96

# of County Agencies Receiving Funds: 26

# of Municipalities Receiving Funds: 246

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Largest Dept. of Revenue setoff : $ 7,771.25 (Robeson)

Largest Education Lottery setoff: $ 2,565.02 (Mecklenburg)

Number of Refund Requests from Dept. of Revenue: 162

Most tax refunds setoff for one person in 2012: 18 (Duplin)

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Increase in Amount of Debt Submitted from January 1 to December 31: $ 70,285,858.18

Total Amount of Debt Submitted January 1, 2012: $ 415M

Total Amount of Debt Submitted January 1, 2002: $ 41M

(1st Year)

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

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

Tip—sum Setoff Amount (column "J") — it matches the deposit to your account at Capital Management.

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 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. Click here for more info.
3. Agency Code Number + ME (ASCII/Excel Users)—only created if any surplus amounts were taken from

debtor(s)
4. Setoff.txt (2011/2012 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

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

What Setoff Process Changes are there for 2013 ?

Client Software 2012 now in full operation:

- 56 Counties
- 14 County Agencies
- 151 Municipalities

221 local governments have converted to the 2012 software. We have now terminated the client software version 2007, all have been converted to the 2012 version or to ASCII or Excel. No longer will a match.zip file be created.

Match.dat changes: in the reserved area (152—156) will now include:

- Department code: (positions 152-155)
- Source: DOR (Dept. of Revenue or LOT (Education Lottery) (positions 156—158)

Setoff Excel file changes:

- Additional items:
- Import Key (Unique ID when imported into our client software)

- Account Number
- Setoff Amount

ME.dat Error/Surplus:

- SSN appears with hyphens
- Extended the length of Debtor Name
- Shortened message text

Client Software Users:

- Import Setoff process— Address discrepancy report identifies the department

We continue to make improvements to help all local governments maintain valuable debt setoff information.

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 68 local governments are taking advantage of this:

Counties: 60

Agencies: 2

Municipalities: 6

There is still time to make additions or changes. We suggest a department rather than a person's name. We can even specify both. 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 (3 character identifier, such as TAX, EMS, HLT, UTL)

Sample:

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

This is optional, feel free to use just one number for all debts. But if we can help with multiple contacts/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're ready for 2013

What does an IVR do? It is an efficient and cost-saving method to provide information to callers who are anxious for answers. Ours is a dedicated computer system with eight phone lines operating 24 x 7. Debtors who have received a letter from the Dept. of Revenue call it 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 when they are calling.

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 number 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. Call us for this number but DO NOT give this number to debtors, it is only for local government use. Try it! You can also call us for this information.

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.

Client Software Version 2012/2013 Update

Latest Version Available to All — November 2012 (2012.11) - those with a version prior should contact us. There was also a new PDF Creator, version 4.3 to replace 3.5

Latest Version to Selected Users: January 2013 (2013.01b)

- Interest Accrual—no longer have to sign-on as Admin

- Letters—fixes for multiple departments when not signing on as Admin

- Changes to System Settings will not truncate the Settings.txt file

- Setoff Report—lists the remaining balance after a setoff, previously only showed setoff amount and fee

- Audit Report—error in processing

- Call us if you need to correct any of the above issues—will be available Monday, February 4

Online Help System updated for version 2012.11 — click here to view.

Reminders:

- Hopefully you took advantage 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 the last setoff file in December 2013. We may setoff their refund and they will appear on your Setoff Error report.

- 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 2013 should let us assist and train you. An email will explain the process but contact us beginning Friday, February 8. It has many different features over the Import Setoff process from the 2007 software.

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. To access it, choose this menu option:
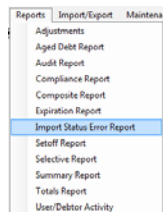
Select [Print] and the information appears. Print if necessary. Make any corrections, if applicable. Call the Clearinghouse if you are unsure of how to correct any errors. The most common rejections are: 1) invalid SSN (not nine digits, missing leading zeroes, starts with 000 or 999, or a Federal or 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).

Updating Names, Departments and Email Addresses:

There is an easier method than the website form for maintaining the list of users who need to receive email from the Clearinghouse for the four categories: 1. Funds Received/Import Status Report, 2. Upload/Download Confirmations, 3. Setoff Files Not Downloaded Reminder and 4. Information/ Newsletters/Workshops. We do not want to exclude anyone that needs any or all of these. We also don't want to send emails to anyone who doesn't need one or more of these. Just don't forget the Administration/Officials, I.T. staff and vendors for at least the Information/Newsletters/Workshops.

By configuring all email recipients in the software is a simple method that can easily be sent to the Clearinghouse anytime there is a change. No need to wait until the next Participation Form period. To do so, as ADMIN, go to Tools-Administrator-User Setup. For each user, do EDIT USER and complete all fields, including any or all of the four email distribution lists. Once all users are configured, select EXPORT USERS to create the Excel file. Then finally select Transmit-Export to Clearinghouse-User Information to send the Excel file. Note: the Username and passwords are NOT transmitted!