

Debt Setoff—2018 Pre-Workshop Edition

Reminders:

-] Workshops scheduled for October 2018
-] 2019 Participation forms begin in October

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Six FREE Training Workshops Set for October 2018

The 2018 training workshops are set:

- 1) Tuesday, October 16
Asheboro Public Works Conference Room
 1312 N. Fayetteville St.
 Asheboro, NC 27204
- 2) Wednesday, October 17
Hickory Council Chambers
 76 North Center St.
 Hickory, NC 28601
- 3) Thursday, October 18
Waynesville Police/Planning Zoning Building Board Room
 9 S. Main St.
 Waynesville, NC 28786
- 4) Tuesday, October 30
Local Govt. Federal Credit Union Corporate Office
 3600 Wake Forest Rd.
 Raleigh, NC 27603
- 5) Wednesday, October 31
Beaufort County Comm. Coll.
 5337 Hwy 264 East
 Washington, NC 27889
- 6) Thursday, November 1
New Hanover County Government Center
 230 Government Dr.
 Wilmington, NC 28403

] Agenda will be available by September 3—an email will be sent when ready and posted on the Training website page

Each Training Workshop has two different sessions:

1) 10:30—11:30: New local government participants

Main topic is the required one-time paperwork/contractual agreements and preparing to submit debts for the first time. Others who should consider:

-] Local governments that have not completed all of the required paperwork to participate should attend
-] Attendees who have attended this presentation in past and want a refresher
-] First time attendees to a debt setoff workshop who want to see what others before them have seen and completed in order to participate

] Your local government is currently participating in debt setoff but it is a new responsibility

2) 1:00—3:30: All Attendees

- Some of this year's topics:
-] Hearings/Appeals
 -] Recap changes since last workshop
 -] Planned changes for 2018-19
 -] 2019 Participation form

-] Preparing for 2019
-] Security
-] Surpluses/Refunds
-] Setoff process
-] Reconciling
-] Debtor/Debts
-] Joint debts
-] Businesses/Corporations
-] Dept. of Revenue update
-] Client Software update and demonstration

The presenters will be:

-] NC Assoc. of County Commissioners
-] NC League of Municipalities
-] NC Dept. of Revenue
-] Five Star Computing

Online registration is required and is now available on the website and a link in the email notification. Some locations may have limited capacity so don't delay. There is currently no limit on the number of attendees for a local government. If your vendor/third-party administrator is attending, someone from your local government is required to attend the same workshop. Please make all effort to attend this valuable sharing of information.

Twenty Counties Surpass \$3M Since Inception (2002)

**Fifty-three
counties and
two agencies
have collected
more than
\$1M**

1. Gaston: \$14.871M	8. Robeson: \$7.270M	15. Iredell: \$3.279M
2. Wake: \$12.864M	9. Cleveland: \$6.926M	16. Lincoln: \$3.182M
3. Mecklenburg: \$12.363M	10. Rowan: \$5.410M	17. Alamance: \$3.133M
4. Guilford: \$10.333M	11. Wayne: \$4.970M	18. Union: \$3.076M
5. New Hanover: \$9.243M	12. Pitt: \$4.173M	19. Johnston: \$3.074M
6. Forsyth: \$7.923M	13. Rockingham: \$3.640M	20. Catawba: \$3.043M
7. Durham: \$7.473M	14. Vance: \$3.482M	

The top participant is Mecklenburg EMS with \$23.582M

**Total col-
lected:
\$302.5M**

**2018 Total
collected:
\$18.5M**

**Highest To-
tal: \$21.7M
(2014)**

Seventeen Municipalities Surpass \$1M Since Inception (2002)

1. Raleigh: \$7.015M	7. Greenville: \$2.116M	13. Concord: \$1.678M
2. Charlotte: \$6.403M	8. Gastonia: \$2.076M	14. New Bern: \$1.608M
3. Winston-Salem: \$3.922M	9. Asheville: \$2.070M	15. Fayetteville: \$1.334M
4. High Point: \$3.718M	10. Lexington: \$2.022M	16. Lumberton: \$1.264M
5. Wilson: \$3.019M	11. Rocky Mount: \$1.959M	17. Monroe: \$1.040M
6. Greensboro: \$2.197M	12. Durham: \$1.830M	

A Look Back to the First Year of Debt Setoff—2002

Counties:

KH Avery: \$6,036	KAHPitt: \$776	OH Kinston: \$508
ΛH Craven: \$45,201	KMSampson: \$1,197	ΓH Lincolnton: \$1,129
MH Davie: \$950	KNHWayne: \$12,884	PH Morehead City: \$943
NH Forsyth: \$6,936	KEHYadkin: \$110	ΣH New Bern: \$8,028
ΞH Greene: \$9,702		ΚH Southern Pines: \$680
OH Halifax: \$1,039	Municipalities:	KKHTabor City: \$347
ΓH Harnett: \$1,582	KH Asheville: \$10,158	KAHTarboro: \$433
PH Henderson: \$20,413	ΛH Garner: \$992	KMHThomasville: \$178
ΣH Lenoir: \$343	MH Granite Falls: \$482	KNHWendell: \$52
ΚH Nash: \$66	NH High Point: \$79,179	
KKHPasquotank: \$14,285	ΞH Jacksonville: \$8,654	

**Twenty-nine
participants
collected a total
of \$234,248.89**

Reminders About Debtors And Debts

- } Any debt owed to a local government can be submitted as long it is 60 days delinquent. A required due process letter must be sent giving them 30 days to request a hearing.
- } Even though the General Statutes allow, the Dept. of Revenue will not setoff Business ID numbers, only social security numbers or ITINs. You need a business owner's SSN/ITIN 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 \$50.
- } If someone declares bankruptcy, all delinquent debts occurring prior to bankruptcy must be changed to \$0.00.
- } Be sure your vendors/third parties are aware of these combine/standalone rules. Signing the participation form certifies your compliance to this requirement.
- } We suggest noting debts combined, using combined account numbers or if not enough room, some kind of indicator such as "*" or "*C*".
- } Joint debts— two options:

 - 1) submit just one of the debtors, if have only one SSN/ITIN
 - 2) If have both SSNS, create debts for both debtors but send letters to both. Can split the debt in half or enter entire amount for both. But each debt must be minimum \$50. If enter full amounts for both and collect in full, refund the surplus amount
- } If use our software, DO NOT DELETE debtor/debt, change debt amount to \$0.

Some of the types of debts being submitted to debt setoff: taxes, utilities, EMS, health, animal violations, assessments, civil citations, code enforcement, demolitions, employees, fines, housing, inspections, landfill, loans, lawn maintenance, nuisance, ordinance violations, recreations, returned checks, sewer tap, solid waste, storage rental, storm water, traffic citations. ANY DEBT is eligible after 60 days delinquent.

Interactive Voice Response (IVR)—Take Advantage Of Departmentalization

Local governments can have only ONE account at Capital Management. But we DO allow local governments the OPTION of having separate contacts and phone numbers for each department/account codes rather than just one. Currently, more than 75 local governments are taking advantage of this.

Some local governments have one main number for all debt setoff issues from debtors. This is fine but please be sure the staff that answers this one number can answer questions for all the departments/account codes in debt setoff.

Local governments that take advantage of the Clearinghouse handling the data entry option do not have the option of multiple contact phone numbers in

our IVR.

We suggest using a department or section as the contact, rather than a person's full name. Or maybe use just a contact person's first name.

When you have an individual's name as the contact and if that person leaves, permanently or for an extended time let us know by calling or sending an email to ncsetoff@ncsetoff.org with the following:

- Local Govt. Name
- Department and/or Contact Name (first OR full name)
- Phone Number (w/ extension if applicable)
- Department Code (type of debt: TAX, EMS, HLT, UTL, etc.)

Sample:

Central County
Customer Services
(910) 555-1212
TAX

If we can help with multiple contacts and phone numbers, let us know. The intent is to direct debtors to the proper contact who can assist in explaining the debt(s). Now may be a good time to review how our IVR directs debtors to the contact(s) you have specified.

To test/verify, call (877) 843-0330 an enter an SSN for each department/account code used and listen for your local government information.

If we connect remotely to your computer please inform your I.T. so there will be no delay when we need to connect to you for support.

TLS, ciphers, etc.—security enhancements coming soon—more information to be provided as we begin working with our security vendors. Let your I.T. know. Otherwise, you may not be able to transmit files nor be able to download setoff information.


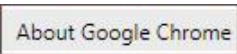

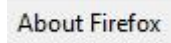
Security Notifications For Cisco Webex (effective August 2, 2018)

-) Local governments will need to follow the minimum supported version for all applications/web browsers of TLS 1.2 in order to avoid interrupted service. The following should be simple change with minimal downtime. These changes will enhance the level of your security but may effect your connectivity to some websites that are allowing for lower levels of security.
-) You may need Administrator privileges to complete these changes
-) Microsoft Internet Explorer (IE):
 - © Minimum supported version for Internet Explorer 10 is Windows 7
 - © Versions lower than IE version 11 on Windows Vista, XP or earlier Operating Systems will not be able to connect
 - © IE version 10 on Windows 7 or 8 may be required to enable TLS 1.2 in the browser settings in order to connect
 - © To enable TLS 1.2

go to **Tools**, choose **Internet Options**, select the **Advanced** tab

Check the TLS 1.1 and TLS 1.2

For additional security, uncheck SSL 2.0 and 3.0 (if checked)

-) Google Chrome:
 - © Minimum supported browser is version: 65.0
 - © To verify version click  (top right of browser window)
 - © Click Help then 
-) Mozilla Firefox:
 - © Minimum supported browser is version: 52.0
 - © To verify version click  (top right of browser window)
 - © Click Help/About 

MoveIt—Our Secure File Transfer System—Security Enhancements Coming Soon

All participants of Debt Setoff connect one of two ways:

- 1) non-client software users connect to set-off.fivestarc computing.com secure website
- 2) client software users integrate with this same secure website.

In the past, we purchased security software that allowed older internet browser version connectivity. However, in the

near future we will no longer allow older, less secure connectivity. We have already purchased a new server and are working with IPSwitch, the vendor for MoveIt, to enforce the highest levels of security. Once implemented and ready for implementation we will notify all users via email of the effective date. You should inform your I.T. that Transport Layer Security (TLS) changes are coming and may effect con-

nectivity (transmitting to and from the Clearinghouse).

Currently not supported:

) SSLv2 or SSLv3

Ending soon:

) TLS 1.0

Hopefully all users of debt setoff receive the many types of emails we distribute. We send so many emails from several different methods that we often get treated as Spam. Let your I.T. staff know if you aren't receiving one or more of the types.

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 NC Local Government Debt Setoff Clearinghouse sends lots of emails. And when we do, it can be to more than a thousand in a single day. Although we send to ONLY our local government participants in NC, 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 we attempt to resolve. We have several types/categories for sending electronic mail:

1. when a file is uploaded to our secure site, directly or through our client software (IPSwitch/Movelt)
2. when the secure folder password has expired (IPSwitch/Movelt)
3. when a setoff file from NCDOR/Education Lottery is available or for

Import Status reports (Outlook)

4. when a newsletter/technical bulletin is available (Outlook)

File Upload Confirmations and Password Expiration notifications come from an unauthenticated email as the vendor (IPSwitch) for this product (Movelt), doesn't allow for an authenticated method for emails. So some users may not be receiving the File Upload Confirmations or Password Expiration notifications.

When we send emails for an and Import Status report we usually send those over the weekend so that the emails are available to the local governments on Monday. In the event of a problem the file can be recreated and processed before being sent to the Dept. of Revenue on Tuesday morning.

When we send emails notifying of a setoff file from Dept. of Revenue and Lottery those are sent at less than 100 per hour so it may take an entire day for those emails to be completed. If you are aware of the setoff date, you can proceed with your instructions from a previous setoff email to see if the files are available to process. The first step we do is place the setoff files in the secure folders then send the emails. So no requirement for waiting for the email notification to start processing.

You may need to contact your I.T. to request they allow emails from:

) @ncsetoff.org

) @fivestarcomputing.com

) us3.mx.mailhostbox.com

) We can also provide specific IP addresses if necessary

Contact us if you want to review the email addresses we have for your local government or to make additions or changes.

Surpluses/Refunds Happen—Why and What to Do

Refund (rare)—when Dept of Rev. requests funds and fees be returned.

Surplus (common)—when too much of a refund or lottery winning was taken. We provide a surplus.xlsx for review.

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. Users of our software do: TRANSMIT-EXPORT TO CLEARINGHOUSE-DEBTOR INFO.

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 to you expecting to get the surplus and the fees returned. Only return the fees if they paid you a month or so before the debt was setoff. The Clearinghouse does not refund fees unless NCDOR provides an official letter requesting.

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/request a hearing.



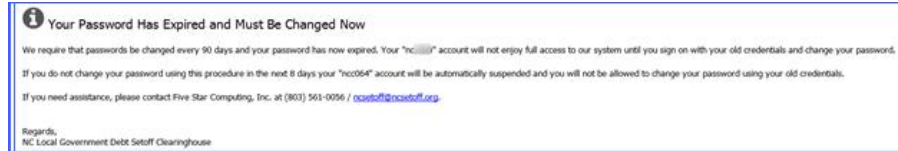
Client Software Version 2018 Update and Reminders

) **Latest Version Available to All — May 2018 (2018.05a) - those with a version prior to 2018 should contact us. Check by selecting:**



EXCITING NEWS:

) Ever get this email message?



) Only every 90 days! It means you cannot use the TRANSMIT menu until the password is changed. It is the “behind the scenes” password and not the one to used to sign-in to the software. When this email is received someone from each local government must change or contact the Clearinghouse and we connect and change it. Local governments can currently change the TRANSMIT password but it is not simple, and probably less than 10 of 308 are doing themselves. **Our newest version: 2018-05a can change the TRANSMIT password with just a few clicks, nothing to enter, store, etc. It is easy!**

) The only requirement is that you have to sign-on with username: **admin**

) We can provide the **admin** password if necessary. But this should be the main user, not someone from each department. Remember, only one person has to update/reset the password, then all users can immediately TRANSMIT. You can continue to use your regular sign-on, if not already using admin, to do the daily functions for auditing and transaction logging. But the admin sign-on must be used when the password expires in order to reset it

) We have created instructions in a pdf that we will put on your desktop when we install the latest version. There is also a new blue icon that identifies this new version.

) So the next time your password expires and you contact us, we will install this new version. If you don't want to wait for the password to expire, just contact us and we will install it.

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. To access it, choose this menu option:

Select REPORTS-IMPORT STATUS ERRORS and the information appears. Print if necessary and 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).

Tip #2: Change Debts to \$0.00—don't delete debt and/or debtor

It's happened many times. An irate person comes to a local government and complains, threatens, etc. so someone deletes the debt and or the debtor from the software. Often, the debtor has already been setoff and is aware of it. This means we will be receiving the funds soon and if the debtor/debt is gone, we cannot match the SSN and UniqueID. It appears on the Setoff Error page and the report will not match what was deposited at Capital Management. Your auditors may not like you collected more than the debt setoff reports show. So you probably end up restoring the debtor/debt and we have to make it match the newly system generated UniqueID. We recommend waiting several months or at year-end to remove these types of debtor issues.

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 Kanef and Marcia Padgett

(Debtor Inquiries)



North Carolina Association of

County Commissioners

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

Contact: Matt Gunnet

Phone: (919) 715-2354

E-mail: matt.gunnet@ncacc.org



North Carolina League of

Municipalities

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

Contact: Rob Shepherd

Phone: (919) 715-9767

E-mail: rshepherd@nclm.org

N C Department of Revenue

Debt Setoff Unit

(919) 814-1119

N C Capital

Management Trust

(800) 222-3232