

Fall 2015—Post-Workshop Edition

Volume 5, Issue 3

October 29, 2015

Reminders

- Submit your online 2016 Participation Form NOW
- Submit your online Names, Email Addresses and Notification list selections, if any changes
- Send Notification letters to new debtors if 60 days delinquent
- Start thinking about cleaning-up your data for the 2016 Tax Year
- Excel file submission changes coming December 2015 and 2016

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Seven Training Workshops Completed in September

377 people attended the annual September workshops:

1st week:

- Wilmington, Washington and Raleigh

2nd week:

- Asheboro, Hickory and Waynesville

Presenters:

- NC League of Municipalities: Melissa Smith & Wanda Veasey
- NC Association of County Commissioners: Matt Gunnet & Scott Kauffman
- NC Dept. of Revenue: Cindy Honeycutt
- Five Star: Bill Walsh

Two sessions:

- 10:30—11:30: new at-

tendees, new responsibilities or those needing a refresher course

- 1:00—3:30: all attendees: history, statistics, legislation changes, changes for 2016 and a detailed software demonstration

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 Addendum

A major topic was the explanation as to the decrease in setoff amounts in 2015. Legislation changes, including tax rate changes caused the first decline since the program started.

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 but 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

The next training workshops will be in September 2016. Dates and locations will be set by June 2016. However, call us toll-free at (866) 265-1668 if you have questions or need consultation or training.

Please do not delay in submitting your 2016 Annual Participation Form.

Recap of Important Workshop Agenda Items

- 2016 Participation Form is ready and must be submitted by mid-December to ensure your existing debts roll over and new debts are submitted in 2016 to Dept. of Revenue.
- Only one form is needed for each local government.
- 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 and agree to remove deposits within three days from Capital Mgt.
- ASCII/Excel participants—click here to submit your names, depts., email addresses and requested email notifications, if new/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 Excel files and not using our software, consider moving to it or letting us do your data entry. Call us to discuss the best method as they are both more secure than submitting Excel files.

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

The protection of Social Security Numbers and other identifiable information is critical.



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.

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 NC 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.

Excel File Submission Changes Coming

In order to enhance security, the NC Association of County Commissioners and League of Municipalities have decided to phase in several protections of social security numbers and other identifiable information.

If using our client software, there are no plans to cease the import of Excel files. However, if NOT using the client software there are two upcoming changes:

1. Excel files must have an encrypted password—effective December 15, 2015
2. Excel files can longer be submitted—effective December 15, 2016

For those non-client software users the Clearinghouse will be contacting them and providing the encryption password and instructions.

Why can users of client software continue to import Excel but not the non-users of the software?

Because once an Excel file is imported into the client software encrypted database, it is deleted. Therefore it is not stored on the desktop, workstation or anywhere on the network where it is vulnerable to internal and external unauthorized users.

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.

Microsoft XP—Clearinghouse can longer do remote connections

Effective October 2015, our remote support software, Cisco Webex, no longer allows us to connect to a Microsoft XP workstation. Microsoft stopped providing support to XP in April 2014 for this operating system that began in 2001. Cisco provided support for an extended period. In our evaluation there appears to be a minimal number of these XP workstations

in local governments. The Clearinghouse ceased the installation of first time installation of the client software in December 2015. However, we have continued to upgrade existing XP users to newer versions.

Upcoming issues for XP users will be the required TRANSMIT password that occurs every 90 days (14 day warn-

ing). The Clearinghouse has instructions that the local government can do itself rather than allowing the Clearinghouse to connect remotely to change. Call or email us if still using Microsoft XP so we can provide the instructions.

It's Not to Early to Get Ready for 2016

- Send required notification letters to debtors by Monday December 1, 2015 in order to be compliant for the start of tax refund processing in mid-January 2016
- 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, 2015. 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.

For security reasons, the Clearinghouse:

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

2) provides 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**

http://www.ncsetoff.org
 Toll-free Support:
 (866) 265-1668
 Interactive Voice Response
 (IVR): (877) 843-0330
 ncsetoff@ncsetoff.org

Clearinghouse Staff:
 Bill Walsh
 (President/Clearinghouse
 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
 http://www.ncacc.org
 Contact: Matt Gunnet
 Phone: (919) 715-2354
 matt.gunnet@ncacc.org



North Carolina League of
 Municipalities
 http://www.nclm.org
 Contact: Wanda Veasey
 Phone: (919) 715-2218
 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 2015 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:
 - ◊ extending or deleting expired debts (DO NOT DO BEFORE 12/19/2015)
 - ◊ deleting debts \$0.00, and/or less than \$50.00 (DO NOT DO BEFORE 12/19/2015)
 - ◊ report to determine debts less than \$50 that can possibly be combined

Items for most recent version, 2015.10a, available now:

- Import a letterhead logo (color or all black) for the notification letters
- Maintain separate letter settings (margins, font sizes, etc.) and letterhead logo for each account code/department
- Generate letters for ONLY NEW debts, different than NEW or UPDATED that lists old debts in addition to NEW

Getting Ready for 2016 Tax Year:

1. Run Expiration Report with the following criteria:

Expiration Start Date: 01/01/2000
 Expiration End Date: 12/31/2015

- ◊ Select ALL account codes or the desired/allowed account code(s), together or one account code at a time
- ◊ The above dates will display any Expiration Dates that have already expired or will be expiring by the end of this year. Another suggestion is to see what debts will expire before the end of the next major tax season:
- ◊ Consider extending these dates for another year or more. To do so, do Tools-Users and select:

Expiration End Date: 12/31/2016
 Change Expiration Date

2. Run Selective Report with the following criteria:

Beginning Debt Amount: 0.01
 Ending Debt Amount: 49.99
 Start Date: 10/26/2015
 End Date: 10/26/2015
 Use Debt Amount Range:

- ◊ 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

Financial/Auditing (CRITICAL):

- Run Setoff Reports before any year-end clean-up options are executed. These will be imperative for auditors or financial reconciliation:
 - ◊ Run for each setoff file date where funds were received, (see the 2015 Setoff Calendar on website **AND** match-up with Capital Management deposits) for the ALL codes option and also for each account code
 - ◊ Run for the Past Fiscal Year date range for ALL and each account code
 - ◊ Note: Setoff reports will work for setoffs occurring AFTER the local government began using the client software. Also, we remove all setoffs at the end of each year and store offsite on encrypted drives. It may take several days to provide these setoff files and each missing one has to be done one at a time.