

# Who is...

## *Innovative Software Services, Inc.*

*Developers  
of  
Innovative Software*

*Mission Statement:*

*"Innovative Software Services, Inc.  
is committed to the design,  
development and support of quality  
software utilizing advanced  
Windows® technology increasing  
customer productivity and  
satisfaction"*

**Innovative Software Services, Inc.**

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**[www.issi-central.com](http://www.issi-central.com)**



**Innovative**  
**Software Services, Inc.**

- Innovative Software Services, Inc. was incorporated in November 1998 in Eaton Rapids, Michigan, although product development began in 1995.
- Innovative Software Services, Inc. utilizes advanced Windows® technology in the development of software designed for state and local governments and private industry.
- Our goal in software design and development is to empower the end user with the ability to configure the software to fit their needs, reducing dependencies upon the development team.
- Innovative Software Services, Inc. is committed to strict process controls in design, development, data conversion, work flow, and conversion analysis documentation. Our processes have been proven and practiced in great detail.
- Innovative Software Services, Inc. has unsurpassed experience in the design and development of Windows® based application software.
- Innovative Software Services, Inc. is committed to outstanding customer support for its entire line of products.

# CityTax

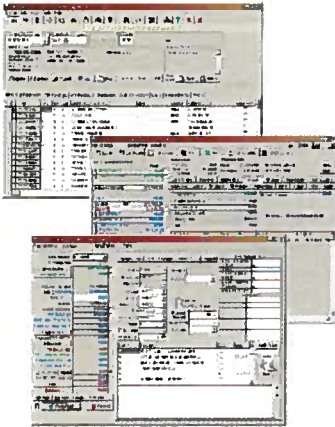
(517) 663-5710

The Local Income Tax Solution!

www.issi-central.com

## CityTax Features...

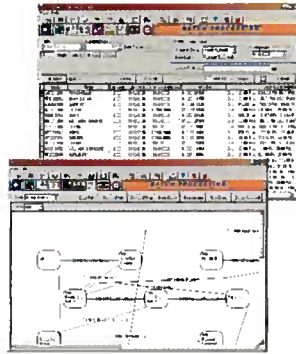
### Taxpayer Information



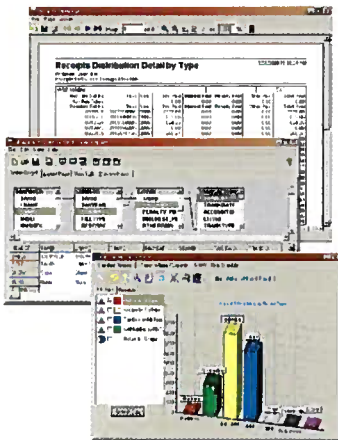
It's easy to locate tax return, payment, penalty, interest, refund, letter, invoice, and withholding detail in *CityTax*. Plus, extend *CityTax* by creating, capturing data, and printing unlimited types of forms and questionnaires via our *CityForms*<sup>TM</sup> design system.

### Automatic Compliance Processing

Compliance processing is easy in *CityTax*. Instead of typing one letter at a time, *CityTax* automatically tracks and sends invoices and letters according to *your* office procedures and timelines with our exclusive *Watcher*<sup>TM</sup> system.



### Powerful Reporting



*CityTax* offers powerful reporting tools, with over 140 standard reports. In addition, *Flex Reports*<sup>TM</sup> allow you to easily create and export reports, or data, to Excel®, further extending your reporting capabilities.



**Innovative**  
Software Services, Inc.

*The ease of Windows® with the power of an SQL compliant database!*

### Automatic Compliance Processing

- Review codes can be automatically inserted via dynamic business rule checking during tax return entry
- Print review codes on letters and invoices
- Create user defined process flows for *all types* of invoicing, non-filing, and other compliance issues, based on *your* office procedures
- Powerful payment plan calculations
- Multiple year payment plan support with extensive review and payment control capabilities
- Easily set up letter and invoice templates based on current office correspondence
- *Watcher*<sup>TM</sup> automatically tracks and sends all letters and invoices, or print them individually
- Ability to automatically recalculate penalty and interest at the time a letter or invoice is printed

### Tax Return

- Define tax return line detail to match *all* forms, worksheets, and calculations by tax year
- Define an unlimited number of messages that can print automatically on letters and invoices
- Tax preparer and individual online filing capabilities
- Tax returns printed with a 2D barcode may be scanned into database without data entry
- Easily create Joint, Individual, Business, Corporation, Partnership returns
- Maintain unlimited amended tax returns
- Taxpayer income can be derived from W2's or entered as a sum total into the tax return
- Extensive W2 information can be tracked with automatic other cities credit calculations
- View up to the minute penalty and interest
- Recalculate penalty and interest based on a desired date with different calculation options
- Print penalty and interest calculations
- Date stamp tax returns as "Received Only"
- Define Resident, Non-resident, Corporation tax rates and exemption allowance for separate tax years



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Call today for a demonstration of CityTax!

# CityTax

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Software Services, Inc.

## Payment Processing

- Automatic distribution of payment by locally defined rules
- Receipt Individual, Corporate, Partnership, Withholding and Estimate payments
- Differentiate by method of payment including check, cash, credit card, EFT, and money order
- Track by user defined payment codes
- Easily distribute a single payment to multiple payment types and years
- Direct debit capability
- Interface to any outside payment source
- View amounts owed when posting payments
- Easily post partial payments
- Payments entered from either primary or secondary will be automatically tied to the tax return
- Automatically post a tax return "Final" upon receipt of a full payment

## Refunds

- Automatically offset refunds to pay debts from previous years
- Direct deposit capability
- Credit refunds to previous or future years
- Create a "positive-pay" file to send to the bank
- Flexible check printing methods including "print to file" option
- Easily modify check layouts for printer or file interface
- Hold individual checks for auditor review prior to printing
- Void and reprint lost or destroyed checks
- Easily handle employer withholding refunds
- Ability to calculate interest to taxpayer
- Easily print user defined review code messages on *specific* check stubs
- Automatic or manual bank reconciliation

## Withholdings/W3 Reconciliation

- Process electronic W3/W2 information using Federal or Excel-based formats
- Online withholding payments and reconciliation filing capabilities
- Balance W3 against received payments
- Issue non-resident refunds

- Compare W2 from employer with W2 from employee via a single entry

## Reports

- Over 140 pre-defined standard reports
- *Flex Reports*™ empowers users to easily create impressive reports in minutes
- Export reports to multiple formats including Excel®

## Taxpayers

- Locate taxpayer by tax id, last name, first name, street address, previous names, account number, invoice number, phone number, and even text in memos
- Create events, alerts, memos, and track bad addresses, bankruptcies and more
- Store unlimited contact information
- Flag taxpayer as Individual, Business, Corporation, Non-profit, or Partnership
- Designate taxpayers as active, inactive, part year or final year
- Easily update name and multiple addresses
- Maintain separate address records for primary and secondary taxpayers
- Maintain address history by date

## Configuration

- Well over 150 different configuration possibilities to fit your needs
- Define extensive Court, Bankruptcy, and Board of Review case actions based on current office procedures
- Complete U.S. postal code table included
- Store interest rates for different time periods

## Other Features

- Advanced document imaging included
- Import returns, payments, and extensions from the Ohio Business Gateway
- Create 1099s and test file for IRS approval
- Easily export data for use in other applications
- Built in Help system with "How To's"
- Add local processes to the Help system
- Define user security roles at the function level
- Create user defined fields and attributes to track and report any type of additional data
- Microsoft Word/Excel Integration



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Call today for a demonstration of CityTax!



# Innovative Software Services, Inc.

P.O. Box 70 Eaton Rapids, MI 48827 Phone (517) 663-5710 Fax (517) 663-6141

## Introduction

# Mayor Pro Tem Erik Altmann Members of the City Council

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*My name is Rick Carpenter, and I am President of Innovative Software Services.*

*I wish to thank you for allowing me to address the council and help shed some light on the City of East Lansing's income tax processes.*

*Innovative Software Services, Inc. is an S-Corporation that was incorporated in the State of Michigan in November of 1998.*

*Innovative Software is the developer of CityTax a local municipal income tax application used in 23 Michigan cities and 35 Ohio cities. Our largest municipality utilizing CityTax in Michigan is the great City of Detroit.*

*A division of Innovative Software Services includes the processing of municipal income taxes for the cities of Flint, Pontiac, Hamtramck, Highland Park, Big Rapids, Albion, Jackson, Strasburg, Ohio and a portion of Canton, Ohio.*

## Overview of Annual Services

- Most cities utilize Innovative Software for all processing functions of their income tax department, with very little exception. As an example: one city issues prints their own refund checks, still using CityTax.
- Several cities utilize an Innovative employee staffed at the respective cities offices to aid in taxpayer support and communication.
- In an effort to inform the City of East Lansing tax payers of the new income tax, Innovative Software Services will use all information at our disposal to create mailing lists that will be used for mass mailings.

The sources used to send personalized informational literature will include, but are not limited to:

- East Lansing voter registration
- East Lansing property tax database
- East Lansing utility account information
- East Lansing building permits information
- East Lansing business permits information

As one option post cards could be sent via a direct mail campaign to reach all residents. This will reinforce the new regulations of the income tax and direct them to the website to determine their next course of action and determine if they are required to file and how the new income tax will impact them or their business.

Information will be sent out with all city mailings reinforcing the message of the new income tax. This includes but is not limited to property tax bills, assessments, utility bills, etc.

Innovative Software Services will also aid in contacting the Lansing Area Chamber of Commerce and East Lansing civic organizations to arrange speaking engagements to reinforce the message.

## **Optional: Staffing of Innovative Software Services Employee on site.**

- In addition to all phone calls routing through Innovative Software Services, dialed as a local call from the taxpayer, the option exists to have an Innovative Software Services staff member physically work within the City of East Lansing offices to address any taxpayer questions and offer guidance to taxpayers.

## **Startup Process**

Innovative Software staff will work with departments from the City of East Lansing to obtain various data to assist in the startup process.

It has been determined that the City of East Lansing now possesses the option to purchase a previous State of Michigan Tax Filing data file that will aid Innovative Software in obtaining resident names, addresses, etc.

Other resources will include the cities GIS department to determine the actual streets and street number ranges that fall within the City of East Lansing city boundaries. This will be utilized to aid in the determination of a resident or non-resident taxpayer and as to whether they need to pay at a one-half or one-percent tax rate.

Innovative Software Services will help the City of East Lansing in the creation of tax forms and all supporting required documentation for all tax processing functions.

Meetings with MSU will be required to help the university and the City of East Lansing determine best practices in withholding, informing students of the tax and determining university boundaries within the City of East Lansing.

Innovative will work with the City of East Lansing Staff and Attorneys to approve all letters and correspondence that will be issued via the CityTax income tax system.

In addition all office and paper flow procedures will be developed for the City of East Lansing via workflow sessions and the use of Innovative Software Services "Best Practices".

## **Security of Data**

Innovative Software will house the tax information data on its servers and will be responsible for all backup procedures.

City of East Lansing employees deemed necessary to have access to the tax information will be required to take a State of Michigan test to comply with audit and compliance procedures.

Only designated employees will have the availability to view CityTax data and will only be able to do so from within the City of East Lansing. These designated employees will have role restrictions imposed from within the CityTax software as to how much data can be viewed.

Innovative Software Services is audited by the State of Michigan and the IRS in its design of CityTax and its security procedures.



**Innovative Software Services, Inc.**

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# **CityTax Processing City of East Lansing Description of Services**

*“The Local Income Tax Solution”*

*August 8, 2018*

### ***Introduction***

The following is an outline that describes each function contained within the proposal that Innovative Software Services, Inc. will provide to the City of East Lansing.

### ***Preface***

If the City of East Lansing decides to retain staff of their own and to have the mail delivered directly to the City of East Lansing, then an average of two days each week a certified courier will pick up and deliver all documents received by the City of East Lansing. If it is agreed upon that all mailings will be delivered directly to a PO Box supplied by Innovative Software Services, Inc. the courier service will not take place and federal express will be used for minor mailing quantities, such as tax related documents dropped off directly to the City of East Lansing by taxpayers.

With exception of payments, all processing will be completed within two weeks of the date of delivery. Payments will be processed and deposited into the City of East Lansing's bank account within two days of receipt; except in very rare cases such as bank holidays, tax filing deadline day, withholding deadline day, etc.

Innovative Software Services, Inc. will not represent the City of East Lansing for disputes of tax payers who have appealed to board of review, tax tribunal, or state tax commission or any other municipal matters. Innovative Software Services, Inc. will supply all required documentation and aid in advising city personnel in these matters.

Innovative Software Services, Inc. will not respond to press inquiries concerning the income tax operation. Innovative Software Service, Inc. will supply all required documentation requested by the City of East Lansing.

The audit criteria used in all facets of income tax processing must be defined and provided by the City of East Lansing.

The City of East Lansing will be responsible for designing and distributing all tax forms. Innovative Software Services, Inc. will provided any data required for the printing process such as names, addresses, etc.

### ***Entering Tax Returns***

This process covers entry of all basic tax return form information and a general review of the returns. This process does include the opening of mail, sorting and batching of returns.

### ***Auditing of Resident/Non Resident Tax Returns***

This process covers all audit procedures for Resident and Non Resident Tax Returns as defined by the City of East Lansing.

### ***Auditing of Corporate Tax Returns***

This process covers all audit procedures for all Corporate, Partnership, and Business Tax Returns as defined by the City of East Lansing.

### ***Refunds (All Types)***

This process covers all refund processing for the City of East Lansing. This does include the actual printing of checks.

### ***1099 Processing***

This process covers all printing and electronic submission of 1099s.

### ***Letters and Invoice Processing***

This process covers all printing and mailing of the City of East Lansing defined letter and invoice procedures. This also includes the State tape process and any additional interface methods defined by the City of East Lansing.

### ***Payment Processing***

This procedure covers entry of all payments into the CityTax system. In addition, this covers the daily deposits.

### ***W2 Posting***

This process covers all posting of all W2 information as specified by the City of East Lansing received via Employers or Employees.

### ***W3 Reconciliation***

This process covers the reconciliation of Employer W3 submissions.

### ***Annual Employee Staffing***

If the City of East Lansing decides to outsource all functions of the Local Income Tax Processing and elects not to retain at least one (1) staff member qualified as a Tax Administrator, then an Annual staffing charge will be imposed.

### ***Annual Administration Cost***

The annual administration cost covers all hardware and software upgrades, telephone and administration. This fee is imposed if the City of East Lansing decides to outsource all facets of the Local Income Tax Processing operation including the scenario whereas the City of East Lansing retains an income tax administrator of their own.

### ***Mailing Costs***

All mailing costs shall be covered by the City of East Lansing and will be charged back to the City of East Lansing on an as incurred basis. An estimated mailing cost based upon all processes is outlined in this proposal.

***Duties/Issues that must be conducted by the City of East Lansing include***

- Make the final determination concerning non-routine audit adjustments.
- Pursue the final stages of collections of amounts due.
- Waiver of penalty and in rare case interest..
- Conduct Board of Review Cases.
- Design and update tax forms.
- Determine all income tax policies.
- Answer all inquiries concerning income tax revenue.
- Approve payment plans not determined to be standard as defined by the City of East Lansing
- Make determination concerning accounts receivable write offs.

***If the City of East Lansing elects to retain one (1) income tax employee with local tax administration qualifications the following duties will be conducted by that employee:***

- Make the final determination concerning non-routine audit adjustments.
- Pursue the final stages of collections of amount due (including NSF replacement).
- Deal with taxpayer phone calls and visits.
- Reconcile payment information received daily from Innovative Software Services, Inc with Accounting/Treasury.
- Conduct annual compliance testing.
- Register new employers.
- Waive penalty and interest.
- Conduct Board of Review Cases.
- Design and update tax forms.