

Mun-Ease News

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Release 2015 - v. 16.40 Ships

Welcome! This newsletter describes enhancements in our new interim update (2015 release, v. 16.40). Users who have requested our release in a CD format will receive two CDs (a CD containing the 32 and 64-bit Elevate Db version and a CD containing the 32 and 64-bit SQL Server version).

Enhancements Included in This Release

New Options for Installing Mun-Ease

We have added a new option to the installation program. This option allows the user to create two desktop icons for Mun-Ease in addition to the icons that we create in the All Programs section of the Windows Program Manager. One desktop icon is for Mun-Ease and the other icon is for the various utilities that are bundled with Mun-Ease.

In previous releases, users only had the option of creating these icons in the All Programs section.

There is one important advantage of adding icons to the desktop. The desktop icons are displayed to all user accounts on a user's PC and not just to the account of the user who installed Mun-Ease.

New Features to Import Data into Mun-Ease from the Windows Clipboard

We have added a new feature to import columns of data from Excel or Word into Mun-Ease. This feature is available in

the Base and Allocations modules through the *file / fixed rate bonds / edit/new* or the *allocate / by individual Maturities / edit/new* menu options. The new routine will remove invalid characters (dollar signs and commas) from the clipboard before it pastes the data into Mun-Ease. Just click on the *paste from Windows clipboard* button and follow the directions.

Note that users can continue to use the existing import functions that we provided in prior releases. These functions allow the user to import data from a spreadsheet that has been saved in a comma-delimited (.csv) format. This import capability is included in every module of Mun-Ease.

New Options for the OID/OIP Amortization Report

We have changed the reports and calculations in the *reports / amortization reports / OID/OIP amortization (GASB 34)* menu option.

Background: The OID/OIP amortization report amortizes the original issue premium/discount (OID/OIP) separately for each individual maturity over the maturity's life. The amortization is done by subtracting the nominal interest from the effective interest. Nominal interest is calculated by multiplying the par amount of the maturity by the coupon rate. The effective interest is calculated by multiplying the carrying value times the reoffering yield. Thus, if the reoffering yield is calculated to the call date (the yield-to-worst rule), then Mun-Ease amortizes the OIP to the call date instead of the maturity date.

Another situation that produces unexpected results is when Mun-Ease amortizes the OID/OIP for term bonds with mandatory redemption features (sinkers). Because the reoffering yield is calculated to the term date, the amortization for each of the mandatory redemptions was also extended to the term date.

To remedy these idiosyncrasies, we have changed the amortization calculation for both yield-to-call maturities and term bonds with mandatory redemptions. First, we provide users with a choice of how yield-to-call maturities are to be amortized. If there are yield-to-call maturities, then Mun-Ease will display a message asking the user to choose between amortizing these maturities to the call date or the maturity date. If the user chooses the maturity date option, then Mun-Ease will substitute the yield-to-maturity for the reoffering yield which will then cause the period of amortization to be extended to the maturity date.

Secondly, we now calculate a customized yield for each of the mandatory redemptions associated with a term bond. In effect, we ignore the term date and instead calculate the yield to the mandatory redemption date. When we generate OID/OIP amortization report (#84), we display the yield used for the amortization in each section heading. If a customized yield has been calculated, we display "(pseudo)" to the right of the yield to notify the user of that fact.

New Reports in the Allocations Module

We have added two new reports to the Allocations module (reports #03j and #03k): These reports show the weighted average interest cost and weighted average life of allocations based on a date chosen by the user.

These reports are similar to the reports that we provide in the Stand-Alone Reporting module (reports #03g and #03h).

Background: The Allocations module allows the user to allocate debt service among funds, departments, cost centers, and/or projects. The allocation coding block is a 40-character string with up to four breaks and is hierarchically structured just like a general ledger account number. Like all of the other reports within the Allocations module, the new reports allow the user to choose the allocation hierarchy and the level of summarization.

Thus the user is able to generate a report showing the weighted average interest cost and the weighted average life for one or more projects defined within the Allocations module.

New Features for Commercial Paper Rollovers

We have added new features for commercial paper rollovers. Previously users could only create a single variable rate bond issue that included all of the rollovers in a commercial paper program. Each rollover in a bond issue is identified by the CUSIP number which is stored in the Tranche identifier field. Users would add new rollovers by clicking on the *Commercial Paper* button while in the variable rate transaction grid (*file / notes & variable rate bonds / create/edit/delete*).

There are two situations though in which users have requested that each rollover be kept in a separate bond issue. In the first situation, a user needs to calculate a separate arbitrage yield and 8038-G for a rollover. In the second situation, the user needs to allocate a rollover to various funds, projects, departments, etc. using the gross debt service allocation method. Because allocation percentages are defined by bond issue, users cannot keep multiple rollovers in a single bond issue. Instead users need to enter each rollover in a separate bond issue.

Mun-Ease can now accommodate these requirements. We have added a new menu option (*file / notes, leases, CP, &*

variable rate bonds / commercial paper rollovers (create only)) to create a new rollover. This menu option creates a tabbed window in which the user enters the rollover information in the first tab and enters the links to prior rollovers in the second tab.

Allocations for the rollover are created by clicking on the *Allocations* button below the transaction grid. We have also created a new commercial paper rollover report (#52e) which shows linkages between CP rollovers and the prior rollover(s) (*allocate / by gross debt service / allocation reports / commercial paper history reports (#52e)*).

If a user does not need to keep each rollover as a separate bond issue, he or she can continue to keep all of the related rollovers in a single bond issue. This architecture allows the user to enter new rollovers to the bond issue by clicking on the *Commercial Paper* button below the variable rate transaction grid.

New Features for Loan Pools

We have added a new option to the *loan pools / generate invoices* menu option. Users can now choose the invoice template to be used for billing clients who have borrowed from the loan pool. We also provide two templates that users can use as a starting point for creating their own invoice template. Note that Mun-Ease provides a capability to automatically e-mail invoices instead of physically mailing them to participants in the loan pool.

New Feature Added to Automated E-Mail Alerts

Mun-Ease now allows the user to insert mail-merge tags in the subject heading of an e-mail. Previously users could only insert mail-merge tags in the body of the e-mail.

Changes to the “Scan Database for Refunding Candidates” menu option

Mun-Ease will no longer display error messages when the user is scanning the database for refunding candidates. Instead, we will provide a report at the end of the scan noting any error conditions that were encountered during the process. This change will allow the scan to continue without the user having to confirm the existence of each error during the scan process.

Bug Fixes

We corrected a bug with the 8038G and 8038 tax forms that was introduced with the release of the 16.05 version in April, 2015. Mun-Ease displayed a null date value of 01/01/1899 in date fields that were unfilled. Mun-Ease now displays a blank value.

The combined debt service reports can now handle zero-interest rate QZABs (qualified zone academy bonds). Previously, the combined debt service reports did not display the correct amount of the beginning outstanding indebtedness in years where there was no interest being paid.

We corrected a bug that prevented a user from displaying the online version of our user manuals. (This bug was introduced with the 16.05 version released in April, 2015.)

BABs Subsidy Payments for FY 2016

The IRS announced on their website the sequestration cuts to the subsidy rates for Build America Bonds in FY 2016.

In FY 2016, the subsidy rates will be reduced by 6.8%. This rate is slightly lower than in past years (in FY 2013, the subsidy payments were reduced by 8.7%, in FY 2014, payments were reduced by 7.2%, and in FY 2015, the subsidy payments were reduced by 7.3%).

Background: The original BABs program allowed state and local governments to issue taxable bonds in 2009 and 2010 and to receive a subsidy from the federal government equal to 35% of the interest (45% for economic recovery zone bonds).

Arbitrage Computation Credits Unchanged for Calendar Year 2016

The Treasury Department announced that the yearly arbitrage computation credits will remain unchanged at \$1,650 for the 2016 calendar year (Revenue Procedure 2015-53).

Note that Mun-Ease computes the amount of the computation credit when the user presses the F11 function key while in the rebate transaction grid.

SLGS Window Reopens

The SLGS Window reopened on November 3, 2015; one day after a budget deal was signed by President Obama. It had been closed since March 13, 2015.

Mun-Ease Class in Omaha, NE

We are scheduling a Mun-Ease class in Omaha, Nebraska from January 25 through 27, 2016. The class will be held in the training facility of the City of Omaha. This e-mail also contains a sign-up form for the class.

Mun-Ease classes are comprehensive in nature; covering all aspects of debt management in the public sector. The classes are conducted by having the student solve real-life problems using Mun-Ease on a computer provided by the City of Omaha. Our class is 2 ¹/₂ days in length and costs \$995. We limit each class to 12 students to ensure a productive learning experience.

Future Enhancements to Mun-Ease

We are finalizing our priorities for future enhancements to Mun-Ease. We feel strongly about two areas where we can make some improvements to Mun-Ease.

First, we can update Mun-Ease to take full advantage of the new user interface of Windows 10. Generally we are impressed with Windows 10; but like most people, we have experienced varying degrees of frustration trying to find Windows 7 features that have been moved or hidden from view by Microsoft. Still, these are small quibbles.

Secondly, we believe that we can create a series of videos that can be used to learn Mun-Ease. To give you an idea of what we have in mind, you might try viewing a few videos on the Khan Academy website (www.khanacademy.org).

Our plans are to create a series of videos based on the examples in our *Tutorials Guide* of documentation. However, we need to issue a caveat about this endeavor. This project is not something that can be finished instantly. It will take some time to finish if the project is to be done professionally.

We would be happy to hear from you if you have ideas about possible improvements that could be made to Mun-Ease. Please feel free to contact us.