
Mun-Ease News

www.mun-ease.com

May 15, 2002 p. 1

2002 User Group Meeting, 10.90 CD-ROM, Tips & Tricks, and New IRS Initiatives

Release 10.90 is Now Shipping

With this newsletter, we are shipping our fourth interim update (release 10.90) for Mun-Ease 2000. Among the new features contained within the 10.90 release are (a) revamped report formats, (b) a new version of the ReportSmith Runtime Viewer, and (c) new hardware key drivers for Windows XP. This interim update is shipped free-of-charge to all of our 10.0 customers. We'll describe these and other features later in the newsletter.

User Group Meeting - Denver 2002

The Mun-Ease user group meeting is held every year during the annual GFOA conference. This year, our user group meeting will be held in Denver. The meeting is scheduled from 1:30-5:00 PM, Tuesday afternoon, June 18, 2002.

Dave Golley from the IRS will be on hand to answer your arbitrage questions and to explain the new Voluntary Closing Agreement Program (VCAP). Howard Stevens of the Bureau of Public Debt will provide an update on the SLGS Safe program. Finally, we'll provide a sneak preview of our upcoming Fall 2002 release of Mun-Ease.

The user group meeting offers you a chance to meet other users, voice your wishes with regard to needed enhancements, and to have your questions answered. Past users have told us that the meeting is well worth their time. *You won't want to miss this important event. Plan to attend!*

Please forward this newsletter to other

Mun-Ease users at your site.

In this release

<<< release 10.90 features, classes, our 2002 user group meeting, IRS initiatives, tips, and a sneak preview of our upcoming release>>>

News From the IRS - 8038R Tax Forms, VCAP, and Small-Issuer Exemption for K-12 School Districts

The IRS released the new 8038R tax form. It replaces Revenue Procedure 9283 and is required when you request a refund of rebate payments that you have previously made. We have included the 8038R form in PDF format on our 10.90 CD-ROM. In our next release, we'll enhance Mun-Ease so that it will generate completed 8038R tax forms along with all of the other 8038 forms.

The IRS also recently issued Notice 2001-60 which provides information about its Voluntary Closing Agreement Program (VCAP). VCAP is offered through the *Tax Exempt Bonds Outreach, Planning and Review* function (TEB OPR) of the IRS. This program is targeted to issuers who discover that they are not in compliance with the arbitrage rules. The Notice outlines the steps to be taken to reach a settlement with the IRS and the conditions under which with IRS will agree to negotiate a closing agreement. As mentioned earlier, the IRS will be on-hand at our user group meeting to discuss the details of this program.

Finally, effective January 1, 2002, K-12 school districts are now exempted from the rebate requirement if the yearly debt issuance is less than \$15 million.

Tips & Tricks: Carrying Forward Arbitrage Calculations Performed by Another Party

Many times, an outside third party will obtain an engagement to perform an issuer's rebate calculations that were previously performed by another firm. In these situations, the new firm does not want to reenter all of the data previously input. Instead the firm will want to carry forward the results from the previous calculation. Thus

the successor firm will usually enter the rebate liability or credit as calculated by the predecessor firm. However this procedure can distort (or even prevent) the internal rate of return (IRR) calculation performed by Mun-Ease when it is calculating your rebate liability. To correct this problem, assign a value in the Fund ID field beginning with the tilda (~) character. Mun-Ease will ignore these transactions during the IRR calculation but will include them in the future value computation. This is essentially the same procedure that you use to enter computation credits and and rebate payments as outlined in Section 8.3.4 of the Mun-Ease User Guide.

Tips & Tricks: ReportSmith & 8038 Tax Forms

We include both the 3.0 and 3.12 versions of the ReportSmith Runtime Viewer on our CD-ROM. The 3.0 version allows you save reports in a spreadsheet format while the 3.12 version allows you to save a report in an HTML format. You can save reports in both a spreadsheet and HTML format by installing the 3.12 version over the 3.0 version. Note though that you must install the 3.10 version or later if you plan to generate completed 8038 tax forms.

10.90 Features

Shown below is a summary of the new features included on the 10.90 CD-ROM.

- ' We've revised the formats of several reports. The changes make the reports easier to read when you fax them to another party.
- ' We've included a new version of the ReportSmith Runtime Viewer (version 3.12).
- ' We've included new drivers for the hardware key. The drivers have been optimized for Windows XP.
- ' We've added a new icon to rebuild your Examples database. The Examples database should periodically be restored to the original status after you have performed exercises from the Tutorials Volume.
- ' We've changed the way the database is updated during a transferred proceeds calculation.

Previously if you requested Mun-Ease to update the refunded bond issue with the results of the calculation, we created a new investment portfolio with the appropriate transfer percentages. With the 10.90 release, we create transactions that are adjustments to the existing portfolio.

- ' We changed the function of the Delete button when you are viewing a range of allocations for one bond issue. The delete button will now delete the complete range of allocations currently being viewed.
- ' We fixed a bug in the *Fixed Rate Maturity* grid. The *Reset Term Date* button was not resetting the term dates to their default values.
- ' We fixed a bug in the Sizing module. Occasionally the size of a bond issue would be rounded down (instead of up) to the nearest denomination.
- ' We corrected a bug that impacted the calculation of interest in a stub period when interest is calculated on an actual/360 day basis. This situation is rare and usually only occurs when a bank loan is entered as a bond issue.
- ' We corrected a bug in the Cascading Call Options window. The Delete button was not deleting all of the call scenarios defined by the user.

A Sneak Preview of Our Upcoming Fall Release

As our long-time users know, we are always adding new enhancements to Mun-Ease. Since we released the 10.0 release of Mun-Ease in September, 2000, we've issued four interim updates (mailed to our Mun-Ease 2000 users free-of-charge).

Additionally, for the past year, we've been hard at work on a new major release that is scheduled to ship sometime in the Fall of 2002. We'll give everyone a peek of this new version at the user group meeting in Denver. While there is not enough room in this newsletter to describe all of the new features, we'll highlight some of the major enhancements:

- ' *GASB 34 reporting* - New combined debt service reports that show debt service on an accrual basis (stand-alone reporting and allocation modules).

- ' *New statistical functions (normal curves and chi-squared distributions)* - You can estimate interest rate probabilities and construction draw schedules based on these functions. There are especially useful in swap analyses (Sizing, Refunding, and Graphics modules).
- ' *New mail-merge features* - Create form letters within Mun-Ease and insert tags from the database. When you finish a calculation, open the form letter and Mun-Ease will automatically insert the values of your calculations into the letter (Base, Arbitrage, Sizing, and Refunding Modules).
- ' *New variable rate bond features* - Mun-Ease now maintains periodic resets (usually weekly) that are used to calculate interest on a variable rate bond. Mun-Ease will also calculate the interest payment based on the calculation options that you have chosen. Interest can be calculated on a 28-day, monthly, quarterly, semi-annual, or annual basis (Base module).
- ' *New document management features* - Mun-Ease contains a new database table that allows you to keep track of all documents related to bond issues on your database. View documents by subject or by bond ID. Virtually any document can be viewed while in Mun-Ease (e. g., Acrobat, Word, WordPerfect, Excel, or text) (Base module).
- ' *Internet add-on module enhancements* - The Internet Add-On module now contains a "search by cusip" function and combined debt service, combined indebtedness, statistical summary, and multi-year gross debt service allocations reports. These new reports are in addition to existing Internet Add-On reports (individual debt service schedules and bond production reports). (Internet Add-On module)
- ' *New arbitrage features* - We now generate completed 8038R tax forms. We've updated the help file containing the arbitrage regulations to include recent changes/additions to the regulations, technical advice memoranda, field service advice memoranda, and private-letter rulings. We've enhanced the IRR calculation menu option to calculate the internal rate return on purpose expenditures as well as nonpurpose investments (Arbitrage module).
- ' *New interfaces* - We now allow you to import bond issues and rebate transactions directly from Excel spreadsheets (Base and Arbitrage modules).
- ' *Analysis of swaps / other refunding enhancements* - We now include features to assess the cost-effectiveness of a fixed-to-variable or variable-to-fixed swap. Also the refunding input screens have been redesigned to for greater flexibility of input (Refunding module).
- ' *Sizing enhancements* - We now allow you to size a bond issue to cover multiple construction projects. Each project can has its own construction yield and can be net or gross-funded. The input screens have been redesigned to for greater flexibility of inputs (Sizing module).
- ' *Enhanced Event Scheduler/Manager* - Our Event Scheduler/Manager allows you to view debt service payments and other important bond-related events in a PIM mode. Our new version has yearly views and work-day views in addition to the current daily, weekly, and monthly views (Base module).
- ' *SEC & other regulatory rules* - We now include disclosure rules (SEC Rule 15c2-12b) and other regulatory requirements from the MSRB in a help file. The rules are indexed by section title and cross-referenced by topic (Base module).

Database Decisions - We Want Your Input

Mun-Ease stores its data through the Borland Database Engine (BDE). The Borland Database Engine is a multi-user, relational database that can store data in variety of formats (Paradox, dBase, SQL Server, Oracle, DB2, Informix, and Sybase). We store data in a Paradox format.

There are several advantages to using the Paradox format. Paradox is an extremely fast and efficient database and its tables can be loaded directly into Excel. It is also an economical solution from the standpoint of cost and ongoing maintenance. It doesn't require an onsite database administrator and we can ship the Paradox engine to you without requiring you to pay royalties.

In the past though, we have had requests from users to support other database formats. Thus our upcoming release has been redesigned to allow us to more easily transition to another database. The decision to do so will be based on feedback from our users. If there is sufficient demand, we'll make the investment to port Mun-Ease to one of the high-end, relational databases such as SQL Server or Oracle.

What do you think? Is the database that we use an important consideration for you? If so, would you be willing to pay more for a version of Mun-Ease that uses Oracle or SQL Server? Call or e-mail and let us know. You can use the e-mail address for Prescient Software shown on the *About Us* page of the Mun-Ease web site.

Our Support Policy Revisited

We provide free telephone support to (a) users of our current release, or (b) users who have purchased Mun-Ease within the past year. This policy differs from most software companies who charge by the minute for telephone support. We've adopted this policy because we don't want our users wasting hours of time when a problem could be quickly solved by calling a someone who is knowledgeable and experienced in Mun-Ease and public finance.

Important Reminder

Mun-Ease User Group Meeting

June 18

1:30-5:00 PM

Denver, Colorado

GFOA Annual Conference

1:30-2:30 - Preview of New Features (John Dillavou, Prescient Software)

2:30-2:45 Break

2:45-3:30 - VCAP Explained (Dave Golley, Internal Revenue Service)

3:30-4:15 - SLGS News (Howard Stevens, Bureau of Public Debt)

4:15-5:00 Questions & Answers (John, Dave, & Howard)