Mun-Ease News

Prescient Software ^{jrd, Inc.}

Mun-Ease 2003 (Vsn. 11.50) - Now Packaged with Crystal Reports

11.50 Version Overview

With this newsletter, we are shipping our first interim update for Mun-Ease 2003. The 11.50 CD ROM is sent to all of our 11.0 customers <u>free-of-charge</u>.

We are very excited about this release. The 11.50 release uses Crystal Reports 9.0 to generate reports. We also have new GASB 34 features, new capabilities for variable rate bonds, a new "report package" feature, and MUCH, MUCH MORE! All of the new features are described in detail later in this newsletter.

Why We Switched to Crystal Reports

While both ReportSmith and Crystal Reports are excellent products, we see three main advantages to using Crystal Reports. They are:

1. *Easier installation* - Crystal Reports runs as a Mun-Ease DLL while ReportSmith runs as a separate executable program.   Because ReportSmith is a separate program, additional steps must be taken during the installation process to allow for the communication between Mun-Ease with ReportSmith.

2. *Better Excel and HTML interfaces* -Crystal Reports allows the user to export reports <u>with their formatting intact</u> to either Excel or HTML. The ReportSmith

spreadsheet interface exports only raw data.

3. *Wider market acceptance of Crystal Reports* - Crystal Reports is used widely in corporate and government sites. Thus it is likely that an in-house staff will be able to customize Mun-Ease reports without assistance from us.

All About Report Packages

As mentioned earlier, the 11.50 release includes a new report package feature. Financial advisors, attorneys, CPAs and other service providers will find this feature to be extremely useful. The Report Package feature is available in the *Arbitrage*, *Sizing*, and *Refunding* modules.

To use this feature, you first select the reports that you wish to package into a single report. After pressing the *Package my reports* button, Mun-Ease will combine all of the requested reports into one packaged report. Mun-Ease sequentially numbers the requested subreports in the package and includes a table of contents.

New Premium/Discount Amortization Report (GASB 34)

With this release, we have completely revamped the *Premium/Discount Amortization* report. Our new report is compliant with GASB 34 rules.

In prior releases, the premium/discount was amortized on an aggregate basis for the whole bond issue. The premium/discount was amortized either on a straight-line or effective-interest basis.

In the 11.50 release, we amortize the original issue premium/discount (OID/OIP) separately for each individual maturity. The amortization is done by

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subtracting the nominal interest from the effective interest. The effective interest is based on the reoffering yield of the maturity being amortized.

While this calculation may seem relatively simple, the amortization must consider how the reoffering yield was originally calculated. For premium callable bonds, (yield-to-call bonds) the reoffering yield is calculated to the call date. For these maturities, Mun-Ease amortizes the OID/OIP to the call date instead of the maturity date.

Mun-Ease also checks the call switch of the maturity when performing the amortization. If the maturity is called (call switch is set to YES), then Mun-Ease will not amortize the OID/OIP past the defeasance date. All of the remaining unamortized OID/OIP is lumped into the coupon period containing the defeasance date.

Finally Mun-Ease performs year-end accruals as of the end of each fiscal year. If part of the coupon payment falls in the prior fiscal year, then Mun-Ease will back-out a portion of the amortization and place it in the prior fiscal year.

Mun-Ease provides two amortization reports: report 84 is sorted by maturity and payment date, and report 84b is sorted by payment date and maturity.

The 2003 release also contains other reports that are GASB 34 compliant. These include the *Combined Debt Service on an Accrual Basis* report (#76), the *Allocated Debt Service Accrual* report (#77), and the *Refunding Excess Indebtedness Amortization* report (#80).

Mun-Ease Class Schedule For First Half of 2004

Prescient Software plans to offer four Mun-Ease classes during 2004. Classes will be held at CompUSA locations throughout the country.

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 CompUSA. Our classes are 2 $^{1/2}$ days in length and cost $995. We'll limit each class to 12 students to ensure a productive learning experience.

2004 Class Locations & Dates - (through July, 2004)

Mt. Laurel, NJ (near Philadelphia) March 22-March 24, 2004. (Mt. Laurel CompUSA located at 1100 Nixon Drive, Eastgate Square, Mt. Laurel, NJ, 08054 Hotel Accommodation - Candlewood Suites, 4000 Crawford Place, Mt. Laurel, NJ, $89.00 plus 14% tax).

Brookfield, WI (near Milwaukee), June 9-June 11, 2004. (Brookfield CompUSA located at 17300 Bluemound Rd., Brookfield, WI 53405- Hotel Accommodation - Wyndham Hotel, 18155 W. Bluemound Rd., Brookfield, WI $99.00 plus 13.1% tax).

The Classes page of the Mun-Ease site contains additional information including: (a) class syllabus, (b) directions to the class locations and hotels, (c) a downloadable class registration form in Word and PDF format, and (d) additional hotel information. You can register for a class by faxing or mailing the attached registration form to Prescient Software at 949-248-5789. You can e-mail us at *classes@mun-ease.com.* The registration form can be downloaded from:

http://www.mun-ease.com/class.html

Microsoft's .Net Initiative - What It Means To You

By now, most computer users have heard of Microsoft's .NET initiative. Yet surprisingly, very few people know how or if they will be impacted by this new technology. We believe that the .NET initiative will eventually have a huge impact on both users and developers. From an historical perspective, it is clear that developers who ignore this development do so at their own peril. Before we discuss how .NET will affect users, we'll provide some background information.

In the early 1990s, Sun released a computer language called Java that could be used to develop applications for the Internet. A key advantage of Java is that it is not restricted to just one operating system. Theoretically an application developed in Java could run on Windows, Unix, Linux, or any other platform that was "Java-enabled."

In response to the "perceived" threat of Java, Microsoft began work on the .NET architecture in the late 1990s. While Microsoft developed a competing product to Java called C# (C-Sharp), it also began work

on a set of library routines that compiler manufacturers could use in their own language products.

This strategy has enormous appeal to developers. While the "Sun" strategy would force a developer to trash his existing software and to rewrite his entire application in Java, the .NET strategy would allow the developer to preserve his existing investment in his application. The only requirement would be for developer to use tools that were ".NET enabled."

As you might suspect, we are firmly in Microsoft's camp with respect to the merits of the different architectures. For most application developers, it is not practical to completely rewrite their application in Java.

Mun-Ease and the Internet

We have always felt that the Internet could be a great tool to help issuers with debt management. We first released our Internet Add-On module in 2000. Our 2003 release includes substantial enhancements to this module. You can generate debt service schedules, bond production reports, combined debt service and indebtedness reports, summaries of bond statistics, and reports of issuer-obligated and escrowed debt service through with our Internet Add-On Module. We also allow you to place bond-related disclosure documents on your database and to link them to individual bond issues.

More importantly though, our Internet Module has laid the groundwork for future development. With respect to the .NET initiative, we are in great shape. We developed Mun-Ease with the Delphi compiler and Borland has already released a version of Delphi that is .NET-enabled. Crystal Reports 9.0 is also developed with the .NET library. Finally, it should be noted that many of the key developers on Microsoft's .NET team came from Borland (including the chief architect of C-Sharp) and were previously working on Delphi. Many industry pundits have commented about similarities between .NET and the Delphi architecture.

New Simpler Installation

Users will immediately notice that the 11.50 installation process is much simpler compared to our previous versions. We have been able to simplify the installation process because Crystal Reports runs as a DLL from Mun-Ease.

Previous versions of Mun-Ease used ReportSmith, which is a separate executable program. Whenever a user requested a report, we would communicate to ReportSmith by passing information through the Windows Registry and INI and Connection files located in the Windows directory. In the past, these techniques posed no problem. However, due to security concerns, the recent operating systems from Microsoft have made it much more difficult to use these techniques for inter-program communication. Thus the installation process became more complicated.

New Features in the 11.50 release

All Modules

Mun-Ease now generates all of its reports through Crystal Reports. Crystal Reports allows users to export reports to PDF and Excel format. Reports exported to an Excel format will not lose the formatting characteristics.

Base Module

Takedowns Report & Data Entry Screens- Users can now enter an unlimited number of costs associated with the computation of the underwriter discount. Users can enter their own descriptions of these costs. Prior versions of Mun-Ease provided a limited number of costs.

We've provided a new *Miscellaneous Issuance Costs* report (#83). Users can either enter dollar amounts or have the costs computed as a percentage of the par value of the bonds.

We've added a new tabbed page to *File | Fixed Rate Bonds| TIC/Bids* menu option. The new tabbed page highlights the different reports available to the user.

Variable Rate Submodule (part of Base Module)

We've added a new button to paste the debt service from another bond issue to the variable rate transaction grid. (This feature is useful when developing different variable rate scenarios for a swaps analysis).

We've added new features to allow the user to create what-if scenarios for future debt service payments. To estimate future debt service payments, users input new values in the interest rate column. You then click on the *Recalc interest from new rates* button and Mun-Ease will recalculate future debt service payments based on the new interest rate values. Mun-Ease only recalculates interest on those transactions where the *Keeper* flag is set to False.

Background: The variable rate transaction grid allows you to maintain both a historical record of past debt service payments and projections of future debt service payments. Actual payments are distinguished from projections by setting the *Keeper* flag to True.

We've added a new button to purge all transactions that have a *Keeper* flag set to False.

We're now using function keys to assist with data entry in the variable rate transaction grid. Shown below are capabilities associated with function keys:

<F1>   Help
<F2>   Copy contents of transaction to memory
<F3>   Paste description to a new transaction
<F4>   Set the *Keeper* flag to true for ALL transactions
<F5>   Set the *Keeper* flag to false for ALL transactions
<F6>   Call the Financial Calculator
<F7>   Call the Windows Calculator

Arbitrage Module

We've added a new *Package my reports* button the rebate/penalty calculations menu option. This option allows the user to combine requested reports into one packaged report. Mun-Ease sequentially numbers the subreports in the package and produces a table of contents.

We've added a new feature that allows you to enter computation credits when you are performing rebate calculations for a user-specified fund. *Example*: Within Mun-Ease, computation credits are entered with a fund ID starting with a tilda (~) character. Assume though that you are performing rebate calculations for a debt service reserve fund and that you have designated transactions in the fund with a fund ID equal to "DSR." Previously Mun-Ease would only select transactions with a fund ID equal to "DSR." However, in the 11.50 release, Mun-Ease will select transactions with a fund ID equal to DSR and ~DSR.

The rebate transaction data entry grid now allows you to use function keys to assist with data entry. Shown below are the new capabilities associated with function keys:

<F1>   Help
<F2>   Copy contents of transaction to memory
<F3>   Paste description to new transaction
<F4>   Flip the sign of a transaction
<F5>   Delete all nonpurpose transactions for a Group ID
<F6>   Delete all purpose transactions for a Group ID
<F7>   Delete all nonpurpose transactions for a Fund
<F8>   Delete all purpose transactions for a specified Fund
<F9>   Turn on the Reconciled flag for all transactions

<F10>   Turn off the reconciled flag for all transactions.
<F11>   Call the financial calculator.
<F12>   Call the Windows Calculator.

Sizing & Refunding Modules

We've provided a new *Miscellaneous Issuance Costs* Window and report that provides line-item details for the amount entered for Other TIC costs. Users can access this window by pressing the details button next to the Other TIC Costs input field.

We've added a new *Package my reports* button the Sizing Results window. This option allows the user to combine requested reports into one packaged report. Mun-Ease sequentially numbers the subreports in the package and produces a table of contents.

Stand-Alone Reporting Module

We've completely revamped the *Premium/Discount Amortization* report (see front page of newsletter for details). The new report is compatible with GASB 34 rules.

We added a second title line to the Combined Debt Service and Combined Indebtedness reports. Users are able to enter their own description to be included in the report.

Features In Depth: How to Download SLGS Rates from the Internet

1. From the *Mun-Ease Main Menu*, choose the *Web | Import SLGS Rates* menu option. Mun-Ease then initiates your web browser and directs you to the FTP server of the Bureau of Public Debt.

2. Right-click on the daily rate table that you wish to import. Daily rate tables are stored in a comma-delimited format. Choose the daily table that you need. (Daily tables are named SPE<yyyy><mm><dd>.TXT where <yyyy> is the year, <mm> is the month, and <dd> is the day. Save the daily rate table to your personal directory (wmuni\<xxx> where <xxx> is your personal ID.

3. Within Mun-Ease, choose the *Setup | SLGS* menu option. Click on the *Import (.Txt from web)* radio button. Browse to your personal directory and click on the SLGS text file that you saved in Step 2. Mun-Ease will automatically save the SLGS rates with an ID of <yyyy><mm><dd>. You can change the ID if you desire.