

Input - General Bond Information

Interest Calculations Methods

The Interest Calculation Methods screen is where you enter information about how bond interest is calculated. Interest bearing bonds may have different calculation methods. For example, 1/8th coupon bonds (.125) calculated on a per bond basis will have ½ penny interest on each semi-annual interest payment date. Micromuni Debt provides an option to calculate the odd penny payment on different interest payment dates.

Bond Maturity Dates	Interest Calc Methods	Convertible CABs	Underwriters Discount	Bond Insurance
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Save **Interest Calculation Methods**

Calculation of NON CAB Bond Interest
Standard Bond Interest Payments ▼

NON CAB Bond Interest
Calculate on a Per Bond Basis
Yes ▼

Capital Appreciation Bond (CAB) Accretion Method
Accrete at Stated Yield to Maturity ▼

Is CAB Delivery Date Different than Bond Delivery Date
Yes ▼

Original CAB Delivery Date

Calculation of NON CAB Bond Interest

Select the method by which you want Micromuni to calculate interest on Standard Current Interest Bonds when you give the Solve for Bonds or Compute Interest command:

Standard Bond Interest Payments

Micromuni calculates a full year's interest and divides that by the interest frequency to determine each period's applicable interest payment. Micromuni calculates interest for the first period separately based on the Dated Date and the 1st Coupon Date.

Variable Rate Bond Interest Payments

Micromuni calculates bond interest assuming that all bonds will pay interest at the same rate during each interest period until the interest rate changes on the next maturity date.

Irregular Bond Interest Payments

Micromuni calculates bond interest by determining the exact number of days in each interest period and then calculating the interest for this fractional period. This option is valuable for issues that have an irregular bond principal payment at the end of the issue in a period that is not a full year. For example, in states in which an issue cannot be extended longer than twenty years from the dated date, the last maturity date can occur on an irregular date. An issue might have a Dated Date of 5/1/2021, a 1st Maturity Date of 7/1/2021, and a Last Maturity Date of 5/1/2041.

1/2 Penny Bond Interest Payments

With the half penny option, Micromuni calculates bond interest in the same way as with the Standard option, except that during each interest period, interest is always calculated on a per bond basis, and halfpennies are rounded up for one interest period and down for the next. For some bond issues these two options result in the same cash flows. However, if one bond pays interest annually, a semi-annual penny problem might occur with the Standard option. For example, a \$5,000 bond with a coupon rate of 2.625 (2-5/8) pays \$131.25 per year. The issuer might pay \$65.63 for the first interest period and then \$65.62 for the second interest period. When considering \$1,000,000 in bonds with a coupon rate of 2.625 the issuer might pay \$13,126.00 for the first interest period and then \$13,124.00 for the second interest period.

NON CAB Bond Interest

Calculate on a Per Bond Basis

Select "Yes" to have Micromuni calculate bond interest on a per bond basis. Select "No" to have it calculate interest on the entire par amount of bonds at each maturity.

Capital Appreciation Bond (CAB) Accretion Method (CABs under development)

Select the accretion method for MICRO-MUNI DEBT to use when computing the CAB interest for Term CAB's and for the Accreted Value Table (under development):

Accrete at Stated Yield to Maturity

For each CAB, Micromuni bases accretion on compounding the initial principal amount based on the stated yield entered on Input Screen Bond Amounts, Coupons, Yields.

Accrete at Actual Yield to Maturity

For each CAB, Micromuni bases accretion on compounding the initial principal amount based on the actual yield to maturity. This yield might be slightly greater than the stated yield, due to bond pricing truncation.

Reprice CABs on each Interest Payment Date

Micromuni actually reprices each CAB to maturity on each bond interest payment date, using the stated yield entered on Input Screen Bond Amounts, Coupons, Yields.

Discount from Maturity to Each Interest Payment Date

Micromuni calculates the CAB accretion by discounting the maturity value of the CAB's (CAB denomination) from the maturity date to the interest payment date, using the stated yield entered on Input Screen Bond Amounts, Coupons, Yields.

CAB Interest Accretion on Per Bond Basis (under development)

Is CAB Delivery Date Different than Bond Delivery

Select "Yes" if you want the interest Start Calculation Date for CAB's to be different from the bond delivery date on Tab 1 Bond Maturity Dates. Micromuni uses the CAB delivery date when doing calculation for the Solve for Bonds and Compute Interest commands and when preparing the Accreted Value Report.

Original CAB Delivery Date

If you entered "Yes" in the previous field, enter the CAB delivery date here.