



The Arbitrage Group, Inc.

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November 25, 2020

Ms. Na'Son S. White
Comptroller
Madison County
P.O. Box 608
Canton, Mississippi 39046

\$5,700,000
Madison County, Mississippi
General Obligation Note
Series 2018B
Final Rebate Calculation For the Period
November 7, 2018 to October 1, 2020

Dear Ms. White:

Attached please find a copy of our rebate report for the above noted issue along with our agreed-upon invoice. The report indicates there is no rebate liability as of the October 1, 2020 Final Rebate Computation Date. Based upon the report and underlying assumptions, no IRS payment or filing is otherwise currently required.

If you have any questions or comments, please do not hesitate to contact me at (713) 522-8527. It has been our pleasure working with your team and we look forward to being of service again in the very near future regarding any other arbitrage rebate compliance or verification service needs.

Very truly yours,
The Arbitrage Group, Inc.

H. Troy Merrill
Partner



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\$5,700,000
Madison County, Mississippi
General Obligation Note
Series 2018B

Rebate Computation for the Period
November 7, 2018 to October 1, 2020



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Madison County, Mississippi (the "County") issued the above referenced note (the "Note") dated and delivered on November 7, 2018. At the request of the County, we have performed the procedures enumerated below for the period November 7, 2018 to October 1, 2020 (the "Computation Period"). These procedures, which were agreed to by the County, were performed solely to assist the County in evaluating compliance with the requirements of Section 148(f)(2) of the Internal Revenue Code of 1986, as amended (the "Code"). This engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants for consulting services. The sufficiency of these procedures is solely the responsibility of the specified users of the report. This report is intended solely for your information and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. This report is not to be quoted or referred to without our prior written consent.

Our procedures and findings are as follows:

- (1) We read the Tax Compliance and No-Arbitrage Certificate ("Tax Certificate"), excerpts from the Specimen Note, and General Ledger Account Detail Schedules provided to us by the County.
- (2) A schedule of the sources and uses of funds (Exhibit A) was assembled based on the Tax Certificate.
- (3) A schedule of the debt service requirements of the Note was assembled based on the Specimen Note.
- (4) The yield on the Note was computed to be the discount rate that causes the present value of all principal and interest payments on the Note to equal the Issue Price to the Public. The yield on the Note was computed to be 2.380818% (Exhibit B).

Madison County, Mississippi
 November 25, 2020
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- (5) A schedule of actual earnings on the nonpurpose investments in the Project Fund purchased with gross proceeds of the Note during the Computation Period (Exhibit C) was assembled based on the General Ledger Account Detail Schedules.
- (6) The allowable earnings amount on the nonpurpose investments in the Project Fund was calculated to be the amount that the nonpurpose investments in the Construction Fund would have earned if they had been invested at a rate equal to the yield on the Note of 2.380818% (Exhibit C).
- (7) The arbitrage earnings amount during the Computation Period for the Project Fund was calculated to be the difference between the actual earnings and allowable earnings for the nonpurpose investments in the Construction Fund. The arbitrage earnings amount is as follows:

<u>Trust Fund</u>	<u>Exhibit</u>	<u>Arbitrage Earnings</u>
Project Fund	C	(\$81,791.05)
Less Computation Date Credit	D	(5,291.43)
Total Arbitrage Earnings		<u>(\$87,082.48)</u>

- (8) The assumptions and computational information employed in the above calculations are explained in Exhibit E.
- (9) Based on the information provided by the County and the assumptions employed, this report reflects that there was no rebate liability due for the Note as of the October 1, 2020 Final Rebate Computation Date.

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the information referred to above. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. The terms of our engagement are such that we have no obligation to update this report because of events and transactions occurring subsequent to the date of this report.

Very truly yours,

The Arbitrage Group, Inc.

Exhibits

- A. Sources and Uses of Funds
- B. Debt Service Requirements and Proof of Yield on the Note
- C. Computation of Arbitrage Earnings on the Project Fund
- D. Computation Date Credit
- E. Assumptions and Computational Information

Sources and Uses of Funds

\$5,700,000

Madison County, Mississippi

General Obligation Note, Series 2018B

SOURCES

Principal Amount of the Note	\$5,700,000.00
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USES

Deposit to Project Fund	\$5,616,000.00
Costs of Issuance	84,000.00*

\$5,700,000.00

* Assumed spent at closing and never invested.

Debt Service Requirements and Proof of Yield on the Note

\$5,700,000

Madison County, Mississippi

General Obligation Note, Series 2018B

Date	\$5,700,000 Note @2.380% due October 1, 2020		Debt Service Requirements of the Note	Present Value of Future Payments at 11/07/18 Using a Rate of 2.380818%
	Principal	Interest		
04/01/19		\$54,264.00	\$54,264.00	\$53,752.70
10/01/19	\$2,850,000.00	67,830.00	2,917,830.00	2,856,335.08
04/01/20		33,915.00	33,915.00	32,809.65
10/01/20	2,850,000.00	33,915.00	2,883,915.00	2,757,102.57
	<u>\$5,700,000.00</u>	<u>\$189,924.00</u>	<u>\$5,889,924.00</u>	<u>\$5,700,000.00</u>
			Principal Amount of the Note	<u>\$5,700,000.00</u>

Computation of Arbitrage Earnings on the Project Fund

\$5,700,000

Madison County, Mississippi

General Obligation Note, Series 2018B

Date	Principal Amounts	Actual Earnings		Total Nonpurpose Investment Activity	Future Value of Total Nonpurpose Investment Activity at 10/01/20 Using a Note Yield of 2.380818%
		Interest	Gain (Loss)		
11/07/18	(\$5,580,053.70)	\$0.00	\$0.00	(\$5,580,053.70)	(\$5,836,707.27)
12/18/18	3,861.21	0.00	0.00	3,861.21	4,027.93
01/23/19	740,960.35	0.00	0.00	740,960.35	771,177.86
01/31/19	(2,269.62)	2,269.62	0.00	0.00	0.00
02/04/19	17,000.61	0.00	0.00	17,000.61	17,681.13
02/20/19	16,873.25	0.00	0.00	16,873.25	17,530.22
03/04/19	254,688.36	0.00	0.00	254,688.36	264,361.40
04/15/19	93,010.22	0.00	0.00	93,010.22	96,282.86
04/16/19	23,870.00	0.00	0.00	23,870.00	24,708.26
05/06/19	149,041.27	0.00	0.00	149,041.27	154,072.55
05/20/19	153,930.61	0.00	0.00	153,930.61	158,980.55
06/03/19	285,459.08	0.00	0.00	285,459.08	294,572.15
06/27/19	1,006,580.01	0.00	0.00	1,006,580.01	1,037,076.72
08/09/19	1,006,580.01	0.00	0.00	1,006,580.01	1,034,217.07
08/21/19	9,385.00	0.00	0.00	9,385.00	9,635.07
09/03/19	64,667.45	0.00	0.00	64,667.45	66,338.23
09/12/19	(1,009,650.29)	3,070.28	0.00	(1,006,580.01)	(1,031,975.74)
09/16/19	78,337.32	0.00	0.00	78,337.32	80,292.63
09/20/19	523,460.67	0.00	0.00	523,460.67	536,385.25
09/23/19	(3,207.61)	3,207.61	0.00	0.00	0.00
09/30/19	1,546,866.28	1,628.99	0.00	1,548,495.27	1,585,685.80
11/22/19	573,540.69	0.00	0.00	573,540.69	585,311.13
03/02/20	33,915.00	0.00	0.00	33,915.00	34,384.22
03/10/20	(222.25)	222.25	0.00	0.00	0.00
06/30/20	(773.44)	773.44	0.00	0.00	0.00
09/08/20	14,149.52	0.00	0.00	14,149.52	14,170.93
10/01/20	0.00	0.00	0.00	(11,172.19)	(11,172.19)
	\$0.00	\$11,172.19	\$0.00	\$0.00	(\$92,963.24)
		Actual Earnings			\$11,172.19
		Allowable Earnings			(92,963.24)
		Arbitrage Earnings			(\$81,791.05)

Computation Date Credit

\$5,700,000

Madison County, Mississippi

General Obligation Note, Series 2018B

Date	Annual Computation Credit	Future Value of Annual Computation Credit Amounts at 10/01/20 Using a Note Yield of 2.380818%
10/01/19	(\$1,730.00)	(\$1,771.43)
10/01/20	(3,520.00)	(3,520.00)
	<hr/> (\$5,250.00) <hr/>	<hr/> (\$5,291.43) <hr/>
	<hr/> <hr/>	<hr/> <hr/>
Computation Date Credit		(\$5,291.43) <hr/> <hr/>

Assumptions and Computational Information

\$5,700,000

Madison County, Mississippi

General Obligation Note, Series 2018B

- (1) It was assumed the Note represented a single issue for arbitrage rebate and yield calculation purposes.
- (2) October 1 of each year was treated as the end of each Note Year for purposes of calculating arbitrage rebate. Consequently, October 1, 2020 (the end of the 2nd Note Year and expected maturity date) will represent the first and final Rebate Installment Computation Date for the Note.
- (3) As represented by the County, the Note has not been refunded.
- (4) Present value and future value computations were made on the basis of a 30/360 day year and semiannual compounding.
- (5) As represented by the County, the only funds which were funded and contained gross proceeds of the Note during the Computation Period were the Project Fund and the Note Fund (the "Trust Funds").
- (6) The General Ledger Account Detail Schedules provided by the County were assumed to be complete and accurate. No procedures were performed on these schedules.
- (7) The transaction amounts in the Principal Amounts, Interest, and Gain (Loss) columns shown in Exhibit C for each date represent the net transaction activity for that date. Net investment and interest purchases are denoted by parentheses. The Gain (Loss) columns represent the net gains and losses, if any, on investments purchased and/or sold at discounts and premiums.
- (8) All amounts withdrawn from the Trust Funds were assumed to be spent for the purpose of the note issue on the day they were withdrawn.
- (9) The Note Fund was excluded from the computation pursuant to Section 148(f)(4)(A)(ii) of the Code which excludes from the rebate computation bona fide debt service funds as defined in Section 1.148-1(b) of the Regulations. Section 2.2 of the Tax Certificate indicates that the Note Fund is intended to function as a bona fide debt service fund. Trust Statements for the Note Fund were not provided for our review.
- (10) Pursuant to Section 1.148-3(d)(1)(iv) of the Regulations, on the last day of each Note Year during which there are amounts allocated to gross proceeds of an issue that are subject to the rebate requirements, and on the final maturity date, a computation credit is allowed as a payment. The payment amount is future valued from the last day of each Note Year to the Computation Date at a rate equal to the yield on the Note (Exhibit D).